Q3 AND Q1 – Q3

2022

QUARTERLY STATEMENT

GRENKE GROUP

GRENKE

Group key figures

	UNIT	Q3 2022	Q3 2021	Change (%)	Q1-Q3 2022	Q1-Q3 2021	Change (%)
NEW BUSINESS LEASING	EURK	565'494	372'194	51.9	1'652'165	1'136'659	45.4
DACH	EURk	150'596	112'797	33.5	408'517	328'186	24.5
Western Europe (without DACH)	EURk	142'490	94'579	50.7	423'894	302'623	40.1
Southern Europe	EURk	133'910	82'459	62.4	423'781	257'166	64.8
Northern/Eastern Europe	EURk	104'778	61'576	70.2	302'761	184'571	64.0
Other regions	EURk	33'720	20'784	62.2	93'212	64'112	45.4
NEW BUSINESS FACTORING	EURK	204'972	178'469	14.9	571'537	509'097	12.3
of which Germany	EURk	45'951	51'182	–10.2	131'215	158'457	–17.2
of which International	EURk	159'021	127'287	24.9	440'322	350'640	25.6
GRENKE BANK							
New business lending business	EURk	11'505	905	1'171.6	40'946	21'756	88.2
CONTRIBUTIONS MARGIN 2 (CM2) ON NEW BUSINESS							
LEASING	EURK	92'692	63'580	45.8	269'121	207'223	29.9
DACH	EURk	18'083	13'808	31.0	50'549	42'929	17.7
Western Europe (without DACH)	EURk	24'754	17'305	43.0	73'855	59'690	23.7
Southern Europe	EURk	22'892	15'827	44.6	70'422	52'626	33.8
Northern/Eastern Europe	EURk	19'980	12'099	65.1	55'930	36'953	51.4
Other regions	EURk	6'983	4'541	53.8	18'365	15'024	22.2
FURTHER INFORMATION LEASING							
Number of new contracts	units	66'076	48'724	35.6	200'174	154'015	30.0
Mean acquisition value	EURk	8'558	7'639	12.0	8'254	7'380	11.8
Mean term of contract per end of period	months	47.8	47.5	0.7	47.8	47.8	0.2
Volume of leased assets per end of period	EURm	8'956	8'732	2.6	8'956	8'732	2.6
Number of current contracts per end of period	units	1'013'712	988'651	2.5	1'013'712	988'651	2.5

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

Consolidated franchise companies:
Leasing: Australia (2x), Canada (3x), Chile, Latvia, Norway
Factoring: Hungary, Ireland, Italy, Poland, Portugal, UK

	UNIT	Q3 2022	Q3 2021	Change (%)	Q1-Q3 2022	Q1-Q3 2021	Change (%)
INCOME STATEMENT							
Net interest income	EURk	85'755	90'845	–5.6	261'020	280'452	–6.9
Settlement of claims and risk provision	EURk	30'283	37'259	–18.7	89'935	121'382	–25.9
Total operating expenses	EURk	70'755	60'793	16.4	203'310	187'227	8.6
Operating result	EURk	21'293	27'092	–21.4	74'948	74'967	0.0
Earnings before taxes (EBT)	EURk	27'685	25'409	9.0	83'251	67'819	22.8
NET PROFIT	EURK	20'332	20'123	1.0	61'791	52'374	18.0
NET PROFIT ATTRIBUTABLE TO ORDINARY SHARE-HOLDERS	EURK	23'190	23'960	–3.2	56'804	47'934	18.5
NET PROFIT ATTRIBUTABLE TO HYBRID CAPITAL HOLDERS	EURK	0	0	N.A.	9'082	9'404	–3.4
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EURK	–2'858	–3'837	25.5	–4'095	–4'964	17.5
Earnings per share (basic and diluted)	EUR	0.50	0.51	–2.0	1.22	1.03	18.4
Cost/income ratio	percent	56.5	47.4	19.2	54.3	48.0	13.1
Staff cost	EURk	38'233	30'481	25.4	106'248	95'492	11.3
of which total remuneration	EURk	31'557	25'182	25.3	87'468	79'101	10.6
of which fixed remuneration	EURk	26'925	20'270	32.8	73'139	63'216	15.7
of which variable remuneration	EURk	4'632	4'912	–5.7	14'329	15'885	–9.8
Average number of employees in full-time equivalent (FTE)	employees	1'904	1'779	7.0	1'854	1'790	3.6

	UNIT	Sep. 30, 2022	Dec. 31, 2021	Change (%)
STATEMENT OF FINANCIAL POSITION				
Total assets	EURm	6'362	6'661	–4.5
Lease receivables	EURm	5'153	5'119	0.7
Financial Debt: herof deposits GRENKE BANK AG	EURm	1'024	1'412	–27.5
Equity persuant to statement of financial position[1]	EURm	1'314	1'269	3.5
Equity persuant to CRR	EURm	1'203	1'122	7.2
Equity ratio	percent	20.7	19.1	8.4
Embedded value, leasing contract portfolio (excl. equity before taxes)	EURm	471	485	–2.9
Embedded value, leasing contract portfolio (incl. equity after taxes)	EURm	1'636	1'597	2.4

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

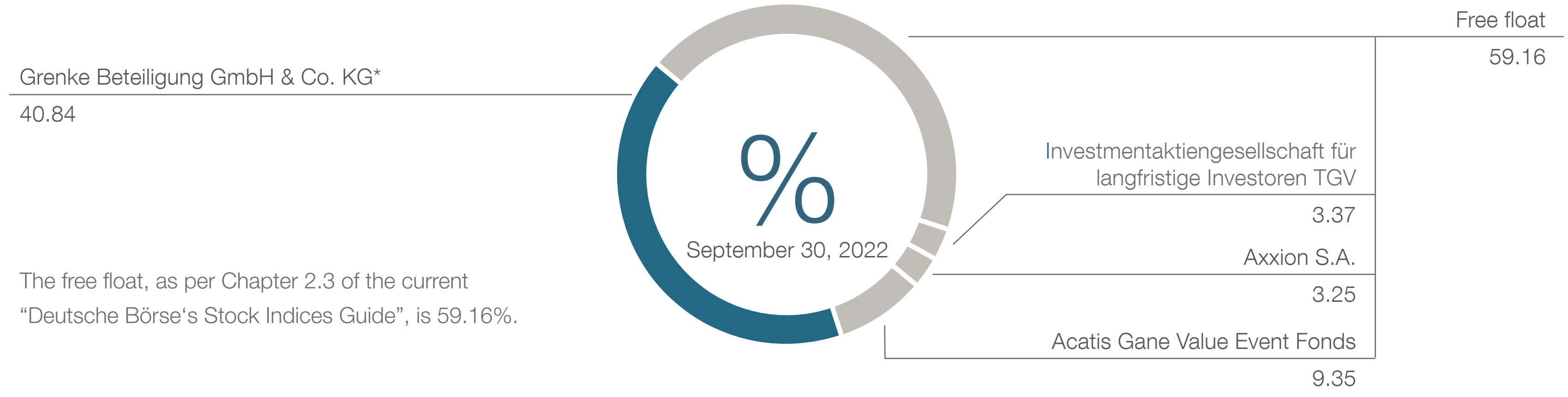
KEY FIGURES Q1 – Q3 2022:

CONSOLIDATED GROUP NET PROFIT	EARNINGS PER SHARE	EQUITY RATIO
61.8 EUR million	1.22 EUR	20.7 percent

REFINANCING BASE:

THREE PILLARS: GRENKE CONSOLIDATED GROUP'S REFINANCING MIX

SHAREHOLDER STRUCTURE:



The free float, as per Chapter 2.3 of the current "Deutsche Börse's Stock Indices Guide", is 59.16%.

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

Free float, pursuant to section 2.3 of the "Guide to the Equity Indices of Deutsche Börse AG".
The above information is not guaranteed and based on the voting right notifications received by the Company in accordance with the German Securities Trading Act (WPHG).

Contents

Interim group management report

1. Consolidated group principles

1.1 GRENKE overview

The GRENKE Group acts as one of the leading global financing partners for small and medium-sized enterprises (SMEs). In addition to its core business – leasing – GRENKE offers its customers factoring solutions and banking services. Operations are focused on fast and simple processing as well as personal contact with customers and partners. Founded in 1978 in Baden-Baden, Germany, the Company operates in 33 countries worldwide with over 1,900 employees (full-time equivalents) as of September 30, 2022.

1.2 Business model

In the leasing business, GRENKE concentrates primarily on small tickets, i.e. contracts where the acquisition value of the financed object is less than EUR 25k. In Q1 through Q3 of 2022, as in prior years, over 90 percent of all leases were small tickets. On average, a contract at GRENKE has a volume of approximately EUR 8,000.

The focus of the leasing portfolio is IT and office communications products. In recent years, the Consolidated Group has expanded its business model to include other product groups, such as small machinery and systems and medical and security devices.

As of September 30, 2022, the GRENKE Group operated a total of 163 locations worldwide. In the first three quarters of 2022, GRENKE generated 94.4 percent of its new leasing business in Europe, where it is active in almost all countries. The core markets are Germany, France, and Italy. In addition, the Consolidated Group is continuously expanding its presence outside of Europe by entering markets in Asian countries, as well as in Australia, and North and South America.

In phases of economic weakness, the Consolidated Group is able to respond promptly in its business by adjusting its acceptance strategy for lease applications. By focusing strictly on lower-risk new business – such as by foregoing business with higher-risk industries and customer segments – GRENKE can influence new business in a targeted manner. In addition, GRENKE has the flexibility to modify its terms and conditions to correspond to the current market and macroeconomic conditions. As a result, the GRENKE Group's business model has proven in the past to be resilient in the face of market fluctuations. Thus, even in extremely difficult economic times, such as the 2009 financial market crisis and the corona pandemic in 2020 and 2021, the Consolidated Group has succeeded in enforcing risk-adequate margins and operating profitably on a sustained basis.

1.3 Segments

The GRENKE Group is divided into three segments: Leasing, Banking and Factoring. For a description of the business activities and development of the segments during the reporting period, please refer to the comments in section 3.1.3 “Segment development” and the explanations in section 12 “Group segment reporting” contained in the notes to the condensed interim consolidated financial statements.

1.4 Former franchise model

The Consolidated Group primarily used a franchise model from 2003 to 2020 to develop new regional markets. GRENKE AG did not hold an interest in the legally independent companies of the franchisees; but instead, the shares were held by financial investors and the managing directors of the respective franchise companies. Independent of the ownership structure, the franchise companies have been fully consolidated by GRENKE AG since 2020, as well as retroactively for the 2019 financial year, due to the de facto control in accordance with IFRS 10. At the beginning of 2022, a total of 16 companies were operating under the GRENKE franchise model. In May 2022, GRENKE AG announced the acquisition of the franchise companies in the USA and Singapore. For further details on these transactions, please refer to the statements in section 2.1 "Significant events and transactions". At the time of preparing this quarterly financial statement, the Board of Directors of GRENKE AG was in negotiations to acquire the remaining franchise companies.

1.5 Shareholder structure

As a medium-sized family business, GRENKE AG has a major shareholder Grenke Beteiligung GmbH & Co. KG, consisting of Anneliese Grenke, the Company's founder Wolfgang Grenke, and their three adult sons. As of December 31, 2021, Grenke Beteiligung GmbH & Co. KG held 40.84 percent of the Company's shares. The free float amounted to 59.16 percent. Other shareholders who held an interest of more than 3 percent as of the publication date stated in the respective voting rights notification and who are classified as free float according to the definition of Deutsche Börse consist of Acatis Gane Value Event Fonds (9.35 percent), Investmentaktiengesellschaft für langfristige Investoren TGV (3.37 percent) and Axxion S.A. (3.25 percent). The interest held by the Board of Directors and Supervisory Board was 0.3 percent as of the reporting date.

1.6 Targets and strategy

In the medium term, the Consolidated Group intends to position GRENKE as a comprehensive small-ticket financial services provider not only for European but also for SMEs worldwide. To achieve this, the GRENKE Group's goal is to double the volume of new business by the 2024 financial year, based on the volume achieved in the 2021 financial year. At the same time, the Consolidated Group is striving for continuously high profitability, including in economically difficult times. In the view of the Board of Directors, the decisive factor in achieving this will be risk management; namely, the ability to assess risks as accurately as possible and enforce risk-adequate contribution margins. The GRENKE Board of Directors has therefore set the additional target of doubling net profit by the 2024 financial year, as compared to the baseline figure of the net profit for the 2021 financial year, excluding the gain from the sale of viafintech.

The Consolidated Group has a wide range of refinancing instruments at its disposal, which it uses as part of the overall strategy depending on market conditions. Financing is essentially based on three pillars: GRENKE Bank's deposits, asset-based financing (including ABCP programmes), and senior unsecured instruments such as bonds, debentures and commercial papers. In using these instruments, the Consolidated Group avoids the necessary maturity transformation, thereby eliminating potential interest rate and follow-on financing risks at the portfolio level. Depending on the requirements and market conditions, GRENKE aims to finance between 15 and 30 percent of the Consolidated Group's financial liabilities via GRENKE Bank. GRENKE also attaches great importance to maintaining a solid equity base that enables the Company to also retain its investment grade rating and has had an internal benchmark for the equity ratio of 16.0 percent for several years.

2. Business performance

- // New leasing business in Q3 2022 exceeds level in the same prior-year quarter by more than 50 percent
- // Four consecutive quarters of Group-wide double-digit growth
- // Contribution margin 2 increases to EUR 92.7 million
- // Equity ratio of 20.7 percent is well above self-set target of 16 percent
- // Stronger outlook: Guidance for new leasing business for the financial year 2022 now EUR 2.1 – 2.3 billion (previously: EUR 2.0 – 2.2 billion)
- // Confirmation of 2022 net profit guidance
- // Outlook for 2024 reaffirmed

2.1 Significant events and transactions

On February 16, 2022, GRENKE announced that the German Federal Financial Supervisory Authority (BaFin) had completed its bank-related measures resulting from the special audit of GRENKE AG and GRENKE BANK AG conducted between autumn 2020 and spring 2021. As part of the regular Supervisory Review and Evaluation Process (SREP), there was an adjustment made in the minimum amount of additional own resources that must be held by GRENKE. As a result, GRENKE AG's capital requirement is now 10.5 percent compared to the previous 9 percent, due to an additional SREP capital surcharge of 1.5 percentage points. For the subsidiary GRENKE BANK AG, the capital requirement at the single-entity level is now 11.5 percent compared to a previous 8.5 percent (additional SREP capital surcharge of 3 percentage points). BaFin has also ordered the assurance of proper rules of procedure. GRENKE has launched an extensive organisational development project and has already addressed a large number of the findings. The additional SREP capital surcharge will be lifted again as soon as BaFin is satisfied with GRENKE's further progress when it conducts its regular follow-up audits.

On April 7, 2022, GRENKE FINANCE PLC successfully issued a EUR 150 million bond with a coupon of 4.125 percent p.a. and a term of 2.5 years on the Luxembourg Stock Exchange. The proceeds of the bond will be used to finance the Consolidated Group's future new business.

On May 13, 2022, GRENKE AG held its first Capital Markets Update, at which the Board of Directors explained to investors and lenders the strategy for doubling new business and net profit by 2024 compared to the level in the 2021 financial year (excluding the gain from the sale of viafintech). The growth target is to be achieved by strengthening global sales. A special focus is being placed on those countries in which GRENKE has secured a strong market position in recent years. Above all, these countries include the core markets of Germany, France, Italy and the United Kingdom. The Company also sees potential in markets only recently entered by GRENKE, which include Canada, Australia and the USA. GRENKE also plans to expand its portfolio of leased objects, including photovoltaic systems, wallboxes, charging columns and electric cargo bikes. In order to ensure the high profitability of the business, the Company is focusing on even greater digitalisation of its processes and on cost efficiency.

On May 23, 2022, GRENKE announced the conclusion of the purchase agreements for the franchise companies in the USA and Singapore. The sellers were the investment companies WGW Investment Inc. and Garuna Inc. and CTP Handels- und Beteiligungs GmbH and Garuna AG, who together held 58 percent in each franchise company. The remaining 42 percent in each franchise company is held by the local management. The total purchase price agreed for the acquired shares of both companies was approximately EUR 0.3 million. With these purchases, GRENKE has acquired the first two of the total of 16 franchise companies intended for purchase. The acquisition has no effect on the scope of consolidation under IFRS, as all franchise companies were already included in the consolidated financial statements under IFRS. The purchase price payment directly reduces GRENKE AG's consolidated equity. For further details on the financial effects of the acquisitions, please refer to the explanations in section 13 of the notes to the condensed interim consolidated financial statements.

At GRENKE AG's virtual Annual General Meeting on May 25, 2022, the majority of shareholders approved all items on the agenda. In addition to the distribution of a higher dividend of EUR 0.51 per share compared to the previous year (2021: EUR 0.26), agenda items included the re-election of Norbert Freisleben and Jens Rönnberg to the Company's Supervisory Board.

On June 14, 2022, GRENKE announced the conclusion of a global loan agreement with NRW.BANK in the amount of EUR 20 million. The new loan is the tenth loan since the start of the cooperation with NRW.BANK in 2010 and the first since the beginning of the corona pandemic. The cooperation with NRW.BANK provides self-employed professionals and SMEs access to GRENKE's leasing offers for new business purchases. Commercial companies and self-employed professionals based in North Rhine-Westphalia with annual sales of up to EUR 500 million are eligible.

On September 15, 2022, the Board of Directors decided to postpone a bond placement due to the environment of high market volatility. A total of EUR 352.0 million in new refinancing was raised in the third quarter. As a result, the liquidity situation as of the end of the quarter remained solid.

On October 4, 2022, GRENKE AG's Board of Directors raised its forecast for new leasing business for the 2022 financial year due to the high growth in new leasing business to date. Under the assumption that the solid business development will continue, the Board of Directors raised its guidance and now expects new leasing business of between EUR 2.1 billion and EUR 2.3 billion for the 2022 financial year. In the guidance published on March 17, 2022, the Board of Directors had anticipated a volume of new leasing business in the range of EUR 2.0 billion to EUR 2.2 billion.

On October 13, GRENKE successfully placed a small bond amounting to EUR 20 million, featuring a coupon of 6.25 percent and a three-year maturity.

On October 24, GRENKE AG was rated for the first time by the renowned Fitch rating agency. GRENKE received another investment grade rating of BBB with a stable outlook.

2.2 Macroeconomic environment

The macroeconomic environment has been challenging the past three quarters of this year. In addition to the pandemic, significantly negative factors for the economy have been, above all, Russia's war against Ukraine and the shortage of energy sources. In Germany, the ifo Business Climate Index in October 2022 stood at 84.3 points, which was 10.5 points below the level at the end of 2021 (95.0 points).* While companies only see the current situation as slightly worse (94.1 points in October 2022 vs. 97.3 points in December 2021), business expectations have significantly deteriorated (75.6 points vs. 92.6 points).

The sharp rise in energy prices was the primary driver for the increase in the eurozone's annual inflation rate in September 2022 to 9.9 percent, marking the peak since the introduction of the euro. This far exceeded the 2 percent target for annual inflation, prompting the European Central Bank (ECB) to increase key interest rates on October 27, 2022 for the third consecutive

*Source: https://www.ifo.de/en/facts/2022-10-25/ifo-business-climate-remains-gloomy-october-2022.

time. This resulted in a rise in the eurozone's key refinancing rate from 0 percent to a level of 2.0 percent. In the United States, the Federal Reserve raised key interest rates in October for the fifth consecutive time this year. In October 2022, the key interest rate was in the range of 3.0 to 3.25 percent; in March 2022, it was still between 0 and 0.25 percent.

Despite this environment, GRENKE succeeded in holding its own with a 45.5 percent year-on-year increase in new leasing business in the first three quarters.

2.3 New business

2.3.1 Leasing

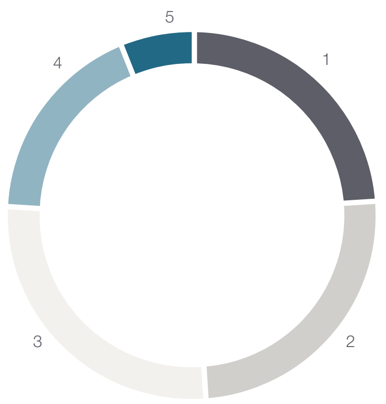
In the third quarter of 2022, new leasing business grew sharply by 51.9 percent to EUR 565.5 million (Q3 2021: EUR 372.2 million). The Leasing segment generated renewed strong growth, despite a macroeconomic environment dominated by numerous challenges, including a shortage of energy sources causing bottlenecks, especially in energy-intensive sectors, alongside rising energy prices and higher inflation. The interest hikes already implemented and still planned by the central bank are making bank lending more expensive, which in the future will likely be reflected in lower overall economic demand and decreased investment.

Nevertheless, some aspects in the current environment are benefitting new leasing business. For example, as rising interest rates make loans more expensive, lease financing is becoming relatively cheaper for companies. In addition, banks are becoming more restrictive in their lending practices, whereas leasing products remain available. As a result, it is becoming more attractive for companies to choose leasing when making investments, despite the currently difficult environment. The strong growth in new leasing business is also due to the success of initiatives to continuously expand the reseller network. This global network grew from around 30,000 resellers at the end of the third quarter of 2021 to around 33,000 as of September 30, 2022. A less restrictive acceptance policy than in the same prior-year quarter, which was dominated by Covid-19, also contributed to stronger growth.

New leasing business

EURm	Q3 2022	Q3 2021	Change (%)	Q1-Q3 2022	Q1-Q3 2021	Change (%)
NEW BUSINESS GROUP LEASING	565.5	372.2	51.9	1'652.2	1'136.7	45.4
DACH	150.6	112.8	33.5	408.5	328.2	24.5
Western Europe (without DACH)	142.5	94.6	50.7	423.9	302.6	40.1
Southern Europe	133.9	82.5	62.4	423.8	257.2	64.8
Northern/Eastern Europe	104.8	61.6	70.2	302.8	184.6	64.0
Other regions	33.7	20.8	62.2	93.2	64.1	45.4

New leasing business by region



percent			Q3 2022	Q3 2021
1	■	DACH	26.6	30.3
2	■	Western Europe (without DACH)	25.2	25.4
3	■	Southern Europe	23.7	22.2
4	■	Northern / Eastern Europe	18.5	16.5
5	■	Other Regions	6.0	5.6

Regions:
DACH: Germany, Austria, Switzerland
Western Europe (without DACH): Belgium, France, Luxembourg, the Netherlands
Southern Europe: Croatia, Italy, Malta, Portugal, Slovenia, Spain
Northern / Eastern Europe: Denmark, Finland, Ireland, Latvia*, Norway*, Sweden, UK / Czechia, Hungary, Poland, Romania, Slovakia
Other Regions: Australia*, Brazil, Canada*, Chile*, Singapore, Turkey, UAE, USA
* Consolidated franchise companies

The DACH region is GRENKE's largest sales market. Here, GRENKE was able to increase new leasing business by one-third and generate EUR 150.6 million in the third quarter, or 33.5 percent above the same prior-year level. Western Europe, the second largest region, achieved growth in new leasing business of 50.7 percent.

In the Northern/Eastern Europe region, the strong growth drivers in the third quarter were particularly the markets of Finland, Ireland, and the United Kingdom. New business in this region overall recorded an increase of 70.2 percent.

The Southern Europe region achieved an increase of 62.4 percent and benefited from growth in Italy, where new business volumes have now almost doubled again (+88.1 percent) following pandemic-related declines. Other regions mainly comprise the important future markets of the USA, Canada and Australia. New business in these regions increased year-on-year by 62.2 percent.

CM margins in new leasing business

percent	Q3 2022	Q3 2021	Change (pp)	Q1-Q3 2022	Q1-Q3 2021	Change (pp)
CM1 MARGIN	**10.0**	**10.9**	**–0.9**	**10.5**	**11.8**	**–1.3**
CM2 MARGIN	**16.4**	**17.1**	**–0.7**	**16.3**	**18.2**	**–1.9**
DACH	12.0	12.2	–0.2	12.4	13.1	–0.7
Western Europe (without DACH)	17.4	18.4	–1.0	17.5	19.7	–2.2
Southern Europe	17.1	19.2	–2.1	16.6	20.5	–3.9
Northern/Eastern Europe	19.1	19.6	–0.5	18.5	20.0	–1.5
Other regions	20.7	21.8	–1.1	19.7	23.4	–3.7

The CM2 margin, which is central to the Consolidated Group, reached a level of 16.4 percent in the reporting quarter. The increase in the CM2 margin compared to the previous quarter (Q2 2022: 15.9 percent) reflects the successful adjustment during the year in the contract conditions in an environment of rising interest rates. GRENKE plans to continue making adjustments to the conditions for new business in the months ahead. A year-on-year comparison of the CM2 margin (Q3 2021: 17.1 percent) shows a difference of 0.7 percentage points, which is attributable to higher interest rates as well as lower ticket sizes in the previous year. In the same prior-year quarter, ticket sizes were approximately EUR 900 lower than the current average. Smaller ticket sizes are usually accompanied by higher profitability.

All of the Consolidated Group's reporting regions reported CM2 margins in the third quarter of 2022 that were lower than in the same prior-year quarter, primarily as a result of the interest rate environment. As in the previous year, the CM2 margin for the DACH region, at 12.0 percent, was at the lower end of the range and almost constant compared to the same prior-year quarter, with a difference of only –0.2 percentage points. The Southern Europe region, in contrast, reported the strongest decline in CM2 margin, at a difference of –2.1 percentage points. The varying degrees of margin change result mainly from the fact that the countries in the DACH region have much better credit ratings than in Southern Europe. In Southern Europe, the country of Italy, which is the largest sales market, stands out in particular as a country with a low credit rating. This has meant that interest rates in this region have risen more sharply than in the DACH region, which has consequently placed the margin under greater pressure. At the upper end of the distribution were the other regions with a CM2 margin of 20.7 percent.

The CM2 margin was able to recover compared to the second quarter of 2022, particularly in regions where GRENKE experienced lower year-on-year margins from the successful adjustment of contract conditions in the reporting quarter. In a quarter-on-quarter comparison, the CM2 margin in the third quarter of 2022 increased by 1.0 percentage points in Southern Europe, 1.1 percentage points in Northern and Eastern Europe, 2.4 percentage points in the other regions, and 0.2 percentage points in Western Europe (excluding DACH). In the DACH region, there was a sequential difference of –0.1 percentage points.

The CM1 margin of new leasing business (contribution margin 1 at acquisition cost) was 10.0 percent in the third quarter of 2022. The year-on-year decline in the CM1 margin can be explained by the time lag in passing on higher interest rates and the slightly higher mean acquisition value per lease contract.

Lease applications and contracts

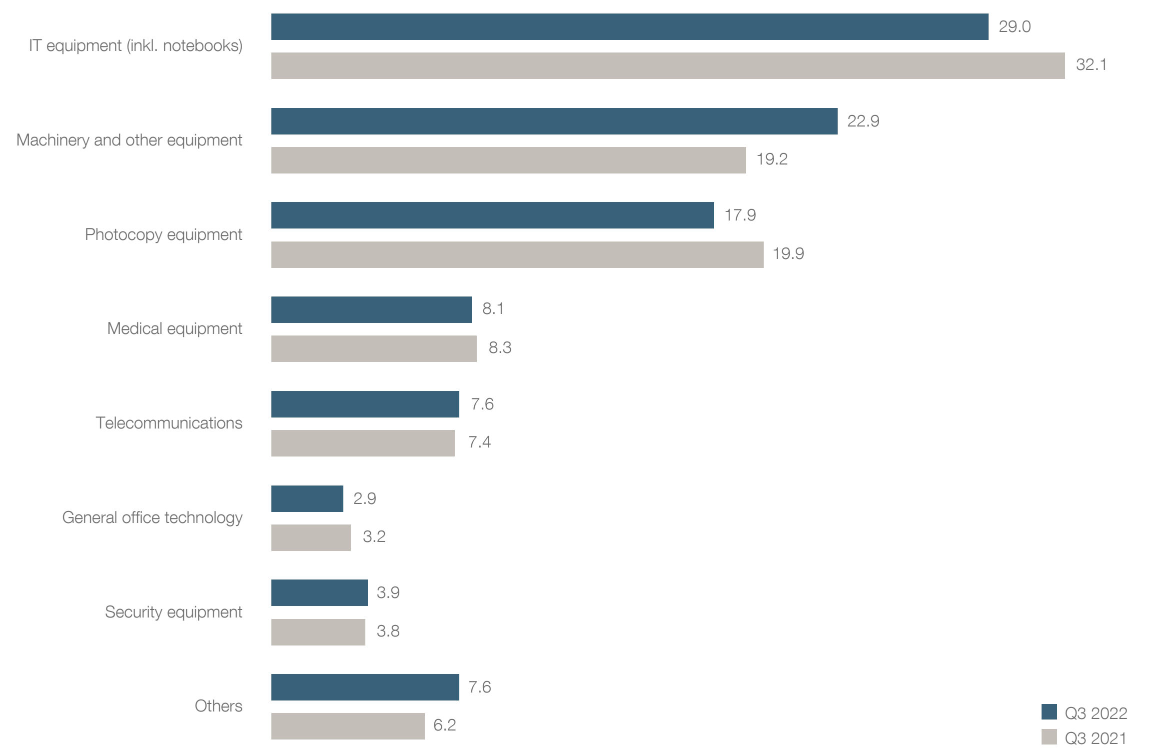
	unit	Q3 2022	Q3 2021	Change	Q1-Q3 2022	Q1-Q3 2021	Change
LEASING APPLICATIONS	**UNITS**	**121'817**	**100'416**	**21.3%**	**394'731**	**334'617**	**18.0%**
International markets	units	95'426	78'077	22.2%	316'784	265'320	19.4%
DACH	units	26'391	22'339	18.1%	77'947	69'297	12.5%
LEASING CONTRACTS	**UNITS**	**66'076**	**48'724**	**35.6%**	**200'174**	**154'015**	**30.0%**
International markets	units	47'822	34'327	39.3%	150'324	111'800	34.5%
DACH	units	18'254	14'397	26.8%	49'850	42'215	18.1%
CONVERTION RATE	**PERCENT**	**54.2**	**48.5**	**5.7PP**	**50.7**	**46.0**	**4.7PP**
International markets	percent	50.1	44.0	6,1pp	47.5	42.1	5.4pp
DACH	percent	69.2	64.4	4.8pp	64.0	60.9	3,1pp
AVERAGE NAV	**EUR**	**8'558**	**7'639**	**12.0%**	**8'254**	**7'380**	**11.8%**
ESIGNATURE QUOTA	**PERCENT**	**37.8**	**37.0**	**0.8PP**	**40.0**	**37.5**	**2.5PP**

In the reporting quarter, GRENKE received approximately 120,000 lease applications, which was significantly more than in the same prior-year quarter (Q3 2021: around 100,000). The stronger demand for leasing products and the Consolidated Group's less restrictive acceptance policy meant that 54.2 percent of all applications were converted into contracts, compared to a conversion rate of 48.5 percent in Q3 2021. GRENKE concluded a total of over 66,000 new lease contracts in the reporting period, compared to less than 50,000 in the same prior-year quarter.

The Consolidated Group's reduced focus on especially high-margin small tickets resulted in the conclusion of more lease contracts with larger tickets. As a result, the mean acquisition value per lease contract rose by 12 percent year-on-year. At around EUR 8,600, it remains within the range of EUR 8,000 to 10,000 expected for the year as a whole, which is below the level in 2019. The lower average in the same quarter last year reflects the consistent focus on small-ticket financing solutions for companies with good to very good credit and industry ratings during the Covid-19 pandemic.

The acceptance of the eSignature process, which allows lease contracts to be processed entirely digitally, continued to increase during the reporting quarter. The proportion of contracts concluded via eSignature in the reporting quarter increased to 37.8 percent.

Share of object groups in the leasing portfolio in percent



In new leasing business, all object categories recorded year-on-year growth. As the chart shows, IT equipment continued to be the most sought-after object group in the reporting quarter, accounting for 29 percent of the total portfolio. However, its share in the total portfolio fell year-on-year by 3.1 percentage points. The machinery and systems object category was able to consolidate its second-place position due to its disproportionately strong growth of 81.9 percent compared to the previous year. Consequently, this category increased its share of the portfolio to 22.9 percent. Copying technology followed in third place, with its share declining by 2.0 percentage points to 17.9 percent. All other object categories had a share of less than 10 percent and were able to maintain their position in the portfolio.

2.3.2 Factoring

The factoring business, amounting to 1.6 percent of total assets (as of the September 30, 2022 reporting date), reported new business with a purchased receivables volume of EUR 205.0 million in the reporting quarter. This corresponds to an increase of 14.9 percent compared to the third quarter in the previous year (Q3 2021: EUR 178.5 million). At EUR 46.0 million, the factoring volume in Germany was still lower than in the same quarter of the prior year (Q3 2021: EUR 51.2 million) due to the realignment of the sales approach. In the international markets, factoring volumes rose by 24.9 percent year-on-year, from EUR 127.3 million to EUR 159.0 million, following the end of the pandemic-related restrictions and the subsequent economic recovery.

New factoring business

	unit	Q3 2022	Q3 2021	Change	Q1-Q3 2022	Q1-Q3 2021	Change
NEW FACTORING BUSINESS	**EURM**	**205.0**	**178.5**	**14.8%**	**571.5**	**509.1**	**12.3%**
Germany	EURm	46.0	51.2	–10.2%	131.2	158.5	–17.2%
International markets	EURm	159	127.3	24.9%	440.3	350.6	25.6%
GROSS MARGIN	**PERCENT**	**1.5**	**1.3**	**0.2PP**	**1.4**	**1.3**	**0.1PP**
Gross margin Germany	percent	1.3	1.2	0.1pp	1.3	1.2	0.1pp
Gross margin international markets	percent	1.5	1.3	0.2pp	1.4	1.3	0.1pp
AVERAGE PERIOD	**DAYS**	**44**	**35**	**9**	**41**	**35**	**6**
Average period Germany	days	24	22	2	24	24	0
Average period international markets	days	53	43	10	49	43	6

The gross margin for factoring was in line with the market and improved to 1.5 percent in the reporting quarter. The gross margin refers to the average period for a factoring transaction of 44 days. The payment periods and payment behaviour differ in the various countries, with the average period of 24 days in Germany significantly lower than the international level of 53 days.

2.3.3 Lending business of GRENKE Bank

After resuming the microcredit business at the end of the third quarter of 2021, GRENKE Bank's new lending business increased to EUR 11.5 million in the reporting quarter (Q3 2021: EUR 0.9 million). GRENKE Bank's new business solely includes the microcredit business "Mikrokreditfonds Deutschland" (Microcredit Fund Germany) programme.

2.3.4 Currency effects

The year-on-year change in the average exchange rates of foreign currencies against the euro led to positive currency effects of EUR 1.4 million based on the new business volume. These resulted mainly from the appreciation of the Swiss franc and the Brazilian real, which was offset by the depreciation of the Turkish lira, the Swedish krona, the Polish zloty and the Hungarian forint against the euro.

3. Net assets, financial position and results of operations

3.1 Results of operations

3.1.1 Comparison of the third quarter 2022 versus 2021

Interest and similar income from financing business was almost unchanged year-on-year in Q3 2022 with a slight decrease of EUR 1.1 million to EUR 103.5 million (Q3 2021: EUR 104.6 million). Interest income reflects translation and currency effects, which makes comparability with the previous year difficult due to the high volatility. In addition, the strong growth in new business will not be reflected in interest income from lease receivables until later periods. Interest expenses from the refinancing and deposit business rose by EUR 3.9 million to EUR 17.7 million (Q3 2021: EUR 13.8 million). This increase was the result of higher refinancing needs for the growing new business, in addition to a generally higher level of interest rates. Net interest income, the balance of both items, fell accordingly by EUR 5.0 million to EUR 85.8 million (Q3 2021: EUR 90.8 million). The favourable payment behaviour of customers resulted in a decline in expenses for settlement of claims and risk provision of EUR 7.0 million to EUR 30.3 million in the reporting quarter (Q3 2021: EUR 37.3 million). This reduction resulted from the reversal of risk provisions recognised in the pandemic due to macroeconomic uncertainties, which gradually declined. This effect was mitigated through new adjustments to take into account the macroeconomic circumstances, particularly the war in Ukraine and higher energy prices.

Despite these adjustments, the development of the risk provision was favourably overall, leading to a lower loss rate (expenses for the settlement of claims and risk provision in relation to the volume of leased assets) of 1.4 percent in Q3 2022 (Q3 2021: 1.7 percent).

The year-on-year decline in risk provisioning led to an increase in net interest income after settlement of claims and risk provision of EUR 1.9 million to EUR 55.5 million in the reporting quarter (Q3 2021: EUR 53.6 million).

Profit from service business increased by EUR 0.9 million in the third quarter to EUR 31.4 million (Q3 2021: EUR 30.5 million), and profit from new business increased by EUR 0.3 million to EUR 8.3 million (Q3 2021: EUR 8.0 million). The transition of the Consolidated Group's remuneration model towards a more attractive level of remuneration in line with the market featuring a lower variable remuneration component means that fewer initial direct costs are capitalised in accordance with IFRS 16, which is reflected in the profit from new business. Gains and losses from disposals in the third quarter amounted to EUR –0.1 million (Q3 2021: EUR –1.1 million).

Lower expenses for settlement of claims and risk provision led largely to an increase in the income from operating business of EUR 4.2 million to EUR 95.1 million in Q3 2022 (Q3 2021: EUR 90.9 million).

The Consolidated Group's largest expense item, staff costs, increased by EUR 7.7 million to EUR 38.2 million in the third quarter (Q3 2021: EUR 30.5 million). The increase in staff costs resulted from a higher number of employees, a change in salaries to a more attractive market level of remuneration with a reduced variable remuneration component, as well as a Group-wide inflation-related increase in the basic salary of around 3.5 percent in August. In the reporting period, fixed remuneration amounted to EUR 26.9 million (Q3 2021: EUR 20.3 million) and variable remuneration to EUR 4.6 million (Q3 2021: EUR 4.9 million). The average number of employees on a full-time equivalent basis was 1'904 in the reporting quarter, 125 above the previous year's number (Q3 2021: 1'779), due to the addition of new hires.

Depreciation, amortisation and impairments amounted to EUR 10.6 million in the reporting quarter (Q3 2021: EUR 8.4 million). This figure includes impairment of goodwill in the amount of EUR 4.0 million in Portugal and amortisation of intangible assets. The sharp rise in risk-free interest rates in the valuation models made it necessary to recognise the impairment loss on the Portugal cash-generating unit already as of September 30, 2022. Selling and administrative expenses decreased by EUR 0.1 million to EUR 21.9 million (Q3 2021: EUR 22.0 million), remaining almost unchanged. The increase in ancillary staff costs, as well as in energy and raw material prices, was offset by a reduction in legal, consulting and audit costs. The balance of other operating income and expenses was EUR –3.0 million in the third quarter of 2022 (Q3 2021: EUR –3.1 million). This mainly reflects currency effects.

The cost-income ratio (CIR) rose to 56.5 percent in the third quarter of 2022 (Q3 2021: 47.4 percent) and therefore exceeded the target of below 55 percent for the full year. This increase is mainly attributable to higher staff costs and the event-related impairment of goodwill from higher discount rates in the valuation models. The calculation of the CIR was changed with the Capital Markets Update on May 13, 2022, and since then has been calculated without the items other operating income and expenses and other interest income and expenses.

The operating result for Q3 2022 was EUR 21.3 million, down EUR 4.2 million (Q3 2021: EUR 27.1 million), while earnings before taxes increased by EUR 2.3 million to EUR 27.7 million (Q3 2021: EUR 25.4 million). This includes an extraordinary valuation effect from derivative financial instruments for interest rate hedges that are related to ABCP financing and are not recognised in hedge accounting. Please refer to note 7.2.2 in the notes to the consolidated financial statements. The tax rate increased to 26.6 percent (Q3 2021: 20.8 percent), also due to the impairment of goodwill, which is not recognisable on a tax basis. Net profit of EUR 20.3 million exceeded the prior-year quarter by EUR 0.2 million (Q3 2021: EUR 20.1 million). The share of profits attributable to non-controlling interests to be reported due to the consolidation of the franchise companies amounted to EUR –2.9 million (Q3 2021: EUR –3.8 million). Comparability is limited due to the acquisition of 58 percent of the shares in two franchise companies in the second quarter of 2022 (for more information, please refer to the comments in section 14 of the notes to the consolidated financial statements). Earnings per share remained almost unchanged in the third quarter of 2022 at EUR 0.50 (Q3 2021: EUR 0.51).

3.1.2 Nine-month comparison 2022 versus 2021

Selected information from the consolidated income statement

EURk	Q1-Q3 2022	Q1-Q3 2021	Change (%)
NET INTEREST INCOME	261'020	280'452	–6.9
Settlement of claims and risk provision	89'935	121'382	–25.9
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	171'085	159'070	7.6
Profit from service business	89'433	87'964	1.7
Profit from new business	23'513	26'285	–10.5
Gains (+) / losses (–) from disposals	296	–4'697	–106.3
INCOME FROM OPERATING BUSINESS	284'327	268'622	5.8
Staff costs	106'248	95'492	11.3
of which total remuneration	87'468	79'101	10.6
of which fixed remuneration	73'139	63'216	15.7
of which variable remuneration	14'329	15'885	–9.8
Selling and administrative expenses (excluding staff costs)	72'975	69'209	5.4
of which IT project costs	6'218	4'351	42.9
EARNINGS BEFORE TAXES	**83'251**	**67'819**	**22.8**
NET PROFIT	**61'791**	**52'374**	**18.0**
EARNINGS PER SHARE (IN EUR; BASIC / DILUTED)	**1.22**	**1.03**	**18.4**

The nine-month period of the current financial year was dominated by the Russian war against Ukraine and its consequences, as well as by persistently high inflation, rising interest rates and the ongoing pandemic. The same period in 2021 was marked above all by the effects of the Covid-19 pandemic.

In the first nine months of 2022, net interest income was lower than in the previous year at EUR 261.0 million (Q1-Q3 2021: EUR 280.5 million). The strong growth in new business in recent quarters will lead to higher interest on lease receivables in the coming periods and, consequently, to a return to higher interest income. At the same time, interest rates for new refinancing have risen significantly. Nevertheless, the development in the current financial year is still in line with expectations. Expenses for settlement of claims and risk provision decreased by EUR 31.5 million to EUR 89.9 million, compared to EUR 121.4 million in the same period last year. The reduction resulted from the reversal of risk provisions recognised in the pandemic due to macroeconomic uncertainties, which gradually decreased. New adjustments introduced due to the Ukraine war and to take into account the economic environment had a mitigating effect. The loss rate fell accordingly to 1.3 percent in the nine-month period (Q1-Q3 2021: 1.9 percent). Consequently, net interest income after settlement of claims and risk provision increased by EUR 12.0 million to EUR 171.1 million in the first nine months of 2022 (Q1-Q3 2021: EUR 159.1 million).

The profit from service business increased by EUR 1.4 million in the first nine months and amounted to EUR 89.4 million (Q1-Q3 2021: EUR 88.0 million), whereas profit from new business declined by EUR 2.8 million. The change in the Consolidated Group's remuneration model towards a more attractive market level of remuneration and a lower variable remuneration component leads to less initial direct costs being capitalised according to IFRS 16, which is reflected in the profit from new business. Gains/losses from disposal amounted to EUR 0.3 million (Q1-Q3 2021: EUR –4.7 million). The income from operating business increased accordingly by a total of EUR 15.7 million in the nine-month period 2022 and reached EUR 284.3 million (Q1-Q3 2021: EUR 268.6 million).

Staff costs in the nine-month reporting period increased year-on-year by EUR 10.7 million to EUR 106.2 million (Q1-Q3 2021: EUR 95.5 million), primarily due to the adjustment in salaries to reflect a more attractive market level of remuneration, a higher number of employees, and the recruitment of specialists in the control units, among others. Depreciation and amortisation increased by EUR 1.6 million and amounted to EUR 24.1 million in the reporting period (Q1-Q3 2021: EUR 22.5 million). This increase essentially resulted from the impairment of goodwill. The increase in selling and administrative expenses totalling EUR 3.8 million stemmed from a higher level of ancillary staff costs, sales costs and operating costs, which were offset by a decline in legal, consulting and audit costs. Consequently, the cost-income ratio rose to 54.3 percent in the first nine months of 2022 (Q1-Q3 2021: 48.0 percent). The calculation of the CIR was changed with the Capital Markets Update on May 13, 2022 and has since been calculated without other operating income and expenses and other interest income and expenses.

The operating result in the reporting period declined by EUR 0.1 million to EUR 74.9 million (Q1-Q3 2021: EUR 75.0 million) (Q1-Q3 2021: EUR 75.0 million), remaining essentially unchanged. Earnings before taxes increased by EUR 15.5 million to EUR 83.3 million (Q1-Q3 2021: EUR 67.8 million). This is primarily a result of the fair value measurement of derivative financial instruments for interest rate hedges not accounted for in hedge accounting. The tax rate increased to 25.8 percent (Q1-Q3 2021: 22.8 percent), mainly due to expenses from the impairment of goodwill that were not recognisable on a tax basis. Consequently, net profit increased by EUR 9.4 million to EUR 61.8 million (Q1-Q3 2021: EUR 52.4 million), and earnings per share for the first nine months amounted to EUR 1.22 (Q1-Q3 2021: EUR 1.03).

3.1.3 Segment development

The operating segment income in the Leasing segment was able to defy the overall economic challenges, mainly because the payment behaviour of customers remained stable, facilitating a decline in expenses for settlement of claims and risk provision. Consequently, the operating segment income in this segment rose by EUR 22.9 million to EUR 254.2 million (Q1-Q3 2021: EUR 231.3 million), and the segment result increased significantly by EUR 9.3 million to EUR 77.1 million (Q1-Q3 2021: EUR 67.8 million).

Operating segment income in the Banking segment fell by EUR 9.5 million to EUR 25.4 million in the reporting period (Q1-Q3 2021: EUR 34.9 million), mainly as a result of higher risk provisions for previous loan portfolios. With staff costs and selling and administrative expenses rising at the same time, the segment result reached EUR –0.5 million (Q1-Q3 2021: EUR 11.5 million).

In the Factoring segment, operating segment income increased by EUR 2.3 million to EUR 4.7 million in the reporting period (Q1-Q3 2021: EUR 2.4 million), reflecting the success of the investments made in the sales infrastructure. These investments and start-up costs for the stronger international positioning of the business led to a segment result of EUR –1.5 million, which was a significant improvement over the same prior-year period (Q1-Q3 2021: EUR –4.3 million).

3.2 Net assets and financial position

Selected information from the consolidated statement of financial position

EURk	Sep. 30, 2022	Dec. 31, 2021	Change (%)
CURRENT ASSETS	**2'828'623**	**3'195'670**	**–11.5**
of which cash and cash equivalents	459'644	853'071	–46.1
of which lease receivables	1'966'614	1'963'532	0.2
NON-CURRENT ASSETS	**3'533'341**	**3'465'270**	**2.0**
of which lease receivables	3'186'050	3'155'440	1.0
TOTAL ASSETS	6'361'964	6'660'940	–4.5
CURRENT LIABILITIES	**2'205'150**	**2'287'620**	**–3.6**
of which financial liabilities	1'986'453	2'073'493	–4.2
NON-CURRENT LIABILITIES	**2'842'448**	**3'104'324**	**–8.4**
of which financial liabilities	2'746'593	3'003'670	–8.6
Equity	1'314'366	1'268'996	3.6
Equity ratio	20.7%	19.1%	8.4
TOTAL LIABILITIES AND EQUITY	6'361'964	6'660'940	–4.5

3.2.1 Net assets

Compared to the end of the 2021 financial year, total assets decreased by EUR 298.9 million to EUR 6.4 billion as of September 30, 2022 (December 31, 2021: EUR 6.7 billion) due to the planned reduction in cash and cash equivalents, which fell by EUR 393.5 million to EUR 459.6 million (December 31, 2021: EUR 853.1 million). As of September 30, 2022, EUR 300.3 million December 31, 2021: EUR 639.3 million) of the cash and cash equivalents were held in accounts at the Deutsche Bundesbank, which caused corresponding interest expenses before the ECB adjusted the interest rates for deposit facilities in July 2022 due to the negative credit interest rate.

In the ongoing difficult macroeconomic situation, the GRENKE Group continues to focus on maintaining sufficient 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.

The largest balance sheet item, non-current and current lease receivables, increased to EUR 5.2 billion compared to the end of the 2021 financial year (December 31, 2021: EUR 5.1 billion).

On the liabilities side, the decline in total assets is particularly evident in the decrease of EUR 344.2 million in current and non-current financial liabilities to EUR 4.7 billion (December 31, 2021: EUR 5.1 billion). The largest share of financial liabilities continued to be accounted for by current and non-current liabilities from refinancing, which remained almost unchanged compared to year-end 2021 at EUR 3.7 billion (December 31, 2021:EUR 3.7 billion). GRENKE Bank's current and non-current liabilities from the deposit business decreased by a total of EUR 388.2 million to EUR 1.0 billion (December 31, 2021: EUR 1.4 billion).

Equity increased by EUR 45.4 million to EUR 1'314.4 million as of September 30, 2022 (December 31, 2021: EUR 1'269.0 million). The Consolidated Group's net profit of EUR 61.8 million generated in the reporting period was mainly offset by the distribution of a dividend of EUR 23.7 million and an interest payment on hybrid capital (EUR 9.1 million). In contrast, the effects from the market valuation of hedging instruments (EUR 12.1 million) and currency translation (EUR 3.9 million) had a positive impact. Due to the lower level of total assets and the simultaneous increase in equity, the equity ratio rose to 20.7 percent at the end of September 2022 (December 31, 2021: 19.1 percent) and continued to exceed the Consolidated Group's own target of a minimum of 16 percent.

3.2.2 Liquidity

The GRENKE Group met its payment obligations at all times in the reporting period, thanks to its diversified refinancing structure.

The Consolidated Group has numerous instruments at its disposal for refinancing, which are used within the scope of the overall strategy depending on market conditions. Financing is essentially based on three pillars: GRENKE Bank's deposits, receivables-based financing (including ABCP programmes), and senior unsecured instruments such as bonds, notes and commercial paper. In doing so, the Consolidated Group avoids the necessary maturity transformation and thus eliminates interest rate change and follow-on financing risks at portfolio level. Depending on requirements, GRENKE aims to finance between 15 and 30 percent of its financial liabilities via GRENKE Bank.

The refinancing mix in relation to the GRENKE Group's refinancing pillars was as follows as of September 30, 2022:

EURm	Sep. 30, 2022	share in %	Dec. 31, 2021	share in %
GRENKE Bank	1'081	22	1'615	31
Senior Unsecured	2'678	56	2'803	54
Asset Backed	1'066	22	802	15
TOTAL	**4'825**	**100**	**5'220**	**100**

The decrease in the refinancing base of EUR 395 million to EUR 4,825 million (December 31, 2021: EUR 5,220 million) resulted mainly from a deliberate reduction in customer deposits and a decrease in the utilisation of promotional loans. Refinancing via the ABCP programmes, in contrast, increased. Refinancing through senior unsecured instruments as a key refinancing pillar remained at a similar level.

A new fixed-rate bond with a total gross volume of EUR 150.0 million and a promissory note of EUR 10.0 million were issued* via the subsidiary GRENKE FINANCE PLC in the first nine months of 2022. GRENKE Group also issued a promissory note of CHF 20.0 million and, in the short-term area, three commercial papers with a total volume of EUR 70.0 million. Bonds for EUR 310.0 million and JPY 1,000.0 million, as well as promissory notes amounting to EUR 20.0 million, DKK 20.0 million, CHF 10.0 million, and BRL 2.0 million, were repaid as scheduled in the reporting period.

The amount of utilisation of the ABCP programmes as of September 30, 2022 was EUR 805.1 million and GBP 111.9 million (December 31, 2021: EUR 554.4 million and GBP 115.8 million). The total volume of these programmes was EUR 1,097.8 million and GBP 150.0 million (December 31, 2021: EUR 947.8 million and GBP 150.0 million).

Refinancing via GRENKE Bank's customer deposits amounted to EUR 1,023.8 million as of the September 30, 2022 reporting date, compared to EUR 1,108.5 million as of June 30, 2022, and EUR 1,521.3 million as of the same date in the previous year.

The Consolidated Group's unutilised credit lines (i.e. bank credit lines plus the available volume of bonds and commercial paper) amounted to EUR 3,531.5 million, PLN 40.0 million and HRK 40.0 million as of the reporting date (December 31, 2021: EUR 2,702.4 million, PLN 2.5 million, HRK 75.0 million).

* Further information on these debt issues is available on the website at www.grenke.com/investor-relations/debt-capital/issued-bonds/

3.2.3 Financial position

Selected information from the consolidated statement of cash flows

EURk	Q3 2022	Q3 2021	Change (%)	Q1-Q3 2022	Q1-Q3 2021	Change (%)
- Investments in new lease receivables	–579'677	–385'296	50.4	–1'692'884	–1'172'413	44.4
+ Addition of new refinancing (excl. deposit business)	359'474	264'394	36.0	1'282'888	468'587	173.8
+ Net inflows / outflows from deposit business	–84'681	13'990	–705.3	–388'155	–19'971	1'843.6
(I) CASH FLOW FROM INVESTMENTS IN NEW BUSINESS	**–304'884**	**–106'912**	**185.2**	**–798'151**	**–723'797**	**10.3**
+ Payments by lessees	582'189	571'292	1.9	1'731'959	1'757'581	–1.5
- Payments / Repayments of refinancing (excl. deposit business)	–325'913	–267'792	21.7	–1'295'918	–1'056'690	22.6
(II) CASH FLOW FROM EXISTING BUSINESS	**256'276**	**303'500**	**–15.6**	**436'041**	**700'891**	**–37.8**
(III) OTHER CASH FLOW FROM OPERATING ACTIVITIES	**–4'257**	**–5'749**	**–25.9**	**17'037**	**136'390**	**–87.5**
CASH FLOW FROM OPERATING ACTIVITIES (I) + (II) + (III)	**–52'865**	**190'839**	**–127.7**	**–345'073**	**113'484**	**–404.1**
Cash flow from investing activities	–1'904	–1'557	22.3	–5'257	–4'908	7.1
Cash flow from financing activities	–3'319	–15'321	–78.3	–46'787	–35'590	31.5
TOTAL CASH FLOW	**–58'088**	**173'961**	**–133.4**	**–397'117**	**72'986**	**–644.1**

Cash flow from operating activities in the first nine months of 2022 was significantly below the previous year's level at EUR –345.1 million (Q1-Q3 2021: EUR 113.5 million). This decline was due to the deliberate reduction of cash holdings built up during the corona crisis, which were invested in new business as expected. In the presentation above, cash flow from investments in new business includes investments for new lease receivables.

This includes the net acquisition values for the lease objects and the costs incurred directly upon conclusion of the contract. Due to the higher volume of new business, investments for new lease receivables increased to EUR 1'692.9 million in the first nine months of 2022 (Q1-Q3 2021: EUR 1'172.4 million). These are offset by cash inflows from the increase in refinancing of EUR 1'282.9 million after EUR 468.6 million in the same period of the previous year. In addition, the Bank's deposit business decreased by EUR 388.2 million after EUR 20.0 million in the same period of the previous year. In total, cash flow from investments in new business fell to EUR -798.2 million (Q1-Q3 2021: EUR –723.8 million) (Q1-Q3 2021: EUR –723.8 million). In the first nine months of 2022, EUR 1'295.9 million (Q1-Q3 2021: EUR 1'056.7 million) was repaid to refinancers. Cash flow from existing business fell to EUR 436.0 million (Q1-Q3 2021: EUR 700.9 million) due to higher repayments to refinancers.

Cash flow from investing activities was EUR –5.3 million in the first nine months of 2022 (Q1-Q3 2021: EUR –4.9 million). The main items were payments for the acquisition of property, plant and equipment and intangible assets of EUR 5.1 million (Q1-Q3 2021: EUR 5.4 million).

Cash flow from financing activities amounted to EUR –46.8 million in the reporting period (Q1-Q3 2021: EUR –35.6 million). The change resulted mainly from the higher dividend payment for the 2021 financial year of EUR 23.7 million after EUR 12.1 million in the previous year. The interest payment on the hybrid capital was EUR 12.9 million (Q1-Q3 2021: EUR 13.4 million). The repayment of lease liabilities also resulted in a cash outflow of EUR 10.1 million (Q1-Q3 2021: EUR 10.1 million).

As a result, total cash flow in the first nine months of 2022 equalled EUR –397.1 million (Q1-Q3 2021: EUR 73.0 million). Cash and cash equivalents fell accordingly to EUR 456.0 million as of September 30, 2022, compared to EUR 853.0 million at the end of the 2021 financial year.

4. Related party disclosures

For information on related party disclosures, please refer to section 16 in the notes to the condensed interim consolidated financial statements.

5. Report on risks, opportunities and forecasts

5.1 Opportunities and risks

The Russian war of aggression against Ukraine has changed the opportunity and risk situation presented in the Annual Report 2021 (published March 17, 2022). In particular, the risk of an economic downturn has increased (for more detail, please refer to the explanations in sections 2.1 and 5.2). An impairment of the supply of natural gas and crude oil as a result of the war would have a particularly negative impact on production in the manufacturing industry. Persistently high inflation may have an impact on private consumption and, therefore, on the use of services and products by medium-sized companies, which are among GRENKE AG's customers.

Volatility on the capital markets has increased, which means that the availability of cash and cash equivalents may be limited in the short term. Due to the adequate liquidity position and the active management of liquidity via various refinancing sources, as well as the active management of the acceptance policy in the new leasing business, the Board of Directors sees sufficient room for manoeuvre – even in the current environment – to ensure liquidity in the short and medium term. Moreover, GRENKE does not have its own branches in Russia or Ukraine or financial exposure to these countries.

Volatility on the interest rate and currency markets can also lead to temporary valuation effects at GRENKE. These can have a temporary effect on the translation of foreign currency items, the measurement of derivatives, and the measurement of goodwill. Nevertheless, the Board of Directors does not believe this will have any adverse effect on the long-term profitability of the business model.

Apart from the risks described above, there were no other significant changes in the opportunities and risks in the reporting period. With regard to the future development of the Consolidated Group and the subsidiaries, no particular risks associated with the business that go beyond the normal level have been identified.

5.2 Macroeconomic and sector environments

In October 2022, the International Monetary Fund (IMF) forecast a slowdown in global economic growth from 6.0 percent in 2021 to 3.2 percent in the current year. The IMF expects the eurozone to grow by 3.1 percent in 2022. With Germany particularly hard hit by a lack of Russian energy supplies and sharply rising energy prices, the forecast for economic growth for Germany is 1.5 percent. The forecasts for France and Italy, GRENKE's key target markets, are slightly higher with expected growth of 2.5 percent and 3.2 percent, respectively. For 2023, the IMF is forecasting growth of 2.7 percent. Primarily responsible for this assessment are three issues: rising energy prices weighing on the eurozone economy, disruptions in China's supply chains hampering growth, and, in the USA, a labour market that is losing momentum as a result of the Fed's interest rate hike.

The IMF believes the future development of the economy rests on the successful calibration of monetary policy, which should curb inflation, while at the same time ensuring the decline in overall economic demand is not excessive. There also may be further supply-side shocks, depending on the course of the war in Ukraine and the supply chains to China.

5.3 Company forecast

As a result of the political and economic situations, there continues to be considerable uncertainty associated with the forecasts for the 2022 financial year. Despite this, the Company performed well, with new leasing business up 45.4 percent in the first three quarters of 2022. Under the assumption that the solid business development will continue, the Board of Directors increased its guidance for new leasing business to EUR 2.1 billion to EUR 2.3 billion for the 2022 financial year in an ad hoc announcement on October 4, 2022. The previous guidance range had been EUR 2.0 billion to EUR 2.2 billion.

The CM2 margin of new leasing business in the 2022 financial year is still expected to be slightly below the previous year (2021: 17.6 percent). This decline is particularly a result of the higher interest rates and the time lag in passing these increases on to customers.

In the months ahead, GRENKE will continue to embed interest rate increases in the new business conditions. When assessing the CM2 margin, it is important to note the average ticket size, which is increasing again. The mean acquisition value per lease contract in the 2022 financial year is expected to be above EUR 8,000 but below EUR 10,000, as in previous financial years.

The lower volume of new business in the 2020 and 2021 financial years, which was largely affected by the Covid-19 pandemic, will lead to lower interest income from the leasing portfolio in the current financial year, as expected. At the same time, staff costs in the 2022 financial year will increase due to institution-related measures that, among others, have strengthened the Compliance and Money Laundering Prevention departments in terms of staff, as well as to the adjustment in salaries and their structure in line with market standards, and a one-time payment to compensate employees for inflation. The Board of Directors anticipates a mitigating effect from the expected decrease in expenses for risk provision, resulting from the continued good payment behaviour of customers in 2022 that is to be expected. In conclusion, the Board of Directors expects a net profit in the range of EUR 75 million and EUR 85 million for the 2022 financial year. Compared to the previous year, this corresponds to a stable to slightly higher net profit due to the fact that the net profit for the 2021 financial year of EUR 95.2 million included extraordinary income of EUR 23.0 million from the sale of the viafintech shares. Accordingly, after deducting the extraordinary profit, the 2021 financial year basis of comparison for the current 2022 financial year would be EUR 72.2 million. Using this 2021 basis of comparison, net profit is also expected to double by the end of the 2024 financial year as a result of the scalability of the business.

The expectation for the net profit target range in the 2022 financial year is based on the assumption that the loss rate will range from 1.4 percent to 1.7 percent, which is almost within the normal range. This is due to the solid portfolio of lease contracts, the stable level of incoming payments in recent quarters, and the appropriately conservative risk provisioning already recognised in light of the pandemic. Despite the expectation that income from operating business, and particularly interest income, will be below the previous year due to the lower new business in previous years and that further investments will be necessary, the Board of Directors is aiming for a cost-income ratio of below 55 percent in 2022.

Based on the expected development of the Consolidated Group's net profit, GRENKE expects an equity ratio above 16.0 percent (2021: 19.1 percent).

Condensed interim consolidated financial statements

Consolidated income statement

EURk	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Interest and similar income from financing business[1]	103'479	104'628	308'500	324'023
Expenses from interest on refinancing and deposit business	17'724	13'783	47'480	43'571
NET INTEREST INCOME	**85'755**	**90'845**	**261'020**	**280'452**
Settlement of claims and risk provision	30'283	37'259	89'935	121'382
Of which, impairment losses	14'731	11'454	34'052	56'209
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	**55'472**	**53'586**	**171'085**	**159'070**
Profit from service business	31'444	30'493	89'433	87'964
Profit from new business	8'256	7'958	23'513	26'285
Gains(+) / losses (–) from disposals	–114	–1'088	296	–4'697
INCOME FROM OPERATING BUSINESS	**95'058**	**90'949**	**284'327**	**268'622**
Staff costs	38'233	30'481	106'248	95'492
Depreciation and impairment	10'584	8'361	24'087	22'526
Selling and administrative expenses (not including staff costs)	21'938	21'951	72'975	69'209
Other operating expenses	4'406	4'138	10'032	9'912
Other operating income	1'396	1'074	3'963	3'484
OPERATING RESULT	**21'293**	**27'092**	**74'948**	**74'967**
Result from investments accounted for using the equity method	0	–10	–4	–409
Expenses / income from fair value measurement	7'488	773	14'163	1'104
Other interest income	467	859	1'302	2'120
Other interest expenses	1'563	3'305	7'158	9'963
EARNINGS BEFORE TAXES	**27'685**	**25'409**	**83'251**	**67'819**
Income taxes	7'353	5'286	21'460	15'445
NET PROFIT	**20'332**	**20'123**	**61'791**	**52'374**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	23'190	23'960	65'886	57'338
of which total comprehensive income attributable to non-controlling interests	–2'858	–3'837	–4'095	–4'964
Earnings per share (basic/diluted in EUR)	0.50	0.51	1.22	1.03
Average number of shares outstanding	46'495'573	46'495'573	46'495'573	46'495'573

[1] Interest and similar income calculated according to the effective interest method amounted to EURk 5'653 in the reporting period (previous year: EURk 5'375).

Consolidated statement of comprehensive income

EURk	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
NET PROFIT	**20'332**	**20'123**	**61'791**	**52'374**
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Appropriation to / reduction of hedging reserve	6'366	–656	12'107	935
thereof: income tax effects	–910	93	–1'730	–134
Change in currency translation differences	–1'002	–349	3'903	1'848
thereof: income tax effects	0	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Equity instruments (IFRS 9)	0	0	0	–75
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	**5'364**	**–1'005**	**16'010**	**2'708**
TOTAL COMPREHENSIVE INCOME	**25'696**	**19'118**	**77'801**	**55'082**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	28'788	28'811*	82'709	60'431
of which total comprehensive income attributable to non-controlling interests	–3'092	–3'693*	–4'908	–5'349

*adjusted

Consolidated statement of financial position

EURk	Sep. 30, 2022	Dec. 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	459'644	853'071
Derivative financial instruments that are assets	5'575	5'331
Lease receivables	1'966'614	1'963'532
Other current financial assets	180'398	169'119
Trade receivables	6'124	6'050
Lease assets for sale	12'185	12'431
Tax assets	20'499	16'815
Other current assets	177'584	169'321
TOTAL CURRENT ASSETS	**2'828'623**	**3'195'670**
NON-CURRENT ASSETS		
Lease receivables	3'186'050	3'155'440
Derivative financial instruments that are assets	36'428	4'878
Other non-current financial assets	107'303	97'059
Investments accounted for using the equity method	0	162
Property, plant and equipment	86'881	82'082
Right-of-use assets	36'135	41'979
Goodwill	36'835	41'031
Other intangible assets	17'288	19'278
Deferred tax assets	23'132	20'032
Other non-current assets	3'289	3'329
TOTAL NON-CURRENT ASSETS	**3'533'341**	**3'465'270**
TOTAL ASSETS	**6'361'964**	**6'660'940**

Consolidated statement of financial position

EURk	Sep. 30, 2022	Dec. 31, 2021
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Financial liabilities	1'986'453	2'073'493
Lease liabilities	10'383	11'405
Derivative liability financial instruments	8'068	11'123
Trade payables	33'695	43'725
Tax liabilities	6'508	4'678
Deferred liabilities	30'757	28'734
Other current liabilities	76'483	55'601
Deferred lease payments	52'803	58'861
TOTAL CURRENT LIABILITIES	**2'205'150**	**2'287'620**
NON-CURRENT LIABILITIES		
Financial liabilities	2'746'593	3'003'670
Lease liabilities	26'321	31'542
Derivative liability financial instruments	2'985	9'661
Deferred tax liabilities	61'268	54'582
Pensions	5'281	4'867
Other non-current liabilities	0	2
TOTAL NON-CURRENT LIABILITIES	**2'842'448**	**3'104'324**
EQUITY		
Share capital	46'496	46'496
Capital reserves	298'019	298'019
Retained earnings	778'850	753'245
Other components of equity	18'558	1'735
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRENKE AG	**1'141'923**	**1'099'495**
Additional equity components[1]	200'000	200'000
Non-controlling interests	–27'557	–30'499
TOTAL EQUITY	**1'314'366**	**1'268'996**
TOTAL EQUITY AND LIABILITIES	**6'361'964**	**6'660'940**

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

Consolidated statement of cash flows

EURk		Q1-Q3 2022	Q1-Q3 2021
	NET PROFIT	**61'791**	**52'374**
	NON-CASH ITEMS INCLUDED IN NET PROFIT AND RECONCILIATION TO CASH FLOW FROM OPERATING ACTIVITIES		
+	Depreciation, amortisation and impairment	24'087	22'526
- / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	319	–2
- / +	Other non-cash income / expenses	44'513	29'013
+ / -	Increase / decrease in deferred liabilities, provisions, and pensions	2'437	–6'524
=	**SUB-TOTAL**	**133'147**	**97'387**
	CHANGE IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES AFTER ADJUSTMENT FOR NON-CASH ITEMS		
+ / -	Lease receivables	–33'692	512'162
+ / -	Loan receivables	–6'872	2'598
+ / -	Factoring receivables	13'464	2'872
+ / -	Other assets	–75'938	69'703
+ / -	Financial liabilities	–347'683	–561'217
+ / -	Other liabilities	–4'302	6'109
+	Interest received	1'302	2'120
-	Interest paid	–7'158	–9'963
-	Income taxes paid	–17'341	–8'287
=	**CASH FLOW FROM OPERATING ACTIVITIES**	**–345'073**	**113'484**

Consolidated statement of cash flows

EURk		Q1-Q3 2022	Q1-Q3 2021
-	Payments for the acquisition of property, plant and equipment and intangible assets	–5'114	–5'414
-	Payments for the acquisition of subsidiaries	–274	0
-	Payments for the acquisition of financial assets	0	–75
+	Proceeds from the sale of property, plant and equipment and intangible assets	131	581
=	**CASH FLOW FROM INVESTING ACTIVITIES**	**–5'257**	**–4'908**
-	Repayment of lease liabilities	–10'128	–10'095
-	Interest coupon payments on hybrid capital	–12'946	–13'406
-	Dividend payments to GRENKE shareholders	–23'713	–12'089
=	**CASH FLOW FROM FINANCING ACTIVITIES**	**–46'787**	**–35'590**
	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**852'960**	**944'664**
+	Cash flow from operating activities	–345'073	113'484
+	Cash flow from investing activities	–5'257	–4'908
+	Cash flow from financing activities	–46'787	–35'590
+ / -	Change due to currency translation	124	–602
=	**CASH AND CASH EQUIVALENTS AT END OF PERIOD**	**455'967**	**1'017'048**

Consolidated statement of changes in equity

EURk	Share capital	Capital reserves	Retained earnings/ Consolidated net profit	Hedging reserve	Reserve for actuarial gains/losses	Currency translation	Revaluation for equity instruments (IFRS 9)	Total equity attributable to shareholders of GRENKE AG	Additional equity components	Non-controlling interests	Total equity
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**
Net profit			65'886					65'886		–4'095	61'791
Other comprehensive income				12'107		4'716		16'823		–813	16'010
TOTAL COMPREHENSIVE INCOME			**65'886**	**12'107**		**4'716**		**82'709**		**–4'908**	**77'801**
Dividend payment in 2021 for 2020			–23'713					–23'713			–23'713
Interest coupon payment for hybrid capital (net)									–9'082		–9'082
Interest coupon for hybrid capital (net)			–9'082					–9'082	9'082		
Transactions with nci			–7'486					–7'486		7'850	364
EQUITY AS OF SEP. 30, 2022	**46'496**	**298'019**	**778'850**	**12'068**	**–577**	**10'292**	**–3'225**	**1'141'923**	**200'000**	**–27'557**	**1'314'366**
EQUITY AS OF JAN. 1, 2021	**46'496**	**298'019**	**675'200**	**–1'692**	**–1'588**	**–341**	**2'114**	**1'018'208**	**200'000**	**–25'105**	**1'193'103**
Net profit			57'338					57'338		–4'964	52'374
Other comprehensive income				935		2'233	–75	3'093		–385	2'708
TOTAL COMPREHENSIVE INCOME			**57'338**	**935**		**2'233**	**–75**	**60'431**		**–5'349**	**55'082**
Dividend payment in 2020 for 2019			–12'089					–12'089			–12'089
Interest coupon payment for hybrid capital (net)									–9'404		–9'404
Interest coupon for hybrid capital (net)			–9'404					–9'404	9'404		
EQUITY AS OF SEP. 30, 2021	**46'496**	**298'019**	**711'045**	**–757**	**–1'588**	**1'892**	**2'039**	**1'057'146**	**200'000**	**–30'454**	**1'226'692**

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, 2022, 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, 2021. 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, 2022.

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 in the 2023 financial year or later. GRENKE AG will apply these standards to the consolidated financial statements at the time of their mandatory application. This application is not expected to have any material impact on the reporting.

The same accounting and valuation methods apply to these interim financial statements as to the consolidated financial statements as of December 31, 2021, that we refer to here. We have furthermore added the following supplemental information.

2.1 First-time applicable, revised and new accounting standards

In the 2022 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, 2022 and those already adopted into European law (endorsement), provided they were relevant for the GRENKE Group.

All of the following revised or amended standards had no or only an insignificant impact on the accounting and reporting of GRENKE AG's consolidated financial statements.

Amendments to IFRS 3 "Business Combinations," IAS 16 "Property, Plant and Equipment," IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and Annual Improvements to IFRS 2018-2020

The amendments to IFRS 3 update the reference to the IFRS framework. Similarly, IFRS 3 is amended to include a requirement for an acquirer to apply those requirements instead of the framework when identifying obligations assumed within the scope of IAS 37 or IFRIC 21. The content of the rules for accounting for business combinations has not been changed.

Under the amendment to IAS 16, entities will no longer be permitted to deduct revenue from the sale of goods produced from the cost of an item of property, plant and equipment while this item of property, plant and equipment is being brought to the location and condition intended. Instead, this revenue is to be recognised in the income statement together with the cost of the property, plant and equipment.

The amendment to IAS 37 specifies which costs an entity should consider when assessing whether a contract is onerous or loss-making and focuses on costs that are directly related to the contract (directly related cost approach).

The annual improvements to the omnibus amendment standard (2018-2020 cycle) relate to minor amendments to IFRS 1 "First-time Adoption of IFRS", the first-time adoption made by a subsidiary, an accompanying example to IFRS 16 "Leases", the significance of tax effects in determining fair value in IAS 41 "Agriculture", and IFRS 9 "Financial Instruments" charges to be included in the 10-percent test for the derecognition of financial liabilities.

2.2 Application of IAS 29 "Financial Reporting in Hyperinflationary Economies"

Turkey has been classified as a hyperinflationary economy as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies" since the second quarter of 2022. The business figures of the Turkish subsidiary, which are based on the historical cost concept, have therefore been adjusted for inflationary effects and stated in the measuring unit applicable as of the reporting date. Prior-year comparisons have not been restated. The consumer price index published by the Turkish Statistical Institute (TURKSTAT) was used to adjust for inflation in the current financial year, the value of which was 1,021.2 as of September 30, 2022 (September 30, 2021: 563.9).

The effects of the application of IAS 29 and the profit or loss from the net position of monetary items have been of minor significance for the GRENKE Group to date.

2.3 Accounting standards and interpretations already published but not yet implemented

The IASB has published further amended standards and interpretations, the application of which will only become mandatory at a later date. The EU has already endorsed several of these standards. These 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 amendments described below are not expected to have a material impact on the reporting in GRENKE AG's consolidated financial statements.

IFRS 17 "Insurance Contracts"

The new accounting standard IFRS 17 "Insurance Contracts", published on May 18, 2017, will replace standard IFRS 4. On March 18, 2020, the IASB also decided to postpone the mandatory adoption of the standard to financial years beginning on or after January 1, 2023.

Amendment to IFRS 17 "Insurance Contracts" for the Initial Application of IFRS 17 and IFRS 9: Comparative Information

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

Amendments to IAS 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.

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

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 mandatory application of the amendment to the standard is effective for financial years beginning on or after January 1, 2023.

Amendment to IAS 12, "Income Taxes" Accounting for Deferred Taxes from a Single Transaction
According to the amendment to IAS 12, the scope of the exemption is adjusted so that no deferred tax assets or liabilities need to be recognised at the date of the addition of an asset or liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application is permitted.

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.

3. Use of assumptions and estimates

In preparing the 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 following areas.

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 making these assumptions and selecting the inputs for the calculation of impairment, the Consolidated Group exercises discretion based on past experience, existing market conditions and forward-looking estimates at the end of each reporting period. The key assumptions and inputs used are presented in the section entitled "Accounting Policies". In accordance with the announcements made by various regulators (ESMA, EBA), an assessment of the modelling of IFRS 9 impairment and the estimation of expected credit losses (ECL) is carried out. The ECL model, including the input parameters and submodels, is validated at least once a year or based on the occasion and updated if necessary.

To determine risk provisions in accordance with IFRS 9, expected credit defaults amid various macroeconomic scenarios are weighted. For this purpose, GRENKE calculates a negative, a positive and a baseline scenario.

The development of gross domestic product assumed for each scenario is shown in the following table:

Gross domestic product (in % vs. reporting date)	Oct. 1, 2021 – Sept. 30, 2022			Oct. 1, 2022 – Sept. 30, 2023			Oct. 1, 2023 – Sept. 30, 2024		
	Negative	Baseline	Positive	Negative	Baseline	Positive	Negative	Baseline	Positive
Eurozone	–6.3%	1.8%	3.1%	–4.6%	2.3%	5.0%	–4.1%	3.1%	7.2%
Germany	–4.6%	1.1%	2.4%	–3.5%	0.9%	3.6%	–3.7%	1.0%	5.1%
France	–8.0%	1.9%	3.3%	–6.2%	2.6%	5.3%	–5.6%	3.6%	7.7%
Italy	–9.0%	1.3%	2.6%	–7.9%	1.3%	4.0%	–7.9%	1.5%	5.6%
Spain	–10.8%	3.8%	5.2%	–7.4%	6.5%	9.3%	–5.0%	9.5%	13.8%
United Kingdom	–9.3%	2.7%	4.1%	–6.8%	4.3%	7.0%	–5.4%	6.1%	103%

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

	Scenarios		
EURk	Negative	Baseline	Positive
Risk provision	106.221	92.717	88.478

The assumptions underlying the baseline scenario are recurring but not permanent shortages of Russian gas supplies, the continuation of the Russia-Ukraine war, restrictions of public life during the winter due to the pandemic, and inflation remaining at an elevated level (well above 2 percent). Second- and third-round effects cause an increase in credit losses globally. 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. Additional Covid-19 lockdowns and resulting supply bottlenecks exacerbate these effects. Second- and third-round effects result in substantially higher credit losses globally. The increase in default rates is similar to that at the start of the Covid-19 pandemic

The positive scenario assumes that the Russia-Ukraine war continues. However, the lack of Russian gas supplies can be overcome through energy conservation measures and imports of liquefied natural gas. Assuming that the Covid-19 pandemic does not restrict public and economic life in any way, inflation declines moderately. Policy measures support the loss of purchasing power in households and prevent a sharp decline in the propensity to invest in industry. Accordingly, default rates return to pre-Covid levels.

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 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 probability of the negative scenario is weighted at approximately 33.7 percent as of September 30, 2022 (compared with 5 percent as of December 31, 2021), while the positive scenario is weighted at only 1.5 percent (compared with 12 percent as of December 31, 2021). The scenario weightings are derived from public data provided by the ECB. The latter establishes a probability distribution for GDP for the years 2022 to 2024 by surveying various analysts. These probability distributions enable the calculation of probabilities of occurrence for individual scenarios. The GDP forecasts published by the ECB on July 22, 2022 were revised downward by 1 percent to take into account negative developments between the publication date of the forecast and the reporting date.

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

As a result, in addition to the risk provision determined based on the existing IFRS 9 model, which takes into account updated parameters to reflect the macroeconomic environment, post-model adjustments were also recognised. An adjustment for all current lease contracts of EUR 23,326k was recognised to cover the additional uncertainty for the GRENKE Group arising from Russia's war against Ukraine. This does not affect the corona-related post-model adjustment of EUR 54,991k recognised as of the reporting date. This post-model adjustment was determined through a correction of the recovery effects taken into account in the IFRS 9 model by recognising additional risk provisions for contracts that were deferred in the past due to corona. These post-model adjustments also cover the possible consequences for the GRENKE Group from a recession, supply and energy bottlenecks, and inflation.

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, 2022, they amount to between 1.0 and 25.0 percent of the acquisition cost (previous year: between 1.0 and 25.5 percent since January 1, 2021). 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 current business plans and internal plans. This involved making assumptions as to the future development of income and expenses. Assumptions as to the future growth rates of the respective cash-generating unit were made on the basis of historical figures and past income and expense patterns that were projected into the future. These estimates and the underlying methodology may have a significant impact on the values determined. The overall economic environment and thus the estimates regarding the further new business and return developments of the cash-generating units are associated with additional uncertainties. If significant assumptions differ from actual figures, impairments may have to be made in the future in profit and loss.

The GRENKE Group assessed whether there was any indication of impairment of the recognised goodwill as of the reporting date. The underlying cash flow projections reflect the best possible estimates of the further development of the macroeconomic environment and the respective cash-generating unit, applying the discount rates that had increased significantly as of the reporting date.

With regard to the effects on the balance sheet as of the reporting date, please refer to our comments under Note 11, “Impairment of goodwill”. Further increases in discount rates could lead to additional impairments recognised 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 2.4 and 19.5 percent (previous year: between 2.2 and 15.7 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 derived from information on active markets, are determined using valuation models. The input parameters of these models are based on observable market data, if possible. If this is not possible, determining fair values requires a certain degree of judgement. This judgement relates to input parameters such as liquidity risk, credit risk, and volatility. Changes regarding the assumptions of these input parameters may have an effect on the recognised fair value of financial instruments. If observable prices and parameters are available, they are used to determine the fair value that in turn avoids the large-scale use of estimates.

Recognition and measurement of deferred taxes on tax-loss carryforwards

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

Recognition and measurement of actual tax assets and tax liabilities

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

We refer to the accounting policies described in the notes to the consolidated financial statements as of December 31, 2021.

4. Lease receivables

The following overview shows the development of lease receivables:

EURk	Sep. 30, 2022	Dec. 31, 2021
CHANGES IN LEASE RECEIVABLES FROM CURRENT CONTRACTS		
RECEIVABLES AT BEGINNING OF PERIOD	**5'093'885**	**5'614'509**
+ Change during the period	94'708	–520'624
LEASE RECEIVABLES (CURRENT + NON-CURRENT) FROM CURRENT CONTRACTS AT END OF PERIOD	**5'188'593**	**5'093'885**
CHANGES IN LEASE RECEIVABLES FROM TERMINATED CONTRACTS/ CONTRACTS IN ARREARS		
GROSS RECEIVABLES AT BEGINNING OF PERIOD	**563'763**	**525'869**
+ Additions to gross receivables during the period	10'804	118'108
– Disposals of gross receivables during the period	47'503	80'214
GROSS RECEIVABLES AT END OF PERIOD	**527'064**	**563'763**
TOTAL GROSS RECEIVABLES (CURRENT AND TERMINATED)	**5'715'657**	**5'657'648**
IMPAIRMENT AT BEGINNING OF PERIOD	**538'676**	**504'086**
+ Additions of accumulated impairment during the period	24'317	34'590
IMPAIRMENT AT END OF PERIOD	**562'993**	**538'676**
Lease receivables (carrying amount, current and non-current) at beginning of period	5'118'972	5'636'292
LEASE RECEIVABLES (CARRYING AMOUNT, CURRENT AND NON-CURRENT) AT END OF PERIOD	**5'152'664**	**5'118'972**

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

	Sep. 30, 2022				Dec. 31, 2021
EURk	Level 1	Level 2	Level 3	Total	Total
GROSS LEASE RECEIVABLES					
Germany	1'115'914	51'008	42'436	1'209'358	1'202'433
France	1'039'986	79'148	119'417	1'238'551	1'218'574
Italy	739'273	95'768	182'533	1'017'574	1'095'404
Other countries	1'831'209	144'669	274'296	2'250'174	2'141'237
TOTAL GROSS LEASE RECEIVABLES	**4'726'382**	**370'593**	**618'682**	**5'715'657**	**5'657'648**
Impairment	54'997	50'614	457'382	562'993	538'676
CARRYING AMOUNT	**4'671'385**	**319'979**	**161'300**	**5'152'664**	**5'118'972**

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

	Sep. 30, 2022				Dec. 31, 2021
EURk	Level 1	Level 2	Level 3	Total	Total
IMPAIRMENT AT START OF PERIOD	**45'416**	**51'070**	**442'190**	**538'676**	**504'086**
Newly extended or acquired financial assets*	18'342	6'807	13'327	38'476	31'779
Reclassifications					
to Level 1	3'513	–2'061	–1'452	0	0
to Level 2	–2'069	8'929	–6'860	0	0
to Level 3	–1'438	–5'632	7'070	0	0
Change in risk provision due to change in level	–2'937	1'903	40'866	39'832	40'361
Mutual contract dissolution or payment for financial assets (without derecognition)	–15'291	–10'668	–20'368	–46'327	–68'181
Change in contractual cash flows due to modification (no derecognition)	0	0	0	0	–41'506
Change in category in processing losses	0	0	9'856	9'856	43'552
Change in models/risk parameters used in ECL calculation	5'881	–2'044	9'729	13'566	83'489
Derecognition of financial assets	–14	–138	–40'323	–40'475	–68'093
Currency translation and other differences	264	15	1'579	1'858	1'655
Accrued interest	3'330	2'433	1'768	7'531	11'534
IMPAIRMENT AT END OF PERIOD	**54'997**	**50'614**	**457'382**	**562'993**	**538'676**
thereof impairment on non-performing lease receivables	0	0	430'336	430'336	421'704
thereof impairment on performing lease receivables	54'997	50'614	27'046	132'657	116'972

* 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 2022	Q1-Q3 2021
Payments by lessees	1'731'959	1'757'581
Interest and similar income from the leasing business	–297'123	–313'767
Additions of lease receivables / net investments	–1'692'884	–1'172'413
SUB-TOTAL	**–258'048**	**271'401**
Disposals / reclassifications of lease receivables at residual carrying amounts	168'950	275'839
Decrease / increase in other receivables from lessees	61'015	–18'322
Currency translation differences	–5'609	–16'756
CHANGE IN LEASE RECEIVABLES	**–33'692**	**512'162**

5. Financial liabilities

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

EURk	Sep. 30, 2022	Dec. 31, 2021
CURRENT FINANCIAL LIABILITIES		
Asset-backed	383'349	355'795
Senior unsecured	810'382	764'470
Committed development loans	63'034	74'753
Liabilities from deposit business	726'011	878'364
Other bank liabilities	3'677	111
thereof current account liabilities	3'677	111
TOTAL CURRENT FINANCIAL LIABILITIES	**1'986'453**	**2'073'493**
NON-CURRENT FINANCIAL LIABILITIES		
Asset-backed	536'817	353'664
Senior unsecured	1'888'387	2'044'017
Committed development loans	23'586	72'384
Liabilities from deposit business	297'803	533'605
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**2'746'593**	**3'003'670**
TOTAL FINANCIAL LIABILITIES	**4'733'046**	**5'077'163**

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 "G2" (Unicredit), FCT "GK"-COMPARTMENT "G3" (HSBC), FCT "GK"-COMPARTMENT "G4" (Helaba) and FCT "GK"-COMPARTMENT "G5" (DZ Bank). All structured entities have been set up as asset-backed commercial paper (ABCP) programmes.

EURk	Sep. 30, 2022	Dec. 31, 2021
Programme volume in local currency		
EURk	1'097'802	947'802
GBPk	150'000	150'000
Programme volume in EURk	1'267'677	1'126'314
Utilisation in EURk	931'780	692'243
Carrying amount in EURk	803'901	602'451
thereof current	334'358	296'539
thereof non-current	469'543	305'912

5.1.2 Sales of receivables agreements

EURk	Sep. 30, 2022	Dec. 31, 2021
Programme volume in local currency		
EURk	16'500	16'500
GBPk	90'000	90'000
BRLk	210'000	210'000
Programme volume in EURk	158'361	156'887
Utilisation in EURk	123'949	106'955
Carrying amount in EURk	116'242	106'955
thereof current	48'970	59'222
thereof non-current	67'272	47'733

5.1.3 Residual loans

Residual loans are partly used to finance the residual values of lease agreements in which the instalments were sold as part of the sale of receivables.

EURk	Sep. 30, 2022	Dec. 31, 2021
Carrying amount	23	53
thereof current	21	34
thereof non-current	2	19

5.2 Senior unsecured financial liabilities

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

EURk	Sep. 30, 2022	Dec. 31, 2021
Bonds	2'300'513	2'459'008
thereof current	482'965	527'645
thereof non-current	1'817'548	1'931'363
Promissory notes	134'278	131'944
thereof current	68'802	32'738
thereof non-current	65'476	99'206
Commercial paper	60'000	0
Revolving credit facility	165'636	175'110
thereof current	160'273	161'662
thereof non-current	5'363	13'448
Overdrafts	17'657	20'205
Accrued interest	20'685	22'220

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

EURk	Sep. 30, 2022	Dec. 31, 2021
Bonds EURk	5'000'000	5'000'000
Commercial paper EURk	750'000	750'000
Syndicated revolving credit facility EURk	250'000	250'000
Revolving credit facility EURk	30'000	30'000
Revolving credit facility PLNk	150'000	150'000
Revolving Credit Facility CLPk	20'250'000	20'250'000
Revolving credit facility HRKk	125'000	125'000
Revolving credit facility HUFk	350'000	0
Money market trading EURk	20'000	0

5.2.1 Bonds

One new bond with a nominal volume of EUR 150,000k has been issued to date in the financial year. A total of EUR 310,000k and JPY 1,000,000k was repaid as scheduled.

5.2.2 Promissory notes

Two new promissory notes with a nominal volume of EUR 10,000k and CHF 20,000k were issued in the current financial year. Scheduled repayments included EUR 20,000k, DKK 20,000k, CHF 10,000k and BRL 1,952k.

5.2.3 Commercial paper

Three commercial papers with a total volume of EUR 70,000k have been issued so far in the current financial year. One scheduled repayment was made in the amount of EUR 10,000k.

5.2.4 Revolving credit facility

One new revolving credit facility with a volume of HUF 350,000k was concluded in the current financial year and offers GF Faktor Zrt. the option to borrow funds at short notice at any time for a term of up to six months. The lender is Deutsche Bank AG Hungary Branch.

5.2.5 Money market facility

An uncommitted money market facility available to GRENKE FINANCE PLC, Dublin/Ireland totalling EUR 20,000k was concluded in the current financial year with Landesbank Hessen-Thüringen.

5.3 Committed development loans

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

EURk	Sep. 30, 2022	Dec. 31, 2021
Europäische Investitionsbank	9'895	9'846
NRW Bank	11'997	29'029
Thüringer Aufbaubank	1'264	2'112
Investitionsbank des Landes Brandenburg	0	417
KfW	62'852	104'842
Landeskreditbank Baden-Württemberg	612	891
TOTAL DEVELOPMENT LOANS	**86'620**	**147'137**

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 2022	Q1-Q3 2021
FINANCIAL LIABILITIES		
Additions of liabilities / assumption of new liabilities from refinancing	1'282'888	468'587
Interest expenses from refinancing	42'184	35'282
Payment / repayment of liabilities to refinancers	–1'295'918	–1'056'690
Currency translation differences	11'318	11'575
CHANGE IN LIABILITIES FROM REFINANCING	**40'472**	**–541'246**
Additions / repayment of liabilities from the deposit business	–393'451	–28'260
Interest expenses from the deposit business	5'296	8'289
CHANGE IN LIABILITIES FROM THE DEPOSIT BUSINESS	**–388'155**	**–19'971**
CHANGE IN FINANCIAL LIABILITIES	**–347'683**	**–561'217**

6. Equity

GRENKE AG's share capital remained unchanged compared to December 31, 2021 and continues to be divided into 46'495'573 registered shares.

7. Disclosures on financial instruments

7.1 Fair value hierarchy

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

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

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

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

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

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

7.2 Fair value of financial instruments

7.2.1 Fair value of primary financial instruments

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

All primary financial instruments are assigned to Level 2 of the valuation hierarchy except for exchange-listed bonds that are included in refinancing liabilities and which are assigned to Level 1 of the valuation hierarchy and the other investment that is assigned to Level 3 of the fair value hierarchy. The carrying amount and fair value of the exchange-listed bonds as of the reporting date were EUR 2,300,513k (December 31, 2021: EUR 2,459,008k) and EUR 2,123,642k (December 31, 2021: EUR 2,427,015k), respectively. All primary financial assets are allocated to the “At amortised cost” (AC) measurement category except for lease receivables, which are measured according to IFRS 16, and other investments, which are assigned to the category FVOCIoR (Fair Value through Other Comprehensive Income without Recycling pursuant to IFRS 9) and measured at fair value. Financial liabilities are also measured at (amortised) cost.

EURk	Fair value Sep. 30, 2022	Carrying amount Sep. 30, 2022	Fair value Dec. 31, 2021	Carrying amount Dec. 31, 2021
FINANCIAL ASSETS				
Lease receivables	5'746'293	5'152'664	5'714'078	5'118'972
Other financial assets	290'167	287'701	277'904	266'178
thereof receivables from the lending business	133'057	130'591	149'189	137'463
FINANCIAL LIABILITIES				
Financial liabilities	4'537'066	4'733'046	5'067'695	5'077'163
thereof refinancing liabilities	3'517'782	3'705'555	3'635'882	3'665'083
thereof liabilities from the deposit business	1'015'607	1'023'814	1'431'702	1'411'969

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, 2022	Fair value Dec. 31, 2021
FINANCIAL ASSETS		
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP		
Interest rate derivatives	3'424	0
Cross-currency swaps	14'938	851
Forward exchange derivatives	4'415	468
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP		
Interest rate derivatives	14'600	1'130
Forward exchange derivatives	4'626	7'760
TOTAL	42'003	10'209
FINANCIAL LIABILITIES		
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP		
Cross-currency swaps	497	7'987
Forward exchange derivatives	4'930	8'394
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP		
Interest rate derivatives	0	387
Forward exchange derivatives	5'626	4'016
TOTAL	11'053	20'784

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

7.3 Measurement methods and input factors used

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

Category and Level		Input factors
FAIR VALUE HIERARCHY LEVEL 1		
Listed bonds	n.a.	Quoted market price on active market as of the reporting date
FAIR VALUE HIERARCHY LEVEL 2		
Other financial assets	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the counterparty's credit risk
Financial liabilities (liabilities refinancing of lease receivables, promissory notes and bank liabilities)	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own credit risk (Debt Value Adjustment [DVA])
Forward currency contracts / Cross-currency-swaps	Mark-to-market Present value of estimated future cash flows	Available interest rates at the end of the term in the traded currencies using the own counterparty risk (Debt Value Adjustment [DVA]) or the counterparty's credit risk (Credit Value Adjustment [CVA]) derived from available credit default swap (CDS) quotes
Interest rate derivatives	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own counterparty risk DVA (Debt Value Adjustment) or the counterparty's credit risk CVA (Credit Value Adjustment) derived from available credit default swap (CDS) quotes
FAIR VALUE HIERARCHY LEVEL 3		
Other investments (investment in Finanzchef24 GmbH)	Discounted cash flow model Present value of estimated future cash flows	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 2022	Q1-Q3 2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)			
Gross revenue from service and protection business (service business)	Leasing	96'223	94'212
Service fee for making lease assets available for use	Leasing	4'567	2'757
Revenue from reminder fees	Leasing	888	756
Revenue from reminder fees	Factoring	11	12
Other revenue from lessees	Leasing	766	816
Disposal of lease assets	Leasing	133'286	123'681
Commission income from banking business	Bank	438	344
TOTAL		**236'179**	**222'578**

9. Income and other revenue

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

TEUR	Q1-Q3 2022	Q1-Q3 2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)	**236'179**	**222'578**
OTHER REVENUE (IFRS 9, IFRS 16)		
Interest and similar income from financing business	308'500	324'023
Revenue from operating leases	16'724	15'998
Portions of revenue from lease down payments	7'272	5'465
TOTAL	**568'675**	**568'064**

10. Income taxes

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

EURk	Q1-Q3 2022	Q1-Q3 2021
Current taxes	15'487	21'187
Corporate and trade taxes (Germany)	106	84
Foreign income taxes	15'381	21'103
Deferred taxes	5'973	–5'742
Germany	–1'613	2'560
International	7'586	–8'302
TOTAL	**21'460**	**15'445**

11. Goodwill impairment

As at the reporting date, the GRENKE Group examined whether there was any indication of goodwill impairment. In doing so, GRENKE performed an event-triggered impairment test for the goodwill of the cash-generating unit Portugal in the third quarter of financial year 2022. The outcome resulted in an impairment of goodwill reducing it from EUR 26,472k to EUR 22,472k. The impairment loss of EUR 4,000k was determined on the basis of the value in use and is included in the item “Depreciation, amortisation and impairment” on the consolidated income statement. The cause of the impairment is a year-on-year increase from 10.8 percent to 13.5 percent as of the reporting date in the discount rate used for discounting the cash flows and, specifically, in the base interest rate used in the calculation of the discount rate from 0.2 percent to 2.1 percent.

The recoverable amount of the Portugal cash-generating unit, which represents the Portuguese leasing business, amounted to EUR 35,334k (previous year: EUR 47,670k). The measurement was based on calendar-year new business growth rates of 8.0 to 14.4 percent in the five-year detailed planning phase (previous year, including corona-related catch-up effects: 10.0 to 15.0 percent) and a growth rate in the ramp-up phase and perpetuity of 1.0 percent (previous year: 1.0 percent). No intangible assets with indefinite useful lives are allocated to the Portugal cash-generating unit. The impairment loss was allocated to the Leasing segment.

For further information on the key assumptions regarding the parameters used and the calculation approach, as well as the cash flow planning methodology, please refer to notes 3.8 and 5.7 in the consolidated financial statements as of December 31, 2021.

12. Investment in finux GmbH

12.1 Impairment of shares in finux GmbH

Due to the objective indications of an impairment on the net investment, the GRENKE Group performed an extraordinary impairment test for the carrying amount of the shares in finux GmbH (Kassel/Germany) as of June 30, 2022. The business purpose of the investee is the development and distribution of financial software for liquidity and payment management.

The investment of 30.04 percent held via GRENKE digital GmbH and accounted for using the equity method was fully impaired. The impairment loss of EUR 158k determined on the basis of fair value less costs to sell is reported in the item "Depreciation, amortisation and impairment" on the income statement. The reason for the impairment, which was allocated to the Leasing segment, was a deterioration in growth expectations and return prospects.

12.2 Classification of shares in finux GmbH as "held for sale"

The investment in finux GmbH (Kassel/Germany) allocated to the Leasing segment met the criteria of IFRS 5 as an investment held for sale as of September 30, 2022. The planned disposal of all shares through the sale to a co-shareholder due to the economic situation of finux GmbH took place in the fourth quarter of 2022.

The investment reported in the consolidated statement of financial position was already fully impaired to EUR 0k in the second quarter of 2022. The expenses recognised in the consolidated income statement are allocated to the items "Investments accounted for using the equity method" (EUR 4k) and "Depreciation, amortisation and impairment" (EUR 158k).

13. Group segment reporting

EURk	Leasing Segment		Bank Segment		Factoring Segment		Consolidation & Other		Consolidated Group	
January to September	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
OPERATING INCOME										
External operating income	290'879	274'327	–12'658	–8'982	6'106	3'277	0	0	284'327	268'622
Internal operating income	–36'655	–43'024	38'042	43'887	–1'387	–863	0	0	0	0
TOTAL OPERATING INCOME	**254'224**	**231'303**	**25'384**	**34'905**	**4'719**	**2'414**	**0**	**0**	**284'327**	**268'622**
thereof non-cash items	23'501	50'090	10'825	3'034	–274	3'085	0	0	34'052	56'209
NON-INTEREST EXPENSES										
Staff costs	96'861	87'736	5'435	4'087	4'118	4'090	–166	–421	106'248	95'492
Depreciation/amortisation and impairment	23'495	21'864	687	664	564	701	–659	–703	24'087	22'526
Selling and administrative expenses	65'171	63'051	8'021	6'388	2'210	1'567	–2'427	–1'797	72'975	69'209
SEGMENT RESULT	**77'110**	**67'814**	**–515**	**11'462**	**–1'480**	**–4'255**	**–167**	**–54**	**74'948**	**74'967**
Result from companies accounted for using the equity method	–4	–149	0	–260	0	0	0	0	–4	–409
Other financial result							8'307	–6'739	8'307	–6'739
EARNINGS BEFORE TAXES ACCORDING TO CONSOLIDATED INCOME STATEMENT	**77'106**	**67'665**	**–515**	**11'202**	**–1'480**	**–4'255**	**8'140**	**–6'793**	**83'251**	**67'819**
As of September 30 (December 31, 2021)										
SEGMENT ASSETS	**6'029'756**	**6'009'505**	**1'541'649**	**2'031'998**	**98'885**	**84'235**	**–1'351'957**	**–1'501'645**	**6'318'333**	**6'624'093**
thereof investments accounted for using the equity method	0	162	0	0	0	0	0	0	0	162
SEGMENT LIABILITIES	**4'886'875**	**4'924'312**	**1'266'403**	**1'747'474**	**98'702**	**86'990**	**–1'272'158**	**–1'426'092**	**4'979'822**	**5'332'684**

13.1 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.

In the segment reporting, intra-Group transactions between the segments are eliminated in the column "Consolidation and other".

13.2 Reportable segments

13.2.1 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.

13.2.2 Banking

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

13.2.3 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); where the customer continues to bear the credit risk. Internal operating income results largely from internal refinancing.

13.3 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. 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.

14. Changes in the scope of consolidation in the 2022 financial year

In the second quarter of 2022, FCT “GK”-COMPARTMENT “G5” (FCT GK 5), based in Saint-Denis, France, was included in the scope of consolidation and consolidated for the first time. FCT GK 5 is a structured entity.

GRENKE AG acquired 58 percent of the capital and voting shares in GC Leasing AZ LLC (Phoenix/USA) and GC Lease Singapore Pte Ltd (Singapore/Singapore) as of May 23, 2022. The cash outflows of EUR 273k (USA) and EUR 1k (Singapore) agreed in the purchase contract are reported in the cash flow statement under the item “Payments for the acquisition of subsidiaries”. Both franchise companies operating in the Leasing segment had already been fully consolidated prior to the acquisition of the shares.

There were no further changes in the scope of consolidation in the third quarter of 2022.

15. Payments to hybrid capital holders

On March 30, 2022, GRENKE AG made a scheduled coupon payment of EURk 12'946 (previous year: EURk 13'406) to the hybrid capital holders.

16. 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, 2021: EUR 0k).

As of September 30, 2022, the value of all existing phantom stock agreements amounted EUR 0k (December 31, 2021: EUR 0k). This amount is recognised under staff costs in the income statement and is included under variable remuneration components.

Transactions with associated companies and subsidiaries

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

Liabilities to associated companies result from the deposit business and balances on current accounts of GRENKE BANK AG. As of the September 30, 2022 reporting date, GRENKE BANK AG had received deposits and balances on current accounts of EUR 30k (December 31, 2021: EUR 5,178k) from associated companies. There were also loan receivables in the amount of EUR 0k (December 31, 2021: EUR 1,807k), as well as interest expenses of EUR 0k (September 30, 2021: EUR 0k) and interest income of EUR 0k (September 30, 2021: EUR 38k). In addition, the GRENKE Group has another loan to an associated company in the amount of EUR 30k (December 31, 2021: EUR 60k). An impairment loss of EUR 30k was incurred (September 30, 2021: EUR 0k).

Reportable transactions with subsidiaries did not arise in the 2022 or 2021 financial years.

Transactions with persons in key positions

Persons in key positions are individuals who have direct or indirect authority and responsibility for planning, managing, or overseeing the activities of the GRENKE Group. Persons in key positions are exclusively members of the Board of Directors and Supervisory Board of GRENKE AG who were active in the financial year, as well as related parties such as family members. The comparability of the information is limited due to the departure of Wolfgang Grenke from the Supervisory Board in 2021. For more information, please refer to section 9.6 of the notes to the consolidated financial statements as of December 31, 2021.

In the course of its ordinary business activities, GRENKE BANK AG offers services to related parties in key positions and persons related to this group of persons. As of the reporting date, GRENKE BANK AG received deposits and balances on current accounts in the amount of EUR 0k (December 31, 2021: EUR 16,918k) from persons in key positions and persons related to this group of persons. The interest expense for this amounted to EUR 0k (September 30, 2021: EUR 20k). As of the reporting date, credit card accounts that had not yet settled showed a balance of EUR 2k (December 31, 2021: EUR 39k), with a credit card limit of EUR 53k (December 31, 2021: EUR 316k) in relation to related parties in key positions. No further loans were extended to this group of persons during the reporting period. Income of EUR 0k (September 30, 2021: EUR 6k) was generated with persons in key positions. The income from the previous year arose, among others, from the recharging of data line costs, vehicle costs, and other costs. As of the reporting date, there were receivables of EUR 0k (December 31, 2021: EUR 1k) from these transactions.

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. The comparability of the information is limited due to the departure of Wolfgang Grenke from the Supervisory Board in 2021. For more information, please refer to Note 9.6 of the notes to the consolidated financial statements as of December 31, 2021. 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.

Liabilities to other related parties result from GRENKE BANK AG's deposit business and from current account balances. As of the September 30, 2022 reporting date, GRENKE BANK AG had received deposits and balances on current accounts from other related parties in the amount of EUR 0k (December 31, 2021: EUR 3,477k). Credit lines on current accounts were utilised in the amount of EUR 802k (December 31, 2021: EUR 793k) with a current account credit limit of EUR 840k (December 31, 2021: EUR 840k). This resulted in interest expenses of EUR 0k (September 30, 2021: EUR 17k) and interest income of EUR 23k (September 30, 2021: EUR 19k). Income from other related parties of EUR 2k (September 30, 2021: EUR 89k) resulted from leases and employee loans in the current year. In the previous year, income from other related parties resulted mainly from rental income and the recharging of data line costs, licence costs, and other costs. The GRENKE Group also incurred expenses with related parties in the amount of EUR 0k (September 30, 2021: EUR 901k). The expenses in the previous year were mainly interest expenses from loans and commissions. Related liabilities, which mainly result from loans, amounted to EUR 0k as of the reporting date (December 31, 2021: EUR 6,153k). Receivables from other related parties, which mainly consist of collateral payments to other related parties, amounted to EUR 4,518k as of September 30, 2022 (December 31, 2021: EUR 11,007k).

17. Contingent liabilities

There were no material changes to contingent liabilities as of September 30, 2022 compared to the level as of December 31, 2021.

18. Employees

In the interim reporting period, the GRENKE Group's headcount (excluding the Board of Directors) averaged 1'928 employees (September 30, 2021: 1'855). A further 45 employees (September 30, 2021: 66) are in training.

19. Subsequent events

On October 4, 2022, GRENKE AG's Board of Directors raised its guidance for new leasing business for the 2022 financial year as a result of the strong growth in new leasing business to date. Under the assumption that the solid business development will continue, the Board of Directors raised its guidance and now expects new leasing business of between EUR 2.1 billion and EUR 2.3 billion for the 2022 financial year. In the guidance published on March 17, 2022, the Board of Directors had anticipated new leasing business volume of EUR 2.0 to 2.2 billion.

On October 13, 2022, GRENKE successfully placed a new bond in the amount of EUR 20 million featuring a coupon of 6.25 percent and a three-year maturity.

On October 24, 2022, GRENKE AG was rated for the first time by the renowned rating agency Fitch. GRENKE received a further investment grade rating of BBB with a stable outlook.

The sale of finux GmbH was completed subsequent to the reporting date and prior to the publication of this report. The purchase price of EUR 1 has already been collected.

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, 2022 to September 30, 2022, 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 7, 2022

BDO AG
Wirtschaftsprüfungsgesellschaft

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

Corporate Calendar

January 4, 2023 // New Business Figures Q4 2022

March 16, 2023 // Annual Report 2022

April 5, 2023 // New Business Figures Q1 2023

May 11, 2023 // Quarterly Statement Q1 2023

May 16, 2023 // Annual General Meeting

July 5, 2023 // New Business Figures Q2 2023

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

October 5, 2023 // New Business Figures Q3 2023

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

Imprint

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Disclaimer

Figures in this quarterly statement are usually presented in EURk and EUR millions. Rounding differences may occur in individual figures compared to the actual EUR amounts. Such differences are not significant in character due to their nature. For reasons of easier readability, gender-specific language is generally avoided, and the respective terms apply equally to all genders to ensure equal treatment.

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

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