GRENKE

QUARTERLY STATEMENT

Q3 AND Q1 – Q3

2023

Group key figures

	UNIT	Q3 2023	Q3 2022	Change (%)	Q1 – Q3 2023	Q1 – Q3 2022	Change (%)
NEW BUSINESS LEASING	EURK	591'081	565'494	4.5	1'851'579	1'652'165	12.1
DACH	EURk	158'402	150'596	5.2	465'905	408'517	14.0
Western Europe (without DACH)	EURk	149'194	142'490	4.7	482'072	423'894	13.7
Southern Europe	EURk	125'487	133'910	–6.3	422'716	423'781	–0.3
Northern/Eastern Europe	EURk	119'016	104'778	13.6	373'788	302'761	23.5
Other regions	EURk	38'983	33'720	15.6	107'098	93'212	14.9
CONTRIBUTIONS MARGIN 2 (CM2) ON NEW BUSINESS LEASING	EURK	97'432	92'692	5.1	309'122	269'121	14.9
DACH	EURk	20'867	18'083	15.4	60'485	50'549	19.7
Western Europe (without DACH)	EURk	25'628	24'754	3.5	84'346	73'855	14.2
Southern Europe	EURk	21'613	22'892	–5.6	74'635	70'422	6.0
Northern/Eastern Europe	EURk	21'011	19'980	5.2	67'275	55'930	20.3
Other regions	EURk	8'313	6'983	19.0	22'381	18'365	21.9
FURTHER INFORMATION LEASING							
Number of new contracts	units	68'200	66'076	3.2	216'275	200'174	8.0
Mean acquisition value	EUR	8'667	8'558	1.3	8'561	8'254	3.7
Mean term of contract per end of period	months	48.1	47.8	0.7	48.5	47.8	1.3
Volume of leased assets per end of period	EURm	9'289	8'915	4.2	9'289	8'915	4.2
Number of current contracts per end of period	units	1'042'595	1'012'235	3.0	1'042'595	1'012'235	3.0
NEW BUSINESS FACTORING	EURK	210'666	204'972	2.8	608'075	571'537	6.4
DACH	EURk	72'768	77'166	–5.7	222'456	217'319	2.4
Southern Europe	EURk	92'607	89'710	3.2	259'586	248'448	4.5
Northern/Eastern Europe	EURk	45'291	38'096	18.9	126'033	105'770	19.2
GRENKE BANK							
New business SME lending business incl. microcredit business	EURk	9'629	11'505	–16.3	33'423	40'946	–18.4

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	Q3 2023	Q3 2022	Change (%)	Q1 – Q3 2023	Q1 – Q3 2022	Change (%)
INCOME STATEMENT							
Interest and similar income from financing business	EURk	119'848	103'479	15.8	341'916	308'500	10.8
Expenses from interest on refinancing and deposit business	EURk	33'386	17'724	88.4	87'421	47'480	84.1
Settlement of claims and risk provision	EURk	24'482	30'283	– 19.2	72'369	89'935	– 19.5
Total operating expenses	EURk	76'147	70'755	7.6	225'835	203'310	11.1
Operating result	EURk	32'930	21'293	54.7	85'332	74'948	13.9
Group earnings before taxes	EURk	30'548	27'685	10.3	82'324	83'251	– 1.1
GROUP EARNINGS	EURK	23'990	20'332	18.0	64'389	61'791	4.2
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	EURK	24'597	23'190	6.1	59'125	56'804	4.1
NET PROFIT ATTRIBUTABLE TO HYBRID CAPITAL HOLDERS	EURK	0	0	N.A.	9'068	9'082	– 0.2
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EURK	– 607	– 2'858	78.8	– 3'804	– 4'095	7.1
Earnings per share (basic and diluted)	EUR	0.53	0.50	6.0	1.27	1.22	4.1
Cost income ratio	percent	57.0	56.5	0.5 pp	57.9	54.3	3.6 pp
Staff cost	EURk	43'220	38'233	13.0	128'488	106'248	20.9
of which total remuneration	EURk	35'567	31'557	12.7	105'257	87'468	20.3
of which fixed remuneration	EURk	30'819	26'925	14.5	91'068	73'139	24.5
of which variable remuneration	EURk	4'748	4'632	2.5	14'189	14'329	– 1.0
Average number of employees in full-time equivalents (FTE)	employees	2'112	1'904	10.9	2'052	1'854	10.7

	UNIT	Sep. 30, 2023	Dec. 31, 2022	Change (%)
STATEMENT OF FINANCIAL POSITION				
Total assets	EURm	7'122	6'413	11.1
Lease receivables	EURm	5'493	5'244	4.7
Deposit volume GRENKE Bank	EURm	1'567	1'151	36.1
Equity persuant to statement of financial position*	EURm	1'347	1'332	1.1
Equity persuant to CRR	EURm	1'214	1'188	2.2
Equity ratio	percent	18.9	20.8	–1.9 pp
Embedded value, leasing contract portfolio (excl. equity before taxes)	EURm	471	482	–2.3
Embedded value, leasing contract portfolio (incl. equity after taxes)	EURm	1'670	1'664	0.4

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

GROUP KEY FIGURES Q3 2023:

CONSOLIDATED GROUP NET PROFIT
24.0 EUR million

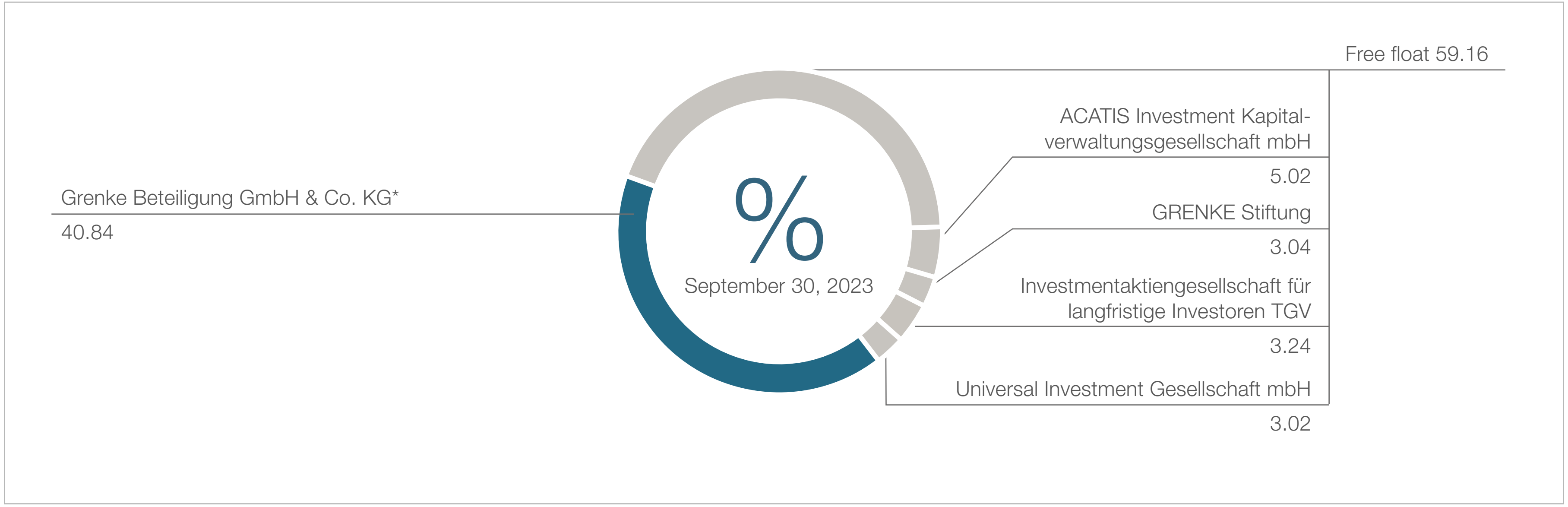
EARNINGS PER SHARE
0.53 EUR

EQUITY RATIO
18.9 percent

REFINANCING BASE:

THREE PILLARS: GRENKE GROUP REFINANCING

SHAREHOLDER STRUCTURE:



* General partner: Grenke Vermögensverwaltung GmbH.

Limited partners: Grenke Family (Wolfgang, Anneliese, Moritz, Roland, Oliver Grenke).

In addition to Grenke Beteiligung GmbH & Co. KG, the chart shows other shareholders who held a share of more than 3 percent on the publication date stated in the respective voting rights notification and who are classified as part of the free float according to Deutsche Börse's definition.

Free float according to Section 2.3 of the current "Guide to the Equity Indices of Deutsche Börse".

The above information is not guaranteed and based on the voting rights notifications received by the Company pursuant to 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. SMEs who lease with us can preserve their own liquidity. We are guided by our values: simple, fast, personal and entrepreneurial. We round off our offers with factoring and banking services. Founded in Baden-Baden in 1978, we are active worldwide with approximately 2,000 employees in over 30 countries.

1.2 Business model

In our leasing business, we focus mainly on small tickets, defined as contracts for financed objects with an acquisition value of less than EUR 25k. Approximately 90 percent of all of our lease contracts in the first nine months of 2023 were in the small ticket category as in previous years. The average volume of the contracts concluded with us in the first nine months was around EUR 8.6k.

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 September 30, 2023, we operated 135 locations in 33 countries worldwide. In the first nine months of the current financial year, we generated 94.2 percent of our new leasing business in Europe, where we operate in almost every country. Our core markets are Germany, France and Italy, and we are continuously expanding our presence outside of Europe by entering markets in Asia, Australia and North and South America.

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

1.3 Segments

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

1.4 Shareholder structure

As a medium-sized family business, our major shareholder is Grenke Beteiligung GmbH & Co. KG, which is owned by Anneliese Grenke and Wolfgang Grenke, the Company founder, as well as of their three adult sons. As of the September 30, 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 approximately 0.1 percent.

1.5 Targets and strategy

Our target is to become the world's leading financing partner for small and medium-sized enterprises. For the current 2023 financial year, the Board of Directors expects new leasing business in the range of EUR 2.6 billion to EUR 2.8 billion and a consolidated net profit between EUR 80 million to EUR 90 million. For the upcoming 2024 financial year, the Board of Directors is targeting new leasing business of EUR 3.0 billion to EUR 3.2 billion based on updated economic forecasts and a continued focus on balanced margins. The Board of Directors is also forecasting a consolidated net profit of EUR 95 million to EUR 115 million for 2024.

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:

- Senior unsecured instruments that are essentially based on our investment grade rating, such as bonds, including green bonds, commercial paper and notes, as well as our credit relationships with international banks, and syndicated credit lines
- Receivables-based financing, above all through the ABCP programmes
- The GRENKE BANK deposit business

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

For more details, please refer to in Chapter 1.2 "Targets and strategy" in our recent Annual Report 2022.

2. Economic report

- New leasing business in the first nine months reaches EUR 1,851.6 million, representing growth of 12.1 percent
- New leasing business grows by 4.5 percent to EUR 591.1 million in the third quarter of 2023
- Contribution margin 2 rises to EUR 97.4 million
- CM2 margin reaches 16.5 percent
- Consolidated Group net profit equals EUR 24.0 million
- Loss rate is stable at 1.1 percent
- Cost-income ratio amounts to 57.0 percent
- Equity ratio of 18.9 percent continues to surpass self-set target of 16 percent

2.1 Macroeconomic environment

The third quarter of 2023 once again saw continued inflation and further increases in interest rates among the key factors influencing the macroeconomic environment. Germany saw some positive signs from the easing of inflationary pressures and an increase in new orders.

Decisions by the European Central Bank (ECB) on key interest rates have a major influence on economic development. In the third quarter of 2023, the ECB increased its benchmark rates twice, with the key refinancing rate at the end of the third quarter of 2023 at 4.5 percent and the deposit rate for banks, which sets the trend for the financial markets, at 4.0 percent. Prompting the rate hikes was the rate of inflation in the euro area which, at 5.1 percent in August 2023, had remained above the target inflation rate of 2 percent. In Germany, the year-on-year inflation rate fell to 4.5 percent in September, marking the lowest level since the outbreak of the Russian war against Ukraine in February 2022.

At its meeting on October 26, 2023, the ECB left key interest rates unchanged. According to the ECB, the current level of key interest rates will help to substantially reduce inflationary pressures if they remain at this level for a long enough period.

Recessionary tendencies increased in Germany, with industrial production declining further in August 2023. Other indicators suggest a further decline in economic growth in Germany in the third quarter, after a stagnation in the second quarter. Positive signals came from new orders, which increased twice as much as expected year-on-year in August 2023. This can be taken as an initial sign that the economic downturn is likely to have a limited duration.

A similar picture was reflected by the ifo Business Climate Index, which summarises companies' assessments of their current business situation as well as their expectations for development during the subsequent six-month period. In September 2023, the ifo Business Climate Index recorded a further decline to 85.7 points, which was below the level of the previous quarter (June 2023: 88.6 points) but slightly higher year-on-year (September 2022: 85.3 points). Companies' assessments of the current business situation have deteriorated continuously since April 2023. Companies in the construction sector in particular assess their current business situation as negative as a result of the high interest rates and extensive regulations. Business expectations in contrast were slightly better for the first time since April 2023, giving cause for optimism. Market participants' expectations that the ECB will pause interest rate hikes and that enforced wage increases will boost consumer purchasing power are likely playing a role in this cautious optimism.

In the midst of this challenging environment, we were once again successful, as projected, in continuing our growth path in new leasing business in the third quarter of 2023 at profitable terms.

2.2 Significant events and transactions

In the first quarter of 2023, Dr Sebastian Hirsch took over from Michael Bücker as CEO. In the related ad hoc announcement of February 16, 2023, we announced that the Supervisory Board and the former CEO of GRENKE AG, Michael Bücker, whose appointment had been revoked for health reasons for a limited period until February 28, 2023 had agreed that Michael Bücker would leave the Company on February 28, 2023.

Upon this, the Supervisory Board appointed Dr Sebastian Hirsch as CEO effective February 16, 2023, following his appointment as CEO on an interim basis. Dr Sebastian Hirsch continued his duties as Chief Financial Officer on an interim basis after his appointment as CEO. Dr Martin Paal, who has been VP Controlling at GRENKE AG since June 2022, is set to take over the lead of the finance department after a transition and familiarisation phase. He will act as Senior Vice President and deputy to Dr Sebastian Hirsch for the Finance department with immediate effect.

On March 2, 2023, we released an ad hoc statement about our digitalisation programme "Digital Excellence", including an additional investment of EUR 45 million to EUR 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 digitalisation programme is based on the transformation to cloud technology, marking the largest single measure and accounting for one-third of the investment. Building on this, the remaining investment funds are to be distributed to automate all core processes in the leasing business. An estimated EUR 15 million will be incurred as additional expenditures in the current financial year.

The goal of the "Digital Excellence" programme is the end-to-end digitalisation of the internal processes in the core leasing business to the greatest extent possible. This will allow us to significantly scale the business in both new and existing markets and strengthening growth. In the future, the processing of a leasing application will take just seconds instead of minutes ("instant decision"). With this expanded digitalisation initiative, we are optimally positioning ourselves to respond to new customer requirements and to be the ones to set new trends enabling small and medium-sized enterprises to use leasing for their investment projects, such as through lease financing offers in new asset categories. Some of our investment measures, such as the expansion of cloud technology, were already planned and – alongside our ambitious growth path in new business – are now merely being brought forward and implemented more rapidly.

Also on March 2, 2023, we presented our preliminary, unaudited figures for the 2022 financial year, as well as the proposal of the Board of Directors and Supervisory Board to pay a dividend of EUR 0.45 per share for 2022. We also announced our guidance for the 2023 financial year. The Board of Directors is expecting new leasing business in the range of EUR 2.6 billion to EUR 2.8 billion in the 2023 financial year and Consolidated Group net profit between EUR 80 million to EUR 90 million. Due to the implementation of the digitalisation programme in the coming years, the Board of Directors at that time was assuming targeted Consolidated Group net profit for 2024 of around EUR 120 million, instead of the previously forecasted EUR 140 million.

On March 23, 2023, we reported on a new rating 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 sound risk appetite, asset quality and high capital buffers and gradually regain its solid risk-optimised profitability over the next two years. In October 2022, we had already received an investment grade rating of "BBB" with a stable outlook by Fitch Ratings (Fitch rating level "BBB/stable/F2").

On April 20, 2023, we announced our investment in "Miete24 P4Y GmbH" amounting to a 25 percent stake plus one voting share. The acquisition of the internet platform strengthens our sales infrastructure, particularly in the specialist reseller area, and opens up more options for us in the direct online business with commercial customers. The purchase price for the stake in Miete24 amounted to EUR 3.1 million. In addition, we have secured the long-term option for a full takeover of the company. The rollout will take place successively with selected resellers. Following the successful launch in Germany, the new digital platform is to be implemented internationally as quickly as possible.

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

On May 16, 2023, the Supervisory Board elected Jens Rönnberg, auditor and tax advisor, as the new Chairman of the Supervisory Board and Dr Konstantin Mettenheimer, attorney and tax advisor, as his deputy at its meeting following the Annual General Meeting. Jens Rönnberg has been a member of the Supervisory Board since November 2019 and was previously its Deputy Chairman. Dr Konstantin Mettenheimer was elected to the Supervisory Board at the 2021 Annual General Meeting.

On August 9, 2023, the Board of Directors revised its outlook for the 2024 financial year, bringing it in line with the market environment. Based on updated economic forecasts and the continued focus on balanced margins in this environment, the Board of Directors is now targeting new leasing business of EUR 3.0 billion to EUR 3.2 billion in 2024, instead of the previous figure of around EUR 3.4 billion. We are also continuing our growth strategy with the reduced forecast range for new business. Based on this, for Consolidated Group net profit in the 2024 financial year, the Board of Directors is assuming a range of EUR 95 million to EUR 115 million (previous forecast: around EUR 120 million). The forecast range for the current 2023 financial year remains unchanged at EUR 2.6 billion to EUR 2.8 billion for new leasing business and EUR 80 million to EUR 90 million for Consolidated Group net profit.

On September 22, 2023, with our first benchmark bond, we placed our first bond exclusively for the purpose of refinancing sustainable leasing assets. The issue volume of this first green bond (ISIN XS2695009998) was EUR 500 million – the highest value of any bond in the leasing specialist's more than forty-year history. Demand for this issue significantly exceeded supply. The bond’s interest coupon is 7.875 percent p.a., and the term is 3.5 years, maturing on April 6, 2027. Starting from a volume of EUR 500 million, an issue is considered a benchmark bond and can be included in a capital market index. The GRENKE Green Bond is a “use of proceeds” bond, meaning the proceeds are earmarked for the refinancing of what are considered sustainable objects, from areas such as renewable energy, energy efficiency, sustainable mobility, and resource and waste management. The eBike business currently accounts for around 80 percent of our green bond portfolio. The remaining volume is distributed among photovoltaic and solar installations, charging infrastructure, LED lighting and drinking water installations. The funds will be used for the existing green economy business and its further expansion. Our first green bond was purchased primarily by institutional investors, including asset managers, funds, banks, insurers and pension funds. The regional focus of the offering was Europe, with purchases of the bond made mainly by investors from Germany, the UK, Austria and Switzerland. With a minimum investment volume of only EUR 1k, this debut issue was also appealing to private investors.

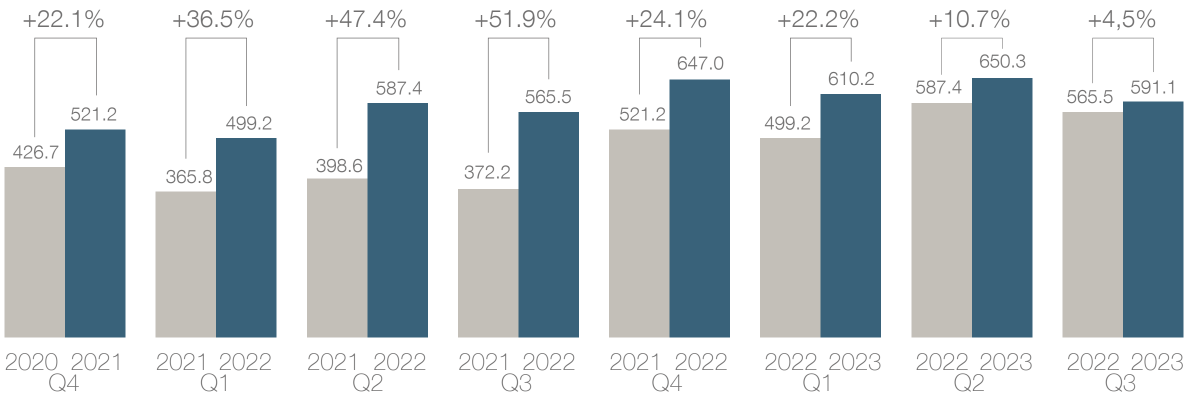
2.3 New business

2.3.1 Leasing

In the third quarter of 2023, we generated new leasing business of EUR 591.1 million. This is the eighth consecutive quarter of growth in new leasing business, exceeding the same prior-year quarter by 4.5 percent (Q3 2022: EUR 565.5 million). In the first 9 months of this year, we recorded year-on-year growth of 12.1 percent, bringing new leasing business to a cumulative total of EUR 1,851.6 million (Q1–Q3 2022: EUR 1,652.2 million).

New leasing business since Q4 2020

in EUR million



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

In addition, the pattern caused by the summer vacation season was observed in demand for leasing products. As a result, companies invest somewhat less in the vacation months than in the rest of the year.

We further expanded our reseller network with the result that in the third quarter of 2023, we were working with more than 35,300 specialist resellers in the over 30 countries in which we operate.

As in the same prior-year quarter, at EUR 158.4 million, we realised the largest volume of new leasing business in the DACH region, which grew at an above average rate of 5.2 percent. This performance was driven mainly by the dynamic eBike business in Germany and Austria. The second strongest region, Western Europe (without DACH), recorded slightly above average growth of 4.7 percent, reaching a volume of EUR 149.2 million. The greatest contributors to growth in this region came from Luxembourg (+56.5 percent), Belgium (+22.2 percent) and the Netherlands (+15.4 percent). The Southern Europe region continued to rank third, at EUR 125.5 million. As we increased our focus on profitability in this region, we recorded a 6.3 percent decline in new leasing volumes – albeit with better margins – compared to the same prior-year quarter.

At 15.6 percent, the other regions recorded the highest growth of all regions. The driving force for the development in this region was the future markets of the USA, Canada and Australia. In the Northern/Eastern Europe region, we also expanded our new leasing business well above average. With growth of 13.6 percent, new leasing business in the third quarter of 2023 equalled EUR 119.0 million, with Finland and the United Kingdom demonstrating the most momentum with an increase of around 20 percent each.

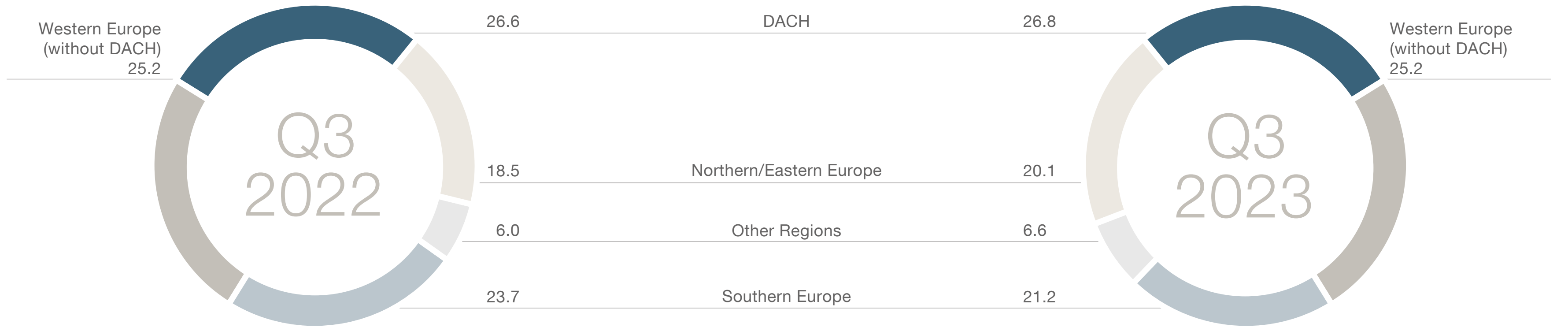
New leasing business

EURm	Q3 2023	Q3 2022	Change (%)	Q1-Q3 2023	Q1-Q3 2022	Change (%)
NEW LEASING BUSINESS	591.1	565.5	4.5%	1'851.6	1'652.2	12.1%
DACH	158.4	150.6	5.2%	465.9	408.5	14.0%
Western Europe (without DACH)	149.2	142.5	4.7%	482.1	423.9	13.7%
Southern Europe	125.5	133.9	−6.3%	422.7	423.8	−0.3%
Northern/Eastern Europe	119.0	104.8	13.6%	373.8	302.8	23.5%
Other regions	39.0	33.7	15.6%	107.1	93.2	14.9%

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



Contribution margin 2 (CM2) in the third quarter of 2023 improved year-on-year by 5.1 percent, reaching the level of EUR 97.4 million. At EUR 25.6 million, the Western Europe region (without DACH) made the largest contribution, while the other regions in Europe each contributed between EUR 21 million and EUR 22 million.

Contribution margin in new leasing business

EUR million	Q3 2023	Q3 2022	Change (%)	Q1-Q3 2023	Q1-Q3 2022	Change (%)
CM1	**57.7**	**56.5**	**2.0**	**182.5**	**173.5**	**5.2**
CM2	**97.4**	**92.7**	**5.1**	**309.1**	**269.1**	**14.9**
DACH	20.9	18.1	15.4	60.5	50.5	19.7
Western Europe (without DACH)	25.6	24.8	3.5	84.3	73.9	14.2
Southern Europe	21.6	22.9	–5.6	74.6	70.4	6.0
Northern/Eastern Europe	21.0	20.0	5.2	67.3	55.9	20.3
Other regions	8.3	7.0	19.0	22.4	18.4	21.9

In the third quarter of 2023, in a market environment characterised by a renewed rise in interest rates and recession risks, we slightly increased the CM2 margin year-on-year by 0.1 percentage points to 16.5 percent overall (Q3 2022: 16.4 percent). The CM2 margin is a measure of the forecast profitability of the portfolio of newly concluded leases.

In the DACH region, we realised an improvement in the CM2 margin of 1.2 percentage points to 13.2 percent in the reporting quarter. By focusing more strongly on high-margin contracts in addition to the interest rate driven alignment of contract conditions, we were able to improve the CM2 margin in Southern Europe by 0.1 percentage points to 17.2 percent, despite rising interest rates. In Western Europe (without DACH) and Northern/Eastern Europe, the respective CM2 margins also exceeded the long-term benchmark of 17 percent, although these two regions recorded a year-on-year decline due to the ECB's two key interest rate increases in the reporting quarter. The other regions achieved excellent performance, with a year-on-year improvement in the CM2 margin of 0.6 percentage points to 21.3 percent.

The CM1 margin of new leasing business in the third quarter of 2023 was 9.8 percent and close to the level in the same prior-year quarter (10.0 percent in Q3 2022).

CM margins in new leasing business

In percent	Q3 2023	Q3 2022	Change (pp)	Q1-Q3 2023	Q1-Q3 2022	Change (pp)
CM1 MARGIN	**9.8**	**10.0**	**–0.2**	**9.9**	**10.5**	**–0.6**
CM2 MARGIN	**16.5**	**16.4**	**0.1**	**16.7**	**16.3**	**0.4**
DACH	13.2	12.0	1.2	13.0	12.4	0.6
Western Europe (without DACH)	17.2	17.4	–0.2	17.6	17.5	0.1
Southern Europe	17.2	17.1	0.1	17.7	16.6	1.0
Northern/Eastern Europe	17.7	19.1	–1.4	18.0	18.5	–0.5
Other regions	21.3	20.7	0.6	20.9	19.7	1.2

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 third quarter of 2023, for example, we generated a CM2 margin of 17.1 percent on contracts with a net acquisition value of less than EUR 25k. In comparison, we generated a CM2 margin of 15.7 percent on larger contracts (net acquisition value greater than EUR 25k). It is also important to look at the absolute contribution margins. At EUR 39.3 million, larger contracts represented 40.1 percent of the total contribution margin, despite this contract group representing only 6.4 percent of all contracts concluded.

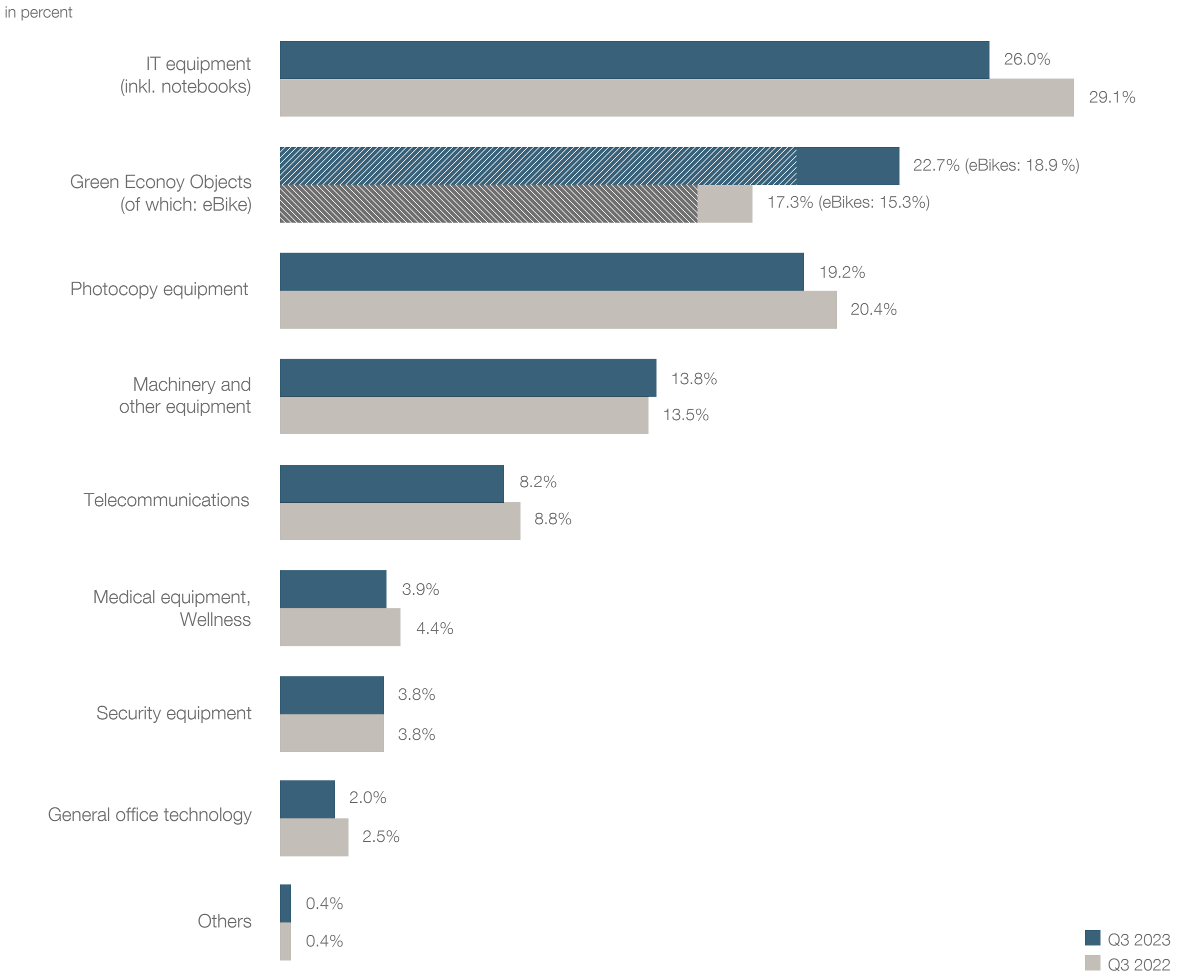
We received around 130,000 lease applications in the reporting quarter, resulting in higher demand for leasing products than in the same prior-year quarter (Q3 2022: around 120,000). At 52.9 percent, the conversion rate was in line with the customary level of business and remained stable year-on-year (Q3 2022: 54.2 percent). Overall, we concluded over 68,000 new lease contracts in the reporting period, compared with around 66,000 in the same prior-year quarter. The average ticket size rose slightly in the third quarter of 2023 to around EUR 8.7k compared with around EUR 8.6k in the same prior-year quarter. This level was also within the defined target size for full-year 2023, which prescribes a focus on small tickets with an average ticket size of less than EUR 10k. At 37.3 percent, the share of contracts processed entirely digitally via the eSignature process was on par with the same prior-year quarter (Q3 2022: 37.8 percent). The share of direct sales remained almost unchanged in the third quarter of this year at 17.5 percent (Q3 2022: 19.7 percent).

Lease applications and contracts

	unit	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change
Lease applications	units	129'006	121'817	5.9%	430'809	394'731	9.1%
Lease contracts	units	68'200	66'076	3.2%	216'275	200'174	8.0%
Convertion rate	percent	52.9	54.2	–1.3 pp	50.2	50.7	–0.5 pp
Average NAV	EUR	8'667	8'558	1.3%	8'561	8'254	3.7%
eSignature quota	percent	37.3	37.8	–0.5 pp	38.9	40.0	–1.1 pp

In the portfolio of new leasing business, IT equipment once again proved to be the most sought-after object group, with a net acquisition value of EUR 517 million in the first nine months of 2023 (Q1–Q3 2022: EUR 502 million). This corresponded to growth of 3 percent. At 17,770, the number of new contracts concluded in the IT equipment category in the third quarter of 2023 was slightly lower year-on-year (Q3 2022: 19,221 contracts). Measured by the number of contracts, its share of the portfolio of newly concluded contracts decreased by 3.1 percentage points in the third quarter of 2023. This is in contrast to the share of new business represented by green economy objects in the third quarter, which grew by 5.4 percentage points. Green economy objects include eBikes, photovoltaic and solar systems, water dispensers, wallboxes and LED lighting units. Demand for eBikes, in particular, has been rising steadily for years. In the reporting quarter, for example, one in five new contracts were concluded to finance an eBike. In the reporting quarter, roughly 22.7 percent overall of all contracts were attributable to green economy objects. In the area of photocopy equipment, which primarily includes photocopiers, a total of 13,115 new contracts were concluded in the third quarter (Q3 2022: 13,475 contracts). With a share of 19.2 percent, the corresponding lease objects accounted for a slightly lower proportion of the number of new contracts than in the same prior-year quarter. The share of machinery and other equipment was 13.8 percent and remained largely at the previous year's level. The shares of the object groups telecommunications equipment, medical equipment and wellness, and general office technology were below the 10 percent threshold and slightly lower year-on-year. Security equipment remained stable in the third quarter with a share of 3.8 percent.

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



2.3.2 Factoring

Factoring in the third quarter of 2023 reported new business with a purchased receivables volume of EUR 210.7 million, corresponding to a year-on-year increase of 2.8 percent. This volume of receivables has an average term from purchase to maturity of 41 days, meaning the imputed receivables turnover is 8.9x per year (365 days/41 days). This explains why the factoring business continues to make a small contribution to the consolidated statement of financial position with a reported receivables volume of EUR 83.6 million. The greatest contribution to growth in the current year came from the Southern Europe region, helped by the newest factoring companies. In the third quarter of 2023, they expanded their new business by 18.9 percent. The Northern/Eastern Europe region was the strongest in terms of volume and grew by 3.2 percent. The DACH region, in contrast, recorded a decline of 5.7 percent.

New factoring business

	unit	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change
NEW FACTORING BUSINESS	**EURm**	**210.7**	**205.0**	**2.8%**	**608.1**	**571.5**	**6.4%**
DACH	EURm	72.8	77.2	–5.7%	222.5	217.3	2.4%
Southern Europe	EURm	45.3	38.1	18.9%	126.0	105.8	19.2%
Northern/Eastern Europe	EURm	92.6	89.7	3.2%	259.6	248.4	4.5%
GROSS MARGIN	**percent**	**1.7**	**1.5**	**0.2 pp**	**1.7**	**1.4**	**0.3 pp**
DACH	percent	1.7	1.5	0.2 pp	1.6	1.5	0.1 pp
Southern Europe	percent	1.8	1.4	0.4 pp	1.7	1.4	0.3 pp
Northern/Eastern Europe	percent	1.7	1.4	0.3 pp	1.7	1.4	0.3 pp
AVERAGE PERIOD	**days**	**41.3**	**43.7**	**–2.4**	**42.8**	**41.2**	**1.6**
Average period DACH	days	25.7	27.7	–2.0	26.7	27.4	–0.7
Average period Southern Europe	days	74.1	85.0	–10.9	79.2	75.8	3.4
Average period Northern/Eastern Europe	days	37.5	38.4	–0.9	38.0	38.6	–0.5

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

The gross margin in factoring improved to 1.7 percent in the reporting quarter as a result of the continued alignment in contract terms with interest rate developments. All regions improved their margins, with Southern Europe in particular recording an increase of 0.4 percentage points, achieving a slightly above average margin of 1.8 percent. The gross margin refers to the average period of a factoring transaction of around 41 days in the reporting quarter. Due to differences in payment periods and payment habits, the average period in the DACH region is significantly lower (26 days) than in Northern/Eastern Europe (38 days) and Southern Europe (74 days).

A comparison of the average periods shows that payment periods shortened in all regions. With a reduction of 11 days, companies in Southern Europe in particular met their payment obligations earlier than the previous year. Across all regions, the average period declined by 2.4 days.

2.3.3 GRENKE BANK's lending business

GRENKE BANK's new lending business amounted to EUR 9.6 million in the third quarter of 2023, compared to EUR 11.5 million in the same prior-year quarter. In the first three quarters of 2023, cumulative new lending business amounted to EUR 33.4 million, compared to EUR 40.9 million in the same prior-year period. New lending business consists solely of loans granted within the scope of the "Mikrokreditfonds Deutschland" (Microcredit Fund Germany) programme, in which GRENKE BANK offers government-sponsored microfinancing between EUR 1k and EUR 25k.

2.3.4 Currency effects

The change in exchange rates resulted in negative currency effects of EUR 2.0 million on the volume of new business in leasing and factoring in the third quarter of 2023. Assuming unchanged exchange rates compared to the third quarter of 2022, the volume of new business in the third quarter of 2023 would have been EUR 4.5 million higher in leasing and EUR 2.4 million lower in factoring.

The currency effects resulted primarily from the appreciation of the Polish zloty, which was offset by the depreciation of the Swedish krona and Australian dollar.

2.4 Results of operations

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

2.4.1 Comparison of the third quarter of 2023 versus 2022

Interest and similar income from our financing business amounted to EUR 119.8 million in the third quarter of 2023 (Q3 2022: EUR 103.5 million), amounting to a year-on-year increase of EUR 16.3 million. The continued strong growth in new business in recent quarters is reflected in interest income from lease receivables. In addition, the improved margin reflects the successive alignment of contract terms in the new leasing business. Interest expenses from refinancing and deposit business increased by EUR 15.7 million to EUR 33.4 million (Q3 2022: EUR 17.7 million), primarily a result of the sharply higher interest rate levels from recent quarters.

The compensation ratio, which indicates how much more interest income (Q3 2023: EUR 16.3 million) we were able to generate relative to the higher interest expenses (Q3 2023: EUR 15.7 million), was already at around 100 percent in the third quarter of 2023. In the first quarter of this year, the compensation ratio was still 64 percent followed by 75 percent in the second quarter.

On balance, the net interest income in the third quarter of 2023 increased slightly by EUR 0.7 million to EUR 86.5 million (Q3 2022: EUR 85.8 million). As a result of the established conservative risk approach from prior quarters and the unchanged steady payment behaviour of our customers, expenses for settlement of claims and risk provision fell by EUR 5.8 million to EUR 24.5 million in the reporting quarter (Q3 2022: EUR 30.3 million). This led to an overall positive development in the risk provision, resulting in an improvement in our loss rate (expenses for settlement of claims and risk provisions in relation to the volume of leased assets) to 1.1 percent in the third quarter of 2023 (Q3 2022: 1.4 percent).

The increase in interest income and the year-on-year decline in risk provisions more than compensated for the rise in interest expenses, with the result that our net interest income after settlement of claims and risk provision rose by EUR 6.5 million to EUR 62.0 million in the reporting quarter (Q3 2022: EUR 55.5 million).

EURk	Q3 2023	Q3 2022	Change (%)
Interest and similar income from financing business	119'848	103'479	15.8
Expenses from interest on refinancing and deposit business	33'386	17'724	88.4
NET INTEREST INCOME	86'462	85'755	0.8
Settlement of claims and risk provision	24'482	30'283	–19.2
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	61'980	55'472	11.7
Profit from service business	34'636	31'444	10.2
Profit from new business	10'679	8'256	29.4
Gains (+) / losses (–) from disposals	1'771	–114	> 100
INCOME FROM OPERATING BUSINESS	109'066	95'058	14.7
Staff costs	43'220	38'233	13.0
of which total remuneration	35'567	31'557	12.7
of which fixed remuneration	30'819	26'925	14.5
of which variable remuneration	4'748	4'632	2.5
Selling and administrative expenses (excluding staff costs)	26'446	21'938	20.5
of which IT project costs	3'485	2'045	70.4
GROUP EARNINGS BEFORE TAXES	**30'548**	**27'685**	**10.3**
GROUP EARNINGS	**23'990**	**20'332**	**18.0**
EARNINGS PER SHARE (IN EUR; BASIC/DILUTED)	**0.53**	**0.50**	**6.0**

Our profit from service business increased by EUR 3.2 million to EUR 34.6 million in the third quarter of 2023 (Q3 2022: EUR 31.4 million) due to the expansion in the lease portfolio. Our profit from new business increased by EUR 2.4 million to EUR 10.7 million in the reporting quarter (Q3 2022: EUR 8.3 million) as a result of the positive new business development. Gains and losses from disposal equalled EUR 1.8 million (Q3 2022: EUR –0.1 million).

Lower expenses for settlement of claims and risk provision, as well as the profit from service business and profit from new business, largely led to an increase in our income from operating business of EUR 14.0 million to EUR 109.1 million in the third quarter of 2023 (Q3 2022: EUR 95.1 million).

At EUR 43.2 million (Q3 2022: EUR 38.2 million), staff costs in the third quarter of 2023, were almost at the average of the previous three quarters (Ø Q4 2022 – Q2 2023: EUR 42.7 million). As expected, there was a year-on-year increase in staff costs of EUR 5.0 million. This increase was attributable to the increased number of employees, an adjustment in salaries and a lower variable remuneration component. It was also however a result of a Consolidated Group-wide inflation-related increase in fixed remuneration of approximately 3.5 percent in August 2022. In the reporting period, fixed remuneration amounted to EUR 30.8 million (Q3 2022: EUR 26.9 million) and variable remuneration to EUR 4.7 million (Q3 2022: EUR 4.6 million). The average number of employees on a full-time equivalent basis was 2,112 in the reporting quarter, which was 208 higher than in the same prior-year period (Q3 2022: 1,904) due to new hires.

Our depreciation, amortisation and impairments amounted to EUR 6.5 million in the reporting quarter, down EUR 4.1 million year-on-year (Q3 2022: EUR 10.6 million). The prior-year figure included impairment losses on goodwill of EUR 4.0 million. Our selling and administrative expenses increased by EUR 4.5 million to EUR 26.4 million (Q3 2022: EUR 21.9

million). This increase resulted primarily from higher IT project expenses incurred in the course of progressing the digitalisation programme, as well as from higher legal, consulting and audit costs and increased ancillary staff costs. The balance of other operating income and expenses in the third quarter was EUR 0.0 million (Q3 2022: EUR –3.0 million). The main driver for the change in other operating income was a non-recurring effect from the partial early redemption of two bonds in the amount of EUR 1.9 million in relation to the benchmark bond issue at the end of September. Currency effects amounted to EUR 2.3 million, reflected in other operating expenses. The effect from the translation of Turkish lira (TRY) amounted to EUR 0.6 million and had resulted largely from the effects of the measurement of hyperinflation in accordance with IAS 29. Other effects of EUR 0.6 million were attributable to the Hungarian forint (HUF) and EUR 0.5 million to the Chilean peso (CLP). These effects were primarily attributable to derivative hedging transactions, which offset each other economically over the entire period. A portion of these was also offset periodically through the currency translations recognised directly in other comprehensive income in the consolidated statement of comprehensive income. As this concerns mainly the translation of lease receivables in foreign currency countries, this effect is shown in a different item, similar to the aforementioned translation effects from derivatives. Lease receivables are translated at the closing rate, whereas derivatives are measured at fair value based on the forward exchange rates applicable as of the reporting date. This difference and the resulting measurement effect offset one another over the term of the hedging relationships.

Our operating result in the third quarter of 2023 was EUR 32.9 million, representing an increase of EUR 11.6 million (Q3 2022: EUR 21.3 million). The balance of other interest income and interest expenses improved to EUR 1.1 million (Q3 2022: EUR –1.1 million), mainly due to the higher interest on liquidity for Bundesbank deposits resulting from key interest rate increases.

Our Consolidated Group earnings before taxes increased by EUR 2.8 million to EUR 30.5 million (Q3 2022: EUR 27.7 million). Our tax rate decreased to 21.5 percent (Q3 2022: 26.6 percent). Our Consolidated Group net profit was EUR 24.0 million, for a year-on-year increase of EUR 3.7 million (Q3 2022: EUR 20.3 million). The share of profits attributable to non-controlling interests to be reported as a result of consolidating the franchise companies amounted to EUR –0.6 million (Q3 2022: EUR –2.9 million). Comparability is limited due to the acquisition of shares in several franchise companies in the first nine months of 2023 (for further information, please refer to the explanations in Note 12). As a result, earnings per share in the third quarter of 2023 rose to EUR 0.53 (Q3 2022: EUR 0.50).

The cost-income ratio (CIR) improved compared to the first half of the year. Overall, the CIR rose slightly year-on-year by 0.5 percentage points to 57.0 percent in the third quarter of 2023 (Q3 2022: 56.5%). Compared to the fourth quarter of 2022 (57.6 percent) and the previous quarter (Q2 2023: 59.5 percent), the CIR improved by 0.6 and 2.5 percentage points, respectively. This year-on-year increase was primarily the result of two factors: The income as defined in the CIR is calculated before risk provisions, which does not reflect the overall positive development of income from operating business and due to the fact that costs have increased, particularly staff costs, as a result of the aforementioned base effects in 2022.

2.4.2 Comparison of first nine months of 2023 versus 2022

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

Our net interest income decreased by EUR 6.5 million to EUR 254.5 million in the first nine months of 2023 (Q1–Q3 2022: EUR 261.0 million). We were able to compensate for 84 percent of the EUR 39.9 million year-on-year increase in interest expenses, which resulted from the sharp rise in capital market interest rates, through higher interest income resulting from our alignment of our contract conditions. As of the half-year, the ratio was still 70 percent.

Net interest income after settlement of claims and risk provision increased by EUR 11.0 million to EUR 182.1 million (Q1 – Q3 2022: EUR 171.1 million). The loss rate improved to 1.0 percent, in line with the positive risk provision development (Q1 – Q3 2022: 1.3 percent).

Our income from operating business increased by EUR 33.5 million to EUR 317.8 million (Q1 – Q3 2022: EUR 284.3 million), and operating profit increased by EUR 10.4 million to EUR 85.3 million (Q1 – Q3 2022: EUR 74.9 million).

Our Consolidated Group net profit was EUR 64.4 million (Q1 – Q3 2022: EUR 61.8 million).

EURk	Q1-Q3 2023	Q1-Q3 2022	Change (%)
Interest and similar income from financing business	341'916	308'500	10.8
Expenses from interest on refinancing and deposit business	87'421	47'480	84.1
NET INTEREST INCOME	254'495	261'020	–2.5
Settlement of claims and risk provision	72'369	89'935	–19.5
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	182'126	171'085	6.5
Profit from service business	97'745	89'433	9.3
Profit from new business	35'269	23'513	50.0
Gains (+) / losses (–) from disposals	2'707	296	> 100
INCOME FROM OPERATING BUSINESS	317'847	284'327	11.8
Staff costs	128'488	106'248	20.9
of which total remuneration	105'257	87'468	20.3
of which fixed remuneration	91'068	73'139	24.5
of which variable remuneration	14'189	14'329	–1.0
Selling and administrative expenses (excluding staff costs)	77'443	72'975	6.1
of which IT project costs	10'385	6'218	67.0
GROUP EARNINGS BEFORE TAXES	**82'324**	**83'251**	**–1.1**
GROUP EARNINGS	**64'389**	**61'791**	**4.2**
EARNINGS PER SHARE (IN EUR; BASIC/DILUTED)	**1.27**	**1.22**	**4.1**

2.4.3 Segment development

The operating segment income in the Leasing segment developed positively, particularly as the payment behaviour of our customers remained stable, resulting in a reduction in expenses for settlement of claims and risk provision. Accordingly, our operating segment income in the Leasing segment increased by EUR 23.9 million to EUR 288.3 million (Q1–Q3 2022: EUR 264.4 million). Due to the optimisation of segment reporting, the previous year's operating income figures in the Leasing and Banking segments have been adjusted. The segment result increased and amounted to EUR 80.1 million (Q1–Q3 2022: EUR 77.1 million).

Operating segment income in the Banking segment increased in the reporting period to EUR 29.1 million (Q1–Q3 2022*: EUR 15.2 million), mainly as a result of lower risk provisions for former loan portfolios. Higher staff costs and currency effects led to the achievement of a segment result of EUR 12.6 million (Q1–Q3 2022: EUR –0.5 million).

Our operating segment income in the Factoring segment decreased by EUR 4.2 million to EUR 0.5 million (Q1–Q3 2022: EUR 4.7 million). The adjustments made in the sales infrastructure are showing through in interest income from factoring, but the higher expenses coming from higher interest rates as well as from a non-recurring effect in impairments are having counteracting effects. Consequently, and also due to higher staff costs in particular, the segment result decreased to EUR –7.2 million (Q1–Q3 2022: EUR –1.5 million).

2.5 Financial position

At 18.9 percent, the equity ratio remained at a high level and within our expectations. Cash flow from operating activities significantly surpassed the level in the same prior-year period. The refinancing volumes increased through the issue of our first green bond with a record volume of EUR 500.0 million, reaching benchmark level. The rise in lease receivables reflect the continued solid new business growth.

2.5.1 Capital structure

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

On the liabilities side, the rising level of total assets is particularly reflected by the increase in financial liabilities of EUR 666.1 million to EUR 5.5 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 3.9 billion increased compared with year-end 2022 (December 31, 2022: EUR 3.6 billion). GRENKE Bank's current and non-current liabilities from the deposit business also increased by a total of EUR 416.4 million to EUR 1.6 billion (December 31, 2022: EUR 1.2 billion).

Equity as of September 30, 2023 was essentially unchanged at EUR 1.3 billion (December 31, 2022: EUR 1.3 billion). The Consolidated Group net profit of EUR 64.4 million generated in the reporting period was mainly offset by the distribution of a dividend (EUR 20.9 million), the interest payment on hybrid capital (EUR 12.9 million), and transactions with NCI (EUR 17.1 million) resulting from the acquisition of shares in franchise companies, as well as market valuation effects from hedging instruments of EUR 2.1 million. In contrast, the effects of currency translation recognised directly in equity (EUR 3.7 million) had a positive impact. As a result of the disproportional increase in total assets compared to equity, the equity ratio as of September 30, 2023 declined to 18.9 percent (December 31, 2022: 20.8 percent) but continued to exceed the Consolidated Group's own target of at least 16 percent.

EURk	Sep. 30, 2023	Dec. 31, 2022	Change (%)
CURRENT LIABILITIES	**2'071'100**	**2'443'391**	**–15.2**
of which financial liabilities	1'851'465	2'247'666	–17.6
NON-CURRENT LIABILITIES	**3'703'789**	**2'637'185**	**40.4**
of which financial liabilities	3'609'326	2'547'052	41.7
Equity	1'347'161	1'332'167	1.1
TOTAL LIABILITIES AND EQUITY	7'122'050	6'412'743	11.1
Equity ratio (in percent)	18.9%	20.8%	–1.9 pp

2.5.2 Cash flow

Our cash flow from operating activities amounted to EUR 595.0 million in the first nine months of 2023, marking a significant increase compared to the level in the same prior-year period (Q1 – Q3 2022: EUR –345.1 million). This was mainly due to two effects. First, the continued steady payment behavior of customers and inflows from lessee payments amounting to EUR 1,795.3 million in the first nine months of the current financial year. Second, the increase in the scope of refinancing and the related proceeds, particularly as a result of the new green bond issue at benchmark level, as well as due to the growth in the deposit business of GRENKE Bank. The selected disclosures from the consolidated statement of cash flows and their development are explained below.

EURk	Q1-Q3 2023	Q1-Q3 2022	Change (%)
- Investments in new lease receivables	–1'907'389	–1'692'884	12.7
+ Addition of new refinancing (excl. deposit business)	1'790'185	1'282'888	39.5
+ Net inflows / outflows from deposit business	416'422	–388'155	< –100
(I) CASH FLOW NEW BUSINESS	**299'218**	**–798'151**	**< –100**
+ Payments by lessees	1'795'269	1'731'959	3.7
- Payments / Repayments of refinancing (excl. deposit business)	–1'618'974	–1'295'918	24.9
(II) CASH FLOW FROM EXISTING BUSINESS	**176'295**	**436'041**	**–59.6**
(III) OTHER CASH FLOW FROM OPERATING ACTIVITIES	**119'490**	**17'037**	**> 100**
CASH FLOW FROM OPERATING ACTIVITIES (I) + (II) + (III)	**595'003**	**–345'073**	**< –100**
Cash flow from investing activities	–21'663	–5'257	> 100
Cash flow from financing activities	–43'990	–46'787	–6.0
TOTAL CASH FLOW	**529'350**	**–397'117**	**< –100**

Cash flow from investments in new lease receivables comprises the net acquisition values for newly acquired lease objects and the costs directly incurred with the conclusion of the contract. Due to the steady higher volume of new business, investments for new lease receivables increased to EUR 1,907.4 million in the first nine months of 2023 (Q1 – Q3 2022: EUR 1,692.9 million). These were offset by cash inflows from the increase in refinancing of EUR 1,790.2 million, compared with EUR 1,282.9 million in the same prior-year period. Cash flow from GRENKE Bank's deposit business increased to EUR 416.4 million after EUR –388.2 million in the same prior-year period. Our total cash flow from investments in new business increased to EUR 299.2 million (Q1 – Q3 2022: EUR –798.2 million).

In the first nine months of 2023, EUR 1,619.0 million (Q1 – Q3 2022: EUR 1,295.9 million) was repaid or redeemed for refinancing. Cash flow from existing business decreased to EUR 176.3 million (Q1 – Q3 2022: EUR 436.0 million).

Cash flow from investing activities amounted to EUR –21.7 million in the reporting period (Q1 – Q3 2022: EUR –5.3 million). This item consisted mainly of purchase price payments of EUR 14.6 million (Q1 – Q3 2022: EUR 0.3 million) for the acquisition of the former leasing franchise companies in Australia and Singapore, as well as of factoring franchise companies in

Ireland, the UK and Poland. In addition, a purchase price payment of EUR 3.1 million was made in the reporting period for the acquisition of a minority interest in Miete24 P4Y GmbH. Payments for the acquisition of property, plant and equipment and intangible assets amounted to EUR 4.5 million (Q1 – Q3 2022: EUR 5.1 million).

Cash flow from financing activities amounted to EUR – 44.0 million in the reporting period (Q1 – Q3 2022: EUR – 46.8 million). The main items were the distribution of the dividend for the previous financial year of EUR 20.9 million (Q1 – Q3 2022: EUR 23.7 million) and interest payments on hybrid capital of EUR 12.9 million (Q1 – Q3 2022: EUR 12.9 million). The repayment of lease liabilities also resulted in a cash outflow of EUR 10.1 million (Q1 – Q3 2022: EUR 10.1 million).

As a result, total cash flows in the first nine months of 2023 equalled EUR 529.4 million (Q1 – Q3 2022: EUR – 397.1 million). Cash and cash equivalents increased accordingly to EUR 978.1 million as of the September 30, 2023 reporting date, compared to EUR 448.6 million as of December 31, 2022.

2.5.3 Liquidity

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

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

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

EURm	Sep. 30, 2023	share in %	Dec. 31, 2022	share in %
GRENKE BANK	1'579	28	1'208	25
Senior Unsecured	2'884	52	2'573	52
Asset Backed	1'121	20	1'137	23
TOTAL	**5'584**	**100**	**4'918**	**100**

The increase of EUR 665.8 million in refinancing volume to EUR 5,583.7 million (December 31, 2022: EUR 4,917.9 million) is mainly attributable to an increase in new business and the associated increase in refinancing requirements for our leasing business. This increase was primarily covered by deposits of GRENKE BANK AG and senior unsecured instruments.

Refinancing via customer deposits of GRENKE BANK AG increased to EUR 1,567.1 million as of September 30, 2023, compared to EUR 1,150.7 million as of December 31, 2022, and EUR 1,023.8 million as of September 30, 2022. This corresponds to an increase of 36.2 percent since December 31, 2022, and is due to an increased use of GRENKE Bank in the current market environment.

In the reporting period, we also issued two new smaller bonds with a total nominal volume of EUR 110.0 million and increased two existing bonds by a total of EUR 174.3 million. We also issued a green bond with a nominal volume of EUR 500.0 million, reaching a benchmark level. In addition, the GRENKE Group issued three promissory notes totalling CHF 40.0 million and EUR 57.5 million. In the short-term area, nine commercial paper issues were completed with a total volume of EUR 150.0 million. In the reporting period, a bond with a volume totalling EUR 267.0 million, four promissory notes of EUR 37.0 million and CHF 30 million, as well as commercial paper of EUR 125.0 million were repaid as scheduled. In addition, early partial redemptions of two bonds totalling EUR 180.3 million were made voluntarily.

In the first half of 2023, the existing EUR 250.0 million syndicated revolving credit facility was terminated and a new syndicated revolving credit facility with a total volume of EUR 370.0 million (drawdowns may also be partly in Swiss francs and British pounds) was signed. The credit facility is subject to a term of three years with an extension option of a further two years. In the third quarter of 2023, the total volume of the facility was increased again by EUR 30 million to a total of EUR 400.0 million.

On September 26, 2023, a new ABS programme was concluded with the structured entity "Kebnekaise Funding Limited" (sponsor: SEB AB) to refinance lease receivables from Finland. The programme volume agreed over a term of 2 years amounts to EUR 100.0 million.

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

As of the reporting date, the GRENKE Group's unutilised credit lines (defined as bank credit lines plus the available volume of bonds and commercial paper) amounted to EUR 3,505.2 million, HUF 540.0 million, and PLN 40.0 million (December 31, 2022: EUR 3,671.1 million, HUF 540.0 million, PLN 40.0 million and HRK 40.0 million).

2.6 Net assets

In comparison to the end of the 2022 financial year, our total assets have increased by EUR 709.3 million to EUR 7.1 billion as of September 30, 2023 (December 31, 2022: EUR 6.4 billion).

The increase in our total assets as of September 30, 2023, was due mainly to the rise in cash and cash equivalents and current and non-current lease receivables. Our largest balance sheet item, lease receivables, increased by EUR 248.7 million to EUR 5.5 billion compared with the end of the 2022 financial year (December 31, 2022: EUR 5.2 billion) due to the sustained positive development of new business.

EURk	Sep. 30, 2023	Dec. 31, 2022	Change (%)
CURRENT ASSETS	**3'365'618**	**2'847'293**	**18.2**
of which cash and cash equivalents	980'031	448'844	> 100
of which lease receivables	2'028'076	1'985'059	2.2
NON-CURRENT ASSETS	**3'756'432**	**3'565'450**	**5.4**
of which lease receivables	3'464'544	3'258'885	6.3
TOTAL ASSETS	7'122'050	6'412'743	11.1

Cash and cash equivalents increased by EUR 531.2 million to EUR 980.0 million (December 31, 2022: EUR 448.8 million). As of September 30, 2023, cash and cash equivalents totalling EUR 593.2 million (December 31, 2022: EUR 326.6 million) were held in Deutsche Bundesbank accounts. The high level of cash and cash equivalents as of the reporting date is mainly attributable to the receipt of proceeds from the green bond issued on September 29, 2023 in the amount of EUR 500.0 million.

3. Related party disclosures

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

4. Report on risks, opportunities and forecasts

4.1 Risks and opportunities

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

Should further unexpected events following the outbreak of the war in the Middle East hit the capital markets, volatility could increase significantly again, and generally available liquidity in the markets could decrease. Even in the current environment, the Board of Directors sees sufficient leeway to ensure the GRENKE Group's liquidity in the short, medium and long term. This view is based first and foremost on our current liquidity position and secondly on our ability to manage new leasing business – and thereby liquidity requirements – by applying a more restrictive acceptance policy to lease applications. In addition, the Company continues to have access to a variety of refinancing sources.

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

With reference to the risks that could result from Russia's war of aggression against Ukraine, we can confirm that we do not have any branches in either Russia or Ukraine, nor are we financially involved in those countries.

With regard to the conflict in the Middle East, which flared up again in October 2023, there is no direct financial or non-financial risk for GRENKE. We do not operate any of our own branches in Israel nor in the neighbouring countries and regions directly affected by the conflict. Aside from this, there are currently no indications of any significant indirect risk.

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

4.2 Macroeconomic and sector environments

In the World Economic Outlook published on October 10, 2023, the International Monetary Fund (IMF) determined that, although economic activity had bottomed out, growth would continue to be underwhelming in the upcoming period. In addition, the IMF went on to say that the growth differentials between individual regions and sectors would widen.

The IMF believes that growth of 3.0 percent is possible for the global economy in 2023 (2022: 3.5 percent), with the industrialised nations falling short of the global average. The United States is expected to grow by 2.1 percent in 2023, the same rate as in the previous year (2022: 2.1 percent). Growth in the eurozone is projected to come in at 0.7 percent, under just a fifth of the previous year's figure (2022: 3.3 percent). For Germany, the IMF expects gross domestic product (GDP) to contract by 0.5 percent in 2023, compared to growth of 1.8 percent still recorded in 2022. For France and Italy, the IMF expects slightly positive growth of 1.0 percent and 0.7 percent, respectively, in 2023 (2022: 2.5 percent and 3.7 percent). The IMF is more optimistic for Spain, a country that benefits from tourism, with a growth forecast of 2.5 percent. Still, this means Spain will have to accept a significant decline in growth relative to the previous year (2022: 5.8 percent).

In view of the synchronous, global tightening of monetary policy, the war in Ukraine and high inflation, the global economy is proving relatively robust, according to the IMF, despite these adverse factors. The IMF sees global risk factors that include a fragile financial market that could be hit by sharp price corrections, downside risks on the real estate markets – particularly in China – a widening of the construction and real estate crises.

The outbreak of the war in the Middle East at the beginning of October 2023 also presents the risk that the oil price will escalate again and that the ECB will opt for further key interest rate hikes to prevent additional inflationary pressures.

The ifo Business Climate Index for the leasing sector in Germany reached 16.2 points in September, marking a significant year-on-year improvement (September 2022: –3.9 points). The current figure however is a slight deterioration compared with the previous quarter (June 2023: 23.9 points). The Federal Association of German Leasing Companies (BDL) is encouraged by the fact that companies' investment activity appears to be picking up again from a low level. According to the BDL, replacement investments are no longer being postponed, but a lack of planning certainty from economic and financial policies is still preventing a major surge in investments towards greater sustainability and digitalisation.

4.3 Company forecast

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

The Board of Directors expects new leasing business in the 2023 financial year to come in at the lower half of the guidance range of EUR 2.6 billion to EUR 2.8 billion. Precise forecasts of SME investment activities in Europe for the remainder of the year are made difficult by the continuing recessionary mood and the armed conflicts in Ukraine and the Middle East. Based on the performance of the first three quarters, as well as the continued stable payment behaviour and solid margins, the Board of Directors expects Consolidated Group net profit for the current financial year to be in the upper half of the guidance range.

With its stable equity base, the Consolidated Group has the necessary financial basis to achieve the targeted level of new leasing business. In 2024, the volume of new business is expected to exceed the EUR 3 billion threshold, and therefore the Board of Directors continues to expect double-digit growth rates in new leasing business. However, the current focus remains on CM2 due to current macroeconomic challenges.

For 2024, the Board of Directors is targeting new leasing business of EUR 3.0 billion to EUR 3.2 billion and Consolidated Group net profit of EUR 95 million to EUR 115 million, while maintaining a focus on balanced margins. This forecast range continues us along the path of our growth strategy.

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

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

The investments in the new digitalisation programme, which are progressing on schedule, will result as expected in extraordinary expenses of up to EUR 15 million in the current financial year. Despite the extraordinary effects in the first quarter of 2023, with some in the second quarter, due to erratic exchange rate fluctuations, the Board of Directors expects Consolidated Group net profit in 2023 to be in the upper half of the guidance range of EUR 80 million to EUR 90 million. This is based on the assumption that the loss rate will be below the level of 1.5 percent. Decisive for achieving this is the solid lease contract portfolio, the stable incoming payments from the most recent quarters and the appropriate and conservative risk provisioning already in place.

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

Condensed interim consolidated financial statements

Consolidated income statement

EURk	Q3 2023	Q3 2022	Q1 – Q3 2023	Q1 – Q3 2022
Interest and similar income from financing business*	119'848	103'479	341'916	308'500
Expenses from interest on refinancing and deposit business	33'386	17'724	87'421	47'480
NET INTEREST INCOME	**86'462**	**85'755**	**254'495**	**261'020**
Settlement of claims and risk provision	24'482	30'283	72'369	89'935
Of which, impairment losses	– 12'815	14'731	– 13'873	34'052
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	**61'980**	**55'472**	**182'126**	**171'085**
Profit from service business	34'636	31'444	97'745	89'433
Profit from new business	10'679	8'256	35'269	23'513
Gains(+) / losses (–) from disposals	1'771	– 114	2'707	296
INCOME FROM OPERATING BUSINESS	**109'066**	**95'058**	**317'847**	**284'327**
Staff costs	43'220	38'233	128'488	106'248
Depreciation and impairment	6'481	10'584	19'904	24'087
Selling and administrative expenses (not including staff costs)	26'446	21'938	77'443	72'975
Other operating expenses	3'329	4'406	14'454	10'032
Other operating income	3'340	1'396	7'774	3'963
OPERATING RESULT	**32'930**	**21'293**	**85'332**	**74'948**
Result from investments accounted for using the equity method	– 88	0	– 128	– 4
Expenses/income from fair value measurement	– 3'356	7'488	– 2'674	14'163
Other interest income	7'209	467	16'228	1'302
Other interest expenses	6'147	1'563	16'434	7'158
GROUP EARNINGS BEFORE TAXES	**30'548**	**27'685**	**82'324**	**83'251**
Income taxes	6'558	7'353	17'935	21'460
GROUP EARNINGS	**23'990**	**20'332**	**64'389**	**61'791**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	24'597	23'190	68'193	65'886
of which total comprehensive income attributable to non-controlling interests	– 607	– 2'858	– 3'804	– 4'095
Earnings per share (basic/diluted in EUR)	0.53	0.50	1.27	1.22
Average number of shares outstanding	46'495'573	46'495'573	46'495'573	46'495'573

* Interest and similar income calculated according to the effective interest method EUR 6,728k (previous year: EUR 5,653k).

Consolidated statement of comprehensive income

EURk	Q3 2023	Q3 2022	Q1 – Q3 2023	Q1 – Q3 2022
		adjusted*		adjusted*
GROUP EARNINGS	**23'990**	**20'332**	**64'389**	**61'791**
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Appropriation to/reduction of hedging reserve	–1'905	6'366	–2'146	12'107
thereof: income tax effects	273	–910	307	–1'730
Change in currency translation differences/effects of high inflation	206	–1'002	3'695	2'405
thereof: income tax effects	0	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Equity instruments	0	0	0	0
thereof: income tax effects	0	0	0	0
Appropriation to / reduction of reserve for actuarial gains and losses	0	0	0	0
thereof: income tax effects	0	0	0	0
OTHER COMPREHENSIVE INCOME	**–1'699**	**5'364**	**1'549**	**14'512**
TOTAL COMPREHENSIVE INCOME	**22'291**	**25'696**	**65'938**	**76'303**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	22'898	28'788	69'519	81'211
of which total comprehensive income attributable to non-controlling interests	–607	–3'092	–3'581	–4'908

* Adjustment of the previous year's figures due to the first-time application of IAS 29 "Accounting in Hyperinflationary Economies".

Consolidated statement of financial position

EURk	Sep. 30, 2023	Dec. 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	980'031	448'844
Derivative financial instruments that are assets	9'778	10'727
Lease receivables	2'028'076	1'985'059
Other current financial assets	130'848	124'832
Trade receivables	8'481	6'531
Lease assets for sale	14'443	12'459
Tax assets	20'882	25'471
Other current assets	173'079	233'370
TOTAL CURRENT ASSETS	**3'365'618**	**2'847'293**
NON-CURRENT ASSETS		
Lease receivables	3'464'544	3'258'885
Derivative financial instruments that are assets	21'762	27'232
Other non-current financial assets	78'035	84'865
Investments accounted for using the equity method	2'994	0
Property, plant and equipment	89'440	88'034
Right-of-use assets	34'314	32'973
Goodwill	34'983	34'940
Other intangible assets	12'238	16'514
Deferred tax assets	15'145	18'761
Other non-current assets	2'977	3'246
TOTAL NON-CURRENT ASSETS	**3'756'432**	**3'565'450**
TOTAL ASSETS	**7'122'050**	**6'412'743**

Consolidated statement of financial position

EURk	Sep. 30, 2023	Dec. 31, 2022
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Financial liabilities	1'851'465	2'247'666
Lease liabilities	11'102	10'043
Derivative liability financial instruments	5'372	3'477
Trade payables	39'261	36'112
Tax liabilities	7'018	5'331
Deferred liabilities	35'301	39'658
Other current liabilities	64'218	67'240
Deferred lease payments	57'363	33'864
TOTAL CURRENT LIABILITIES	**2'071'100**	**2'443'391**
NON-CURRENT LIABILITIES		
Financial liabilities	3'609'326	2'547'052
Lease liabilities	23'602	23'170
Derivative liability financial instruments	10'092	3'442
Deferred tax liabilities	57'445	60'445
Pensions	3'228	3'076
Other non-current liabilities	96	0
TOTAL NON-CURRENT LIABILITIES	**3'703'789**	**2'637'185**
EQUITY		
Share capital	46'496	46'496
Capital reserves	298'019	298'019
Retained earnings	795'532	799'475
Other components of equity	18'638	17'312
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRENKE AG	**1'158'685**	**1'161'302**
Additional equity components*	200'000	200'000
Non-controlling interests	–11'524	–29'135
TOTAL EQUITY	**1'347'161**	**1'332'167**
TOTAL EQUITY AND LIABILITIES	**7'122'050**	**6'412'743**

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

Consolidated statement of cash flows

EURk		Q1 – Q3 2023	Q1 – Q3 2022
	GROUP EARNINGS	**64'389**	**61'791**
	NON-CASH ITEMS INCLUDED IN NET PROFIT AND RECONCILIATION TO CASH FLOW FROM OPERATING ACTIVITIES		
+	Depreciation, amortisation and impairment	19'904	24'087
– / +	Profit/loss from the disposal of property, plant, and equipment and intangible assets	–19	319
– / +	Other non-cash income/expenses	19'403	44'513
+ / –	Increase/decrease in deferred liabilities, provisions, and pensions	–4'205	2'437
=	**SUB-TOTAL**	**99'472**	**133'147**
	CHANGE IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES AFTER ADJUSTMENT FOR NON-CASH ITEMS		
+ / –	Lease receivables	–248'676	–33'692
+ / –	Loan receivables[1]	3'154	6'872
+ / –	Factoring receivables[1]	–2'145	–13'464
+ / –	Other assets[1]	60'090	–62'754
+ / –	Financial liabilities	664'414	–347'683
+ / –	Other liabilities	29'801	–4'302
+	Interest received	16'228	1'302
–	Interest paid	–16'434	–7'158
–	Income taxes paid	–10'901	–17'341
=	**CASH FLOW FROM OPERATING ACTIVITIES**	**595'003**	**–345'073**
–	Payments for the acquisition of property, plant and equipment and intangible assets	–4'475	–5'114

Consolidated statement of cash flows (continued)

EURk		Q1 – Q3 2023	Q1 – Q3 2022
–	Payments for the acquisition of subsidiaries	–14'609	–274
–	Payments for the acquisition of associated entities	–3'121	0
+	Proceeds from the sale of property, plant and equipment and intangible assets	542	131
=	**CASH FLOW FROM INVESTING ACTIVITIES**	**–21'663**	**–5'257**
–	Repayment of lease liabilities	–10'121	–10'128
–	Interest coupon payments on hybrid capital	–12'946	–12'946
–	Dividend payments to GRENKE shareholders	–20'923	–23'713
=	**CASH FLOW FROM FINANCING ACTIVITIES**	**–43'990**	**–46'787**
	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD[2]	**448'605**	**852'960**
+	Cash flow from operating activities	595'003	–345'073
+	Cash flow from investing activities	–21'663	–5'257
+	Cash flow from financing activities	–43'990	–46'787
+ / –	Change due to currency translation	178	124
=	**CASH AND CASH EQUIVALENTS AT END OF PERIOD[2]**	**978'133**	**455'967**

[1] Adjusted

[2] Less current account liabilities.

Consolidated statement of changes in equity

EURk	Share capital	Capital reserves	Retained earnings/ Consoli-dated 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 com-ponents	Non-con-trolling 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			59'125					59'125	9'068	–3'804	64'389
Other comprehensive income				–2'146		3'472		1'326		223	1'549
TOTAL COMPREHENSIVE INCOME			**59'125**	**–2'146**		**3'472**		**60'451**	**9'068**	**–3'581**	**65'938**
Dividend payment 2023 for 2022			–20'923					–20'923			–20'923
Interest coupon payment for hybrid capital									–12'946		–12'946
Interest coupon for hybrid capital			–3'878					–3'878	3'878		
Transactions with nci			–38'267					–38'267		21'192	–17'075
EQUITY AS OF SEP. 30, 2023	**46'496**	**298'019**	**795'532**	**11'055**	**1'171**	**9'637**	**–3'225**	**1'158'685**	**200'000**	**–11'524**	**1'347'161**
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**
First-time application of IAS 29 Hyperinflation						1'498		1'498			1'498
Equity as of Jan. 1, 2022 (adjusted)	46'496	298'019	753'245	–39	–577	7'074	–3'225	1'100'993	200'000	–30'499	1'270'494
Group earnings[1]			56'804					56'804	9'082	–4'095	61'791
Other comprehensive income				12'107		3'218		15'325		–813	14'512
TOTAL COMPREHENSIVE INCOME			**56'804**	**12'107**		**3'218**		**72'129**	**9'082**	**–4'908**	**76'303**
Dividend payment 2022 for 2021			–23'713					–23'713			–23'713
Interest coupon payment for hybrid capital[1]									–12'946		–12'946
Interest coupon for hybrid capital[1]									3'878		3'878
Others[1]									–14		–14
Transactions with nci			–7'486					–7'486		7'850	364
EQUITY AS OF SEP. 30, 2022[2]	**46'496**	**298'019**	**778'850**	**12'068**	**–577**	**10'292**	**–3'225**	**1'141'923**	**200'000**	**–27'557**	**1'314'366**

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

[2] Adjustment of the previous year's figures due to the first-time application of IAS 29 "Accounting in Hyperinflationary Economies".

Notes to the condensed interim consolidated financial statements

1. General information

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

2. Accounting policies

The accounting policies applied to the interim consolidated financial statements are generally the same as those applied in the previous year. Exceptions relate to changes resulting from the mandatory 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 2024 financial year or later. GRENKE AG will apply these standards to the consolidated financial statements at the time of their mandatory application. This application is not expected to have any material impact on the reporting.

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

2.1 First-time applicable, revised and new accounting standards

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

All of the following new and revised standards and interpretations have no or only an insignificant impact on the accounting and reporting of GRENKE AG's consolidated financial statements. For further 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 First-time Application of IFRS 17 and IFRS 9: Comparative Information

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

Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
The amendments to IAS 8 clarify the distinction between changes in accounting policies and changes in accounting estimates. The amendments are intended to help distinguish between changes in accounting policies and changes in accounting estimates.

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

Amendment to IAS 12 "Income Taxes", Accounting for Deferred Taxes from a Single Transaction
According to the amendment to IAS 12, the scope of the exemption is adjusted so that deferred tax assets or liabilities need to be recognised at the date of the addition of an asset or liability.

2.2 Accounting standards and interpretations already published but not yet implemented

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

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

Amendments to IFRS 16 "Leases" on the Subsequent Measurement of a Lease Liability in the Event of a Sale and Leaseback Transaction
The amendments to IFRS 16 introduce to the standard interpretation issues of subsequent modifications in connection with the subsequent measurement of a lease liability in the event of a sale and leaseback transaction. Subject to EU endorsement, the regulations are to be applied from January 1, 2024. Earlier application is permitted. Endorsement by the EU is still pending.

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

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

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

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

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

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" on accounting for a lack of exchangeability

The amendments to IAS 21 provide detailed guidance on how to determine whether a currency is exchangeable for another currency and, if not exchangeable, how to determine the exchange rate. The amendments are effective for annual periods beginning on or after January 1, 2025. For entities that prepare their financial statements in accordance with IFRSs as adopted by the EU, the regulations will apply after adoption into European law. Adoption by the EU is still pending.

3. Use of assumptions and estimates

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

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

Determination of impairments for financial assets

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

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

Gross domestic product (in % vs. Reporting date)	Oct. 1, 2023 – Dec. 31, 2023			Jan. 1, 2024 – Dec. 31, 2024			Jan. 1, 2025 – Dec. 31, 2025		
	Negative	Baseline	Positive	Negative	Baseline	Positive	Negative	Baseline	Positive
Eurozone	–6.3%	0.6%	2.1%	0.6%	1.1%	2.1%	1.1%	1.5%	2.1%
Germany	–3.7%	–0.1%	2.2%	– 0.1%	1.1%	2.2%	1.1%	2.0%	2.2%
France	–7.9%	0.7%	2.3%	0.7%	1.3%	2.3%	1.3%	1.9%	2.3%
Italy	–9.0%	0.7%	1.8%	0.7%	0.8%	1.8%	0.8%	1.2%	1.8%
Spain	–11.3%	1.5%	3.5%	1.5%	2.0%	3.5%	2.0%	2.0%	3.5%
United Kingdom	–11.0%	–0.3%	2.5%	–0.3%	1.0%	2.5%	1.0%	2.2%	2.5%

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

	Scenarios as of Sep. 30, 2023		
EURk	Negative	Baseline	Positive
Risk provision	140'324	118'087	98'824

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

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

The negative scenario assumes further significant bottlenecks in the economies heavily dependent on Russian gas and the continuation of the Russian war of aggression against Ukraine. The assumption is that this will lead to a further increase in the price of 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 lack of Russian gas supplies can be compensated through energy-saving measures and the import of liquefied gas, despite the ongoing Russia-Ukraine war. Inflation declines moderately. Policy measures provide support against the loss of purchasing power in households and prevent a sharp decline in the propensity to invest in the industrial sector. Accordingly, default rates return to a pre-Covid-19 level.

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

The probabilities of occurrence of the macro scenarios are determined on a country-by-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 2023 to 2025. 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 September 30, 2023, the scenarios in the core markets of the GRENKE Group were weighted as follows:

Scenario weighting	Oct. 1, 2023 – Dec. 31, 2023			Jan. 1, 2024 – Dec. 31, 2024			Jan. 1, 2025 – Dec. 31, 2025		
	Negative	Baseline	Positive	Negative	Baseline	Positive	Negative	Baseline	Positive
Germany	72.4%	27.1%	0.5%	9.4%	73.1%	17.5%	2.9%	52.7%	44.4%
France	23.1%	75.3%	1.6%	8.8%	76.4%	14.8%	4.6%	73.8%	21.6%
Italy	64.1%	35.0%	0.9%	11.7%	61.6%	26.7%	10.0%	73.9%	16.1%
Spain	9.0%	90.5%	0.5%	1.8%	87.8%	10.4%	0.6%	88.3%	11.1%
United Kingdom	33.4%	66.0%	0.6%	25.9%	71.9%	2.2%	2.0%	64.8%	33.2%

Due to the higher economic uncertainty, various sensitivity analyses were additionally performed, among others, for GDP and the internal floors. A further sensitivity analysis based on chargeback ratios was performed to adequately account for increasing recession concerns. A post-model adjustment was also recognised in addition to the risk provision that was determined based on the existing IFRS 9 model, which takes into account updated parameters to reflect the macroeconomic environment. The effect on earnings of a 50% increase in the chargeback ratio was quantified. An additional post-model adjustment of 20% of the resulting earnings effect was also recognised. A total adjustment of EUR 42,188k was therefore recognised for all lease contracts to cover the additional uncertainty arising from Russia's war against Ukraine and possible consequences of a recession, supply and energy bottlenecks, and inflation for the GRENKE Group.

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

Non-guaranteed (calculated) residual values are taken into account when determining the present value of lease receivables as defined in IFRS 16. The calculated residual values at the end of the lease term are determined depending on the maturity group of the respective lease and include the expected subsequent business at the end of the term, based on historical experience. For additions since January 1, 2023, they amount to between 1 percent and 25 percent of the acquisition cost (previous year: between 1 percent 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 of 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 risk-free interest rate used to determine impairment equalled 3.0 percent as of September 30, 2023, compared to 2.4 percent as of December 31, 2022. As a result, the discount rates used to discount the planned cash flows of the cash-generating units continued to rise during the 2023 financial year to date. However, the increase was far less dynamic than in the previous year. Should there be another sharp increase in discount rates, this 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 14.7 percent (previous year: between 2.4 and 19.5 percent) of the original acquisition costs. If a sale is considered unlikely due to the condition of the asset, the asset is impaired in profit and loss.

Fair value of financial instruments

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

Recognition and measurement of deferred taxes on tax-loss carryforwards

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

Recognition and measurement of actual tax assets and tax liabilities

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

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

4. Lease receivables

The following overview shows the development of lease receivables:

EURk	Sep. 30, 2023	Dec. 31, 2022
CHANGES IN LEASE RECEIVABLES FROM CURRENT CONTRACTS		
RECEIVABLES AT BEGINNING OF PERIOD	**5'285'022**	**5'093'885**
+ change during the period	228'246	191'137
LEASE RECEIVABLES (CURRENT + NON-CURRENT) FROM CURRENT CONTRACTS AT END OF PERIOD	**5'513'268**	**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	88'802	25'308
– disposals of gross receivables during the period	75'364	145'565
GROSS RECEIVABLES AT END OF PERIOD	**456'944**	**443'506**
TOTAL GROSS RECEIVABLES (CURRENT AND TERMINATED)	**5'970'212**	**5'728'528**
IMPAIRMENT AT BEGINNING OF PERIOD	**484'584**	**538'676**
+ additions of accumulated impairment during the period	–6'992	–54'092
IMPAIRMENT AT END OF PERIOD	**477'592**	**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	**5'492'620**	**5'243'944**

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

	Sep. 30, 2023				Dec. 31, 2022
EURk	Level 1	Level 2	Level 3	Total	Total
GROSS LEASE RECEIVABLES					
Germany	1'152'193	51'114	33'042	1'236'349	1'211'992
France	1'111'793	79'156	112'482	1'303'431	1'246'549
Italy	681'925	67'494	157'734	907'153	990'979
Other countries	2'088'973	159'457	274'849	2'523'279	2'279'008
TOTAL GROSS LEASE RECEIVABLES	**5'034'884**	**357'221**	**578'107**	**5'970'212**	**5'728'528**
Impairment	70'549	43'628	363'415	477'592	484'584
CARRYING AMOUNT	**4'964'335**	**313'593**	**214'692**	**5'492'620**	**5'243'944**

Gross lease receivables increased by 4.2 percent compared to December 31, 2022 as a result of new business growth. In contrast, impairments compared to December 31, 2022 decreased by 1.4 percent. The primary reasons for this were slightly lower impairment rates and lower risk provisions due to weaker new business growth in Southern Europe with a simultaneous focus on increasing profitability.

Here it is important to highlight that the GRENKE Group continues to apply a very conservative approach.

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

	Sep. 30, 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*	22'189	9'348	15'612	47'149	64'156
Reclassifications					
to Level 1	6'449	–4'543	–1'906	0	0
to Level 2	–2'532	9'314	–6'782	0	0
to Level 3	–2'255	–9'616	11'871	0	0
Change in risk provision due to change in level	–5'434	1'047	53'345	48'958	52'598
Mutual contract dissolution or payment for financial assets (without derecognition)	–24'234	–14'559	–16'862	–55'655	–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	665	665	12'042
Change in models/risk parameters used in ECL calculation	491	–571	–1'411	–1'491	–5'726
Derecognition of financial assets	–18	39	–56'423	–56'402	–135'967
Currency translation and other differences	60	109	–329	–160	1'567
Accrued interest	4'537	3'148	2'259	9'944	7'239
IMPAIRMENT AT END OF PERIOD	**70'549**	**43'628**	**363'415**	**477'592**	**484'584**
thereof impairment on non-performing lease receivables	0	0	327'205	327'205	336'783
thereof impairment on performing lease receivables	70'549	43'628	36'210	150'387	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 – Q3 2023	Q1 – Q3 2022
Payments by lessees	1'795'269	1'731'959
Interest and similar income from the leasing business	– 328'795	– 297'123
Additions of lease receivables/net investments	– 1'907'389	– 1'692'884
SUBTOTAL	**– 440'915**	**– 258'048**
Disposals/reclassifications of lease receivables at residual carrying amounts	219'215	168'950
Decrease/increase in other receivables from lessees	– 20'430	61'015
Currency translation differences	– 6'546	– 5'609
CHANGE IN LEASE RECEIVABLES	**– 248'676**	**– 33'692**

5. Financial liabilities

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

EURk	Sep. 30, 2023	Dec. 31, 2022
CURRENT FINANCIAL LIABILITIES		
Asset-backed	419'252	417'318
Senior unsecured	772'180	941'402
Committed development loans	25'936	61'069
Liabilities from deposit business	632'198	827'638
Current account liabilities	1'899	239
TOTAL CURRENT FINANCIAL LIABILITIES	**1'851'465**	**2'247'666**
NON-CURRENT FINANCIAL LIABILITIES		
Asset-backed	545'735	554'792
Senior unsecured	2'112'380	1'644'798
Committed development loans	16'308	24'421
Liabilities from deposit business	934'903	323'041
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**3'609'326**	**2'547'052**
TOTAL FINANCIAL LIABILITIES	**5'460'791**	**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	Sep. 30, 2023	Dec. 31, 2022
Programme volume in local currency		
EURk	1'089'452	927'414
GBPk	150'000	150'000
Programme volume in EURk	1'262'946	1'096'536
Utilisation in EURk	1'009'982	992'002
Carrying amount in EURk	859'314	844'032
thereof current	371'355	366'168
thereof non-current	487'959	477'864

5.1.2 Sales of receivables agreements

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

EURk	Sep. 30, 2023	Dec. 31, 2022
Programme volume in local currency		
EURk	16'500	16'500
GBPk	90'000	90'000
BRLk	210'000	210'000
Programme volume in EURk	160'171	155'217
Utilisation in EURk	111'168	135'219
Carrying amount in EURk	105'673	128'078
thereof current	47'897	51'150
thereof non-current	57'776	76'928

5.2 Senior unsecured financial liabilities

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

EURk	Sep. 30, 2023	Dec. 31, 2022
Bonds	2'462'354	2'145'406
thereof current	528'920	571'144
thereof non-current	1'933'434	1'574'262
Promissory notes	163'177	131'017
thereof current	10'327	67'418
thereof non-current	152'850	63'599
Commercial paper	50'000	25'000
Revolving credit facility	168'236	212'548
thereof current	142'140	205'611
thereof non-current	26'096	6'937
Money market trading	0	40'000
thereof current	0	40'000
Overdrafts	17'033	11'420
Accrued interest	23'760	20'809

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

EURk	Sep. 30, 2023	Dec. 31, 2022
Bonds EURk	5'000'000	5'000'000
Commercial paper EURk	750'000	750'000
Syndicated revolving credit facility EURk	400'000	250'000
Revolving credit facility EURk	16'600	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, three new bonds have been issued with a total volume of EUR 610,000k. In addition, two existing bonds were increased by EUR 50,000k and EUR 124,250k, respectively. Scheduled repayments amounted to EUR 267,000k. There was also a payment of EUR 179,418k, which was used to repay a nominal volume of EUR 180,327k ahead of schedule.

5.2.2 Promissory notes

In the financial year to date, three new promissory notes were issued with a total volume of CHF 40,000k and EUR 57,500k. A total of CHF 30,000k and EUR 37,000k was repaid according to plan.

5.2.3 Commercial paper

Nine commercial paper issues with a total volume of EUR 150,000k have been completed in the financial year to date. Scheduled repayments amounted to EUR 125,000k.

5.3 Committed development loans

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

EURk	Sep. 30, 2023	Dec. 31, 2022
European Investment Bank	0	9'910
NRW Bank	18'295	22'037
Thüringer Aufbaubank	264	980
KfW	23'171	51'963
Landeskreditbank Baden-Württemberg	354	537
Accrued interest	160	63
TOTAL DEVELOPMENT LOANS	**42'244**	**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 – Q3 2023	Q1 – Q3 2022
FINANCIAL LIABILITIES		
Additions of liabilities/ assumption of new liabilities from refinancing	1'790'185	1'282'888
Interest expenses from refinancing	71'040	42'184
Payment/repayment of liabilities to refinancers	– 1'618'974	– 1'295'918
Currency translation differences	5'741	11'318
CHANGE IN LIABILITIES FROM REFINANCING	**247'992**	**40'472**
Additions/repayment of liabilities from the deposit business	400'041	– 393'451
Interest expenses from the deposit business	16'381	5'296
CHANGE IN LIABILITIES FROM THE DEPOSIT BUSINESS	**416'422**	**– 388'155**
CHANGE IN FINANCIAL LIABILITIES	**664'414**	**– 347'683**

6. Equity

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

7. Disclosures on financial instruments

7.1 Fair value hierarchy

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Measurement procedures in which all input factors having a significant effect on the recognition of fair value are directly or indirectly observable in the market.

Level 3: Measurement procedures that use input factors that have a significant effect on the fair value recognised and are not based on observable market data.

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

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

7.2 Fair value of financial instruments

7.2.1 Fair value of primary financial instruments

The table that follows 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 2,462,354k (December 31, 2022: EUR 2,145,406k) and EUR 2,370,944k (December 31, 2022: EUR 1,975,233k), respectively. Primary financial assets are measured in full at amortised cost (AC), with the exception of lease receivables, which are measured in accordance with IFRS 16, and the other investment, which is allocated to the FVTOCI measurement category and thus measured at fair value. Financial liabilities are also measured at (amortised) cost.

EURk	Fair value Sep. 30, 2023	Carrying amount Sep. 30, 2023	Fair value Dec. 31, 2022	Carrying amount Dec. 31, 2022
FINANCIAL ASSETS				
Lease receivables	5'935'503	5'492'620	5'841'004	5'243'944
Other financial assets	210'626	208'883	213'371	209'697
thereof receivables from the lending business	121'033	119'290	126'119	122'445
FINANCIAL LIABILITIES				
Financial liabilities	5'374'881	5'460'791	4'648'125	4'794'718
thereof refinancing liabilities	3'793'098	3'891'791	3'507'752	3'643'800
thereof liabilities from the deposit business	1'579'884	1'567'101	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 Sep. 30, 2023	Fair value Dec. 31, 2022
FINANCIAL ASSETS		
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP		
Interest rate derivatives	3'326	4'761
Cross-currency swaps	7'576	8'402
Forward exchange derivatives	7'019	7'990
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP		
Interest rate derivatives	10'477	12'748
Forward exchange derivatives	3'142	4'058
TOTAL	31'540	37'959
FINANCIAL LIABILITIES		
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP		
Cross-currency swaps	6'710	1'257
Forward exchange derivatives	5'152	1'684
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP		
Interest rate derivatives	290	0
Forward exchange derivatives	3'312	3'978
TOTAL	15'464	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	Measurement method	Input factors
FAIR VALUE HIERARCHY LEVEL 1		
Exchange-listed bonds	n. a.	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 from the refinancing of the leasing business, promissory notes and bank liabilities)	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own credit risk (Debt Value Adjustment [DVA])
Forward exchange contracts/ Cross currency swaps	Mark-to-market Present value of estimated future cash flows	Available interest rates at the end of the term in the traded currencies using their own counterparty risk (Debt Value Adjustment [DVA]) or the counterparty's credit risk (Credit Value Adjustment [CVA]) derived from available credit default swap (CDS) quotes
Interest rate derivatives	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own counterparty risk DVA (Debt Value Adjustment) or the counterparty's credit risk CVA (Credit Value Adjustment) derived from available credit default swap (CDS) quotes
FAIR VALUE HIERARCHY LEVEL 3		
Other investments (investment in Finanzchef24 GmbH)	Discounted cash flow model Present value of estimated future cash flows	Business plan of Finanzchef24 GmbH to determine future cash flows; sustainable growth rate of future cash flows; parameters to determine the discount rate (in particular, risk-free interest rate, market risk premium, beta factor, adjustment factors)

8. Revenue from contracts with customers

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

EURk	Segment	Q1 – Q3 2023	Q1 – Q3 2022
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)			
Gross revenue from service-and-protection-business (service business)	Leasing	106'195	96'223
Service fee for making lease assets available for use	Leasing	6'659	4'567
Revenue from reminder fees	Leasing	1'054	888
Revenue from reminder fees	Factoring	11	11
Other revenue from lessees	Leasing	653	766
Disposal of lease assets	Leasing	131'391	133'286
Commission income from banking business	Bank	387	438
TOTAL		**246'350**	**236'179**

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 – Q3 2023	Q1 – Q3 2022
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)	**246'350**	**236'179**
OTHER REVENUE (IFRS 9, IFRS 16)		
Interest and similar income from financing business	341'916	308'500
Revenue from operating leases	20'397	16'724
Portions of revenue from lease down payments	9'201	7'272
TOTAL	**617'864**	**568'675**

10. Income taxes

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

EURk	Q1 – Q3 2023	Q1 – Q3 2022
Current taxes	17'177	15'487
Corporate and trade taxes (Germany)	397	106
Foreign income taxes	16'780	15'381
Deferred taxes	758	5'973
Germany	4'118	– 1'613
International	– 3'360	7'586
TOTAL	**17'935**	**21'460**

11. Group segment reporting

EURk	Leasing segment		Banking segment		Factoring segment		Consolidation & Other		Consolidated Group	
January to September*	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
OPERATING INCOME										
External operating income	310'259	290'879	4'732	–12'658	2'856	6'106	0	0	317'847	284'327
Internal operating income	–21'947	–26'471	24'347	27'858	–2'400	–1'387	0	0	0	0
TOTAL OPERATING INCOME	**288'312**	**264'408**	**29'079**	**15'200**	**456**	**4'719**	**0**	**0**	**317'847**	**284'327**
thereof non-cash items	–6'739	23'501	–11'152	10'825	4'018	–274	0	0	–13'873	34'052
NON-INTEREST EXPENSES										
Staff costs	–117'700	–96'861	–6'017	–5'435	–4'771	–4'118	0	166	–128'488	–106'248
Depreciation/Amortisation and impairment	–19'331	–23'495	–428	–687	–481	–564	336	659	–19'904	–24'087
Selling and administrative expenses	–68'767	–65'171	–8'526	–8'021	–2'518	–2'210	2'368	2'427	–77'443	–72'975
Other operating income (+) and expenses (-)	–2'421	–1'771	–1'478	–1'572	112	693	–2'893	–3'419	–6'680	–6'069
SEGMENT RESULT	**80'093**	**77'110**	**12'630**	**–515**	**–7'202**	**–1'480**	**–189**	**–167**	**85'332**	**74'948**
Result from companies accounted for using the equity method	–128	–4	0	0	0	0	0	0	–128	–4
Other financial result							–2'880	8'307	–2'880	8'307
GROUP EARNINGS BEFORE TAXES	**79'965**	**77'106**	**12'630**	**–515**	**–7'202**	**–1'480**	**–3'069**	**8'140**	**82'324**	**83'251**
AS OF SEPTEMBER 30 (DECEMBER 31, 2022)										
SEGMENT ASSETS	**6'521'629**	**6'088'976**	**2'018'393**	**1'667'264**	**103'514**	**100'816**	**–1'557'513**	**–1'488'545**	**7'086'023**	**6'368'511**
thereof investments accounted for using the equity method	2'994	0	0	0	0	0	0	0	2'994	0
SEGMENT LIABILITIES	**5'365'383**	**4'928'263**	**1'711'256**	**1'393'172**	**109'616**	**99'909**	**–1'475'829**	**–1'406'544**	**5'710'426**	**5'014'800**

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

11.1 Business segments

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

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

11.2 Reportable segments

11.2.1 Leasing

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

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

11.2.2 Banking

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

11.2.3 Factoring

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

11.3 Segment data

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

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

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

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

The non-cash items represent impairment losses.

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

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

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

Acquisition of franchise companies

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

In the second quarter of 2023, GRENKE AG acquired the remaining 42 percent of the shares in the factoring franchise company in Poland (GC Faktoring Polska Sp.z.o.o.) with legal effect.

In the third quarter of 2023, the remaining 42 percent of the shares in the factoring franchise company in the United Kingdom (GC Factoring Limited) were acquired by GRENKE AG with legal effect. In addition, the remaining 42 percent of the shares in the leasing franchise company in Singapore (GC Lease Singapore Pte. Ltd.) were acquired with legal effect. In the case of the factoring franchise company in Hungary (GF Faktor Zrt.), the approval of an authority is still pending before the legally effective transfer of the shares can take place.

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

Investment in Miete24 P4Y GmbH

GRENKE AG legally acquired almost 26 percent of the capital and voting shares in Miete24 P4Y GmbH (Velten/Germany) in the second and third quarters of 2023. This share purchase was accounted for using the equity method. Miete24 P4Y GmbH operates the Miete24 online platform for the leasing of information and communications equipment. With the acquisition of the internet platform, GRENKE is strengthening its sales infrastructure, particularly in the specialist reseller area, and opening up additional options in direct online business with commercial customers. In addition to the share acquisition already completed, GRENKE AG has secured a long-term option to fully acquire Miete24 P4Y GmbH.

13. Payments to hybrid capital holders

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

14. Related party disclosures

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

As of September 30, 2023, the value of all existing phantom stock agreements amounted EUR 212k (September 30, 2022: EUR 0k). This amount is recognised under staff costs in the consolidated income statement and is included under variable remuneration components.

Transactions with associated companies and subsidiaries

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

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

Transactions with persons in key positions

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

As of the September 30, 2023 reporting date, GRENKE BANK AG had received deposits and credit balances on current accounts in the amount of EUR 129k (December 31, 2022: EUR 0k) from persons in key positions and persons closely related to them.

Transactions with other related parties

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

As of the September 30, 2023 reporting date, GRENKE BANK AG received deposits and credit balances on current accounts in the amount of EUR 1,182k (December 31, 2022: EUR 0k) from other related parties. Current accounts exist with other related parties. Credit lines on current accounts were utilised in the amount of EUR 823k (December 31, 2022: EUR 802k) with a current account credit limit of EUR 840k (December 31, 2022: EUR 840k). This resulted in an interest expense of EUR 5k (September 30, 2022: EUR 0k). Interest income of EUR 24k was generated (previous year as of September 30, 2022: EUR 23k). Income from other related parties of EUR 3k (September 30, 2022: EUR 2k) resulted from leases and employee loans. Furthermore, there are receivables from other related parties, which consist primarily of collateral payments to other related parties. These amounted to EUR 4,519k as of September 30, 2023 (December 31, 2022: EUR 4,518k).

15. Contingent liabilities

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

16. Employees

In the interim reporting period, the GRENKE Group's headcount (excluding the Board of Directors) averaged 2,138 employees (Q3 2022: 1,928). A further 53 employees (Q3 2022: 45) are in training.

17. Subsequent events

For the acquisition of shares in the two leasing franchise companies in Australia, GRENKE AG made further concluding purchase price payments of EUR 855k (GC LEASING MELBOURNE PTY LTD) and EUR 658k (GC LEASING SYDNEY PTY LTD) on October 27, 2023. The purchase prices for the shares in the Australian franchise companies already legally acquired by GRENKE AG in the first quarter of 2023 have thus been paid in full. The total purchase price paid for 100 percent of the shares amounts to EUR 10,224k for GC LEASING MELBOURNE PTY LTD and EUR 7,862k for GC LEASING SYDNEY PTY LTD.

On October 5, 2023, a scheduled bond repayment was made in the amount of EUR 300,000k.

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, November 8, 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

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

Calendar of events

January 4, 2024 // New business figures Q4 2023

March 7, 2024 // Annual Report 2023

April 4, 2024 // New business figures Q1 2024

April 30, 2024 // Annual General Meeting

May 15, 2024 // Quarterly statement Q1 2024

July 3, 2024 // New business figures Q2 2024

August 8, 2024 // Financial Report Q2 and Q1 – Q2 2024

October 2, 2024 // New business figures Q3 2024

November 14, 2024 // Quarterly statement Q3 and Q1 – Q3 2024

Imprint

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Imprint

Publisher:	The Board of Directors of GRENKE AG
Editorial:	GRENKE AG, Investor Relations
Design, layout & typesetting:	SPARKS CONSULTING GmbH, Munich
Status:	November 9, 2023

Disclaimer

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

This financial report is published in German and English. The German version is the authoritative version.

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