

Grenke Finance Plc

Consolidated Half Year Statement for the Six Months
Ended 30 June 2022

Consolidated half year statement for the six months ended 30 June 2022

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DIRECTORS' REPORT

Consolidated half year statement for the six months ended 30 June 2022

The Directors present their directors' report for the six months ended 30 June 2022.

GRENKE Finance PLC was incorporated in the Republic of Ireland on 22 September 2003. The GRENKE Finance PLC Group is defined as GRENKE Finance PLC ("Company") an Irish registered company and four French *fonds commun de titrisation* FCT "GK"-Compartment "G2" (FCT GK2), FCT GK3, FCT "GK4"-Compartment "G4" (FCT GK4), FCT "GK5"-Compartment "G5" (FCT GK5) and an Irish limited liability company Elektra Purchase No. 25 Designated Activity Company, (together the "Group").

GRENKE Finance PLC is a wholly owned subsidiary of GRENKE AG which is the ultimate parent.

PRINCIPAL BUSINESS ACTIVITIES

GRENKE AG is a financial services group with its headquarters in Baden Baden, Germany. It is a public company with a listing on the Frankfurt Stock Exchange. The GRENKE AG Group acts as a global financing partner for small and medium sized enterprises. The GRENKE AG Group operates in 33 countries located in Europe, North and South America, Asia and Australia. Further information about the Grenke AG Group can be accessed at www.grenke.de.

The Group and Company carries on its own leasing activities through commission agents, who are GRENKE AG Group companies in various European countries. This business is known as the leasing business.

The Group and Company provides finance to the GRENKE AG Group, GRENKE AG Group Companies and to franchisees of the GRENKE AG Group to enable those companies to carry on leasing and factoring activities. This business is known as the treasury business.

The Group and Company finances these activities through issuing Bonds on the Luxembourg Stock Exchange, issuing Promissory notes, issuing Commercial paper, obtaining bank loans, selling selected French lease receivables to three asset backed commercial paper programmes and selling selected lease receivables to GRENKE Bank AG.

BUSINESS REVIEW

The profit for the six months ended 30 June 2022, after taxation, is €22,295,789 (2021: €8,875,453).

The Company's key financial and other performance indicators during the half year were as follows:

DIRECTORS' REPORT

Consolidated half year statement for the six months ended 30 June 2022

BUSINESS REVIEW (Continued)

	2022	2021	Change
	€ 000	€ 000	%
Lease income	56,302	55,344	2%
Expected credit loss allowance on finance lease receivables	13,873	19,762	-30%
Income from protecting lease equipment	21,047	20,277	4%
Interest income and similar income	23,544	24,304	-3%
Interest expense and other charges	33,575	34,167	-2%
Profit before tax	25,504	10,142	151%
Decrease/(increase) in amounts due from Grenke AG Group undertakings and franchisees	11,933	(342,228)	-103%
Acquisition of new lease equipment	401,644	281,313	43%
Expected credit loss charge to the statement of profit and loss on non performing finance lease receivables as a % of the average NPV of performing finance lease receivables	1.85%	2.90%	-36%
Expected credit loss allowance at period end on performing finance lease receivables as a % of NPV of performing finance lease receivables at period end	1.87%	2.42%	-23%
Interest and other charges on debt securities in issue as a % of the average of debt securities in issue	1.58%	1.41%	12%

Lease income is up 2% to €56m from €55m. The increase in lease income was due to secondary lease income increasing by €7.6m to €28m due to an increase of €6.7m (40%) in French secondary leasing income and €512k (73%) in Finnish secondary leasing income. The increase in secondary lease income was partially offset by commissions payable to agents and dealers net of capitalised initial direct costs increasing by €5m to €21m due to the growth in new business and secondary lease income.

New lease equipment acquired increased by 43% to €402m which should result in increased lease interest income in future periods.

Expected credit loss allowance charges on finance lease receivables have reduced by €5.9m to €13.9m due to the European economies not being effected to the same extent by COVID 19 in the first half of 2022 in comparison to the first half of 2021.

Interest income was down €760k to €23.5m in the first half of 2022. The average amount outstanding from Grenke AG Group undertakings and franchises fell by €371m to €1.8bn which reduced interest income by approximately €4.1m, however increased interest rates on the loans to Grenke AG Group undertakings and franchises generated additional interest income in the first half of 2022 of approximately €3.4m.

The expected credit loss allowance charge on amounts due from Grenke AG Group undertakings and franchises fell by €11m to €9m. The expected credit loss allowance charge on amounts due

DIRECTORS' REPORT

Consolidated half year statement for the six months ended 30 June 2022

BUSINESS REVIEW (Continued)

from Grenke AG Group Undertakings is calculated by applying the Grenke AG 1 Year risk of default per Bloomberg to amounts due from Grenke AG Group Undertaking and Franchises at the period end. The Grenke AG 1 Year risk of default per Bloomberg increased to 0.832% at 30 June 2022 from 0.277% at 31 December 2021 whereas in the first half of 2021 the Grenke AG 1 Year risk of default per Bloomberg increased to 2.59% at 30 June 2021 from 1.31% at 31 December 2020. The increase in the Grenke AG 1 Year risk of default increased by 0.55% in the first half of 2022 versus 1.28% in the first half of 2021 resulting in a reduction of €11m in the extra credit allowance charge in 2022 of €9m.

Interest expense and similar charges reduced by €591k to €33.6m. Average borrowing in the first half of 2022 fell by €391m to €3.6bn which reduced the interest expense and charges by approximately €3.3m. The average cost of borrowing in the first half of 2022 increased by 0.15% to 1.85% which led to increased interest expense and charges of approximately €2.7m.

Lease receivables at 30 June 2022 were €1.85bn which is an increase of €42m since 31 December 2021. The amounts due from Grenke AG Group undertakings and franchisees were €1.76bn which is a reduction of €21m since 31 December 2021.

Operating activities generated €8m cash in the first half of 2022. In the first half of 2021 operating activities generated €520m. In the first half of 2021 the business contracted due to the effect of COVID 19 which resulted in higher levels of cash being generated due to lease repayments exceeding expenditure on new leases and loans to group undertakings being repaid due to a lower level of finance being required to finance those group undertakings lease activity. In the first half of 2022 the business has ceased to contract.

The cash generated of €520m in the first half of 2021 was utilised to pay down debt. Debt has been reduced by €72m from €3.67bn at 31 December 2021 to €3.60bn at 30 June 2022.

The Company issued a €150m bond on the 14 April 2022 with a coupon of 4.125% repayable on the 14 October 2024. The Company repaid three bonds with a total value of €310m on time in the first half of 2022. The Company also repaid two promissory notes with a total value of €20m in the first half of 2022 on time.

The Company re started its Commercial Paper programme in the first half of 2022 and there was one Commercial Paper of €10m in issue at 30 June 2022 which was repayable on 22 July 2022.

The Company set up a new asset backed commercial paper programme, FCT GK 5, in the first half of 2022 which is sponsored by DZ bank which allows the Company to refinance French lease receivables up to a volume of €150m in respect of which the Company has to provide credit enhancement loans equivalent to 15% of the lease receivables refinanced.

PRINCIPAL RISKS AND UNCERTAINTIES

The Russian war against Ukraine has changed the risk situation presented in the Annual Report 2021 (published on 16 March 2022). In particular, the risk of an economic downturn has

DIRECTORS' REPORT

Consolidated half year statement for the six months ended 30 June 2022

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

increased. In addition, a lasting military conflict or sanctions and delivery stops of certain raw materials and intermediate products could lead to a further intensification of the existing supply bottlenecks. A disruption of the supply of natural gas and crude oil would particularly burden production in the manufacturing industry, but it would also affect the disposable income of private households. In addition, inflation could continue, which could also have a corresponding negative impact on private consumption. Volatility on the capital markets could increase, so that the availability of liquid funds could be limited in the short term. However, the Board of Directors believe that the Company's good liquidity position means that it will not be dependent on borrowing on the capital markets in the short term. Moreover, the Company does not carry on any business in Russia or Ukraine and is not financially involved there.

Beyond the risks described above no significant change to risks or uncertainties have occurred in the reporting period in comparison to those described in the 2021 annual report published on 16 March 2022.

FUTURE DEVELOPMENTS

In July 2022, the International Monetary Fund (IMF) again lowered its growth forecast for the global economy in the current year to only 3.2 per cent (April forecast: 3.6 per cent) and for the Eurozone to 2.6 per cent (April forecast: 2.8 per cent). In April, the IMF had already reduced its growth expectations for the global economy by 0.8 percentage points and for the Eurozone by 1.1 percentage points. The IMF justified the renewed lowering of expectations primarily due to inflation. In particular, the war in Ukraine and its consequences on energy and commodity prices have, in the IMF's view, once again exacerbated the problems due to bottlenecks in global supply chains. Due to its dependence on Russian energy imports, Europe is particularly affected by this, according to the IMF. In addition, there is a weakening of the economy in China as a result of the country's strict zero-covid strategy and new lockdowns. Accordingly, the IMF has become more pessimistic about France, which is the Company's primary leasing market, and reduced its expectations for Growth in France to 2.3 per cent (April forecast: 2.9 per cent). For Italy, which is where the Company provides its largest loan go a Grenke AG Group undertaking , the IMF raised its forecast to 3.0 per cent (April forecast: 2.3 per cent) due to the recovery in tourism.

The Directors believe the Company will continue play an important part in financing the Group's leasing activity. Commentary on the outlook for the Grenke AG Group is included in the Financial Report of the Grenke AG Group for the first half of 2022, which is publicly available on www.grenke.de.

The Group's performance will follow the same trend as that of the Grenke AG Group as a whole.

Due to the political situation and economic conditions described above, the forecasts for fiscal year 2022 are characterised by considerable uncertainty. However, due to the proven resilience of the business model and the positive development of the operating business, the Grenke AG Board of Directors continues to believe that the Grenke AG Consolidated Group is well on track to achieve its full-year targets. Therefore, the Grenke AG Board of Directors confirms the forecast for business development in 2022 published in the Grenke AG Annual Report 2021.

DIRECTORS' REPORT

Consolidated half year statement for the six months ended 30 June 2022

RESPONSIBILITY STATEMENT

We hereby confirm to the best of our knowledge, and in accordance with the accounting standards to be used for interim reporting, that the interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group.

Furthermore, the interim Directors report conveys a fair review of the development of the business, including the results and the position of the Group, together with a description of the important opportunities and risks for the expected development of the Group for the remainder of the fiscal year.

The financial statements for the six months ended 30 June 2022 and the directors' report for the first six months ended 30 June 2022 have not been audited or reviewed by the auditor.

On behalf of the Directors

Patrick Spain
Director

Angelika Wiedemann
Director

Date: 8 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022

Continuing Operations		2022	2021
	Note	€	€
Lease income	5	56,302,103	55,343,739
Income from protecting lease equipment	6	21,046,570	20,277,259
Interest income and similar income	7	23,544,275	24,304,360
Total operating income		100,892,948	99,925,358
Expected credit loss allowance on finance lease receivables		(13,872,595)	(19,761,771)
Expected credit loss allowance on other financial assets		(9,113,762)	(19,816,858)
Interest expense and other charges		(33,575,285)	(34,167,111)
Fair value adjustment for subordinated loans		(844,092)	(596,039)
Foreign exchange gain/(loss)		12,020,514	9,766,425
Net (loss)/gain on financial instruments at fair value through profit or loss		(13,819,377)	(10,746,687)
Other income		949,924	1,130,550
Other operating expenses		(17,134,278)	(15,591,383)
Profit before tax		25,503,997	10,142,484
Taxation	8	(3,208,208)	(1,267,031)
Profit for the period		22,295,789	8,875,453

The comparative figures in 2021 for interest expense and other charges has been restated to exclude the fair value adjustment for subordinated loans which is now disclosed on a separate line on the face of the consolidated statement of profit or loss.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 €	2021 €
Profit for the period	22,295,789	8,875,453
Other Comprehensive Income		
Items that may be reclassified to profit or loss in subsequent years		
Gains/(losses) relating to cash flow hedges	6,560,728	1,818,548
Tax relating to cash flow hedges	(820,092)	(227,318)
Other comprehensive income net of tax	5,740,636	1,591,230
Total comprehensive income for the period	28,036,425	10,466,683

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

		30 June 2022	31 December 2021
	Note	€	€
NON-CURRENT ASSETS			
Property, plant & equipment		592,953	806,207
Subordinated loans and reserve accounts		37,558,637	24,453,479
Finance lease receivables due after one year	9	1,168,831,333	1,131,394,202
Amounts due from GRENKE AG Group undertakings	10	549,561,198	586,366,737
Amounts due from GRENKE AG Group franchisees		0	440,239
Trade and other receivables		60,303,323	63,737,558
Derivative financial instruments	11	9,924,827	1,378,996
Deferred tax asset		-	16,569
Corporation tax receivable		3,882,462	3,882,462
		<u>1,830,654,733</u>	<u>1,812,476,449</u>
CURRENT ASSETS			
Subordinated loans and reserve accounts		17,157,985	15,276,672
Leased assets held for sale		930,794	895,995
Finance lease receivables due within one year	9	686,174,904	681,163,094
Amounts due from GRENKE AG Group undertakings	10	1,058,516,942	1,034,308,644
Amounts due from GRENKE AG Group franchisees		154,626,968	162,636,443
Trade and other receivables		82,970,215	73,652,271
Derivative financial instruments	11	1,381,713	1,746,771
Corporation tax receivable		4,377,053	
Credit support accounts		3,880,000	14,170,000
Cash and cash equivalents		71,707,703	139,524,351
		<u>2,081,724,277</u>	<u>2,123,374,241</u>
TOTAL ASSETS		<u><u>3,912,379,010</u></u>	<u><u>3,935,850,690</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022 (Continued)

		30 June 2022	31 December 2021
		€	€
NON CURRENT LIABILITIES			
Debt securities in issue	12	1,848,434,110	1,981,684,415
Amount owed to Grenke Bank AG	14	407,219,261	484,724,617
Asset based financial liabilities	15	241,363,451	81,097,128
Bank loans and cash held on trust	13	-	10,000,000
Lease liabilities		172,862	332,023
Deferred income		307	3,120
Derivative financial instruments	11	5,150,778	8,863,659
Deferred tax		797,969	-
		<u>2,503,138,738</u>	<u>2,566,704,962</u>
CURRENT LIABILITIES			
Debt securities in issue	12	512,602,765	547,499,973
Amount owed to Grenke Bank AG	14	285,179,678	311,534,336
Amount owed to Grenke AG Group			
Undertakings		93,567,342	92,149,655
Asset based financial liabilities	15	101,181,115	97,346,923
Credit support accounts		4,210,000	
Bank loans and cash held on trust	13	106,552,593	61,759,998
Lease liabilities		378,939	378,939
Derivative financial instruments	11	6,244,862	10,538,418
Deferred income		22,013,766	123,369
Accruals		33,868,439	31,501,750
Corporation tax payable		0	908,019
		<u>1,165,799,499</u>	<u>1,153,741,380</u>
TOTAL LIABILITIES		<u><u>3,668,938,237</u></u>	<u><u>3,720,446,342</u></u>
CAPITAL AND RESERVES			
Share capital		50,000	50,000
Capital contribution		67,000,000	67,000,000
Retained earnings		170,693,277	148,397,488
Cash flow hedge reserve		5,697,496	(43,140)
TOTAL EQUITY		<u><u>243,440,773</u></u>	<u><u>215,404,348</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,912,379,010</u></u>	<u><u>3,935,850,690</u></u>

Approved and authorised by the Board of Directors and signed on its behalf:

Patrick Spain
Director

Angelika Wiedemann
Director

8 August 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Issued capital	Capital contribution	Retained earnings	Cash flow hedge reserve	Total equity
	€	€	€	€	€
As at 1 January 2022	50,000	67,000,000	148,397,488	(43,140)	215,404,348
Profit for the year	-	-	22,295,789	-	22,295,789
Other comprehensive income	-	-	-	5,740,636	5,740,636
Total comprehensive income	-	-	22,295,789	5,740,636	28,036,425
At 30 June 2022	50,000	67,000,000	170,693,277	5,697,496	243,440,773

	Issued capital	Capital contribution	Retained earnings	Cash flow hedge reserve	Total equity
	€	€	€	€	€
As at 1 January 2021	50,000	67,000,000	172,500,840	(1,695,922)	237,854,918
Profit for the year	-	-	8,875,453	-	8,875,453
Other comprehensive income	-	-	-	1,591,230	1,591,230
Total comprehensive income	-	-	8,875,453	1,591,230	10,466,683
At 30 June 2021	50,000	67,000,000	181,376,293	(104,692)	248,321,601

CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 30 June 2022

	2022 €	2021 €
CASH INFLOWS FROM OPERATING ACTIVITIES		
Profit for the period	22,295,789	8,875,453
<i>Adjustments for non-cash items:</i>		
Taxation	3,208,208	1,267,031
Interest expense	31,526,815	31,899,416
Interest income	(23,544,275)	(24,304,360)
Depreciation	222,224	168,950
Expected credit loss allowance on finance lease receivables	13,872,595	19,761,771
Expected credit loss allowance on other financial assets	9,113,762	19,816,858
Expected credit allowance trade debtors	854,036	632,408
Currency translation differences on lease receivables	719,547	(405,916)
Currency translation differences on amounts due from		
Grenke AG Group undertakings	(4,540,236)	(3,367,900)
Currency translation differences on amounts due from		
Grenke AG Group franchisees	(8,243,592)	(4,397,464)
Fair value measurement on derivatives	16,319,719	4,099,167
Fair value measurement of subordinated loans	(844,092)	(596,039)
Foreign exchange translation adjustment to cash	(19,987)	305
Deferred income on financial guarantee	(64,920)	(245,867)
Deferred income on protection lease equipment	21,898,420	21,809,491
Amortisation of deferred professional fees	24,649	-
Tax on health insurance premiums	1,167	-
<i>Changes in operating assets and liabilities</i>		
(Increase)/decrease in subordinated loans and reserve		
accounts	(14,142,379)	10,031,144
Decrease in leased assets held for sale	(34,799)	-
(Increase)/Decrease in performing lease receivables	(44,263,733)	98,841,071
Increase in impaired leases and leases past due	(12,777,350)	(20,659,778)
Change in amounts due/owed from Grenke AG Group undertakings	5,577,533	391,573,330
(Decrease)/Increase in amounts due from Grenke AG Group		
franchisees	13,561,765	(13,802,318)
Increase in trade and other receivables	(11,864,378)	(7,793,143)
Change in derivative financial instruments	(16,187,210)	(683,373)
Increase/(Decrease) in accruals	264,866	(2,359,568)
Decrease/(Increase) in credit support accounts	14,500,000	(3,350,000)
(Decrease)/Increase in cash held in trust	(207,405)	36,622
Interest received	23,598,359	24,317,365
Interest paid	(22,792,496)	(29,365,747)
Receipts/(Payments) to Grenke Bank AG in respect of deferred risk		
premium	301,532	(426,996)
Asset based interest and expenses paid	(1,100,242)	(631,903)
Derivative cross currency interest paid	(838,422)	(838,422)
Payments to lessors classified as interest under IFRS 16	(2,329)	(3,259)
Tax paid	(8,500,000)	-
Net cash inflow from operating activities	7,893,141	519,898,329

The comparative figures in 2021 for increase in trade and other receivables has been restated to exclude the expected credit allowance on trade debtors which is now disclosed on a separate line on the face of the consolidated statement of cash flow

CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 30 June 2022 (continued)

	2022	2021
	€	€
CASH OUTFLOWS FROM INVESTING ACTIVITIES		
Payments for the acquisition of property, plant and equipment	(8,970)	(2,548)
Cash outflow from investing activities	(8,970)	(2,548)
CASH OUTFLOWS FROM FINANCING ACTIVITIES		
Proceeds of debt securities issued	158,995,000	-
Repayment of debt securities in Issue	(330,000,000)	(428,000,000)
Proceeds from amounts owed to GRENKE AG Bank	92,912,288	190,418,126
Repayment of amounts owed to GRENKE AG Bank	(196,772,302)	(205,615,204)
Proceeds from amounts owed to asset-based liabilities	250,376,534	25,153,056
Repayment of amounts owed to asset based liabilities	(86,073,165)	(98,958,283)
Proceeds from syndicated loans drawn down	260,000,000	-
Repayments of syndicated loans	(225,000,000)	-
Payment to lessors for right of use assets	(159,161)	(132,028)
Cash outflow from financing activities	(75,720,806)	(517,134,333)
Cash and cash equivalents at the beginning of the year	139,524,351	143,674,377
Foreign exchange translation adjustment	(19,987)	305
Cash and cash equivalents at the end of the period	71,707,703	146,435,520
Change in cash and cash equivalents during the period	(67,836,635)	2,761,448
Net cash inflow from operating activities	7,893,141	519,898,329
Cash outflow from investing activities	(8,970)	(2,548)
Cash outflow from financing activities	(75,720,806)	(517,134,333)
Total cash (outflow)/inflow	(67,836,635)	2,761,448

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

1. ACCOUNTING POLICIES

The subject matter of Grenke Finance plc condensed interim consolidated financial statements ("interim consolidated financial statements") as of June 30, 2022, is Grenke Finance plc and its consolidated structured entities ("the Group"). These interim consolidated financial statements have been prepared in accordance with the IFRSs applicable for interim reporting (IAS 34) as published by the International Accounting Standards Board ("IASB") and adopted by the European Union (EU) into European law. These interim consolidated financial statements should be read in conjunction with the IFRS consolidated financial statements as of December 31, 2021. The condensed interim consolidated financial statements and the interim directors report as of June 30, 2022 have not been audited.

The accounting policies applied in the 1st half 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 Finance plc will apply these standards to the consolidated financial statements at the time of their mandatory application. This application is not expected to have any material impact on the reporting.

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

First time application of new accounting standards

In the 2022 financial year, the Group took into account all new and revised standards and interpretations that were mandatory for the first time as of January 1, 2022 and have already been adopted into European law (endorsement), insofar that these standards and interpretations were relevant for the Group.

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

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

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

Under the amendment to IAS 16, entities will no longer be permitted to deduct revenue from the sale of goods produced while bringing an item of property, plant and equipment to the location and condition intended from the cost of that item of property,

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

1. ACCOUNTING POLICIES (Continued)

First time application of new accounting standards (Continued)

plant and equipment. Instead, these revenues are to be recognised in the income statement together with the production costs of the property, plant and equipment. The amendment to IAS 37 specifies which costs an entity should consider when assessing whether a contract is onerous or loss-making and focuses on costs that are directly related to the contract (directly related cost approach).

The Annual Improvements to the omnibus amendment standard (2018-2020 cycle) relate to minor amendments to IFRS 1 First-time Adoption of IFRS, First-time Adoption by a Subsidiary, an accompanying example to IFRS 16 Leases, the significance of tax effects in fair value measurement in IAS 41 Agriculture and IFRS 9 Financial Instruments charges to be included in the 10% test for derecognition of financial liabilities.

Accounting standards and interpretations already published - not yet implemented

The IASB has published further amended standards or interpretations, the application of which will only become mandatory at a later date. Several of these standards have already been endorsed by the EU. Voluntary early application is expressly permitted by these standards. The Company does not make use of this option. These standards will be implemented in the consolidated financial statements at the time of mandatory application. The amendments described below are not expected to have a material impact on the reporting in the Company consolidated financial statements.

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

With the amendment to IFRS 17, a transitional provision was established that optionally allows a different classification according to IFRS 9 for the comparative periods in the year of first-time application of both standards. Then, for each financial asset for which the comparative period has not been adjusted to IFRS 9, the classification that would be used on the basis of the information available at the transition date may be applied. Adoption by the EU is still pending.

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

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 existing rights at the reporting date. On 15 July 2020, the IASB postponed the first-time application of the amendment

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

1. ACCOUNTING POLICIES (Continued)

*Accounting standards and interpretations already published - not yet implemented
(continued)*

by one year for financial years beginning on or after 1 January 2023. Adoption by the EU is still pending.

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 applies to financial years beginning on or after 1 January 2023.

The amendment to IAS 12 adjusts the scope of the exemption so that no deferred tax assets or liabilities are recognised at the date of addition of an asset or liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application is permitted. Adoption by the EU is still pending.

2. GRENKE AG GROUP

The Company is wholly owned by Grenke AG, a company incorporated in Germany. Details of the Grenke AG Group are included in the Grenke AG Group financial statements, which are publically available at www.grenke.de.

3. 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
- Recognition of lease assets for sale at estimated residual values
- Fair value of financial instruments
- 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 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 the 2021 annual report. 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

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

3. USE OF ASSUMPTIONS AND ESTIMATES (Continued)

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.

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 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.

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.

The interim financial statements should be read in conjunction with the accounting policies in the notes to the consolidated financial statements as of December 31, 2021

4. SEGMENTAL REPORTING

Grenke Finance PLC has two distinct businesses, leasing and treasury. The leasing business is small ticket business to business leasing of principally office and IT equipment, which is carried out in twelve European Countries. The treasury business provides long term and short-term loans to members of the Grenke AG Group and franchises of the Grenke AG Group who utilise the funds to carry out small ticket

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022

4. SEGMENTAL REPORTING (Continued)

business to business leasing of principally office and IT equipment and small ticket factoring of debt. The figures below provide details of the revenue generated for the six months to 30 June 2022 and the operating assets of the two businesses at 30 June 2022.. The operating liabilities of the business have not been disclosed separately because the Directors do not separate the liabilities of the Company between leasing and treasury when reviewing the business or making decisions with regard to the business.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022

4. SEGMENTAL REPORTING (Continued)

	Total operating income	Other income	Expected credit allowance on lease receivables	Expected loss allowance on financial assets	Interest expense and other charges	Fair value adjustment for subordi- nate loans	Foreign exchange (loss)/gain	Net gain/(loss) on financial instruments at fair value through profit or loss	Other operating expenses	Profit before tax	Tax	Profit after Tax
	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Six Months to 30 June												
<i>Lease income</i>												
France	37,304	-	(6,062)	-	(9,760)	-	-	-	(4,715)	16,767	(2,109)	14,658
Spain	5,684	-	(6,028)	-	(1,898)	-	-	-	(1,470)	(3,712)	467	(3,245)
Netherlands	4,765	-	(139)	-	(1,265)	-	-	-	(531)	2,830	(356)	2,474
Portugal	3,076	-	(231)	-	(1,128)	-	-	-	(528)	1,190	(150)	1,040
Romania	1,214	-	(208)	(7)	(438)	-	-	-	(183)	378	(48)	331
Finland	2,602	-	(711)	(27)	(891)	-	-	-	(392)	581	(73)	508
Slovenia	683	-	20	(1)	(211)	-	-	-	(75)	416	(52)	364
Hungary	461	-	18	(0)	(100)	-	(835)	500	(47)	(4)	1	(3)
Malta	155	-	98	(2)	(111)	-	-	-	(62)	78	(10)	68
Luxembourg	209	-	(246)	(1)	(137)	-	-	-	(24)	(199)	25	(174)
Germany	(62)	-	(39)	-	(94)	-	-	-	(23)	(218)	27	(191)
Italy	212	-	0	-	(289)	-	-	-	(181)	(257)	32	(225)
Lease income	56,302	-	(13,527)	(38)	(16,321)		(835)	500	(8,231)	17,850	(2,245)	15,604
<i>Income from protecting lease equipment</i>	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
France	14,042	-	-	-	-	-	-	-	(5,030)	9,013	(1,134)	7,879
Portugal	1,415	-	-	-	-	-	-	-	(560)	855	(108)	748
Spain	1,685	-	-	-	-	-	-	-	(659)	1,025	(129)	896
Netherlands	1,158	-	-	-	-	-	-	-	(397)	761	(96)	665
Finland	907	-	-	-	-	-	-	-	(336)	571	(72)	499
Romania	1,197	-	-	-	-	-	-	-	(385)	812	(102)	710
Slovenia	294	-	-	-	-	-	-	-	(102)	192	(24)	168
Luxembourg	194	-	-	-	-	-	-	-	(73)	121	(15)	105
Hungary	115	-	-	-	-	-	-	-	(43)	72	(9)	63
Malta	39	-	-	-	-	-	-	-	(7)	32	(4)	28
Germany	0	-	-	-	-	-	-	-	(2)	(1)	0	(1)
Income from protecting lease equipment	21,047	-	-	-	-	-	-	-	(7,594)	13,452	(1,692)	11,760
<i>Treasury Income</i>	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Italy	7,705	-	-	(3,492)	(7,096)	-	-	-	(423)	(3,306)	416	(2,891)
Germany	5,648	65	-	(2,505)	(4,950)	(844)	-	-	(320)	(2,907)	366	(2,541)
Sweden	1,420	-	-	(545)	(798)	-	518	(589)	(57)	(51)	6	(44)
Belgium	1,294	-	-	(597)	(861)	-	-	-	(62)	(227)	29	(198)
United Arab Emirates	887	-	-	90	(251)	-	2,012	(2,403)	(19)	316	(40)	276
Canada	1,182	-	-	(358)	(472)	-	4,093	(4,405)	(36)	4	(0)	3
United Kingdom	252	-	-	(3)	(361)	-	195	(257)	(7)	(181)	23	(158)
Australia	1,133	-	-	(380)	(491)	-	3,891	(4,165)	(150)	(162)	20	(142)
Denmark	910	-	-	(398)	(593)	-	13	(10)	(44)	(122)	15	(107)
Spain	991	-	-	(449)	(584)	-	-	-	(44)	(85)	11	(75)
Czech Republic	309	11	(331)	57	(107)	-	86	(261)	(7)	(243)	31	(212)
Singapore	455	-	-	(133)	(179)	-	1,677	(1,843)	(36)	(60)	8	(52)
Switzerland	94	-	-	(63)	(168)	-	380	21	(5)	259	(33)	226
Slovakia	146	-	-	(9)	(73)	-	-	-	(5)	59	(7)	52
Ireland	279	-	-	(92)	(100)	-	-	-	(12)	75	(9)	65
Romania	40	-	-	(15)	(21)	-	6	(1)	(1)	8	(1)	7
Chile	239	-	-	(44)	(49)	-	(40)	(119)	(27)	(40)	5	(35)
Malta	60	-	-	(6)	(10)	-	-	-	(1)	43	(5)	38
Luxembourg	33	-	-	(4)	(6)	-	-	-	(1)	22	(3)	20
Poland	407	-	-	(117)	(74)	-	(5)	(253)	(51)	(93)	12	(81)
United States of America	19	-	-	(13)	(9)	-	30	(35)	(1)	(9)	1	(8)
Latvia	-	-	-	0	(0)	-	-	-	-	(0)	0	(0)
Netherlands	44	-	-	-	-	-	-	-	-	44	(6)	38
Total treasury income	23,544	76	(331)	(9,076)	(17,254)	(844)	12,856	(14,320)	(1,309)	(6,658)	837	(5,820)
Other Income	-	874	(14)	-	-	-	(0)	-	-	860	(108)	752
Total	100,893	950	(13,873)	(9,114)	(33,575)	(844)	12,021	(13,819)	(17,134)	25,504	(3,208)	22,296

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022

4. SEGMENTAL REPORTING (Continued)

	Total operating income	Other income	Expected credit allowance on lease receivables	Expected loss allowance on financial assets	Interest expense and other charges	Fair value adjustment for subordi- nate loans	Foreign exchange (loss)/gain	Net gain/(loss) on financial instruments at fair value through profit or loss	Other operating expenses	Profit before tax	Tax	Profit after Tax
	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Six months to 30 June												
<i>Lease income</i>												
France	33,899	-	(10,081)	(60)	(9,754)	-	-	-	(4,264)	9,741	(1,217)	8,524
Spain	5,730	-	(5,750)	58	(1,812)	-	-	-	(1,051)	(2,824)	353	(2,471)
Netherlands	4,891	-	(507)	5	(1,262)	-	-	-	(473)	2,654	(331)	2,322
Portugal	3,509	-	(457)	-	(1,128)	-	-	-	(499)	1,425	(178)	1,247
Romania	2,140	-	(599)	(9)	(408)	-	-	-	(157)	968	(121)	847
Finland	2,555	-	(448)	(68)	(793)	-	-	-	(263)	983	(123)	861
Slovenia	747	-	(240)	1	(204)	-	-	-	(69)	235	(29)	205
Hungary	461	-	(187)	(2)	(102)	-	464	(2,232)	(48)	(1,646)	206	(1,441)
Malta	223	-	(132)	(0)	(118)	-	-	-	(65)	(92)	11	(80)
Luxembourg	988	-	(1,061)	(0)	(136)	-	-	-	(102)	(311)	39	(272)
Germany	101	-	118	-	(114)	-	-	-	(34)	71	(9)	62
Italy	98	-	(9)	-	(289)	-	-	-	(120)	(320)	40	(280)
Lease income	55,344	-	(19,353)	(75)	(16,120)		464	(2,232)	(7,145)	10,883	(1,359)	9,524
<i>Income from protecting lease equipment</i>	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
France	14,330	-	-	-	-	-	-	-	(5,159)	9,171	(1,146)	8,025
Portugal	1,448	-	-	-	-	-	-	-	(548)	900	(112)	788
Spain	1,484	-	-	-	-	-	-	-	(501)	983	(123)	861
Netherlands	1,093	-	-	-	-	-	-	-	(414)	679	(85)	594
Finland	852	-	-	-	-	-	-	-	(314)	538	(67)	471
Romania	455	-	-	-	-	-	-	-	(157)	298	(37)	261
Slovenia	269	-	-	-	-	-	-	-	(106)	163	(20)	143
Luxembourg	(14)	-	-	-	-	-	-	-	(65)	(79)	10	(69)
Hungary	318	-	-	-	-	-	-	-	(41)	277	(35)	242
Malta	43	-	-	-	-	-	-	-	(20)	22	(3)	19
Germany	1	-	-	-	-	-	-	-	(3)	(2)	0	(2)
Income from protecting lease equipment	20,278	-	-	-	-		-	-	(7,328)	12,950	(1,618)	11,332
<i>Treasury Income</i>	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Italy	9,717	-	-	(7,921)	(7,777)	-	-	-	(418)	(6,399)	799	(5,600)
Germany	4,627	246	-	(5,324)	(5,062)	(596)	-	-	(272)	(6,381)	797	(5,584)
Sweden	1,302	-	-	(1,238)	(805)	-	776	(974)	(43)	(982)	123	(859)
Belgium	1,153	-	-	(1,255)	(838)	-	-	-	(45)	(985)	123	(862)
United Arab Emirates	894	-	-	448	(231)	-	746	(1,097)	(12)	748	(93)	654
Canada	954	-	-	(771)	(445)	-	3,426	(3,668)	(24)	(528)	66	(462)
United Kingdom	1,254	-	-	46	(497)	-	2,995	(1,302)	(27)	2,469	(308)	2,161
Australia	1,063	-	-	(747)	(453)	-	759	(1,006)	(131)	(515)	64	(451)
Denmark	822	-	-	(873)	(581)	-	13	(1)	(31)	(651)	81	(570)
Spain	779	-	-	(825)	(532)	-	-	-	(29)	(607)	76	(531)
Czech Republic	368	23	(190)	14	(119)	-	477	(349)	(6)	216	(27)	189
Singapore	365	-	-	(274)	(169)	-	(93)	(12)	(27)	(210)	26	(184)
Switzerland	392	-	-	(513)	(271)	-	83	103	(15)	(221)	28	(193)
Slovakia	157	-	-	27	(74)	-	-	-	(4)	106	(13)	93
Ireland	99	-	-	(89)	(54)	-	-	-	(3)	(47)	6	(41)
Romania	43	-	-	(21)	(21)	-	(62)	(1)	(1)	(64)	8	(56)
Chile	107	-	-	(67)	(42)	-	81	(96)	(13)	(31)	4	(27)
Malta	30	-	-	(14)	(8)	-	-	-	(0)	7	(1)	6
Luxembourg	33	-	-	(10)	(6)	-	-	-	(0)	16	(2)	14
Poland	131	-	-	(225)	(41)	-	96	(117)	(16)	(173)	22	(151)
United States of America	7	-	-	(6)	(3)	-	13	(2)	(0)	8	(1)	7
Latvia	1	-	-	(1)	(1)	-	-	-	(0)	(1)	0	(1)
Netherlands	9	-	-	(102)	(16)	-	-	-	(1)	(109)	14	(96)
Total treasury income	24,304	269	(190)	(19,742)	(18,047)	(596)	9,310	(8,522)	(1,119)	(14,334)	1,790	(12,543)
Other Income	-	862	(218)	-	-	-	(8)	8	-	644	(80)	563
Total	99,926	1,131	(19,762)	(19,817)	(34,167)	(596)	9,766	(10,747)	(15,591)	10,143	(1,267)	8,876

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

4. SEGMENTAL REPORTING (Continued)

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
	€	€
<i>Leasing operating assets</i>		
France	1,161,050,848	1,141,930,944
Spain	239,186,576	225,254,753
Netherlands	150,561,817	151,183,917
Portugal	132,084,695	133,948,194
Finland	120,678,817	102,273,474
Romania	55,646,368	53,391,498
Italy	35,101,706	35,120,865
Slovenia	25,677,735	23,245,508
Luxembourg	15,854,535	15,034,607
Malta	10,701,362	11,650,857
Germany	7,478,968	9,628,995
Hungary	11,201,759	11,464,538
Leasing operating assets	<u>1,965,225,186</u>	<u>1,914,128,150</u>

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

4. SEGMENTAL REPORTING (Continued)

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
<i>Treasury operating assets</i>	€	€
Italy	665,676,243	746,180,788
Germany	548,148,000	520,526,864
Belgium	105,301,880	102,977,890
Sweden	94,668,104	95,737,713
Denmark	72,077,104	74,230,358
Spain	76,462,907	69,026,378
Australia	64,739,799	58,692,276
Canada	61,993,754	58,113,449
United Kingdom	6,130,348	17,300,867
Switzerland	9,717,581	6,594,331
Dubai	32,298,339	30,423,745
Singapore	23,120,594	21,974,022
France	27,934,888	12,590,535
Czech	10,800,308	12,116,154
Poland	16,888,057	9,030,048
Slovakia	8,390,821	8,296,163
Ireland	17,843,426	20,857,346
Chile	6,762,379	4,695,720
Romania	2,394,038	2,140,782
Malta	1,437,626	1,246,694
Luxembourg	690,955	993,760
USA	1,809,962	621,030
Latvia	-	271
Unallocated cash	71,707,703	139,524,351
Treasury operating assets	<u>1,926,994,816</u>	<u>2,013,891,535</u>
Non-operating assets	<u>20,159,008</u>	<u>7,831,005</u>
Total assets	<u><u>3,912,379,010</u></u>	<u><u>3,935,850,690</u></u>

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

5. LEASE INCOME

	<i>Half Year to</i>	<i>Half Year to</i>
	<i>30 June 2022</i>	<i>30 June 2021</i>
	€	€
Lease interest income	62,619,006	63,514,043
Capitalised initial direct costs	22,404,155	18,153,154
Secondary lease income	28,239,917	20,589,252
Other lease income	3,444,067	2,562,121
Loss on termination of leases	(16,979,735)	(15,059,048)
Commissions payable to agents and dealers	(43,425,307)	(34,415,783)
	<u>56,302,103</u>	<u>55,343,739</u>

6. INCOME FROM PROTECTING LEASE EQUIPMENT

	<i>Half Year to</i>	<i>Half Year to</i>
	<i>30 June 2022</i>	<i>30 June 2021</i>
	€	€
Income from lessees for protecting lease equipment	21,785,854	20,993,557
Cost of equipment replaced	(615,719)	(505,798)
Adjustments to insurance claims made to insurer	(123,565)	(210,500)
	<u>21,046,570</u>	<u>20,277,259</u>

7. INTEREST INCOME AND SIMILAR INCOME

	<i>Half Year to</i>	<i>Half Year to</i>
	<i>30 June 2022</i>	<i>30 June 2021</i>
	€	€
Interest income from GRENKE AG group loans	20,103,567	21,415,778
Interest income from subordinated loans	161,899	120,818
Interest income from franchise loans	3,278,809	2,767,764
	<u>23,544,275</u>	<u>24,304,360</u>

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

8. TAXATION

	<i>Half Year to 30 June 2022</i>	<i>Half Year to 30 June 2021</i>
	€	€
Current year tax charge	3,213,761	1,271,408
Deferred tax	(5,553)	(4,377)
Taxation	<u>3,208,208</u>	<u>1,267,031</u>

From 1 July 2022 corporation tax in the Republic of Ireland is expected to remain at 12.5%.

9. LEASE RECEIVABLES

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
	€	€
Finance lease receivables due after one year	1,190,564,821	1,154,930,210
Expected credit loss allowance on performing finance lease receivables	<u>(21,733,488)</u>	<u>(23,536,008)</u>
	<u>1,168,831,333</u>	<u>1,131,394,202</u>
Finance lease receivables due within one year	651,607,566	643,697,991
Finance lease receivables past due not credit impaired	11,978,257	12,181,110
Non performing finance lease receivables	167,548,402	163,556,430
Expected credit loss allowance on non performing finance lease receivables	<u>(132,265,199)</u>	<u>(124,427,292)</u>
Expected credit loss allowance on performing finance lease receivables	<u>(12,694,122)</u>	<u>(13,845,145)</u>
	<u>686,174,904</u>	<u>681,163,094</u>

The cost of assets acquired for the purpose of letting under finance leases during the 1st Half 2022 was €401,644,128 (2021: €281,312,544). During the 1st half of 2022, the Company made a net investment in new finance leases of €424,048,284 (2021: €299,465,699).

The maximum credit risk, without taking into account collateral, credit assessment systems, and other tools is limited to the carrying amount of the receivables.

Effective risk management and a highly diversified contract and lessee portfolio result in the lease receivables having a particularly diversified risk structure with regard to

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
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9. LEASE RECEIVABLES (Continued)

credit risk. In the majority of cases, the Group remains the legal owner of the leased assets, which are used as collateral for the lease receivables.

10. AMOUNTS DUE FROM GRENKE AG GROUP UNDERTAKINGS

	<i>As at 30 June</i>	<i>As at 31</i>
	<i>2022</i>	<i>December 2021</i>
	€	€
<i>Amount due in greater than one year</i>		
Secured amounts due from GRENKE AG Group undertakings	26,867,557	24,460,314
Unsecured amounts due from GRENKE AG Group undertakings	527,973,356	564,453,799
Expected credit loss allowance	<u>(5,279,715)</u>	<u>(2,547,376)</u>
	<u>549,561,198</u>	<u>586,366,737</u>
<i>Amount due in less than one year</i>		
Secured amounts due from GRENKE AG Group undertakings	23,561,352	25,255,982
Unsecured amounts due from GRENKE AG Group undertakings	1,044,314,362	1,012,874,166
Expected credit loss allowance	<u>(9,358,772)</u>	<u>(3,821,504)</u>
	<u>1,058,516,942</u>	<u>1,034,308,644</u>

The secured amounts are in respect of payments made to purchase lease instalments from group companies. The lease receivables remain as an asset in the group companies financial statements and the net present value of the instalments due to the Group are shown as amounts due from group undertakings in the statement of financial position. The amounts due will reduce as the lease instalments collected in respect of these lease receivables are paid to the Group as repayment of the amounts due plus interest on those amounts due. The lease instalments purchased from the group companies remain as an asset in the group companies financial statements because the group companies have retained substantially all of the risks and rewards of the asset ownership and also retains control of the leased asset. The amounts due from the group companies are a refinancing asset and the purchase of the lease instalments is to securitise that refinancing asset.

The unsecured amounts due from group undertaking are principally monies loaned to group undertakings to finance their leasing activities. Unsecured amounts are usually loaned for periods of three years with the full principal being repayable at the end of the three-year period, or if loaned for a short term funding purpose at the end of that period.

Interest is charged on the principal at Euribor plus a spread, which reflects the risk premium on the lending, and, if loaned in currencies other than Euro, the currency risk.

Under IFRS 9 there is a provision for future expected credit losses of €14.6m (31

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

10. AMOUNTS DUE FROM GROUP UNDERTAKINGS (Continued)

December 2021: €6.4m) in respect of amounts due from group companies.

The company since incorporation in 2003 has had € nil losses on loans provided to group companies.

GRENKE AG, the Company's ultimate parent has also provided a guarantee in respect of €1.054bn (2021: €1.115bn) of the amounts due from Group Companies at 30 June 2022.

The Company and Group believe it is unlikely that there will be future expected losses on loans from Group companies due to the underlying assets in the Group companies.

The Group and Company also believe it is unlikely due to the guarantee from its parent GRENKE AG.

The Group and Company also believe it is unlikely that there will be a default in any amounts due from group companies because there has not been a default since the Company was incorporated in 2003.

The Group and Company also believe that Grenke AG would provide support to a Group company who was having difficulty in repaying amounts due because any default may have an impact on the credit rating of the Grenke AG Group. The Group and Company may also have difficulty in repaying amounts due on Debt Securities, ABCP programs and to the Grenke bank if it was not repaid amounts due which may have an impact on the credit rating of the Grenke AG Group. The Group and Company believe there will only be a default on amounts due from Grenke AG group companies if the Grenke AG Group as a whole was to have financial difficulties and therefore they believe they should look at what the markets view is of the Grenke AG Group defaulting on its financial obligations. The Company and Group have therefore concluded that the most appropriate measurement for future ECL is to use the GRENKE AG Group 1 Year risk of default as determined by Bloomberg because the Board of Directors of the Company believe there will only be a default on Group loans if the GRENKE AG Group is in default in respect of its financing obligations.

The Grenke AG Group 1 Year risk of default as determined by Bloomberg at 30 June 2022 was 0.832% (31 December 2021: 0.277%). The increase in Grenke AG Group 1 Year risk of default from 0.277% to 0.832% as determined by Bloomberg is why the expected credit loss provisions have increased by €8.3m.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
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11. DERIVATIVE FINANCIAL INSTRUMENTS

	Cash flow hedges €	Not designated as hedges €	Total €
At 30 JUNE 2022			
Derivative assets			
Within one year - current assets	846,397	535,316	1,381,713
Between one and five years	2,634,981	546,655	3,181,636
After five years	6,743,191	-	6,743,191
Non current assets	9,378,172	546,655	9,924,827
Total derivative assets	10,224,569	1,081,971	11,306,540
Derivative liabilities			
Within one year - current liabilities	4,374,858	1,870,004	6,244,862
Between one and five years	93,209	1,442,844	1,536,053
After five years	3,614,725	-	3,614,725
Non-current liabilities	3,707,934	1,442,844	5,150,778
Total derivative liabilities	8,082,792	3,312,848	11,395,640
Net asset/(liability) arising on derivative financial instruments	2,141,777	(2,230,877)	(89,100)

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

11. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	Cash flow hedges €	Not designated as hedges €	Total €
At 31 December 2021			
Derivative assets			
Within one year - current assets	276,538	1,470,233	1,746,771
Between one and five years	191,171	336,288	527,459
After five years	851,537	-	851,537
Non current assets	1,042,708	336,288	1,378,996
Total derivative assets	1,319,246	1,806,521	3,125,767
Derivative liabilities			
Within one year - current liabilities	8,231,950	2,306,468	10,538,418
Between one and five years	966,343	714,797	1,681,140
After five years	7,182,519	-	7,182,519
Non-current liabilities	8,148,862	714,797	8,863,659
Total derivative liabilities	16,380,812	3,021,265	19,402,077
Net asset/(liability) arising on derivative financial instruments	(15,061,566)	(1,214,744)	(16,276,310)

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022

12. DEBT SECURITIES IN ISSUE

	<i>As at 30 June</i>	<i>As at 31</i>
	<i>2022</i>	<i>December 2021</i>
	€	€
<i>Repayable in more than one year</i>		
<i>but less than five years</i>		
Bonds	1,627,500,000	1,744,500,000
Promissory loan note	18,000,000	37,000,000
Unamortised premium/(discount) on bonds and	864,225	1,497,317
<i>Repayable in more than five years</i>		
Bonds	189,123,925	185,755,596
Promissory loan note	13,000,000	13,000,000
Unamortised discount on bonds and notes in issue	(54,040)	(68,498)
	<u>1,848,434,110</u>	<u>1,981,684,415</u>
<i>Repayable in less than one year</i>		
Bonds	484,065,141	527,669,888
Promissory loan note	19,000,000	20,000,000
Commercial paper	10,000,000	-
Unamortised discount on bonds and notes in issue	(462,376)	(169,915)
	<u>512,602,765</u>	<u>547,499,973</u>
	<u>2,361,036,875</u>	<u>2,529,184,388</u>

Bonds

In the fiscal year to date, one new bond of €150m was issued. In the first half of 2021 no new bonds were issued.

Three bonds (30 June 2021: four) with an aggregate volume of €310m (30 June 2021: €235m) were redeemed on schedule.

Promissory Notes

In the fiscal year to date, no (30 June 2021: no) promissory notes were issued. Promissory notes with volumes of €20m (30 June 2021: €193m) were redeemed.

Commercial Paper

In the fiscal year to date, one commercial paper (30 June 2021: €Nil) with a nominal value of €10m was issued. No Commercial paper was repayable in the first half of 2022 (30 June 2021: €Nil).

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

13. BANK LOANS

	<i>As at 30 June</i>	<i>As at 31</i>
	<i>2022</i>	<i>December 2021</i>
	€	€
Amount due after one year:		
European investment bank loan	-	10,000,000
European investment bank loan	10,000,000	-
Syndicated loan facility	85,000,000	50,000,000
Cash held in trust	11,552,593	11,759,998
	<u>106,552,593</u>	<u>61,759,998</u>

14. AMOUNT OWED TO GRENKE BANK AG

	<i>As at 30 June</i>	<i>As at 31</i>
	<i>2022</i>	<i>December 2021</i>
	€	€
Amount due after one year:		
Amount owed to GRENKE Bank AG	<u>407,219,261</u>	<u>484,724,617</u>
Amount due in less than one year:		
Amount owed to GRENKE Bank AG	<u>285,179,678</u>	<u>311,534,336</u>

The amounts due to Grenke Bank AG are in respect of proceeds received for the sale of lease receivables. The lease receivables sold remain on the Grenke Finance PLC statement of financial position as an asset and the proceeds are shown as a liability. This liability will reduce as the lease receivables mature. The lease receivables sold to Grenke Bank AG remain on the statement of financial position because the Company has retained substantially all of the risks and rewards of the asset ownership and also retains control of the leased asset. The amounts due to Grenke Bank AG are a refinancing liability and the sale of the lease receivables is to securitise that refinancing liability. The lease receivables that were sold to Grenke Bank AG are included in the lease receivables due to the Company in the statement of financial position.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

15. ASSET BASED FINANCIAL LIABILITIES

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
	€	€
<i>Non current liabilities</i>		
Amount due after one year	241,471,550	81,097,128
Deferred set up costs	(108,099)	-
	<u>241,363,451</u>	<u>81,097,128</u>
<i>Current liabilities</i>		
Amount due in less than one year	101,332,160	97,403,213
Deferred set up costs	(151,045)	(56,290)
	<u>101,181,115</u>	<u>97,346,923</u>

Asset based financial liabilities are liabilities in connection with the ABCP programmes.

The following consolidated special purpose vehicles were in place at the balance sheet date FCT "GK"-COMPARTMENT "G 2" and Elektra Purchase No. 25 Designated Activity Company (UniCredit is the sponsoring bank) (FCT GK 2), FCT GK 3 (HSBC is the sponsoring bank), FCT "GK"-COMPARTMENT "G 4" (Landesbank Hessen-Thüringern Girozentrale (HeLeBa) is the sponsoring bank) (FCT GK 4), FCT "GK"-COMPARTMENT "G 5" (DZ Bank is the sponsoring bank) (FCT GK 5).

The ABCP programmes grant the Grenke Finance plc group the right to refinance or to sell receivables to the respective programmes for a certain period. The cap on the purchase volume is determined by the volume of the programme, which is normally backed by the organising bank in the form of a liquidity commitment of the corresponding amount. The carrying amount is calculated using the effective interest method, whereby incurred transaction costs are amortised over the term of the underlying refinancing package.

The net present value of the lease receivables that have been sold to the SPV, for FCT GK 2 at 30 June 2022 is €173m (31 December 2021: €59m).

FCT GK 2 is refinanced through the issue of FCT notes which are exclusively subscribed by Special Purpose Vehicle Elektra Purchase No. 25 Designated Activity Company. Therefore, the FCT GK 2 serves the sole purpose of the securitisation of French lease receivables within the Asset Backed Commercial Paper (ABCP) programme through Elektra Purchase No. 25 Designated Activity Company. The Company does not make a gain or a loss on the sale of the French lease receivable contracts because the leases remain on the Statement of Financial Position of the Company and the contractual cash flow payment due to FCT GK 2 is shown as a liability.

The FCT GK 3 programme volume, that is the net present value of the lease receivables that could have been sold to the SPV, was €192.8m (31 December 2021: €192.8) of which €47m (31 December 2021: €69m) had been utilised at 30 June 2022.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
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15. ASSET BASED FINANCIAL LIABILITIES (Continued)

The Group and Company have opted to enter the final amortisation period for FCT GK 3, consequently no more lease receivables will be sold to FCT GK 3.

The programme volume, that is the net present value of the lease receivables that may be sold to the SPV, FCT GK 4 is €150m of which €131m (31 December 2021: €117m) had been utilised at 30 June 2022.

The programme volume, that is the net present value of the lease receivables that may be sold to the new SPV, FCT GK 5 is €150m of which €80m had been utilised at 30 June 2022. The SPV, FCT GK 5, commenced buying French lease receivables in April 2022.

The SPVS are refinanced by issuing commercial papers, usually with a term of one month, on a revolving basis. The interest on the commercial papers is based on one-month Euribor. This is a floating interest rate. The structured entities manage the interest rate risk (fixed-rate lease receivables versus floating-rate refinancing) with interest rate hedges.

There is no currency risk in ABCP refinancing as only euro transactions and euro-based leases are involved.

If no options are taken to terminate the ABCP programmes at an earlier date the latest date currently the company can sell leasing receivables is April 2023, subject to UniCredit's consent, for FCT GK 2, December 2024 for FCT GK 4 and March 2024 for FCT GK 5.

The option to terminate FCT GK 3 has been taken and if the existing lease receivables held by FCT GK 3 are not bought back by the company at an earlier stage the last lease receivables would mature in February 2025. The asset based liability in respect of FCT GK 3 was fully repaid in July 2022.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Measurement Methods and Input Parameters Used

The following table presents the measurement methods used to determine the fair values and the applied input parameters and assumptions:

Type and level	Measurement method	Input parameters
FAIR VALUE HIERARCHY LEVEL 1		
Exchange-listed bonds	n/a	quoted market price as per the reporting date
FAIR VALUE HIERARCHY LEVEL 2		
Forward exchange contracts	market-to-market discounted 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 (CVA [Credit Value Adjustment]) derived from available credit default swap (CDS) quotes
Cross-currency swaps	market-to-market discounted 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 (CVA [Credit Value Adjustment]) derived from available credit default swap (CDS) quotes
Subordinated loans	Discounted present value of estimated future cash flows	Available interest rates at comparable conditions and residual terms using the counterparty's credit risk.
Other financial assets	Discounted 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, bank liabilities)	Discounted 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))

Fair Values of Subordinated Loans and Derivative Financial Instruments

At the end of the reporting period, all derivative financial instruments and subordinated loans to special purpose vehicles which provide credit enhancement to senior investors in special purpose vehicles which buy lease receivables from the Group's parent Grenke AG are recognised at fair value by the Group. All subordinated loans and derivative financial instruments are assigned to level 2 of the fair value hierarchy.

The fair value of subordinated loans and derivative financial instruments are set out below:

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
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16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Values of Subordinated Loans and Derivative Financial Instruments (Continued)

Consolidated	Fair Value	Fair Value
	30-Jun-22	31-Dec-21
	€	€
Financial assets		
Subordinated loans	27,223,118	27,223,118
Cross currency swaps with hedging relationship	6,743,191	851,537
Forward exchange contracts with hedging relationship	3,481,378	467,709
Forward exchange contracts	1,081,971	1,806,521
Total	38,529,658	30,348,885

Consolidated	Fair Value	Fair Value
	30-Jun-22	31-Dec-21
	€	€
Financial liabilities		
Cross currency swaps with hedging relationship	4,999,771	7,987,074
Forward exchange contracts with hedging relationship	3,083,021	8,393,738
Forward exchange contracts	3,312,848	3,021,265
Total	11,395,640	19,402,077

The fair value of the subordinated loans is measured by applying Euro cost of borrowing plus the Grenke AG risk of default to the projected future cash flows from the subordinated loans.

The projected future cash flows were discounted at 30 June 2022 and at 31 December 2021 on the basis of the following interest rates:

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**
16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)
Fair Values of Subordinated Loans and Derivative Financial Instruments (Continued)

	2022	December 2021
	%	%
Interest rate for 3 months	-0.154%	-0.568%
Interest rate for 6 months	0.496%	-0.500%
Interest rate for 9 months	1.059%	-0.380%
Interest rate for 1 year	1.666%	-0.205%
Interest rate for 2 years	3.174%	0.780%
Interest rate for 3 years	4.109%	1.614%
Interest rate for 4 years	4.788%	2.160%
Interest rate for 5 years	5.361%	2.558%
Interest rate for 6 years	5.451%	2.614%
Interest rate for 10 years	5.735%	2.840%

Fair values of forward exchange contracts and cross-currency swaps are determined based on valuation models, which include observable input parameters.

The Group and Company uses the so-called OTC derivatives ("over the counter"). These are directly concluded with counterparties having at least an investment grade status. Thus, there are no quoted market prices available.

Forward exchange contracts and cross-currency swaps are measured on the basis of a market-to-market valuation model. 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 cross-currency contracts. In order to obtain the fair value of such OTC derivatives, the determined amounts are multiplied with the counterparty's credit default swaps (CDS) with matching maturities which are observable on the market or their own credit risk using a so-called "add-on method", including the coupons.

Fair Value of Primary Financial Instruments

The following table presents the carrying amounts and fair values of financial assets and financial liabilities of the Group and Company by category of financial instruments, which are not measured at fair value. The table does not contain information on the fair value of financial assets and financial liabilities if the carrying amount represents an appropriate approximation to the fair value. This includes the following line items of the Group and Company Statement of Financial Position: financial investments, leased assets held for sale, non performing lease receivables, trade receivables, credit support accounts, cash and cash equivalents, amounts due to group undertakings except amounts due to GRENKE Bank AG, and trade payables. All primary financial instruments are assigned to level 2 of the fair value hierarchy except for exchange-listed bonds, which are included in debt securities in issue and which are assigned to level 1 of the fair value hierarchy. As per the reporting date, the carrying amount of exchange-listed bonds was €2,300,689,066 (2021: €2,457,925,484) and their fair value amounted to €2,170,927,268 (2021: €2,427,015,462). For all other financial instruments the discounted

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value of Primary Financial Instruments (Continued)

cash flow method was used, taking account of the Grenke AG Group's credit risk. These fair values are allocated as Level 2.

Consolidated	Fair Value 30-Jun-22 €	Carrying Amount 30-Jun-22 €	Fair Value 31-Dec-21 €	Carrying Amount 31-Dec-21 €
Financial assets				
Lease receivables (performing)	1,916,688,273	1,807,744,777	1,854,736,324	1,761,247,048
Amounts due from Grenke AG Group undertakings	1,689,281,015	1,608,078,140	1,709,050,784	1,620,675,381
Amounts due from Grenke AG Group franchisees	161,963,177	154,626,968	169,002,941	163,076,682
Subordinated loans	27,146,142	27,919,793	12,578,569	12,507,033
Financial liabilities				
Debt securities in issue	2,228,973,531	2,361,036,875	2,497,600,419	2,529,184,388
Amounts owed to Grenke Bank AG	689,018,097	692,398,939	811,235,541	796,258,953
Asset based financial liabilities	335,435,678	342,544,566	181,256,462	178,444,051
Bank loans and cash held on trust	106,567,027	106,552,593	71,755,044	71,759,998

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
at 30 June 2022**

17. RELATED PARTY TRANSACTIONS

	<i>Half Year to 30 June 2022</i>	<i>Half Year to 30 June 2021</i>
	€	€
GRENKE AG transactions		
Management charges from Grenke AG	113,539	84,860
Licence fee charge from Grenke AG	4,027,417	3,939,578
Guarantee fee charge from Grenke AG	1,445,501	1,624,490
GRENKE Bank AG transactions		
Interest paid to GRENKE Bank AG	6,110,618	7,316,451
Risk premium fees paid to GRENKE Bank AG	6,013,912	8,895,538
Debt forgiven by Grenke Bank AG under the risk premium agreement	6,315,443	8,468,542
Other transactions with GRENKE AG Group companies		
Accountancy fees charged to GRENKE AG group companies	724,913	730,351
Accountancy fees charged to GRENKE AG group franchisees	106,837	89,423
Office rents paid by GRENKE AG Group companies	42,107	42,107
Lease commissions paid to GRENKE AG Group companies	28,369,365	23,553,463
Commissions for fees to protect lease equipment paid to GRENKE AG Group companies	7,596,193	7,347,593
Interest received from GRENKE AG Group companies	20,103,567	21,415,778
Interest received from GRENKE AG Group franchisees	3,278,809	2,767,764
Interest paid to GRENKE AG Group companies	435,595	804,699
Transactions with SPVs		
Interest received from Kebnekaise Funding Limited	40,347	32,201
Interest received from Opusalpha Purchaser II Limited	56,588	45,694
Interest received from Coral Purchasing (Ireland) 2 DAC	56,189	51,608
Amount paid to directors		
Amounts paid to Directors	194,848	177,489

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
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17. RELATED PARTY TRANSACTIONS (Continued)

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
	€	€
GRENKE Bank AG transactions		
Amounts due to GRENKE Bank AG	692,398,939	796,258,953
Other transactions with GRENKE AG Group companies		
Secured amounts owed by GRENKE AG Group companies	50,428,909	49,716,296
Unsecured amounts owed by GRENKE AG Group companies	1,572,287,718	1,577,327,965
Secured amounts owed by GRENKE AG Group franchisees	65,247,589	58,854,828
Unsecured amounts owed by GRENKE AG Group franchisees	90,676,512	104,674,831
Unsecured amounts owed to GRENKE AG Group companies	56,704,913	19,088,538
Cash pool amounts owed to GRENKE AG Group companies	36,862,429	73,061,117
Transactions with SPVs		
Amount due from Kebnekaise Funding Limited	8,263,819	8,400,000
Amount due from Coral Purchasing (Ireland) 2 DAC	21,431,813	9,659,997
Amount due from Opusalpha Purchaser II Limited	24,671,946	33,141,560
Amount owed to Coral Purchasing (Ireland) 2 DAC	11,552,593	11,759,998

All of the above entities are related parties because they are members of the Grenke AG Group which owns 100% of the share capital of the Company.

The management charges from GRENKE AG are for IT services and for administrative services from GRENKE AG Group.

The licence fee charge from Grenke AG is for the use of the Grenke brand, business model and proprietary systems.

The guarantee fee charge from Grenke AG is for the provision of guarantees and other means of explicit support by Grenke AG to the Company for the purposes of its financing activities.

Grenke Limited currently occupies unit 306 and unit 307 Q House, Sandyford Industrial Estate, Dublin 18 which is leased from a third party by the Group and Company.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
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17. RELATED PARTY TRANSACTIONS (Continued)

Grenke Limited pays the Group and Company €65,912 to occupy these units which is an amount equal to the rent paid by the Group and Company to the landlord for unit 306 and unit 307. Grenke Limited also co shares the meeting rooms at Unit 310 Q House in respect of which it pays the Group and Company an amount equal to 50% of the cost of the rent payable to the landlord of €36,604 for Unit 310 in Q House. There is no lease agreement between Grenke Limited and the Group and Company.

GRENKE AG Group Companies in France, Spain, Portugal, Netherlands, Luxembourg, Hungary, Slovenia, Finland, Romania, Malta, Germany and Italy act as agents for the Group and Company. The agents write leases on behalf of the Group and Company, collect lease instalments on behalf of the Group and Company sell leased equipment on behalf of the Group and Company and secure fees for protecting the Group and Company leased equipment in return for which they are paid commissions.

Three of the directors receive remuneration from Grenke Finance plc. The Company does not have other key management personal apart from the directors who receive remuneration.

All related party transactions were made at arm's length.

In its responsibility to assist the financing of business activities conducted by companies of the Grenke AG Group, Grenke Finance plc applies transfer prices for financial instruments in conformity with external market levels and in accordance with national and international tax requirements.

18. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the smallest and largest group of undertaking for which group financial statements are drawn up, and of which the Company is a member and is consolidated, is Grenke AG, a company incorporated in Germany. Copies of its group financial statements are available at www.grenke.de. Grenke AG is the immediate and ultimate parent undertaking and controlling party.

19. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

There were no significant events to report after the reporting date.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim financial statements of Grenke Finance PLC were approved and authorised for issue by the Directors on 8 August 2022.