

Årsredovisning

DEKRA Industrial AB

Org.nr 556033-5977

Räkenskapsår 2019-01-01 - 2019-12-31

Fastställelseintyg

Undertecknad styrelseledamot intygar hämed att en med denna undertecknade kopia likalydande resultat- och balansräkning blivit fastställd på årsstämman den 25 juni 2020. Årsstämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Göteborg den 29 juni 2020



Stefan Förlgren

Årsredovisning

för räkenskapsåret 2019-01-01 - 2019-12-31

Styrelsen och verkställande direktören för DEKRA Industrial AB avger härmed följande årsredovisning.

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Styrelsens säte: Göteborg

Företagets redovisningsvaluta: Svenska kronor (SEK).

Alla belopp redovisas, om inte annat anges, i tusentals kronor (tkr).



Förvaltningsberättelse

Information om verksamheten

DEKRA Industrial AB är av Swedac ackrediterat för kontroll och besiktning av tryckkärl, hissar och lyftanordningar samt för oförstörande provning såsom provningslaboratorium. DEKRA Industrial AB erbjuder också vissa rådgivande tjänster inom dessa områden. Vidare är DEKRA Industrial AB så kallat anmält organ enligt EU-direktiven för maskiner, hissar och tryckkärl.

Verksamheten är inriktad mot alla samhällssektorer och branscher samt för den obligatoriska kontroll-, besiktning- och provningsverksamheten mot tillverkare och ägare av besiktningsskyldiga anläggningar och utrustningar.

Väsentliga händelser under räkenskapsåret och efter dess utgång

Bolaget har under året sett en stabil efterfrågan av sina tjänster och med ett fortsatt positivt resultat. Inga övriga väsentliga händelser har skett under räkenskapsåret.

Förväntad framtida utveckling

Utbrottet av Corona Covid 19 har under första halvåret 2020 spridit sig i hela världen. Högst sannolikt kommer det att ha en viss indirekt finansiell påverkan på Bolagets verksamhet, men denna är i nuläget svår att uppskatta. Ledningen i bolaget arbetar löpande med att fånga upp och agera på eventuella indikationer som påverkar bolagets situation.

Potentiella effekter kan bli intäktsbortfall vid stillestånd i projekt, merkostnader till följd av situationen samt ökad rörelsekapitalbindning genom längre betalningsvillkor. Bolaget har permitterat viss personal kvartal två 2020 inom de verksamhetsgrenar där efterfrågan påverkats.

Bolagets verksamhet förväntas för övrigt fortgå på oförändrat sätt under 2020 och 2021.

Ägarförhållanden

Företaget är helägt dotterbolag till DEKRA Sweden AB, org nr 556801-8633, med säte i Göteborg, som i sin tur är helägt dotterbolag till DEKRA SE, med säte i Stuttgart, Tyskland.

Flerårsöversikt	2019	2018	2017	2016	2015
Nettoomsättning (tkr)	607 465	543 630	537 125	524 973	535 062
Resultat efter finansiella poster (tkr)	80 739	57 171	53 685	54 239	57 192
Rörelsemarginal (%)	13,0%	8,3%	9,4%	9,0%	9,9%
Balansomslutning (tkr)	356 121	282 532	252 843	242 803	213 587
Soliditet (%)	64,4%	64,6%	54,4%	54,8%	54,0%
Antal anställda	459	434	433	444	430

Definition av nyckeltal, se not 31

Förslag till resultatdisposition

Styrelsen föreslår att till förfogande stående medel

Balanserat resultat	98 548 767 kr
Årets resultat	<u>47 886 323 kr</u>
disponeras så att	<u>146 435 090 kr</u>
i ny räkning överföres	<u>146 435 090 kr</u>
	<u>146 435 090 kr</u>



Resultaträkning

	Not	2019-01-01 -2019-12-31	2018-01-01 -2018-12-31
Nettoomsättning	1,5	607 465	543 630
Aktiverat arbete för egen räkning		0	1 053
Övriga rörelseintäkter		21 770	7 276
		629 235	551 959
<i>Rörelsens kostnader</i>			
Övriga externa kostnader	2,3,5	-131 125	-122 817
Personalkostnader	4	-404 942	-370 943
Avskrivningar och nedskrivningar (samt återföring) av materiella och immateriella anläggningstillgångar	12,13,15,16	-14 474	-12 914
		-550 541	-506 674
Rörelseresultat		78 694	45 285
<i>Resultat från finansiella investeringar</i>			
Resultat från andelar i koncernföretag	6	1 064	11 638
Resultat från andelar i intresseföretag	7	1 500	500
Övriga ränteintäkter och liknande resultatposter	8	-283	34
Räntekostnader och liknande resultatposter	9	-236	-286
		2 045	11 886
Resultat efter finansiella poster		80 739	57 171
Bokslutsdispositioner	10	-19 230	-2 200
Resultat före skatt		61 509	54 971
Skatt på årets resultat	11	-13 622	-9 748
Årets resultat		47 887	45 223



Balansräkning

	Not	2019-12-31	2018-12-31
TILLGÅNGAR			
Anläggningstillgångar			
<i>Immateriella anläggningstillgångar</i>			
Balanserade utgifter för forsknings- och utvecklingsarbeten och liknande arbeten	12	59 325	2 014
Hysesrätter och liknande rättigheter	13	0	0
Pågående projekt för immateriella anläggningstillgångar	14	10 266	57 529
Goodwill	15	480	1 440
		70 071	60 983
<i>Materiella anläggningstillgångar</i>			
Inventarier, verktyg och installationer	16	35 662	43 226
Pågående nyanläggning maskiner o inventarier	17	94	94
		35 756	43 320
<i>Finansiella anläggningstillgångar</i>			
Andelar i koncernföretag	18	5 366	5 366
Andelar i intresseföretag	19	200	200
Uppskjuten skattefordran	20	30	26
		5 596	5 592
Summa anläggningstillgångar		111 423	109 895
Omsättningstillgångar			
<i>Varulager m.m.</i>			
Råvaror och förnödenheter		0	18
		0	18
<i>Kortfristiga fordringar</i>			
Kundfordringar		111 362	104 064
Fordringar hos koncernföretag		104 388	22 103
Aktuella skattefordringar		2 576	6 373
Övriga fordringar		2 161	6 419
Upparbetad men ej fakturerad intäkt	21	16 398	19 015
Förutbetalda kostnader och upplupna intäkter	22	6 873	6 250
		243 758	164 224
<i>Kassa och bank</i>	25	940	8 395
Summa omsättningstillgångar		244 698	172 637
SUMMA TILLGÅNGAR		356 121	282 532



Balansräkning

	Not	2019-12-31	2018-12-31
EGET KAPITAL OCH SKULDER			
<i>Eget kapital</i>			
<i>Bundet eget kapital</i>			
Aktiekapital	23	2 000	2 000
Fond för utvecklingsutgifter		66 381	56 333
Reservfond		400	400
		68 781	58 733
<i>Fritt eget kapital</i>			
Balanserat resultat		98 549	63 374
Årets resultat		47 887	45 223
		146 436	108 597
Summa eget kapital		215 217	167 330
<i>Obeskattade reserver</i>	24	18 300	19 400
<i>Kortfristiga skulder</i>			
Leverantörsskulder		13 976	13 019
Skulder till koncernföretag		23 432	10 021
Övriga skulder		23 248	18 872
Upplupna kostnader och förutbetalda intäkter	26	61 948	53 890
		122 604	95 802
SUMMA EGET KAPITAL OCH SKULDER		356 121	282 532

Rapport över förändringar i eget kapital

	Aktie- kapital	Reservfond	Fond för utvecklings- utgifter	Balanserat resultat	Årets resultat	Totalt
Ingående balans 2019-01-01	2 000	400	56 333	63 374	45 223	167 330
Omföring resultat föregående år	0	0	0	45 223	-45 223	0
Omföring fond för utvecklingsutgifter	0	0	10 048	-10 048	0	0
Årets resultat	0	0	0	0	47 887	47 887
Utgående balans 2019-12-31	2 000	400	66 381	98 549	47 887	215 217

Kassaflödesanalys

	2019-01-01 -2019-12-31	2018-01-01 -2018-12-31
Den löpande verksamheten		
Rörelseresultat	78 694	45 285
Justeringar för poster som inte ingår i kassaflödet		
Avskrivningar och nedskrivningar	14 474	12 914
Kursdifferenser likvida medel	-293	-102
Vinst, förlust vid försäljning av inventarier	-62	110
Avsättningar	0	-149
	92 813	58 058
Erhållen ränta	10	136
Erhållen utdelning	2 564	12 138
Erlagd ränta	-236	-286
Betald / återbetald inkomstskatt	-9 829	-10 508
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital	85 322	59 538
<i>Förändringar i rörelsekapital</i>		
Förändring av varulager	18	45
Förändring av rörelsefordringar	-83 331	-28 385
Förändring av rörelseskulder	9 072	-8 855
Kassaflöde från den löpande verksamheten	11 081	22 343
Investeringsverksamheten		
Förvärv av immateriella anläggningstillgångar	-11 529	-10 763
Förvärv av materiella anläggningstillgångar	-4 511	-11 845
Försäljning av materiella anläggningstillgångar	105	151
Kassaflöde från investeringsverksamheten	-15 935	-22 457
Finansieringsverksamheten		
Lämnade koncernbidrag	-2 600	-8 730
Kassaflöde från finansieringsverksamheten	-2 600	-8 730
Årets kassaflöde	-7 454	-8 844
Likvida medel vid årets början	8 395	17 239
Likvida medel vid årets slut	940	8 395



Tilläggsupplysningar

Redovisningsprinciper m.m.

Allmänna redovisningsprinciper

Årsredovisningen har upprättats enligt årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Koncern tillhörighet, koncernredovisning

Företaget är helägt dotterbolag till DEKRA Sweden AB, org nr 556801-8633, med säte i Göteborg, som i sin tur är helägt dotterbolag till DEKRA SE, med säte i Stuttgart, Tyskland.

Koncernredovisning har inte upprättats med hänvisning till ÄRL 7:2. DEKRA SE (HRB 734316), Stuttgart, Tyskland, upprättar koncernredovisning för den största koncernen. Koncernredovisning finns att tillgå hos DEKRA SE via www.dekra.de.

Intäktsredovisning

Inkomsten redovisas till verkligt värde av vad företaget fått eller kommer att få för utförande av tjänster och för varor levererade. Det innebär att företaget redovisar inkomsten till nominellt värde (fakturabelopp) exklusive rabatter och mervärdesskatt.

Vid senareläggning av betalning från kunden redovisas dels en försäljning av tjänst/vara, dels en ränteintäkt.

Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränteintäkter redovisas i takt med att de intjänas. Om underliggande tillgångar genererar ränteintäkter görs beräkning av ränteintäkter på basis av den underliggande tillgångens avkastning enligt effektivräntemetoden.

Utdelning redovisas som intäkt när företagets rätt till betalning är säkerställd.

Tjänsteuppdrag

Tjänsteuppdrag på löpande räkning intäktsredovisas i takt med att arbetet utförs. Upparbetad, ej fakturerad intäkt tas upp i balansräkningen till det belopp som beräknas bli fakturerat och redovisas i posten "Upparbetad men ej fakturerad intäkt".

Företaget vinstavräknar, utförda tjänste- och entreprenaduppdrag till fast pris, i takt med att arbetet utförs, s.k. succesiv vinstavräkning. Vid beräkningen av upparbetad vinst har färdigställandegraden beräknats som nedlagda utgifter per balansdagen i relation till de totalt beräknade utgifterna för att fullgöra uppdraget. Skillnaden mellan redovisad intäkt och fakturerade delikvider redovisas i balansräkningen i posten "Upparbetad men ej fakturerad intäkt".

Redovisning av leasingavtal

Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden. Se vidare not 3.

Ersättning till anställda efter avslutad anställning

I företaget finns såväl avgiftsbestämda som förmånsbestämda pensionsplaner. Som avgiftsbestämda planer klassificeras planer där fastställda avgifter betalas och det inte finns förpliktelser att betala något ytterligare, utöver dessa avgifter. Övriga planer klassificeras som förmånsbestämda och beräknas enligt Tryggandelagen och redovisas i enlighet med förenklingsreglerna i BFNAR

Utgifter för avgiftsbestämda planer redovisas som en kostnad under den period de anställda utför de tjänster som ligger till grund för förpliktelsen.

Företaget har förmånsbestämda pensionsplaner där en pensionspremie betalas och redovisar dessa planer som avgiftsbestämda planer i enlighet med förenklingsregeln i BFNAR 2012:1.

Företaget har förmånsbestämda pensionsplaner som finansieras via Alecta, vilka redovisas som avgiftsbestämda planer då det inte finns tillräcklig information för att redovisa planen som förmånsbestämd.

Anläggningstillgångar

Materiella och immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och eventuella nedskrivningar.

Materiella anläggningstillgångar delas upp på betydande komponenter när komponenterna har väsentligt olika nyttjandeperioder.

Avskrivningsbart belopp utgörs av anskaffningsvärdet minskat med ett beräknat restvärde om detta är väsentligt. Avskrivning sker linjärt över den förväntade nyttjandeperioden. Följande avskrivningstider tillämpas:

Immateriella anläggningstillgångar

Balanserade utgifter för forsknings- och utvecklingsarbeten och liknande arbeten	5 år
Goodwill	5 år

Materiella anläggningstillgångar

Maskiner och andra tekniska anläggningar	5-10 år
Inventarier, verktyg och installationer	3-10 år

Internt upparbetade immateriella anläggningstillgångar

Företaget tillämpar den s.k. "aktiveringsmodellen" avseende internt upparbetade immateriella anläggningstillgångar. Metoden innebär att samtliga utgifter som uppfyller kriterierna i BFNAR 2012:1 aktiveras som immateriell anläggningstillgång och skrivs av under tillgångens beräknade nyttjandeperiod. En omföring av fritt eget kapital till fond för utvecklingsutgifter inom bundet eget kapital görs för motsvarande belopp som aktiverats under året. Återföringen från fonden till fritt eget kapital sker med motsvarande belopp som redovisade avskrivningar/nedskrivningar.

Lager förnödenheter

Lager av förnödenheter har värderats till det lägsta av anskaffningsvärde och återanskaffningsvärde. Den valda värderingsmetoden innebär att eventuell inkurans i varulagret har beaktats.

Inkomstskatter

Total inkomstskatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktioner redovisas direkt mot eget kapital varvid tillhörande skatteeffekt också redovisas i eget kapital.

Aktuell skatt

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten inkomstskatt beräknas enligt balansräkningsmetoden på alla temporära skillnader som uppkommer mellan redovisade och skattemässiga värden på tillgångar och skulder. De temporära skillnaderna uppkommer när bokförda resultatposter skattemässigt skall redovisas under framtida räkenskapsår. Uppskjuten skattefordran avseende underskottsavdrag och andra framtida skattemässiga avdrag redovisas i den utsträckning det är sannolikt att avdraget kan avräknas mot överskott vid framtida beskattning. Uppskjuten skatt avseende obeskattade reserver ingår i posten obeskattade reserver.

Omräkning av poster i utländsk valuta

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Fordringar, skulder och avsättningar

Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

Noter

Not 1 Nettoomsättningens fördelning

	2019	2018
<i>Nettoomsättningen fördelar sig på väsentliga verksamhetsgrenar enligt följande:</i>		
Konsultuppdrag	607 465	543 630
<i>Nettoomsättningen fördelar sig på geografiska marknader enligt följande:</i>		
Sverige	598 848	518 601
Övriga Norden	2 390	3 878
Övriga Europa	6 227	21 150
	607 465	543 630

Not 2 Arvode till revisorer

	2019	2018
<i>Ernst & Young</i>		
Revisionsuppdraget	-267	-279
Skatterådgivning	0	0
Övriga tjänster	0	0
	-267	-279

Not 3 Operationella leasingavtal

	2019	2018
Kostnadsförda leasingavgifter avseende operationella leasingavtal	-32 024	-30 323
Framtida minimileaseavgifter avseende ej uppsägningsbara operationella leasingavtal:		
Ska betalas inom 1 år	-31 345	-25 996
Ska betalas inom 1-5 år	-39 113	-36 873
Ska betalas senare än 5 år	-1 334	-195

Företaget har ingått följande väsentliga leasingavtal vilka redovisas som operationella leasingavtal:
Hyreskontrakt för kontor- och produktionslokaler, samt leasingavtal för tjänstebilar.

Not 4 Anställda och personalkostnader

	2019	2018
<i>Medelantalet anställda:</i>		
Män	413	386
Kvinnor	46	48
	459	434
<i>Löner och andra ersättningar:</i>		
Styrelse och verkställande direktör	-2 139	-1 981
Övriga anställda	-243 713	-220 223
	-245 853	-222 204
Tantiem till styrelse och verkställande direktör ingår med	-12	-48
<i>Pensions- och övriga sociala kostnader</i>		
Pensionskostnader för styrelse och verkställande direktör	-465	-465
Pensionskostnader för övriga anställda	-25 671	-24 577
Övriga sociala kostnader enligt lag och avtal	-87 401	-79 484
	-113 537	-104 526

Företaget har inga övriga utestående förpliktelser till styrelse och VD. För avgående VD gäller en uppsägningstid om 12 månader vid uppsägning från bolagets sida och 6 månader från VDs sida.

	2019-12-31	2018-12-31
<i>Könsfördelning bland ledande befattningshavare:</i>		
Andel kvinnor i styrelsen	0%	0%
Andel män i styrelsen	100%	100%
Andel kvinnor bland övriga ledande befattningshavare	21%	21%
Andel män bland övriga ledande befattningshavare	79%	79%
Not 5 Inköp och försäljning mellan koncernföretag		
	2019	2018
Andel av årets totala försäljning som skett till andra företag inom hela den företagsgrupp bolaget tillhör, DEKRA SE med dotterföretag.	4%	2%
Andel av årets totala inköp som skett från andra företag inom hela den företagsgrupp bolaget tillhör, DEKRA SE med dotterföretag.	19%	19%
Not 6 Resultat från andelar i koncernföretag		
	2019	2018
Erhållna utdelningar	1 064	11 638
	1 064	11 638
Not 7 Resultat från andelar i intresseföretag		
	2019	2018
Erhållna utdelningar	1 500	500
	1 500	500
Not 8 Övriga ränteintäkter och liknande resultatposter		
	2019	2018
Övriga ränteintäkter	10	136
Kursdifferenser	-293	-102
	-283	34
Not 9 Räntekostnader och liknande resultatposter		
	2019	2018
Övriga räntekostnader	-236	-286
	-236	-286
Not 10 Bokslutsdispositioner		
	2019	2018
Lämnade koncernbidrag	-20 330	-2 600
Skillnad mellan bokförd avskrivning och avskrivning enligt plan	1 100	400
	-19 230	-2 200

Not 11 Skatt på årets resultat

	2019	2018
Aktuell skatt	-13 626	-9 654
Uppskjuten skatt	4	-94
Redovisad skatt	-13 622	-9 748
<i>Avstämning av effektiv skattesats</i>		
Redovisat resultat före skatt	61 509	54 971
Skatt på redovisat resultat enligt gällande skattesats 21,4% (22,0%):	-13 163	-12 094
Skatteeffekt av:		
Övriga ej avdragsgilla kostnader	-1 005	-659
Ej skattepliktiga intäkter	546	2 829
Justering av tidigare års skatt	0	176
Redovisad skatt	-13 622	-9 748
Årets skattekostnad i %	-22,1%	-17,7%

Nominell skattesats för svenska aktiebolag utgör 21,4% (22,0%).

Upplysningar om uppskjuten skattefordran och skatteskuld

Företaget har uppskjuten skattefordran för kostnader vilka är skattemässigt avdragsgilla under kommande år.

Not 12 Balanserade utgifter för forsknings- och utvecklingsarbeten och liknande arbeten

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	2 048	2 048
Omklassificeringar	58 792	0
Utgående ackumulerade anskaffningsvärden	60 840	2 048
Ingående avskrivningar	-34	-34
Årets avskrivningar	-1 482	0
Utgående ackumulerade avskrivningar	-1 516	-34
Utgående redovisat värde	59 325	2 014

Not 13 Hyresrätter

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	240	240
Utgående ackumulerade anskaffningsvärden	240	240
Ingående avskrivningar	-240	-240
Utgående ackumulerade avskrivningar	-240	-240
Utgående redovisat värde	0	0

Not 14 Pågående projekt för immateriella anläggningstillgångar

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	57 529	46 766
Årets anskaffningar	11 529	10 763
Omklassificeringar	-58 792	0
Utgående ackumulerade anskaffningsvärden	10 266	57 529
Utgående redovisat värde	10 266	57 529

Not 15 Goodwill

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	5 054	5 054
Utgående ackumulerade anskaffningsvärden	5 054	5 054
Ingående avskrivningar	-3 614	-2 621
Årets avskrivningar	-960	-993
Utgående ackumulerade avskrivningar	-4 574	-3 614
Utgående redovisat värde	480	1 440

Not 16 Inventarier, verktyg och installationer

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	159 498	150 512
Årets anskaffningar	4 511	11 751
Försäljningar/utrangeringar	-1 596	-2 765
Utgående ackumulerade anskaffningsvärden	162 413	159 498
Ingående avskrivningar	-115 404	-105 989
Försäljningar/utrangeringar	1 554	2 506
Årets avskrivningar	-11 282	-11 921
Utgående ackumulerade avskrivningar	-125 132	-115 404
Ingående nedskrivningar	-868	-868
Årets nedskrivningar	-750	0
Utgående ackumulerade nedskrivningar	-1 618	-868
Utgående redovisat värde	35 663	43 226



Not 17 Pågående nyanläggning maskiner och inventarier

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	94	0
Årets anskaffningar	0	94
Utgående ackumulerade anskaffningsvärden	94	94
Utgående redovisat värde	94	94

Not 18 Andelar i koncernföretag

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	5 491	5 491
Utgående ackumulerade anskaffningsvärden	5 491	5 491
Ingående nedskrivningar	-125	-125
Utgående ackumulerade nedskrivningar	-125	-125
Utgående redovisat värde	5 366	10 732

Specifikation av andelar i koncernföretag:

Namn	Kapital- andel	Rösträtts- andel	Antal andelar	Bokfört värde
UAB DEKRA Industrial, reg nr 301845573, Visaginas, Litauen	100%	100%	17 000	5 366
DEKRA Industrial AS, reg nr 994141457, Oslo, Norge	100%	100%	100	0
				5 366

Not 19 Andelar i intresseföretag

	2019-12-31	2018-12-31
Ingående anskaffningsvärden	200	200
Utgående redovisat värde	200	200

Specifikation av andelar i intresseföretag:

Namn	Antal andelar	Kapital- andel	Rösträtts- andel	Bokfört värde
NDT Trainingcenter AB, 556338-1440, Västerås	2 000	33%	33%	200
				200



Not 20 Uppskjuten skattefordran

	2019-12-31	2018-12-31
Ingående saldo	26	121
Återförda skattefordringar	4	-95
	<u>30</u>	<u>26</u>

Not 21 Upparbetad men ej fakturerad intäkt

	2019-12-31	2018-12-31
<i>Uppdrag med successiv vinstavräkning:</i>		
Upparbetade intäkter	387 482	297 231
Fakturerat belopp	-371 084	-278 216
Redovisat värde	16 398	19 015

Not 22 Förutbetalda kostnader och upplupna intäkter

	2019-12-31	2018-12-31
Förutbetalda hyreskostnader	4 188	4 242
Förutbetalda försäkringspremier	447	446
Förutbetalda leasingkostnader	1 007	446
Övriga förutbetalda kostnader	1 231	1 116
	<u>6 873</u>	<u>6 250</u>

Not 23 Aktiekapital

Bolagets aktiekapital uppgår till 2 000 000 kr (2 000 000) och är fördelat på 20 000 aktier (20 000).

Not 24 Obeskattade reserver

	2019-12-31	2018-12-31
Akkumulerade överavskrivningar	-18 300	-19 400
	<u>-18 300</u>	<u>-19 400</u>

Not 25 Checkräkningskredit

	2019-12-31	2018-12-31
Beviljad kredit	0	15 000
Utnyttjad kredit	0	0

Not 26 Upplupna kostnader och förutbetalda intäkter

	2019-12-31	2018-12-31
Upplupna löner	-16 174	-12 653
Upplupna semesterlöner, inkl soc. avgifter	-21 950	-23 071
Upplupna sociala avgifter och löneskatt	-13 504	-11 971
Övriga upplupna kostnader	-10 320	-6 195
	<u>-61 948</u>	<u>-53 890</u>

Not 27 Förslag till resultatdisposition

Styrelsen föreslår att till förfogande stående medel:

Balanserat resultat	98 548 767 kr
Årets resultat	<u>47 886 323 kr</u>
	146 435 090 kr

disponeras så att:
i ny räkning överföres

<u>146 435 090 kr</u>
146 435 090 kr

Not 28 Hållbarhetsredovisning

Företaget upprättar enligt årsredovisningslagen 7 kap 31a§ inte någon lagstadgad hållbarhetsrapport.

Moderföretaget DEKRA SE, med säte i Stuttgart, Tyskland, upprättar hållbarhetsrapport för koncernen där företaget ingår. Koncernens hållbarhetsrapport finns tillgänglig på koncernens hemsida www.dekra.com.

Not 29 Väsentliga händelser efter balansdagen

Utbrottet av Corona Covid 19 har under första halvåret 2020 spridit sig i hela världen. Högst sannolikt kommer det att ha en viss indirekt finansiell påverkan på Bolagets verksamhet, men denna är i nuläget svår att uppskatta. Ledningen i bolaget arbetar löpande med att fånga upp och agera på eventuella indikationer som påverkar bolagets situation.

Potentiella effekter kan bli intäktsbortfall vid stillestånd i projekt, merkostnader till följd av situationen samt ökad rörelsekapitalbindning genom längre betalningsvillkor. Bolaget har tillåtit viss personal kvartal två 2020 inom de verksamhetsgrenar där efterfrågan påverkats.

Bolagets verksamhet förväntas för övrigt fortgå på oförändrat sätt under 2020 och 2021.

Not 30 Eventualförpliktelser och ställda säkerheter

	2019-12-31	2018-12-31
Summa eventualförpliktelser	0	0
Summa ställda säkerheter	0	0

Not 31 Nyckeltalsdefinitioner

Rörelsemarginal

Rörelseresultat i procent av nettoomsättningen

Justerat eget kapital

Eget kapital med tillägg för obeskattade reserver som reducerats med uppskjuten skatt.

Soliditet

Justerat eget kapital i procent av balansomslutning

Göteborg den 10 juni 2020

Frédéric Schmitt
Ordförande

Stefan Törngren
Verkställande direktör

Matti Andersson
Styrelseledamot

Vår revisionsberättelse har lämnats den

Ernst & Young AB

Stefan Andersson-Berglund
Auktoriserad revisor



Verification

Transaction 09222115557430560400

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Finalised on 2020-06-12 15:25:40 CEST (+0200)

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Verifikat

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Dokument

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med originalet intygar
Annika Jönberg



Revisionsberättelse

Till bolagsstämman i DEKRA Industrial AB, org.nr 556033-5977

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för DEKRA Industrial AB för räkenskapsåret 2019.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av DEKRA Industrial ABs finansiella ställning per den 31 december 2019 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till DEKRA Industrial AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för DEKRA Industrial AB för räkenskapsåret 2019 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till DEKRA Industrial AB enligt god revisionssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelse skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den

Ernst & Young AB

Stefan Andersson Berglund
Auktoriserad revisor

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med originalet intygas

Andersson-Berglund



At a glance

On the road, at work, and at home, millions of people around the world rely on DEKRA's safety expertise. This leading non-listed expert organization is fulfilling its corporate mission of improving safety with impartiality and independence. With a workforce of nearly 44,000, DEKRA is synonymous with innovative services in the safety segment in more than 60 countries across five continents. This vision to be realized by our centenary in 2025 is as follows: DEKRA will be the global partner for a safe world.

Since fiscal year 2019, DEKRA's comprehensive range of services has been marketed across eight regions worldwide and is summarized in the eight Service Divisions: Vehicle Inspection, Claims & Expertise, Product Testing, Industrial Inspection, Consulting, Audits, Training, and Temp Work.

The portfolio ranges from vehicle inspections and expertise in claims services, industrial and construction inspections, security consulting, as well as the testing and certification of products and systems, to training courses and temporary work.

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KEY DATA DEKRA SE

		2017	2018	2019
Revenue and income				
Total revenue	in million EUR	3,134.8	3,340.5	3,409.0
Share of international revenue	in %	39.3	39.3	39.4
Adjusted EBIT	in million EUR	236.1	242.3	227.1
Adjusted EBIT margin	in %	7.5	7.3	6.7
Adjusted EBT	in million EUR	228.9	227.9	210.2
Statement of financial position				
Total assets	in million EUR	2,090.2	2,267.0	2,755.4
Equity	in million EUR	635.5	748.8	796.3
Equity ratio	in %	30.4	33.0	28.9
Employees				
Number as of Dec. 31		44,057	45,197	43,961

Foreword from the Chairman of the Management Board



STEFAN KÖBL

Chairman of the Management Board
DEKRA e.V. and DEKRA SE

Dear readers,

DEKRA has been growing for many years. We have ensured the future of our business through strategic acquisitions, high levels of investment, and the systematic development of expertise.

This paid off in 2019. Despite the difficult economic and political environment, we remain on the right course: Group revenue has increased by 2.0 percent to around 3.41 billion euros. By the end of the year the number of employees was at a high level – at around 44,000. Organizational improvements which were implemented in eight regions and eight Service Divisions in 2019 contributed to this success. We were therefore able to further improve our innovative capacity and customer focus.

Around 40 percent of revenue is now generated abroad – and the trend is rising, for we also expanded into new markets in the 2019 reporting year. One example is that, since entering into China, Chile, and the Vatican, DEKRA now inspects vehicles in 21 countries and is the undisputed global market leader. Altogether, we have managed to both assert and further strengthen our position as the world's leading non-listed expert organization in the TIC industry (testing, inspection, certification).

This positive development encourages us in our "Vision 2025": to be the global partner for a safe world by the time of the Company's 100th anniversary of founding whenever the three areas of life – on the road, at work, and at home – concern technical and organizational safety, in digital and analog form.

Join us as we continue this journey.

Kind regards,

STEFAN KÖBL
Chairman of the Board of Management
DEKRA e.V. and DEKRA SE

Group management report for the fiscal year 2019

CORPORATE INFORMATION

Group business model

DEKRA ensures safety

For over 90 years, DEKRA has strived to ensure people's safety in all of life's situations. What started out in 1925 with the technical monitoring of motor vehicles, today comprises a wide range of services for testing, inspecting, and certifying products, processes, and plants, as well as for training and certifying individuals. DEKRA is the world's largest non-listed expert organization in the TIC industry (testing, inspection, certification) in terms of revenue, and benefits from the lasting and global trend toward more safety. The Company's mission pursuant to its articles of incorporation is just as valid today as when it first started out.

In 2019, DEKRA employed almost 44,000 people in around 60 countries on five continents. The Company is the global market leader for vehicle inspection, with around 27 million inspections carried out overall each year. Since 2019, the comprehensive services it offers have been bundled into eight Service Divisions. The global business is managed by DEKRA SE, based in Stuttgart, and is divided into eight regions.

Represented in every region of the world

Of the eight regions, the Germany region is the biggest market with revenue of 2.1 billion euros, followed by South-West Europe (which also includes the Company's second domestic market of France) with 532.2 million euros. DEKRA generated a business volume of 346.1 million euros in the North-West Europe region and 162.5 million euros in Central East Europe & Middle East.

DEKRA's growth markets include the North America and East & South Asia regions, where revenue amounting to 93.6 million euros (North America) and 102.5 million euros (East & South Asia) was generated. DEKRA generated 18.7 million euros in South America and 86.4 million euros in Southern Africa & Oceania.

Systematic expansion of the range of products and services

In its eight Service Divisions, DEKRA focuses on the ongoing development and optimization of services in order to be able to offer customers an even better service in the future. As part of the trend toward digitalization and increased networking, the Service Divisions develop the safety solutions of tomorrow and underscore DEKRA's role as a pioneer of safety. The products and services offered by DEKRA are bundled into the following Service Divisions:

Vehicle Inspection

This Service Division comprises periodic vehicle inspections, non-periodic technical inspections, and periodic emission tests for all kinds of vehicles. With an eye on the future of mobility, DEKRA continues to provide reliable technical inspections of increasingly networked and automated vehicles in this core area of expertise.

Claims & Expertise

The services offered by the Claims & Expertise Service Division include claims settlements for any types of claims, vehicle valuation and administration services, and expertise – both nationally and internationally.

Product Testing

The testing and certification of consumer, industrial, automotive, IT, communications, and medical products are part of the Product Testing Service Division's expertise. DEKRA combines security and connectivity tests in order to work toward a future in which products work perfectly and communicate clearly with each other.

Industrial Inspection

DEKRA provides comprehensive building, facility, machinery, and infrastructure inspection services to industry customers around the world, including a wide range of destructive and non-destructive materials tests.

Consulting

DEKRA advises its customers, from top managers to factory workers, on the safety-related, practical transformation of procedures and activities in a dynamic digital age, at the work place and in operational practice.

The internationally active experts of the Consulting Service Division follow a holistic, behavior-based approach based on scientific findings relating to the fundamental principles of human behavior.

Audits

Independent evaluations and certifications of management systems in accordance with national and international standards are the core expertise of the Audits Service Division. DEKRA

holds a range of accreditations for system certifications, and offers first-party (internal audits), second-party (auditing suppliers in accordance with their own standards), and third-party audits (audits in accordance with internationally recognized standards, with corresponding authorization).

Training

The Training Service Division offers a broad range of solutions and services in the fields of training, specialist education and placement from abroad, languages, integration, and learning, using modern learning management systems (LMS) and digital technologies. DEKRA has operated as a training partner for industry and government for more than 40 years.

Temp Work

Employees in the Temp Work Service Division are characterized by their extensive know-how in the fields of HR, solution, event, and logistics management. DEKRA is one of Germany's six largest HR service providers in terms of revenue.

Objectives and strategies

Vision 2025: we will be the global partner for a safe world

The strategy and operational management of DEKRA are guided by the principle of stable and healthy growth. Professional expertise, innovative power, and customer proximity therefore remain our primary tasks. Through its strategic "Vision 2025" program, launched in its 90th anniversary year in 2015, and with its focus on the three areas of life – on the road, at work, and at home –, DEKRA has mapped its course for the coming years. In this context, DEKRA has set itself the goal of being the global partner for a safe world in its centenary year 2025. In the reporting year 2019, DEKRA once again demonstrated its full commitment to achieving this long-term objective.

An important step in this direction is the further expansion of the Company's international presence. DEKRA is still concentrating on both organic expansion in existing markets and also making strategic acquisitions aimed at strengthening existing business sectors at a regional level and developing new markets.

As part of the Group's "Strategy 2020", six initiatives have been launched in order to achieve this vision: "Thought Leadership" (development of a Group-wide program aimed at establishing the Company as a global pioneer of safety), "Strategic Marketing & Sales" (definition and implementation of a global marketing and sales strategy), "Innovation Strategy & Processes" (designing and implementing Group-wide innovation strategies and processes), "GLOBEX" (Global Business Excellence – harmonization and standardization of processes and systems), "Change Management Vision 2025" (the driving force behind all change activities in connection with Vision 2025), and "Corporate Culture & Communication" (promoting a DEKRA culture based on our Vision 2025).

On this basis, DEKRA introduced a new organizational structure in the reporting year: the Target Operating Model 2020 (TOM 2020). TOM 2020 stands for the forward-looking development of the entire organization in order to make better use of opportunities for growth in the years ahead.

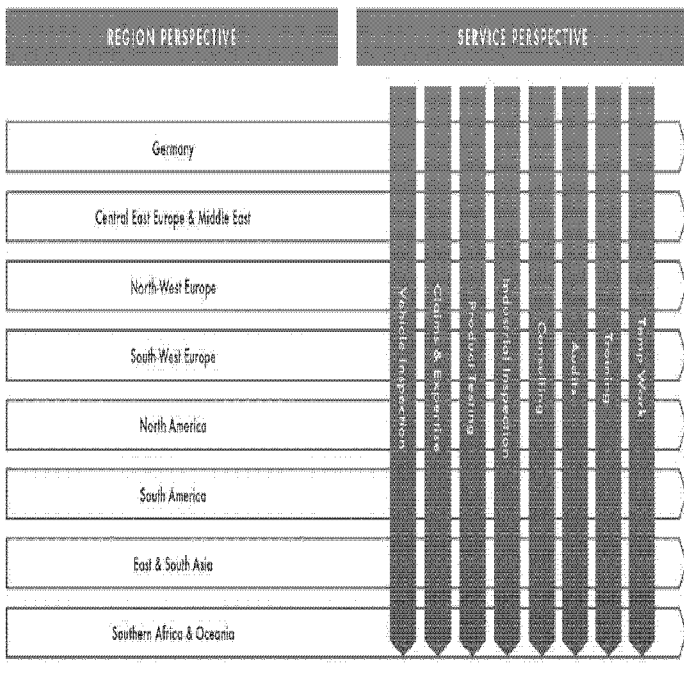
The four core goals of TOM 2020 are: promoting a focus on the customer, accelerating the process of globalization, fostering innovation and digitalization, and utilizing the Group's strength in order to continue expanding. These goals are to be achieved by setting up a global sales organization and eight regional clusters around the world, charged with the focused cultivation of markets and provision of services in the future. DEKRA's services are also bundled into eight global Service Divisions. These will be responsible for developing the content of services and safeguarding DEKRA's standard of quality. The main purpose of this is to enhance the Company's responsiveness and innovative power.

Research and development

DEKRA has been an independent expert organization since 1925. For more than 90 years, the Company has been working in the area of road safety – with periodical vehicle inspections, with the deployment of accident analysts and accident researchers, with crash tests, public campaigns, and cooperation in national and international committees. DEKRA's accident investigation function, for example, has been supporting automotive manufacturers and system suppliers with crash tests and accident analyses for 40 years. The function's ongoing mandate is to analyze real accidents on the roads in order to draw conclusions for road traffic safety. Furthermore, DEKRA uses its status as an international expert organization to inform the public in workshops and publications about relevant technical requirements for more road safety.

The journey to Vision Zero

The DEKRA VSR ("Verkehrssicherheitsreport": Road Safety Report) was presented for the twelfth time in the fiscal year 2019. The DEKRA VSR, published annually since 2008, provides up-to-date information and advice on the further development of road safety for decision-makers in politics, associations, and companies. The multilingual report was presented not only in Brussels and Berlin, but also in many other cities such as Madrid, Paris, Rome, and Beijing. The 2019 DEKRA VSR looks at the question of how to make children safer in traffic.



The DEKRA VSR is complemented by the DEKRA online road safety portal: www.dekra-roadsafety.com. There is additional content available to supplement the printed report, such as videos or interactive graphics. The portal is also concerned with many other topics relating to road safety, including vehicle technology, infrastructure, or the human factor of being distracted by smart phones when driving.

In 2019, DEKRA presented the fourth "DEKRA Vision Zero Award". The award is presented to a European city that has not registered any road traffic fatalities for several years in a row. The city of Lüdenscheid in the German federal state of North Rhine-Westphalia was recognized in 2019 for seven successive years without a single fatal accident in its inner-city transport network.

The future of mobility

DEKRA has been accompanying the technological developments in the automotive sector for many years. The development towards the mobility of the future represents a special challenge for all players in the automotive industry. That is why DEKRA has a team to develop services for the connected car that pools the whole range of knowledge gained from laboratory tests through material testing to homologation and type approval, across organizational and national borders.

Following the acquisition of the Lausitzring in Klettwitz, Germany, at the end of 2017, DEKRA merged the race track with the adjoining DEKRA Technology Center in 2018. Here, on 540 hectares of land, Europe's largest manufacturer-independent testing and inspection center for automated and connected driving to date is being built. Together with other DEKRA facilities in Spain and China, the Lausitzring and the facility in Klettwitz also form part of a highly effective international testing network.

In Málaga, Spain, the current focus is on the secure connectivity and electromagnetic compatibility of cell phones, smart home products, and Industry 4.0 applications as well as a test area for connected driving. The focus there is on product testing, the development of early-stage test procedures, and the testing

of V2X (vehicle-to-everything) technologies. DEKRA intensified its activities in this field in Málaga in 2019.

The last stage of the conversion from race track to test track for the future of mobility will also be completed in Klettwitz during the year ahead. In addition to testing components in accordance with the WLAN-based 5G standard, in the future it will also be possible to test a wide range of scenarios for networked communication between vehicles and with their environment using the 5G mobile communications standard. In addition to expanding the test tracks, the year 2019 saw the commissioning of another exhaust laboratory and a noise measurement track, which can record and test emissions in accordance with the very latest standards.

Data plays a crucial role in the development of self-driving vehicles and in the increased networking of traffic – including with respect to safety. That is why, as part of the "Trust Center" initiative, which it launched in 2018, DEKRA is working with other test organizations to promote unfiltered access to vehicles' safety and environmental data. Without this data, it is not possible to guarantee the proper condition and safety of vehicles. The "Trust Center" initiative is a trustee-based model for the secure gathering and analysis of data for the purpose of consumer protection.

Innovative calibration instruments

The reliable testing of vehicle functions and emissions requires testing technology and equipment that is 100% reliable and precise. By developing and launching innovative calibration instruments for brake, headlamp, and exhaust test facilities, DEKRA continued to invest in this field, which is important for road traffic safety, in 2019. As a result, DEKRA was accredited as a calibration laboratory in accordance with DIN EN ISO/IEC 17025 by the German National Accreditation Body. This means that DEKRA's calibration technicians can also provide accredited on-site calibrations at vehicle inspection facilities throughout Germany.

Lifts in the cloud

As a lift inspection expert, DEKRA developed a ground-breaking cloud-based solution in the reporting year in the form of the "DEKRA Lift Explorer". This enables lift operators to improve the safety and efficiency of their machinery, and optimize maintenance.

The "DEKRA Lift Explorer" consists of a high-tech box the same size as a smart phone box, which is mounted onto the lift car. This box records every ride, the position of the lift car, the door movements, and the load. The recorded data appears in a web-based cloud dashboard in real time. The information gathered can be used to identify targeted maintenance and repair measures in order to improve availability. The "DEKRA Lift Explorer" also enhances safety in a way that goes beyond the statutory requirements. If the lift breaks down between stories, the operator can respond immediately irrespective of whether an emergency call is made.

Successful digitalization campaign

The "DEKRA Lift Explorer" is one example of how DEKRA successfully promoted the digitalization of services and processes, and opened up opportunities for future growth with new solutions in 2019.

In the growing field of electromobility, a function test for rapid charging stations has been designed and is currently being introduced in the Netherlands as a pilot market. In the equally dynamic market for micro-mobility, DEKRA has not only been assessing operating licenses for electric scooter sharing providers since 2019, but is also working on international testing standards for this recent form of urban mobility.

In New Zealand, DEKRA has developed a prototype for a self-learning system based on artificial intelligence (AI). This system can calculate when a vehicle will break down with a high degree of accuracy using remote diagnostics. Drawing the attention of vehicle owners to a potential defect improves road traffic safety. Predictive maintenance is also gaining more and more attention within industry. That is why DEKRA has created an

online monitoring system in the context of the Industrial IoT. This constantly monitors the safety-related parameters of critical assets such as boilers, pipelines, and cranes. Early maintenance improves safety in the factory hall.

DEKRA is also backing artificial intelligence (AI) for the management of claims and the identification of insurance fraud based on the scanning of images and voice analysis. Other digital solutions, for example for audits, not only improve the service provided to the customer but also help DEKRA to reduce its administrative workload.

Integrity and sustainability

Compliance management system

DEKRA's compliance management function is based on a sense of responsibility on the part of every employee, combined with business activity based on general ethical principles. The observance and implementation of compliance is a high-profile issue throughout the Group. In 2019, DEKRA's compliance management function was expanded and adapted in response to changing requirements. DEKRA's Compliance Office drew up new, strictly value-based training concepts with the involvement of the operating units. The Compliance function is being developed as part of the TOM 2020 project in order to put more of a focus on interaction with the regions. The Compliance Office is working to identify new international fields of risk and to reinforce the international team and global teamwork.

The Chief Compliance Officer and the Compliance Office are a confidential and neutral point of contact for employees and externals. DEKRA has an internal system that allows potential misconduct or violations of the law to be addressed via the Company's website. Communication relating to the Compliance Guidelines is found on all important digital platforms such as the intranet, DEKRA Connect, and the internet. The low number of compliance incidents reported and processed in the reporting year once again showed that the atmosphere at DEKRA is characterized by integrity and fairness, and that the compliance program is accepted and applied in practice.

Quality management

Integrity, reliability, and impartiality are crucial to DEKRA's success as an independent expert organization. DEKRA's reputation and ability to compete on the market, and its impartiality when rendering our services and public duties, are heavily dependent on the conduct of each and every individual. Authorities, clients, customers, and business partners can reasonably expect that all those employed by DEKRA, that is employees, middle management, executives, and board members, work on the basis of these standards, and can be relied upon to fulfill their duties and conduct themselves as fair-minded business partners. The internal requirements and obligations are defined in the quality management system. Last year too, due to the modification and updating of internationally valid standards, such as the updating of the accreditations DIN/ISO/EN/IEC 17011, 17021, 17024, and 17025, the modified requirements were implemented in the processes and included in a risk assessment process.

Quality management (QM) not only sets the requirements, but also constantly inspects and optimizes the processes and services at DEKRA. In addition to annual external inspections conducted by the authorities, all subsidiaries with certified or accredited QM systems ensure the quality of their products and processes by means of regular and planned audits. QM also manages and secures DEKRA's accreditations and official permits. The number of accreditations rose from 347 to 490. This change can mainly be attributed to the changed recording method which is now structured according to more extensive criteria as a result of the restructured Service Divisions, but it is also due to changed official requirements and new services.

The Product Testing, Industrial Inspection, and Audits Service Divisions have successfully completed all major reaccreditations worldwide and have obtained numerous extensions in accreditation scopes. New accreditations were also completed in the Product Testing Service Division, for example in the field of cyber security for the Internet of Things.

In addition, required transitions to new standards and to modified regulatory frameworks were undertaken during the fiscal year. One important milestone was the conversion and expansion of the Company's accreditation as a Notified Body for testing medical devices and products to the new legal framework of the Medical Devices Regulation (MDR) and In Vitro Devices Regulation (IVDR).

Environmental protection and sustainability Sustainability management

Efforts to expand DEKRA's sustainability management function continued in the fiscal year 2019, and they were integrated into the new Group structure via regional interfaces. The Company's direction in the field of sustainability is still based on DEKRA's corporate values as well as the requirements of the German and international sustainability codes. DEKRA has complied with the internationally recognized German sustainability code since May 2017. DEKRA once again achieved silver in its ecovadis sustainability rating, providing renewed external validation of its direction.

The Company continued to work on environmental issues (expansion of its internal environment and climate management function), social issues (DEKRA's social standards, expansion of HR sustainability and governance issues), the organizational integration of sustainability management, and standards and processes aimed at promoting sustainability within the supply chain. The Company's direction with respect to sustainability is constantly being assessed and developed by means of a dialog with internal and external stakeholders. On the whole, DEKRA mainly contributes to a sustainable trend for the economy, environment, and society as a multiplier, through its know-how and expert services with a focus on safety, as well as by specifically supporting customers in matters of sustainability and corporate social responsibility.

Protecting the environment and climate

The internal environment management function was successfully transitioned to the new Group structure. The global management system and the data-based management of environmental conservation topics continue to be expanded and developed in accordance with current findings and requirements. The focus is on the efficient use of energy and resources, as well as protecting the climate. In doing so, DEKRA takes advantage of the expertise of its employees who specialize in these fields internally as well. Employees receive training and are the target of awareness campaigns relating to environmental issues. Internal best practices are highlighted, and applied to suitable areas. What is more, DEKRA still offers expert services in the area of climate, environment, and energy, thus also contributing to environmental and climate protection outside the Company.

Personnel report

Increase in global core workforce despite fall in headcount at Temp Work

The headcount of the core workforce assigned to DEKRA's eight global regions (excluding Temp Work) increased by 1,116 employees in the fiscal year, from 26,617 to 27,733. The core workforce in the Germany region grew by 4.3% in comparison to the prior year, from 11,974 to 12,493 employees. This was boosted by the generally good level of demand for automotive and industrial services in ongoing business. The number of employees assigned to the Service Divisions also rose from 108 to 217. The number of employees in the central units ("Steering & Support") held steady at 707 (prior year: 715).

The headcount in Temp Work, however, fell by 2,453 across all DEKRA regions to 15,304 (prior year: 17,757) as a result of the global economic slowdown. The headcount for Temp Work in Germany fell by 1,615 to 7,854 employees (prior year: 9,469).

As a result, the DEKRA Group employed a total of 43,361 people at the end of the year (prior year: 45,197).

Declaration of compliance

Targets were set for the number of women represented on the most important corporate bodies in first- and second-tier management. The target figure for the composition of the Supervisory Board of DEKRA SE is 16.7% (prior year: 16.7%). This quota has been reached. A target of 25% has been set for the Management Board from 2022 onward. A quota of 15% and 20% has been set for the first management level (Executive Committee/Operational Committee) and second management level (Management Committee), respectively. The Executive Committee/Operational Committee did not reach this target (12.5%; prior year: 11.1%). The Management Committee also did not reach this target (19.1%; prior year: 20.8%). Both targets remain in place, and we are constantly working to achieve them.

Global management and junior talent development

DEKRA continued its global management development program in 2019. In the reporting year, the Managerial Foundation Programme (MFP) was completed for around 81 mid-level managers, with a total of around 320 days of participation. With MFP, DEKRA has created a uniform concept of management and the management culture that is required in order to implement the Company's strategy. Efforts to enable managers to realize the necessary changes in a targeted manner are being expanded. The implementation of the program also contributes to ongoing integration at all levels, as well as improved collaboration in the countries in question.

For years, DEKRA has used the International Advancement Programme (IAP) to promote junior talents who are working in or are to be prepared for international functions. In this multi-modular program with international participants, specific business cases for digital business models were once again processed and presented to the Management Board as a final task in 2019. The outputs of the projects are incorporated into ongoing work by the relevant specialist departments.

In addition to the centrally managed development measures mentioned above, various event series were held in Germany, France, and China under local responsibility.

Dialog and exchange with employees and managers

Among other things, a global "Engagement Survey" involving around 28,000 employees in 36 different countries was conducted in October 2019. In more than 1,000 team dialogs, managers will analyze the results of the survey together with their teams and derive targeted measures. This process also made it possible to define and implement measures in adjacent management levels. The survey and the implementation processes also provided important input for the relevant specialist departments. The survey, and the implementation of its findings, thus constitute a management tool at all levels of leadership. Web-based learning programs were made available to managers in order to support and manage the associated processes, and for quality assurance purposes.

Integration and harmonization

The HR function supported the new Service Divisions and regions in connection with the Company-wide restructuring of TOM 2020, and drew up or revised fundamental policies. These include the binding Global Travel Policy, the standardization of titles and function designations (Global Title Policy), and a harmonized job evaluation system (Global Grading Policy). Among other things, the latter serves the planning of career paths and succession planning at DEKRA on the basis of a systematic Job Family Matrix.

REPORT ON ECONOMIC POSITION

General economic and industry-specific conditions

Global economic growth slowing

The global economy continued to grow in 2019, albeit not as fast as in the prior year. According to World Bank data, global gross domestic product (GDP) grew by 2.4%, which is below the figure for the prior year (3.0%). The strongest rates of growth were achieved in East Asia and Oceania (5.8%; prior year: 6.3%), South Asia (4.9%; prior year: 7.0%), and the developing and emerging economies (3.5%; prior year: 4.3%). Industrialized countries achieved an increase of 1.6% (prior year: 2.2%). In the euro zone, GDP increased by 1.1% compared to the prior year (1.9%).

Unemployment fell to its lowest level in years, both in the euro zone and in the EU28 countries. In the euro zone countries, at 7.4% in December 2019, it remained below the figure of the same month in the prior year (7.8%). According to calculations by the statistical office of the European Commission (EUROSTAT), the unemployment rate in the EU28 was also down on the prior year at 6.2% in December 2019 (prior year: 6.6%). Overall, around 15.5 million people were unemployed in the EU28 in December 2019. The lowest figures were recorded in the Czech Republic (2.0%), Germany (3.2%), Poland (3.3%), and the Netherlands (3.2%). Unemployment was highest in Greece (16.6%), Spain (13.7%), and Italy (9.8%).

According to EUROSTAT, annual inflation in the euro zone fell year-on-year from 1.5% in the prior year to 1.3% in December 2019. EUROSTAT also reported that consumer prices in Germany rose by 1.5% in December 2019 compared with 1.7% in December 2018.

Challenging framework conditions for DEKRA

The global markets in the automotive industry, which is important for DEKRA, developed differently. According to data provided by the VDA ["Verband der Automobilindustrie": German Association of the Automotive Industry], the number of passenger cars sold in Western Europe in 2019 was up by 0.7% on the

prior year. Of the 14.5 million units, 3.6 million units were registered in Germany alone, which is an increase of 5%. Unit sales in the US market (just under 17 million units) were down year-on-year (-1.4%). The trend in China was very negative (-9.5%). With sales of new vehicles of 21 million units, however, the People's Republic of China remains the world's largest passenger car market by far.

DEKRA's industrial business is influenced by the German and international industrial economy. The geopolitical trade disputes between the US, Europe, and China had a very negative impact on conditions. According to the BDI ["Bundesverband der deutschen Industrie": Federation of German Industries], order intake in Germany's manufacturing sector fell by 5.6% in comparison to the prior year in the third quarter of 2019. Order intake from the euro zone fell by 6.3% in the third quarter of 2019.

In the fields of education, training, and IIR services (the Training and Temp Work Service Divisions), apart from the awarding of government contracts, demand for temporary work is particularly relevant. According to the data provided by the German Federal Employment Agency ["Bundesagentur für Arbeit"], the moving average number of temporary workers in Germany from July 2018 to June 2019 was approximately 948,000. This is 87,000 fewer than in the same period of the prior year. The temporary employment sector is usually the first to feel the effects of an economic slowdown. In light of the changing demands on the qualifications of employees, the Bundesagentur für Arbeit also invested around 1.9 billion euros in the promotion of vocational training in 2020.

Business performance

Group

Improved global positioning ensures growth

In the fiscal year 2019, DEKRA benefited from people's long-term need for more safety on the road, at work, and at home, as well as its global position. Revenue increased by 2.0% to 3.1 billion euros. DEKRA's earnings before interest and taxes (EBIT) failed to reach the high prior-year figure, amounting to 201.8 million euros (prior year: 212.4 million euros).

Germany region

With revenue increasing by 1.9% to 2.1 billion euros, Germany underscored its status as DEKRA's biggest market. Business was positive across almost all services. In particular services in the Inspection, Claims & Expertise, Product Testing, and Training areas contributed to this growth. This can be partly attributed to the high quality of services and the Company's blanket coverage of Germany. DEKRA has also benefited from the course it has set for its business lines in past years.

This was offset by the trend for Temp Work's services, which can be attributed to the challenging economic situation in the past fiscal year, and the associated fall in demand for temporary workers.

Entry into new inspection markets

With respect to the periodic inspection of passenger cars and trucks, the Company was able to increase its market share to 33.5% (prior year: 33.4%), with 9.7 million main inspections carried out. New markets were also tapped into at the same time. For example, DEKRA has established itself in the field of "micro-mobility", with more than 1,000 accreditations for issuing individual and general permits for electric scooters. Electric bikes were also identified as a field for expansion in 2019. DEKRA conducts inspections and provides expertise in this segment on behalf of insurance companies.

The new forms of mobility that are currently being tested in various cities include self-driving, electric shuttle buses. DEKRA has provided expertise for individual permits for numerous projects - including for the EasyMile EZ10, which is being tested in Brandenburg, and for the self-driving, electric shuttle bus as part of the HEAT (Hamburg Electric Autonomous Transportation) project in Hamburg.

In addition to all kinds of vehicle inspections, business with other vehicle-related services also went well. 2019 was another year in which natural disasters caused damage. Thanks to its flexible organization, DEKRA was able to dispatch experts to the affected areas quickly. Proximity to the market and customers paid off when it came to winning a major German insurer as a customer. This customer has now expanded the partnership

thanks to its positive experience with DEKRA. In the field of used vehicle management, DEKRA won a contract with another automotive manufacturer and was able to significantly increase its revenue.

Sales achievements and market share gains

The performance of business in connection with DEKRA's services in the fields of Product Testing, Industrial Inspection, and Consulting was characterized by the acquisition of customers, gains in market share, and new services.

DEKRA has provided building technology services for a major bank in Frankfurt and a cultural institution in Hamburg since 2019, for example. For a major traffic infrastructure project in Stuttgart DEKRA is developing a fire safety concept, and for new customers in industry DEKRA conducts safety inspections of machinery and large-scale engines.

The market shares in inspection markets with links to industry increased sharply in some cases (for example to 24% for gas station inspections and 14% for regular lift inspections). DEKRA also made substantial gains in its business with the manufacturers and operators of wind power facilities.

On behalf of one German automotive manufacturer, DEKRA is helping one of its suppliers to build up CO₂-neutral battery cell production, and assessing compliance with environmental standards in Germany. There are also new manufacturing facilities in China and the US.

New services were introduced, including the online recording of mental hazards at the workplace, preventive lift maintenance (see "Lift Explorer" on page 7 in the "Research and development" section), and the testing of air conditioning units for legionella.

Business with large customers reinforced

The Training and Temp Work areas continued to expand their services for large customers in 2019. Assistance is being provided to a leading e-commerce company with the implementation of its internal career selection program, for example. Employees are

being prepared for new tasks outside the company. DEKRA Akademie is training employees as professional drivers, for example, and placing them with other companies.

2019 saw a sharp increase in demand from suppliers for training in the field of electromobility. Employees are prepared for new challenges with DEKRA's know-how from dealing with high-voltage components to working with live electrical systems.

The Temp Work Service Division established a new business line in connection with the introduction of micro-mobility in Germany. This included helping four national e-scooter providers to build up their HR infrastructure. DEKRA provided around 600 temporary workers in this field within the space of six months.

Central East Europe & Middle East region

In the reporting year, DEKRA generated revenue of 162.5 million euros (prior year: 159.4 million euros) in the Central East Europe & Middle East region. This revenue growth was above all fueled by services in the Vehicle Inspection and Claims & Expertise areas. A global rail transport technology manufacturer was gained as a customer in 2019, for example. With its Industrial Inspection services, DEKRA demonstrated the potential of the non-destructive materials testing of components during ongoing production, including data management for the quality assurance process, at a manufacturing plant in the Czech Republic. The contract that was subsequently concluded not only covers the manufacturer's facilities in the Czech Republic, but all of its more than 60 plants worldwide.

North-West Europe region

DEKRA generated revenue of 346.1 million euros (prior year: 329.4 million euros) in the North-West Europe region. One year after entering the Danish vehicle inspection market, DEKRA already has a network of 29 passenger car and truck inspection stations and a market share of 10%. The Company also significantly improved its position in the Swedish vehicle inspection market. DEKRA was also recognized as the best service provider

in this category. This is reflected in the growth of the Vehicle Inspection areas's revenue in comparison to the prior year. In Finland, further improvements were made to VALTO360, a DEKRA app for the inspection of industrial machinery, in 2019. VALTO360 allows industrial machinery and its measurement points as well as its measurement results to be recorded digitally. This facilitates the current inspection process, and makes it easier to compare with past data. Release version 2.0 of the app was launched onto the Scandinavian, German, and French markets at the end of 2019. In Belgium, DEKRA concluded a contract for fleet and remarketing services with an automotive group.

South-West Europe region

DEKRA generated revenue of 532.2 million euros (prior year: 526.6 million euros) in the South-West Europe region. In France, DEKRA's second domestic market, the Company was able to build up its business in a number of service sectors. The Vehicle and Industrial Inspection areas, which are the Company's best performers in terms of revenue, contributed the most to this revenue growth. In the field of industrial inspection, an automotive supplier entrusted DEKRA with both the safety audits of its plants and the inspection of manufacturing processes. DEKRA is also providing advice on how to improve production processes. DEKRA also provides advisory services for a French automotive group in connection with the market launch of its cross-brand used vehicle brand. In the French plants of a European aircraft manufacturer, DEKRA has been training employees on health and safety issues since 2019. DEKRA gained entry into the temporary employment market by opening two branches in Paris.

In Spain, DEKRA benefited from a strong position in the market for secure wireless connectivity technology. A leading manufacturer of connected car solutions was gained as a customer. The contract consists of assessing functional safety and type approval for more than 100 countries. DEKRA also handles the functional safety inspection of infotainment systems for a North American automotive manufacturer.

North America region

Revenue in the North America region rose slightly to 93.6 million euros (prior year: 93.1 million euros). Gains in market share, in particular for Vehicle and Industrial Inspection services, contributed to this increase in revenue. The revenue of the Claims & Expertise area fell in comparison to the prior year, however.

A major US light operator significantly improved its workplace safety with DEKRA's help. Thanks to DEKRA's advisory services in connection with organizational and process safety, injuries and down time were significantly reduced year-on-year. DEKRA successfully launched a new self-learning system in order to raise awareness of safety in large, mainly manufacturing companies. The digital dashboard-based solution focuses on the safety-related aspects of employees' behavior, and provides companies' workplace safety officers with tools for identifying and eliminating risks.

In the field of industrial inspection, in 2019 DEKRA acquired JAMKO, a company based in New York State that specializes in remote visual inspection. This added to the range of services DEKRA offers, and enabled it to win a major order for an energy utility company. DEKRA also made gains in the highly competitive market for vehicle inspections.

South America region

DEKRA generated revenue of 18.7 million euros (prior year: 19.0 million euros) in the South America region. The revenue of the Claims & Expertise area fell slightly, while in the Product Testing area it rose slightly.

After China (please refer to page 14, East & South Asia region), in 2019 DEKRA successfully gained entry into the Chilean vehicle inspection market as well. This means that from next year, when vehicle inspections in Chile commence, DEKRA will be active in 20 different countries.

Following the award of the first franchises, DEKRA will start periodic vehicle inspections in the course of 2020. The Chilean market is particularly interesting because vehicles there are subject to inspections that are comparable to the standards in

Europe. DEKRA will initially operate five inspection stations in Santiago de Chile, the region surrounding the capital with around eight million inhabitants. This lays the foundation for further expansion. DEKRA also wants to be a leading partner for vehicle inspections in Chile.

Following its positive experiences in Europe, DEKRA has taken the first steps toward transferring its Expert-Migration-Program to Brazil. This program trains nursing staff and prepares them for working in Germany. The start in Brazil was promising. Work has already started on building a corresponding training center in São Paulo. The first 100 nurses are currently undergoing training.

East & South Asia region

The global expert organization generated revenue of 102.5 million euros (prior year: 88.2 million euros) in the East & South Asia region. This increase can mainly be attributed to services in the Product Testing division. This economic area is an important growth market for DEKRA. The positive trend was centered around China. The People's Republic's gross domestic product (GDP) continued to grow despite the trade dispute with the US. DEKRA benefited disproportionately from this thanks to its good position in the market.

The Company improved its position both in markets in which DEKRA has traditionally operated, such as testing the functional safety of automotive electronics, and in relatively new lines of business. DEKRA has moved into the markets for the testing of solar energy equipment and rail transport, for example, and has been able to reinforce its market position in the processing industry. The latter helps improve safety in Chinese factories.

One of the highlights of the year was the start of vehicle inspection activities. Work started at two stations, including the largest inspection station in DEKRA's global network in Beijing. The station has six lanes for emission tests and four for assessing the technical safety of passenger cars, trucks, and buses. Vehicle inspections in China are organized on the basis of the division of labor, and partially automated. This time-saving process means that up to 400 vehicles can be inspected every day. In the

future, it should be possible to inspect around 100,000 vehicles a year in DEKRA's largest vehicle inspection station to date.

DEKRA has established a regional holding structure in China in order to be able to exploit the remaining potential for growth even better in the future.

Southern Africa & Oceania region

Revenue of 86.1 million euros (prior year: 97.3 million euros) was generated in the Southern Africa & Oceania region. The decline in revenue can mainly be attributed to the difficult market conditions in South Africa in the Industrial Inspection business. For the next three years, DEKRA will still be the New Zealand government's exclusive partner for the assessment of practical driving tests. The existing contract was extended by three years, and comprises roughly 260,000 tests per year.

VTNZ, DEKRA's local entity, has also demonstrated its capacity for innovation in the field of vehicle inspection. A prototype application that uses the principles of artificial intelligence can predict defects and breakdowns with a high degree of accuracy. This makes it possible to improve road traffic safety by carrying out prompt maintenance and replacement work on vehicles. Thanks to this and other innovative approaches to the digitalization of services, VTNZ was listed as one of New Zealand's 50 most innovative companies.

In South Africa, the second major market in the region, the Company was able to build on its position as a leading provider of vehicle inspections. The market share rose to 17.7%. Among other things, this was achieved thanks to contracts for the inspection of Uber vehicles, as well as buses and trucks. Conditions in the Industrial Inspection market were challenging. On the other hand, however, the Company was able to acquire a major new customer for the Product Testing area. In addition to Europe, DEKRA now also provides certification services for one of the world's biggest cell phone manufacturers in South Africa as well.

Overall statement by management

DEKRA continued its trajectory of growth in 2019. In the fiscal year 2019, the increase in revenue was almost exclusively the

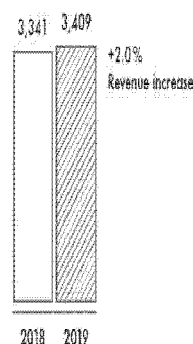
result of organic growth. The Company's large footprint in terms of expertise and geographies makes it easier for it to compensate for economic and regulatory challenges in individual business segments through growth in others. Thanks to its global presence, DEKRA will participate in the global trend toward more technical and organizational security. The chances of sustainable and stable growth remain good, despite the significant deterioration of economic conditions. The evolution of the organization through TOM 2020 has prepared DEKRA to make full use of opportunities on the market.

Financial position and performance

Financial performance

The DEKRA Group increased its revenue by 68.5 million euros in the fiscal year 2019 (prior year: 205.7 million euros) to 3,409.0 million euros (prior year: 3,340.5 million euros), which is equivalent to a revenue increase of 2.0% (prior year: 6.6%). This means that the target for revenue in 2019 was missed by a slight margin, which can be attributed in part to difficult market conditions in the Temp Work segment.

GROUP REVENUE
worldwide in million euros



Of this growth, 1.6% (prior year: 6.0%) was achieved through organic growth and first-time consolidations; while 0.2% of this revenue growth in 2019 (prior year: 1.3%) stems from the acqui-

sitions in the fiscal year and full consolidation of entities acquired during the prior year. Changes in exchange rates increased revenue by 0.2% (prior year: negative effect of 0.7%).

Much of the increase in revenue stemmed from the Germany, East & South Asia, and North-West Europe regions. This was offset by the trend in the Southern Africa & Oceania region, particularly due to the challenging economic and political environment in South Africa. Services in the Vehicle Inspection, Consulting, Product Testing, and Industrial Inspection areas made a significant contribution to the increase in revenue. There was a substantial decline in Temp Work, however, which can be attributed to the challenging economic situation in the past fiscal year, and the associated fall in demand for temporary workers.

Other operating income increased by 3.9 million euros to 37.2 million euros (prior year: 33.3 million euros).

At 5.1%, the increase in the cost of materials outpaced the increase in revenue. As a result, the ratio of cost of materials to revenue increased to 9.8% (prior year: 9.5%), which can be partly attributed to lost revenue in Temp Work. Personnel expenses increased by 1.8% to 2,227.9 million euros (prior year: 2,189.4 million euros). The ratio of personnel expenses to revenue fell slightly by 0.1 percentage points in the fiscal year 2019, from 65.5% to 65.4%. The effect from the decline in Temp Work was offset by the increase in the number of employees in other service areas.

Other operating expenses fell by 75.6 million euros to 498.3 million euros, which translates into a 2.6-percentage-point reduction in the expense ratio to 14.6% (prior year: 17.2%). This was largely due to the application of IFRS 16 for the first time, which resulted in the different classification of lease expenses and therefore reduced other operating expenses by 107.4 million euros. On the other hand, there was an increase in valuation allowances on receivables, IT costs, and administrative expenses.

The volume of write-downs rose at a much faster rate than revenue (113.7%), by 104.1 million euros to 194.9 million euros in the fiscal year 2019 (prior year: 90.8 million euros). Most of this increase (101.4 million euros) was due to the amortization of right-of-use assets on the basis of leases that were capitalized in the fiscal year in accordance with IFRS 16.

Operating profit (EBIT) – calculated as earnings before taxes and the financial result – decreased by 5.0% to a total of 201.8 million euros (prior year: 212.4 million euros). This means that the expected slight increase in the operating result in the fiscal year in comparison to the prior year was also not achieved, as expectations for Temp Work and also individual regions were not met. The return on sales calculated in relation to operating profit fell by 0.5 percentage points year-on-year to 5.9%.

The financial result fell by 2.6 million euros on the prior year to 20.2 million euros. This is mainly due to the application of IFRS 16 for the first time, which increased financial expenses by 6.6 million euros due to the discounting of lease liabilities. The impairment losses in the financial result for the prior year were 3.0 million euros higher. Other interest and similar income also fell. The reduction of net lending from pension liabilities by 0.7 million euros in comparison to the prior year also improved the financial result.

Earnings before taxes decreased by 6.8% to 181.6 million euros (prior year: 194.8 million euros). The return on sales, calculated in relation to income before taxes, fell to 5.3% (prior year: 5.8%).

The Group tax rate rose 3.6 percentage points on the prior year to 31.0% (prior year: 30.4%). This increase mainly stems from a change in the law to abolish the tax credit on social security contributions in France (CICE - Crédit d'impôt pour la compétitivité de l'emploi), which reduced the volume of tax-exempt expenses in comparison to the prior year. Changes in the tax rates in France and the US (resulting among other things in the impairment of deferred tax assets) and much lower capitalizations of loss carryforwards that can be utilized in the future in comparison to the prior year at certain subsidiaries also contributed to the increase in the Group's tax rate.

The consolidated net income for the fiscal year 2019 decreased by 15.7 million euros to 119.8 million euros (prior year: 135.5 million euros).

Other comprehensive income fell by 28.6 million euros to -33.8 million euros (prior year: -5.2 million euros). This change can mainly be attributed to actuarial adjustments to pension liabilities, which reduced other comprehensive income by 53.9 million euros (prior year: 19.8 million euros). These adjust-

ments largely stemmed from the reduction of the interest rate by 0.75 percentage points to 1.0% in the fiscal year. This was offset by the adjustment of other non-current financial instruments with no effect on income to their fair value, amounting to 16.0 million euros. The reserve for currency translation also increased by 4.2 million euros (prior year: -6.1 million euros). This was primarily due to the subsidiaries in the UK, US, South Africa, and Taiwan. This was countered by currency translation effects of subsidiaries in Sweden. This results in total comprehensive income, taking into account expenses and income recognized directly in equity, of 86.1 million euros (prior year: 130.3 million euros).

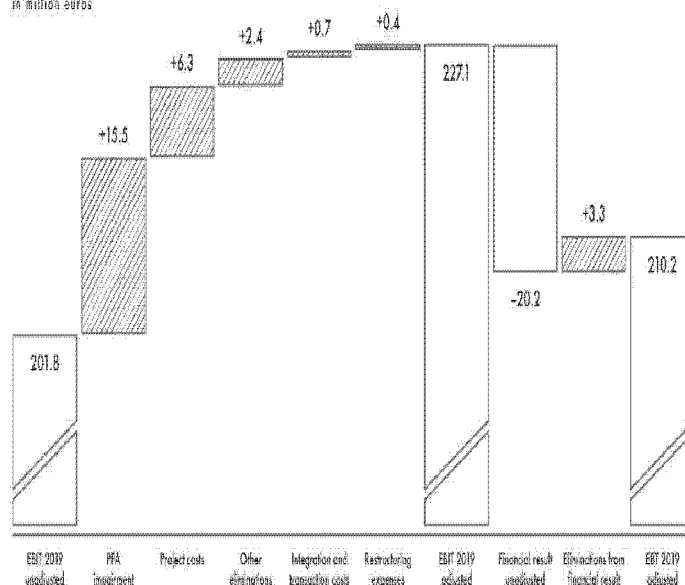
To aid comparison of the operating result, the operating result and earnings before taxes for 2019 and 2018 were adjusted for the following non-operating (special) effects:

- Amortization of intangible assets identified as part of a purchase price allocation (PPA amortization),
- Project costs for the significant improvement of the IT infrastructure, as well as for market entry in new countries or business segments,
- Restructuring expenses, M&A costs, and integration costs,
- Earnings from the sale of entities and individual items of property, plant and equipment, as well as from the subsequent measurement of purchase price components (earn-out agreements) and from purchase price reimbursements,
- Exchange rate effects in relation to loans within the Group (effect on the financial result),
- Special effects from the measurement of put and call options (effect on the financial result).

Adjusted operating profit decreased by 6.2% to 227.1 million euros (prior year: 242.3 million euros). As a result, the margin for the adjusted operating profit fell by 0.6 percentage points to 6.7%. Adjusted earnings before taxes amounted to 210.2 million euros in the fiscal year (prior year: 227.9 million euros). This represents a margin of 6.2% (prior year: 6.8%).

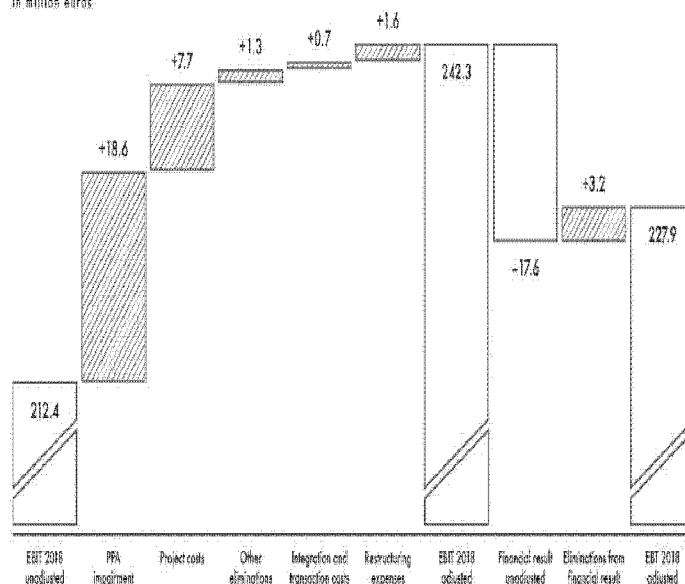
RECONCILIATION OF ADJUSTED EBIT AND EBT FOR 2019

in million euros



RECONCILIATION OF ADJUSTED EBIT AND EBT FOR 2018

in million euros



Financial position**Financial management**

The significant principles and goals of the DEKRA Group's financial management are described in the notes.

Capital expenditure

Capital expenditure on property, plant and equipment and intangible assets in the fiscal year 2019, excluding acquisitions, amounted to 128.2 million euros (prior year: 123.7 million euros). Spending mainly related to land and buildings, technical and other equipment, furniture and fixtures as well as intangible assets. The volume of investment for acquisitions was down year-on-year in the past fiscal year.

Liquidity analysis

In the fiscal year 2019, the DEKRA Group's liquidity was mainly influenced by a more favorable trend for net working capital and a reduction in acquisitions.

Cash flow from operating activities (343.3 million euros; prior year: 94.0 million euros) was mainly influenced by the application of IFRS 16 for the first time, and the associated increase in the amortization of right-of-use assets by 101.1 million euros. Cash flow from operating activities improved significantly despite a reduction of 13.7 million euros in operating profit after adjusting for non-cash expenses and income. This was mainly due to the increase of 87.4 million euros in net working capital in particular. Payments of 41.4 million euros made in the prior year in order to build up plan assets, and a reduction of 10.4 million euros in the volume of tax payments, also boosted cash flow from operating activities.

The net cash outflow from investing activities came to 154.6 million euros (prior year: 171.9 million euros). This decline stems from reduced investment in acquisitions (15.2 million euros, prior year: 40.1 million euros). This was offset by a further increase in the volume of investment in property, plant and equipment, and in intangible assets.

The net cash outflow from financing activities came to 178.3 million euros (prior year: net inflow of 79.1 million euros). The application of IFRS 16 for the first time, which categorizes payments to repay lease liabilities (which in 2018 were lease expenses in operating cash flow) and the corresponding interest as cash flow from financing activities, reduced cash flow from financing activities by 107.4 million euros. Cash flow from financing activities was also reduced by the transfer of profit to DEKRA e.V., Stuttgart (37.4 million euros; prior year: 54.0 million euros), the cash outflow relating to the change in the cash pool with DEKRA e.V., Stuttgart, as of the reporting date (36.9 million euros; prior year: net inflow of 33.5 million euros), and cash outflows in connection with the payment of interest and installments on loans. This was offset by the payment of 25.0 million euros into the capital reserves (prior year: 10.0 million euros).

Cash and cash equivalents (consisting of checks, cash in hand, bank balances, and other cash equivalents) rose by a total of 15.8 million euros to 92.3 million euros (prior year: 78.5 million euros).

Composition of assets, equity, and liabilities

Total assets rose by 488.4 million euros (prior year: 176.8 million euros) from 2,267.0 million euros to 2,755.4 million euros in the past fiscal year. This represents a change of 21.5% (prior year: 8.5%).

The growth consists of an increase in non-current assets of 445.8 million euros to 1,796.7 million euros (prior year: 1,350.9 million euros) as well as an increase in current assets of 42.7 million euros to 958.7 million euros (prior year: 916.0 million euros).

Non-current assets increased by 343.8 million euros due to the application of IFRS 16 for the first time and the associated capitalization of right-of-use assets. Upon application for the first time, the right-of-use assets increased by 373.7 million euros with no effect on income. Property, plant and equipment also increased by 11.4% to 519.0 million euros (prior year: 376.1 mil-

lion euros). This increase is largely due to the acquisition, construction, and modernization of properties for the Group's own use, the acquisition of land, and investment in new technical equipment.

Total trade receivables and contract assets remained almost unchanged in comparison to the prior year. The maturities of trade receivables at the overall Group level fell by about five days to 52 days (prior year: 57 days) due to the improved management of receivables. The increase in current assets therefore stems for the most part from the increase of 45.9 million euros in other current financial assets with respect to the shareholder, to 231.3 million euros. Cash and cash equivalents also rose by 13.8 million euros.

Equity increased by 47.5 million euros to 796.3 million euros (prior year: 748.8 million euros). This is largely attributable to the consolidated net income for the year of 119.8 million euros (prior year: 135.5 million euros). The transfer of profits to DEKRA e.V., Stuttgart, and the addition to the capital reserves by DEKRA e.V., Stuttgart, in the fiscal year came to 53.0 million euros (prior year: 37.4 million euros) and 25.0 million euros (prior year: 10.0 million euros) respectively. The Group's equity was also boosted by the measurement of non-consolidated subsidiaries at fair value with no effect on income (16.0 million euros) and effects totaling -1.2 million euros from the translation of currencies (prior year: 6.1 million euros). This was partially offset by the recognition of the remeasurement of pension obligations through other comprehensive income (less deferred tax assets) amounting to 53.9 million euros (net) (prior year: 19.8 million euros), as well as the effects of applying IFRS 16 for the first time in the fiscal year (13.1 million euros), which reduced equity. The equity ratio decreased to 28.9% from 33.0% in the prior year.

Non-current liabilities increased by 268.5 million euros to 1,057.9 million euros (prior year: 789.4 million euros), largely due to the application of IFRS 16 for the first time. Upon application for the first time, liabilities due to lease obligations increased by 295.5 million euros with no effect on income. These

fell by 21.7 million euros to 273.8 million euros during the year in progress. Provisions for pensions also rose by 107.1 million euros, or 61.5 million after being netted against a 45.6 million euro increase in plan assets. Non-current liabilities to banks fell by 57.3 million euros for maturity-related reasons, and these were reported as current liabilities. The current and non-current liabilities are mainly denominated in euros.

Current liabilities rose by 23.7%, from 728.7 million euros to 901.2 million euros. This stems from the increase in lease liabilities, which increased with no effect on income by 91.3 million euros upon the application of IFRS 16 for the first time, and amounted to 84.6 million euros as of the balance sheet date.

The DEKRA Group requires sufficient liquidity for future investments, which is ensured by promissory notes and by longer-term loan commitments. As of December 31, 2019, there are medium-term lines of credit of 312.3 million euros pledged in writing that have not yet been drawn.

Summary assessment of financial position and performance

Despite the increase in revenue, the trend for the DEKRA Group's results of operations in the fiscal year 2019 did not meet expectations. The financial position and cash flows allow sufficient headroom for the Group to pursue its goals.

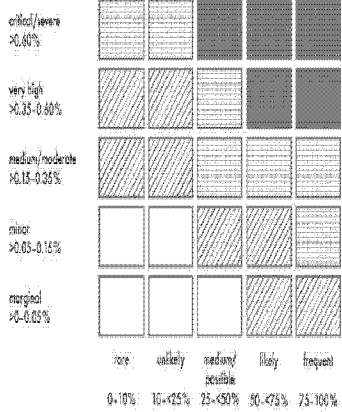
RISK, OPPORTUNITIES, AND FORECAST REPORT**Risk report****Systematic management of risks**

DEKRA fundamentally overhauled its risk management process in 2019. This included introducing its own risk management software. A risk inventory is now carried out for the fiscal year in progress and the two subsequent years, with strategic risks that are cumulative in nature recorded separately. The new process also includes the DEKRA Matrix from the regions and Service Divisions. This allows potential risks to be systematically identified and categorized according to whether the likelihood

of their occurrence and the loss potential are high (dark green), moderate (light green and striped), or low (white).

QUANTIFICATION OF RISKS

Loss potential in % of sales:



Likelihood in %

■ Urgent need for action
▨ Need for action
▧ Possible need for action
□ No need for action

The management levels responsible develop prompt countermeasures on the basis of the new risk management process. The Management Board is regularly informed through defined reporting channels. DEKRA communicates particularly urgent issues at short notice via internal ad-hoc announcements. DEKRA's risk management system, which again proved its worth in 2019 in its new form, is continuously being amended in response to changes in legal and economic conditions. In the following, we outline and assess the risks that, from today's perspective, could have a significant influence on DEKRA's financial position and performance. The total potential risk remained stable in comparison to the prior year.

Environment and industry risks

Disruptive technologies and political, regulatory, and economic conditions are very important to DEKRA's success as an expert

organization with global operations. Changes in circumstances may give rise to risks relating to revenue and income. DEKRA therefore closely and continuously monitors markets and sectors - particularly with respect to whether and how the development of technology could cast doubt on existing business models. The outbreak of the coronavirus has the potential to pose general economic risks that could cause economic growth to slow, not only in China but around the world. This could impact DEKRA's business in a way that cannot currently be estimated.

The business with automotive services is fundamentally exposed to the regulatory risk of changes in the law. Following the organizational realignment under TOM 2020, the regions Germany, South-West Europe, North-West Europe, and Central East Europe & Middle East are potentially affected. This risk is currently deemed to be low. Fierce competition and changing technologies in the Vehicle Inspection Service Division pose a moderate risk as cost increases can only be passed on to the customers to a limited extent. DEKRA lowers this risk by constantly improving productivity based on optimized processes and new technologies to ensure more road safety and fewer traffic fatalities.

Expectations with respect to the economy also determine how willing DEKRA's industrial customers are to invest. The risk of a drop in orders grows with real or suspected economic uncertainty. This affects the Product Testing and Industrial Inspection Service Divisions, for example, and the regions North-West Europe, Germany, Southern Africa & Oceania, and North America. DEKRA mitigates these risks, which it classifies as low, by expanding its service offering and increasing the globalization of its business.

The provision of services in the Training and Temp Work areas is particularly sensitive to the performance of the economy. In both these areas, revenue and earnings may be affected by fluctuations in orders caused by cyclical developments. As part of TOM 2020, this particularly affects the Germany and Central East Europe & Middle East regions. DEKRA combats these risks, which it classifies as moderate, by moving into new markets, broadening its portfolio of services, and making customized offers. New statutory regulations may lead to high risks in the Temp Work Service Division. DEKRA is responding to these

regulatory interventions in the employee leasing markets by building up its business with key accounts and by investing in its position as a quality provider.

The systemic and industry risks posed by the market and statutory provisions added up to a hypothetical anticipated damage volume of 114.2 million euros in 2019. The structure and distribution of risk for the years 2019, 2020, and 2021 are deemed to be stable.

Business strategy risks

DEKRA hopes that the new TOM 2020 organizational model introduced on January 1, 2019 will allow it to take better advantage of opportunities for growth. The risk of the failure of the stronger focus on internal networking and greater proximity to the customer is currently considered low. This assessment is based on the professional project management surrounding the introduction of the new organization, which has already proved its worth. DEKRA will also continue its policy of organic growth supplemented by targeted acquisitions. DEKRA broadens its footprint in terms of both expertise and geography by means of strategic acquisitions. However, the integration of acquired companies may fail or be delayed. Budgets may be unrealistic and synergy effects unattainable. These risks are judged to be moderate. There are also measurement risks for capitalized assets. Such risks are considered moderate overall under the new organizational model for the regions. Overall, DEKRA counters business strategy risks with professional project and integration management.

The regulatory frameworks in other non-European countries differ from the conditions in Germany and Europe. As a result, the ongoing internationalization of business entails - albeit low - liability risks and risks to the Group's reputation. That is why DEKRA is constantly working to enhance its risk and compliance management activities. This includes the ongoing adjustment of the liability protection offered by insurance policies to changing circumstances.

Those responsible identified 41 strategic risks that are cumulative in nature. The associated anticipated theoretical damage volume is 88.2 million euros. These risks can be divided into the categories of digitalization, new technologies, new competitors, the end of the service/product life cycle or commoditi-

zation, regulatory changes, and markets. DEKRA pays particular attention to the strategic risks because they are also associated with substantial opportunities.

Operating risks

Accreditations and official authorizations are important factors on which DEKRA's success depends. With its internal monitoring system for safeguarding service quality and by means of insurance, DEKRA reduces risks arising from liability for its testing, expertise, certifications, and seals. Risks arising from missing or amended government authorizations are mitigated by targeted committee work. This allows changes to laws and standards to be identified in time and DEKRA services to be rapidly adapted. Particularly important in this context is the often time-consuming training and education of the examiners and inspectors as well as the timely planning and provision of the necessary equipment.

The adjustments to the national regulations in Germany demanded by Germany's national accreditation body (DAKKS; "Deutsche Akkreditierungsstelle") in recent years specifically concerned the handling of test and measurement equipment. In Germany, national requirements for the main inspection previously required that test and measurement equipment be regularly gaged, calibrated, and individually tested in accordance with various different standards.

The standard to be audited by DAKKS requires consistent ISO-compliant calibration. A certification procedure was therefore introduced in 2016 that prescribes a mandatory step-by-step program for the universal implementation of the ISO 17020 standard and the respective necessary ISO-compliant calibration for all test and measurement equipment. This also concerns the test and measurement equipment used in test centers. DEKRA has developed the necessary calibration procedures to such an extent that all accreditations by DAKKS have so far been completed successfully. DAKKS carried out additional audits in 2019 in order to test the proof of calibration. The measures needed to adjust and implement the calibration procedure have been initiated. There are no discernible risks on DEKRA's side that the assessment procedure will not be completed successfully by 2020.

One element for the identification and assessment of risks worldwide from accreditations, and from internal process risks as well as for monitoring the compliance of internal basic processes, is the Control Self Assessment. This is carried out in parallel with risk management surveys and results in the aforementioned risk inventory that lists and evaluates internal process risks and market risks.

Overall, the risk of approvals based on accreditations being revoked is classified as low due to extensive precautionary and risk mitigation measures.

Personnel risks

In the area of personnel, there is a moderate risk in the form of dependency on individual employees who, with their know-how, play a key role in the success of individual business segments. This risk is minimized, among other things, by a globally integrated talent and performance process. Attractive personnel development programs also help retain know-how and top performers within the Group. Moderate personnel risks can also arise if the Group fails to integrate the employees of acquired businesses, which is why quick and systematic post-merger integration takes top priority. To continue its growth trajectory, it is also important to win ambitious professional and qualified young employees. That is why DEKRA invests regularly in its appeal as an employer, thereby further reducing the low risk of not having the personnel necessary for further expansion.

IT risks

For a company that operates in around 60 countries, IT security and data protection is of utmost importance. DEKRA mitigates the medium risks associated with the reliability and security of its IT security systems by investing in a modern IT infrastructure. DEKRA counters the risk of critical data getting damaged or lost or getting into the hands of unauthorized third parties by constantly monitoring and assessing IT risks as part of its internal control system, risk management, and compliance management. Risks of penalty payments and damage to the Company's reputation, which have arisen in the field of data protection following

the entry into force of the GDPR (General Data Protection Regulation), are classed as low thanks to the Company's adequate data protection processes, which are constantly being revised.

Financial risks

Although there is a certain risk of bad debts and late payments, it is deemed to be low. DEKRA protects itself from default by means of active customer and contract management, global key account management, and thorough creditworthiness checks. By planning ahead, DEKRA is also able to reduce the interest rate risk. As most of DEKRA's transactions are conducted in euros, the exchange rate risk is low. Debt financing of the Group is primarily provided by loans against a promissory note as well as through approved bank loans. Interest derivatives are used for floating rate loans in order to minimize the interest rate risk inherent in the financing of the Group. The portfolio of interest derivatives as of the reporting date amounts to 14.0 million euros (prior year: 14.0 million euros).

The liquidity headroom required for the operating business is secured by means of cash and cash equivalents, as well as via approved lines of credit at DEKRA SE. The central cash pool is used to control the liquidity and supply of both the national and increasingly also the international subsidiaries. The resulting transparency prevents possible risks. Short-term investments of cash and cash equivalents are generally made with top-rated financial institutions and on the basis of current ratings from rating agencies as well as taking into account current CDS spreads.

The risk of DEKRA being unable to fulfill its payment obligations in connection with financial instruments in the future is also classed as low.

Overall assessment of the Board of Management on risks to the Group's ability to continue as a going concern

The profile and structure of DEKRA's risks, as well as its ability to withstand risk and the distribution of risk between the individual entities, are stable, and measures have been defined to limit the level of risk. The strategic risks are currently manageable on the basis of the projects and measures that have been

initiated and planned (Business Development). Provided these are implemented consistently, and with a focus on strategic opportunities and risks, the Management Board considers the risk profile to be reasonable. Due to the strong equity, the sophisticated business models, the broad portfolio, and the solid financing structure, the sum of the individual risks does not endanger the ability of DEKRA to continue as a going concern in any way. There are currently no identifiable risks to the Company's ability to continue as a going concern.

Opportunities report

Environment and industry opportunities

'Safety is a basic necessity for people across the entire globe.' This is why demand for corresponding services is not only growing in Western industrial nations, but also in the developing and emerging economies. DEKRA is set up for further growth in the three areas of life – on the road, at work, and at home.

Opportunities by Service Division

Vehicle inspection

Growing demand for road traffic safety in developed markets and emerging economies such as those of Asia and Latin America is one of the most important trends that will continue to boost the global importance of vehicle inspections. We contribute to safety with our many years of sound experience.

Developments that are becoming increasingly relevant, such as networked and (partially) automated driving, car sharing, new propulsion technologies etc., offer the opportunity to establish additional inspection volumes and new inspection content. New information technologies that are used in the field of Periodical Technical Inspection (PTI) allow DEKRA to develop standard solutions for the end-to-end value added chain.

Efforts toward autonomous driving will require new and technologically sophisticated inspections in the field of support systems (Advanced Driver Assistance Systems). Although the rise of electromobility will lead to a reduction in emission tests, it offers new opportunities for the inspection of electrical systems. It is also necessary to continue making changes to content,

such as emission tests for combustion engines. This means that other pollutants such as particles and nitrogen oxides are being included in the measurements.

Claims & Expertise

Current and future developments in the field of automotive technology also present opportunities in tangential service areas. Autonomous driving is expected to lead to changed and more challenging processes – particularly in the fields of accident analysis and court expertise – that present opportunities for our business activities.

Common forms of insurance, and therefore also the processing of claims, are becoming increasingly digitalized and automated. Both insurers and providers will need to differentiate themselves due to the saturated market and pressure on prices. The rise of artificial intelligence will also be a factor in the future. The rise of electromobility in particular will place increased demands on the evaluation of vehicles and vehicle components. This will create new lines of business, such as the testing of batteries throughout their life cycle. The increased shared proportion offers additional potential in the field of condition evaluation.

Product Testing

Networked and automated driving is based on a number of connectivity technologies that are also used for other commercial purposes. These technologies will influence DEKRA's services and change the procedures and content of future homologation and type approval processes, and therefore offer opportunities for new business models.

The number of potential vulnerabilities is increasing due to the complexity of technologies and software environments. It is necessary to protect the safety and security of vehicles and data, as well as users' privacy. Functional safety will become increasingly important. Generally speaking, there will not be anymore product testing in the future without connectivity, EMC (Electromagnetic Compatibility), and cyber security. The introduction of CASE (Connected Autonomous Shared Electric) is placing new and additional demands on components and systems.

Industrial Inspection

The industrial IoT (Internet of Things) is making it possible to add substantial value for customers. As a result of the increasing statutory requirements, the IoT presents opportunities for new business models. Digitalization also offers added value for analyzing the condition of test objects. Intelligently combining (online) monitoring, VR (Virtual Reality), and AR (Augmented Reality) technologies as well as experts on-site will be crucial in this respect.

Consulting

Predictive Analytics and real-time insight are becoming the norm. Business Intelligence and analysis software will lay the groundwork for predictive models. Analyzing increasing volumes of data and mastering complexity offer opportunities for new business models. There has also been a noticeable increase in demand on the market for arranging pragmatic solutions to new requirements such as the GDPR (General Data Protection Regulation), ISAX (Trusted Information Security Assessment Exchange), and cyber security for SMEs, particularly in connection with digitalization projects.

Audits

An increasing number of large international companies are placing high demands on their partner companies throughout the value-added chain. These partnership standards are represented by certificates, which the companies need to fulfill and which therefore present a business opportunity. A significant increase in requirements has been observed in all of the sub-divisions: first-party (internal audits), second-party (auditing suppliers in accordance with their own standards), and third-party audits (audits in accordance with internationally recognized standards, with corresponding authorization), and new standards are required. Conventional certifications such as ISA 9000 and 14000 are in the final phase of their life cycle.

Training

Due to the discrepancy between the demand for and supply of workers in the national employment markets, and the ongoing process of globalization, cross-border approaches to HR solutions and training are set to increase. Different technologies such as VR (Virtual Reality), AR (Augmented Reality), and LMS

(Learning Management Systems) will have a lasting impact on the way training is provided. Demand for in-depth, tailored training with flexible scheduling is rising on the whole.

Temp Work

Despite the economic slowdown, demand for qualified specialists and temporary workers can still be expected to remain high.

Strategic opportunities

Promoting safety has been DEKRA's mission pursuant to its articles of incorporation since its foundation in 1925. The strategic orientation toward this important socio-political concern has been strengthened further. With its "Vision 2025", DEKRA will continue to expand its position as a global partner for a safe world in years to come. This strategic and operational focus of the Group offers considerable growth opportunities. Safety pays off – for individuals and society as a whole as well as for DEKRA's customers and thus for the Company.

The organizational development of "TOM 2020", the redefinition of the matrix, sales activities, improved collaboration, and the exploitation of the Group's strengths will enable DEKRA to continue developing into an innovative, global solution provider. In so doing, DEKRA is enhancing its ability to compete and facing up to the changing demands of the market – particularly with respect to digitalization. The ongoing development of the organization concerns all areas of the "Target Operating Model (TOM)".

As part of the new organization, the Service Divisions will focus on service development and quality. Operating responsibilities are being consistently organized on a regional basis, tailored to the markets and customers. The responsibilities of the regions are being focused on sales and the provision of services. One important aspect of this task is the implementation of an overarching and shared sales organization.

Operating opportunities

Through its strategic acquisitions and globalization in recent years, DEKRA is set for further growth. The fact that the Group is highly diversified in terms of both geography and areas of expertise with respect to the issue of safety, and the new structure, are expected to present opportunities for growth, both in Germany and abroad.

Forecast report

Stuttgart, March 30, 2020

Challenging conditions

The economic environment is expected to remain positive in the current year, but be characterized by volatility and differing trends between regions. According to estimates by the International Monetary Fund (IMF), global GDP will decrease below the previous year's growth rate. It is difficult to estimate how far and for how long this will decline.

The fact that the underlying economic conditions are becoming more difficult can mainly be attributed to persistent geopolitical challenges. Protectionist actions have now created trade barriers between markets and regions. Political instability in important economic areas is increasingly impacting economic growth, and the consequences of the coronavirus outbreak are not foreseeable. DEKRA is not immune to this. Thanks to its good international positioning and the strong basic human need for safety, however, DEKRA expects further growth. The following forecast for revenue and EBIT does not take into account a possible negative impact of the coronavirus on economic development. Revenue is expected to increase by 3.0% to 5.0% in the fiscal year 2020. Organic growth is expected to be higher than external growth driven by acquisitions. The planning for 2020 also includes a slight increase in EBIT. To achieve this, DEKRA will expand its activities in high-margin business activities, exploit synergies within and between its divisions, and continue to optimize the global structures and processes in sales and the Service Divisions. The way the spread of the coronavirus across the world is shaping the environment is expected to have a negative impact on business development in the fiscal year 2020. Due to the negative effects of the spread of the virus worldwide, it is assumed that revenue and earnings targets will not be reached regardless of how long the crisis lasts. Headcount is also expected to continue to rise in line with revenue growth. DEKRA expects the number of employees in its core workforce to increase by between 1,000 and 1,500 as of year-end 2020. Following a successful fiscal year 2019, the DEKRA Management Board expects the strategic alignment of the Group and TOM 2020 to create further impetus for growth.

DEKRA SE
The Management Board

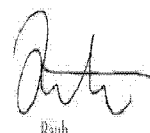

Kölbl, Vorsitzender



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Consolidated financial statements

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DEKRA SE

Consolidated statement of comprehensive income for fiscal year 2019

IN THOUSAND EUR	Notes	2019	2018
Revenue	5.1	3,408,962	3,340,549
Increase in inventories of work in process		1,141	1,101
Own work capitalized		8,454	6,371
Other operating income	5.2	37,194	33,293
Cost of materials	5.3	-332,891	-316,865
Personnel expenses	5.4	-2,227,854	-2,169,391
Other operating expenses	5.5	-498,273	-573,912
Amortization and depreciation of intangible assets, right-of-use assets, and property, plant and equipment	5.6	-194,902	-90,770
Profit/loss from financial assets accounted for using the equity method	5.7	631	782
Interest income	5.7	4,988	6,004
Interest expense	5.7	-25,980	-21,723
Other financial result	5.7	220	-2,672
Financial result	5.7	-20,241	-17,609
Earnings before taxes		181,590	194,767
Income taxes	5.8	-61,757	-59,250
Net income for the year	5.9	119,833	135,517
thereof attributable to owners of DEKRA SE	6.12	118,606	133,686
thereof attributable to non-controlling interests	6.13	1,227	1,631
Net loss/gain on the provision for			
Hedging instruments at fair value through other comprehensive income	6.16	26	444
Deferred taxes recognized through other comprehensive income	5.8	-8	-135
Translation reserve	5.9	4,193	-6,108
Items that can be recycled through profit or loss in the future		4,211	-5,799
Net loss/gain on the provision for			
Remeasurement of defined benefit plans	6.14	-78,866	-27,859
Equity instruments at fair value through other comprehensive income	6.5	15,988	20,351
Deferred taxes recognized through other comprehensive income	5.8	24,939	8,049
Items that will not be recycled through profit or loss in future		-37,939	561
Other comprehensive income		-33,728	-5,238
Total comprehensive income		86,105	130,279
thereof attributable to			
Owners of DEKRA SE		84,878	128,648
Non-controlling interests		1,227	1,631

DEKRA SE

Consolidated statement of financial position as of December 31, 2019

ASSETS IN THOUSAND EUR	Notes	Dec. 31, 2019	Dec. 31, 2018
Non-current assets			
Intangible assets	6.1/6.2	736,565	727,135
Right-of-use assets	8.1	346,788	0
Property, plant and equipment	6.3	419,023	376,083
Financial assets accounted for using the equity method	6.4	12,266	11,755
Other non-current financial assets	6.5	97,230	77,147
Other non-current assets	6.6	8,701	7,341
Deferred income tax assets	5.8	176,109	151,481
		1,796,682	1,350,942
Current assets			
Inventories	6.7	11,210	8,908
Contract assets	6.8	70,446	44,767
Trade receivables	6.8	498,034	523,789
Other current financial assets	6.9	231,291	185,406
Other current assets	6.10	34,437	33,799
Current income tax receivables	5.8	21,015	40,894
Cash and cash equivalents	6.11	92,309	78,450
		958,742	916,013
Total assets		2,755,424	2,266,955

EQUITY AND LIABILITIES IN THOUSAND EUR	Notes	Dec. 31, 2019	Dec. 31, 2018
Equity			
Issued capital	6.12	25,565	25,565
Capital reserve	6.12	583,529	560,529
Revenue reserves	6.12	453,048	598,299
Accumulated other comprehensive income	6.12	-281,660	-247,933
Total equity of the owner		780,482	736,460
Non-controlling interests	6.13	13,834	12,348
		794,316	748,808
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	6.14	530,971	469,473
Other non-current provisions	6.15	15,914	19,775
Non-current financial liabilities	6.16	478,793	265,104
Other non-current liabilities	6.18	2,486	3,549
Deferred income tax liabilities	5.8	29,778	31,528
		1,057,942	789,429
Current liabilities			
Other current provisions	6.15	24,917	15,663
Trade payables	6.17	112,219	93,767
Contract liabilities	6.17	45,449	48,652
Current financial liabilities	6.16	267,513	238,315
Other current liabilities	6.18	346,017	328,000
Current income tax liabilities	5.8	5,051	8,121
		901,166	728,718
Total liabilities		1,959,108	1,518,147
Total equity and liabilities		2,755,424	2,266,955

DEKRA SE

Consolidated statement of changes in equity 2019

IN THOUSAND EUR	Accumulated other comprehensive income							Equity		Group equity
	Issued capital	Capital reserves	Revenue reserves	Transition reserve	Equity instruments of fair value through other comprehensive income	Hedging instruments of fair value through other comprehensive income	Remeasurement of defined benefit plans	Owners	Non-controlling interests	
As of Dec. 31, 2017	25,565	550,529	305,616	-11,150	17,328	-396	-248,477	639,015	10,544	649,559
Profit and loss transfer agreement/dividend distribution			-37,402					-37,402	-31	-37,433
Capital increase		10,000						10,000	0	10,000
Other changes			-77					-77	152	75
Changes to the consolidated group			-3,724					-3,724	52	-3,672
Consolidated net income for the year			133,886					133,886	1,631	135,517
Other comprehensive income for the period				-6,106	20,351	309	-19,790	-5,238	0	-5,238
Total comprehensive income	0	0	133,886	-6,106	20,351	309	-19,790	128,648	1,631	130,279
As of Dec. 31, 2018	25,565	560,529	398,299	-17,258	37,679	-87	-268,267	736,460	12,348	748,808
Effect of first-time application of IFRS 16			-13,121					-13,121	-33	-13,154
As of Jan. 1, 2019 – adjusted	25,565	560,529	385,178	-17,258	37,679	-87	-268,267	723,339	12,315	735,654
Profit and loss transfer agreement/dividend distribution			-53,014					-53,014	-96	-53,110
Capital increase		25,000						25,000	0	25,000
Other changes								0	388	388
Changes to the consolidated group			2,278					2,278	0	2,278
Consolidated net income for the year			118,606					118,606	1,227	119,833
Other comprehensive income for the period				4,193	15,988	19	-53,927	-33,727	0	-33,727
Total comprehensive income	0	0	118,606	4,193	15,988	19	-53,927	84,879	1,227	86,106
As of Dec. 31, 2019	25,565	585,529	453,048	-13,065	53,667	-68	-322,194	782,462	13,834	796,316

DEKRA SE

Consolidated statement of cash flows for fiscal year 2019

OPERATING ACTIVITIES IN THOUSAND EUR	2019	2018
Consolidated net income for the year	119,833	135,517
Depreciation/amortization/impairment losses/reversals of impairment losses	194,925	94,022
Gain/loss from the disposal of financial and intangible assets and property, plant and equipment	-2,255	-784
Interest income/expenses and dividends	10,203	7,121
Current income taxes	62,204	59,250
Change in non-current provisions	-16,075	-4,481
Contribution of cash and cash equivalents to cover pension assets	0	-41,353
Other non-cash expenses/income	27,439	-4,255
Change in inventories, receivables, and other assets	-12,377	-63,347
Change in liabilities and current provisions	21,344	-15,103
Profit or loss from associates	-1,036	-904
Interest received	3,771	3,412
Taxes paid	-63,070	-75,475
Taxes received	62	132
Dividends received	348	258
Cash flow from operating activities	343,318	94,010

INVESTING ACTIVITIES IN THOUSAND EUR	2019	2018
Cash paid for investments in		
Intangible assets and property, plant and equipment	-139,411	-132,470
Financial assets and other assets	-13,679	-13,003
Subsidiaries and other business entities	-15,154	-40,147
Cash received from disposals of		
Intangible assets and property, plant and equipment	11,184	8,782
Financial assets and other assets	2,644	1,935
Cash flow from investing activities	-154,596	-174,903

FINANCING ACTIVITIES IN THOUSAND EUR	2019	2018
Cash received from equity contributions from owners	25,000	10,000
Cash paid to owners and non-controlling interests from profit transfers/dividends	-37,569	-54,051
Cash received/paid in relation to loans to owners	-36,903	33,474
Cash repayments of loans	-40,135	-10,500
Cash received from borrowing	26,497	109,201
Cash repayments of lease liabilities	-100,752	-1,380
Interest paid	-14,413	-7,653
Cash flow from financing activities	-170,275	79,091

CASH AND CASH EQUIVALENTS IN THOUSAND EUR	2019	2018
Changes in cash and cash equivalents	10,447	-1,802
Changes in cash and cash equivalents due to exchange rates and changes in the consolidated group	3,369	3,853
Cash and cash equivalents at the beginning of the period	78,493	76,442
Cash and cash equivalents at the end of the period	92,309	78,493

Notes to the consolidated financial statements of DEKRA SE, Stuttgart, for fiscal year 2019

1 GENERAL COMMENTS

DEKRA SE has its registered office at Handwerkstrasse 15 in Stuttgart, Germany, and is entered in the commercial register at Stuttgart local court under HRB no. 734316.

DEKRA is an international, independent expert organization operating in the areas of Vehicle Inspection, Claims & Expertise, Product Testing, Industrial Inspection, Consulting, Audits, Training, and Temp Work.

The consolidated financial statements as of December 31, 2019 include DEKRA SE and its consolidated subsidiaries.

The Management Board authorized the issue of the consolidated financial statements of DEKRA SE for the fiscal year from January 1 to December 31, 2019 on March 30, 2020 and presented them to the Supervisory Board for review and approval.

The prior-year financial statements and management report were filed for publication in the Bundesanzeiger [German Federal Gazette] in the reporting year.

All shares in DEKRA SE are held by DEKRA e.V., Stuttgart. DEKRA e.V., Stuttgart, is also the ultimate parent of the Company.

2 ACCOUNTING PRINCIPLES

The Company has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as of the reporting date.

The principles of the Framework and the IFRS of the International Accounting Standards Board (IASB) as well as the Interpretations of the IFRS Interpretations Committee effective as of the reporting date were applied.

Information on the adoption of specific IFRS is provided in the comments on the individual items of the statement of financial position later on in these notes.

The consolidated financial statements are presented in euros. Unless otherwise stated, all amounts have been rounded up or down to the nearest thousand euros in accordance with customary commercial practice.

The consolidated financial statements comply with the requirements of Sec. 315e (3) HGB ["Handelsgesetzbuch" German Commercial Code].

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous reporting period. In addition, the new or revised standards that were subject to mandatory adoption for the first time in the fiscal year 2019 in accordance with the respective transitional provisions are presented below.

STANDARD/INTERPRETATION, EFFECTIVE DATE	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
The following IFRS standards and interpretations were subject to mandatory application for the first time in the fiscal year:	
IAS 19 Plan Amendment, Curtailment or Settlement; January 1, 2019	According to the amendments, entities must use updated assumptions in order to determine the current service cost and the net interest for the remaining term of the reporting period following a plan amendment, curtailment, or settlement and to recognize any decreases in surplus as part of the past service cost through profit or loss, even if this surplus had not previously been recognized due to the effect of the asset ceiling. The amendment does not have any significant effects on the consolidated financial statements.
IAS 28 Long-term Investments in Associates and Joint Ventures; January 1, 2019	Investors may own long-term investments (such as preferred shares or non-current loans) in associates or joint ventures that, in substance, form part of the net investment in these entities. The IASB published a narrow scope amendment to IAS 28 clarifying that these long-term investments in associates or joint ventures not accounted for using the equity method, are to be measured in accordance with IFRS 9. This includes the impairment requirements pursuant to IFRS 9. The amendment does not have any effect on the consolidated financial statements.
IFRS 9 Prepayment Features with Negative Compensation; January 1, 2019	The amendments to IFRS 9 aim to clarify how certain financial assets are classified using prepayment features pursuant to IFRS 9. A modification clarifies an aspect of the accounting treatment of financial liabilities. The amendment does not have any effect on the consolidated financial statements.
IFRS 16 Leases; January 1, 2019	IFRS 16 was published in January 2016 and provides new recognition, measurement, presentation, and disclosure requirements for leases for fiscal years beginning on or after January 1, 2019. IFRS 16 primarily affected lease accounting for lessees and led to all leases being recognized in the statement of financial position. The distinction between finance and operating leases required to date no longer applies with respect to the lessee. A right of use to the underlying asset as well as a financial liability for the obligation for future payments must now be recognized on the assets and the liabilities side respectively. The initial application of IFRS 16 resulted in an increase in total assets of 373.7 million euros in 2019. The changes are largely presented in notes 3.2 and 8.1.
IFRIC 23 Uncertainty over Income Tax Treatments; January 1, 2019	The interpretation is to be applied where there are uncertainties regarding tax gains/losses, tax bases, unused tax losses, unused tax credits, and tax rates. It deals, among other things, with the question as to whether tax matters should be assessed individually or jointly. In this respect, IFRIC 23 expands on the existing regulations in IAS 12. The amendment does not have any significant effects on the consolidated financial statements.
Improvements to IFRSs (2015-2017); January 1, 2019	The Annual Improvements to IFRSs 2015-2017 Cycle relate to an omnibus of standards. The resulting amendments applicable from January 1, 2019 relate to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs. The amendment does not have any effect on the consolidated financial statements.

The IASB and the IFRS IC have issued the standards, interpretations, and amendments listed below that were not yet mandatory as of December 31, 2019. Aside from the early adoption of the regulations on the IBCOR reform (IFRS 9), there are no plans to adopt these standards early.

STANDARD/INTERPRETATION; EFFECTIVE DATE	ADOPTED BY THE EU COMMISSION	ANTICIPATED IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
Amended standards and interpretations		
IAS 1 Presentation of Financial Statements; January 1, 2020	No	Currently being assessed
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; January 1, 2020	No	Currently being assessed
IFRS 3 Business Combinations; January 1, 2020	No	Currently being assessed
IFRS 7 Financial Instruments: Disclosures; January 1, 2020	No	Currently being assessed
IFRS 9 Financial Instruments; January 1, 2020	No	DEKRA voluntarily adopted the requirements of the interest rate benchmark reform (IFRS 9) early. For the purpose of hedge accounting, the necessary adjustment of the base interest rates (LIBOR/EURIBOR) or their replacement with risk-free rates raised the question as to whether the planned (and hedged) future cash flows could still be deemed to be highly probable (and therefore be hedged) as they are based on the EURIBOR. With the regulation, the board clarified that until the instruments in use were actually amended, entities could assume that - subject to other matters - the cash flows based on the EURIBOR could be deemed to be highly probable. As a result, the treatment of interest hedges entered into by DEKRA can be maintained. There are no other effects on the financial statements.
IAS 39 Financial Instruments: Recognition and Measurement; January 1, 2020	No	Currently being assessed
Amendments to references to the framework; January 1, 2020	No	Currently being assessed
IFRS 17 Insurance Contracts; January 1, 2021	No	None

3.1 Principles of consolidation

All companies over which the Group's ultimate parent exercises direct or indirect control are included in full in the consolidated financial statements. Control is assumed as soon as the parent company has decision-making power over the subsidiary due to voting or other rights, is exposed to, or has rights to, variable returns from the subsidiary, and has the ability to affect those returns through its power over the investee. First-time consolidation is carried out as of the date on which DEKRA SE obtains control of the subsidiary; the subsidiary is removed from the consolidated group as soon as control ends.

During the reporting period and as of the reporting date, there were no joint ventures or joint operations which would have had to be consolidated using the equity method or with their pro-rata assets and liabilities as well as income and expenses.

Associates are accounted for using the equity method. An associate is an entity over which the owner exercises significant influence, but that is neither a subsidiary nor a joint venture or joint operation. In the consolidated financial statements of DEKRA SE, a total of two German (prior year: two) companies were consolidated using the equity method. These companies were capitalized at cost. Subsequently, the carrying amounts of the equity investments are increased or reduced each year by the proportionate share of profit or loss, dividends distributed, or other changes in equity. The principles of purchase price allocation for full consolidation apply in the same way to the initial measurement of investments. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. As of each reporting date, DEKRA tests whether the carrying amount is impaired pursuant to IAS 36.

Since January 1, 2018, subsidiaries, joint ventures, joint operations, and associates that, on account of their low level of business activity, are immaterial for the Group and the presentation of a true and fair view of the financial position and performance, have generally been included in the consolidated financial statements at fair value.

Non-controlling interests in the total comprehensive income and equity of subsidiaries are presented separately in the statement of comprehensive income and in equity. On acquisition of control, non-controlling interests are generally recognized at their proportionate share of the identifiable net assets measured at fair value.

The consolidated group included DEKRA SE and the other entities listed in "Other disclosures" accordingly as of December 31, 2019. The financial statements of the individual subsidiaries are included in the consolidated financial statements as of December 31, 2019 using the uniform accounting policies stipulated by DEKRA SE. In addition to DEKRA SE, Stuttgart, a total of 23 German (prior year: 25) and 133 foreign (prior year: 136) entities are included.

Effects of first-time inclusion of previously immaterial subsidiaries and associates are recognized in the statement of changes in equity under changes to the consolidated group.

Business combinations are accounted for using the acquisition method on the basis of carrying amounts as of the date of transfer of control (IFRS 3). Where there are non-controlling interests, a proportionate share of goodwill in accordance with IFRS 3 (purchased goodwill method) has always been recorded to date.

In the course of business combinations, sometimes arrangements are made concerning contingent consideration, and call and put options are sometimes agreed with non-controlling interests with respect to those interests. These obligations are included in the purchase price calculation at their estimated fair value. On the equity and liabilities side, a financial liability is recognized pursuant to IAS 32. Changes in fair value in subsequent periods are recognized with an effect on profit or loss. In the case of call and put options, the acquiree is included in the consolidated financial statements in full and no non-controlling interests are presented.

Transactions between the consolidated entities are netted. Profits from intercompany transactions are eliminated. Effects of consolidation on income taxes are accounted for by recognizing deferred taxes.

Currency translation

The consolidated financial statements of DEKRA SE are presented in euros. The concept of a functional currency is applied when translating financial statements of consolidated entities prepared in foreign currencies. The functional currency is generally the local currency of the respective subsidiary. Assets and liabilities are translated at the closing rate; expenses and income at the annual average rate. The items within equity are carried at historical rates. The resulting difference is recognized directly in equity and presented separately in the statement of comprehensive income.

In the separate financial statements of the subsidiaries, business transactions in foreign currencies are translated using the exchange rate on the date of the transaction. Pursuant

to IFRIC 22, assets as well as expenses and income arising from the payment or receipt of advance consideration, and which are not measured at fair value upon initial recognition, are translated at the exchange rate at which the payment or receipt of advance consideration has been recognized for the first time. In subsequent periods, monetary assets and liabilities in foreign currencies are translated at the exchange rate as of the reporting date. Translation differences are generally recorded in the statement of comprehensive income under "Other operating income" or "Other operating expenses". In the case of financial receivables and liabilities, exchange rate effects are disclosed in the financial result. Non-monetary assets and liabilities are not generally remeasured in subsequent periods.

The following table shows the exchange rates of material entities listed in foreign currencies.

Currency	RATE AS OF REPORTING DATE		ANNUAL AVERAGE RATE	
	Dec. 31, 2019	Dec. 31, 2018	2019	2018
Brazilian real (BRL)	4.5157	4.4440	4.4135	4.3087
Czech koruna (CZK)	25.4080	25.7240	25.6698	25.6432
Chinese renminbi (CNY)	7.8205	7.8751	7.7339	7.8074
Danish krone (DKK)	7.4715	7.4673	7.4661	7.4532
Pound sterling (GBP)	0.8508	0.8945	0.8773	0.8847
Croatian kuna (HRK)	7.4395	7.4125	7.4182	7.4182
Hungarian forint (HUF)	330.5300	320.9800	325.2308	318.8250
Moroccan dirham (MAD)	10.7293	10.9476	10.6888	11.0524
New Zealand dollar (NZD)	1.6653	1.7056	1.6993	1.7059
Hong Kong dollar (HKD)	8.7473	8.9675	8.7714	9.2599
Polish zloty (PLN)	4.2568	4.3014	4.2979	4.2606
Swedish krona (SEK)	10.4468	10.2548	10.5867	10.2567
US dollar (USD)	1.1234	1.1450	1.1196	1.1815
South African rand (ZAR)	15.7773	16.4594	16.1731	15.6134
Taiwan dollar (TWD)	33.6334	35.1827	34.5772	35.6551
Swiss franc (CHF)	1.0854	1.1269	1.1127	1.1549
Japanese yen (JPY)	121.9400	125.8500	122.0567	130.4100

3.2 Significant accounting policies

The financial statements have been prepared on a cost basis, except for financial instruments classified as "at fair value through profit and loss or other comprehensive income" pursuant to IFRS 9 as well as derivative financial instruments designated as part of an effective hedge. At the DEKRA Group, this primarily includes investments in non-consolidated subsidiaries, securities, obligations from options and contingent purchase price elements as well as interest derivatives.

Goodwill

The amount by which the purchase price of a business combination exceeds the fair value of the individually identifiable acquired net assets is recognized as goodwill. Incidental acquisition costs are recognized in profit or loss.

Under IAS 38, goodwill from acquisition accounting is not amortized. Where necessary, impairment losses are recognized in accordance with IAS 36 (impairment only approach).

Intangible assets

Acquired intangible assets are recognized at cost less any accumulated amortization. The useful lives of all intangible assets are classified as finite and are generally between three and eight years. Useful lives of trademarks or customer relationships of ten to 15 years are used for purchase price allocations. Intangible assets are amortized using the straight-line method. Where necessary, impairment losses are recognized, and then reversed if the reasons for the impairment cease to apply at a later date.

Internally generated intangible assets such as software are stated at cost if they meet the recognition criteria under IAS 38. Cost includes directly and indirectly allocable costs. Research costs are treated as period expenses and were immaterial in the past fiscal year. Borrowing costs are capitalized if they relate to a qualifying asset.

Property, plant and equipment

Pursuant to IAS 16, property, plant and equipment are recognized at cost less accumulated depreciation. If there are

indications of impairment and the recoverable amount is below the cost less any accumulated depreciation and impairment losses, then an impairment loss is recognized.

Costs of conversion include direct materials and labor costs as well as production overheads. Subsequent costs are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the asset, will flow to the Company. All other subsequent expenditure is recognized directly as an expense. Maintenance expenses are recognized through profit or loss in the statement of comprehensive income.

Property, plant and equipment are depreciated on a straight-line basis over the economic useful lives of the individual components. The useful lives of buildings and their individual components are between ten and 50 years; plant and machinery between ten and 25 years, and furniture and fixtures between three and 20 years. There were no significant residual values within the meaning of IAS 16.53 to be taken into account in the calculation of the depreciation charge.

Gains and losses from the disposal of non-current assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income under other operating income or other operating expenses.

Pursuant to the revised IAS 23, borrowing costs are capitalized only if they are incurred for the financing of the acquisition, construction, or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leases

As of January 1, 2019, the Group applied IFRS 16 for the first time.

The Group applied IFRS 16 using the modified retrospective method (IFRS 16.C5 (b)). In accordance with this, the cumulative effect from first-time application as of January 1, 2019 was recognized in the revenue reserves. The comparative information for 2018 was therefore not restated. The details on the changes in accounting policies are listed below.

Definition of a lease

Previously the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

Upon transitioning to IFRS 16, the Group decided to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group only applied IFRS 16 to contracts that had previously been identified as leases. Contracts that were not identified as leases pursuant to IAS 17 and IFRIC 4 were not reviewed to determine whether a lease pursuant to IFRS 16 exists. As a result, the definition of a lease pursuant to IFRS 16 was only applied to contracts that were concluded or amended after January 1, 2019.

Leases as lessee

As lessee, the Group leases real estate, technical and IT equipment, and furniture and fixtures. The Group previously classified leases as operating leases or finance leases based on its assessment as to whether the lease has transferred substantially all the risks and rewards incidental to ownership of an underlying asset. Pursuant to IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most of these lease agreements, i.e., these lease agreements are recognized in the statement of financial position. Non-lease components are separated from lease components.

Pursuant to IFRS 16.C8, the Group recognizes a lease liability as of January 1, 2019 for leases previously classified as operating leases applying IAS 17. The Group measures the lease liability at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as of January 1, 2019. Furthermore, the Group generally recognizes right-of-use assets for leases. Right-of-use assets are measured as follows:

- at the carrying amount as if IFRS 16 had been applied since the commencement date, discounted at the Group's incremental borrowing rate at the date of first-time initial application or
- at an amount equal to the lease liability, adjusted by the amount of any prepaid or deferred lease payment.

The Group tested its right-of-use assets for impairment at the time of the transition and came to the conclusion that there are no impairment indications.

The Group has used a number of practical expedients when applying IFRS 16 to leases that were classified as operating leases pursuant to IAS 17. For individual leases, the Group:

- did not recognize right-of-use assets and lease liabilities for leases for which the lease term ends within 12 months of the date of initial application
- used hindsight when determining the lease term.

Furthermore, for leases with a term of 12 months or less and for leases of low-value assets, the Group uses the practical expedients that apply for short-term leases and for leases of low-value assets.

Leases as lessor

The Group leases out some of its assets. These leases have been classified as operating leases.

At the date of transition to IFRS 16, the Group is not required to make adjustments for leases for which it acts as lessor, except for sub-leases.

The Group sub-leases some of its properties. Pursuant to IAS 17, head lease and sub-lease contracts were classified as operating leases. The Group classified the sub-leases on the basis of the right-of-use asset rather than the underlying asset and came to the conclusion that they are operating leases under IFRS 16.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract to each lease and non-lease component.

Impact on financial statements

On transitioning to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities, recognizing the difference in the revenue reserves. The effects as of the transition date are summarized below.

IN THOUSAND EUR	Jan. 1, 2019
Right-of-use assets - property, plant and equipment	373,685
Lease liabilities	386,806
Revenue reserves	- 13,121

When measuring the lease liabilities from operating leases, the Group discounted the lease payments using its incremental borrowing rate as of January 1, 2019. The weighted average interest rate is 1.91%.

IN THOUSAND EUR	Jan. 1, 2019
Obligations from operating leases as of December 31, 2018 as stated in the consolidated financial statements pursuant to IAS 17	387,906
Other effects	- 1,100
Lease liabilities as of January 1, 2019	386,806

Inventories

Inventories are measured at the lower of cost or net realizable value pursuant to IAS 2. Cost is calculated according to the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale that have yet to be incurred.

Financial assets and financial liabilities

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are contractual rights to receive cash or other financial assets from another entity or to exchange financial assets or liabilities with another entity on potentially favorable terms. They primarily consist of trade receivables, securities, and shares in subsidiaries, which are not included in the consolidated financial statements for reasons of materiality. Moreover, loans to non-consolidated subsidiaries and investees are included. At DEKRA, the financial instruments are reported on the settlement date.

Financial liabilities comprise contractual obligations to deliver cash or other financial assets to another entity or to exchange financial assets or obligations with another entity on potentially unfavorable terms. These primarily include liabilities to banks and trade payables as well as other financial liabilities.

Financial assets

Financial assets are accounted for pursuant to IFRS 9. Under IFRS 9, financial assets are divided into three categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

Financial assets at amortized cost

This category includes debt instruments with contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Furthermore, the debt instruments in this category are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

They are initially recognized at fair value, which generally matches the acquisition cost, plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest rate method. Impairment losses are recognized through profit or loss.

At the DEKRA Group, this category includes loans to subsidiaries that are not fully consolidated and other loans, trade receivables, cash and cash equivalents, receivables due from affiliates, and other financial assets.

Financial assets at fair value through other comprehensive income

Debt instruments that, although satisfying the cash flow criterion, are held in a business model for collecting contractual cash flows and selling financial assets, are classified as "at fair value through other comprehensive income".

Furthermore, there is an irrevocable option to allocate equity instruments not held for trading to this category

when being classified for the first time. The cumulative changes in fair value are not reclassified to profit or loss even when these equity instruments are derecognized.

Both the initial recognition and subsequent measurement of the assets is at fair value. Transaction costs are recognized through profit or loss. Changes in value are generally recognized in the statement of comprehensive income. By contrast, information on the collection of contractual cash flows, such as interest income, and dividends for debt instruments are recognized through profit or loss for debt instruments and equity instruments, respectively.

The DEKRA Group uses this category to account for shares in affiliates and investees. These shares are held as long-term, strategic investments that are not expected to be sold in the short to medium term.

Financial assets at fair value through profit or loss

This category includes debt instruments that do not satisfy the cash flow and/or business model conditions. There is also the option for debt instruments to be allocated to this category upon initial recognition in order to overcome or significantly reduce an accounting mismatch.

This category also includes equity instruments for which the option for measurement at fair value through other comprehensive income is not exercised, as well as derivatives that are not recognized as part of an effective hedge.

The assets are initially recognized at fair value. Transaction costs are recognized through profit or loss. Subsequent measurement is also at fair value. Changes in value in this category are recognized through profit or loss.

The DEKRA Group allocates the securities held to this category.

Financial liabilities

Pursuant to IFRS 9, financial liabilities are divided into two categories: financial liabilities at amortized cost and financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

Financial liabilities are allocated to this category with the exception of derivatives, liabilities held for trading, and when exercising the fair value option.

They are initially recognized at fair value plus any directly attributable transaction costs. Subsequent remeasurement is at amortized cost using the effective interest rate method.

The DEKRA Group uses this category for most of its financial liabilities. Participation capital was measured using the effective interest rate method due to the secured interest payments.

Financial liabilities at fair value through profit or loss

Derivatives with negative fair values must be assigned to this category, unless they are recognized as part of an effective hedge. This category also includes all liabilities held for speculative purposes and all contingent liabilities recognized by an acquirer in a business combination pursuant to IFRS 3. Other liabilities can optionally be assigned to this category, in the same way as financial assets at fair value through profit or loss.

With the exception of the fair value option, measurement is the same as for financial assets at fair value through profit or loss.

At the DEKRA Group, liabilities from business combinations are allocated to this category.

Derivative financial instruments and hedge accounting

The DEKRA Group uses derivative financial instruments in the form of cash flow hedges. These serve to control and secure future cash flows. Derivative financial instruments are recognized at fair value in the statement of financial position and reported under financial assets or under financial liabilities. The fair values are calculated on the basis of corresponding market prices or using appropriate valuation techniques.

The effective portion of the change in the fair value is recognized in other comprehensive income, taking into account the related tax effect. The ineffective part is recognized through profit or loss. When the hedged transaction occurs, the cumulative "other income" is reclassified through profit or loss. For further information, we refer to the comments on financial management in "Financial instruments and hedging activities".

Trade receivables, contract assets, and other financial assets

Trade receivables and other financial assets are recognized at nominal value less impairment losses. Non-current non-interest-bearing receivables are stated at present value using a matching interest rate.

Contract assets contain receivables from unbilled service contracts. Their recognition is governed by IFRS 15 "Revenue from Contracts with Customers".

DEKRA recognizes revenue over time as a continuous flow of benefits to customers, or an asset with no alternative use is created. In both cases, an ordinary termination right by the customer gives rise to a reimbursement claim for the respective proportionate selling price. DEKRA therefore recognizes revenue based on the respective degree of completion of the performance obligation. Selecting the method to determine the percentage of completion requires judgment and depends on the type of service being rendered. To determine the stage of completion for the respective contract, the cost-to-cost method is generally used as the ratio of costs incurred to the estimated total costs. Payments received for unbilled service contracts are disclosed net of contract assets on a contract-by-contract basis. If the prepayments received exceed the contract assets, they are reported on a net basis under contract liabilities.

Trade receivables, contract assets, and other financial assets are subject to the impairment model of IFRS 9.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits and are recognized at nominal value less any expected credit losses. The expected credit losses are also determined using the impairment model pursuant to IFRS 9. This is described in more detail in the section "Impairment or reversal pursuant to IFRS 9".

Deferred taxes and income taxes

Income taxes include expenses and income from current and deferred taxes as well as tax allocations to the parent DEKRA e.V., Stuttgart, with which the Company forms a tax group for income tax purposes.

Current income tax liabilities/income tax assets are measured at the amount expected to be paid to/recovered from the tax authorities. The calculation is based on the tax rates enacted or substantively enacted as of the reporting date. IFRIC 23 was observed when determining income tax liabilities. The subsidiaries included are asked whether they have any uncertain tax treatments. If such treatments exist, they are taken into account accordingly. The initial application of IFRIC 23 did not result in any significant changes.

Deferred taxes are recognized in accordance with the liability method pursuant to IAS 12 for temporary differences between the tax accounts and the consolidated financial statements – with the exception of goodwill resulting from acquisition accounting that cannot be recognized for tax purposes – and for unused tax losses. Deferred tax assets are only considered to the extent that it is sufficiently probable that they will be realized. Probable usability is based on a multi-year plan for the respective entity. Deferred taxes are calculated using the respective local tax rates on the basis of the tax rates that are expected to apply for the period of reversal of the difference. Changes to tax rates adopted by the reporting date are taken into account when calculating deferred taxes.

Deferred taxes are recorded as tax income or expense through profit or loss unless they relate to items recorded in

other comprehensive income; in this case, the deferred taxes are likewise recorded in other comprehensive income.

Deferred tax assets for unused tax losses are only recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred tax assets and liabilities are disclosed net in the consolidated statement of financial position, if there is a legally enforceable right to offset current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Accordingly, offsetting is carried out at entity and tax group level.

Impairment losses and reversals of impairment losses

Impairment losses and reversals of impairment losses pursuant to IAS 36

The carrying amounts of the assets that fall under the scope of IAS 36 are tested on each reporting date for indications that an asset may be impaired. If such indications are found to exist, the recoverable amount of the asset concerned is estimated. The recoverable amount is the higher of an asset's net realizable value and its value in use (present value of future cash flows). If the recoverable amount is lower than its carrying amount, an impairment loss must be recognized to reduce the carrying amount to the recoverable amount. Impairment losses recognized in prior years must be reversed when there is a change in estimate and the recoverable amount is higher than the carrying amount.

In addition, annual impairment tests must be carried out for goodwill, intangible assets with indefinite useful lives, and intangible assets that are not yet available for use. As goodwill and other intangible assets cannot generally be sold independently and cannot generate cash flows independently of other assets, impairment tests can only be carried out in connection with a cash-generating unit.

Until December 31, 2018, the cash-generating units for the goodwill impairment test were identified at the level of the Business Units Automotive, Industrial, and Personnel. This was due

to single management, shared customer service and uniform product policy, a joint advertising strategy, as well as joint management and monitoring of the respective units.

Following the organizational realignment under the Target Operating Model 2020 (TOM 2020), management and monitoring have been performed by eight regional clusters as well as the globally operating unit "Temp Work" since January 1, 2019. As a result, there is a change in the reporting structure pursuant to IAS 36.87 such that goodwill is reallocated to new CGUs. The reallocation was performed in fiscal year 2019 pursuant to IAS 36.87 using the relative value approach of the business value of the allocated units in relation to the business value of the former Business Units.

In the course of the impairment test of a cash-generating unit, the carrying amount of a cash-generating unit is compared to the recoverable amount. The cash-generating unit includes those assets that can be allocated directly or indirectly on a reasonable and consistent basis to the cash-generating unit and will generate the future cash inflows. If the net sales proceeds and the present value of the cash flows of a cash-generating unit are lower than its carrying amount, the impairment expense recognized through profit or loss is allocated to the individual assets of the cash-generating unit. This allocation is made in proportion to the individual assets' share in the cash-generating unit's carrying amount. If goodwill is assigned to the cash-generating unit, any identified impairment expense is first assigned to goodwill and then allocated proportionately to the other assets of the cash-generating unit.

Impairment or reversal pursuant to IFRS 9

The impairment model introduced by IFRS 9 is based on future expected credit losses and is applicable for all financial assets (debt instruments) that are not measured at fair value through profit or loss. The impairment approach provides a three-stage model for the allocation of impairment losses.

Stage 1: 12-month expected credit losses

Stage 1 comprises all instruments for which there has not been a significant increase in credit risk since initial recognition. The expected default within the next 12 months is taken into account as an impairment loss.

Stage 2: lifetime expected credit losses - credit standing not impaired

Stage 2 comprises all instruments for which there has been a significant increase in credit risk as of the reporting date compared to the date of initial recognition, but no objective indication of impairment. All expected losses are recognized over the residual term of the instrument as impairment. A past due status of more than 30 days is used as objective evidence for a significant increase in the credit risk.

Stage 3: lifetime expected credit losses - credit standing impaired

If there is also objective evidence of impairment in addition to a significant increase of the credit risk as of the reporting date, all expected losses of the instruments are recognized as impairment over the entire lifetime. A past due status of more than 90 days is used as objective evidence of impairment as well as further indications of financial difficulties on the part of the debtor.

The assessment as to whether the credit risk of a financial asset has increased significantly is performed at regular intervals, at least once a year, based on internally or externally available information on the counterparty (e.g., rating information). Past due information is also used to assess the probability of default, especially for trade receivables and other financial assets.

For trade receivables and contract assets, DEKRA uses a simplified approach to determine the expected credit losses

based on the lifetime expected credit losses. A review as to whether there has been a significant increase in the credit risk is therefore not necessary. Portfolio allowances for the expected credit losses are calculated on the basis of historical data adjusted for supportable, forward-looking macroeconomic factors. For example, this involves analyzing and weighting GDP growth rates published by the OECD for the regions in which DEKRA operates. In addition, the volume of receivables is regularly analyzed (without undue cost or effort) for any new findings that could have an impact on the expected loss. The findings are accounted for using adequate specific bad debt allowances. For further information, we refer to the comments on impairment in section 6.8.

For receivables from credit balances at banks, loans, and other financial assets, the expected credit losses pursuant to IFRS 9 are determined annually on the basis of probabilities of default derived from the respective rating of the contractual partner, as well as the loss given default and the amount at risk of default.

A financial asset is derecognized if it is assumed after thorough analysis that it can no longer be realized, for example after the end of insolvency proceedings or after court rulings.

Pensions and other post-employment benefits

Provisions for pensions and similar obligations are calculated according to the projected unit credit method prescribed by IAS 19. In addition to biometric bases of calculation, this method primarily takes into account current assumptions regarding future increases in salaries and pensions as well as the relevant long-term capital market interest rate, which is determined on the basis of the market yields of high-quality corporate bonds with a fixed rate of interest as of the reporting date. The provision is recognized at an amount equivalent to the defined benefit obligation.

Plan assets that are invested in order to cover defined benefit pension plans and other similar benefits are measured at fair value and offset against the corresponding obligations.

The return on plan assets and the interest charged on the defined benefit obligation use the same interest rate. It is presented net in the financial result.

Actuarial gains and losses, which primarily result from deviations from the assumptions made, are recorded in other comprehensive income in the period in which they occur. Past service cost from plan amendments is immediately recognized in personnel expenses in the fiscal year in which the amendments are made.

Actuarial reports are obtained for the calculation of the pension provisions.

Other provisions

Provisions are recognized in the amount required, based on a best estimate, to cover all present obligations as of the reporting date. Future events which may have an effect on the amount needed to satisfy the obligation are considered in the provisions, provided that they can be forecasted with an adequately objective degree of certainty and that the obligation results from past events. In addition, provisions for potential losses for onerous contracts are recognized in accordance with IAS 37.

The provision is measured at the most probable amount of a range of expected values. Where possible, it is determined and measured using contractual agreements; otherwise calculations are based on past experience and estimates by the Management Board.

Non-current provisions are recognized at present value and discounted at market interest rates that match the risk and the period to realization.

Contract liabilities

DEKRA recognizes contract liabilities for obligations to transfer goods or services to a customer for which it has received consideration. If a customer pays consideration before the Group has transferred the goods or services, a contract liability is recognized when the payment is made or is due. Contract liabilities are recognized as revenue as soon as the Group has satisfied its contractual obligations.

Revenue recognition

DEKRA realizes revenue pursuant to IFRS 15 "Revenue from Contracts with Customers". IFRS 15 provides for a uniform principles-based five-step model for calculating revenue that must be applied to all contracts with customers. DEKRA recognizes revenue over time as a continuous flow of benefits to customers, or an asset with no alternative use is created. In both cases, an ordinary termination right by the customer gives rise to a reimbursement claim for the respective proportionate selling price. DEKRA therefore recognizes revenue based on the respective degree of completion of the performance obligation.

Dividends are recognized when the right to receive payment arises.

Government grants

In accordance with IAS 20, government grants are only recognized where there is reasonable assurance that all attaching conditions will be complied with and the grant will be received. They are recognized through profit or loss as of the date the subsidized expenses are incurred, unless they relate to subsidies for an asset. Government grants are disclosed without offsetting under other operating income.

Accounting judgments and estimates

In applying the accounting policies, the Management Board has made the following judgments which have a significant effect on the amounts recognized in the consolidated financial statements.

The consolidated financial statements include assumptions and estimates which have an effect on the carrying amounts and recognition of assets and liabilities as well as income and expenses. Actual amounts may differ from the amounts based on these estimates and assumptions.

In particular, assumptions and estimates were made concerning the useful lives of non-current assets, the recoverability of goodwill and other intangible assets, the recoverability of receivables, the adequate valuation of securities, the parameters for measuring pension and other provisions, and the recoverability of deferred tax assets. In addition, we refer to the above

explanations and to the comments in note 6 on the individual items in the statement of financial position.

The Group determines the term of the lease based on the non-cancellable period of the lease, including reasonably certain extension options and the periods covered by an option to terminate the lease if it is reasonably certain that the Group will not make use of this option.

The Group has concluded several leases containing extension and termination options. It makes judgments when assessing whether it is reasonably certain that the option to extend/terminate the lease will be exercised or not, i.e., it takes all relevant factors into account that provide an economic incentive to exercise the extension or termination options. After the commencement date, the Group reassesses the lease term if a significant event or a change in circumstances occurs that is within its control and that affects whether it will exercise the option to extend or terminate the lease or not (e.g., carrying out significant leasehold improvements or making significant adjustments to the underlying asset).

The term of lease agreements generally corresponds to the contractual term. As open-ended contracts do not have a contractual term, the cluster term is used in this case. The cluster term is the term that contracts in the same cluster generally have. A cluster is a group of lease agreements for similar underlying assets. DEKRA categorizes lease agreements into the following clusters: IT, buildings, vehicles, technical equipment as well as furniture and fixtures. The cluster term was determined for the fiscal year and is based on past experience. Also for termination and extension options, the cluster term is determined as the lease term provided that the cluster term is greater than the contractual term. Should a contract with a termination or extension option be greater than the contractual term, the contractual term is then used.

For details on possible lease payments for periods after the time for exercising the extension and termination options has expired that are not taken into account in the lease term, we refer to note 8.1.

The Group tests goodwill for impairment at least once a year. The impairment tests carried out are mainly based on

estimates. Various scenarios were therefore worked out for the individual cash-generating units. The main estimates were the future net cash flows, based on market developments, as well as assumptions about economic development and an estimate of increases in personnel costs, the growth rates, and the weighted average cost of capital. Even if the estimates should change, the recoverable amount is currently expected to exceed the carrying amount of goodwill. In particular with regard to the assumptions concerning goodwill impairment or on the expected future cash flows and weighted average of cost of capital, we refer to note 6.2.

Loss allowances on trade receivables relate to assumptions regarding the credit risk and the expected loss given defaults. DEKRA makes these assumptions based on past experience, existing market conditions as well as estimates concerning the future as of the end of the reporting period.

Selecting the method to determine the degree of completion of customer contracts requires judgment and depends on the type of service being rendered. To determine the stage of completion for the respective contract, the cost-to-cost method is generally used as the ratio of costs incurred to the estimated total costs.

The obligation from defined benefit pension obligations and the pension benefit payments of the subsequent year are determined based on actuarial parameters such as interest rate, future salary and pension increases, and age. Changes in parameters can have a significant effect on the benefit obligation. For further explanations, we refer to note 6.14.

In some business combinations, contingent consideration has been arranged or call or put options for non-controlling interests have been agreed with the seller. The resulting purchase price liabilities are subject to estimates as to whether future targets can be achieved and in terms of assumptions regarding the present value of future purchase price payments. For further explanations, we refer to note 3.1.

Deferred tax assets are recognized to the extent that they are likely to be used. The probability of them being used in the future is assessed taking into account various factors such as

future taxable profit in the planning periods, DEKRA uses a planning horizon of three years. The actual amounts may differ from the estimates. These are then adjusted in other comprehensive income or through profit or loss, depending on how they were initially recognized.

4 ACQUISITION OF SUBSIDIARIES

Presentation of acquisitions in the fiscal year

No significant acquisition took place in the fiscal year 2019. Nor were there any acquisitions that were significant collectively.

Presentation of significant acquisitions in the prior year

In 2018, the acquisition of Industrial Safety Group B.V., Rotterdam, the Netherlands, as well as its subsidiaries was significant. This acquisition resulted in goodwill of 4.5 million euros.

Industrial Safety Group B.V. and its subsidiaries were included in the consolidated financial statements from August 1, 2018. The companies contributed 10.5 million euros (prior year: 5.2 million euros) to Group revenue.

5 STATEMENT OF COMPREHENSIVE INCOME/ INCOME STATEMENT

The statement of comprehensive income has been prepared using the nature of expense method. Income and expenses attributable to the fiscal year are recognized through profit or loss. Non-owner-based transactions reported as other comprehensive income are presented after the income statement (one statement approach).

5.1 Revenue

Revenue is broken down by region and Service Division. The revenue results from ordinary activities.

Revenue by region

IN THOUSAND EUR	2019	2018
Germany	2,066,931	2,027,549
South-West Europe	532,162	526,550
North-West Europe	346,126	329,404
Central East Europe & Middle East	162,462	159,365
East & South Asia	102,485	88,228
North America	93,620	93,109
Southern Africa & Oceania	86,449	97,318
South America	18,727	19,026
	3,408,962	3,340,549

Revenue by Service Division

IN THOUSAND EUR	2019	2018
Vehicle Inspection	1,064,555	993,606
Claims & Expertise	560,711	547,600
Industrial Inspection	604,069	490,146
Temp Work	471,188	529,681
Product Testing	243,952	228,385
Consulting	220,670	217,363
Training	219,469	209,573
Audits	81,197	83,734
Other	43,111	40,461
	3,408,962	3,340,549

Revenue also includes income from unbilled service contracts (over time) as of year-end of 33,768 thousand euros (prior year: 39,123 thousand euros), which is recognized proportionately over the performance period.

DEKRA's performance obligations are generally satisfied when the service has been rendered (e.g., training, consulting) or completed (e.g., vehicle inspection, certification cycle).

At DEKRA, the terms of payment differ according to region and service. Across the Group, the terms of payment generally range between 30 and 60 days and do not contain any significant financing components.

For customer contracts that have an original expected duration of more than one year or performance obligations not recognized in accordance with IFRS 15.B16, the transaction price for the remaining unsatisfied or partially unsatisfied performance obligations can be broken down as of December 31, 2019 as follows:

IN THOUSAND EUR	2019	2018
Within one year	3,791	7,362
More than one year	2,632	868
	6,423	8,210

5.2 Other operating income

Other operating income amounts to 37.2 million euros (prior year: 33.3 million euros). This includes income from the disposal of non-current assets of 4.7 million euros (prior year: 3.1 million euros), income from the reversal of allowances of 4.2 million euros (prior year: 2.2 million euros) as well as reintegration and payroll subsidies totaling 3.3 million euros (prior year: 3.3 million euros). Other operating income also includes income from compensation of 2.3 million euros (prior year: 4.3 million euros) and exchange gains of 2.0 million euros (prior year: 2.7 million euros).

5.3 Cost of materials

Cost of materials breaks down as follows:

IN THOUSAND EUR	2019	2018
Cost of purchased services	301,361	287,153
Cost of purchased merchandise	31,510	29,712
	332,871	316,865

5.4 Personnel expenses

IN THOUSAND EUR	2019	2018
Wages and salaries	1,843,907	1,813,220
Social security costs (excl. pension insurance premiums)	247,127	243,965
Pension costs	137,220	132,196
	2,227,854	2,189,391

Pension costs also include employer contributions to the statutory pension insurance fund of 100.9 million euros (prior year: 100.6 million euros). The majority of Group employees are salaried employees.

The Group's employees are distributed as follows:

ANNUAL AVERAGE	2019	2018
Germany	21,606	22,364
South-West Europe	7,580	8,184
Central-East Europe & Middle East	4,323	4,205
North-West Europe	3,035	2,790
Southern Africa & Oceania	1,743	2,139
East & South Asia	1,593	1,456
North America	559	573
South America	248	250
Central units	627	566
Service Divisions	207	106
	41,529	42,653

5.5 Other operating expenses

Other operating expenses of 498.3 million euros (prior year: 573.9 million euros) contain travel expenses of 104.0 million euros (prior year: 104.5 million euros), administrative expenses of 89.3 million euros (prior year: 85.8 million euros), IT and telephone costs of 82.2 million euros (prior year: 77.1 million euros), rent and building costs of 55.2 million euros (prior year: 130.7 million euros) as well as advertising expenses of 43.1 million euros (prior year: 43.5 million euros). Other operating expenses contain exchange differences of 3.4 million euros (prior year: 2.9 million euros). The decrease in other

operating expenses compared to the prior year is primarily attributable to the first-time application of IFRS 16, which resulted in the classification of rental expenses being changed and thereby causing other operating expenses to fall by 107.4 million euros.

5.6 Amortization and depreciation of intangible assets, right-of-use assets, and property, plant and equipment

The composition of depreciation, amortization, and impairment losses is presented in the statements of changes in intangible assets, right-of-use assets, and property, plant and equipment. See notes 6.1, 6.3, and 8.2.

5.7 Financial result

The financial result breaks down as follows:

IN THOUSAND EUR	2019	2018
Investment result from companies accounted for using the equity method	531	782
Dividends from equity instruments of fair value not through profit or loss	307	258
Other investment result	51	0
Expenses from investments and shares in affiliates	-112	-2,135
Result from securities	-1	50
Result from loans	-25	-845
Other financial result	220	-2,672
Interest income	4,988	6,004
Interest expenses	-25,980	-21,723
thereof other interest expenses	-16,328	-13,363
thereof interest expenses for the phased retirement scheme	-8	0
thereof net lending from German phased retirement scheme obligations	57	4
thereof net lending from pension provisions	-7,701	-8,344
Interest result	-20,992	-15,719
Financial result	-20,241	-17,609

The investment result from companies accounted for using the equity method of 531 thousand euros (prior year: 782 thousand euros) relates to the recognition of profit shares of FSD Fahrzeugsystemdaten GmbH, Dresden, Germany, and Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart, Germany. Other financial result mainly comprises dividend income from securities held as well as impairments of loans to non-consolidated subsidiaries.

Interest income primarily stems from interest income from loans and receivables of 3,046 thousand euros (prior year: 3,026 thousand euros). Measurements in foreign currencies had an effect of 666 thousand euros (prior year: 1,846 thousand euros) on interest income.

Other interest expenses of 18,328 thousand euros (prior year: 13,383 thousand euros) chiefly stem from short-term and long-term loans. Due to the first-time application of IFRS 16, interest expenses from discounting lease liabilities of 6,605 thousand euros were included for the first time in the fiscal year. Moreover, this includes expenses from the increase in liabilities from put and call options in connection with subsidiaries acquired in prior years of 2,863 thousand euros (prior year: 2,518 thousand euros) as well as expenses from currency effects of 1,184 thousand euros (prior year: 2,404 thousand euros) in the fiscal year.

Net lending from pension provisions results from interest expenses arising from pension obligations of 17,068 thousand euros (prior year: 16,556 thousand euros) less the expected return on plan assets of 9,367 thousand euros (prior year: 8,212 thousand euros).

5.8 Income taxes

Income taxes include taxes paid or owed on income as well as deferred taxes.

Tax allocations to DEKRA e.V., Stuttgart, of 33.3 million euros (prior year: 35.8 million euros) are also recognized under income taxes. The tax allocation corresponds to the actual tax incurred up to the level of DEKRA SE. The resulting receivables and liabilities are included under receivables and liabilities to affiliates.

IN THOUSAND EUR	2019	2018
Current taxes	63,773	58,355
Deferred taxes		
Temporary differences	-850	4,390
Unused tax losses	-1,166	-3,495
	61,757	59,250

Current taxes contain tax expenses of 745 thousand euros (prior year: 787 thousand euros) relating to other periods.

As of the reporting date, the DEKRA Group disclosed 38,317 thousand euros in total of unused tax losses (prior year: 33,076 thousand euros), which resulted in deferred tax assets of 10,449 thousand euros (prior year: 9,183 thousand euros). The Group considers it probable that future taxable profit will be available against which they can be utilized. The respective local tax rate was used in each case.

Deferred taxes from temporary measurement differences were determined using future anticipated local tax rates, e.g., 30.5% (prior year: 30.5%) for Germany, 25.0% (prior year: 28.0%) for France, and 25.0% (prior year: 25.0%) for the Netherlands.

No deferred taxes were recognized on retained earnings from subsidiaries, since the profits are to remain invested in the subsidiaries for the time being.

The deferred taxes as of December 31, 2019 break down as follows:

IN THOUSAND EUR	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Non-current assets	89,694	82,233	77,063	34,823
Current assets	6,366	4,294	5,149	4,909
Non-current liabilities				
Pension provisions	157,991	137,010	68,795	79,197
Other non-current liabilities	37,303	1,479	1,471	1,900
Current liabilities	17,660	6,002	874	227
Deferred taxes on temporary measurement differences	309,234	231,920	173,352	121,050
Deferred taxes on unused tax losses	10,449	9,183	0	0
Total deferred taxes	319,683	241,003	173,352	121,050
Offsetting at tax group level	-143,574	-89,522	-143,574	-89,522
Disclosure	176,109	151,481	29,778	31,528

The following tax reconciliation clarifies the difference between the effective tax expense according to the statement of comprehensive income and the tax expense that would theoretically arise if the tax rate of DEKRA SE were to be applied to consolidated earnings before taxes. As in the prior year, the DEKRA Group's tax rate is 30.525%.

IN THOUSAND EUR	2019	2018
Consolidated earnings before tax	181,590	194,767
Expected tax expense (30.525 %)	55,430	59,453
Losses for which no deferred taxes were recognized	848	604
Differences from foreign tax rates	-876	-2,974
Tax-free income	-690	-2,506
Non-deductible expenses	7,144	7,809
Tax items relating to other periods	-303	-3,334
Other tax effects	204	198
Effective tax expense	61,757	59,250

Deferred income tax assets and current income tax assets

The Group has unused tax losses that can be carried forward indefinitely of 22,570 thousand euros (prior year: 20,719 thousand euros), for which no deferred taxes were recognized, since it is not yet sufficiently certain that they will be usable for tax purposes.

Deferred tax assets and liabilities were offset at tax group level provided the requirements for offsetting pursuant to IAS 12.74 were met.

Of the change in deferred taxes, an amount of 24,931 thousand euros (prior year: 7,934 thousand euros) was reported in other comprehensive income. There were also changes in the deferred taxes from first-time consolidations as well as from currency translation effects.

The decrease in current income tax receivables is primarily due to a legislative change to abolish tax credits on social security contributions in France (Crédit d'impôt pour la compétitivité et l'emploi).

Deferred income tax liabilities and current income tax liabilities

Besides those from effective tax obligations, tax liabilities arise mainly from deferred tax liabilities. The recognition and measurement differences determined from adjustments of the statements of financial position of the consolidated companies according to local GAAP to IFRSs and consolidation entries recognized through profit or loss, which resulted in deferred tax assets or liabilities, are presented in the table above. Deferred taxes of 0.5 million euros (prior year: 2.3 million euros) were recognized in the first-time consolidations.

Current tax liabilities mainly relate to income tax liabilities of foreign entities. Of the liabilities from tax allocations to DEKRA e.V., Stuttgart, an amount of 33.3 million euros has been offset against receivables from affiliates.

5.9 Statement of comprehensive income

The consolidated net income for the year under IFRSs stands at 119.8 million euros (prior year: 135.5 million euros). This serves as a basis for developing the income statement into the statement of comprehensive income. Items affecting other comprehensive income, which will not be recycled through profit or loss in the future, include the remeasurement of defined benefit pension plans of -78.9 million euros (prior year: -27.9 million euros), less associated deferred taxes of 24.9 million euros (prior year: 8.1 million euros), as well as the change in the fair value of equity instruments at fair value through other comprehensive income of 16.0 million euros (prior year: 20.4 million euros).

Reclassification adjustments from other comprehensive income to profit or loss in the fiscal year are explained in note 10.

In addition, income from currency translation of 4.2 million euros (prior year: expenses of 6.1 million euros) were recognized in other comprehensive income. The effects of foreign currency translation are primarily due to translation of items from the pound sterling, US dollar, and South African rand. This was mainly countered by the effects from the translation of items from the Swedish krona. These items could also be recycled through profit and loss in the future if certain conditions are met.

6 STATEMENT OF FINANCIAL POSITION

Non-current assets

6.1 Intangible assets

In addition to goodwill, items include customer lists acquired for a consideration, franchises, industrial and similar rights and assets, and internally generated intangible assets (IT developments).

Internally generated intangible assets of 2,852 thousand euros (prior year: 4,381 thousand euros) were recognized for software developments in the reporting year.

No impairments were necessary for goodwill and for internally generated intangible assets in the reporting year.

IN THOUSAND EUR	INTANGIBLE ASSETS					Total
	Goodwill	Franchises, industrial and similar rights	Other intangible assets	Internally generated intangible assets	Prepayments and intangible assets under development	
Cost as of Jan. 1, 2018	549,846	154,259	220,864	38,317	10,209	973,595
Exchange difference on opening balance	-3,157	23	-1,193	-194	0	-4,823
Exchange difference in current year	167	5	36	43	6	257
Additions	0	7,102	2,164	4,384	10,379	24,029
Additions to the consolidated group	35,373	21	11,324	0	0	46,728
Disposals	-936	-284	-1,951	-683	-79	-4,133
Reclassifications	32	6,436	-4,634	-132	-2,669	-967
As of Dec. 31, 2018/Jan. 1, 2019	581,825	167,562	226,618	41,535	17,946	1,034,986
Exchange difference on opening balance	2,422	37	1,257	61	6	3,783
Exchange difference in current year	28	-4	4	21	-1	48
Additions	6,396	9,738	2,457	2,662	12,633	34,076
Additions to the consolidated group	9,684	0	1,703	0	0	11,387
Disposals	-852	-319	-6,777	-675	-38	-8,661
Reclassifications	0	6,482	73	816	-6,994	377
As of Dec. 31, 2019	599,003	183,496	225,315	44,610	23,552	1,075,976
Amortization and impairment losses						
As of Jan. 1, 2018	0	-113,306	-143,517	-18,279	0	-275,102
Exchange difference on opening balance	0	-12	1,052	40	0	1,080
Exchange difference in current year	0	-4	-32	-3	0	-39
Additions	0	-12,972	-20,932	-4,124	0	-38,028
Disposals	0	283	1,976	609	0	2,868
Reclassifications	-72	-2,390	2,556	1,276	0	1,370
As of Dec. 31, 2018/Jan. 1, 2019	-72	-128,401	-158,897	-20,481	0	-307,851
Exchange difference on opening balance	-61	-28	-659	-72	0	-820
Exchange difference in current year	0	1	-94	-12	0	-105
Additions	0	-14,440	-18,360	-3,649	0	-36,649
Disposals	0	119	6,004	0	0	6,123
Reclassifications	0	-40	-69	0	0	-109
As of Dec. 31, 2019	-133	-142,789	-172,075	-24,414	0	-339,411
Carrying amount as of Dec. 31, 2019	598,870	40,707	53,240	20,196	23,552	736,565
Carrying amount as of Dec. 31, 2018	581,253	39,161	67,721	21,055	17,946	727,136
Carrying amount as of Jan. 1, 2018	549,847	40,953	77,347	20,038	10,209	698,493

6.2 Goodwill

Of the goodwill in the fiscal year, 215.9 million euros relate to the CGU Germany, 110.1 million euros to the CGU South-West Europe, 89.5 million euros to the CGU North-West Europe, 58.2 million euros to the CGU North America, and 56.7 million euros to the CGU East & South Asia. Furthermore, 26.2 million euros relate to the CGU Central East Europe & Middle East, 23.1 million euros to the CGU Temp Work, 16.5 million euros to the CGU Southern Africa & Oceania, and 2.7 million euros to the CGU South America.

In the prior year, 213.7 million euros of the goodwill related to Business Unit DEKRA Automotive, 321.2 million euros to Business Unit DEKRA Industrial, and 46.4 million euros to Business Unit DEKRA Personnel.

Additions of 16.1 million euros to goodwill are attributable to acquisitions and asset deals that took place in 2019 as well as the inclusion in the consolidated group of entities previously considered to be immaterial. Furthermore, goodwill increased by 2.4 million euros (prior year: decrease of 3.0 million euros) due to currency translation differences.

The recoverable amount of each cash-generating unit was determined using the value in use of the relevant unit.

Cash flow forecasts are based on detailed plans by management, covering a three-year planning period. Management's plans reflect past experience and expectations of future market and corporate developments. Cash flows after the three-year period were extrapolated (taking into account estimated growth rates of 0.5% (prior year: 0.5%). The estimated growth rates came from forecasts by the Company. For the eight regional clusters, cash flows were discounted using a risk-adjusted interest rate after tax of 6.5% (prior year: 7.0% for each of the Business Units DEKRA Automotive and DEKRA Industrial). For the globally operating Temp Work a risk-adjusted interest rate after tax of 8.0% (prior year: 7.6%) was used.

A 10% decrease in the expected cash flows or a 1% increase in the discount rate underlying the value in use calculation for the cash-generating unit would individually not result in any impairment losses. If both scenarios (10% decrease in the expected cash flows and 1% increase in the discount rate) were to occur simultaneously, this would result in a need for impairment for the cash-generating unit North America.

For more information, please refer to the explanations in the descriptive section of the notes on impairment losses.

6.3 Property, plant and equipment

IN THOUSAND EUR					Total
	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Prepayments and assets under construction	
Costs as of Jan. 1, 2018	200,840	209,621	235,644	14,840	660,945
Exchange difference on opening balance	-290	-1,182	-222	165	-1,529
Exchange difference in current year	-134	201	95	-79	83
Additions	36,447	23,974	32,825	14,442	107,688
Additions to the consolidated group	7,953	2,206	457	2,543	13,159
Disposals	-3,953	-6,103	-16,472	-675	-27,203
Reclassifications	911	-255	6,661	-12,478	-5,161
As of Dec. 31, 2018/Jan. 1, 2019	241,774	228,462	258,908	18,758	747,902
Exchange difference on opening balance	549	1,636	635	352	3,172
Exchange difference in current year	-16	-101	240	-61	82
Additions	10,137	34,547	35,438	31,915	112,037
Additions to the consolidated group	592	423	119	0	1,134
Disposals	-4,572	-10,255	-23,534	-302	-38,663
Reclassifications*	-1,171	-853	5,074	-11,122	-8,072
As of Dec. 31, 2019	247,293	253,859	276,980	39,540	817,672
Depreciation and impairment losses					
As of Jan. 1, 2018	-67,029	-122,073	-153,691	-3,303	-346,096
Exchange difference on opening balance	37	550	76	-55	608
Exchange difference in current year	68	27	-68	0	27
Additions	-6,961	-19,570	-26,211	0	-52,742
Disposals	2,203	6,213	13,160	0	21,576
Reclassifications	2,564	4,126	-1,962	0	4,728
As of Dec. 31, 2018/Jan. 1, 2019	-69,118	-130,727	-168,696	-3,358	-371,899
Exchange difference on opening balance	-139	-723	-342	-156	-1,360
Exchange difference in current year	-5	108	-115	0	-12
Additions	-7,047	-21,071	-26,026	-1,966	-56,110
Disposals	347	8,334	10,169	35	26,885
Reclassifications*	756	2,384	707	0	3,847
As of Dec. 31, 2019	-75,206	-141,695	-176,303	-5,445	-398,649
Carrying amount as of Dec. 31, 2019	172,087	112,164	100,677	34,095	419,023
Carrying amount as of Dec. 31, 2018	172,656	97,735	90,292	15,400	376,083
Carrying amount as of Jan. 1, 2018	133,811	87,548	81,953	11,537	314,849

*Reclassification of finance lease to point 8.1 contained here as IFRS 16 was applied for the first time.

6.4 Financial assets accounted for using the equity method

The separate financial statements of entities accounted for using the equity method provide the following financial information, which has not been adjusted to the share held by the Group:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Aggregated non-current assets	31,416	20,929
Aggregated current assets	28,817	38,080
Aggregated non-current liabilities	843	20,511
Aggregated current liabilities	23,042	5,426

IN THOUSAND EUR	2019	2018
Aggregated revenue	38,730	39,753
Aggregated net income for the year	3,253	2,773

As in the prior year, the majority of assets, liabilities, revenue, and net income for the year is attributable to PSD Fahrzeugssysteme GmbH, Dresden.

6.5 Other non-current financial assets

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Shares in affiliates	68,436	51,150
Other investments	1,659	1,661
Loans to affiliates	13,998	10,409
Other loans	147	410
Securities	9,805	6,942
Sundry other non-current financial assets	3,385	6,575
	97,230	77,147

DEKRA measures equity instruments at fair value through other comprehensive income. The accumulated reversals of impairments of the shares in affiliates amount to 50.0 million euros. Of

this, 16.0 million euros had a positive effect on other comprehensive income in the fiscal year. This is counterbalanced by the first-time consolidation of one entity in fiscal year 2019. The fair value of the shares in affiliates not included in the consolidated financial statements breaks down by region as follows:

Region	Fair value IN MILLION EUROS	Number of entities	Fair value spread IN MILLION EUROS
Central East Europe & Middle East	37.3	43	0.0-2.8
South-West Europe	23.0	10	0.0-12.4
East & South Asia	14.0	3	0.0-9.7
North-West Europe	10.0	9	0.0-4.8
Germany	3.4	6	0.0-3.0
North America	1.4	1	1.4
South America	0.0	3	0.0
Southern Africa & Oceania	0.0	1	0.0

The increase in loans to affiliates is mainly due to issuing additional loans.

Securities remained relatively stable compared to the prior year. Net reversals of impairments of 592 thousand euros (prior year: 389 thousand euros) were recognized in 2019. The accumulated reversals of impairments of the securities amount to 842 thousand euros.

Risk provisioning for the loans to affiliates and other loans developed in the reporting period as follows:

	Level 1	Level 2	Level 3
Loss allowances as of January 1	-4,083	0	0
Utilization	24	0	0
Reclassifications	911	0	0
Loss allowances as of December 31	-3,148	0	0

Reclassifications of 911 thousand euros are primarily attributable to reclassifications of non-current financial assets to current financial assets.

The risk provisioning for the other non-current financial assets amounts to -293 thousand euros (prior year: -245 thousand euros).

6.6 Other non-current assets

Other non-current assets break down as follows:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Reimbursement claims from employer's pension liability insurance	1,237	1,229
Other non-current assets	7,464	6,112
	8,701	7,341

Current assets

6.7 Inventories

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Materials and supplies	1,497	1,463
Work in progress	5,000	2,484
Merchandise	4,713	4,961
	11,210	8,908

6.8 Contract assets and trade receivables

Foreign currency receivables are initially translated at the exchange rate on the transaction date in accordance with IAS 21.21; they are measured at the closing rate in accordance with IAS 21.23. The difference is recognized through profit or loss.

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Contract assets	71,582	46,251
Trade receivables, gross	519,235	544,003
Loss allowances on contract assets	-1,136	-1,484
Loss allowances on trade receivables	-21,201	-20,214
	568,480	568,556

Contract assets are recognized for unbilled services as of the reporting date. These services are largely allocated to the Industrial Inspection, Product Testing, and Audits Service Divisions. Amounts recognized under contract assets are reclassified to trade receivables after defined invoicing dates or after the service has been concluded and inspected by the customer. Any remaining performance obligations from contracts included under contract assets are usually satisfied and invoiced within the following fiscal year.

Trade receivables do not bear interest and are usually due for payment within 30 to 60 days.

The maturities of trade receivables break down as follows:

IN THOUSAND EUR	Gross amount Dec. 31, 2019	Loss allowance Dec. 31, 2019
Not past due - 180 days past due	481,909	-4,658
Past due between 181 - 240 days	6,798	-1,025
Past due between 241 - 360 days	7,973	-1,928
Past due more than 360 days	22,555	-13,590
	519,235	-21,201

Write-downs on trade receivables break down as follows:

IN THOUSAND EUR	2019	2018
Loss allowances as of January 1	-20,214	-21,195
Additions	-8,104	-5,118
Utilization	3,244	4,010
Reversal	3,873	2,689
Loss allowances as of December 31	-21,201	-20,214

None of the contract assets are past due. Loss allowances on contract assets developed as follows:

IN THOUSAND EUR	2019	2018
Loss allowances as of January 1	-1,484	-52
Additions	-157	-1,562
Utilization	4	126
Reversal	501	4
Loss allowances as of December 31	-1,136	-1,484

Expenses incurred for the allocation to loss allowances are included under other operating expenses.

6.9 Other current financial assets

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Securities	1,100	171
Receivables from affiliates and other investees and investors	130,493	99,609
Sundry other current financial assets	99,698	85,626
	231,291	185,406

Receivables from affiliates and other investees and investors contain liabilities from income tax and VAT, profit transfers from DEKRA SE, and other cost allocations to the owner totaling 84,317 thousand euros, which are offset against receivables from the cash pool and other cost allocations of 203,264 thousand euros. The increase in this item is primarily attributable to the higher receivables from the cash pool compared to the prior year.

The increase in other financial assets is primarily attributable to an increase in reimbursement claims from loss adjustments.

Impairment of other current financial assets developed as follows:

IN THOUSAND EUR	2019	2018
Loss allowances as of January 1	-1,850	-3,671
Additions	-1,803	-372
Utilization	29	2,193
Reversal	16	0
Reclassifications	-794	0
Loss allowances as of December 31	-4,402	-1,850

6.10 Other current assets

This item principally contains prepaid expenses and other current tax receivables.

6.11 Cash and cash equivalents

The development of cash and cash equivalents as defined by IAS 7 is presented in the statement of cash flows.

Cash and cash equivalents break down as follows:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Cash at banks	89,289	76,643
Cash on hand	1,654	1,222
Cash equivalents less than 3 months	1,366	585
	92,309	78,450

Cash at banks includes short-term deposits with terms of up to three months.

Bad debt allowances on cash and cash equivalents developed as follows:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Loss allowances as of January 1	-43	-37
Additions	0	-6
Loss allowances as of December 31	-43	-43

6.12 Equity

For information on the development of equity, refer to the statement of changes in equity. Effects of the first-time application of new accounting standards are also presented in the statement of changes in equity.

The capital stock of DEKRA SE remains unchanged at 25,565 thousand euros. It is divided into 10,000,000 no-par value bearer shares.

The capital reserves of 585,529 thousand euros (prior year: 560,529 thousand euros) mainly include contributions from DEKRA e.V., Stuttgart. A contribution of 25,000 thousand euros was made to the capital reserves in the reporting year.

Revenue reserves contain the Group net income for the period and the profits of consolidated companies generated in prior years to the extent these have not been distributed or transferred. There is a profit and loss transfer agreement in place between DEKRA SE and the parent. The profit transfer is reported in other comprehensive income as a transaction with the equity investor. The difference between the profit transfer in accordance with German commercial law and the IFRS result is recorded in the revenue reserves. Changes in actuarial gains and losses from defined benefit plans, the gains or losses from the fair value measurement of hedging instruments and shares in non-consolidated subsidiaries, and deferred taxes not recognized through profit or loss, and the translation reserve are contained in accumulated other comprehensive income.

As of the reporting date, issued shares had all been fully paid in.

6.13 Non-controlling interests

For the change in non-controlling interests, please refer to the statement of changes in equity.

There are non-controlling interests in those entities that are shown in the list of shareholdings (note 14) with a share in capital of less than 100%, unless options to the non-controlling interests were arranged in the course of the business combination. A purchase price liability is recognized for these interests in accordance with IAS 32 and non-controlling interests are therefore not presented.

Pursuant to the revised IAS 27, the profit or loss for the year attributable to non-controlling interests must be allocated to non-controlling interests even if the losses exceed the share of non-controlling interests in capital. Negative non-controlling interests are not reported for those non-controlling interests to which IFRS 3 (old version) applies.

The information below presents the required pro-rata financial information of the significant entities with non-controlling interests (DEKRA IST Reliability Services Inc., Hsinchu, Taiwan; DEKRA IST Reliability Services Limited, Kunshan, China; and DEKRA Testing Services (Zhejiang) Ltd., Zhejiang, China).

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Aggregated non-current assets	12,902	9,979
Aggregated current assets	10,108	8,524
Aggregated non-current liabilities	2,139	496
Aggregated current liabilities	5,908	4,871

IN THOUSAND EUR	2019	2018
Aggregated revenue	11,274	9,411
Aggregated net income for the year	1,189	1,335

Of these amounts, non-current assets of 10,655 thousand euros, current assets of 4,187 thousand euros, non-current liabilities of 1,853 thousand euros, current liabilities of 3,617 thousand euros, revenue of 6,105 thousand euros, and net income for the year of 842 thousand euros are attributable to DEKRA IST Reliability Services Inc., Hsinchu, Taiwan.

6.14 Pensions and other post-employment benefits

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Pension provisions in Germany	513,367	455,540
Pension provisions in other countries	17,604	13,933
	530,971	469,473

The Group has both defined benefit and defined contribution plans for commitments for retirement, invalidity, and surviving dependants' pensions based on works agreements and individual contractual agreements.

These pension plans grant pension benefits, the level of which depends on the length of service and eligible income. The age limit is the respective legal retirement age for the statutory pension insurance. The pension is paid in part directly by the companies that make the pension commitments and in part by a legally independent welfare fund (DEKRA Unterstützungskasse e.V., Stuttgart).

The obligations relating to the consolidated member companies are included in full in these consolidated financial statements. The benefits are partly financed internally by systematic accumulation of provisions and partly by contribution payments to employer's pension liability insurance. The direct and indirect commitments are defined benefit obligations for which assets (among other things through the conclusion of employer's pension liability insurance policies) have been set aside within DEKRA Unterstützungskasse e.V., Stuttgart. In addition, DEKRA implemented the setting up of a Contractual Trust Arrangement (CTA) effective October 24, 2017 to safeguard the pension obligations from these pension plans. A trust agreement to safeguard pension entitlements was entered into with Allianz Treuhand GmbH, Stuttgart, which acts as the trustee in a two-tier trust arrangement (administrative trust and collateral trust). The funds transferred to fund the pension obligations are managed in trust by Allianz Treuhand GmbH, Stuttgart, and are earmarked for use solely for the settlement of pension obligations.

The Company pension scheme was reorganized with effect as of January 1, 2012 (DEKRA Company pension). Claims vested prior to this date were not affected. Within the scope of the reorganization, direct commitments were made as defined contribution plans in accordance with the rules of separately concluded works agreements. The pension plan is described as a defined contribution plan, as the amount of the benefit is derived from and determined by previously defined pension contributions. In addition to the pension contribution paid by the employer, employees can increase this amount by converting salary components (deferred compensation).

The employer's pension liability insurance and assets of DEKRA Unterstützungskasse e.V., Stuttgart, and the legally separate funds of the CTA are treated as plan assets in accordance with IAS 19.113. DEKRA Unterstützungskasse e.V., Stuttgart, has an advisory board which is regularly informed about the situation of the assets in the fund.

The pension provisions in other countries mainly relate to pension plans and one-off termination benefits when employees commence retirement.

The defined benefit obligations are generally calculated annually by independent actuaries using the projected unit credit method. The 2018 G mortality tables of Prof. Dr. Klaus Heubeck are used for the German pension obligations while generally accepted mortality tables are used for the foreign obligations.

At some foreign entities, there are multi-employer plans for defined benefit plans. The volume of these plans is immaterial for the DEKRA Group.

Apart from the general interest, inflation, longevity, and jurisdiction risks, there are no particular Company-specific risks for the existing plans. The longevity risk is taken into consideration by using mortality tables when calculating the obligation. In particular, the mortality tables take into account the expected continued increase in life expectancy by means of appropriate assumptions. When calculating the obligation, the inflation risk is adequately taken into account at 1.75% p.a. using a long-term approach and according to information currently available. It also has an effect on the review of current pensions. No employment-law related risks due to Supreme Court rulings that could affect the plans are currently known.

Defined benefit plans

Details of the carrying amount posted to the statement of financial position for provisions for pensions and similar obligations are as follows:

IN THOUSAND EUR	Benefit obligation	Plan assets (-)	Total
As of Jan. 1, 2018	981,963	-489,548	492,415
Current service cost	20,340	0	20,340
Past service cost/plan curtailment	562	0	562
Net interest cost (standard interest)	16,556	-8,212	8,344
Net pension cost according to the income statement	37,458	-8,212	29,246
Actual return on plan assets less "net interest cost"	0	6,300	6,300
Actuarial gain/loss from changes in demographic assumptions	11,167	0	11,167
Actuarial gain/loss from changes in assumptions based on experience	4,346	4,828	9,174
Actuarial gain/loss from changes in financial assumptions	778	0	778
Change from asset ceiling unless contained in net interest expense	461	-21	440
Remeasurement of defined benefit pension plans	16,752	11,107	27,859
Benefits paid	-29,536	15,834	-13,702
Plan settlements	521	-374	147
Employer contributions	0	-66,981	-66,981
Employee contributions	5,931	-5,401	530
Total payments	-23,084	-56,922	-80,006
Changes in the consolidated group	-30	-11	-41
As of Dec. 31, 2018	1,013,059	-543,586	469,473

thereof funded	962,225
thereof unfunded	50,834

IN THOUSAND EUR	Benefit obligation	Plan assets (-)	Total
As of Jan. 1, 2019	1,013,059	-543,586	469,473
Current service cost	19,687	0	19,687
Past service cost	1,890	0	1,890
Net interest cost (standard interest)	17,058	-9,367	7,701
Net pension cost according to the income statement	38,645	-9,367	29,278
Actual return on plan assets less "net interest cost"	0	-16,168	-16,168
Actuarial gain/loss from changes in demographic assumptions	-566	0	-566
Actuarial gain/loss from changes in assumptions based on experience	-6,602	-19	-6,621
Actuarial gain/loss from changes in financial assumptions	101,111	0	101,111
Change from asset ceiling unless contained in net interest expense	1,130	0	1,130
Remeasurement of defined benefit pension plans	25,053	-16,187	8,866
Benefits paid	-20,728	16,794	-13,934
Plan settlements	339	-339	0
Employer contributions	0	-24,431	-24,431
Employee contributions	6,815	-6,251	564
Total payments	-23,524	-14,227	-37,801
Changes in the consolidated group	-2,960	-5,865	-8,845
As of Dec. 31, 2019	1,120,203	-589,232	530,971

thereof funded	1,062,330
thereof unfunded	57,673

Plan settlements are attributable to the settlement of obligations due to the termination of employment relationships.

The weighted average term of the remainder of benefit obligations is 14.61 years (prior year: 14.26 years).

The expected future pension payments for the coming five fiscal years are as follows:

IN THOUSAND EUR	2020	2021	2022	2023	2024
Expected pension benefit payments	32,232	36,777	37,836	38,994	40,504

The benefit obligation in proportion to plan assets reflects the funded status of the benefit plan in question, with any excess of the benefit obligation over plan assets constituting a plan deficit. Both the benefit obligation and plan assets can vary over time, leading to an increase/decrease in the plan deficit. Reasons for such fluctuation can include changes in market interest rates and thus in the discount rate, or adjustments to actuarial assumptions.

The DEKRA Group's plan assets mostly comprise employer's pension liability insurance policies and are subject to only limited fluctuation on account of the existing minimum returns. The CTA was primarily funded by the contribution of specialized funds and cash and cash equivalents. In principle, the separate trust assets of the CTA are subject to the same risks as direct capital investments. We refer in this respect to our explanations in note 10. The recognized plan deficit is mostly covered by cash flow from operating activities.

It is the long-term goal of the DEKRA Group to gradually increase plan assets in order to cover the deficit.

Key parameters

When calculating the benefit obligation according to the projected unit credit method, the following key parameters apply for the DEKRA Group:

IN %	GERMANY		OTHER COUNTRIES	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Interest rate	1.00	1.75	0.91	1.67
Increase in salaries	2.00	2.00	1.66	1.00
Increase in pensions	1.75	1.75	1.50	1.50

The figures given are averages weighted with the present value of the benefit obligation in question. The obligations in other countries, which are determined taking into account country-specific measurement bases and parameters, are immaterial.

German pension commitments are partly financed through DEKRA Unterstützungskasse e.V., Stuttgart. The assets of DEKRA Unterstützungskasse e.V., Stuttgart, met the criteria necessary to qualify as plan assets in accordance with IAS 19.

For individual entities, pension commitments are financed through payments to an insurance company. The resulting plan assets include qualifying insurance policies only.

Sensitivity analysis

The table below shows the effects on the benefit obligation as a result of any change in the parameters. The analysis relates to parameters where a change was considered possible as of the reporting date. Any correlation between the parameters was not taken into account in the calculation.

	Changes in assumption	Increase in assumption	Decrease in assumption
Interest rate	0.5 %	6.1 % decrease	6.9 % increase
Increase in salaries	0.5 %	0.2 % increase	0.2 % decrease
Increase in pensions	0.5 %	6.7 % increase	6.2 % decrease
Employee turnover	0.5 %	0.1 % decrease	0.1 % increase
Age	One year	5.0 % increase	5.0 % decrease

Plan assets

The fair value of plan assets breaks down as follows by asset class:

IN THOUSAND EUR	Dec. 31, 2019	thereof market price quoted on an active market	Dec. 31, 2018	thereof market price quoted on an active market
Employer's pension liability insurance	368,496	0	360,179	0
Securities	214,946	0	175,517	0
Other	5,790	0	7,890	0
	589,232	0	543,586	0

The employer contributions to plan assets are expected to amount to 30.5 million euros in the next fiscal year (prior year: 12.6 million euros).

Defined contribution plans

Part of the pension costs relating to the majority of employees, especially in Germany, is the statutory pension. For several German and foreign entities, there are voluntary defined contribution plans for post-employment benefits. Expenses related to defined contribution plans, including pension insurance contributions, amounted to 112.6 million euros in the reporting year (prior year: 108.9 million euros). The future amount of these expenses essentially depends on the development of the underlying pension insurance systems.

6.15 Non-current and current provisions

IN THOUSAND EUR							
	As of Jan. 1, 2019	Allocation	Additions to the consoli- dated group	Utilization	Reversal	Reclassifica- tions	As of Dec. 31, 2019
Non-current provisions							
Other personnel provisions	4,644	637	0	-743	-901	36	3,673
Phased retirement	197	0	0	-72	0	36	161
thereof from phased retirement obligation	1,600	345	0	-472	0	0	1,473
thereof from phased retirement plan assets	-1,403	-345	0	400	0	36	-1,312
Long-service award	2,688	584	0	-347	0	0	2,925
Sundry other personnel provisions	1,759	53	0	-324	-901	0	587
Other non-personnel provisions	15,131	6,044	0	-7,078	-1,656	0	12,241
Warranty provisions	7,097	3,710	0	-6,266	-1,000	0	3,541
Litigation, warranty, and similar obligation provisions	5,727	1,997	0	-622	-567	0	6,535
Other provisions	2,307	337	0	-190	-289	0	2,165
	19,775	6,681	0	-7,821	-2,757	36	15,914
Current provisions							
Other personnel provisions	2,182	5,656	0	-1,678	-484	0	5,476
Other non-personnel provisions	13,481	14,223	0	-5,918	-2,345	0	19,441
Other restructuring	157	665	0	-157	0	0	665
Potential losses	1,191	257	0	-319	-113	0	1,016
Litigation, warranty, and similar obligation provisions	5,000	2,189	0	-118	-573	0	6,498
Other provisions	7,133	11,132	0	-5,324	-1,659	0	11,262
	15,663	19,879	0	-7,796	-2,829	0	24,917

IN THOUSAND EUR							
	As of Jan. 1, 2018	Allocation	Additions to the consoli- dated group	Utilization	Reversal	Reclassifica- tions	As of Dec. 31, 2018
Non-current provisions							
Other personnel provisions	4,835	1,247	0	-937	-602	0	4,644
Phased retirement	216	17	0	-36	0	0	197
thereof from phased retirement obligation	1,505	264	0	-169	0	0	1,600
thereof from phased retirement plan assets	-1,289	-247	0	133	0	0	-1,403
Long-service award	3,377	405	0	-258	0	-836	2,688
Sundry other personnel provisions	1,243	925	0	-643	-602	836	1,759
Other non-personnel provisions	14,018	9,019	3	-1,042	-827	-40	15,131
Warranty provisions	6,057	1,040	0	0	0	0	7,097
Litigation, warranty, and similar obligation provisions	5,513	1,696	0	-682	-900	0	6,535
Other provisions	2,448	283	3	-360	-27	-40	2,307
	18,853	4,366	3	-1,979	-1,429	-40	19,775
Current provisions							
Other personnel provisions	2,347	3,700	0	-2,999	-702	-164	2,182
Other non-personnel provisions	17,723	4,996	468	-3,926	-5,089	-693	13,481
Other restructuring	196	133	0	-172	0	0	157
Potential losses	1,317	364	0	-452	-38	0	1,191
Litigation, warranty, and similar obligation provisions	4,048	1,529	0	-254	-622	299	5,000
Other provisions	12,162	2,972	468	-3,048	-4,429	-992	7,133
	20,070	8,698	468	-6,925	-5,791	-857	15,663

In France, there are non-current obligations relating to warranties of 9,369 thousand euros (prior year: 12,746 thousand euros), the risks of which exceed the insurance cover. There are also long-term obligations based on country-specific dues. As in the prior year, non-current provisions do not include significant effects of unwinding the discount.

The provisions cover all identifiable obligations to third parties in accordance with IAS 37. They are recognized in the amount that will probably be required.

6.16 Non-current and current financial liabilities

Non-current financial liabilities

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Liabilities to banks	204,399	261,739
Trade payables	246	0
Derivative financial instruments	74	123
Lease liabilities	273,774	1,521
Liabilities from business combinations	300	1,719
	478,793	265,104

Current financial liabilities

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Liabilities to banks	180,222	132,593
Profit participation rights	13,252	14,197
Financial liabilities to affiliates	22,844	23,622
Financial liabilities to associates	944	1,059
Financial liabilities to investors and investors	79	92
Derivative financial instruments	25	0
Lease liabilities	84,578	1,180
Liabilities from business combinations	20,742	19,438
Liabilities to employees	31,711	30,304
Other financial liabilities	13,116	16,030
	367,513	238,315

The overall decrease in liabilities to banks of 9,711 thousand euros is mainly due to repaying current loans. At the same time, loans and promissory notes previously recognized as non-current financial liabilities were reclassified as current financial liabilities on account of their maturity.

The liabilities to affiliates include liabilities from cash pooling, income tax and VAT as well as other cost allocations, some of which have been netted with receivables from affiliates. The decrease of 778 thousand euros is mainly due to lower liabilities from profit and loss transfer agreements and from trade liabilities.

The increase in non-current and current lease liabilities of 355,651 thousand euros is attributable to the first-time application of IFRS 16 and the related recognition of the present value of the future lease payments as lease liabilities.

The increase in current liabilities to employees by 1,607 thousand euros is mainly cut-off related.

The decrease in other financial liabilities by 2,914 thousand euros is primarily attributable to the decrease in liabilities to DEKRA Unterstützungskasse e.V.

DEKRA SE granted its managers and employees the option of subscribing to profit participation rights of up to 10,737 thousand euros (4.2 million profit participation rights at 2,55645 euros each). Of this total, 2,515,135 (prior year: 2,700,281) profit participation rights were subscribed. The subscribed participation capital ensures participation in the adjusted consolidated earnings of DEKRA SE with a minimum return of 4% p.a. and a maximum return of 30% p.a. Subscribed profit participation rights can be terminated unilaterally by the recipient at short notice at any time.

6.17 Trade payables and contract liabilities

In the fiscal year, trade payables and contract liabilities come to the following amounts:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Trade payables	112,219	93,767
Contract liabilities	45,449	46,852
	157,668	140,619

Contract liabilities include prepayments received from customers for uncompleted services. Prepayments are generally current.

DEKRA receives payments from customers based on a settlement schedule that is an integral part of the contracts. Contract assets relate to the conditional right to consideration for the full satisfaction of the contractual obligations. Receivables are recognized as soon as DEKRA fulfills its contractual obligations. Contract liabilities relate to payments that are received prematurely, i.e., before the contractual obligations have been satisfied. Contract liabilities are recognized as revenue as soon as the contractual service has been rendered. In fiscal year 2019, revenue included in contract liabilities as of January 1, 2019 was recognized as follows:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Revenue recognized in the fiscal year:		
Amounts recognized in contract liabilities at the beginning of the period	30,453	34,695
Performance obligations satisfied in previous periods	29	1,110
	30,482	35,805

6.18 Other non-current and current liabilities

Other non-current non-financial liabilities primarily include liabilities to the pension guarantee association and security deposits received.

Other current liabilities break down as follows:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Personnel-related liabilities	218,311	205,898
Other liabilities for taxes	57,104	56,929
Social security	37,954	37,964
Prepayments received from loss adjustments	14,811	6,867
Sundry other	16,197	20,342
	346,017	328,000

Personnel-related liabilities chiefly relate to outstanding variable salary components and accrued vacation.

Liabilities from taxes principally relate to VAT and wage tax.

The liabilities are carried at fair value.

7 STATEMENT OF CASH FLOWS

The statement of cash flows shows how the cash and cash equivalents changed in the course of the reporting year as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is made between cash flows from operating, investing, and financing activities. Cash flows from operating activities are determined indirectly while cash flows from investing and financing activities are determined directly.

The composition of cash and cash equivalents matches the net cash and cash equivalents disclosed in the statement of financial position as of the reporting date prior to the consideration of credit losses pursuant to IFRS 9. Cash and cash equivalents are not subject to any restrictions.

The cash flow from investing activities includes the following payments from the acquisition and disposal of fully consolidated subsidiaries:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Total purchase/sale price	-7,671	-33,951
thereof settled in cash	-7,671	-33,951
Amount of cash and cash equivalents acquired/disposed of	1,444	2,021
Amount of assets and liabilities acquired/disposed of		
Non-current assets	7,049	29,835
Current assets	2,350	5,032
Non-current liabilities	1,219	180
Current liabilities	1,869	2,418

The cash flow from investing activities takes account of purchase price liabilities from the acquisition of fully consolidated subsidiaries from prior years amounting to 1,377 thousand euros. Payments were not higher than the liabilities recognized in prior years.

In addition, the cash flow from investing activities comprises purchase price payments of 5,824 thousand euros (prior year: 4,511 thousand euros) for further subsidiaries and other units. These acquisitions did not result in any liabilities due to variable purchase price components (prior year: 0 euros).

The carrying amount of the receivables acquired approximates the fair value.

The development of liabilities stemming from financing activities is as follows:

IN THOUSAND EUR	Carrying amount Dec. 31, 2018	Cash change	Non-cash changes				Carrying amount Dec. 31, 2019
			Exchange rate effects	Business combin- ations	Change in fair value	Other changes	
Non-current loans	261,739	6,198	302	0	0	-64,040	204,399
Current loans	132,593	-18,028	980	0	0	64,677	180,222
Derivative financial instruments	125	0	0	0	-26	0	99
Total liabilities from financing activities *)	394,457	-11,830	1,482	0	-26	637	384,720

*) Not including lease liabilities. These are presented separately in note 8.1.

8 OTHER DISCLOSURES IN THE NOTES

8.1 Leases

Leases as lessee

The Group has concluded lease agreements for IT, buildings, vehicles, technical equipment as well as furniture and fixtures that it uses in its operations. Lease agreements for IT generally have terms between 1 and 5 years, buildings between 1 and 30 years. For vehicles, the term is generally between 1 and 6 years, for technical equipment between 3 and 7 years. Lease agreements for furniture and fixtures generally have terms between 1 and 10 years. The obligations of the Group from its lease agreements are secured by means of the lessor's title to the leased assets. Several lease agreements contain extension and termination options.

The Group has also concluded lease agreements for assets with a term of 12 months or less as well as for low-value assets. For these lease agreements, the Group uses practical expedients that apply for short-term leases and for leases for which the underlying asset is of low value.

The table below presents the carrying amounts of the disclosed right-of-use assets and the changes during the reporting period.

IN THOUSAND EUR	Buildings	Vehicles	Furniture and fixtures	Subtotal buildings, vehicles, F&F
As of Jan. 1, 2019	329,557	42,707	2,465	374,730
Depreciation	-77,531	-22,293	-1,202	-101,026
Additions	51,161	10,150	1,498	70,810
Disposals	-102	-20	-402	-524
Exchange rate differences	527	43	9	579
As of Dec. 31, 2019	303,612	30,587	2,370	344,569

IN THOUSAND EUR	Subtotal buildings, vehicles, F&F	IT	Technical equipment	Total
As of Jan. 1, 2019	374,730	2,404	505	377,639
Depreciation	-101,026	-1,039	-79	-102,144
Additions	70,810	360	76	71,246
Disposals	-524	0	0	-524
Exchange rate differences	579	-8	0	572
As of Dec. 31, 2019	344,569	1,717	502	346,788

The table below shows the carrying amounts of the lease liabilities (contained in non-current financial liabilities) and the change during this reporting period:

IN THOUSAND EUR	2019
As of Jan. 1	389,506
Additions	70,485
Interest growth	6,608
Payments	-108,828
Exchange rate differences	580
As of Dec. 31	358,352
thereof current	64,578
thereof non-current	273,774

The maturity analysis of the lease liabilities is presented in note 10.

The following amounts were recognized through profit or loss in the reporting period:

LEASES PURSUANT TO IFRS 16 IN THOUSAND EUR	2019
Interest expenses on lease liabilities	-6,605
Income from subleasing right-of-use assets, presented in other revenue	101
Expenses for short-term leases and low-value leases	-57,927
Total	-34,431

OPERATING LEASES PURSUANT TO IAS 17 IN THOUSAND EUR	2019
Lease expense	-127,724
Income from subleasing right-of-use assets, presented in other revenue	84
Total	-127,640

The Group's cash outflows for leases amounted to 108,828 thousand euros in 2019. In addition, the Group recognized non-cash additions to right-of-use assets of 71,051 thousand euros and lease liabilities of 70,485 thousand euros in 2019.

The Group has concluded several leases containing extension and termination options. These options are negotiated by management in order to be able to manage the lease portfolio flexibly and in line with the Group's respective business requirements. Assessing the question as to whether exercising these extension and termination options is reasonably certain requires management to make key judgments (see note 3.2).

8.2 Other financial obligations

In 2019, the Group reported other financial obligations including purchase commitments of 29,754 thousand euros (prior year: 32,122 thousand euros). These are mainly attributable to agreements concluded on commissioned construction projects as well as to long-term framework agreements.

8.3 Contingent liabilities, other contingencies, and collateral provided

As in the prior year, there are no significant bank guarantees or contingencies. Collateral and warranties of 825 thousand euros (prior year: 825 thousand euros) have been issued. The risk of utilization is currently deemed to be low.

The DEKRA Group is not involved in any court proceedings that could have a significant influence on its economic or financial situation.

8.4 Government grants

Government grants of 3,328 thousand euros (prior year: 3,339 thousand euros) were received in the past fiscal year. Most of these relate to personnel-related grants.

9 CAPITAL MANAGEMENT

DEKRA pursues the goal of sustainably increasing equity. The aim is to maintain an appropriate debt-to-equity ratio while improving the EBIT margin. Equity was strengthened in the fiscal year by a contribution to the capital reserves of 25.0 million euros as well as an increase in the revenue reserves of 67.9 million euros. Differences from the currency translation of the financial statements prepared in foreign currency by consolidated subsidiaries had a positive effect of 4.2 million euros on equity. The DEKRA Group's equity ratio stood at 28.9% (prior year: 33.0%) as of the end of the reporting period.

10 FINANCIAL MANAGEMENT

The Group's financial management includes cash and liquidity management as well as the management of market price risks (interest, currency) and credit risks.

Cash management determines the required or surplus cash for all DEKRA entities. Timely account management ensures that the necessary funds for payments are available where they are needed, with the aim of keeping external investment and borrowing to a minimum.

Liquidity management ensures that all payment obligations of the entities in the DEKRA Group are always met. To this end, the liquidity planning determines cash flows from operating activities, secures foreseeable liquidity requirements at an early stage, and invests surplus liquidity on the money market.

Market price risk management is responsible for limiting the impact of interest rate and currency fluctuations on the Group's earnings. For this purpose, the market price risks are determined and used as a basis for hedging decisions. Such decisions include the selection of hedging instruments, the volume to be hedged, and the period to be covered. DEKRA used derivative financial instruments in the fiscal year to hedge variable-rate finance arrangements.

The risk volume involved in the management of default risk includes securities investments and the investment of cash and cash equivalents in financial institutions as part of liquidity management, as well as the credit risk relating to end customers due to the granting and systematic monitoring of payment terms from trade.

Short-term investments of cash and cash equivalents are only made with top-rated financial institutions and on the basis of current ratings from rating agencies as well as taking into account current CDS spreads. We use commercial credit agencies to assess the creditworthiness of our customers and in cases of doubt, upfront payment or bank guarantees are required.

Financial instruments

Pursuant to IFRS 9, financial assets and liabilities are classified into one of the following categories:

- a) Financial assets at amortized cost
- b) Financial assets at fair value through other comprehensive income
- c) Financial assets at fair value through profit or loss
- d) Financial liabilities at amortized cost
- e) Financial liabilities at fair value through profit or loss
- f) Derivative financial instruments designated as hedging instruments

The following table shows the net gains/losses for each category:

IN THOUSAND EUR	Dec. 31, 2019	Dec. 31, 2018
Financial assets at fair value through profit or loss	1,276	1,200
Financial assets at amortized cost	-3,891	-2,228
Financial assets at fair value through other comprehensive income	348	258
Financial liabilities at fair value through profit or loss	-3,346	-2,928
Financial liabilities at amortized cost	-7,205	-7,497
	-12,818	-10,595

Net gains and losses mainly comprise interest expenses, interest income, dividends, increases and impairments in value and impairment losses as well as gains or losses on disposal. The increase in net losses for financial assets at amortized cost primarily results from higher expenses incurred for the allocation to specific bad debt allowances.

The net gains from assets at fair value through other comprehensive income mainly result from dividend-equivalent distributions.

Income from assets at fair value through profit or loss is attributable to income from changes in market value and distributions.

The expense from financial liabilities at fair value through profit or loss stems from the increase in liabilities from put options.

The revaluation surplus for equity instruments at fair value through other comprehensive income increased on account of gains and losses arising from changes in fair value amounting to 16.0 million euros (prior year: 20.4 million euros) which were reported in other comprehensive income. The measurement of the derivative financial instruments before tax effects through other comprehensive income increased the reserve for hedging instruments by 0.1 million euros to -0.1 million euros (prior year: -0.2 million euros). Deferred taxes of 0.1 million euros (prior year: 0.1 million euros) had the opposite effect.

The following tables show a breakdown of line items into categories and classes and the allocation of financial assets and liabilities at fair value in the statement of financial position to one of the three levels of the fair value hierarchy:

IN THOUSAND EUR								
	Carrying amount Dec. 31, 2019	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Assets								
Non-current assets								
Shares in affiliates and investees	70,096	0	70,095	0	70,095	0	0	70,095
Securities	9,605	0	0	9,605	9,605	762	8,843	0
Loans	14,144	14,145	0	0	n/a	n/a	n/a	n/a
Other financial assets	3,385	3,385	0	0	n/a	n/a	n/a	n/a
	97,230	17,530	70,095	9,605	79,700	762	8,843	70,095
Current assets								
Trade receivables	498,034	498,034	0	0	n/a	n/a	n/a	n/a
Cash and cash equivalents	92,309	92,309	0	0	n/a	n/a	n/a	n/a
Securities	1,100	0	0	1,100	1,100	954	146	0
Receivables from affiliates and investees	130,493	130,493	0	0	n/a	n/a	n/a	n/a
Other financial assets	99,698	99,698	0	0	n/a	n/a	n/a	n/a
	821,634	820,534	0	1,100	1,100	954	146	0
	918,864	838,064	70,095	10,705	80,800	1,716	8,989	70,095

IN THOUSAND EUR								
	Carrying amount Dec. 31, 2019	Financial liabilities at amortized cost	Financial liabilities at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Equity and liabilities								
Non-current liabilities								
Derivative financial instruments designated as hedging instruments	74	0	74	0	74	0	74	0
Liabilities from business combinations	300	0	0	300	300	0	0	300
Financial liabilities	204,399	204,399	0	0	n/a	n/a	n/a	n/a
Lease liabilities	273,774	273,774	0	0	n/a	n/a	n/a	n/a
Other non-current liabilities	246	246	0	0	n/a	n/a	n/a	n/a
	478,793	478,419	74	300	374	0	74	300
Current liabilities								
Trade payables	112,219	112,219	0	0	n/a	n/a	n/a	n/a
Profit participation rights	13,252	13,252	0	0	n/a	n/a	n/a	n/a
Derivative financial instruments designated as hedging instruments	25	0	25	0	25	0	25	0
Liabilities from business combinations	20,742	0	0	20,742	20,742	0	0	20,742
Financial liabilities	180,222	180,222	0	0	n/a	n/a	n/a	n/a
Liabilities to affiliates	22,844	22,844	0	0	n/a	n/a	n/a	n/a
Liabilities to associates	944	944	0	0	n/a	n/a	n/a	n/a
Liabilities to other investees and investors	79	79	0	0	n/a	n/a	n/a	n/a
Other current liabilities	44,828	44,828	0	0	n/a	n/a	n/a	n/a
Lease liabilities	84,578	84,578	0	0	n/a	n/a	n/a	n/a
	479,733	458,966	25	20,742	20,767	0	25	20,742
	958,526	937,385	99	21,042	21,141	0	99	21,042

IN THOUSAND EUR								
	Carrying amount Dec. 31, 2016	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Assets								
Non-current assets								
Shares in affiliates and investees	52,811	0	52,811	0	52,811	0	0	52,811
Securities	6,942	0	0	6,942	6,942	819	6,123	0
Loans	10,819	10,819	0	0	n/a	n/a	n/a	n/a
Other financial assets	6,575	6,575	0	0	n/a	n/a	n/a	n/a
	77,147	17,394	52,811	6,942	59,753	819	6,123	52,811
Current assets								
Trade receivables	523,789	523,789	0	0	n/a	n/a	n/a	n/a
Cash and cash equivalents	78,450	78,450	0	0	n/a	n/a	n/a	n/a
Securities	171	0	0	171	171	171	0	0
Receivables from affiliates and investees	99,609	99,609	0	0	n/a	n/a	n/a	n/a
Other financial assets	85,626	85,626	0	0	n/a	n/a	n/a	n/a
	787,645	787,474	0	171	171	171	0	0
	864,792	804,868	52,811	7,113	59,924	990	6,123	52,811

IN THOUSAND EUR								
	Carrying amount Dec. 31, 2016	Financial liabilities at amortized cost	Financial liabilities at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Equity and liabilities								
Non-current liabilities								
Derivative financial instruments designated as hedging instruments	125	0	125	0	125	0	125	0
Liabilities from business combinations	1,719	0	0	1,719	1,719	0	0	1,719
Financial liabilities	261,739	261,739	0	0	n/a	n/a	n/a	n/a
Finance lease liabilities	1,521	1,521 ¹⁾	0	0	n/a	n/a	n/a	n/a
	265,104	263,260	125	1,719	1,844	0	125	1,719
Current liabilities								
Trade payables	93,767	93,767	0	0	n/a	n/a	n/a	n/a
Profit participation rights	14,197	14,197	0	0	n/a	n/a	n/a	n/a
Liabilities from business combinations	19,438	0	0	19,438	19,438	0	0	19,438
Financial liabilities	132,593	132,593	0	0	n/a	n/a	n/a	n/a
Liabilities to affiliates	23,622	23,622	0	0	n/a	n/a	n/a	n/a
Liabilities to associates	1,059	1,059	0	0	n/a	n/a	n/a	n/a
Liabilities to other investees and investors	92	92	0	0	n/a	n/a	n/a	n/a
Other current liabilities	46,134	46,134	0	0	n/a	n/a	n/a	n/a
Finance lease liabilities	1,180	1,180 ¹⁾	0	0	n/a	n/a	n/a	n/a
	332,082	312,644	0	19,438	19,438	0	0	19,438
	597,186	575,904	125	21,157	21,282	0	125	21,157

¹⁾ Measured in accordance with IAS 17.

The levels of the fair value hierarchy and their application to our assets and liabilities are described below:

Level 1: Market prices quoted on active markets for identical assets or liabilities

Level 2: Other information than quoted market prices that can be directly (e.g., prices) or indirectly (e.g., derived from prices) observed

Level 3: Information relating to assets and liabilities that is not based on observable market data

Development of level 3 of the fair value hierarchy:

IN THOUSAND EUR	2019	2018
As of Jan. 1	73,968	21,582
Additions	7,042	58,270
Disposals	-8,648	-28,064
Fair value changes	18,776	22,230
As of Dec. 31	91,137	73,968

The contingent purchase price liabilities were recognized at present value.

The non-observable input parameters of liabilities from business combinations primarily include factors such as the operating result, earnings before depreciation and amortization, financial result, and income tax or the development of the working capital of the acquired business.

As of the reporting date, notable purchase price liabilities exist for DEKRA New Zealand Ltd., Wellington, New Zealand.

Assuming a change of +10%/-10% in the underlying parameters regarding non-observable input factors as of the next possible exercise date, the amount of the purchase price obligation, including put options and earn-outs, for the significant obligations from business combinations would be 5% higher/5% lower.

Contingent purchase price liabilities of 3,346 thousand euros were expensed through profit or loss. The amount results from liabilities that still exist as of the reporting date.

Any future changes in value in the purchase price liabilities will be recognized through profit or loss in subsequent periods.

Shares in affiliates and investees are measured using the discounted cash flow method. If the interest rate used changes by +1%/-1% and at the same time the cash flows change by -10%/+10%, the amount of shares in affiliates and investees changes by -27.1%/+31.2%.

The majority of contractually agreed maturity dates for financial instruments at amortized cost are within twelve months of the reporting date. As such, their carrying amounts as of the reporting date approximately equal to their fair values. For all items of non-current financial assets and liabilities not recognized at fair value (except for non-current financial liabilities), the carrying amount is equal to the fair value.

For loans with longer terms, the present value largely corresponds to the carrying amount as, for the most part, variable interest rates based on market-dependent interest rates are used in the contractual agreements.

As regards financial liabilities, the fair value of non-current liabilities due to banks bearing a fixed interest rate is determined based on the present value of the expected future cash flows. The discount rates are based on market interest rates with reference to the maturities. The fair value of non-current financial liabilities with a carrying amount of 204,398 thousand euros comes to 205,587 thousand euros (level 2).

Risks from financial instruments

Principles of financial management

The main goals of the DEKRA Group's financial management are to ensure solvency at all times and to limit financial risks.

Financial derivatives are only used for hedging purposes for existing or foreseeable hedged items. This does not give rise to any additional risks for the Group. The transactions are only carried out with marketable instruments.

Liquidity risks

The liquidity required for operations and for implementing strategic measures is ensured through the cash and cash equivalents held and bank loans committed in writing (working capital credit and acquisition lines). Cash and cash equivalents are held in bank accounts or invested in the form of overnight money and time deposits as well as short-term money market papers. A central cash pool has been set up at DEKRA SE for German subsidiaries as well as for the increasing number of international subsidiaries from the euro zone. Cash pools have also been established for the subsidiaries in the US (USD), in the UK (GBP), and in Sweden (SEK).

The entities are generally financed centrally through DEKRA SE.

In order to visualize liquidity risks, the DEKRA Group prepares an overview of maturities for its undiscounted payment obligations arising from financial instruments.

As of December 31, 2019, the DEKRA Group was exposed to only a very small risk of being unable to meet its payment obligations arising from financial instruments in the future. The DEKRA Group requires sufficient liquidity for future acquisitions, which is ensured by the promissory notes and by longer-term loan commitments. As of December 31, 2019, there are medium-term credit lines of 312.3 million euros granted in writing that have not yet been drawn.

As of the reporting date, the contractually agreed undiscounted financial liabilities including interest breaks down as follows:

DEC. 31, 2019 IN THOUSAND EUR	< 1 year	1-5 years	> 5 years
Trade payables	112,219	0	0
Financial liabilities	183,092	177,041	34,143
Other financial liabilities	81,946	246	0
Derivative financial instruments (negative) designated as hedging instruments	81	59	0
Lease liabilities	5,382	219,778	161,299
	382,720	397,124	195,441

DEC. 31, 2018 IN THOUSAND EUR	< 1 year	1-5 years	> 5 years
Trade payables	93,767	0	0
Financial liabilities	135,049	237,452	34,712
Other financial liabilities	85,103	0	0
Derivative financial instruments (negative) designated as hedging instruments	73	95	0
Finance lease liabilities	1,189	1,568	0
	315,201	239,115	34,712

We also refer to our explanations on the contingent liabilities in note 8.2, which have an unlimited term.

In addition to liabilities from promissory notes, the liabilities to banks mostly include short- and medium-term utilization of credit lines as well as investment financing of foreign subsidiaries.

Credit risk (default risk)

In the course of its operations, DEKRA is exposed to the risk of default on outstanding receivables. The DEKRA Group counters this risk with timely receivables management, which entails the regular monitoring of outstanding items as well as timely dunning and collection of receivables. Potential defaults are accounted for using specific bad debt allowances and portfolio-based bad debt allowances. The maximum default risk is the carrying amount of the receivables as of the reporting date. There were no significant risk concentrations as of the reporting date.

DEKRA is also exposed to default risk in relation to cash investments. In order to minimize these risks as far as possible, we restrict our cash deposits to counterparties with first-class credit ratings subject to defined counterparty limits. In addition, there is a limit on the proportion of the entire investment volume that may be invested with any one counterparty. Investments in securities are only made with investment-grade institutions.

The maximum risk of counterparty default is calculated in accordance with the carrying amounts of the financial assets as an equivalent for the maximum default risk. As of December 31, 2019, therefore, the DEKRA Group was exposed to the theoretical maximum possible risk of counterparty default apparent from the table above for the breakdown of carrying amounts of the financial instruments.

No collateral is pledged by the counterparties for the financial instruments held. As of December 31, 2019, with the exception of trade receivables and loans, no material financial assets were overdue or affected by amendments to contracts.

Interest rate risks

In the course of our investing and financing activities, we are exposed to interest rate risks. For borrowings, such risks are generally managed using interest rate derivatives in defined interest rate hedge ranges. In relation to investing, interest rate fluctuations result in changes in the fair values of fixed income securities. For bonds most (and for shares all) long-term investments are made via funds. In order to manage price risks for these investment items, financial derivatives are recognized by the fund management by way of a hedge as necessary.

The risk for the statement of comprehensive income is measured in the DEKRA Group using a sensitivity analysis. This analysis tests for the impact on interest income or interest expense of a shift in the term structure of interest rates by 100 base points.

An upward shift of 100 base points would result in an increase in the interest result of 1,997 thousand euros (prior year: 838 thousand euros). A downward shift of 100 base points would result in a decrease in the interest result of 125 thousand euros (prior year: 838 thousand euros).

An upward shift of 100 base points would result in an increase in the fair value of hedging instruments reported in equity of 81 thousand euros not taking tax effects into consideration. A downward shift of 100 base points would result in a decrease in the fair value reported in equity of 84 thousand euros before deferred taxes.

Interest derivatives were concluded to hedge the interest risk for material variable-interest loans and reported as hedging transactions as defined by IFRS 9.

Cash flow hedges for variable-interest loans

In order to hedge the interest risk of the promissory note loans, interest derivatives (interest rate swaps) were concluded in prior fiscal years, thus largely fixing the interest expense on the loans.

The regulations on cash flow hedge accounting were applied for derivatives with a nominal volume of 14.0 million euros and for hedging underlying transactions with a nominal volume of 48.5 million euros. This resulted in a hedge ratio of 29%.

	Residual term Dec. 31, 2019			
	< 1 year	1-2 years	2-3 years	3-4 years
Nominal amount IN THOUSAND EURO	10,000	0	4,000	0
Average hedged interest rate	0.8%	n/a	1.2%	n/a

The hedging instruments DEKRA designated in hedges have the following effects on the consolidated statement of financial position as of December 31, 2019:

IN THOUSAND EUR	Nominal value	Carrying amount	Item in the consolidated statement of financial position	Changes in fair value in the reporting period
Derivative financial instru- ments designated as hedging instruments	10,000	74	Non- current financial liabilities	-52
Derivative financial instru- ments designated as hedging instruments	4,000	25	Current financial liabilities	25

The fair value of the derivative financial instruments, which are interest rate hedges, is determined using the mark-to-market method. This involves using the discounted cash flow method and customary market interest rates.

Interest swaps are recognized at fair value. The effective portion of the changes in the fair value of the interest swap determined as a cash flow hedge is recognized in equity; the ineffective portion of the changes in the fair value is recognized through profit or loss. The cash flow hedges for the variable-interest portions of the loans did not lead to any ineffective hedges in the fiscal year to be recognized in profit or loss. The payments received and made from these interest swaps were netted in the interest expense and are thus a component of the interest result. Interest expense of 72 thousand euros was recorded in the fiscal year.

Currency risks

Currency risks from the operating activities are immaterial, since the local entities bill the services they render locally almost exclusively in their local currency. In connection with investments and intragroup transactions, liabilities occasionally arise in foreign currencies, for which hedging is decided on a case-by-case basis.

A 10% change in the exchange rate of the euro against the significant currencies within the Group would affect the result from the translation of short-term and long-term loans to affiliates by approximately 9.2 million euros not taking deferred tax effects into consideration. Decisions on necessary currency hedges are taken on a case-by-case basis. No material effects are expected from the change in the exchange rate for the other financial assets or liabilities. Group revenue includes revenue of 571.9 million euros (prior year: 560.3 million euros) that was not recorded in a euro zone country.

Other price risks

As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables affect prices of financial instruments. Possible risk variables include in particular stock market prices or indices. As of December 31, 2019, the Group had financial assets at fair value through profit or loss totaling 10.7 million euros (prior year: 7.1 million euros), which are subject to fair value fluctuations. These risks are mainly due to interest rate, credit, and price risks. The fair value changes averaged 8.2 % in 2019 and 5.5 % in 2018.

Securities and restricted assets

As in the prior year, there were no restrictions on title or disposal for legally and beneficially owned property, plant and equipment, with the exception of the assets recognized under finance leases. Other assets include 1.2 million euros (prior year: 1.2 million euros) of premium reserve from employer's pension liability insurance policies pledged as collateral for pension obligations, but not to the entitled employees.

No financial assets were pledged as collateral for liabilities or contingent liabilities.

11 RELATED PARTY DISCLOSURES

Pursuant to IAS 24 "Related Party Disclosures," transactions with related parties must be disclosed. The Management Board and Supervisory Board as well as owners qualify as related parties within the meaning of IAS 24.9.

Remuneration of the Management Board

The remuneration paid to Management Board members (short-term benefits) comprises fixed annual compensation and a performance-related variable bonus.

Remuneration for the Management Board of DEKRA SE including reimbursement of expenses amounted to 2,809 thousand euros (prior year: 2,571 thousand euros).

In addition, there were further expenses (among other things, for pensions of DEKRA SE) of 918 thousand euros (prior year: 842 thousand euros) and obligations of 14,410 thousand euros (prior year: 11,716 thousand euros) relating to this group of persons.

This results in total remuneration of 3,727 thousand euros (prior year: 3,413 thousand euros).

Total remuneration paid to former members of the Management Board amounts to 419 thousand euros (prior year: 711 thousand euros). There are also pension obligations of 4,950 thousand euros.

Remuneration of the Supervisory Board

The remuneration paid to the Supervisory Board for the reporting year came to 295 thousand euros (prior year: 261 thousand euros), of which a total amount of 295 thousand euros (prior year: 261 thousand euros) is reported as liabilities as of the reporting date.

In addition, there were further expenses (among other things, for pensions of DEKRA SE) of 486 thousand euros (prior year: 599 thousand euros) and obligations of 1,194 thousand euros (prior year: 1,066 thousand euros) relating to this group of persons.

Transactions with DEKRA e.V., Stuttgart

There are liabilities of 20.9 million euros (prior year: 22.6 million euros) to DEKRA e.V., Stuttgart, as of December 31, 2019, which mainly stem from VAT liabilities. There are also receivables of 111.6 million euros (prior year: 90.6 million euros) that primarily result from the cash pooling less profit and loss transfer.

There are lease agreements in place between DEKRA e.V., Stuttgart, as lessor and various companies of the DEKRA Group as tenants. Rent for business premises amounted to 19.7 million euros in fiscal year 2019 (prior year: 19.7 million euros). Receivables from and liabilities to DEKRA e.V., Stuttgart, gave rise to interest income of 1.4 million euros (prior year: 1.5 million euros) and interest expenses of 0.4 million euros (prior year: 0.6 million euros). Tax allocations for income taxes amounted to 33.3 million euros (prior year: 35.8 million euros). In addition, services totaling 2.7 million euros (prior year: 3.3 million euros) were purchased from DEKRA e.V., Stuttgart.

Under a corporate lease agreement, activities are primarily performed in the field of German automotive testing and expertise by an operating company of the DEKRA Group for DEKRA e.V., Stuttgart. Business is generally conducted in the name of and for the account of DEKRA Automobil GmbH, Stuttgart. All transactions and business processes are carried out at DEKRA Automobil GmbH.

As remuneration for the activities, a flat-rate percentage of the profit generated before income taxes or of revenue is invoiced. In fiscal year 2019, a total volume of 5.8 million euros (prior year: 5.2 million euros) was charged to the DEKRA Group. DEKRA e.V., Stuttgart, recorded revenue of the same amount from this source.

In addition, the DEKRA Group rendered services of 10.1 million euros (prior year: 10.9 million euros) for DEKRA e.V., Stuttgart, in the fiscal year.

There is a profit and loss transfer agreement in place between DEKRA SE and DEKRA e.V., Stuttgart, as well as a tax group for income tax and VAT purposes.

Transactions with non-consolidated entities, associates, as well as investees

SUBSIDIARIES THAT ARE NOT FULLY CONSOLIDATED IN MILLION EUROS	Dec. 31, 2019	Dec. 31, 2018
Services rendered	5.8	4.6
Services purchased	6.8	4.7
Finance income	0.6	0.3
Receivables and loans	32.6	19.1
Liabilities ¹⁾	1.9	1.0

ASSOCIATES IN MILLION EUROS	Dec. 31, 2019	Dec. 31, 2018
Services rendered	0.2	0.2
Services purchased	10.3	10.3
Liabilities	0.9	1.1

INVESTEEES IN MILLION EUROS	Dec. 31, 2019	Dec. 31, 2018
Services rendered	0.4	0.4
Services purchased	0.9	1.1
Finance income	0.3	0.2
Receivables and loans	0.2	0.3
Liabilities ¹⁾	0.1	0.1

¹⁾ Liabilities are partially netted with the receivables in the statement of financial position.

12 DISCLOSURES ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board are:

- **Stefan Kölbl**
Chairman
Leinfelden-Echterdingen
- **Clemens Klinke**
Boffzen
- **Wolfgang Linsenmaier**
Proiberg am Neckar
- **Ivo Rauh**
Stuttgart

The members of the Company's Supervisory Board in the reporting year were:

- **Thomas Pleines**
Chairman of the Supervisory Board
President of the Presidential Board of DEKRA e.V., Stuttgart
Former Chairman of the Management Board
Allianz Versicherungs-AG
- **Monika Roth-Lehnen**^{*)}
Deputy Chairwoman of the Supervisory Board
Chairwoman of the Works Council of DEKRA SE,
Chairwoman of the Central Works Council of DEKRA
Akademie GmbH, Stuttgart
Service Center Wappertal of DEKRA Akademie GmbH,
Stuttgart
- **Ulrich Beiderwieden**^{*)}
Formerly ver.di head office
Head of sector
Sector 13 Special Services
- **Frank Beimborn**^{*)}
Deputy Chairman of the Central Works Council
of DEKRA Automobil GmbH, Stuttgart,
publicly appointed and sworn expert at Dortmund
branch of DEKRA Automobil GmbH, Stuttgart

- **Prof. Dr. Sabine Fliedl**
Douglas Endowed Chair of Service Management,
University of Hagen, Hagen
- **Klaus-Jürgen Heitmann**
(since April 9, 2019)
Spokesman of the Board of Directors of TUC-Coburg
Versicherungsgruppe, Coburg
- **Jean-Luc Inderbitzin**^{*)}
Deputy Chairman of the Works Council of DEKRA SE,
Representative of the French trade union CFDT
DEKRA Industrial S.A.S., Limoges, France
- **Dipl.-Ing. (FH) Wilfried Kettner**^{*)}
Deputy Chairman of the Works Council of DEKRA SE,
Chairman of the Central Works Council of DEKRA
Automobil GmbH at Suhl branch of DEKRA Automobil
GmbH, Stuttgart
- **Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff**
Managing Partner of the Kirchhoff Group, Iserlohn
- **Laurent Masquet**^{*)}
Deputy Production Manager IT
DEKRA Automotive Solutions, Bordeaux, France
- **Dipl.-Ing. (FH) Wilhelm Oberfranz**
Head of the Munich branch (until March 31, 2019)
DEKRA Automobil GmbH, Stuttgart
- **Dipl.-Wirtsch.-Ing. Peter Tyröller**
General Manager
Robert Bosch GmbH, Stuttgart
- **Prof. Dr. Wolfgang Weiler**
(until April 9, 2019)
President
German Insurance Association (GDV), Berlin

^{*)} Employee

13 SUBSEQUENT EVENTS

Ongoing restrictions stemming from the coronavirus could have a negative impact on the assets, liabilities, financial position, and financial performance in the fiscal year 2020. We refer to our comments in the forecast report within the management report.

14 OTHER DISCLOSURES

Audit of the financial statements

The Annual General Meeting on April 9, 2019 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors of the separate and consolidated financial statements for fiscal year 2019.

The auditors' fees recognized in the fiscal year are shown in the following table:

IN THOUSAND EUR	2019	2018
Audit services	749	866
Tax advisory services	214	170
	963	1,036

List of shareholdings and consolidated group

The Group's entire shareholdings pursuant to Sec. 31 § (2) HGB as well as all of the entities included in the consolidated financial statements in addition to DEKRA SE are presented in the following list.

IN %	Share of capital
Affiliates in Germany:	
DEKRA Automobil GmbH, Stuttgart	4 100.00
DEKRA Akademie GmbH, Stuttgart	4 100.00
DEKRA Arbeit GmbH, Stuttgart	4 100.00
DEKRA Qualifikation GmbH, Stuttgart	4 100.00
DEKRA Certification GmbH, Stuttgart	4 100.00
DEKRA Personal GmbH, Stuttgart	4 100.00
DEKRA Claims Services GmbH, Stuttgart	4 100.00
DEKRA Beteiligungs- und Finanzierungs GmbH, Stuttgart	4 100.00
DEKRA Assurance Services GmbH, Stuttgart	4 100.00
DEKRA Media GmbH, Mönchengladbach	3 100.00
DEKRA Personaldienste GmbH, Stuttgart	4 100.00
DEKRA Event & Logistic Services GmbH, Stuttgart	4 100.00
PRO-LOG Beteiligungs GmbH, Stuttgart	100.00
PRO-LOG Ruhr GmbH, Bochum	100.00
PRO-LOG Personal GmbH, Stuttgart	100.00
DEKRA Immobilien GmbH, Stuttgart	4 100.00
PRO-LOG IV GmbH, Stuttgart	100.00
UPDOWN Ingenieurteam für Fördertechnik GmbH, Hamburg	100.00
GKK Gutachten GmbH, Düsseldorf	4 100.00
DEKRA Inspection Services GmbH, Stuttgart	100.00
DEKRA Automotive Solutions Germany GmbH, Frankfurt am Main	4 100.00
DEKRA INCOS GmbH, Ingolstadt	4 100.00
DEKRA Cargo & Security Services GmbH, Stuttgart	11 100.00
DEKRA Visatec GmbH, Sülzberg	100.00
DEKRA Testing and Certification GmbH, Stuttgart	4 100.00
Affiliates in other countries:	
DEKRA Automotive Solutions S.A.S.U., Bordeaux, France	100.00
DEKRA Foncier S.N.C., Trappes, France	100.00
Auto Bilan France S.A.S.U., Trappes, France	100.00
DEKRA Automotive S.A.S., Trappes, France	100.00
C.T.A. S.A.R.L., Trappes, France	90.00
DEKRA Automotive Maroc S.A., Casablanca, Morocco	80.00

IN %	Share of capital
DEKRA Test Center S.A., Montredon-des-Corbieres, France	100.00
DEKRA Expertise S.A.S., Cormelles-le-Royal, France	100.00
DEKRA Service Maroc S.A., Casablanca, Morocco	80.00
DEKRA Certification Tanúsító és Szolgáltató Kft., Budapest, Hungary	4 92.00
DEKRA Certification (Proprietary) Ltd., Centurion, South Africa	100.00
DEKRA CZ a.s., Prague, Czech Republic	100.00
DEKRA POLSKA Sp. z o.o., Warsaw, Poland	100.00
DEKRA Services S.A., Madrid (formerly: Barcelona), Spain	100.00
DEKRA Claims Services Luxembourg S.A., Luxembourg, Luxembourg	4 100.00
DEKRA Claims Services Netherlands B.V., Rotterdam, the Netherlands	100.00
DEKRA Claims Services UK Ltd., London, UK	100.00
DEKRA France S.A.S., Bagneux, France	100.00
DEKRA Belgium N.V., Zaventem, Belgium	100.00
DEKRA Certification S.L., Barcelona, Spain	4 100.00
DEKRA Certification Sp. z o.o., Wrocław (Breslau), Poland	100.00
DEKRA Services Inc., Marietta, USA	100.00
DEKRA Portugal S.A., Lisbon, Portugal	100.00
DEKRA North America, Inc., Atlanta (formerly: Marietta), USA	100.00
DEKRA Austria Automotive GmbH, Vienna, Austria	100.00
DEKRA zaposlovanje i zastupanje d.o.o., Zagreb, Republic of Croatia	100.00
DEKRA Hellas EPE, Athens, Greece	4 100.00
DEKRA Claims Services Austria GmbH, Vienna, Austria	4 100.00
DEKRA Claims Services Hungary Service Ltd., Budapest, Hungary	4 100.00
DEKRA Certification S.R.L., Cluj-Napoca, Romania	4 100.00
DEKRA Claims & Expert Services (Suisse) S.A., Thônex, Switzerland	100.00
DEKRA Italia S.r.l., Arese (Milan), Italy	100.00
DEKRA Industrial Holding S.A.S., Limoges, France	100.00
DEKRA Arbeit Magyarország Szolgáltató Kft., Budapest, Hungary	100.00
DEKRA Claims Services Trust reg., Vaduz, Liechtenstein	4 100.00
DEKRA Zaposlovanje d.o.o., Belgrade, Republic of Serbia	4 100.00
DEKRA za privremena zaposlovanje d.o.o., Zagreb, Republic of Croatia	100.00
DEKRA zaposlovanje d.o.o., Sarajevo, Republic of Bosnia-Herzegovina	4 100.00
DEKRA Certification S.A.S., Bagneux, France	100.00
DEKRA Expert OOO, Kiev, Ukraine	4 80.00

IN %	Share of capital
DEKRA kvalifikácia a poradenstvo s.r.o., Bratislava, Republic of Slovakia	100.00
DEKRA Automotive AB, Eskilstuna, Sweden	100.00
DEKRA (Shanghai) Co., Ltd., Shanghai, China	100.00
DEKRA Automotive EOOD, Sofia, Republic of Bulgaria	⁽¹⁾ 100.00
DEKRA Expertises Ltda., Atibaia, Brazil	⁽¹⁾ 100.00
DEKRA kvalifikace a poradenství s.r.o., Prague, Czech Republic	⁽¹⁾ 100.00
DEKRA Servicios Recursos Humanos S.L., Barcelona, Spain	100.00
DEKRA Empleo ETT S.L., Barcelona, Spain	100.00
DEKRA Automotiv d.o.o., Zagreb [formerly: Sessvate], Republic of Croatia	⁽¹⁾ 100.00
DEKRA Russ O.O.O., Moscow, Russia	⁽¹⁾ 99.99
DEKRA Akademiai Kft., Budapest, Hungary	100.00
DEKRA Hacılar Servisi Ltd. Sti., Istanbul, Turkey	⁽¹⁾ 100.00
DEKRA Claims Services Maroc S.A.R.L., Casablanca, Morocco	⁽¹⁾ 100.00
DEKRA Claims and Expertise B.V., Alkmaar, the Netherlands	100.00
DEKRA Industrial (Guangzhou) Co., Ltd., Guangzhou, China	⁽¹⁾ 100.00
DEKRA Finland Oy, Vantaa, Finland	100.00
DEKRA Industrial Oy, Vantaa, Finland	100.00
DEKRA Automotive Pty. Ltd., KlerksDord, Rosslyn [formerly: Johannesburg], South Africa	100.00
DEKRA Zaposljavanje d.o.o., Podgorica, Republic of Montenegro	100.00
DEKRA Slovensko s.r.o. (formerly: SLOVDEKRA s.r.o.), Bratislava, Republic of Slovakia	100.00
DEKRA Netherlands Holding B.V., Arnhem, the Netherlands	100.00
DEKRA Claims Services, Kiev, Ukraine	⁽¹⁾ 70.00
Checkauto Consultoria Técnica E Informações veiculares Ltda., Atibaia, Brazil	100.00
DEKRA Vitorias e Serviços Ltda., Atibaia, Brazil	100.00
DEKRA South Africa Pty. Ltd., KlerksDord, Rosslyn [formerly: Johannesburg], South Africa	100.00
Hangzhou DEKRA Certification Co., Ltd. (formerly: Hangzhou DEKRA WIT Certification Co., Ltd.), Hangzhou, China	100.00
DEKRA Industrial AB, Gothenburg, Sweden	100.00
DEKRA Sweden AB, Gothenburg, Sweden	100.00
DEKRA Industrial AS, Solli, Norway	⁽¹⁾ 100.00
DEKRA Egypt for Services and Consulting, Cairo, Egypt	⁽¹⁾ 51.00
DEKRA Motores - Vistoria Veicular Ltda., Atibaia, Brazil	⁽¹⁾ 100.00
DEKRA UK Ltd., Southampton, UK	100.00
Chilworth Technology Ltd., Southampton, UK	100.00
DEKRA (India) Pvt. Ltd., New Delhi, India	100.00

IN %	Share of capital
Chilworth Technology Inc., Princeton [formerly: Plainsboro], USA	100.00
Chilworth France S.A.S., St. Jonage, France	100.00
Safety Consulting Engineers Inc., Schaumburg, USA	100.00
DEKRA ITV España S.L., Madrid, Spain	100.00
DEKRA Canada Inc., Moncton NB [formerly: Saint John NB], Canada	⁽¹⁾ 100.00
DEKRA Kalite Kontrol Hizmetleri A.Ş., Ankara, Turkey	100.00
Behavioral Science Technology (BST) Inc., Oxnard, USA	100.00
Behavioral Science Technology International (BSTI) Inc., Oxnard, USA	100.00
DEKRA Akademie A/S, Brøndby, Denmark	100.00
BST Consultants Pte. Ltd., Singapore, Republic of Singapore	100.00
Behavioral Science Technology Consultores do Brasil Ltda., São Paulo, Brazil	100.00
DEKRA Services ApS, Brøndby, Denmark	100.00
DEKRA Sydjylland A/S [formerly: DEKRA AMU Center Sydjylland A/S], Vejlen, Denmark	100.00
DEKRA Hovedstaden A/S [formerly: DEKRA AMU Center Hovedstaden A/S], Brøndby, Denmark	100.00
DEKRA Job ApS, Brøndby, Denmark	100.00
DEKRA Nordsjælland ApS [formerly: DEKRA AMU Center Nordsjælland ApS], Hillerød [formerly: Ishøj], Denmark	100.00
DEKRA Midtjylland ApS [formerly: DEKRA AMU Center Midtjylland ApS], Skjern, Denmark	100.00
DEKRA Uddannelser A/S, Brabrand, Denmark	100.00
DEKRA Equipment & Services A/S, Brøndby [formerly: Ørbaek], Denmark	100.00
DEKRA Praca Sp. z o.o., Krakow, Poland	⁽¹⁾ 100.00
DEKRA Caribbean B.V., Willemstad, Curaçao	100.00
DEKRA (Shanghai) Investment Co., Ltd., (formerly: DEKRA Management (Shanghai) Co., Ltd.), Shanghai, China	100.00
Road Safety Consulting N.V., Brussels, Belgium	⁽¹⁾ 50.10
DEKRA Outsourcing d.o.o., Belgrade, Republic of Serbia	⁽¹⁾ 100.00
DEKRA People B.V., Alkmaar, the Netherlands	100.00
DEKRA Privremeno Zaposljavanje Podgorica d.o.o., Podgorica, Republic of Montenegro	100.00
DEKRA Insight Australia Pty Ltd., South Melbourne, Australia	100.00
DEKRA usluge d.o.o., Zagreb, Republic of Croatia	⁽¹⁾ 100.00
DEKRA Revisión Técnica SpA, Santiago de Chile, Chile	⁽¹⁾ 100.00
DEKRA Services (PTY) Ltd., Vereeniging, South Africa	100.00
DEKRA Industrial RSA (Pty) Ltd., Gauteng [formerly: Vereeniging], South Africa	100.00
DEKRA Quality Management AB, Frösön, Sweden	100.00
DEKRA Inspeções Portugal - Unipessoal IDT, Lisbon, Portugal	100.00

IN %	Share of capital
DEKRA Vработuvanje doel, Skopje, Republic of North Macedonia	100.00
DEKRA Fyn ApS (formerly: DEKRA AMU Center Fyn ApS), Odense, Denmark	100.00
European Road Stars Academy (ERSA) SPRL, Brussels, Belgium	50.10
DEKRA New Zealand Ltd., Wellington, New Zealand	60.00
Vehicle Testing New Zealand Ltd. (VINZ), Wellington, New Zealand	60.00
D Akademie S.r.l., Verona, Italy	100.00
DEKRA Automotive Ltd., Stokenchurch, UK	100.00
DEKRA España S.L., Madrid, Spain	100.00
DEKRA Akademie EFE, Thessaloniki, Greece	100.00
DEKRA Automotive La Reunion S.À.S., Sainte-Clotilde, France	100.00
DEKRA Rail B.V., Utrecht, the Netherlands	100.00
DEKRA agencija d.o.o., Sarajevo, Republic of Bosnia-Herzegovina	100.00
Regulatory Consultants, Inc. Safety, Horton, USA	100.00
Arbeit De Agency for Temporary Employment, Skopje, Republic of North Macedonia	100.00
DEKRA zaposlitev d.o.o., Ljubljana, Republic of Slovenia	100.00
UAB DEKRA Industrial, Visaginas, Lithuania	100.00
COMENIUS Oktató és Kísoló Kft., Pecs, Hungary	100.00
Comenius Szakközépiskola és Szakiskola, Pecs, Hungary	100.00
DEKRA Testing and Certification Co., Ltd., New Taipei City, Taiwan	100.00
DEKRA Testing & Certification (Suzhou) Co., Ltd., Suzhou, China	100.00
QTK Asia Electronics, Road Town (Tortola), British Virgin Islands	100.00
DEKRA Middle East Fze, Dubai, United Arab Emirates	100.00
DEKRA AQS Solutions, Inc., Minneapolis, USA	100.00
DEKRA IST Reliability Services Inc., Hsinchu, Taiwan	51.00
DEKRA IST Reliability Services Limited, Hong Kong, Hong Kong	51.00
DEKRA IST Reliability Services Limited, Kunshan, China	51.00
DEKRA Organisational Reliability Ltd., Aberdeen, Scotland	100.00
DEKRA Testing and Certification, S.A.U., Málaga, Spain	100.00
DEKRA Testing and Certification Ltda., Santiago de Chile, Chile	99.90
DEKRA Akademie sh.p.k, Tirana, Albania	100.00
DEKRA Arbeit AG Oftringen, Oftringen, Switzerland	100.00
DEKRA Inspection Oy, Vantaa, Finland	100.00
DEKRA Nordjylland A/S [formerly: DEKRA AMU Center Nordjylland A/S], Søby, Denmark	100.00
DEKRA Services France SAS, Bagneux, France	100.00

IN %	Share of capital
DEKRA Automotive S.à.r.l., Munsbach, Luxembourg	100.00
GC Plzeň s.r.o., Plzeň, Czech Republic	82.00
DEKRA Development s.r.o. (formerly: DEKRA Services s.r.o.), Bratislava, Republic of Slovakia	100.00
PRO-LOG CG d.o.o., Podgorica, Republic of Montenegro	100.00
DEKRA Automotive d.o.o., Belgrade, Republic of Serbia	100.00
DEKRA Sjælland A/S (formerly: DEKRA AMU Center Sjælland A/S), Næstved, Denmark	100.00
DEKRA Lesotho (Pty) Ltd., Lesotho, South Africa	100.00
VEIKI-VNL Villamos Nagylaboratóriumok Korlátolt Felelősségű Társaság, Budapest, Hungary	100.00
TATRA TRUCK s.r.o., Kráľov Brod, Republic of Slovakia	100.00
Master Test Chile SpA., Santiago de Chile, Chile	100.00
Core Visual Inspection Services, Inc., Austin, USA	100.00
D. Invest S.r.l., Cinesello Balsamo, Italy	100.00
DEKRA Arbeit (Schweiz) Holding AG, Sargans, Switzerland	100.00
DEKRA Arbeit AG St. Gallen, St. Gallen (formerly: Mels), Switzerland	100.00
DEKRA Arbeit AG Wil, Wil, Switzerland	100.00
DEKRA Arbeit AG Basel, Basel, Switzerland	100.00
DEKRA Arbeit AG Buchs, Buchs, Switzerland	95.00
DEKRA Arbeit AG Chur, Chur, Switzerland	90.00
DEKRA Arbeit AG Sargans, Sargans, Switzerland	94.00
DEKRA Arbeit (Schweiz) Verwaltungs AG, Sargans, Switzerland	100.00
DEKRA Arbeit Bulgaria EOOD, Sofia, Bulgaria	100.00
DEKRA Services Spółka z o.o., Krakow, Poland	100.00
PROTEC Services, Limoges, France	51.00
DEKRA Arbeit Austria GmbH, Vienna, Austria	100.00
Beijing DEKRA Vehicle Inspection Co., Ltd, Beijing, China	100.00
PRO-LOG SR DOO, Belgrade, Republic of Serbia	100.00
Gain Solutions Ltd., Stokenchurch (formerly: Chippenham), UK	100.00
Industrial Safety Group B.V., Capelle aan den IJssel (formerly: Rotterdam), the Netherlands	100.00
Arbo Support B.V., Capelle aan den IJssel (formerly: Rotterdam), the Netherlands	100.00
Industrial Safety BVBA, Antwerp, Belgium	100.00
DEKRA Arbeit Anstalt, Eschen, Liechtenstein	95.00
DEKRA Personnel France SAS, Bagneux, France	100.00
DEKRA Bilsyn ApS (formerly: AL-SYN ApS), Silkeborg, Denmark	100.00
DEKRA TW s.r.o., Bratislava, Republic of Slovakia	100.00

IN %	Share of capital
DEKRA Arbeit L.L.C., Prishtina, Kosovo	¹⁾ 100.00
DEKRA Arbeit SHPK, Tirana, Albania	²⁾ 100.00
DEKRA Arbeit Recursos Humanos LTDA, São Paulo, Brazil	³⁾ 100.00
Shenzhen Detong Vehicle Inspection Co., Ltd., Shenzhen, China	⁴⁾ 80.00
STK Kunovice s.r.o., Kunovice, Czech Republic	⁵⁾ 100.00
DEKRA Audit CZ s.r.o., Praha 4-Chodov, Czech Republic	⁶⁾ 100.00
Van Cleemput Sprl., Châtelet, Belgium	⁷⁾ 100.00
DEKRA Southern Africa Oceania Limited, Wellington, New Zealand	100.00
DEKRA Industrial SAS, Limoges, France	100.00
DEKRA Solutions (Pty) Ltd., Centurion, South Africa	100.00
DEKRA Industrial S.A.R.L., Algiers, Algeria	99.50
DEKRA Industrial SA., Barcelona, Spain	100.00
DEKRA Inspection S.A., Casablanca, Morocco	100.00
DEKRA Certification B.V., Arnhem, the Netherlands	100.00
DEKRA Solutions B.V., Arnhem, the Netherlands	100.00
DEKRA Testing and Certification S.r.l., Osago, Italy	100.00
DEKRA Certification K.K., Tokyo, Japan	100.00
DEKRA Testing Services (Zhejiang) Ltd., Zhejiang, China	51.00
DEKRA Testing and Certification (Shanghai) Ltd., Shanghai, China	100.00
DEKRA Certification Ltd., Pershore Worcestershire, UK	⁸⁾ 100.00
DEKRA Certification Ltd., Tel Aviv, Israel	100.00
DEKRA Certification Hong Kong Ltd., Fanling, Hong Kong	100.00
DEKRA Certification Inc., North Wales, USA	100.00

Associates in Germany:

Euro Transport Media Verlags- und Verlagsgesellschaft mbH, Stuttgart	40.00
FSD Fahrzeugsystemdaten GmbH, Dresden	33.71
Magility GmbH, Kirchheim unter Teck	⁹⁾ 25.10

Associates in other countries:

TRANSDEKRA AG, Moscow, Russia	²⁾ 50.00
DEKRA - EXPERT Műszaki Szakértői Kft., Budapest, Hungary	⁴⁾ 50.00
DEKRA Claims Services France S.A., Levallois Perret, France	⁵⁾ 50.00
NDT Training Center AB, Västerås, Sweden	⁶⁾ 33.00

IN %	Share of capital
Equity investments:	
ARGE "Technische Prüfstelle für den Kraftfahrzeugverkehr 21" GbR, Dresden	¹⁾ 25.00
DYNAE S.A., Villefontaine, France	19.93
Société Coopérative de Promotion S.A., Trappes, France	< 5.00
Crédit Agricole S.A., Paris, France	< 1.00
Crédit Mutuel, Paris, France	< 1.00
ITT Technology Transfer s.r.l., Ferrara, Italy	1.00

¹⁾ Not included in the consolidated financial statements by way of full consolidation.²⁾ Not accounted for using the equity method due to insignificance for assets and liabilities, financial position, and financial performance.³⁾ The disclosures pursuant to Sec. 313 (2) No. 4 HGB have not been made since they are insignificant for the presentation of a true and fair view of the Group's assets and liabilities, financial position, and financial performance.⁴⁾ Utilization of the exemption pursuant to Sec. 264 (3) HGB.⁵⁾ Significant influence is not exercised.

Stuttgart, March 30, 2020

DEKRA SE

The Management Board



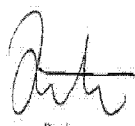
Kölbl, Chairman



Klinke



Linsenmaier



Rauh

DEKRA SE

Independent auditor's report

To DEKRA SE

Opinions

We have audited the consolidated financial statements of DEKRA SE, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from January 1 to December 31, 2019, the consolidated statement of financial position as of December 31, 2019, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1 to December 31, 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of DEKRA SE for the fiscal year from January 1 to December 31, 2019. In accordance with the German legal requirements, we have not audited the content of the group statement on corporate governance in section "Declaration of compliance" of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2019, and of its financial performance for the fiscal year from January 1 to December 31, 2019; and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the corporate governance statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the group statement on corporate governance contained in section "Declaration of compliance" of the group management report. It also comprises the other components of the annual report except for the audited consolidated financial statements and group management report as well as our auditor's report, in particular section "Foreword of the Chairman of the Management Board" and section "Report of the Chairman of the Supervisory Board". We received a version of this other information by the time this auditor's report was issued.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. Our objective is also to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, March 31, 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Marbler	Hummel
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Report from the Chairman of the Supervisory Board



THOMAS PLEINES

President of the Presidential Board
of DEKRA a.V. and Chairman of the
Supervisory Board of DEKRA SE

In the 2019 reporting year, the Supervisory Board fully performed its role of monitoring and guiding the Management Board of DEKRA SE. We regularly received written and oral reports on key business activities. The key business operations were detailed and discussed in two Supervisory Board meetings and in meetings and talks between the Chairman of the Supervisory Board and the Management Board. The Supervisory Board and the Management Board discussed the economic situation and the strategic course, with the aim of ensuring sustained stable and healthy Company development.

The Supervisory Board notes that 2019 was once again a successful year for DEKRA SE. The Company managed to improve key business indicators or keep them at a high level. Revenue increased by around 2.0 percent to more than 3.41 billion euros. The number of employees at the end of 2019 was almost 44,000.

The Supervisory Board appointed the auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the external auditor and commissioned it to examine DEKRA SE's annual accounts, management report, consolidated financial statement, and Group management report, together with the accounting for the 2019 fiscal year. The Supervisory Board acknowledged and approved the unqualified audit opinion of the external auditor.

The Supervisory Board's own examination of the annual accounts, management report, consolidated financial statement, and Group management report did not result in any objections. The annual accounts drawn up by the Management Board are approved by the Supervisory Board and thereby adopted. The Supervisory Board thanks the Management Board and all employees for their successful endeavors in the reporting year.

Stuttgart, April 2020
The Supervisory Board

THOMAS PLEINES,
Chairman

Imprint

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Communications and Brand Management
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