Q2 AND FIRST HALF-YEAR 2021

FINANCIAL REPORT

GRENKE GROUP

GRENKE

GROUP KEY FIGURES

	UNIT	Q2 2021	Q2 2020	Change (%)	Q1 – Q2 2021	Q1 – Q2 2020	Change (%)
NEW BUSINESS LEASING	EURK	398'629	402'308	– 0.9	764'464	1'083'585	– 29.5
DACH*	EURk	111'058	131'616	– 15.6	215'389	289'857	– 25.7
Western Europe (without DACH)*	EURk	109'599	85'770	27.8	208'044	263'180	– 21.0
Southern Europe*	EURk	91'294	104'017	– 12.2	174'707	300'871	– 41.9
Northern / Eastern Europe*	EURk	65'795	62'086	6.0	122'996	182'587	– 32.6
Other regions*	EURk	20'883	18'820	11.0	43'328	47'089	– 8.0
NEW BUSINESS FACTORING	EURK	175'215	141'666	23.7	330'628	313'392	5.5
of which Germany	EURk	56'441	42'336	33.3	107'275	91'531	17.2
of which International	EURk	118'774	99'330	19.6	223'353	221'861	0.7
GRENKE BANK							
Deposits per end of period	EURk	1'505'197	1'312'333	14.7	1'505'197	1'312'333	14.7
New business SME lending business incl. microcredit business	EURk	6'115	54'173	– 88.7	20'851	72'180	– 71.1
CONTRIBUTIONS MARGIN 2 (CM2) ON NEW BUSINESS							
LEASING	EURK	72'137	70'425	2.4	143'643	194'313	– 26.1
DACH*	EURk	14'257	18'190	– 21.6	29'121	42'456	– 31.4
Western Europe (without DACH)*	EURk	21'038	16'594	26.8	42'385	50'019	– 15.3
Southern Europe*	EURk	18'832	19'516	– 3.5	36'799	56'805	– 35.2
Northern / Eastern Europe*	EURk	13'048	11'705	11.5	24'855	34'542	– 28.1
Other regions*	EURk	4'962	4'419	12.3	10'483	10'491	– 0.1
FURTHER INFORMATION LEASING							
Number of new contracts	units	56'078	50'381	11.3	105'291	126'035	– 16.5
Mean acquisition value	EURk	7.1	8.0	– 11.0	7.3	8.6	– 15.6
Mean term of contract	months	47.6	47.3	0.6	47.9	48.3	– 0.8
Volume of leased assets per end of period	EURm	8'766	8'897	– 1.5	8'766	8'897	– 1.5
Number of current contracts per end of period	units	987'083	976'156	1.1	987'083	976'156	1.1

* 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, Singapore, USA
Factoring: Hungary, Ireland, Poland, UK

	UNIT	Q2 2021	Q2 2020	Change (%)	Q1 – Q2 2021	Q1 – Q2 2020	Change (%)
			adjusted[1]			adjusted[1]	
INCOME STATEMENT							
Net interest income	EURk	94'490	101'255	–6.7	189'607	205'959	–7.9
Settlement of claims and risk provision	EURk	39'532	66'192	–40.3	84'123	123'134	–31.7
Total operating expenses	EURk	62'568	52'031	20.3	126'434	110'406	14.5
Operating result	EURk	28'190	19'152	47.2	47'875	45'777	4.6
Earnings before taxes (EBT)	EURk	24'134	16'345	47.7	42'410	40'712	4.2
NET PROFIT	EURK	18'264	13'520	35.1	32'251	33'171	–2.8
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	EURK	18'493	14'237	29.9	23'974	30'563	–21.6
Net profit attributable to hybrid capital holders	EURk	0	0	n.a.	9'404	7'428	26.6
Net profit attributable to non-controlling interests	EURk	–229	–717	68.1	–1'127	–4'820	76.6
Earnings per share (basic and diluted)	EUR	0.40	0.31	29.0	0.52	0.66	–21.2
Cost / income ratio	percent	50.9	40.0	27.3	51.1	41.9	22.0
Staff cost	EURk	33'337	29'033	14.8	65'011	60'763	7.0
of which total remuneration	EURk	27'891	23'954	16.4	53'919	49'948	8.0
of which fixed remuneration	EURk	22'795	18'520	23.1	42'946	37'832	13.5
of which variable remuneration	EURk	5'096	5'434	–6.2	10'973	12'116	–9.4
Average number of employees in full-time equivalent (FTE)	employees	1'832	1'865	–1.8	1'837	1'858	–1.1

[1] Figures for 2020 have been adjusted in accordance with IAS 8.42 (including the consolidation of the franchise companies)

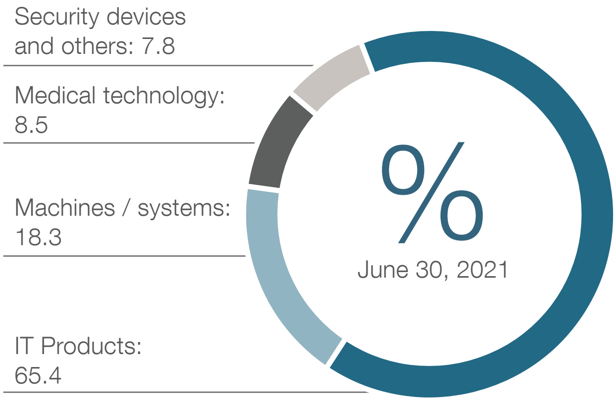
	UNIT	Jun. 30, 2021	Dec. 31, 2020	Change (%)
STATEMENT OF FINANCIAL POSITION				
Total assets	EURm	6'839	7'332	–6.7
Lease receivables	EURm	5'304	5'636	–5.9
Equity persuant to statement of financial position[2]	EURm	1'220	1'193	2.3
Equity persuant to CRR	EURm	1'119	1'031	8.5
Equity ratio	percent	17.8	16.3	9.2
Embedded value, leasing contract portfolio (excl. equity before taxes)	EURm	500	664	–24.7
Embedded value, leasing contract portfolio (incl. equity after taxes)	EURm	1'590	1'657	–4.0

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

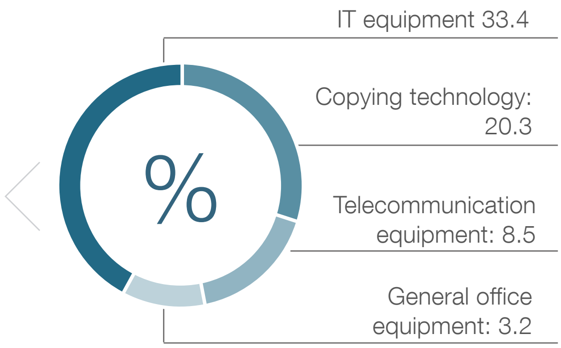
AT A GLANCE

DIVERSIFICATION:

LEASING NEW BUSINESS PORTFOLIO



IT PRODUCTS (IN DETAIL)



KEY FIGURES Q1 – Q2 2021:

CONSOLIDATED GROUP NET PROFIT

32.3 EUR million

EARNINGS PER SHARE

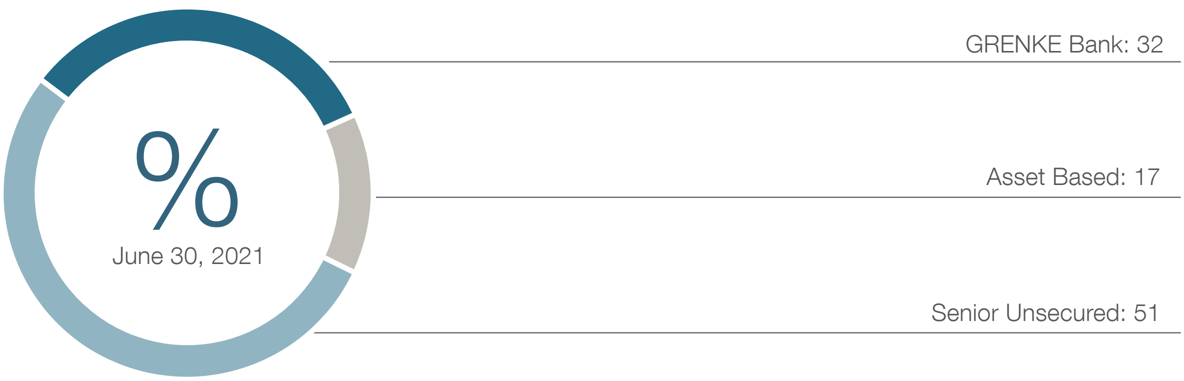
0.52 EUR

RATIO

17.8 percent

REFINANCING BASE:

THREE PILLARS: GRENKE CONSOLIDATED GROUP'S REFINANCING MIX



CONTENT

INTERIM GROUP MANAGEMENT REPORT

1. Consolidated Group Principles

1.1 GRENKE Overview

The GRENKE Group acts as a global financing partner for small and medium-sized enterprises (SMEs). Customers have access to solutions from a single source: from flexible small-ticket leasing and demand-driven banking products to convenient factoring. Fast and easy processing, along with personal contact with customers and partners, are a key focus. Founded in Baden-Baden, Germany, in 1978, the Company operates worldwide in 33 countries with currently more than 1,900 employees.

1.2 Business Model

By providing a range of lease financing for small-ticket IT and office communication products and software starting at a net purchase price of EUR 500, GRENKE has defined and developed a market that is addressed only selectively by many of the lease providers. The net acquisition value for more than 90 percent of the leases is less than EUR 25k. The Consolidated Group has also been expanding its business model in the past several years beyond its offers for IT and office communication products to include new product groups such as small machinery and systems and medical and security devices.

As a provider of financing solutions for low contract volumes, a fundamental prerequisite for GRENKE's economic success is maintaining the highest level of processing efficiency possible and a low level of related direct costs. To accomplish this, the GRENKE Group gears its business model towards optimising efficiency across all core operating processes through standardisation, comprehensive IT-based automation, speed and a lean organisation. The management believes that this has allowed GRENKE to build a significant and unique advantage over the past several years.

In phases of economic volatility, the Consolidated Group manages its business by modifying its acceptance practices for lease applications. In the past, this approach has enabled the Consolidated Group to achieve risk-adequate margins and operate profitably on a sustainable basis, irrespective of cyclical fluctuations.

1.3 Segments

The GRENKE Group is divided into three segments – Leasing, Banking and Factoring. For a description of the business activities and development in the segments during the reporting period, please refer to the comments in 3.2.3 "Segment Development" and the explanations in section 13 "Segment Reporting" contained in the notes to the condensed interim consolidated financial statements.

1.4 Targets and Strategy

GRENKE provides financial services for SMEs with a focus on small-ticket leasing. GRENKE's lease offers have made it one of the leading providers in Germany, Switzerland, Italy and France. The Consolidated Group's medium-term objective is to position GRENKE as a comprehensive small-ticket financial service provider for medium-sized businesses located not only in Europe but also internationally. Over the past several years, GRENKE has been expanding into various countries outside of Europe, including Asia, North and South America, and Australia. In addition to its geographic expansion into new markets, GRENKE continuously broadens its market position in existing markets by splitting up existing sales territories – also referred to as "cell divisions" – in order to achieve the closest possible proximity to customers and specialist reseller partners.

The Consolidated Group has a wide range of refinancing instruments at its disposal, which its 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 paper. In using these instruments, the Consolidated Group avoids maturity transformation, thereby eliminating potential interest rate and follow-on financing risks at the portfolio level. GRENKE also attaches great importance to maintaining an equity base that enables the Company to 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

// At EUR 398.6 million, new leasing business in the second quarter of 2021 reached the prior year's level

// Number of new lease contracts exceeded the prior year's quarter for the first time since the breakout of the Covid-19 pandemic

// Contribution margin 2 increased to 18.1 percent in the reporting quarter (Q2 2020: 17.5 percent)

// Net profit of EUR 18.3 million significantly higher year-on-year (Q2 2020: EUR 13.5 million)

// At 17.8 percent, the equity ratio sharply exceeds self-set target of 16 percent

// New syndicated revolving loan facility features a total volume of EUR 250 million

2.1 Significant Events and Transactions

After the Supervisory Board of GRENKE AG appointed Isabel Rösler as a member of the Board of Directors effective January 1, 2021 and following the resignation of Mark Kindermann from the Board of Directors, the Supervisory Board reassigned the responsibilities of the members of the Board of Directors at the beginning of February 2021. Prior to this, the Supervisory Board of GRENKE AG had complied with Mark Kindermann's request to terminate his contract prematurely and end his Board of Director's and all other Consolidated Group mandates. As a result, the number of members of the Board of Directors fell to four. Mr Kindermann's resignation was preceded by a hearing letter from the German Federal Financial Supervisory Authority (BaFin), which expressed criticism of internal audit processes and procedural weaknesses in the area of compliance.

On February 26, 2021, GRENKE AG released an ad hoc announcement on the interim status of the special audit by the auditing firm Mazars, which was mandated by BaFin. According to Mazars, there are no doubts as to the viability of the leasing business, and the allegation of money laundering has not been confirmed. In addition to further exculpatory statements, the report also contained material points of criticism, particularly with regard to the accounting of the franchise companies, the lack of disclosure of related parties, as well as deficiencies in money laundering prevention and in parts of GRENKE Bank's customer lending business. In the course of this assessment and in consultation with the auditors KPMG, the Board of Directors re-evaluated the accounting of the franchise business. The Company saw more evidence that the franchise companies should have been consolidated in the consolidated financial statements upon their inception, irrespective of the ownership structures, due to de facto control in accordance with IFRS 10. As a result of this reassessment, the comparative figures for 2019 were also adjusted in the consolidated financial statements for 2020.

On April 30, 2021, GRENKE AG published preliminary figures for the 2020 financial year and an outlook for 2021financial year. The Company also announced that the 2020 Annual Report, including the audit opinion, would be published on May 21, 2021.

On May 17, 2021, GRENKE AG announced in an ad hoc notification that on that date, auditing firm KPMG had issued an unqualified audit opinion on the annual and consolidated financial statements as of December 31, 2020. In addition, the Company announced that the Board of Directors plans to propose a dividend of 26 cents per share (2019: 80 cents per share) to the Annual General Meeting for the 2020 financial year. The 2020 Annual Report was published on May 21, 2021.

On June 3, 2021, Deutsche Börse AG announced that the shares of GRENKE AG would rejoin the SDAX with effect from June 21, 2021. As of May 10, 2021, Deutsche Börse AG had removed GRENKE AG shares from the SDAX due to the violation of basic criteria (publication of audited annual reports).

On June 14, 2021, GRENKE AG announced in an ad hoc notification that the chair of the Board of Directors, Antje Leminsky, had decided to leave the Company as of June 30, 2021 for personal reasons. The Supervisory Board appointed Michael Bücker as chair of the Board of Directors effective August 1, 2021. In his last position, Michael Bücker, born in 1962, had been a member of the Board of Management of Bayerische Landesbank responsible for Corporates & Markets. Deputisation regulations within the Board of Directors are in effect during the transition phase.

On June 29, 2021, GRENKE AG announced a number of changes to its Supervisory Board scheduled to take place upon the conclusion of the Annual General Meeting on July 29, 2021. GRENKE AG also announced the departure of Andreas Schulz, the member of GRENKE BANK AG's Board of Directors responsible for the front office, effective August 1, 2021. His duties were assumed on the same date by Helge Kramer, a graduate business mathematician. In his last position, Mr Kramer was a member of the Board of Directors of Frankfurter Bankgesellschaft (Deutschland) AG. A successor for the Board of Directors member responsible for the back office, Sven Noppes, whose contract ends on December 31, 2021, is expected to join GRENKE BANK AG in the fourth quarter of this year.

On June 30, 2021, the GRENKE Group signed a syndicated revolving loan facility with a total volume of EUR 250 million with seven core banks. The facility has a two-year term and includes options to extend the term for up to two additional years.

The macroeconomic environment in the reporting quarter continued to be dominated by the effects of the Covid-19 pandemic. At the beginning of the second quarter of 2021, restrictions on economic and social life were still in place in most of the economies relevant to GRENKE. Declining infection figures and the increasing progress of vaccination campaigns led to a gradual lifting of these restrictions over the course of the second quarter. As a result, the business climate indicator in the euro area started to improve significantly in April 2021 and in June 2021 had exceeded the level immediately prior to the pandemic's outbreak. The effects of the macroeconomic environment on the development of new business and the net assets, financial position, and results of operations of the GRENKE Group are explained in sections 2.2 “New Business” and 3. “Net Assets, Financial Position and Results of Operations”.

2.2 New Business

The GRENKE Group's new business comprises the newly financed business volume of the subsidiaries and the consolidated franchise companies and declined year-on-year by 3.0 percent in the second quarter of 2021 to EUR 580.0 million (Q2 2020: EUR 598.1 million). In the first quarter of 2021, which had a high prior-year comparison, the Consolidated Group's new business volume was down 38.5 percent. As a result, the overall decline in new business for the first half of 2021 equalled 24.0 percent to EUR 1,115.9 million (Q1 – Q2 2020: EUR 1,469.2 million).

At EUR 398.6 million (Q2 2020: EUR 402.3 million) in the second quarter of 2021, new leasing business – defined as the total acquisition costs of newly acquired leased assets – was close to the prior-year's level (– 0.9 percent). The number of new contracts increased by 11.3 percent to 56,078 in the reporting quarter and was higher than the same prior-year quarter for the first time since the outbreak of the Covid-19 pandemic.

Important to note is the different timing of the Covid-19 pandemic in both the reporting period and the prior-year period when looking at the regional development of new leasing business in the second quarter of 2021.

New leasing business in the DACH region, consisting of Germany, Austria, and Switzerland, fell by 15.6 percent to EUR 111.1 million (Q2 2020: EUR 131.6 million) compared to the relatively robust business performance in the same prior-year period. This decline was largely driven by the performance in Germany (– 15.9 percent).

In Western Europe, without DACH, however, new business increased by 27.8 percent to EUR 109.6 million in the reporting quarter (Q2 2020: EUR 85.8 million). In the same prior-year quarter, the volume of new business in this region had fallen by more than 50 percent and therefore represented a lower basis for comparison. In France, the most important single market in this region, new business volume increased by 30.6 percent year-on-year in the second quarter.

In Southern Europe, new business decreased by 12.2 percent to EUR 91.3 million (Q2 2020: EUR 104.0 million). The strong growth in Spain, Portugal and Croatia could not fully compensate for the decline in Italy (– 33.8 percent), which is the most important market in the region.

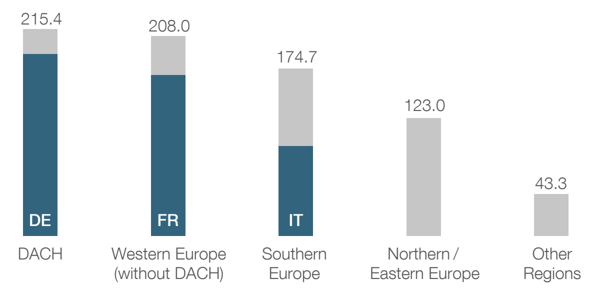
In the Northern / Eastern Europe region, GRENKE recorded new business growth of 6.0 percent to EUR 65.8 million (Q2 2020: EUR 62.1 million), driven by significant increases in the United Kingdom (30.7 percent) and Poland (63.0 percent).

In the other regions, the volume of new business increased by 11.0 percent to EUR 20.9 million (Q2 2020: EUR 18.8 million).

Due to the sharp decline of 46.3 percent in the first quarter of 2021 as a result of the economic situation, there was an overall drop in new leasing business in the first half-year of 29.5 percent to EUR 764.5 million (Q1 – Q2 2020: EUR 1,083.6 million). All of the Consolidated Group's reporting regions recorded a year-on-year decline in the first half-year.

New business leasing by region

As per June 30, 2021, in EUR millions



In the second quarter, the GRENKE Group recorded 117,387 lease applications – the first year-on-year increase since the beginning of the pandemic (Q2 2020: 111,934). The upturn in demand was evident both in the DACH region (+1.3 percent) and in the international markets (+5.9 percent). The number of new lease contracts concluded in the same period was 56,078 (Q2 2020: 50,381), corresponding to a rise in the conversion rate (applications into contracts) to 47.8 percent (Q2 2020: 45.0 percent). International markets accounted for 92,714 applications (Q2 2020: 87,586), resulting in 39,957 (Q2 2020: 34,626) new contracts and a rise in the conversion rate to 43.1 percent (Q2 2020: 39.5 percent). In the DACH region, the conversion rate increased slightly to 65.3 percent (Q2 2020: 64.7 percent). The continued focus of new business on small-ticket financing solutions for companies with good to very good credit and industry ratings led to a decline in the mean acquisition value per lease contract to EUR 7,108 in the second quarter of 2021 (Q2 2020: EUR 7,985).

The share of the leasing portfolio accounted for by IT products increased to 63.9 percent in the reporting quarter (Q2 2020: 62.4 percent). Medical technology products, small machinery and equipment, security devices and other items accounted for a combined 36.1 percent of new business in the reporting period (Q2 2020: 37.6 percent).

Due to the continued focus of business management on highly profitable small-ticket contracts, the contribution margin 2 (CM2 margin) of the new leasing business improved to 18.1 percent in the second quarter of 2021 (Q2 2020: 17.5 percent). In absolute terms, the CM2 of new leasing business increased by 2.4 percent to EUR 72.1 million (Q2 2020: EUR 70.4 million). In general, the development of margins in the second quarter of 2021 varied greatly from region to region, depending in particular on the timing of the intensified outbreak of the Covid-19 pandemic in the respective regions. In Southern Europe, for example, the pandemic has already impacted new business earlier than in Germany, which means that the comparative figures for the previous year vary in relation to the crisis.

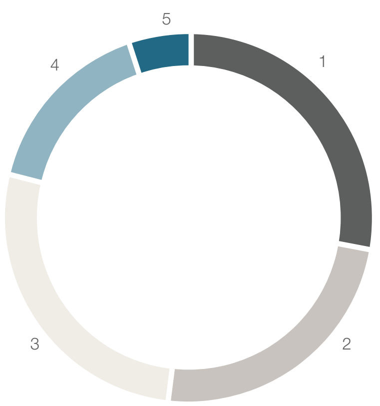
The strongest margin improvement was seen in the Southern Europe region, where the CM2 margin reached 20.6 percent (Q2 2020: 18.8 percent), outperforming the Consolidated Group average by 250 basis points. Improvements in the CM2 margin were also realised in Northern / Eastern Europe and the other regions, while the margin in Western Europe without DACH was almost on a par with the previous year. In the DACH region, the margin fell to 12.8 percent (Q2 2020: 13.8 percent). In the first half of 2021, the CM2 margin increased by 90 basis points to 18.8 percent (Q1 – Q2 2020: 17.9 percent) and CM2 was EUR 143.6 million (Q1 – Q2 2020: EUR 194.3 million). The CM1 margin of the leasing business (contribution margin 1 at acquisition cost) was 11.8 percent in Q2 2021, reaching EUR 47.2 million (Q2 2020: 12.1 percent or EUR 48.5 million).

Acceptance of the eSignature process, which enables leases to be processed entirely digitally, continued to rise. The share of contracts concluded using eSignature increased to 36.7 percent in the reporting quarter (Q2 2020: 31.0 percent).

New factoring business, defined as the total of purchased receivables, increased by 23.7 percent in the second quarter to EUR 175.2 million (Q2 2020: EUR 141.7 million). The strong growth was driven especially by Germany, where new business increased by 33.3 percent to EUR 56.4 million (Q2 2020: EUR 42.3 million). Given the higher share of receivables management (excluding financing function) of 30.5 percent (Q2 2020: 25.2 percent), for which no default risk is assumed, the gross margin in Germany fell to 1.14 percent (Q2 2020: 1.37 percent). In the international markets, new factoring business increased by 19.6 percent to EUR 118.8 million (Q2 2020: EUR 99.3 million). The share of receivables management (excluding financing function) decreased here to 23.5 percent (Q2 2020: 28.8 percent). The gross margin in the international markets was almost unchanged at 1.27 percent (Q2 2020: 1.31 percent). The gross margin is based on the average period for a factoring transaction of approx. 24 days in Germany (Q2 2020: approximately 26 days) and approximately 42 days at international level (Q2 2020: approximately 49 days).

GRENKE Bank's new business was significantly influenced by the self-imposed restriction on the lending business with small and medium-sized enterprises (SMEs). As a result, the Bank's new business in the second quarter of 2021 consisted almost solely of microcredit business within the scope of the “Mikrokreditfonds Deutschland” programme and thus declined by 88.7 percent to EUR 6.1 million (Q2 2020: EUR 54.2 million). This decline also stems from the very high level of new business with KfW loans in the prior-year quarter in the wake of the Covid-19 pandemic. GRENKE Bank's deposit volume as of the reporting date of June 30, 2021 was EUR 1,505.2 million, or 14.7 percent above the figure of EUR 1,312.3 million at the end of June 2020. As of December 31, 2020, the deposit business had reached a volume of EUR 1,537.3 million.

New business by region



LEASING (IN PERCENT)	2021 Q2	2020 Q2
1 DACH	27.9	32.7
2 Western Europe (without DACH)	27.5	21.3
3 Southern Europe	22.9	25.9
4 Northern/Eastern Europe	16.5	15.4
5 Other Regions	5.2	4.7

GRENKE GROUP (IN EUR MILLIONS)	2021 Q2	2020 Q2
New business Leasing	398.6	402.3
New business Factoring	175.2	141.7
New SME lending business (microcredit business) GRENKE Bank	6.1	54.2

* 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

3. Net Assets, Financial Position and Results of Operations

3.1 Full Consolidation of Franchise Companies

Based on the recent findings in connection with the criteria for consolidating the franchise companies, GRENKE AG has fully consolidated the franchise companies retrospectively in the consolidated financial statements as of December 31, 2020. The prior-year comparative figures for the second quarter and first half-year have been adjusted accordingly.

Selected information from the consolidated income statement

EURk	2021 Q1 – Q2	2020 Q1 – Q2*
NET INTEREST INCOME	189'607	205'959
Settlement of claims and risk provision	84'123	123'134
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	105'484	82'825
Profit from service business	57'471	57'711
Profit from new business	18'327	24'041
Gains (+) / losses (–) from disposals	– 3'609	– 2'295
INCOME FROM OPERATING BUSINESS	177'673	162'282
Staff costs	65'011	60'763
of which total remuneration	53'919	49'948
of which fixed remuneration	42'946	37'832
of which variable remuneration	10'973	12'116
Selling and administrative expenses (excluding staff costs)	47'258	35'961
of which IT project costs	2'796	1'757
EARNINGS BEFORE TAXES	**42'410**	**40'712**
NET PROFIT	**32'251**	**33'171**
EARNINGS PER SHARE (IN EUR; BASIC / DILUTED)	**0.52**	**0.66**

* Figures for 2020 have been adjusted in accordance with IAS 8.42 (including the consolidation of the franchise companies)

3.2 Results of Operations

3.2.1 Comparison of the Second Quarter 2021 versus 2020

Interest and similar income from financing business decreased by 8.3 percent to EUR 107.6 million in the second quarter of 2021 2021 (Q2 2020: EUR 117.4 million). This decrease was mainly the result of the decline in new business in the 2020 financial year and at the beginning of the 2021 financial year. Due to lower interest charges for refinancing, interest expenses decreased by 18.7 percent to EUR 13.1 million (Q2 2020: EUR 16.2 million). Net interest income, the balance of the two items, fell accordingly by 6.7 percent to EUR 94.5 million (Q2 2020: EUR 101.3 million). Expenses for settlement of claims and risk provision fell by 40.3 percent to EUR 39.5 million in the reporting quarter (Q2 2020: EUR 66.2 million). Regarding the decrease, it is important to note that the second quarter of the previous year was particularly impacted by expenses for risk provision due to the rapid spread of the Covid-19 pandemic. Compared to the first quarter of 2021, expenses for settlement of claims and risk provision decreased by 11.4 percent. Additions to and reversals of risk provisions for performing leases resulted in net income of EUR 46.9 million, which meant that the item expenses for settlement of claims and risk provision was significantly lower than in the prior-year period. In the second quarter of 2020, net expenses of EUR 49.6 million had been recognised. This improvement resulted from the reversal of risk provisions under IFRS 9 due to an improvement in customer payment behaviour and the expiry of deferral agreements.

As a result, the loss rate (expenses for settlement of claims and risk provision in relation to the volume of leased assets) improved to 1.8 percent in the second quarter of 2021. The loss rate for the second quarter of 2020 was adjusted according to IAS 8.42 (including consolidation of franchise companies) and amounted to 3.0 percent.

Due to the year-on-year decline in risk provision, net interest income after settlement of claims and risk provision rose by 56.7 percent to EUR 55.0 million in the reporting quarter (Q2 2020: EUR 35.1 million).

The profit from service business increased by 4.5 percent to EUR 29.6 million in the second quarter (Q2 2020: EUR 28.3 million). The profit from new business increased by 6.2 percent to EUR 10.4 million in the reporting quarter (Q2 2020: EUR 9.8 million) and benefited from higher contribution margins coupled with almost no change in new business volume. Gains / losses from disposals equalled EUR – 1.5 million (Q2 2020: EUR – 0.4 million). Income from operating business recorded an overall increase of 28.4 percent to EUR 93.5 million in Q2 2021 (Q2 2020: EUR 72.8 million), mainly as a result of lower expenses for settlement of claims and risk provision.

The Consolidated Group's largest expense item, staff costs, increased by 14.8 percent to EUR 33.3 million in the second quarter (Q2 2020: EUR 29.0 million). Among other things, a severance payment to the former chair of the

Board of Directors, Antje Leminsky, who left the GRENKE Group for personal reasons on June 30, 2021, contributed to the rise in staff costs. Variable remuneration components decreased by 9.4 percent to EUR 11.0 million (Q2 2020: EUR 12.1 million). The average number of employees in the reporting quarter was 1,832 (based on full-time employees; Q2 2020: 1,865).

Depreciation, amortisation and impairment amounted to EUR 7.2 million in the reporting quarter (Q2 2020: EUR 6.8 million). Selling and administrative expenses increased by 36.2 percent to EUR 22.1 million (Q2 2020: EUR 16.2 million). The main driver of this increase were legal, consulting and audit fees of EUR 2.4 million in connection with the short-seller report. Compared to the first quarter of 2021 (EUR 6.7 million), these decreased by – 64.2 percent in the reporting quarter. The balance of other operating income and expenses was EUR – 2.7 million in the second quarter of 2021 (Q2 2020: EUR – 1.7 million).

The cost-income ratio (CIR) rose to 50.9 percent in the second quarter of 2021 (Q2 2020: 40.0 percent), slightly above the target of under 50 percent for the full year. This is exclusively attributable to the aforementioned extraordinary consulting and audit costs resulting from the lengthy special audits. Adjusted for these non-recurring charges, the CIR was 49.1 percent.

The operating result for the second quarter of 2021 increased by 47.2 percent to EUR 28.2 million (Q2 2020: EUR 19.2 million) and earnings before taxes rose by 47.7 percent to EUR 24.1 million (Q2 2020: EUR 16.3 million). As expected, the tax rate increased to 24.3 percent after 17.3 percent in the same prior-year quarter. Net profit increased by 35.1 percent to EUR 18.3 million (Q2 2020: EUR 13.5 million). The non-controlling interests' share of earnings to be reported due to the consolidation of the franchise companies amounted to EUR – 0.2 million (Q2 2020: EUR – 0.7 million). Earnings per share improved accordingly to EUR 0.40 in the second quarter of 2021 (Q2 2020: EUR 0.31).

3.2.2 Comparison of First Half-Year 2021 versus 2020

The first quarter of 2021 compared with a prior-year quarter, which was relatively unaffected by the Covid-19 pandemic. Consequently, the results in the first quarter of 2021 were significantly below the prior-year figures. The better performance in the second quarter of 2021 largely made up for these declines, however, leading to the Consolidated Group's half-year profit almost at the level of the same period in the prior year.

In the first six months of 2021, net interest income decreased by 7.9 percent to EUR 189.6 million (Q1 – Q2 2020: EUR 206.0 million). Expenses for settlement of claims and risk provision decreased by 31.7 percent to EUR 84.1 million from EUR 123.1 million. The loss rate fell accordingly to 1.9 percent in the half-year reporting period (Q1 – Q2 2020: 2.8 percent). Consequently, net interest income after settlement of claims and risk provision increased by 27.4 percent to EUR 105.5 million in the first half of 2021 (Q1 – Q2 2020: EUR 82.8 million).

The profit from service business in the first six months was on a par with the same prior-year period (– 0.4 percent), while the profit from new business fell by 23.8 percent. Gains / losses from disposals amounted to EUR – 3.6 million (Q1 – Q2 2020: EUR – 2.3 million). As a result, the income from operating business increased by 9.5 percent overall in the first half of 2021, reaching EUR 177.7 million (Q1 – Q2 2020: EUR 162.3 million).

In the first half-year, staff costs and depreciation and amortisation increased by 7.0 percent and 3.5 percent, respectively. Legal, consulting, and audit fees of EUR 20.3 million led to an overall increase in selling and administrative expenses of 31.4 percent. Accordingly, the CIR increased to 51.1 percent in the first half of 2021 (Q1 – Q2 2020: 41.9 percent). Adjusted for the extraordinary consulting and audit costs, the CIR amounted to 47.6 percent.

The operating result in the first six months increased by 4.6 percent to EUR 47.9 million (Q1 – Q2 2020: EUR 45.8 million), and earnings before taxes rose by 4.2 percent to EUR 42.4 million (Q1 – Q2 2020: EUR 40.7 million). Based on a tax rate of 24.0 percent (Q1 – Q2 2020: 18.5 percent), net profit amounted to EUR 32.3 million (Q1 – Q2 2020: EUR 33.2 million), a decrease of 2.8 percent, leading to earnings per share of EUR 0.52 (Q1 – Q2 2020: EUR 0.66).

3.2.3 Segment Development

The overall economic environment recovered somewhat in the first half of 2021 and had a positive impact on the Leasing segment. Accordingly, operating segment income in the Leasing segment increased by 8.1 percent to EUR 150.0 million (Q1 – Q2 2020: EUR 138.7 million). The segment result rose disproportionately by 13.5 percent to EUR 42.2 million (Q1 – Q2 2020: EUR 37.2 million). Despite the Consolidated Group's strategic decision to focus in the future exclusively on the microcredit business operated under “Mikrokreditfonds Deutschland”, the operating segment income in the Banking segment increased by 16.7 percent to EUR 24.8 million in the reporting period (Q1 – Q2 2020: EUR 21.2 million). The segment result reached EUR 7.4 million (Q1 – Q2 2020: EUR 11.4 million). In the Factoring segment, operating segment income increased by 22.3 percent to EUR 2.9 million in the first half of 2021 (Q1 – Q2 2020: EUR 2.4 million). Due to the lower business volume caused by the pandemic, coupled with the simultaneous investment in the sales infrastructure and start-up costs for the stronger international positioning of the business, the segment's loss amounted to EUR – 1.6 million but still significantly improved over the same prior-year period (Q1 – Q2 2020: EUR 2.9 million).

3.3 Net Assets and Financial Position

Selected information from the consolidated statement of financial position

EURk	Jun. 30, 2021	Dec. 31, 2020
CURRENT ASSETS	**3'206'701**	**3'407'121**
of which cash and cash equivalents	843'757	944'733
of which lease receivables	2'014'208	2'066'352
NON-CURRENT ASSETS	**3'632'017**	**3'924'660**
of which lease receivables	3'289'457	3'569'940
TOTAL ASSETS	**6'838'718**	**7'331'781**
CURRENT LIABILITIES	**2'155'202**	**2'073'208**
of which financial liabilities	1'881'022	1'868'140
NON-CURRENT LIABILITIES	**3'463'853**	**4'065'470**
of which financial liabilities	3'348'412	3'941'970
EQUITY	**1'219'663**	**1'193'103**
Equity ratio (in percent)	17.8	16.3
TOTAL LIABILITIES AND EQUITY	**6'838'718**	**7'331'781**

3.3.1 Net Assets

Compared with the end of the 2020 financial year, total assets decreased by 6.7 percent to EUR 6.8 billion as of June 30, 2021 (December 31, 2020: EUR 7.3 billion). This decline resulted primarily from a decrease in the largest balance sheet item, non-current and current lease receivables, which fell by a total of 5.9 percent to EUR 5.3 billion (December 31, 2020: EUR 5.6 billion). This decline resulted from the new business development experienced in recent quarters.

Cash and cash equivalents stood at EUR 843.8 million as of June 30, 2021. Compared with the end of financial year 2020 (December 31, 2020: EUR 944.7 million), cash and cash equivalents decreased by 10.7 percent but were still at a high level in absolute terms and exceeded the liabilities due in the short term. In the persistently difficult overall economic situation, the GRENKE Group continues to focus on maintaining sufficient liquidity in order to have the flexibly to respond to market conditions. Additionally, the Consolidated Group is obliged by regulatory requirements to maintain a liquidity buffer. As of June 30, 2021, EUR 608.9 million (December 31, 2020: EUR 711.2 million) was held in Deutsche Bundesbank accounts, which resulted in corresponding interest expenses from the negative deposit interest rates.

On the liabilities side, the decline in total liabilities and equity stems specifically from the decrease in current and non-current financial liabilities, which dropped by a total of 10.0 percent to EUR 5.2 billion (December 31, 2020: EUR 5.8 billion). Current and non-current liabilities from refinancing continued to account for the largest share of financial liabilities and fell 12.8 percent compared to the end of the 2020 financial year to a total of EUR 3.7 billion (December 31, 2020: EUR 4.3 billion). Current and non-current liabilities from GRENKE Bank's deposit business decreased by a total of 2.2 percent to EUR 1.5 billion (December 31, 2020: EUR 1.5 billion).

Equity increased by 2.2 percent to EUR 1,219.7 million as of June 30, 2021 (December 31, 2020: EUR 1,193.1 million). The Consolidated Group net profit of EUR 32.3 million generated in the reporting period was mainly offset by the interest payment on hybrid capital (EUR 9.4 million). This was in contrast to the positive effect from the market valuation of hedging instruments (EUR 1.8 million) and currency translation (EUR 2.2 million). Due to the decrease in total assets, the equity ratio rose to 17.8 percent as of the end of June 2021 (December 31, 2020: 16.3 percent). The equity ratio thus continued to exceed the Consolidated Group's self-set target of a minimum of 16 percent.

3.3.2 Liquidity

The GRENKE Group was in a position at all times in the reporting period to meet its payment obligations. The high level of cash and cash equivalents and the diversified refinancing structure were contributors to this.

No bonds, promissory notes or short-term commercial paper were issued via the Grenke Finance PLC subsidiary in the first half of 2021. Bonds of EUR 235 million and promissory notes of EUR 45 million, DKK 33 million and SEK 33 million were repaid on schedule in the reporting period. Due to the delayed publication of the audited consolidated financial statements for the 2020 financial year, promissory notes in the amount of EUR 148 million were repaid early in the reporting period. For more information on the bonds issued, please refer to the website at www.grenke.com/investor-relations/debt-capital/issued-bonds.

ABCP programmes were utilised in the amount of EUR 625.5 million and GBP 121.7 million as of June 30, 2021 (December 31, 2020: EUR 680.2 million and GBP 122.4 million). The total volume of these programmes equalled EUR 947.8 million and GBP 150.0 million, unchanged from December 31, 2020.

The Consolidated Group's unutilised credit lines (i.e. bank credit lines plus the available volume of bonds and commercial paper) amounted to EUR 3,433.3 million, PLN 14.0 million and HRK 40.0 million as of the reporting date (December 31, 2020: EUR 3,367.9 million, PLN 24.0 million, HRK 40.0 million and CHF 10.0 million). On June 30, 2021, the GRENKE Group signed a syndicated revolving loan facility with a total volume of EUR 250 million with seven core banks. The facility has a two-year term and includes options to extend the term for up to two additional years.

The Consolidated Group's refinancing via GRENKE Bank's customer deposits amounted to EUR 1,505.2 million as of the June 30, 2021 reporting date, compared to EUR 1,312.3 million at the end of the same prior-year period.

3.3.3 Financial Position

Selected information from the consolidated statement of cash flows

EURk	2021 Q1 – Q2	2020 Q1 – Q2*
– Investments in new lease receivables	–787'117	–1'112'380
+ Addition of new refinancing (excl. deposit business)	204'193	889'872
+ Net addition to deposit business	–33'961	427'305
(I) CASH FLOW FROM INVESTMENTS IN NEW BUSINESS	**–616'885**	**204'797**
+ Payments by lessees	1'186'289	1'105'898
– Repayments of refinancing (excl. deposit business)	–616'680	–727'646
(II) CASH FLOW FROM EXISTING BUSINESS	**569'609**	**378'252**
(III) OTHER CASH FLOW FROM OPERATING ACTIVITIES	**–19'418**	**93'503**
CASH FLOW FROM OPERATING ACTIVITIES (I) + (II) + (III)	**–66'694**	**676'552**
Net cash flow from operating activities	–77'356	669'728
Cash flow from investing activities	–3'350	–9'293
Cash flow from financing activities	–20'269	–19'061
TOTAL CASH FLOW	**–100'975**	**641'374**

* Figures for 2020 have been adjusted in accordance with IAS 8.42 (including the consolidation of the franchise companies)

Cash flow from operating activities was EUR –66.7 million in the first half of 2021, significantly below the level in the same prior-year period (Q1 – Q2 2020: EUR 676.6 million). In the presentation above, net cash flow from investments in new business includes investments for new lease receivables, which contains the net acquisition values for the leasing objects and the costs incurred directly upon conclusion of the contract. Due to the lower volume of new business, investments for new lease receivables amounted to EUR –787.1 million in the first half of 2021 (Q1 – Q2 2020: EUR –1,112.4 million). These were offset by cash inflows and outflows from the increase in refinancing (EUR 204.2 million compared to EUR 889.9 million in the same prior-year period) and GRENKE Bank's deposit business (EUR –34.0 million compared to EUR 427.3 million in the same prior-year period). In total, net cash flow from investments decreased to EUR –616.9 million (Q1 – Q2 2020: EUR 204.8 million). In viewing this development, it is important to take into account that GRENKE deliberately built up a liquidity reserve in the prior-year period that was then partially used to refinance new business in the first half of 2021 as the overall economic situation normalised. In contrast, cash flow from existing business increased to EUR 569.6 million (Q1 – Q2 2020: EUR 378.3 million).

After interest and taxes paid and received, net cash flow from operating activities amounted to EUR –77.4 million in the reporting period (Q1 – Q2 2020: EUR 669.7 million).

Cash flow from investing activities was EUR –3.4 million in the first half of 2021 (Q1 – Q2 2020: EUR –9.3 million) and consisted mainly of payments for the acquisition of property, plant and equipment and intangible assets of EUR 3.6 million (Q1 – Q2 2020: EUR 9.7 million).

Cash flow from financing activities in the reporting period was EUR –20.3 million and almost on a par with the same prior-year period (Q1 – Q2 2020: EUR –19.1 million). As in the previous year, the largest item was the interest payment on hybrid capital of EUR 13.4 million (Q1 – Q2 2020: EUR 10.7 million). The repayment of lease liabilities also resulted in a cash outflow of EUR 6.9 million (Q1 – Q2 2020: EUR 6.2 million).

Thus, the total cash flow in the first half of 2021 amounted to EUR –101.0 million (Q1 – Q2 2020: EUR 641.4 million). Cash and cash equivalents fell accordingly to EUR 842.7 million as of June 30, 2021, compared to EUR 944.7 million as of the end of the 2020 financial year.

4. Related Party Disclosures

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

5. Report on Risks, Opportunities and Forecasts

5.1 Opportunities and Risks

No significant changes to the opportunities and risks have occurred in the reporting period in comparison to those described in the 2020 Annual Report (published on May 21, 2021). With regard to the future development of the Consolidated Group, the Company and its subsidiaries, no specific risks associated with the business beyond customary risks have been identified.

5.2 Macroeconomic and Sector Environments

In July 2021, the International Monetary Fund (IMF) raised its 2021 growth forecast for the eurozone from 4.4 percent (April forecast) to 4.6 percent. After a disappointing first quarter, the IMF believes there were signs of a significant recovery in the second quarter, largely driven by progress in the vaccination campaigns in the respective member countries. The IMF raised its expectations especially for Italy (4.9 percent, up from 4.2 percent previously) as a result of the country's more expansionary fiscal policy. For Germany and France, the IMF continued to forecast a recovery in economic output of 3.6 percent and 5.8 percent, respectively. Despite the generally more positive assessment of the overall economic situation, the IMF sees more risks than opportunities for the global economy. These risks mainly concern factors such as the emergence of new virus mutations, bottlenecks in logistics chains and a tightening of monetary policy due to higher inflation expectations.

5.3 Company Forecast

The forecast for the 2021 financial year incorporates the fact that the ongoing Covid-19 pandemic and the associated economic restrictions will continue to render a challenging market environment. It is impossible from today’s perspective to make a reliable estimate of the extent to which this will have an influence on the Consolidated Group's business and earnings development. As a result, the forecast for the 2021 financial year is subject to an unusually high degree of uncertainty.

The first half of 2021 was in line with the expectations expressed by GRENKE AG's Board of Directors in the forecast contained in the 2020 Annual Report. The Board of Directors therefore reaffirms the forecast for the 2021 financial year published in that report.

The Board of Directors anticipates new leasing business of between EUR 1.7 billion and EUR 2.0 billion in 2021 (2020: EUR 2.0 billion). The Board of Directors expects the markets to pick up over the remainder of the year and result in more business in the second half of 2021 than in the first half.

The CM2 margin on new business in the 2021 financial year is expected to be slightly below the previous year (18.4 percent). Although the CM2 margin in the first half of 2021 exceeded the prior-year figure, the Board of Directors expects the margin to decline slightly over the remainder of the year. The main reasons for this decline will likely be higher refinancing conditions and a return to larger leasing contracts that are expected to be concluded as new leasing business picks up.

The volume of new business in the first half of 2021 will have an impact on the income from operating business for full-year 2021. The Board of Directors is also anticipating a slight increase in costs but still expects the cost-income ratio to remain below 50 percent (2020: 43.1 percent) given the organisation's strong cost awareness and scalability of the business model.

In terms of the loss rate, the Company originally assumed it would end up at between 1.9 and 2.2 percent (2020: 2.3 percent) for the financial year. On this basis, the Board of Directors had anticipated a net profit of between EUR 50 million and EUR 70 million for 2021. Based on the results of the first half-year, the Board of Directors raised their net profit forecast on July 28, 2021 to between EUR 60 million and EUR 80 million. The main reason for this increase was the lower need for risk provisioning, which is also the reason the loss rate for 2021 as a whole is not expected to exceed 2.0 percent. In view of the net profit of EUR 32.3 million in the first half-year, the Board of Directors is confident that the Consolidated Group is well on its way to achieving this target.

The Board of Directors expects the equity ratio to remain stable and exceed 16 percent at the end of 2021 (2020: 16.3 percent). When assessing the equity ratio, it is important to take the effects of the full consolidation of the franchise companies into account. The elimination of goodwill attributable to the franchise companies reduces regulatory and rating-related capital requirements. Consequently, 15 percent of balance sheet equity rather than 16 percent is considered sufficient to meet external equity requirements.

In addition, the GRENKE Group expects a stable cash flow from operating activities, with which the planned investments can be fully internally financed.

6. Subsequent Events

The Gesellschaft für Bonitätsbeurteilung mbH (GBB) lowered the rating for the GRENKE Group from A to A- on July 1, 2021. The outlook remains negative. GBB cited the rationale for the change as essentially the Company's earnings situation, which was burdened by the Covid-19 pandemic, and the progress still needed in governance and risk & compliance management to restore investor confidence. The economic viability of the business model continues to be rated as high with the result that the GRENKE Group continues to be assigned a high credit rating.

S&P Global Ratings affirmed GRENKE AG's “BBB+/A-2” long-term and short-term issuer rating on July 21, 2021. S&P left the outlook for the long-term rating at “negative”. In its rationale for the rating, S&P pointed to GRENKE AG's profitability and stable liquidity despite the current tense market situation. The agency expects that GRENKE will continue to show solid performance and resilience.

On July 22, 2021, BaFin ordered GRENKE AG to disclose the errors identified in the enforcement procedure for the audit of the 2019 consolidated financial statements. The corresponding formal announcement was made on July 27, 2021 in the German Federal Gazette (www.bundesanzeiger.de) and via DGAP (www.dgap.de). The announcement of the error findings concludes this procedure. As expected, the points of criticism from the audit raised by BaFin against GRENKE in its notice dated July 16, 2021, relate to the accounting treatment of franchise companies, the determination of risk provisions in accordance with IFRS 9, and the goodwill recognised in Portugal and Poland in the 2019 consolidated financial statements. In GRENKE's opinion, the notice does not give rise to any further need for adjustments to the 2020 consolidated financial statements or earlier financial statements. According to GRENKE's understanding, BaFin also sees no need for further adjustments.

On July 28, 2021, the GRENKE Group published an ad hoc announcement regarding the increase in its net profit forecast for 2021, according to which it now expects Consolidated Group net profit of between EUR 60 million and EUR 80 million. This compares to the forecast previously published in the 2020 Annual Report of EUR 50 to 70 million.

The Annual General Meeting of GRENKE AG on July 29, 2021 elected Norbert Freisleben, graduate economist, Nils Kröber, attorney, and Dr Konstantin Mettenheimer, attorney and tax advisor, as successors to Wolfgang Grenke, Claudia Karolina Krcmar and Florian Schulte, who resigned from the Supervisory Board at the end of the Annual General Meeting at their own request. At GRENKE BANK AG, Sven Noppes will leave the Board of Directors on December 31, 2021 and will be succeeded by Dr Oliver Recklies. The shareholders of GRENKE AG resolved to distribute a dividend of EUR 0.26 per share.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT

Consolidated income statement

EURk	Apr. 1, 2021 to Jun. 30, 2021	Apr. 1, 2020 to Jun. 30, 2020	Jan. 1, 2021 to Jun. 30, 2021	Jan. 1, 2020 to Jun. 30, 2020
				adjusted[1]
Interest and similar income from financing business	107'615	117'407	219'395	237'061
Expenses from interest on refinancing and deposit business	13'125	16'152	29'788	31'102
NET INTEREST INCOME	**94'490**	**101'255**	**189'607**	**205'959**
Settlement of claims and risk provision	39'532	66'192	84'123	123'134
Of which, impairment losses	38'422	64'745	81'939	120'352
NET INTEREST INCOME AFTER SETTLEMENT OF CLAIMS AND RISK PROVISION	**54'958**	**35'063**	**105'484**	**82'825**
Profit from service business	29'590	28'327	57'471	57'711
Profit from new business	10'433	9'823	18'327	24'041
Gains(+) / losses (–) from disposals	–1'494	–380	–3'609	–2'295
INCOME FROM OPERATING BUSINESS	**93'487**	**72'833**	**177'673**	**162'282**
Staff costs	33'337	29'033	65'011	60'763
Depreciation and impairment	7'158	6'794	14'165	13'682
Selling and administrative expenses (not including staff costs)	22'073	16'204	47'258	35'961
Other operating expenses	3'687	3'273	5'774	9'017
Other operating income	958	1'623	2'410	2'918
OPERATING RESULT	**28'190**	**19'152**	**47'875**	**45'777**
Result from investments accounted for using the equity method	–223	–103	–399	–218
Expenses / income from fair value measurement	28	–259	331	–1'313
Other interest income	612	810	1'261	1'176
Other interest expenses	4'473	3'255	6'658	4'710
EARNINGS BEFORE TAXES	**24'134**	**16'345**	**42'410**	**40'712**
Income taxes	5'870	2'825	10'159	7'541
NET PROFIT	**18'264**	**13'520**	**32'251**	**33'171**
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	18'493	14'237	33'378	37'991
of which total comprehensive income attributable to non-controlling interests	–229	–717	–1'127	–4'820
Earnings per share (basic / diluted in EUR)	0.40	0.31	0.52	0.66
Average number of shares outstanding	46'495'573	46'353'918	46'495'573	46'353'918

[1] Figures for 2020 have been adjusted as illustrated in chapter 5.
[2] Interest and similar income based on effective interest method: 3,635 EURk (previous year: 3,323 EURk).

Consolidated statement of comprehensive income

EURk	Apr. 1, 2021 to Jun. 30, 2021	Apr. 1, 2020 to Jun. 30, 2020	Jan. 1, 2020 to Jun. 30, 2021	Jan. 1, 2020 to Jun. 30, 2020
				adjusted[1]
NET PROFIT	19'236	13'520	32'251	33'171
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Appropriation to / reduction of hedging reserve	3'681	–4'164	1'591	2'107
thereof: income tax effects	–526	595	–227	–301
Change in currency translation differences	1'766	–1'813	2'197	–3'726
thereof: income tax effects	0	0	0	0
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS IN FUTURE PERIODS				
Equity instruments (IFRS 9)	–75	0	–75	0
thereof: income tax effects		0	0	0
Appropriation to / reduction of reserve for actuarial gains and losses			0	0
thereof: income tax effects	0	0	0	0
OTHER COMPREHENSIVE INCOME	5'372	–5'977	3'713	–1'619
TOTAL COMPREHENSIVE INCOME	24'608	7'543	35'964	31'552
of which total comprehensive income attributable to ordinary shareholders and hybrid capital holders of GRENKE AG	24'765	8'746	37'620	35'424
of which total comprehensive income attributable to non-controlling interests	–157	–1'203	–1'656	–3'872

[1] Figures for 2020 have been adjusted as illustrated in chapter 5.

Consolidated statement of financial position

EURk	Jun. 30, 2021	Dec. 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	843'757	944'733
Derivative financial instruments that are assets	4'452	5'074
Lease receivables	2'014'208	2'066'352
Other current financial assets	159'860	161'757
Trade receivables	6'078	6'384
Lease assets for sale	21'918	24'095
Tax assets	20'679	22'214
Other current assets	135'749	176'512
TOTAL CURRENT ASSETS	**3'206'701**	**3'407'121**
NON-CURRENT ASSETS		
Lease receivables	3'289'457	3'569'940
Derivative financial instruments that are assets	1'058	2'442
Other non-current financial assets	112'593	120'767
Investments accounted for using the equity method	4'124	4'523
Property, plant and equipment	84'839	86'646
Right-of-use assets	44'505	47'680
Goodwill	43'732	43'629
Other intangible assets	22'314	23'829
Deferred tax assets	26'005	23'110
Other non-current assets	3'390	2'094
TOTAL NON-CURRENT ASSETS	**3'632'017**	**3'924'660**
TOTAL ASSETS	**6'838'718**	**7'331'781**

Consolidated statement of financial position

EURk	Jun. 30, 2021	Dec. 31, 2020
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Financial liabilities	1'881'022	1'868'140
Lease liabilities	11'300	11'647
Derivative liability financial instruments	6'547	4'534
Trade payables	34'258	38'638
Tax liabilities	9'374	6'660
Deferred liabilities	24'469	32'313
Other current liabilities	110'940	82'476
Deferred lease payments	77'292	28'800
TOTAL CURRENT LIABILITIES	**2'155'202**	**2'073'208**
NON-CURRENT LIABILITIES		
Financial liabilities	3'348'412	3'941'970
Lease liabilities	34'073	36'754
Derivative liability financial instruments	15'440	20'765
Deferred tax liabilities	60'138	60'219
Pensions	5'763	5'736
Other non-current liabilities	27	26
TOTAL NON-CURRENT LIABILITIES	**3'463'853**	**4'065'470**
EQUITY		
Share capital	46'496	46'496
Capital reserves	298'019	298'019
Retained earnings	699'174	675'200
Other components of equity	2'735	–1'507
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF GRENKE AG	**1'046'424**	**1'018'208**
Additional equity components[1]	200'000	200'000
Non-controlling interests	–26'761	–25'105
TOTAL EQUITY	**1'219'663**	**1'193'103**
TOTAL EQUITY AND LIABILITIES	**6'838'718**	**7'331'781**

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

Consolidated statement of cash flows

EURk		Jan. 1, 2021 to Jun 30, 2021	Jan. 1, 2020 to Jun. 30, 2020
			adjusted[1]
	EARNINGS BEFORE TAXES	**42'410**	**40'712**
	NON-CASH ITEMS CONTAINED IN NET PROFIT FOR THE PERIOD AND RECONCILIATION TO CASH FLOW FROM OPERATING ACTIVITIES		
+	Amortization / depreciation	14'165	13'682
–/+	Profit / loss from the disposals of equipment and intangible assets	–2	–37
–/+	Investment income	5'397	3'534
–/+	Other non-cash effective income/expenses	6'894	199
+/–	Increase / decrease in other provisions	–7'817	–7'092
–	Additions of lease receivables	–787'117	–1'112'380
+	Payments by lessees	1'186'289	1'105'898
+	Disposals / reclassifications of lease receivables at residual carrying values	212'602	155'559
–	Interest income from lease receivables	–212'592	–230'455
+/–	Increase in other receivables from lessees	–45'356	19'876
+/–	Currency translation differences	–21'199	41'374
=	Change in lease receivables	332'627	–20'128
+	Additions of liabilities from the refinancing of lease receivables	204'193	889'872
–	Payment of annuities to refinancers	–616'680	–727'646
–	Disposal of liabilities from the refinancing of lease receivables	–172'218	–123'193
+	Interest expense from lease liabilities	24'028	27'368
+/–	Currency translation differences	13'016	–29'983
=	Change in liabilities from the refinancing of lease receivables	–547'661	36'418
+/–	Increase/decrease in liabilities from deposit business	–33'961	427'305
	CHANGES IN OTHER ASSETS/LIABILITIES		
–/+	Increase/decrease in other assets	54'102	120'727
–/+	Increase/decrease in lease assets from operating leases	–2'113	–2'082
+/–	Increase/decrease in deferred lease payments	48'492	59'196
+/–	Increase/decrease in other liabilities	20'773	4'118
=	**CASH FLOW FROM OPERATING ACTIVITIES**	**–66'694**	**676'552**
–/+	Taxes paid / received	–5'265	–3'290
–	Interest paid	–6'658	–4'710
+	Interest received	1'261	1'176
=	**NET CASH FLOW FROM OPERATING ACTIVITIES**	**–77'356**	**669'728**
–	Purchase of equipment and intangible assets	–3'633	–9'687
–	Payments for the acquisition of financial assets	–75	0
+	Proceeds from sale of equipment and intangible assets	358	394
=	**CASH FLOW FROM INVESTING ACTIVITIES**	**–3'350**	**–9'293**
+/–	Raising / repayment of bank liabilities	0	–2'193
–	Repayment of lease liabilities	–6'863	–6'204
–	Interest coupon payments on hybrid capital	–13'406	–10'664
=	**CASH FLOW FROM FINANCING ACTIVITIES**	**–20'269**	**–19'061**

Consolidated statement of cash flows (continued)

	CASH FUNDS		
	Cash on hand and balances with banks	944'733	445'978
–	Bank liabilities from overdrafts	–69	–73
=	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	**944'664**	**445'905**
+/–	Change due to currency translation	–947	1'498
=	**CASH FUNDS AFTER CURRENCY TRANSLATION**	**943'717**	**447'403**
	CASH FUNDS AT THE END OF PERIOD		
	Cash on hand and balances with banks	843'757	1'088'835
–	Bank liabilities from overdrafts	–1'015	–58
=	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**842'742**	**1'088'777**
	CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	–100'975	641'374
	Net cash flow from operating activities	–77'356	669'728
+	Cash flow from investing activities	–3'350	–9'293
+	Cash flow from financing activities	–20'269	–19'061
=	**TOTAL CASH FLOW**	**–100'975**	**641'374**

[1] Figures for 2020 have been adjusted as illustrated in chapter 5.

Consolidated statement of changes in equity

EURk	Share capital	Capital reserves	Retained earnings/ Consolidated net profit	Hedging reserve	Reserve for actuarial gains/ losses
EQUITY AS OF JAN. 1, 2021	**46'496**	**298'019**	**675'200**	**–1'692**	**–1'588**
Net profit			33'378		
Other comprehensive income				1'591	
TOTAL COMPREHENSIVE INCOME			**33'378**	**1'591**	
Interest coupon payment for hybrid capital (net)					
Interest coupon for hybrid capital (net)			–9'404		
EQUITY AS OF JUN. 30, 2021	**46'496**	**298'019**	**699'174**	**–101**	**–1'588**
EQUITY AS OF JAN. 1, 2020	**46'354**	**289'314**	**626'098**	**–2'193**	**–1'393**
Net profit [1]			37'991		
Other comprehensive income [1]				2'107	
TOTAL COMPREHENSIVE INCOME [1]			**37'991**	**2'107**	
Interest coupon payment for hybrid capital (net)					
Interest coupon for hybrid capital (net)			–7'428		
Change in scope of consolidation [1]					
EQUITY AS OF JUN. 30, 2020 [1]	**46'354**	**289'314**	**656'661**	**–86**	**–1'393**

[1] Figures for 2020 have been adjusted as illustrated in chapter 5.

Currency translation	Revaluation for equity instruments (IFRS 9)	Total equity attributable to shareholders of GRENKE AG	Additional equity components	Non-controlling interests	Total equity
–341	**2'114**	**1'018'208**	**200'000**	**–25'105**	**1'193'103**
		33'378		–1'127	32'251
2'726	–75	4'242		–529	3'713
2'726	**–75**	**37'620**		**–1'656**	**35'964**
			–9'404		–9'404
		–9'404	9'404		
2'385	**2'039**	**1'046'424**	**200'000**	**–26'761**	**1'219'663**
3'781	**2'355**	**964'316**	**200'000**	**–21'102**	**1'143'214**
		37'991		–4'820	33'171
–4'674		–2'567		948	–1'619
–4'674		**35'424**		**–3'872**	**31'552**
			–7'428		–7'428
		–7'428	7'428		
				252	252
–893	**2'355**	**992'312**	**200'000**	**–24'722**	**1'167'590**

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 at the local court of Mannheim, Section B, under HRB 201836. The subject matter of GRENKE AG's condensed interim consolidated financial statements ("interim consolidated financial statements") as of June 30, 2021, 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, 2020. The condensed interim consolidated financial statements and the interim group management report as of June 30, 2021 have neither been audited nor subject to an audit review as defined by Section 115 (5) of the German Securities Trading Act (WphG).

1.1 Covid-19 Pandemic

The global economy continued to be severely affected by the Covid-19 pandemic in the first half of 2021. This development also affected the interim financial statements of the GRENKE Group. GRENKE responded early on by already establishing working groups in the past year to deal with the potential effects of the pandemic on the business areas and to decide on the corresponding actions to take. One of these actions was the conclusion of deferral agreements with customers in the 2020 financial year. For more details on the actions taken as a result of the current effects of the pandemic, please refer to the information provided in the interim group management report.

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 paragraph below. Early application was waived for the amended standards and interpretations that will be mandatory in the 2022 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, 2020, that we refer to here. We have furthermore added supplemental information in the sections that follow.

2.1 Deferral Agreements

In the 2020 financial year, GRENKE entered into deferral agreements with its leasing customers, under which the customers had received support due to the Covid-19 pandemic and its consequences. As of December 31, 2020, the deferral period for the majority of contracts had already expired. The remaining outstanding deferred amounts due at the beginning of the year were largely repaid in the first half-year of 2021. This also applies to the deferral agreements in the lending business. For further information, please refer to the accounting policies described in the notes to the consolidated financial statements as of December 31, 2020.

2.2 Accounting Standards and Interpretations Already Published but not yet Implemented

Amendments to IFRS 4 "Insurance Contracts" Extension of the Temporary Exemption from the Application of IFRS 9

The IASB published an amendment to IFRS 4 on June 25, 2020, extending the existing option for the deferred initial application of IFRS 9 to the new effective date of IFRS 17.

Amendments to IAS 1 "Presentation of Financial Statements" on the classification of liabilities

In January 2020, IAS 1 "Classification of Liabilities as Current or Non-current" was published. The amendments to IAS 1 clarify that the classification of liabilities as current or non-current should be based on the entity's substantial rights at the reporting date. On July 15, 2020, the IASB deferred first-time adoption of the amendment by one year for financial years beginning on or after January 1, 2023.

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

Several limited IFRS amendments including the omnibus of annual improvements, 2018 – 2020 cycle, which makes amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and an example of IFRS 16 "Leases", were published by the IASB on May 14, 2020, with an effective date of January 1, 2022.

Amendments to 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. Adoption by the EU is still pending.

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 (previously, it was "significant" accounting policies). The amendments are applicable for the first time – subject to adoption into EU law – as of January 1, 2023.

Amendment 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. Adoption by the EU is still pending.

Amendment to IAS 12 "Income Taxes" on the recognition of 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 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.

3. First-Time Application of New Accounting Standards

In the 2021 financial year, the GRENKE Group took into account all new and revised standards and interpretations that were mandatory for the first time as of January 1, 2021 and have already been adopted into European law (endorsement), insofar that these standards and interpretations were relevant for the GRENKE Group.

None of the following revised or amended standards had a material impact on the accounting or reporting of the consolidated financial statements of GRENKE AG.

Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases” – Interest Rate Benchmark Reform – Phase 2

The IASB amendments to IFRS 9, IAS 39 and IFRS 7 published on September 26, 2019, concluded the first phase of the project entitled “IBOR Reform and its Effects on Financial Reporting”. The amendments address accounting issues in the run-up to the transition to alternative benchmark interest rates and are aimed at continuing existing hedge accounting relationships. The amendments relate specifically to certain simplifications in connection with the rules on hedge accounting.

// In assessing the probability that a planned transaction will occur, it must be assumed that the reform will not change the interest rate reference parameter underlying the hedged cash flows.

// In assessing whether a hedging relationship is effective, an unchanged benchmark interest rate is also to be assumed.

// If a non-contractual benchmark component is hedged, the determination of the separately identifiable risk component required at the inception of the hedge is sufficient.

An exception to the retrospective assessment under IAS 39 was also introduced and applies only to the hedging relationships that are directly affected (underlying transaction or hedging instrument). It allows hedge accounting to be continued even if the hedging relationship is no longer effective. A further simplification is provided with regard to the criterion of separate identifiability in macro hedging: If a hedged underlying transaction within a macro hedge was designated as such, this assessment does not need to be renewed at a later date. Furthermore, the effects of the changes on the hedging relationships must be explained in the notes.

With the replacement of the IBOR reference rates and the EONIA by other reference rates called Risk-Free Rates (RFR), the phase 2 of the project on the possible impact of the reform of the Interbank Offered Rate (“IBOR”) on financial reporting has been launched. The amendments serve to implement specific issues when the reference rate has been replaced by an RFR reference rate. According to the original regulations on hedge accounting, the pending changes to the reference interest rates would have resulted in the termination of hedging relationships in many cases. With the amendments to IFRS 9 and IAS 39, continuation is achieved despite existing uncertainties regarding reference interest rates, as, for example, the “highly probable criterion” is always considered to be met. The amendments have no impact on the consolidated financial statements of GRENKE AG as no hedging relationships influenced by reference interest rates are designated in hedge accounting.

Amendments to IFRS 16 “Leases” in connection with corona-related lease concessions

On May 28, 2020, the IASB amended IFRS 16 “Leases” (“Covid-19 Pandemic-Related Lease Concessions”). The amendment relates to the accounting effects of concessions granted in the Covid-19 pandemic. The objective of the amendment is to provide lessees with relief from applying the contract modification requirements of IFRS 16. The practical expedients explicitly do not apply to lessors, as the IASB considers the complexity of the amendments and the procedural possibilities of implementation to be less critical for lessors. The amendment is effective for annual reporting periods beginning on or after June 1, 2020. The standard amendment was endorsed by the EU on October 9, 2020. The IASB issued “Coronavirus Pandemic-Related Lease Concessions after June 30, 2021 (Amendment to IFRS 16)” on March 31, 2021, extending the effective date of the May 2020 amendment to the standard by one year. The amendment has no material impact on GRENKE AG’s consolidated financial statements, as GRENKE specifically acts as a lessor, to whom the amendment does not apply.

4. Use of Assumptions and Estimates

In preparing the interim consolidated financial statements, assumptions and estimates have been made that have had an effect on the recognition and carrying 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

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

// Assumptions in the context of impairment tests for the measurement of existing goodwill

// Recognition of lease assets for sale at estimated residual values

// Fair value of financial instruments

// Recognition and measurement of deferred taxes on tax-loss carryforwards

// Recognition and measurement of actual tax assets and tax liabilities

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 sub models, is validated at least once a year or based on the occasion and updated if necessary.

Non-guaranteed (calculated) residual values are taken into account when determining the present value of the lease receivables in accordance with IFRS 16. The calculated residual values at the end of the lease term depend on the maturity group of the respective lease and include the expected follow-up business and the expected sales proceeds at the end of the term based on past experience. For additions since January 1, 2021, the calculated residual values amount to between 5.5 percent and 15.5 percent of the acquisition cost.

The calculated residual values are determined on the basis of statistical analyses using the best possible estimate. In the event of a decline in the revenue actually achievable in the follow-up business (consisting of disposal and post-leasing), impairment of the lease receivables is taken into account, whereas an increase is not taken into account.

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 due to the Covid-19 pandemic. If significant assumptions differ from actual figures, impairments may have to be made in the future in profit and loss.

The measurement of lease assets for sale is based on the average sales proceeds per age group realised in the past financial year in relation to the original cost. Lease assets for sale are measured at historical residual values, taking their actual saleability into account. If a sale is considered unlikely due to the condition of the asset, the asset is impaired in profit and loss.

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.

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.

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 in the notes to the consolidated financial statements as of December 31, 2020.

5. Adjustments

The retrospective amendments which were applied to the consolidated financial statements as of December 31, 2020 led to a corresponding change in the consolidated income statement as of June 30, 2020. Net interest income increased by EUR 6,846k and the settlement of claims and risk provision rose by EUR 10,097k. In the same context, gains(+)/losses(–) from disposals decreased by EUR 833k. Overall, there was a reduction in earnings before taxes of EUR 5,859k and net profit (after taxes) of EUR 4,799k. For further information, please refer to section "2.3 Adjustments in Accordance with IAS 8" in the consolidated financial statements as of December 31, 2020 contained in the notes to the consolidated financial statements.

6. Lease Receivables

EURk	Jun. 30, 2021	Dec. 31, 2020
CHANGES IN LEASE RECEIVABLES FROM CURRENT CONTRACTS		
RECEIVABLES AT BEGINNING OF PERIOD	**5'614'509**	**5'725'472**
+ Change during the period	–377'983	–110'963
LEASE RECEIVABLES (CURRENT + NON-CURRENT) FROM CURRENT CONTRACTS AT END OF PERIOD	**5'236'526**	**5'614'509**
CHANGES IN LEASE RECEIVABLES FROM TERMINATED CONTRACTS / CONTRACTS IN ARREARS		
GROSS RECEIVABLES AT BEGINNING OF PERIOD	**525'869**	**434'939**
+ Additions to gross receivables during the period	118'539	148'498
– Disposals of gross receivables during the period	29'319	57'568
GROSS RECEIVABLES AT END OF PERIOD	**615'089**	**525'869**
TOTAL GROSS RECEIVABLES (CURRENT AND TERMINATED)	**5'851'615**	**6'140'378**
IMPAIRMENT AT BEGINNING OF PERIOD	**504'086**	**384'762**
+ Additions of accumulated impairment during the period	43'864	119'324
IMPAIRMENT AT END OF PERIOD	**547'950**	**504'086**
Lease receivables (carrying amount, current and non-current) at beginning of period	5'636'292	5'775'649
LEASE RECEIVABLES (CARRYING AMOUNT, CURRENT AND NON-CURRENT) AT END OF PERIOD	**5'303'665**	**5'636'292**

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

		Jun. 30, 2021			Jun. 30, 2020
EURk	Level 1	Level 2	Level 3	Total	Total
GROSS LEASE RECEIVABLES					
Germany				0	1'248'394
France				0	1'353'550
Italy				0	1'415'191
Other countries				0	2'078'008
TOTAL GROSS LEASE RECEIVABLES	0	0	0	0	**6'095'143**
Impairment				0	437'950
CARRYING AMOUNT	0	0	0	0	**5'657'193**

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

		Jun. 30, 2021			Jun. 30, 2020
EURk	Level 1	Level 2	Level 3	Total	Total
IMPAIRMENT AT START OF PERIOD	**65'728**	**53'835**	**384'523**	**504'086**	**384'762**
Newly extended or acquired financial assets*	8'439	2'562	2'697	13'698	49'311
Reclassifications					
to Level 1	4'811	–2'862	–1'949	0	0
to Level 2	–1'664	13'064	–11'400	0	0
to Level 3	–2'318	–13'534	15'852	0	0
Change in risk provision due to change in level	–3'807	–3'532	55'812	48'473	86'094
Mutual contract dissolution or payment for financial assets (without derecognition)	–14'423	–9'352	–13'055	–36'830	–57'048
Change in contractual cash flows due to modification (no derecognition)	–18'259	–9'770	11'101	–16'928	41'506
Change in category in processing losses			32'902	32'902	17'936
Change in models/risk parameters used in ECL calculation	0	0	13'441	13'441	17'739
Derecognition of financial assets	–7	–89	–25'061	–25'157	–40'731
Currency translation and other differences	226	159	1'669	2'054	–5'605
Accrued interest	4'027	3'552	4'632	12'211	10'122
IMPAIRMENT AT END OF PERIOD	**42'753**	**34'033**	**471'164**	**547'950**	**504'086**
thereof impairment on non-performing lease receivables	0	0	413'071	413'071	323'043
thereof impairment on performing lease receivables	42'753	34'033	58'093	134'879	181'043

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

7. Financial Liabilities

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

EURk	Dec. 31, 2020	Dec. 31, 2019
CURRENT FINANCIAL LIABILITIES		
Asset-based	359'139	377'174
Senior unsecured	587'565	565'099
Committed development loans	90'309	106'442
Liabilities from deposit business	842'994	819'356
thereof current account liabilities	2'200	4'200
Other bank liabilities	1'015	69
thereof current account liabilities	1'015	69
TOTAL CURRENT FINANCIAL LIABILITIES	**1'881'022**	**1'868'140**
NON-CURRENT FINANCIAL LIABILITIES		
Asset-based	429'798	429'334
Senior unsecured	2'152'253	2'648'647
Committed development loans	102'007	142'036
Liabilities from deposit business	664'354	721'953
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**3'348'412**	**3'941'970**
TOTAL FINANCIAL LIABILITIES	**5'229'434**	**5'810'110**

7.1 Asset-Based Financial Liabilities

7.1.1 Structured Entities

The following consolidated structured entities were in place as of the reporting date: Opusalpha Purchaser II Limited (Helaba), Kebnekaise Funding Limited (SEB AB), CORAL Purchasing (Ireland) 2 DAC (DZ Bank), FCT "GK"-COMPARTMENT "G 2" (UniCredit), FCT "GK"-COMPARTMENT "G 3" (HSBC) and FCT "GK"-COMPARTMENT "G 4" (Helaba). All structured entities have been set up as asset-backed commercial paper (ABCP) programmes..

EURk	Dec. 31, 2020	Dec. 31, 2019
Programme volume in local currency		
EURK	947'802	947'802
GBPk	150'000	150'000
Programme volume in EURk	1'122'617	1'114'648
Utilisation in EURk	767'339	804'519
Carrying amount in EURk	674'878	709'626
thereof current	298'435	321'680
thereof non-current	376'443	387'946

7.1.2 Sales of Receivables Agreements

EURk	Dec. 31, 2020	Dec. 31, 2019
Programme volume in local currency		
EURk	16'500	20'000
GBPk	100'000	100'000
BRLk	165'000	185'000
Programme volume in EURk	160'986	160'257
Utilisation in EURk	113'837	96'295
Carrying amount in EURk	113'837	96'295
thereof current	60'517	54'963
thereof non-current	53'320	41'332

7.1.3 Residual Loans

The 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	Dec. 31, 2020	Dec. 31, 2019
Carrying amount	222	587
thereof current	187	531
thereof non-current	35	56

7.2 Senior Unsecured Financial Liabilities

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

EURk	Dec. 31, 2020	Dec. 31, 2019
Bonds	2'428'430	2'662'498
thereof current	413'988	338'819
thereof non-current	2'014'442	2'323'679
Promissory notes	194'903	394'844
thereof current	98'501	119'046
thereof non-current	96'402	275'798
Revolving credit facility	79'349	101'235
thereof current	37'940	52'065
thereof non-current	41'409	49'170
Money market trading	0	16'063
Overdrafts	14'457	13'438
Accrued interest	22'679	25'668

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

EURk	Dec. 31, 2020	Dec. 31, 2019
Bonds EURk	5'000'000	5'000'000
Commercial paper EURk	750'000	750'000
Syndizierte revolvierende Kreditfazilität	250'000	0
Revolving credit facility EURk	30'000	300'000
Revolving credit facility PLNk	100'000	100'000
Revolving credit facility CHFk	0	20'000
Revolving Credit Facility TCLP	20'250'000	20'250'000
Revolving credit facility THRk	125'000	125'000
Money market trading EURk	35'000	35'000

7.2.1 Bonds

No bonds have been issued this financial year to-date. Scheduled repayments of EUR 235,000k have been made.

7.2.2 Promissory Notes

One new promissory note was issued this financial year to-date with a volume of BRL 10,000k. Scheduled repayments amounted to EUR 45,000k, DKK 33,000k and SEK 33,000k. Early repayments amounted to EUR 148,000k.

7.2.3 Syndicated Revolving Credit Facility

GRENKE signed a new syndicated revolving loan facility with a total volume of EUR 250,000k in the 2021 financial year. Of this amount, EUR 75,000k can be drawn in GBP and CHF. The banks involved are Deutsche Bank AG, DZ BANK AG, HSBC Trinkaus & Burkhardt AG, Landesbank Hessen-Thüringen, Le Crédit Lyonnais, Norddeutsche Landesbank and SEB AB Frankfurt Branch.

7.3 Committed Development Loans

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

EURk	Dec. 31, 2020	Dec. 31, 2019
Europäische Investitionsbank	9'811	9'775
NRW Bank	41'732	55'896
Thüringer Aufbaubank	2'674	3'552
Investitionsbank Berlin	862	1'467
KfW	136'111	176'443
Landeskreditbank Baden-Württemberg	1'100	1'345
Accrued interest	26	0
TOTAL DEVELOPMENT LOANS	**192'316**	**248'478**

8. Equity

GRENKE AG's share capital remained unchanged compared to December 31, 2020 and continues to be divided into 46,495,573 registered shares.

The Board of Directors has proposed to the Annual General Meeting held in July 2021 that a dividend of EUR 0.26 per share be distributed for the 2020 financial year. This distribution was not recognised as a liability as of June 30, 2021.

9. Disclosures on Financial Instruments

9.1 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.

9.2 Fair Value of Financial Instruments

9.2.1 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. Their carrying amount and fair value of the exchange-listed bonds as of the reporting date was EUR 2,428,431k (previous year as of December 31, 2020: EUR 2,662,498k) and EUR 2,334,222k (previous year as of December 31, 2020: EUR 2,498,603k), 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 FVOCIoR category and measured at fair value. Financial liabilities are also measured at (amortised) cost.

EURk	Fair value Jun. 30, 2021	Carrying amount Jun. 30, 2021	Fair value Dec. 31, 2020	Carrying amount Dec. 31, 2020
FINANCIAL ASSETS				
Lease receivables	5'906'798	5'303'665	6'341'277	5'636'292
Other financial assets	266'966	267'189	288'512	277'260
thereof factoring receivables	56'454	56'454	53'582	53'582
thereof receivables from the lending business	154'134	154'357	163'010	151'758
thereof other financial assets	56'378	56'378	71'920	71'920
FINANCIAL LIABILITIES				
Financial liabilities	5'149'042	5'229'434	5'672'117	5'810'110
thereof refinancing liabilities	3'610'709	3'721'071	4'095'744	4'268'732
thereof liabilities from the deposit business	1'537'318	1'507'348	1'576'304	1'541'309
thereof bank liabilities	1'015	1'015	69	69

9.2.2 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. Forward exchange contracts are accounted for without hedging relationship. All derivative financial instruments are assigned to Level 2 of the valuation hierarchy.

EURk	Fair value Jun. 30, 2021	Carrying amount Jun. 30, 2021	Fair value Dec. 31, 2020	Carrying amount Dec. 31, 2020
FINANCIAL ASSETS				
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP				
Interest rate derivatives	0	0	0	0
Cross-currency swaps	1'576	1'576	1'764	1'764
Forward exchange derivatives	1'116	1'116	2'069	2'069
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP				
Interest rate derivatives	76	76	351	351
Forward exchange derivatives	2'743	2'743	3'332	3'332
TOTAL	5'511	5'511	7'516	7'516
FINANCIAL LIABILITIES				
DERIVATIVE FINANCIAL INSTRUMENTS WITH HEDGING RELATIONSHIP				
Interest rate derivatives	0	0	0	0
Cross-currency swaps	11'634	11'634	13'623	13'623
Forward exchange derivatives	7'055	7'055	8'458	8'458
DERIVATIVE FINANCIAL INSTRUMENTS WITHOUT HEDGING RELATIONSHIP				
Interest rate derivatives	797	797	1'356	1'356
Forward exchange derivatives	2'501	2'501	1'862	1'862
TOTAL	21'987	21'987	25'299	25'299

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 of forward exchange contracts and interest rate derivatives 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 in the valuation models 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".

The predominant portion of cash flows of these hedges is expected to impact the net profit over the next one to two years.

9.3 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:

Type and level	Measurement method	Input factors
FAIR VALUE HIERARCHY LEVEL 1		
Exchange-listed bonds	n/a	Quoted market price as of the reporting date
FAIR VALUE HIERARCHY LEVEL 2		
Other financial assets	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the counterparty's credit risk
Financial liabilities (liabilities from the refinancing of the leasing business, promissory notes and bank liabilities)	Present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the own credit risk (Debt Value Adjustment [DVA])
Forward exchange contracts / Cross currency swaps	Mark-to-market Present value of estimated future cash flows	Available interest rates at the end of the term in the traded currencies using 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)

10. Revenue from Contracts with Customers

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

EURk	Segment	2021	2020
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)			
Gross revenue from service and protection business (service business)	Leasing	61'532	61'269
Service fee for making lease assets available for use	Leasing	1'850	2'606
Revenue from reminder fees	Leasing	750	842
Revenue from reminder fees	Factoring	7	10
Other revenue from lessees	Leasing	551	561
Disposal of lease assets	Leasing	88'837	75'125
Commission income from banking business	Bank	236	149
TOTAL		**153'763**	**140'562**

[1] Prior-year figures have been adjusted as explained in chapter 5.

11. Income and Other Revenue

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

TEUR	2021	2020
REVENUE FROM CONTRACTS WITH CUSTOMERS (IFRS 15)	**153'763**	**140'562**
OTHER REVENUE (IFRS 9, IFRS 16)		
Interest and similar income from financing business	219'394	237'061
Revenue from operating leases	10'559	9'999
Portions of revenue from lease down payments	3'754	5'770
TOTAL	**387'470**	**393'392**

[1] Prior-year figures have been adjusted as explained in chapter 5.

12. Income Taxes

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

EURk	2021	2020
Current taxes	9'514	9'363
Corporate and trade taxes (Germany)	60	1'237
Foreign income taxes	9'454	8'126
Deferred taxes	645	–1'822
Germany	3'029	2'847
International	–2'384	–4'669
TOTAL	**10'159**	**7'541**

[1] Prior-year figures have been adjusted as explained in chapter 5.

13. Group Segment Reporting

EURk	Leasing Segment		Bank Segment	
	2021	2020	2021	2020
OPERATING INCOME				
External operating income	180'104	163'711	–5'861	–4'234
Internal operating income	–30'134	–25'041	30'671	25'480
TOTAL OPERATING INCOME	**149'970**	**138'670**	**24'810**	**21'246**
thereof non-cash items	80'085	115'916	2'936	4'366
NON-INTEREST EXPENSES				
Staff costs	59'957	55'942	2'452	2'189
Depreciation / amortisation and impairment	13'713	13'303	444	412
Selling and administrative expenses	42'236	32'707	5'136	2'476
SEGMENT RESULT	**42'174**	**37'166**	**7'382**	**11'380**
Result from companies accounted for using the equity method	–140	–81	–259	–137
Other financial result				
EARNINGS BEFORE TAXES ACCORDING TO CONSOLIDATED INCOME STATEMENT	**42'034**	**37'085**	**7'123**	**11'243**
As of December 31				
SEGMENT ASSETS	**6'228'615**	**6'732'015**	**2'152'624**	**2'252'866**
thereof investments accounted for using the equity method	182	322	3'942	4'201
SEGMENT LIABILITIES	**5'213'032**	**5'735'910**	**1'864'503**	**1'968'804**

[1] Prior-year figures have been adjusted as explained in chapter 5.

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.

13.2 Reportable Segments

13.2.1 Leasing

The Leasing segment comprises 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.

Factoring Segment		Consolidation & Other		Consolidated Group	
2021	2020	2021	2020	2021	2020
3'430	2'805	0	0	177'673	162'282
–537	–439	0	0	0	0
2'893	**2'366**	**0**	**0**	**177'673**	**162'282**
–1'082	70	0	0	81'939	120'352
2'813	2'912	–211	–280	65'011	60'763
476	567	–468	–600	14'165	13'682
985	1'921	–1'099	–1'143	47'258	35'961
–1'625	**–2'936**	**–56**	**167**	**47'875**	**45'777**
0	0	0	0	–399	–218
		–5'066	–4'847	–5'066	–4'847
–1'625	**–2'936**	**–5'122**	**–4'680**	**42'410**	**40'712**
77'043	**77'248**	**–1'666'248**	**–1'775'672**	**6'792'034**	**7'286'457**
0	0	0	0	4'124	4'523
77'039	**75'135**	**–1'605'031**	**–1'708'050**	**5'549'543**	**6'071'799**

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 in particular 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. The other measures include, in particular, 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 2021 Financial Year

There were no changes to the scope of consolidation in the first half of 2021.

15. Payments to Hybrid Capital Holders

On March 31, 2021, GRENKE AG made the coupon payment of EUR 13,406k to hybrid capital holders as scheduled (previous year: EUR 10,664k).

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 (previous year as of June 30, 2020: EUR 653k).

As of June 30, 2021, the value of all existing phantom stock agreements amounted EUR 0k (June 30, 2020: EUR 70k). This amount is recognised under staff costs in the income statement and is included under variable remuneration components.

The Board of Directors was expanded with the appointment of Isabel Rösler as Chief Risk Officer (CRO) with effect from January 1, 2021. Mark Kindermann and Antje Leminsky retired from the Board of Directors with effect from February 8, 2021 and June 30, 2021, respectively.

The Supervisory Board appointed Michael Bücker as new Chair of the Board of Directors with effect from August 1, 2021.

Transactions with Associated Companies and Subsidiaries

Liabilities to associated companies resulted from GRENKE Bank's deposit business and balances on current accounts. GRENKE Bank received deposits and balances on current accounts of EUR 707k (previous year as of December 31, 2020: EUR 574k) from associated companies as of the June 30, 2021 reporting date. Loan receivables amounted to EUR 1,300k (previous year as of December 31, 2020: EUR 600k). Interest expenses of EUR 0k (previous year as of June 30, 2020: EUR 0k) and interest income of EUR 22k (previous year as of June 30, 2020: EUR 5k) arose. There were no reportable transactions with subsidiaries in the 2021 or 2020 financial year.

Transactions with Persons in Key Positions

In the course of its ordinary business activities, GRENKE BANK AG provides services to related parties in key positions and their close family members. As of the reporting date, GRENKE Bank received deposits and balances on current accounts of EUR 17,327k (previous year as of December 31, 2020: EUR 10,726k) from persons in key positions and their close family members. The related interest expense amounted to EUR 10k (previous year as of June 30, 2020: EUR 10k). Credit card accounts not yet settled showed a balance of EUR 4k (previous year as of December 31, 2020: EUR 13k) with a credit card limit of EUR 291k (previous year as of December 31, 2020: EUR 316k) to related persons in key positions as of the reporting date. No further loans were extended to this group of persons during the reporting period.

Income of EUR 4k (previous year as of June 30, 2020: EUR 8k) arose with persons in key positions, among others from the on-charging of data line costs and the sale of goods. As of the reporting date, there are receivables of EUR 1k (previous year as of December 31, 2020: EUR 1k) from these transactions. The GRENKE Group incurred expenses of EUR 0k (previous year as of June 30, 2020: EUR 0k) from transactions with persons in key positions.

Transactions with Other Related Parties

Liabilities to other related parties result from GRENKE Bank AG's deposit business and balances on current accounts. GRENKE Bank AG received deposits and balances on current accounts of EUR 3,481k (previous year as of December 31, 2020: EUR 2,888k) from other related parties as of the reporting date of June 30, 2021. Credit lines for current accounts were utilised in the amount of EUR 786k (previous year as of December 31, 2020: EUR 807k), while credit line limits amounted to EUR 840k (previous year as of December 31, 2020: EUR 840k). Interest expenses of EUR 17k (previous year as of June 30, 2020: EUR 112k) and interest income of EUR 11k (previous year as of June 30, 2020: EUR 17k) arose. Income from other related parties in the amount of EUR 57k (previous year as of June 30, 2020: EUR 91k) mainly results from rental income and the charging on of leased line costs, licence costs and other costs. In addition, the GRENKE Group incurred expenses with related parties in the amount of EUR 557k (previous year as of June 30, 2020: EUR 785k). These are mainly interest expenses from loans. The corresponding liabilities mainly relate to loans and amounted to EUR 6,535k as of the reporting date of June 30, 2021 (previous year as of December 31, 2020: EUR 5,128k). Receivables from other related persons and companies mainly include collateral payments to other related companies and persons and amounted to EUR 10,600k as of the reporting date of June 30, 2021 (previous year as of December 31, 2020: EUR 10,664k).

17. Contingent Liabilities

There were no material changes to contingent liabilities in the first half of 2021 compared to the level as of December 31, 2020.

18. Employees

In the interim reporting period, the GRENKE Group's head-count (excluding the Board of Directors) averaged 1,861 employees (June 30, 2020: 1,884). A further 68 employees (June 30, 2020: 77) are in training.

19. Subsequent Events

At GRENKE BANK AG, Sven Noppes will leave the Board of Directors on December 31, 2021. He will be succeeded by Dr Oliver Recklies as of November 2021.

The following changes resulted from the Annual General Meeting on July 29, 2021:

Wolfgang Grenke, Claudia Karolina Krcmar and Florian Schulte left the Supervisory Board. The Annual General Meeting elected Norbert Freisleben, Nils Kröber and Dr Konstantin Nikolaus Maria Mettenheimer to the Supervisory Board by way of special election.

The shareholders of GRENKE AG resolved to distribute a dividend of EUR 0.26 per share.

RESPONSIBILITY STATEMENT

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

Baden-Baden, August 3, 2021

Michael Bücker
Chief Executive Officer (CEO)

Gilles Christ
Member of the Board of Directors

Dr Sebastian Hirsch
Chief Financial Officer (CFO)

Isabel Rösler
Chief Risk Officer (CRO)

CALENDER OF EVENTS

October 05, 2021 // New business figures Q3 2021

November 10, 2021 // Quarterly statement for the 3rd quarter and the first nine months of 2021

IMPRINT

Information and Contact

GRENKE AG
Team Investor Relations

Neuer Markt 2
76532 Baden-Baden

Phone: +49 7221 5007-204
Fax: +49 7221 5007-4218
E-Mail: investor@grenke.de

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Disclaimer

Figures in this financial report 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.

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GRENKE AG
Stammhaus
Neuer Markt 2
76532 Baden-Baden

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

WWW.GRENKE.DE