SAFE
SECURE
SUSTAINABLE

FINANCIAL REPORT 2022

At a **glance**

Whether it's a matter of safety on the road, at work, or at home, millions of people throughout the world place their trust in DEKRA's expertise. DEKRA is a leading, non-listed expert organization acting on a neutral and independent basis to fulfill the mission laid down in its articles of incorporation: safety. With almost 49,000 employees in around 60 different countries on five different continents, DEKRA stands for innovative services relating to all aspects of the topic of safety. The vision for the Company's centenary in 2025 is that DEKRA will be the global partner for a safe, secure, and sustainable world. DEKRA offers its comprehensive service portfolio in six different regions of the world. It has seven different Service Divisions – Vehicle Inspection, Claims & Expertise, Product Testing, Industrial Inspection, Consulting, Advisory & Training Services, and Temp Work. The Company's portfolio of safety and sustainability services ranges from vehicle inspections and expert reports for damage claim settlements, industrial and building inspections, safety advisory services, and product or system testing and certification, all the way through to training and temporary work.

DEKRA SE – Key Figures

	2020	2021	2022
Revenue and income			
Total revenue in € million	3,188.2	3,534.8	3,796.5
Share of international revenue in %	39.5	39.3	37.9
Adjusted EBIT in € million	195.9	226.0	226.4
Adjusted EBIT margin in %	6.1	6.4	6.0
Adjusted EBT in € million	183.8	215.5	210.5
Statement of financial position			
Total assets in € million	2,739.0	2,811.3	2,812.4
Equity in € million	808.5	942.8	1,153.5
Equity ratio in %	29.5	33.5	41.0
Employees			
Number as of Dec. 31	43,990	47,770	48,646

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Introduction by the CEO

Dear Readers,

The year 2022 was a challenging financial year characterized by a number of simultaneous global crises, but DEKRA successfully held its course and continued to grow. Revenue increased by 7.4% to almost EUR 3.8 billion.

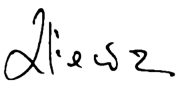
The pillars of our success have been our position as the world's leading TIC provider in the automotive sector, our relentless focus on sustainability, the ongoing digitalization of our portfolio, and our new services such as rapid battery testing for electric cars. This patented rapid test for the traction batteries in used electric cars has placed us at the forefront of development in an important area for the future of e-mobility. The test takes just 15 minutes and delivers an accurate measurement of the remaining battery capacity. This creates transparency in the growing used-EV market where the battery is a crucial value factor. In addition to Germany, in 2022 we rolled out this innovative test in the Benelux countries and across Scandinavia.

DEKRA has led the way in another growth market for the mobility of the future: as part of an innovation partnership, our expert organization is supporting the first rental fleet of hydrogen-powered commercial vehicles in Germany. And in our DEKRA Technology Center in Brandenburg, our experts have independently verified the consumption figures of the BMW iX5 Hydrogen – an important step to gaining regulatory approval for the small series.

We have also been able to expand our market position in our traditional core business. In the area of vehicle inspections for example, where DEKRA has been the global market leader for many years, we began operating in Spain and Costa Rica in 2022. This means DEKRA is set to inspect more than 30 million vehicles in 24 countries every year. With an increase in turnover of 7.4% to EUR 1.3 billion, Vehicle Inspection consolidated its position as DEKRA's largest Service Division in 2022.

In times of crisis such as these, people's basic need for safety and security increases. In response, and as part of implementing our Strategy 2025, one particular focus of the Management Board's work was on our corporate mission of increasing safety, security, and sustainability. This will make DEKRA the global partner for a safe, secure, and sustainable world by 2025, when our company is set to celebrate its 100th anniversary.

Stuttgart, April 2023
Chairman of the Management Board
DEKRA SE



Stan Zurkiewicz

Group Management Report of DEKRA SE, Stuttgart, for the financial year 2022

Fundamental information on the corporate group

Group business model

DEKRA ensures safety

For almost 100 years now, DEKRA has been committed to ensuring 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, notably for inspecting, testing, and certifying products, processes, and facilities, as well as initial and further training. In terms of revenue, DEKRA is the world's largest non-listed expert organization in the TIC (testing, inspection, certification) industry, and benefits from the lasting and global trend towards greater safety. The Company's safety mission pursuant to its articles of incorporation is just as valid today as when it first started out.

Around

48,600

employees in around 60 countries worked at DEKRA by the end of 2022.

By the end of 2022, DEKRA had around 48,600 people in its employment in some 60 countries on five continents. The Company carried out around 28 million vehicle inspections globally. From 2019 onwards, the comprehensive services it offers were initially bundled into eight Service Divisions, and into seven from 2022 onwards. The two Service Divisions of "Consulting" and "Training" were merged into an "Advisory & Training Services" division in the reporting year, in order to multiply our customer support opportunities and to facilitate the further scaling of digital products. The global business is managed by DEKRA SE, based in Stuttgart, and is divided into six Regions.

Represented in all regions of the world

Revenue Region Germany in € billion

2.4

Of the six Regions, Germany is the major market region with revenue of more than 2.4 billion euros, followed by South-West Europe (which also includes the Company's second domestic market of France) with 544 million euros. DEKRA generated revenues of 365 million euros in the North-West Europe Region and 171 million euros in Central East Europe & Middle East.

The other markets that DEKRA focuses on besides Europe include the Regions of APAC (Asia-Pacific) and the Americas. APAC achieved revenue of 244 million euros and the Americas achieved 114 million euros.

Systematic expansion of the product and service portfolio

In seven of its Service Divisions, DEKRA focuses on the ongoing development and optimization of its services within the corresponding seven business sectors, so as to continue offering customers a comprehensive service portfolio. In the context of digitalization, increasing networking, and growing cybersecurity requirements, DEKRA's experts develop the safety solutions of tomorrow, underscoring the Company's role as a pioneer in the realm of safety. DEKRA's service portfolio is bundled in the following Service Divisions:

Vehicle Inspection

This Service Division comprises periodically recurring vehicle inspections, as well as non-periodic technical inspections and periodic emission tests for all kinds of vehicles. In this core area of its expertise, and with an eye on the future of mobility, DEKRA provides reliable technical inspections of increasingly network-connected and automated vehicles with combustion engines and of electric vehicles with alternative drive systems using batteries or fuel cells (hydrogen).

Claims & Expertise
The services offered by the Claims & Expertise Service Division include claims settlements for any type of damage claim, vehicle valuation and administration services, and expert appraisal reports – both nationally and internationally.

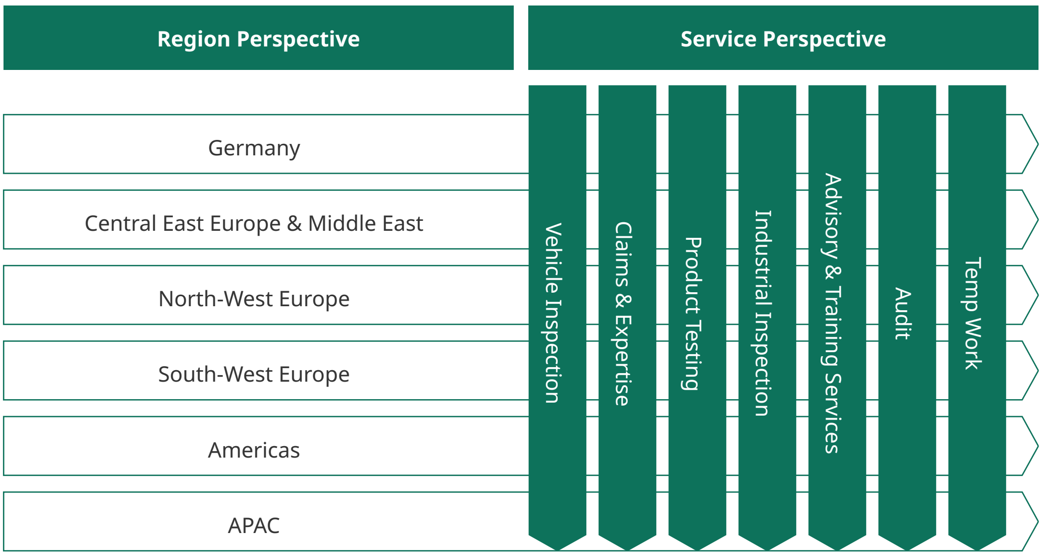
Product Testing
The Product Testing Service Division's area of expertise includes the testing and certification of consumer, industrial, automotive, information and communications products, and medical goods. DEKRA combines safety checks with connectivity tests, thus working towards a future in which products function perfectly and communicate smoothly with each other.

Industrial Inspection
DEKRA renders comprehensive building, facility, machinery, and infrastructure inspection services, including a wide range of materials testing, for customers in industry around the world.

Advisory & Training Services
Our competent Advisory & Training Services in a widely diverse range of sectors result in well-qualified employees and top-performing companies. Using modern tools and digital technologies, our experienced consultants and trainers provide support through services that are customized to suit the individual needs of our customers.

Audit
The Audit Service Division's core expertise lies in independent evaluations and certifications of management systems in accordance with national and international standards. DEKRA holds a diverse 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).

Temp Work
The employees in the Temp Work Service Division distinguish themselves through their extensive know-how in the fields of HR, solution, event, and logistics management. In terms of revenue, DEKRA holds sixth place among Germany's major HR service providers.



Objectives and strategies

Vision 2025:
We will be the global partner for a safe, secure, and sustainable world

DEKRA's strategic focus and operational management are guided by the principle of stable and healthy growth. Professional expertise, innovative power, and proximity to customers therefore remain our primary tasks. Through its strategic "Vision 2025" program, launched in its 90th anniversary year in 2015, with a focus on the three pertinent areas of life – on the road, at work, and at home – DEKRA has mapped out its course for the coming years. In this context, to mark its centenary year, 2025, DEKRA has set itself the goal of being the global partner for a safe, secure, and sustainable world. In financial year 2022, DEKRA once again demonstrated its full commitment to achieving this long-term objective.

DEKRA celebrates **100 years** in 2025

The digital transformation process – accelerated by the COVID-19 pandemic – plays an important role here. Even though DEKRA is already a globally acknowledged business partner for the testing, certification, and inspection of intelligent and network-connected products, we are nevertheless constantly working to further enhance our digital competency on the basis of a comprehensive digital strategy. This starts internally with modern, global IT and new ways of working, includes digital interaction with customers, and extends through to new and data-driven services. Consequently, DEKRA will digitalize its processes as far as possible, further expand its technical expertise, work on shaping digitalization in its markets through innovation and technology partnerships, and build up new business lines. The Company's digital strategy was rolled out Group-wide in 2021 and will be implemented by 2025.

In 2021, DEKRA added two more elements to its corporate vision: Security and Sustainability. The digital networking of products and systems is leading to a broadened concept of safety and security, whereby it is still the human who takes center stage. However, in addition to the physical safety aspect, there is now also the aspect of security in the sense of protecting personal data and networked systems against external attacks. Moreover, DEKRA has now also anchored the concept of sustainability in its corporate vision and intends to be climate-neutral by 2025. DEKRA therefore now pursues the goal of becoming the global partner for a safe, secure, and sustainable world by 2025.

In association with the broadened corporate vision, the Company mapped out its strategic course in 2021. Our inspections services will concentrate on five corporate focus areas which represent key fields of growth, in which existing services will be improved and also new digital services will be developed. These corporate focus areas are: Future Vehicle and Mobility Services, Information and Cybersecurity Services, Remote Services, Artificial Intelligence as well as Sustainability Services. Within these corporate focus areas, we are developing services for the present day and for the future, such as the successful launch of the patented fast battery test in the year under review.

As a global enterprise, we benefit from the sustainable advancement of the economy, the environment, and society. We have assessed the impact of climate change on our organization and on our business model and taken this into consideration within our sustainability strategy. Which undergoes continual further enhancement in close consultation with the Management Board and the Executive Management (the highest management level directly beneath the Management Board).

We are addressing the specific challenges related to our business activities such as, the indirect impact of business trips on the climate, and we are working on limiting these and developing innovative solutions. We also take environmental and climate issues into consideration in our internal risk management process and in our internal audit system. Through our internal environmental management system, we assess our key areas of resource consumption and our key emissions, and thus establish what the relevant risks are and where there is potential for improvement. Overall, the growing market demand for independent sustainability expertise holds major potential for DEKRA.

Research and development

DEKRA has been an independent expert organization since 1925, so for almost 100 years the Company has been working in the area of road safety – with periodic vehicle inspections, with the deployment of accident analysts and accident investigators, and with crash tests, public campaigns, and involvement in national and international committees. DEKRA's accident investigation department, for example, has been supporting automotive manufacturers and system suppliers with crash tests and accident analyses for more than 40 years now. The department'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.

Focusing on young road users

The 15th edition of the DEKRA Road Safety Report [in German: Verkehrssicherheitsreport, abbreviated to "VSR"] was issued in financial year 2022. The DEKRA VSR, published annually since 2008, provides up-to-date information and advice on the further enhancement of road safety for decision makers in politics, associations, and companies. Under the heading of "Mobility among the Young," the DEKRA VSR 2022 tackles the question of how to improve road safety for young road users.

The DEKRA VSR is accompanied by the DEKRA online portal for road safety: www.dekra-roadsafety.com. Here, there is additional content available to supplement the printed report, such as videos or interactive graphics. The portal also addresses many other topics relating to road safety, including vehicle technology, infrastructure, or the human factor, such as the matter of being distracted by smartphones.

Mobility of the future

DEKRA has been keeping pace with technological developments in the automotive sector for many years. The shift towards the mobility of the future represents a particular challenge for all those involved in the automotive industry. For that reason, a team at DEKRA has been working on developing services covering every aspect of the connected vehicle. In doing so, DEKRA pools its whole range of knowledge gained from laboratory tests and materials testing, all the way through to homologation and type approval, across organizational and national borders.

Following the acquisition of the Lausitzring racetrack in Klettwitz/Germany five years ago in November 2017, DEKRA merged the racetrack with the adjoining DEKRA Technology Center in 2018. Here, on 540 hectares of land, we have created a unique manufacturer-independent testing and inspection center for automated and connected driving. In addition to testing components in accordance with the wireless-network-based 5G standard, a wide range of scenarios can be tested for networked communication between vehicles and with their surroundings, using the 5G mobile communications standard.

The investments made so far – among other things, in tracks and in transmission and measurement technology – come to an amount in the mid-double-digit million-euro range. And still we continue to expand further. In the year under review, DEKRA's Management Board decided to establish a testing center in Klettwitz for drive batteries used in electric vehicles. Also, the preparation work got underway for constructing city tracks on the premises. In future, it is intended that a whole variety of inner-city scenarios will be tried out on these new tarmac surfaces that include mobile infrastructure and flexible built-up sections. Together with the tracks already existing at the DEKRA test oval and at the Lausitzring, this will enable us in future to try out test vehicles in flexible inner-city, cross-country, and motorway scenarios. Overall, with its tests for manufacturers and suppliers to accompany their development work and likewise with its tests within the realm of homologation and type approval, DEKRA ensures that the automated driving functions that will be in use on roads in the near and distant future really are safe.

The growing significance of automated driving functions for future road safety is also reflected within the research project LAURIN, which was launched by DEKRA together with five business partners in May 2022. The goal is to take the process of steering test vehicles all around the moving objects up to a whole new level. The automated driving functions are tested at DEKRA's Lausitzring site, not just through simulation but also by performing real-life tests. The LAURIN research project is scheduled to last for three years and is sponsored by Germany's Federal Ministry of Digital Affairs and Transport. The project is being led by DEKRA Automobil GmbH.

Together with other DEKRA facilities in Spain, mainland China, and Taiwan, the Lausitzring and the facility in Klettwitz make up part of a highly efficient international testing network. In Málaga, Spain, for instance, the focus is on the secure connectivity and electromagnetic compatibility of mobile 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.

Data plays a crucial role in the context of increasingly automated driving and network-connected traffic – specifically also with regard to road safety. As part of the “Trust Center” initiative, DEKRA has been calling for the unfiltered and non-discriminatory access to vehicles’ safety and environmental data since 2019, without which it is not possible to guarantee the proper condition and safety of vehicles. The “Trust Center” is a trustee-based model for the secure gathering and analysis of data in the spirit of consumer and data protection.

Hydrogen technologies will play a key role in combating climate change. For that reason, DEKRA is actively committed to the hydrogen energy economy of the future – for example, through its role as a member of the Hydrogen Europe trade association, dealing with internationally recognized standards and regulations for one thing, and the topic of a safe infrastructure for another. DEKRA contributes essential know-how, ranging from the production of hydrogen solutions, and their transportation and distribution, all the way through to their use – not least in successful customer projects and pilot projects. For example, DEKRA is providing accompanying support to the start-up company, hylane, in its launch of the first commercial rental fleet of 44 hydrogen-driven commercial vehicles in Germany. The business partners involved are thus accumulating valuable experience with regard to various approaches to fuel cell technology. And for BMW, prior to the launch of the demo fleet of the iX5 Hydrogen model, DEKRA has performed consumption measurements at its Technology Center’s powertrain and exhaust gas laboratory at the Lausitzring site in Klettwitz.

Intensifying the digitalization drive

The digitalization of services and processes continued to be driven forward in the financial year, thus further paving the way for the development of future-oriented services in the field of artificial intelligence (AI) and cybersecurity.

In the year under review, work continued on a Center of Excellence for AI that we started to set up in 2020 in cooperation with DEKRA Digital. The aim is to further improve existing services based on the possibilities offered by AI. Throughout all of our Service Divisions and Regions, we were able to pinpoint 70 potential projects that can be initiated through the use of AI and implemented in the coming years.

In the previous year, DEKRA already set up a “Cybersecurity Hub” to protect people worldwide from hacker attacks and the fraudulent use of data. As global networking increasingly expands throughout all sectors, the demand for all-encompassing cybersecurity standards is taking more and more precedence. Whether it’s a matter of functional security, product tests, or automotive cybersecurity, our global customers appreciate us as a business partner in the transformation of cybersecurity. One current example can be seen in the challenges posed for the automobile industry by UNECE’s disruptive UN Regulations R155/156. We give our customers support, enabling them for the first time to regularly check the certification requirements for cybersecurity management systems across all levels of the value-added chain and throughout the entire life cycle of cars.

MASA (Mobile Application Security Assessment) enhances the level of security and transparency in the Google Play Store. The ADA (App Defense Alliance) that was established by Google draws from DEKRA’s sound experience in the field of mobile safety. Our organization was named as one of the program’s five official partners. Apps developed by application designers are reviewed on the basis of a defined catalogue of criteria.

Digital security is also the focal point of the strategic collaboration between DEKRA and Microsoft, agreed upon in the year under review. The goal of this is to develop digital inspection solutions on the basis of Microsoft Azure. This collaboration, which takes the perspective of a technology partnership, has already produced its first results in that, on the basis of Azure’s cloud computing services, DEKRA has already developed one initial solution in the form of a patented fast battery test for electric cars.

DEKRA's future inspection solutions will be all about the use of so-called digital twins to create virtual images of the objects to be inspected. This will become increasingly important because it must be checked whether – subsequent to a software update – the data status of the real-life equipment still corresponds to its digital twin where the legal regulations are stored. DEKRA anticipates that digital twins will redefine inspection services. The future of inspection accordingly lies in a combination of physical-presence inspections and continuous digital inspections. Thus, at DEKRA, we have more than 100 IT experts involved in this, under the leadership of the DEKRA CIO. In future, it is likely to be the case that digital solutions will, play a relevant part in almost all of the present day's testing and inspection services.

Another area of testing that is growing in significance is Wi-Fi security. In 2022, DEKRA therefore expanded its collaboration with the Wi-Fi Alliance. At the DEKRA product testing laboratory in Stuttgart, Germany, an ATL (authorized test laboratory) is being created for the Wi-Fi Alliance's certification program. Here, manufacturers will in future, be able to get their products officially verified as Wi-Fi CERTIFIED™. The focus of the new ATL will be particularly on the markets for the automotive sector and industrial internet of things (IIoT). DEKRA already has laboratories in Málaga, Spain and Shenzhen, China that hold official approval from the Wi-Fi Alliance. Altogether, DEKRA carries out tests on wireless technologies at 14 different test locations worldwide according to the various internationally recognized standards.

Integrity[1]

Compliance management system

The observance and implementation of laws and directives is given high priority throughout the Group. In 2022, DEKRA's Compliance Management function was expanded and adapted in response to changing requirements. With the involvement of the operating units, DEKRA's Compliance Office drew up a web-based international compliance training course, which will be rolled out across the entire DEKRA Group in 2023. Moreover, the Compliance Management function was developed further, with a focus on interaction with the Regions. Together with Risk Management, the Compliance Office is working to identify new, international areas of risk and to reinforce the international team and its global teamwork.

The Chief Compliance Officer and the Compliance Office constitute a confidential and neutral point of contact for employees and external parties. In 2022, the Compliance Office introduced a web-based, highly secure whistleblower system for receiving, processing, and documenting tip-offs. This system meets the requirements of the Whistle-blower Directive. The whistleblower system is certified according to European data protection law and allows whistleblowers to remain anonymous.

These days, compliance is not just seen to be purely a standards-based task, but also a matter that is based on values and integrity. The concept of corporate social responsibility plays an increasingly important role in successful corporate management. Observing ESG (environmental, social, and governance) factors is not only imperative for avoiding liability damage claims, but also for ensuring long-term competitiveness and preventing damage to a company's reputation. The compliance function is therefore increasingly evolving into an integrated ethics, risk, and compliance function, thus making its contributing to DEKRA's mission of being the global partner for a safe and sustainable world.

Quality management

Impartiality, integrity, and reliability are values that 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 services and public duties are heavily dependent on the conduct of each and every individual. Authorities, clients, customers, and business contacts can reasonably expect that all DEKRA employees, i.e., staff members, 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 related internal requirements and obligations are defined in the quality management system. In the year under review, amendments and updates of internationally applicable norms were implemented in DEKRA's processes worldwide and incorporated into the risk assessment process.

1 Content not audited by the auditor

Quality management (QM) not only sets the guidelines, 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 controls and safeguards DEKRA's accreditations and official permits. For the purpose of extending QM further, DEKRA relies on a corporate-wide Enterprise Quality Management System (EQMS).

Sustainability[2]

Sustainability management

Since the end of 2020, DEKRA has held the **highest ranking of platinum** in EcoVadis' sustainability ratings.

DEKRA again continued to expand its sustainability management in financial year 2022. The Company's focus with respect to sustainability is geared towards DEKRA's corporate values, towards the requirements of the official German and international sustainability codes, and towards the ten principles of the UN Global Compact. Since the end of 2020, DEKRA has held the highest ranking of platinum in EcoVadis' sustainability ratings. This platinum rating was confirmed again in the 2022 reporting year. Our organization therefore continues to belong to the top one percent of rated companies of a similar nature.

Based on DEKRA's 2025 sustainability strategy, the Company continues to drive forward with ecological matters (expanding internal environment and climate management) and with social issues (DEKRA social standards, processes ensuring human rights), along with the organizational integration of sustainability management into the supply chain. Step by step, the Company is improving itself in the defined fields of focus: Environment & Climate, Employees & Society, Supply & Value-added chain, and Management & Governance. The Company's focus with respect to sustainability is constantly being assessed and enhanced in dialogue with internal and external stakeholders.

DEKRA also contributes overall to sustainable developments in the economy, environment, and society, primarily by acting as a disseminator, through its specialist know-how and expert services with a focus on safety, as well as by specifically supporting its customers in matters of sustainability and corporate social responsibility.

Subsequent to the strategic realignment in 2022, sustainability is one of DEKRA's main areas of focus. In the year under review, we therefore began to strategically expand our existing sustainability portfolio in all Regions and to invest in new services. The active support we give to customers focuses here on the following topics: turnaround in energy policy, closed-loop economy, and ESG (environmental, social, governance). Specifically, in 2022 we developed or enhanced our testing, certification, inspection, expert, and training services that relate to the technologies underlying the turnaround in energy policy, in particular hydrogen, photovoltaic, wind energy, and batteries. In addition, DEKRA is developing services that support companies, financial service providers and investors in implementing and reviewing sustainability strategies, for example with regard to the stipulations of ESG ratings or EU taxonomy. Moreover, to provide support to sustainable, climate-friendly, and circular-system companies and supply chains, DEKRA has also started creating and expanding its verification and validation services in the realm of sustainability. DEKRA also has an official seal as part of this. Our goal is to ensure more clarity, transparency, and trust among market players in the future.

Environmental and climate protection

100%
renewable energies is one of DEKRA's targets for 2025.

On the basis of a global management system and the data-based management of environmental protection issues, the Company is further expanding and enhancing its internal environmental management system in line with current findings and requirements. The focus here is on the efficient use of energy and resources, as well as climate protection. The goals include, for example, switching to 100% renewable energy for the supply of electricity by 2025. Simultaneously, DEKRA also intends to achieve climate neutrality. Here, climate neutrality pertains to direct emissions and indirect emissions from the procurement of energy (Scope 1 and 2) and to business trips (Scope 3). In this endeavor, DEKRA makes use of the expertise of its employees who also specialize in these fields internally. The workforce is

2 Content not audited by the auditor

given training and made aware of environmental issues. Internal best practices are highlighted and applied to appropriate areas. Furthermore, DEKRA also offers expert services in the fields of climate, environment, and energy, thus also contributing to environmental and climate protection outside the Company.

Since November 2021, DEKRA has been part of the Science-Based Targets Initiative (SBTi) and has joined the worldwide “Business Ambition for 1.5 °C” campaign that is aimed at reducing greenhouse gases and global warming. SBTi supports companies in establishing science-based emission-reduction goals. DEKRA has made further progress along this path in the year under review. Furthermore, the CDP (Carbon Disclosure Project) non-profit organization was commissioned to review DEKRA’s climate strategy according to the CDP criteria. DEKRA is therefore a company that reports to CDP and that will, on this basis, further develop its climate management and create comparable transparency in the future. With regard to its operating business, in 2022 DEKRA began to record the environmental impact of the business processes in its Service Divisions.

Personnel report

Growth in personnel

The number of permanent employees increased by **2%** compared with the previous year.

In DEKRA’s six international Regions, the headcount (not including Temp Work) rose by 638 to 29,668 at year-end 2022 (prior year: 29,030). The core workforce in the Germany Region grew to 13,252 employees, a rise of almost 1% compared to the prior year. The number of employees in the Service Divisions also rose from 292 to 331. On the other hand, the Group’s central divisions (“Steering & Support”) reduced their headcount to 645 employees (prior year: 680).

In the “Temp Work” division, the number of employees in the reporting year remained at the high level of 18,002, following on from what was already a steep rise in 2021 (going up by 3,003 to 17,768). In Germany, 10,690 members of staff were deployed in the Temp Work division (prior year: 10,532).

As a result, the DEKRA Group’s headcount reached the total figure of 48,646 (prior year: 47,770).

Statement on corporate governance

Targets have been set for the ratio of women in the main corporate bodies and in first-tier 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. The target of 25% set for the Management Board of DEKRA SE from 2022 onwards was already achieved in 2021. A quota of 15% and 20% was set for the first-tier management level (Executive Committee) and second-tier management level (Management Committee), respectively, from 2022 onwards. With an actual ratio of 9.5% (prior year: 9.1%), the first-tier management level has not yet met its target. On the other hand, the second-tier management level achieved the aforementioned target with a ratio of 19.8% (prior year: 18.9%). Both targets remain in place, and we are continuing to work towards achieving the target set for the first-tier management level.

Chief Human Resources Officer (CHRO)

As part of the Company’s continuing global focus and to strengthen its uniform corporate image, the role of CHRO was redefined in the Company. The CHRO makes a key contribution to ensuring the creation and implementation of modern global HR standards at DEKRA, thus enhancing its Group-wide appeal as an employer. At the same time, the HR function itself is strengthened through new governance processes.

HR strategy

The adoption of the new, Group-wide HR strategy serves us as a guiding force in observing and implementing the upcoming corporate challenges of the next few years in a focused manner. Its main cornerstones are culture, talent management, leadership, and employee experience. The HR strategy underpins the development of our Company, proactively and strategy-implementing, promoting its growth as a global group.

HR transformation
The project entitled "evolve" constitutes a first, crucial step towards setting up our HR organization on a globally coordinated basis. The "evolve" project helps to strengthen and harmonize DEKRA as a Group through globally standardized HR processes and tools. At the same time, "evolve" also strengthens the internal HR function via new global roles, functions, and responsibilities.

Leadership development
Again, we continued this year to pursue our activities in the realm of leadership development. We enacted the worldwide International Advancement Program (IAP) for talented employees around the globe, with the current ratio of women surpassing 50%. Likewise, we staged a digital learning journey for our middle-management staff in order to boost them in their leadership tasks and the different framework conditions ("digital leadership") through diverse training courses. By doing so, we prepared our managerial staff specifically for the digital challenges ahead. Also, we added a further module to the Managerial Foundation Program (MFP).

Talent management
One particular strategic focus of talent management is on safeguarding the future of the Company. The setting up of an OTR (organizational talent review) helps to identify talent more systematically and to develop it further. At the same time, the OTR reinforces global succession planning and the implementation of individual development plans within the Company.

Digital learning culture
DEKRA Global LMS is the Company's digital learning platform that was created in close collaboration between the Human Resources and the Training divisions and implemented worldwide from 2021 onwards. The strategic goal is to create a digital learning culture in the Company. There is particular focus on the field of soft skills: in this respect, there are more than 130 different courses on offer in ten different languages – including Chinese from 2023 onwards. Worldwide, more than 20,000 courses were attended this year.

Diversity & inclusion (D&I)
D&I is a key concern for DEKRA employees and corporate management. In 2022, DEKRA put a great deal of effort into implementing effective measures for equal opportunities: Besides approving a global directive for diversity, inclusion, and equal treatment, we also signed a "Diversity Charter," thus committing ourselves to actively promoting diversity in the workforce. The Diversity Steering Committee was established as a decision-making and reporting body. This has the task of strategically steering D&I, of controlling the effectiveness of measures implemented, and of regularly analyzing relevant indicators. By exchanging notes with other companies on the topic of D&I, in the future DEKRA would like to learn from best practices and create a working environment in which each person is fostered and valued individually.

Economic business report

Macroeconomic and sector-specific environment

Slower growth in world economy

Growth in the global economy slowed down significantly in 2022. Whereas the global gross domestic product (GDP) still showed growth of 6.0% in 2021, the growth rate recorded in 2022 was only 3.4%. The slump was particularly strong in China. Compared to the 8.1% recorded there in 2021, the growth rate in 2022 was only 3.0%. Among the developing and emerging economies, India was the country with the strongest growth (6.8%). In the case of the western industrialized nations, Spain and the UK came top (with 5.2% and 4.1%, respectively). Growth in the eurozone came to 3.5%. The developing and emerging countries achieved a growth rate of 3.9%.

Compared to the prior year, unemployment in the eurozone (as defined by the IMF) went down to 6.6% (December 2021: 7.0%). Overall, 11.0 million people were unemployed in the eurozone in December 2022.

According to EUROSTAT, the annual inflation rate in the eurozone rose year on year from 5.0% in the prior year to 9.2% in December 2022. According to EUROSTAT, Germany had an annual inflation rate of 9.6% in December 2022.

Challenging framework conditions

The automotive industry, which is a key sector for DEKRA, showed very big regional differences in how it developed in 2022. According to figures from the German Association of the Automotive Industry (VDA), the number of newly registered vehicles rose in India (23.0%) and in China (10.0%). In Europe (EU 27, EFTA, UK), the number of newly registered passenger cars went down (-4.1%), and likewise in the USA (-8.1%). In Germany, the total slightly exceeded the prior-year figure (1.0%). Once a number of problems in the supply chains had been overcome, car production in Germany rose again. Nevertheless, the production figures are still not back up to their pre-COVID-19 level from 2019.

DEKRA’s industrial business is influenced by the German and international industrial economy. In 2022, not only the consequences of the COVID-19 pandemic but also the turmoil due to the war in Ukraine were reasons for an increasingly difficult economic environment. In Germany, the manufacturing industry overall recorded a decline of -0.6%. However, production in energy-intensive industrial sectors suffered a far greater decline (-19.6%). Overall, production in the reporting year was characterized above all by higher energy costs and bottlenecks in procuring primary products and raw materials.

In the Training and Temp Work Service Divisions, the awarding of contracts in the public sector plays a relevant part, as does – above all – the demand in industry for temporary workers. According to data from the German Federal Employment Agency (BfA), the number of temporary workers on annual average for 2021 stood at 816,000, which was therefore higher than the previous year but still lower than in the year before the COVID-19 pandemic.

Business performance

Group

Still on track – despite the difficult environment

Due to the ongoing COVID-19 pandemic and the war in Ukraine, the economic environment has worsened on a global scale. Notwithstanding this situation, DEKRA managed to further expand its business volumes thanks to its good position on the markets and its customer-centric focus. Compared to the prior year, revenue rose by 7.4% to 3,796.5 million euros. In the face of rising personnel and energy costs, the earnings before interest and taxes (EBIT) did not manage to reach the high level of the prior year. Moreover, the prior-year figure had included the positive one-off effect of a conversion relating to a German association for employers’ liability insurance, amounting to 14.5 million euros. Earnings before interest and taxes dropped to 201.8 million euros (prior year: 216.1 million euros).

At Group level, sales increased by

7.4%

Sales growth in
5 of 6
Regions

Germany Region

In Germany, DEKRA's revenue grew by 9.9% to 2,358.5 million euros. This success is attributable to the high level of quality of DEKRA's services, its widespread presence in Germany, and the rapid digitalization of services. Moreover, revenue was underpinned by a positive development particularly in the sector of testing/inspection. Furthermore, the "Training" division was shaped by pandemic-related catch-up effects.

Inspection business holds up well

In 2022, the Vehicle Inspection division succeeded in achieving another increase in the number of general inspections. This meant that DEKRA was able to further reinforce its strong market position. In the Claims & Expertise division, the disastrous floods in Germany and Belgium in July 2021 were still having an effect during the year under review. Besides that, the increase in traffic volumes after the COVID-19 pandemic also had an effect on revenues.

In 2022, a new test stand for electric engines and electric drive axles went into operation at DEKRA Technology Center at the Lausitzring. DEKRA is thus expanding its position in a growth market of the mobility sector. One other highlight was the testing of a fuel-cell vehicle's hydrogen consumption on the dynamometer.

Revenue in the Industrial Inspection division achieved another increase thanks to the expansion of our market position. DEKRA was successful in acquiring major customers, including, companies in the building industry and energy sector.

The Training division registered the first catch-up effects subsequent to the relaxation of the COVID-19 restrictions. Revenue went up by 7.4% compared to the prior year, but nevertheless remains below the pre-crisis figure – also due to the lower level of unemployment and, in connection with that, the reduced public funding measures.

To mitigate the effects of this, in the reporting year we rigorously continued to further enhance our virtual learning portfolio, especially in the private sector. Our learning management system – the DEKRA Learncube – was enhanced to give a positive learning experience and was received with great interest by corporate customers, in particular. Revenues generated through business with corporate customers reached a record level of more than 40 million euros. Thanks to flexible learning concepts and acknowledged expertise, DEKRA succeeded in achieving strong growth in the sector of electromobility, too. DEKRA will therefore invest further in facilities and personnel and will continuously expand its range with qualifications for dealing with hydrogen and other areas.

The increasing lack of skilled workers, together with the future transformation of the economy propelled by digitalization, give rise to opportunities in terms of the re-skilling and upskilling of employees. The same applies to measures aimed at integrating refugees.

Despite difficult framework conditions, business in the Temp Work division developed positively in the year under review. For one thing, there was a rise in demand from customers in the logistics and automotive sectors. For another, it was possible to achieve significant growth in personnel recruitment, for example the recruitment of highly skilled professionals. The number of temporary workers in Germany rose from 10,532 to 10,690.

Central East Europe & Middle East Region

In the reporting year, DEKRA recorded revenue of 170.7 million euros (prior year: 166.2 million euros) in the Central East Europe & Middle East Region.

The growth in the year under review is attributable in part to the positive developments in the Vehicle Inspection division. The Company managed to expand its market position in the reporting year through the takeover of inspection stations in the Czech Republic in 2021. In addition, DEKRA achieved success in the business sector of organizational process reliability and product testing. Here, through taking over an Italian company in 2021, the Group strengthened its position in the testing of electromagnetic components (EMC) in 2022 with a new laboratory located in northern Italy.

North-West Europe Region

DEKRA managed to increase its revenue in the North-West Europe Region to 365.2 million euros (prior year: 355.8 million euros).

This growth is attributable in particular to the positive developments in the Claims & Expertise, Industrial Inspection, and Audit divisions. In the Claims & Expertise division, the post-pandemic rise in traffic volumes contributed to the growth, especially in Belgium and the Netherlands.

In Denmark, Sweden, and Finland, the existing vehicle inspection network was expanded further. The number of inspection stations rose to 147 (previous year: 133).

In the Netherlands, DEKRA expanded the test area in Arnhem for the Product Testing division by adding a new open area test site (OATS) for testing electromagnetic compatibility (EMC). The new testing facility can be used for testing large vehicles, such as electric buses and e-trucks, but also construction and agricultural machinery. This testing area gives DEKRA further possible ways of assisting manufacturers in developing, testing, and certifying their newly designed products.

South-West Europe Region

DEKRA generated revenue of 544.3 million euros in the South-West Europe Region, which was therefore below the prior-year figure (551.1 million euros).

The decrease in revenue occurred in France and stems from the Product Testing and Industrial Inspection divisions. In the Product Testing division, a major contract came to an end. In the Industrial Inspection division, staff shortages meant that this Service Division was not able to exhaust its full business potential.

On the other hand, Spain achieved an increase in revenue in the reporting year. There were positive developments in the Product Testing division – particularly due to the expansion of cybersecurity activities, telecommunications, and regulatory services – and in the Advisory & Training Services division. For instance, the Advisory & Training Services division managed to win the custom of a global player in the chemical industry for all aspects of work safety in constructing a new factory facility. Also, it succeeded in extending a contract with a leading manufacturer in the aeronautics sector. This contract relates to training courses dealing with the topics of health, safety, environment (HSE), mental health, and leadership. In Spain, the first DEKRA vehicle inspection station opened in May 2022 in the town of Leganés in the southwest region of Madrid. Further sites are to be added in due course.

In the Advisory & Training Services division, DEKRA successfully won the custom of, and performed consultancy projects for, a major producer of fertilizer that is based in Spain and has production facilities in France and the UK.

The Audit division won the custom of an international automobile manufacturer. With a combination of remote and on-site audits, DEKRA performed convincingly with regard to all aspects of vehicle warranty testing.

The Americas

In the year under review, the Americas Region recorded revenue growth of 19.7% to 113.5 million euros (prior year: 94.8 million euros).

This growth mainly stems from the Vehicle Inspection division in Costa Rica, the USA, and Mexico, and from the Product Testing and Audit divisions.

In the 2022 reporting year, DEKRA entered into the sector of periodic vehicle inspections in Costa Rica, thus underlining its position as the global market leader. Including Costa Rica, DEKRA now performs vehicle inspections in 24 different countries, five of which are on the American continent. In the year under review, DEKRA already opened 13 inspection stations in Costa Rica, generating revenue of 2.6 million euros.

In the Advisory & Training business sector, one highlight in the reporting year was the conclusion of a project for Canadian National Rail (CN Rail). Thanks to DEKRA's advisory services, CN Rail managed to make significant work safety improvements. Within the period of two years, the rate of injury within the company (which has 24,000 employees and a rail network totaling 36,000 km) went down by 32%.

APAC Region

DEKRA achieved further growth in the APAC Region. Revenue went up to 244.3 million euros (prior year: 221.2 million euros).

This is attributable in particular to the Vehicle Inspection division in New Zealand, through catch-up effects subsequent to the country's strict lockdown measures in 2021 during the COVID-19 pandemic.

Despite massive COVID-19 lockdown measures on mainland China, revenues achieved a slight increase there. On mainland China and in Taiwan, there were positive developments in particular in the Product Testing division, predominantly relating to failure analysis, LED testing, high power solutions, and climatic compatibility.

In the past years, DEKRA set up a network of high-performance test laboratories in this Region. One further milestone in this regard was the opening of a new test center for renewable energies in Shanghai, China. This means that DEKRA will also actively benefit in future from the growing demand in the Chinese solar energy industry. Measuring 2,600 square meters in total, the DEKRA Shanghai Renewable Energy Testing Center in Baoshan, Shanghai, is DEKRA's largest and most state-of-the-art solar laboratory. The service portfolio comprises inspections and certifications all along the entire solar value-added chain: from the raw materials, through the components and modules, and all the way through to power plant operations and low carbon certification.

In the consumer goods sector (Product Testing division), DEKRA successfully expanded its network of ATLs (authorized test labs) for Amazon's cloud-based voice service, Alexa. In the meantime, we have eight laboratories in China, Japan, and South Korea that test devices according to Amazon standards. In this way, DEKRA ensures that the products meet the requirements for acoustics, functionality, and user experience (UX).

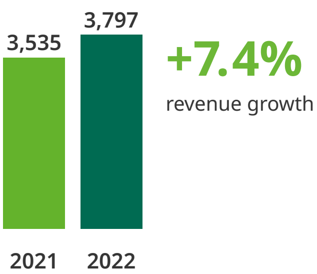
Overall statement by the management

Despite the far-reaching political and economic challenges, DEKRA managed to stay on course and achieve growth in the year under review. The Company has resolutely placed its focus on the needs of its customers and on the implementation of its corporate strategy. Thus, it has, for the most part, been able to counterbalance the impact of the war in Ukraine and the ongoing restrictions caused by the COVID-19 pandemic. DEKRA assumes that in 2023 too – as presented in the forecast report – the Company will be able to maintain its growth trend, in spite of all the uncertainties in the economic and geopolitical environment.

Results of operations, financial position, and net assets

Results of operations

Group revenues
worldwide in millions of euros



At 3,796.5 million euros (prior year: 3,534.8 million euros), the revenue of the DEKRA Group in financial year 2022 was 261.7 million euros higher than the prior-year level, which corresponds to a rise in revenue of 7.4% (prior year: rise of 10.9%). This therefore surpassed the goal for the 2022 financial year of achieving a revenue increase of 3% to 5% . However, earnings before interest and taxes (EBIT) decreased by 14.3 million euros from 216.1 million euros to 201.8 million euros, whereby this is largely due to the fact that in the financial year 2021 EBIT included the special effect of 14.5 million euros stated under personnel expenses, which led to a higher earnings figure. If EBIT is adjusted for this special effect, then in the 2021 financial year it would amount to 201.6 million euros. That means that, due to the growth in revenue, EBIT in the reporting year was on a par with the previous year and that the rise in costs – especially for personnel – was more than offset. The target set in the financial year 2021 was for a slight rise in EBIT in the financial year 2022. In fact, despite unanticipated cost increases and a higher level of sick leave due to COVID-19, the actual figure for EBIT in 2022 (after adjusting the prior-year figure for the aforementioned special effect stated under personnel expenses in the financial year 2021) was only slightly below expectations.

A 6.8% proportion of the revenue growth is derived from organic growth (prior year: 10.5%). Besides the expansion of business activities and volumes, price increases also contributed to this growth. A 0.1% proportion (prior year: 0.2%) of the growth was contributed by acquisitions made in the financial year and the full inclusion of the companies acquired during the previous year. Changes in exchange rates had the effect of increasing revenue by 0.5% (prior year: 0.2%).

In the financial year, all Regions except for South-West Europe recorded a rise in revenue compared to the prior year. In absolute terms, the Germany Region made a significant contribution to the revenue growth, recording a rise of 212.7 million euros compared to the prior-year revenue. The Region's revenue achieved particular growth in its Temp Work, Vehicle Inspection, and Industrial Inspection divisions.

Throughout the DEKRA Group, it was the services rendered in the Temp Work, Vehicle Inspection, and Claims & Expertise divisions that contributed significantly – in absolute terms – to the year-on-year growth.

Other operating income increased by 3.9 million euros to 47.1 million euros (prior year: 43.2 million euros). This is largely due to income from foreign currency valuations.

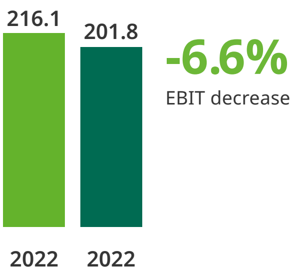
The cost of materials rose by a disproportionately low 6.9% compared to the revenue growth. The cost-of-materials ratio is 9.2%, slightly lower than in the previous year (prior year: 9.3%).

Personnel expenses rose by 9.6% in 2022 to 2,550.3 million euros (prior year: 2,327.3 million euros), thus at a disproportionately high rate compared to the revenue growth. The personnel expense ratio increased markedly by 1.4 percentage points in the financial year, from 65.8% to 67.2%. The rise in personnel expenses mainly results from the Temp Work division, due to a rise in business volumes, and due to a year-on-year increase in temporary workers' non-productive costs.

Other operating expenses went up by a disproportionately high rate of 8.3% compared to the revenue growth. They increased to 547.5 million euros, a rise of 41.9 million euros compared to the prior year. The expense ratio went up slightly by 0.1 percentage points to 14.4% (prior year: 14.3%). The disproportionately high increase is largely due to changes in the group of consolidated companies and exchange rate differences of 12.1 million euros in total. If the figure is adjusted for these effects, the increase in other operating expenses amounts to 5.9%, which is disproportionately low in relation to the growth in revenues, and the adjusted expense ratio of 14.1% is slightly below that of the previous year.

The depreciation/amortization volume increased slightly by 2.0 million euros to 204.1 million euros in the financial year (prior year: 202.1 million euros). The depreciation/amortization of intangible right-of-use, and tangible assets (property, plant, and equipment) rose by 5.7 million euros whereas, by contrast, expenses from non-scheduled write-downs on intangible assets went down by 5.6 million euros compared to the prior year.

EBIT
worldwide in millions of euros



Earnings before interest and taxes (EBIT) decreased by 6.6% to 201.8 million euros (prior year: 216.1 million euros). If EBIT is adjusted for the prior year's special effect of 14.5 million euros stated under personnel expenses, which increased the prior-year earnings result, then EBIT in the year under review has remained stable at the prior-year level. Year on year, the return on sales as a ratio of EBIT decreased by 0.8 percentage points to 5.3% (prior year: 6.1% return on sales). The special effect in the previous year amounting to 14.5 million euros, stated under personnel expenses, which raised the prior-year earnings result, made a 0.4% contribution to this decrease.

Compared to the prior year, the financial result went down by 8.5 million euros to 17.9 million euros. This is largely attributable to write-downs of loans to affiliated, non-consolidated subsidiaries and also to year on year changes in liabilities from put-call options in connection with subsidiaries acquired in previous years.

Consequently, earnings before income taxes (EBT) went down by 22.8 million euros to 183.9 million euros (prior year: 206.7 million euros). The return on sales as a ratio of earnings before income taxes decreased to 4.8% (prior year: 5.8%).

Compared to the prior year, the Group tax rate dropped 0.4 percentage points to 31.2% (prior year: 31.6%).

The consolidated net income for financial year 2022 decreased by 15.1 million euros to 126.4 million euros (prior year: 141.5 million euros), largely because of the decrease in EBIT amounting to 14.3 million euros.

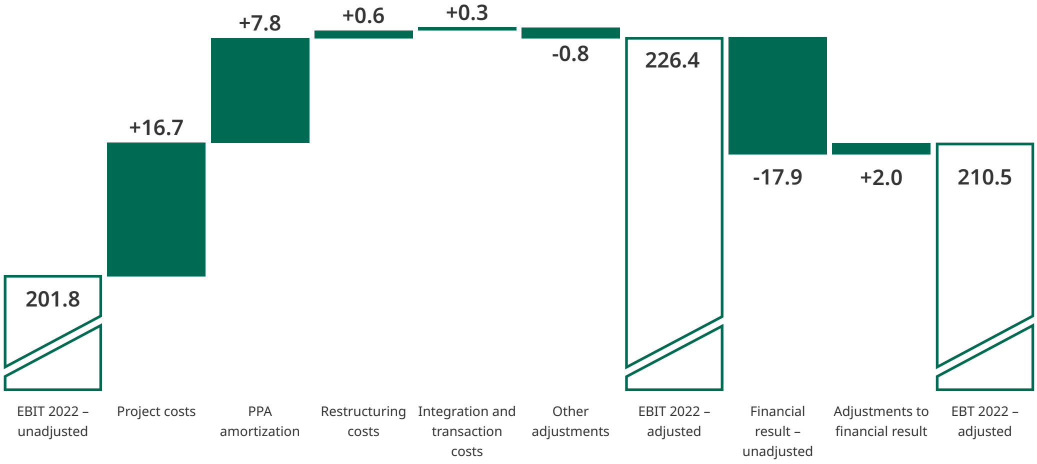
Other comprehensive income rose by 66.2 million euros to 137.1 million euros (prior year: 70.9 million euros). This development is mainly attributable to the actuarial adjustments made to pension liabilities, which caused an increase of 150.7 million euros in other comprehensive income (prior year: 54.9 million euros). On the other hand, the foreign currency translation reserve went down by 6.7 million euros (increase in prior year: 15.6 million euros), mainly due to subsidiaries in Sweden, the USA, and Taiwan. Furthermore, the adjustment made to equity instruments measured at fair value through other comprehensive income likewise had a negative effect of 6.9 million euros (prior year: +0.4 million euros) on other comprehensive income. Taking into account expenses and income recognized through other comprehensive income, this results in a total comprehensive income of 263.6 million euros (prior year: 212.4 million euros).

For reasons of comparability, EBIT and EBT for 2022 and 2021 were adjusted for the following non-operating (special) effects:
- systematic 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 into new countries or business segments;
- restructuring costs, M&A costs, and integration costs;
- earnings from the sale of companies and individual items of tangible assets (property, plant, and equipment), as well as from the subsequent measurement of purchase price components (earn-out agreements) and from purchase price reimbursements;
- proceeds from the one-off effect of a conversion under personnel expenses in the financial year 2021;
- foreign currency effects arising from intercompany loans (effect on the financial result);
- special effects from the measurement of put-and-call options (effect on the financial result).

The adjusted EBIT of 226.4 million euros was on a par with the prior-year figure (226.0 million euros). In the financial year 2022, EBIT was mainly adjusted for project costs for the major improvement of the IT infrastructure, as well as for market entry into new countries or business segments, Because of the disproportionately high growth in revenues, the margin for adjusted EBIT is down 0.4 percentage points to 6.0% (prior year: 6.4%). The adjusted EBT stood at 210.5 million euros in the financial year (prior year: 215.5 million euros). This represents a margin of 5.5% (prior year: 6.1%).

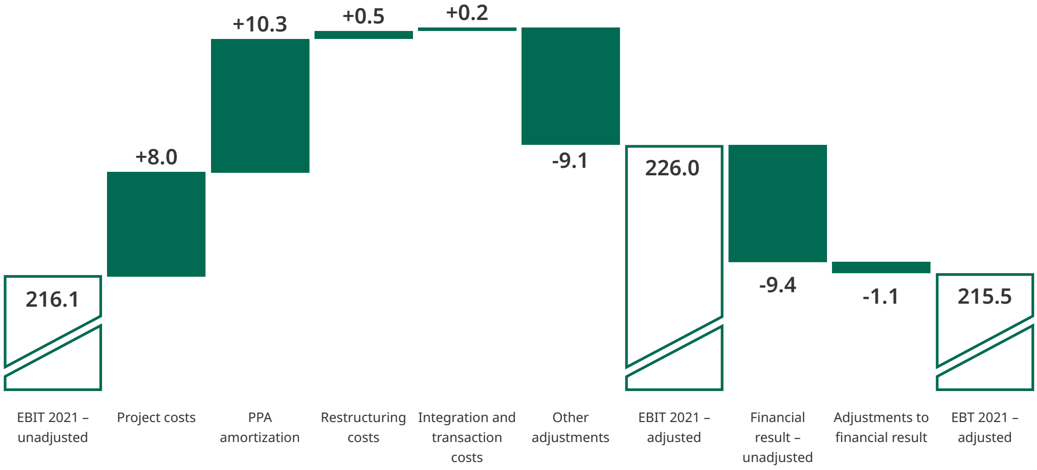
Reconciliation: adjusted EBIT and EBT 2022

in € million



Reconciliation: adjusted EBIT and EBT 2021

in € million



Financial position

Financial management

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

Cash management determines the required or surplus cash funds 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 or deposits it in bank accounts.

Market price risk management has the task of 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. Up to June 2022, DEKRA used derivative financial instruments to a small extent to hedge financing arrangements bearing variable interest rates.

The risk volume involved in the management of credit default risks includes investments in securities and the investment of liquid funds (cash and cash equivalents) at 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 liquid funds (cash and cash equivalents) are only made at top-rated financial institutions and on the basis of current rankings by rating agencies, also taking into account current CDS spreads. We use commercial credit agencies to assess the creditworthiness of our customers and in cases of doubt, we insist on upfront payment or the provision of bank guarantees.

Capital investments
The net capital investments in tangible assets (property, plant, and equipment) and intangible assets amounted to 133.1 million euros (prior year: 100.6 million euros). The Company mainly invested in land and buildings, technical and other equipment, furniture and fixtures, as well as in intangible assets. Investments in subsidiaries and business units amounted to 6.9 million euros in the financial year (prior year: 43.2 million euros).

Liquidity analysis
The development of liquidity in the DEKRA Group is mainly shaped by the decrease in net current assets (excluding cash and cash equivalents), by lower investments in financial assets and other assets, and also subsidiaries and business units, compared to the prior year, and by higher cash repayments of financial loans.

The cash flows from operating activities went down by 81.1 million euros to 286.3 million euros (prior year: 367.4 million euros). The contributing factors here, among other things, are the decrease of 15.1 million euros in the consolidated net income, the change in net current assets (excluding cash and cash equivalents) amounting to 42.4 million euros, and the rise of 22.9 million euros in taxes paid.

The cash flows from investing activities showed a cash outflow of 154.3 million euros (prior year: 175.0 million euros). This decrease mainly stems from lower investment in financial assets and other assets, and also subsidiaries and business units, which at 32.7 million euros was below the prior-year figure of 93.6 million euros. The investments in intangible assets and tangible assets (property, plant, and equipment), on the other hand, increased by 36.6 million euros to 143.2 million euros (prior year: 106.6 million euros).

The cash flows from financing activities showed a cash outflow of 223.8 million euros (prior year: 134.6 million euros). The increase in cash outflow is mainly attributable to higher repayments of financial loans amounting to 104.7 million euros (prior year: 47.8 million euros).

As a result, cash funds (consisting of cheques, cash on hand, bank balances, and cash equivalents) went down by 90.1 million euros to 136.5 million euros (prior year: 226.6 million euros).

Net assets and capital structure
The balance sheet total of 2,812.4 million euros remained at the prior-year level (2,811.3 million euros).

Whereas there was a slight increase of 8.7 million euros in non-current assets to 1,848.5 million euros (prior year: 1,839.8 million euros), there was, on the other hand, a decrease of almost exactly the same amount in current assets, which went down by 7.6 million euros to 963.9 million euros (prior year: 971.5 million euros).

The slight rise in non-current assets is mainly based on the effect of several opposing factors. Under the heading of “tangible assets (property, plant, and equipment),” there was a total increase of 14.7 million euros in other assets and factory and office equipment to 130.8 million euros (prior year: 116.1 million euros) and a rise of 11.5 million euros in payments on account and assets under construction to 24.0 million euros (prior year: 12.5 million euros). Under the heading of “leasing – right-of-use-assets,” the rights of use relating to real estate went up by 30.9 million euros to 359.0 million euros (prior year: 328.1 million euros). Under the heading of “intangible assets,” payments on account increased by 16.0 million. In contrast to these increases, there was a decrease of 62.7 million euros in deferred income tax assets, largely due to the remeasurement of pension obligations recognized through other comprehensive income.

The slight decrease of 7.7 million euros in current assets is mainly based on the effect of two opposing factors. Cash and cash equivalents decreased by 90.1 million euros to 136.5 million euros (prior year: 226.6 million euros). On the other hand, trade receivables increased by 83.5 million to 550.9 million euros (prior year: 467.4 million euros).

The equity ratio rose to

41%

Equity rose by 210.7 million euros to 1,153.5 million euros (prior year: 942.8 million euros). The factors contributing to this rise were the consolidated net income for the year of 126.4 million euros (prior year: 141.5 million euros), the remeasurement decrease of the pension liabilities amounting to 150.7 million euros (decrease in the prior year: 54.9 million euros), and the allocation of 10.0 million euros to capital reserves by DEKRA e.V., Stuttgart (prior year: 10.0 million euros). The profit transfer to DEKRA e.V., Stuttgart, of 61.7 million euros (prior year: 89.5 million euros) had a counteracting effect. The equity ratio thus rose significantly to 41.0% compared to 33.5% in the previous year.

Non-current liabilities decreased steeply by 271.7 million euros to 657.4 million euros (prior year: 929.1 million euros). This is mainly a result of a decrease of 237.4 million euros in pension provisions and similar obligations due to the reduction of 244.1 million euros in the present value of pension entitlements, combined with a decrease of 6.8 million euros in plan assets. There was also a drop of 60.7 million euros in non-current bank liabilities to 85.9 million euros (prior year: 146.6 million euros). In contrast, liabilities from lease agreements increased by 23.4 million euros to 300.1 million euros (prior year: 276.8 million euros). The current and non-current liabilities are mainly denominated in euros.

Current liabilities increased by 6.6% from 939.4 million euros to 1,001.5 million euros. This is mainly a result of the increase in other current liabilities and in trade payables.

The DEKRA Group requires sufficient liquidity scope for future capital investments, which is ensured by the promissory note loans taken out and by longer-term loan commitments. As of December 31, 2022, there are credit lines of 413.8 million euros (prior year: 440.5 million euros) granted in writing that have not yet been drawn.

Summary assessment of results of operations, financial position, and net assets

In spite of the difficult worldwide economic environment, the results of operations of the DEKRA Group continued to be robust in the financial year 2022. The development of revenues surpassed our expectations for the financial year, which meant that the earnings figure, adjusted for the prior-year special effect of an amount stated under personnel expenses in the financial year 2021, remained stable on a level with the previous year. The net assets and financial position allow sufficient scope for the Group to pursue its goals.

Risk, opportunities, and forecast report

Risk report

Managing risks systematically – integrated risk management process

DEKRA has established a strong risk culture that constitutes the basis for management processes. Its integrated risk management process has proved its worth and is undergoing continuous further enhancement. Its integration into management processes and day-to-day business, together with action control (the control of measures) and ad-hoc reporting, are key components of the process and were intensified further in the current financial year. As part of the risk inventory, risks relating to sustainability and climate change are also examined and taken into account.

Risk management is being refined on an ongoing basis within the framework of continuous monitoring and improvement processes. These measures are to safeguard the effectiveness of the internal control and risk management systems. The resulting findings are reported to DEKRA's Management Board (on a monthly basis) and to its Advisory Board and Supervisory Board (on an annual basis). This process is continuously adapted in response to changes in legal and economic conditions. The integrated risk management process consists of the following subprocesses:

Risk management process

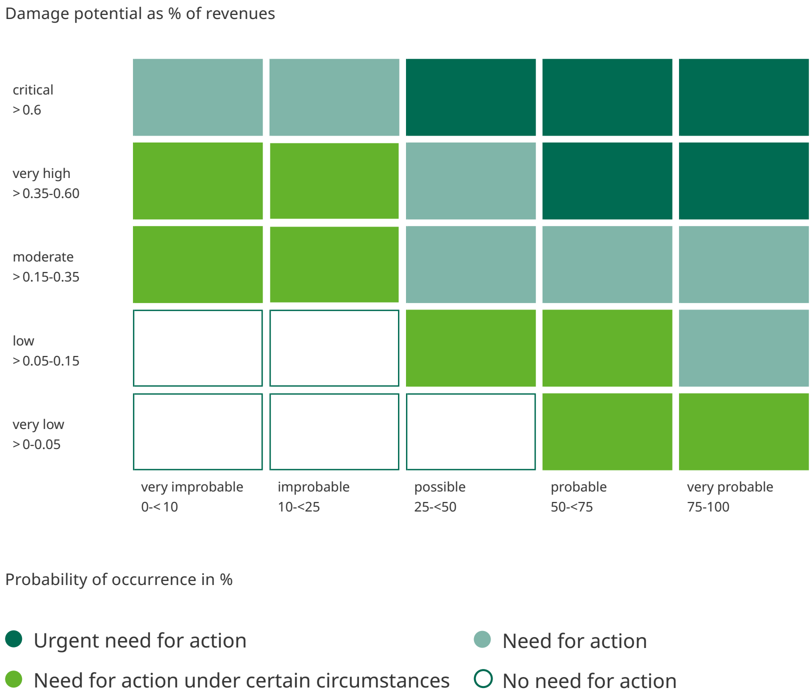
The risk inventory for short-term or medium-term risks and operational risks is performed for a multi-year period (the current financial year and two subsequent years). Strategic risks and opportunities of an accumulative nature are recorded in a separate risk inventory, which considers long-term risks with a time frame of four or more years. The Management Board attaches great importance to strategic risks because these can also represent major opportunities. Risks are defined as a negative deviation from the planning figures. If risks have already been recorded in the planning, these are not included in the risk inventories. Internal ad-hoc risk management – involving a reconciliation with the forecasting process for particularly urgent matters – is an instrument that is used as a means of communication and control within the DEKRA Group.

Moreover, regular controls take place, as well as a review of and adjustments to the effectiveness of measures and to the risk-bearing capacity. Additionally, we continuously reconcile all of this with the corporate strategy and the Company's risk appetite. The risk inventories and the ad-hoc reports are a key component of the action management and action control of the Management Board and of the managerial levels responsible. This is the basis upon which the Management Board performs qualitative and quantitative risk management.

The process also covers the DEKRA matrix of Regions and Service Divisions and its Steering & Support functions, so that potential risks with a need for action can be identified, processed, and controlled at the levels affected. The risk management process is used in day-to-day business for all processes of the internal control system and the cash and performance management system. Here, too, the focus is on the course of action (measures) and action control, as well as on managing opportunities in coordination with the Company's risk appetite, risk-bearing capacity, and business development. Risk-bearing capacity means the maximum degree of risk that the Company can take without jeopardizing its continued existence as a going concern. It is therefore understood to be a comparison of the overall risk with the financial resources available to cover risks (the so-called cover pool). Business development is an important component based on corporate strategy with regard to the implementation/realization of opportunities and the reduction of risks within the framework of action control.

The key indicator among operational risks is the expected damage figure. The expected damage figure (net) for individual risks is calculated from the combination of the likelihood of risks actually occurring and the damage potential for the financial year concerned.

Categorization of risks



Qualitative risks are taken into consideration, particularly in the field of quality management, internal audit, and sustainability management. The possible impact on the achievement of corporate strategic goals and on DEKRA's reputation is also taken into account here.

The Management Board and also the managerial levels responsible are kept informed on a regular basis of the current risk situation, of any changes in such, and of any countermeasures. On the basis of this, risks, opportunities, and countermeasures are controlled in qualitative and quantitative terms by Group-wide risk committees and by the Management Board, and the effectiveness of the course of action is reviewed. This action control ensures that the management of risks in terms of mitigation and handling is a permanently ongoing process. Additionally, the situation is reconciled at regular intervals with business development (investment management) as a central component of opportunities management. Regular risk committee meetings are held at several levels – Management Board, Executive Vice President (EVP), Regions and Service Divisions.

The findings from the risk management process are incorporated into the controlling, reporting, and budget process. Through the IT-based risk management system and the digital dashboard, the data is accessible at all times to all people taking action. This automated process greatly enhances the visibility of the existing risks, their perception, and their relevance, and swift access to the relevant data is guaranteed at all times.

Below, we present the risks existing at the balance sheet date with a need for action. Taking into account the risks recorded in the planning process, on the whole the overall potential risk exposure has remained stable compared to the prior year.

A transparent presentation and ongoing observation of the risks and measures laid down in the risk inventory ensure that manageable risks can be entered into. The prerequisites for bearing such risks are DEKRA's risk-bearing capacity, risk tolerance, and readiness to assume a risk.

The financial impact of the reported risks and the Group's risk-bearing capacity are analyzed regularly. Also, the countermeasures introduced are reviewed for their effectiveness and adjusted if necessary. The Group's risk-bearing capacity is ensured against the background of its overall risk scope, coverage potential, dividend policy, liquidity, rating, and creditworthiness. Based on the reported risks and the measures that are in place, the impact is manageable.

Operating risks

Disruptive technologies and political, regulatory, and economic conditions play a very important role in DEKRA's success as an expert organization with global operations. Changes in the business environment may give rise to revenue and income risks. DEKRA therefore closely and continuously monitors markets, sectors, and globally changing circumstances – particularly in the light of whether and how the development of technology could cast doubt on existing business models.

The business with automotive services is fundamentally exposed to the regulatory risk of changes in the law. These would potentially affect the following Regions above all: Germany, South-West Europe, North-West Europe, and Central East Europe & Middle East. This risk is currently deemed to be low need for action under certain circumstances. The intense competition and the changing technologies in the Vehicle Inspection Service Division give rise, however, to a moderate risk (need for action), because price rises can only be passed onto 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. If real or suspected economic uncertainty exists, the risk of a drop in orders increases. This affects the Product Testing and Industrial Inspection Service Divisions, for example, and the Regions of North-West Europe, Germany, APAC, and the Americas. In terms of the probability of occurence and in terms of the damage potential, this risk is classified as low, with a need for action under certain circumstances. To counter this risk, DEKRA is expanding its service portfolio and further globalizing its business.

The provision of services in the Advisory & Training Services and Temp Work Service Divisions is particularly dependent on the economic climate. In both of these Service Divisions, revenue and income may be affected by fluctuations in orders caused by general economic developments. The existence of this risk became evident in the past year in particular in the Germany and Central East Europe & Middle East Regions. DEKRA therefore resolutely counters these risks, which it classifies as moderate need for action under certain circumstances, by tapping into new markets, broadening its service portfolio, and offering customized services. New statutory regulations may lead to moderate risks need for action under certain circumstances in the Temp Work Service Division. DEKRA is responding to 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 most significant operating risk exposure currently lies in business environment and sector risks and/or market risks and macro-environmental risks. Currently, the following risk categories are regarded as the greatest risk exposure for DEKRA's EBIT and are listed together with their theoretically expected damage figures:

- amendments to European regulations in particular (4.5 million euros; prior year: 0 million euros)
- disruptive technologies (vehicles' general inspection, expert reports) (25.0 million euros; prior year: 2.5 million euros)
- competition risks and shortage of skilled workers (13.0 million euros; prior year: 13.0 million euros)
- price and inflation risks (34.8 million euros; prior year: 7.5 million euros)
- general economic risks, energy supplies (2.5 million euros; prior year: 0 million euros)
- impact of pandemics (25.0 million euros; prior year: 13.6 million euros)
- information technology and cybersecurity risks (2.4 million euros; prior year: 0 million euros)
- geopolitical crises and supply chain difficulties (4.4 million euros; prior year: 0 million euros)
- operating risks (0 million euros; prior year: 7.4 million euros)

On the whole, the risks with a need for action add up to a total theoretical expected damage figure of 111.6 million euros in 2022 (prior year: 44.0 million euros). The increase arises in particular because of geopolitical and pandemic-related events, together with the effects of their interaction. Disruptive technologies (including new competitors) increasingly pose strategic risks, but also present significant opportunities. We have initiated the appropriate courses of action.

The overall risk situation in relation to the net income for the year EBIT, and operating cash flow is within a normal entrepreneurial risk framework. It is reviewed regularly and reconciled with the Company's risk appetite, course of action, projects, and planning. The Company's long-term existence is safeguarded through strong, sustainable, performance-oriented, and cash-flow-based corporate management. The action control that is part of the risk management system is integrated into the day-to-day business and into the processes of the internal control systems.

The risk structure (risk profile) of the coming years and the spread of risks over the years from 2022 through to 2024 – also compared to the assessment from the prior-year period – is largely stable and manageable, given the existing and initiated measures.

Corporate strategy risks

With its organizational model "TOM 2020" (seven Service Divisions, six Regions, and Steering & Support functions), DEKRA is able to make even better use of growth opportunities. Based on the operating risk assessment, which mainly reflects the short-term and medium-term risk inventory for the current financial year as well as the two following years, the corporate strategy risk inventory is carried out (in the long term; time frame of four or more years subsequent to the risk inventory cut-off date) with an accumulative impact at the regional level and/or the Service Division level.

The most significant corporate strategy risk exposure currently lies in market risks and in risks inherent in the services/product life cycle/commodity sectors. The corporate strategy risks are categorized as follows:

- digitalization/data access/artificial intelligence
- new technologies
- new competitors
- services/product life cycle/commodity
- regulatory changes
- markets

Accumulative opportunities and risks can simultaneously have a positive and negative effect on different Regions and/or Service Divisions.

The Management Board attaches great importance to strategic risks because these can also represent major opportunities. Appropriate action has been initiated and will be continuously expanded and reviewed. We regularly reconcile this with the Group's strategy process and the Service Divisions' projects. The strategic risk report largely also includes the strategic opportunities arising from the strategic risks or emerging as opportunities for DEKRA. These opportunities are reviewed on a regular basis and reconciled with the business development (investment management).

The risk that the stronger focus on internal networking and greater proximity to the customer could fail is currently considered low (need for action under certain circumstances). This assessment is based on the professional project management surrounding the introduction of the new organization, which has proved its worth. DEKRA is also continuing its policy of organic growth supplemented by targeted acquisitions. By making strategic acquisitions, DEKRA broadens its base in terms of both expertise and geography. However, the integration of acquired companies can fail or be delayed. It could happen that budgets are not met and synergy effects remain unfulfilled. In the context of the new organizational model for the Regions, such risks are considered overall to be moderate (need for action under certain circumstances).

Overall, DEKRA counters corporate strategy risks through professional project, performance, and integration management. It reconciles these on a regular basis with the Group's Strategy 2025 with regard to its strategic focus.

The regulatory framework conditions in non-European countries differ from the conditions in Germany and Europe. As a result, the ongoing globalization of business carries 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 provided by insurance policies in response to changing circumstances.

Within the context of the strategic risk process, altogether 28 (prior year: 25) corporate strategy risks with a need for action were identified.

The strategic risk statements for each Region and Service Division were analyzed and discussed by each Region's EVP and each Service Division's EVP, as well as in the Risk Committee and the Management Board.

Currently, all strategic risks are manageable by DEKRA, given the corresponding measures and investments and the ongoing and planned business development projects, or else they also constitute opportunities from the Group's point of view. The sum of all strategic risks neither jeopardizes the continued existence of DEKRA as a going concern, not does it jeopardize the Group's corporate value.

Even taking the course of action into account, strategic risks and opportunities may have a negative or a positive effect (opportunity).

Economic performance risks

Accreditations and official authorizations are important factors on which DEKRA's success depends. Risk management plays a key role in this regard. With its internal control system for safeguarding service quality and through existing insurance policies, DEKRA reduces risks that may arise in terms of liability for its testing, expert appraisal reports, certifications, and seals. Moreover, risks due to lacking (or amended) official authorizations are identified by continuously reviewing the sector's norms and the law. In this way, we are able to identify legal and normative changes at an early stage and make prompt adjustments to DEKRA's services. What is particularly important in this context is that it often takes time and effort for employees to get the appropriate qualifications, and also the necessary technical equipment needs to be planned and provided in a timely manner.

In Germany, national requirements for the general inspection of vehicles stipulate that testing and measuring equipment be regularly gauged, calibrated, and unit-tested in accordance with various different standards. There must be proof that services to be audited by DAkkS [a German accreditation organization] are consistently in conformity with ISO. This applies equally to calibrations and information provided by car repair garages.

DEKRA has developed all the necessary calibration processes to such an extent that their accreditation by DAkkS has been successfully concluded. The measures needed for further adjustments to the accredited calibration processes and for the full implementation thereof have been initiated.

One element in identifying and assessing accreditation risks, internal process risks, and risks arising from monitoring the compliance of internal basic processes on a worldwide scale is the control self-assessment process. This is carried out along with the risk management surveys, resulting in the afore-mentioned risk inventory that summarizes and evaluates internal process risks and market risks.

Overall, the risk of authorizations based on accreditations being revoked is classified as low (need for action under certain circumstances) thanks to extensive precautionary and risk mitigation measures.

Personnel risks

All companies, and therefore DEKRA too, are affected by the progressive digitalization of the workplace, by political and economic events, and also by inflation, the energy crisis or the aftereffects of the COVID-19 pandemic. In terms of human resources, this gives rise to the following risks: For one thing, the ever-increasing shortage of skilled workers and, in connection with this, the problem of finding qualified staff. For another, the challenge of retaining existing employees at the Company. Additionally, as a corporate entity we also witness factors such as rising rates of sickness – due to COVID-19 – and a change in working conditions.

DEKRA's workforce is its most important asset because its employees are the people who render the services offered to customers worldwide. Their know-how is key to the success of our Company. For that reason, strengthening our workforce is the central theme of our newly defined HR strategy. In the medium and long term, we intend to concentrate here on the following strategic topics: culture, leadership, talent management, employee experience, digitalization, operational excellence, and Structure & Foundation. We are thus addressing precisely those topics that are of relevance to our staff and are currently listed as risk factors.

In 2022, we already took the first transformational steps in establishing a uniform corporate structure, standardized systems, governance, and common standards worldwide in our HR organization. In future, using data and KPIs, we intend to identify and analyze the key factors and either underpin or counteract these in a more targeted manner. In this context, our "Fundamentals of Good Governance" are currently being implemented with the aim of safeguarding our principles for a global HR organizational structure.

Much progress has already been made in the realm of "Diversity & Inclusion," too. We intend to live and breathe a diverse and inclusive corporate culture. That goes hand in hand with a diverse range of options that we offer to our employees, such as further training, customized working conditions, and career advancement opportunities. We are convinced that diversity in our Company will put us in a better position to respond to customers' needs and market situations.

In order to provide our employees with the possibility of continuous further training, we launched our Learning Management System (LMS) into which we continually feed new, exciting subject areas. There is a whole range of courses on offer here, dealing with all aspects of digitalization, specialist topics, and soft skill training, all the way through to promoting health and awareness, and overcoming stress.

IT risks

The risk exposure here is within the normal scope and is accompanied by appropriate countermeasures. As the first line of defense, in our operations we reacted promptly and in a targeted manner to current events and political situations that may pose a threat. The operational safeguarding of our day-to-day business is ensured by the Command & Control Center, an IT crisis center that operates 24/7. This is supplemented by the provision of AI-based evaluations of operating risks and the proactive design of countermeasures.

DEKRA has always kept its eye on the issue of security, but in these changing times, information and cybersecurity form one of the cornerstones that must be given consideration in an organization like DEKRA, which operates in more than 60 different countries. During the year now ended, we expanded our Group-wide information and cybersecurity organization on a global scale. Each company in the six Regions has a person appointed to be in charge of information security to provide DEKRA with a safeguard on every level.

One important topic that was also a focal point last year is the matter of raising awareness among our employees. For this purpose, we organized training courses, introduced "Cyber Month" worldwide, and ran (and are still running) phishing campaigns with the involvement of employees at all of our companies. The team responsible for information and cybersecurity continuously evaluates the degree of security achieved at each individual company of the Group, in order to obtain a transparent and complete overview of the current level of security attained, and to maintain this level or improve it wherever necessary. For the purpose of sustainable, standardized management within a global environment, we introduced tools and processes worldwide to support our companies. Our Cybersecurity Incident Response Team (CSIRT) continuously scans our internet parameters worldwide in order to detect weak spots and initiate the appropriate treatment so as to mitigate risks. In addition, we defined a Cyber Defense Network Model to react to cyber incidents in a globally coordinated manner. In the case of an attack, a response to the incident follows, and the necessary forensic examinations are carried out to minimize its impact.

Despite everything that we at DEKRA have achieved, we are aware that risks exist and that we need to work on them every day in order to minimize any impact on a global scale and lessen the likelihood of threats actually materializing. DEKRA is working continuously on improving what it has achieved so far and, as much as possible, on countering all existing risks that may threaten our business. We are pressing ahead further with the scheduled expansion of information and cybersecurity in order to duly respond to the level of threat that has changed considerably and is still changing. This includes not only implementing technical equipment, but also making adjustments to human resource capacities.

Financial business risks

DEKRA protects itself against the risk of bad debts and late payments through active customer and contract management, global key account management, and careful credit-rating checks. As most of DEKRA's transactions are conducted in euros, the exchange rate risk is low (need for action under certain circumstances). The Group's borrowings primarily constitute promissory note loans issued and loan commitments from banks.

As in the prior year, there are no significant bank guarantees or contingencies. Collateral and guarantees have been granted amounting to 7,813 thousand euros (prior year: 925 thousand euros). The risk of a claim being made on these is currently deemed to be low (need for action under certain circumstances). If a claim is made on the guarantees, they fall due immediately.

The liquidity scope required for the operating business is secured by means of liquid funds (cash and cash equivalents) and through lines of credit committed to DEKRA SE by banks. The central cash pool is used to control the liquidity and supply of the national – and increasingly also the international – subsidiaries. The resulting transparency prevents possible risks. Short-term investments of liquid funds (cash and cash equivalents) are only made at top-rated financial institutions and on the basis of current rankings by rating agencies, also taking into account current CDS spreads.

The risk of DEKRA being unable in the future to fulfill its payment obligations arising from financial instruments is also classed as low (need for action under certain circumstances).

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

Increasingly, there are significant risks but also opportunities inherent in new technologies and growing digitalization, and also, against this backdrop, the risk of new competitors. The above development was accelerated further by the impact of the COVID-19 pandemic. The measures to be named here, besides adjustments to the processes and cost structures, also include the related adjustments to the business models/business divisions and the connected investments required.

The risk structure, as well as the risk profile and the spread of risks at the individual companies and in the Group, are largely stable and are limited by the measures defined. The Group has risk-bearing capacity at all times. This is reviewed regularly against the background of its risk appetite and business development (investment management).

The strategic risks are currently manageable on the basis of the projects, measures, and investments that have been initiated and planned (business development) and on the basis of opportunities at DEKRA. The sum of all risks is justifiable in relation to equity and financial strength, against the background of the Group's risk appetite. Due to the strong equity, the sophisticated business models, the broad spread of the portfolio, the dividend policy, and the solid financing structure, the sum total of the individual risks does not endanger the ability of DEKRA to continue as a going concern in any way. Provided these are implemented consistently, and with a focus on strategic opportunities and risks, the Management Board considers the risk profile to be of a reasonable nature.

There are currently no identifiable risks to the Company's ability to continue as a going concern.

Opportunities report

Business environment and sector opportunities

Safety remains a basic human need for people across the entire globe. Notably the megatrends towards digitalization, technological changes, and the global challenges posed by climate change all harbor risks, but they also present opportunities. These will lead in future to greater demand for testing, certifications, and inspections in the industrial and private sectors. The demand for corresponding services is growing globally, not only in western industrial nations, but also in the developing and emerging economies. By increasingly focusing on its customers, alongside an extensive service portfolio in the three areas of life – on the road, at work, and at home – DEKRA is getting into position for these future growth opportunities.

Positioning in the future market of **automotive cybersecurity.**

DEKRA has succeeded in positioning itself in the automotive cybersecurity market of the future, covering all aspects of connected and automated driving, through its appointment as a Technical Service Office by Germany's Federal Motor Vehicle Office [in German: Kraftfahrtbundesamt]. The first projects with car manufacturers have already started up. Through its appointment, DEKRA has been given the status of a type tester for compliance with the new internationally applicable regulations governing cybersecurity and software updates. According to the UNECE-R 155 and 156 requirements, manufacturers must provide proof of the appropriate management systems for the entire service life of a vehicle and must have this checked every three years.

Information technology opportunities

It is expected that the market for testing, inspections, and certifications (TIC) will grow, given the increasing introduction of inspection and certification services for digital products. Besides that, companies that operate on today's markets must comply with reliable, efficient testing and inspection procedures in order to fulfill the highest quality standards and achieve all-round efficiency. The increasing volume of international imports and exports, consumer entertainment electronics, agriculture, and various industrial sectors, including the automotive industry (electric vehicles), will all open up an increasing number of opportunities for TIC services in the coming years. Major companies throughout the world are prepared to outsource TIC services in order to lower their operating costs and concentrate on their core areas of competence, so that they can put their resources to more efficient and more effective use. It is expected that stricter testing, inspection, and certification regulations will be introduced, particularly in the field of cybersecurity and AI.

Moreover, the swiftly advancing megatrends, including the demographic change and urbanization, will guarantee that there are numerous possibilities for current and pending industrial and commercial projects. This, in turn, will lead to stronger market growth in all Regions.

Digital adjustments and capabilities represent the primary driving force for achieving success on the market and securing a competitive edge over other market players in terms of scalable business opportunities. DEKRA has recognized the huge potential inherent in digital services and expects that its strong focus on the digital transformation process will strengthen its customer ties, resulting in significant growth and greater profitability. Furthermore, DEKRA has developed a compelling digital vision, strategy, and roadmap aimed at transforming and digitalizing its core operating processes, thus successfully taking the Company forward into the future. By establishing and consolidating a Group-wide, cross-divisional Center of Excellence for cybersecurity, artificial intelligence, future mobility, and sustainability, DEKRA has created added value for the Group by improving existing services and opening up new business potential.

Corporate strategy opportunities

On the one hand, there are several factors that are propelling the global regulatory changes, including, among other things, the emphasis placed on human health and safety, greater awareness of environmental factors, and new disruptive technologies that are resulting in complex requirements but at the same time are giving rise to major opportunities for TIC companies on the market. On the other hand, these TIC companies have to keep pace with the aforesaid changes and deal with the challenge of serving their local markets effectively and efficiently within a globally competitive environment.

DEKRA – as an independent third-party entity – has set about creating value for its customers through the digital transformation of its entire core service portfolio. DEKRA is striving to achieve a high degree of digitalization that will have a direct impact on revenue growth, time-to-market, product quality, and cost efficiency. In the coming years, the top priority for DEKRA will be the deployment of artificial intelligence and remote services as the underlying technology in applying the pinpointed areas of corporate focus to the following sectors: future vehicle and mobility services; information and cybersecurity and sustainability services. One of the most frequent areas of application of AI is, for instance, the automation of tedious, repetitive laboratory tasks, and simplifying the analysis of thousands of items of data for reporting purposes.

The growing number of e-commerce platforms and the emergence of technologies such as the IoT, AI, and cloud security increases the demand for cybersecurity services and solutions, thus influencing DEKRA's core strategy. DEKRA's key corporate mission is to be a reliable business partner for a safe world and, as such, we focus strongly on – and invest in – cybersecurity services aimed at protecting business data and preventing loss through cyberattacks.

Economic performance opportunities

Having a clearly formulated corporate strategy enables us to recognize risks and opportunities in connection with the Company's core business strategy, business planning, and operations throughout the entire value-added chain. In today's dynamic and complex business environment, our priorities and strategies will undergo continuous improvement, given that our world has to deal with swift technological changes and acute shock situations. One of DEKRA's improvement programs is aimed at strengthening our regional presence in countries in the Asian-Pacific Region and in America, closely followed by organic and non-organic ambitions. The main emphasis here is on expanding our cybersecurity services and product testing services in both these Regions, based on growing demand on the part of SMEs and large corporations. It is worth mentioning that the aforementioned improved technology will help us to improve our own performance, enabling us to provide state-of-the-art services to our local and global customers.

Forecast report

Weaker growth

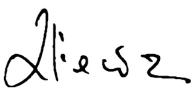
Growth in the world economy is likely to weaken in 2023 compared to the preceding year. Given the political tensions and economic crises, the International Monetary Fund (IMF) anticipates growth of 2.9% (prior year: 3.4%) for the global gross domestic product (GDP). Whereas growth of 4.0% is expected for the developing and emerging countries, the eurozone is only expected to see growth of 0.7% and the USA 1.4%. India and China are likely to record the strongest growth (6.1% and 5.2%, respectively).

The challenging state of the world economy, which could lead to a recession in many of the countries, and the geopolitical challenges that exist render it difficult to make any prognosis. In view of our good position in existing and in future markets, however, we continue to assume that our growth trend will continue. Revenue is expected to increase at a mid-single-digit rate in financial year 2023. The growth will primarily be of an organic nature, supplemented by selective takeovers. Furthermore, we anticipate a moderate increase in EBIT for 2023. To achieve this, DEKRA will further expand its activities in business sectors with greater return potential, exploit synergies within and between its divisions, and continue to optimize the global structures and processes in sales, in the Service Divisions and in its Steering & Support functions. Moreover, we expect for 2023 that the rate of sick leave caused by COVID-19 will return to normal. The number of employees will also rise, parallel to revenues. DEKRA expects an increase in its workforce in the low four-digit range by year-end 2023. The financial year 2022 has highlighted our resilience in times of crisis. That reinforces our belief in our "Vision 2025": By 2025, when DEKRA will celebrate its centenary year, we intend to have digitized our entire service portfolio, and be the global partner for a safe, secure, and sustainable world.

Global partner for a safe and sustainable world by

2025

Stuttgart, March 30, 2023
DEKRA SE
The Executive Board



Zurkiewicz, Chairman

Linsenmaier

Contents

DEKRA SE
Consolidated Statement of Comprehensive Income for the 2022 Financial Year

in € thousand	Notes	2022	2021
Revenue	5.1	3,796,536	3,534,817
Increase (prior year: decrease) in work in progress		1,110	-9,762
Own work capitalized		9,698	11,155
Other operating income	5.2	47,141	43,191
Cost of materials	5.3	-350,846	-328,273
Personnel expenses	5.4	-2,550,253	-2,327,346
Other operating expenses	5.5	-547,521	-505,608
Amortization/depreciation of intangible assets, right-of-use assets, and tangible assets (property, plant, and equipment)	5.6	-204,075	-202,085
Profit/loss from financial assets measured at equity	5.7	-377	-324
Interest income	5.7	14,957	8,873
Interest expense	5.7	-28,923	-17,734
Other financial result	5.7	-3,537	-168
Financial result	**5.7**	**-17,880**	**-9,353**
Earnings before taxes		**183,910**	**206,736**
Taxes on income	5.8	-57,471	-65,283
Net income for the year	**5.9**	**126,439**	**141,453**
thereof attributable to owners of DEKRA SE	6.12	123,841	140,223
thereof attributable to non-controlling interests	6.13	2,598	1,230
Net gain/loss on reserve for:			
hedging instruments measured at fair value through other comprehensive income	6.16	20	39
deferred taxes recognized through other comprehensive income	5.8	-7	-12
Difference arising from foreign currency translation	5.9	-6,674	15,588
Items that may possibly be reclassified subsequently to profit or loss		-6,661	15,615
Net gain/loss on reserve for:			
remeasurement of defined-benefit pension plans	6.14	214,602	78,460
equity instruments measured at fair value through other comprehensive income	6.5	-6,922	406
deferred taxes recognized through other comprehensive income	5.8	-63,903	-23,536
Items that will not be reclassified subsequently to profit or loss		143,777	55,330
Other comprehensive income		**137,116**	**70,945**
Total comprehensive income		**263,555**	**212,398**
thereof attributable to:			
owners of DEKRA SE		260,957	211,168
non-controlling interests		2,598	1,230

DEKRA SE
Consolidated Balance Sheet as of December 31, 2022

Assets

in € thousand	Notes	Dec. 31, 2022	Dec. 31, 2021
Non-current assets			
Intangible assets	6.1/6.2	767,400	744,403
Right-of-use assets	8.1	400,024	369,903
Tangible assets (property, plant, and equipment)	6.3	484,319	448,943
Financial assets measured at equity	6.4	18,317	18,239
Other non-current financial assets	6.5	78,070	94,414
Other non-current assets	6.6	9,474	10,308
Deferred income tax assets	5.8	90,860	153,563
		1,848,464	**1,839,773**
Current assets			
Inventories	6.7	10,819	8,903
Contract assets	6.8	70,459	62,644
Trade receivables	6.8	550,918	467,412
Other current financial assets	6.9	139,217	158,423
Other current assets	6.10	43,834	40,885
Current income tax receivables	5.8	12,111	6,664
Cash and cash equivalents	6.11	136,529	226,626
		963,887	**971,557**
Total assets		**2,812,351**	**2,811,330**

Equity and liabilities

in € thousand	Notes	Dec. 31, 2022	Dec. 31, 2021
Equity			
Subscribed capital	6.12	25,565	25,565
Capital reserve	6.12	630,529	620,529
Revenue reserves	6.12	605,078	552,368
Accumulated other comprehensive income	6.12	-124,076	-270,929
Total equity of the owner		**1,137,096**	**927,533**
Non-controlling interests	6.13	16,367	15,290
		1,153,463	**942,823**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	6.14	199,578	436,951
Other non-current provisions	6.15	27,159	26,433
Non-current financial liabilities	6.16	404,527	441,488
Other non-current liabilities	6.18	1,247	1,651
Deferred income tax liabilities	5.8	24,899	22,539
		657,410	**929,062**
Current liabilities			
Other current provisions	6.15	25,413	27,765
Trade payables	6.17	133,900	107,772
Contract liabilities	6.17	55,872	56,466
Current financial liabilities	6.16	352,762	344,271
Other current liabilities	6.18	428,744	396,461
Current income tax liabilities	5.8	4,787	6,710
		1,001,478	**939,445**
Total liabilities		**1,658,888**	**1,868,507**
Total equity and liabilities		**2,812,351**	**2,811,330**

DEKRA SE
Consolidated Statement of Changes in Equity 2022

				Accumulated other comprehensive income				Equity		Group equity
in € thousand	Subscribed capital	Capital reserve	Revenue reserves	Translation reserve	Equity instruments measured at fair value through other comprehensive income	Hedging instruments measured at fair value through other comprehensive income	Remeasurement of defined-benefit pension plans	**Total equity of owners**	Non-controlling interests	
As of Dec. 31, 2020	**25,565**	**610,529**	**504,571**	**-23,387**	**19,251**	**-40**	**-340,882**	**795,607**	**12,899**	**808,506**
Profit/loss transfer agreement/dividend distribution			-89,488					-89,488	-152	-89,640
Capital increase		10,000						10,000		10,000
Other changes								0	1,316	1,316
Changes to the consolidated group				253				253		253
Acquisition of non-controlling interests			-7					-7	-3	-10
Disposal of equity instruments measured at fair value through other comprehensive income			-2,931		2,931			0		0
Consolidated net income for the year			140,223					140,223	1,230	141,453
Other comprehensive income for the period				15,588	406	27	54,924	70,945		70,945
Total comprehensive income	**0**	**0**	**140,223**	**15,588**	**406**	**27**	**54,924**	**211,168**	**1,230**	**212,398**
As of Dec. 31, 2021	**25,565**	**620,529**	**552,368**	**-7,546**	**22,588**	**-13**	**-285,958**	**927,533**	**15,290**	**942,823**
Profit/loss transfer agreement/dividend distribution			-61,678					-61,678	-952	-62,630
Capital increase		10,000						10,000		10,000
Other changes								0	-569	-569
Changes to the consolidated group			284					284		284
Disposal of equity instruments measured at fair value through other comprehensive income			-9,737		9,737			0		0
Consolidated net income for the year			123,841					123,841	2,598	126,439
Other comprehensive income for the period				-6,674	-6,922	13	150,699	137,116		137,116
Total comprehensive income	**0**	**0**	**123,841**	**-6,674**	**-6,922**	**13**	**150,699**	**260,957**	**2,598**	**263,555**
As of Dec. 31, 2022	**25,565**	**630,529**	**605,078**	**-14,220**	**25,403**	**0**	**-135,259**	**1,137,096**	**16,367**	**1,153,463**

For further explanations, please refer to note 6.12 in the Notes to the Consolidated Financial Statements

DEKRA SE
Consolidated Statement of Cash Flows

Operating activities

in € thousand	Notes	2022	2021
Consolidated net income for the year		126,439	141,453
Depreciation/amortization/impairment losses/reversal of impairments on assets	5.7/6.1/6.3/8.1	209,717	202,346
Gain/loss from the disposal of financial assets, intangible assets, and tangible assets (property, plant, and equipment)		-4,129	-508
Interest income/expenses and dividends		-499	4,930
Tax expense	5.8	61,303	65,283
Change in non-current provisions		-21,226	-18,817
Other non-cash-effective expenses/income		4,940	5,997
Change in inventories, receivables, and other assets		-88,483	-5,655
Change in liabilities and current provisions		60,433	20,039
Profit or loss from associates	5.7	377	324
Interest received		9,754	3,478
Taxes paid		-75,358	-52,445
Tax refunds		844	589
Dividends received	5.7	2,167	370
Cash flow from operating activities		**286,279**	**367,384**

Investing activities

in € thousand	Notes	2022	2021
Cash paid for investments in:			
intangible assets and tangible assets (property, plant, and equipment)	6.1/6.3	-143,230	-106,553
financial assets and other assets	6.5/6.6/6.9	-25,793	-50,397
subsidiaries and other business entities	7	-6,948	-43,217
Cash received from disposals of:			
intangible assets and tangible assets (property, plant, and equipment)	6.1/6.3	10,117	5,915
financial assets and other assets	6.5/6.6/6.9	11,546	16,256
subsidiaries and other business entities		0	2,957
Cash flow from investing activities		**-154,308**	**-175,039**

Financing activities

in € thousand	Notes	2022	2021
Cash received from equity contributions from the shareholder	6.12	10,000	10,000
Cash paid to shareholders and non-controlling interests from profit transfers/dividends		-90,441	-35,014 *
Cash received/paid relating to loans to shareholders		53,947	5,743 *
Cash for repayments of loans	6.16	-104,687	-47,756
Cash from loan borrowings	6.16	29,807	44,371
Cash for repayments of lease liabilities		-111,122	-103,658
Interest paid		-11,322	-8,242
Cash flow from financing activities		**-223,818**	**-134,556**

* Prior-year figures corrected

Cash funds (cash and cash equivalents)

in € thousand	Notes	2022	2021
Cash-effective changes in cash funds		-91,847	57,789
Changes in cash funds due to changes in exchange rates and the consolidated group		1,750	1,365
Cash funds (cash and cash equivalents) at the beginning of the financial year	6.11	226,626	167,472
Cash funds (cash and cash equivalents) at the end of the financial year	**6.11**	**136,529**	**226,626**

Notes to the Consolidated Financial Statements of DEKRA SE, Stuttgart, for the 2022 Financial Year

1 General information

DEKRA SE has its registered office at Handwerkstrasse 15 in Stuttgart, Germany, and is entered in the Commercial Register at Stuttgart District Court under HRB no. 734316.

DEKRA is an international, independent expert organization operating in the business divisions of Vehicle Inspection, Claims & Expertise, Product Testing, Industrial Inspection, Advisory & Training Services, and Temp Work.

The consolidated financial statements as of December 31, 2022 include DEKRA SE and its consolidated subsidiaries.

The members of the Management Board prepared and approved the consolidated financial statements of DEKRA SE for the financial year from January 1 to December 31, 2022 on March 30, 2023, and presented them to the members of the Supervisory Board for review and approval.

These financial statements and management report are published in the electronic Federal Gazette [in German: Bundesanzeiger]. The prior-year financial statements and management report were published in the 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 direct and ultimate parent of the Company.

2 Accounting principles

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union at the end of the reporting period, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB [Handelsgesetzbuch: German Commercial Code].

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 financial statements later on in these notes.

The consolidated financial statements are presented in euros, which is DEKRA SE's functional and presentation currency. Unless otherwise stated, all amounts have been rounded up or down to the nearest thousand euros (€K) in accordance with customary commercial practice.

The consolidated financial statements comply with the requirements of Sec. 315e (3) HGB.

3 Recognition and measurement principles

The recognition and measurement principles (accounting and valuation methods) adopted are fundamentally 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 2022 financial year in accordance with the respective transitional provisions are presented below.

The following IFRS standards and interpretations were subject to mandatory application for the first time in the financial year:

Standard/Interpretation; effective date	Impact on the consolidated financial statements of DEKRA SE
Amendment to IAS 16: Proceeds before Intended Use; January 1, 2022	No material impact
Amendment to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; January 1, 2022	No material impact
Amendment to IFRS 1: Subsidiary as a First-time Adopter; January 1, 2022	No material impact
Amendment to IFRS 3: Reference to the Conceptual Framework; January 1, 2022	No material impact
Amendment to IAS 41: Taxation in Fair Value Measurements; January 1, 2022	No impact
Amendment to IFRS 9: Fees in the “10%” Test for Derecognition of Financial Liabilities; **January 1, 2022**	No material impact
Amendment to IFRS 16: Amendment of illustrative Example 13 accompanying IFRS 16; **January 1, 2022**	No impact

The IASB and the IFRS IC have issued the Standards, Interpretations and Amendments listed below that were not yet subject to mandatory adoption as of December 31, 2022. There are no plans to adopt these new pronouncements early.

Amended standards and interpretations:

Standard/Interpretation; effective date	Adopted by the EU Commission	Anticipated impact on the consolidated financial statements of DEKRA SE
IFRS 17: Insurance Contracts; January 1, 2023	Yes	No impact
Amendments to IAS 1: Classification of Liabilities as Current or Non-current; Change from “significant” to “material”; January 1, 2024	Yes	No impact
Amendment to IAS 8: Definition of Accounting Estimates; January 1, 2023	Yes	No impact
Amendment to IAS 12: Mandatory recognition of deferred taxes for transactions that give rise to temporary differences of the same amount upon first-time recognition that are to be taxed and are deductible; January 1, 2023	Yes	No material impact
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; n/a	No	No material impact

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 company. A subsidiary is consolidated for the first time with effect from the date on which DEKRA SE takes over control of it. 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 operations that would have had to be included with their pro rata assets and liabilities and with their income and expenses.

Joint ventures and 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 in the financial year, a total of two German (prior year: two) companies and two foreign (prior year: two) companies were consolidated using the equity method. These companies were capitalized for the first time at acquisition cost. Subsequently, the carrying amounts of the shareholding investments are increased or reduced each year by the proportionate share of their net income, 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 joint ventures and associates. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized systematically. As of each reporting date, DEKRA tests whether the carrying amount is impaired pursuant to IAS 36.

Subsidiaries, joint ventures, joint operations, and associates that are individually and jointly immaterial for the Group and for the presentation of a true and fair view of the results of operations, financial position, and net assets have generally been included in the consolidated financial statements at fair value.

Furthermore, the investment shares of individual companies are recognized at acquisition cost, taking into consideration any impairment losses and reversals of impairment losses. These companies are individually and jointly of immaterial significance.

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.

As of December 31, 2022, the consolidated group includes DEKRA SE and the other entities listed in "Other disclosures." The financial statements of the individual subsidiaries are included in the consolidated financial statements as of December 31, 2022 using the uniform accounting and valuation methods (recognition and measurement principles) stipulated by DEKRA SE. In addition to DEKRA SE, Stuttgart, a total of 22 German (prior year: 22) and 130 foreign (prior year: 127) 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.

Capital consolidation is performed using the purchase method of accounting 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 has always been recorded to date in accordance with IFRS 3 (purchased goodwill method).

In the course of business acquisitions, sometimes arrangements are made concerning the payment of contingent consideration, and call-and-put options are sometimes agreed with non-controlling shareholders. 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 through profit or loss. In the case of call-and-put options, the acquired entity 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. The income tax effects are taken into consideration and deferred taxes are recognized.

Foreign 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 remaining 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 was 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 under “Other operating income” or “Other operating expenses” in the statement of comprehensive income. Foreign currency gains and losses arising from taking out loans are recognized in the financial result. Non-monetary assets and liabilities are generally not remeasured in subsequent periods.

The following table shows the exchange rates of material companies denominated in foreign currencies.

1 euro =	Rate as of balance sheet date		Annual average exchange rate	
	Dec. 31, 2022	Dec. 31, 2021	**2022**	2021
Brazilian real (BRL)	5.6386	6.3101	5.4400	6.3814
Czech koruna (CZK)	24.1160	24.8580	24.5602	25.6468
Chinese renminbi (CNY)	7.3582	7.1947	7.0801	7.6340
Danish krone (DKK)	7.4365	7.4364	7.4396	7.4371
Pound sterling (GBP)	0.8869	0.8402	0.8526	0.8600
Croatian kuna (HRK)	7.5365	7.5156	7.5350	7.5291
Hungarian forint (HUF)	400.8700	369.1900	390.9442	358.4625
Moroccan dirham (MAD)	11.1533	10.5352	10.5845	10.5437
New Zealand dollar (NZD)	1.6798	1.6579	1.6585	1.6725
Hong Kong dollar (HKD)	8.3163	8.8333	8.2512	9.1988
Polish zloty (PLN)	4.6808	4.5969	4.6845	4.5640
Swedish krona (SEK)	11.1218	10.2503	10.6024	10.1449
US dollar (USD)	1.0666	1.1326	1.0539	1.1835
South African rand (ZAR)	18.0986	18.0625	17.2097	17.4795
Taiwan dollar (TWD)	32.7208	31.4777	31.3373	33.0382
Swiss franc (CHF)	0.9847	1.0331	1.0052	1.0814
Japanese yen (JPY)	140.6600	130.3800	138.0050	129.8575

3.2 Significant recognition and measurement principles

The financial statements have, in principle, 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. In the DEKRA Group, this primarily includes shareholding investments in non-consolidated subsidiaries, securities, obligations from options, and contingent purchase price components. Furthermore, pensions and similar obligations are excluded from measurement at fair value.

Differentiation between current and non-current

Assets and liabilities that are expected to be realized or settled within the next twelve months are generally to be classified as current. All other assets and liabilities are generally to be classified as non-current. Current assets also include assets (e.g., inventories and trade receivables) that are sold, utilized, or realized within the normal business cycle, even if they are not expected to be realized within twelve months subsequent to the balance sheet date. Current liabilities, such as trade payables and provisions for personnel-related expenses and other operating expenses make up part of the current working capital that is needed in the normal business cycle of the Company. Such operating items are classified as current liabilities even if they fall due later than twelve months subsequent to the balance sheet date.

Business combinations and goodwill

The acquisition method is used when accounting for business combinations. The purchase cost of a company acquisition is calculated as the sum of the consideration transferred, which is measured at fair value on the date of purchase. In all cases of business combinations, the Group decides whether to measure the non-controlling interests in the acquired entity at fair value or at the corresponding proportionate share of the identifiable net assets of the acquired entity. Acquisition-related costs incurred in the context of a business combination are recognized under the heading of other operating expenses.

If the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and liabilities taken over in accordance with the contractual terms, the business circumstances and the conditions prevailing on the date of purchase.

The agreed contingent consideration is recorded at fair value on the date of purchase. A contingent consideration that is classified as equity is not remeasured and the settlement at a later date is recorded under equity. A contingent consideration that is classified as an asset or liability in the form of a financial instrument falling within the scope of application of IFRS 9 Financial Instruments is measured at fair value through profit or loss, pursuant to IFRS 9. All remaining contingent considerations that do not fall within the scope of application of IFRS 9 are measured at fair value through profit or loss on each balance sheet date.

The amount by which the purchase price of a company acquisition exceeds the fair value of the individually identifiable acquired net assets is recognized as goodwill. Acquisition-related costs are recognized through profit or loss.

According to IAS 38, goodwill arising from capital consolidation is not amortized systematically, but is subject to impairment testing once a year or more frequently if events or changes indicate that the value could be impaired. Where necessary, impairment losses are recognized in accordance with IAS 36 (impairment-only approach). For further explanations on the topic of impairment losses, please refer to the section headed “Impairment losses and reversals of impairment losses.”

Intangible assets

Purchased intangible assets that have a finite useful life are recognized at cost, less accumulated amortization and accumulated impairment losses. Purchased intangible assets that have an indefinite useful life are recorded at cost, less accumulated impairment losses.

Internally generated intangible assets 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 current expenses and were immaterial in the past financial year.

The useful lives of all intangible assets are classified as finite and they average between four and seven years for concessions, industrial property rights, and similar rights and assets, between five and eleven years for internally generated intangible assets, and between three and eight years for other intangible assets. For purchase price allocations, the useful lives of trademarks or customer bases amounting to between ten and fifteen years were utilized. Systematic amortization is performed 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. Impairment losses are recognized under amortization and depreciation. For further explanations on the topic of impairment losses, please refer to the section headed “Impairment losses and reversals of impairment losses.”

Property, plant, and equipment

Pursuant to IAS 16, property, plant, and equipment are recognized at cost, less accumulated systematic depreciation. If there are indications of impairment and the recoverable amount is below the amortized cost, then an impairment loss is recognized. For further explanations on the topic of impairment losses, please refer to the section headed “Impairment losses and reversals of impairment losses.”

Manufacturing costs include the direct cost of materials and production, as well as production overheads. Subsequent costs are capitalized when it is probable that future economic benefits, in excess of the originally assessed earning power 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.

Property, plant, and equipment are depreciated systematically on a straight-line basis over the economic useful lives of the individual assets. The useful lives of buildings and their individual components are between ten and forty years, technical equipment and machines between five and ten years, and other equipment, furniture, and fixtures between three and ten 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. The useful lives of assets are subject to regular checks. Gains and losses from the disposal of assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are 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.

Leasing

Leasing as a lessee

As a lessee, the Group leases real-estate property, technical equipment, IT, and other equipment, furniture, and fixtures. In accordance with IFRS 16, the Group recognizes rights of use and lease liabilities for the majority of these lease agreements. In doing so, non-lease components are separated from lease components.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments expected to be made over the lease term. These comprise fixed payments, variable lease payments that are index-linked, as well as the cost of exercising a reasonably certain purchase option, any penalty payments from a reasonably certain termination option, and payments expected by the Group arising from residual value guarantees. The measurement of the lease liability also takes into account lease payments based on a reasonably certain extension option. Variable lease payments that are not linked to an index or (interest) rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. For calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liabilities is increased to factor in the higher interest expenses and decreased to factor in the lease payments made. Moreover, the carrying amount of the lease liabilities is remeasured if there are changes in the lease agreement, in the duration of the lease agreement, in the lease payments (e.g., changes in future lease payments because of a change in the index or interest rate applied to the payment), or if there are changes in the assessment of a purchase option for the underlying asset.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, the initial direct costs incurred, and the lease payments made upon or before the commencement date, less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the useful life or lease term, whichever is shorter, of the underlying lease agreement. The associated amortization of right-of-use assets is recognized under depreciation/amortization of intangible assets, right-of-use assets, and tangible assets.

For lease agreements for assets with a term of 12 months or less and for leases of low-value assets, the Group exercises the practical expedients that apply to short-term leases and to leases for which the underlying asset is of low value. The expense for such lease agreements is recognized under the heading of other operating expenses.

Leasing as a lessor
For some leases, the Group assumes the role of lessor. These leases have been classified as operating leases. The Group applied IFRS 15 “Revenue from Contracts with Customers” in order to allocate the contractually agreed consideration to the individual lease and non-lease components. The income from operating lease agreements is recognized under the heading of other operating income. Leases arising from subletting contracts only exist to a very small extent.

Inventories

Inventories are generally 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 instruments

A financial instrument is a contract that simultaneously 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 under potentially favourable terms and conditions. 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 investee companies are included.

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

Financial instruments are recognized as soon as DEKRA becomes a party to a contract.

Financial assets and liabilities are only netted and stated as a net amount in the balance sheet if, at the present time, there is a legal claim to setting the amounts off against each other and if it is intended either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets

Financial assets are accounted for pursuant to IFRS 9. Under IFRS 9, financial assets are divided into three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured 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 value of the consideration paid, plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest rate method. Interest income and interest expense and also impairment losses are recognized through profit or loss.

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

Financial assets at fair value through other comprehensive income
Debt instruments that, although they satisfy 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. Changes in value are generally recognized in the statement of comprehensive income. By contrast, information on the collection of contractual cash flows in the case of debt instruments, such as interest income, and dividends in the case of equity instruments are recognized through profit or loss.

The DEKRA Group uses this category to account for shares in affiliated companies and investee companies. These shares are held as long-term, strategic shareholding investments that are not expected to be sold in the short to medium term. Accumulated gains or losses are reclassified to other revenue reserves on the date of disposal.

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.

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

The DEKRA Group allocates the securities that it holds to this category.

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.

Financial liabilities
Pursuant to IFRS 9, financial liabilities are divided into two categories: financial liabilities measured at amortized cost and financial liabilities measured 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 measured 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. The participation rights capital was measured at amortized cost.

Financial liabilities at fair value through profit or loss
Derivatives with negative market values must always 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 a purchaser in the context of a business combination pursuant to IFRS 3. Other liabilities can optionally be assigned to this category, in the same way as “financial assets measured at fair value through profit or loss.”

The measurement is the same as for “financial assets measured at fair value through profit or loss.”

In the DEKRA Group, liabilities from company acquisitions are allocated to this category.

Financial liabilities are derecognized if these are repaid, i.e., the obligations stated in the contract are fulfilled or annulled or have lapsed.

Trade receivables, contract assets, and other financial assets

Trade receivables and other financial assets are measured at amortized cost or fair value, depending on their category as described in the section above. Non-current non-interest-bearing receivables are stated at present value using an interest rate matching their maturity.

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

Trade receivables, contract assets, and other financial assets, as well as receivables from lease agreements, are subject to the impairment model of IFRS 9. This is explained in more detail in the section “Impairment losses and reversals of impairment losses pursuant to 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. Cash equivalents have a remaining duration term of up to three months, calculated from the date of acquisition. The expected credit losses are also determined using the impairment model pursuant to IFRS 9. This is explained in more detail in the section “Impairment losses and reversals of impairment losses 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 items. If such exist, they are duly taken into account.

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 capital consolidation that cannot be recognized for tax purposes – and for tax loss carryforwards. 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 directly in other comprehensive income; in this case, the deferred taxes are likewise recorded in other comprehensive income.

Deferred tax assets for tax loss carryforwards are only recognized to the extent that it is probable that future taxable profit will be available against which they can be set off.

Deferred tax assets and liabilities are disclosed as a net amount in the consolidated balance sheet as long as there is a legally enforceable right to offset current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority. Accordingly, offsetting is carried out at entity level 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 annually at year-end and whenever necessary for indications that an asset may be impaired. If such indications are found to exist, the recoverable amount of the asset concerned is estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU (cash-generating unit) to which the asset belongs is determined. The recoverable amount is the higher of an asset's net realizable value and its value in use (present value of expected 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 the estimate and the recoverable amount is higher than the carrying amount. Impairment losses are recognized under amortization and depreciation.

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 generally cannot 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 (CGU).

The cash-generating units (CGUs) relevant for the goodwill impairment test are defined at the regional cluster level and at the level of the globally operating Temp Work unit. This is largely due to the joint management and monitoring of the individual regional clusters and the globally operating Temp Work unit.

In the course of the impairment test of a cash-generating unit, the carrying amount of the CGU 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 that will generate the future cash inflows.

If the net sales proceeds and the present value of the expected future 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 CGU. This allocation is made in proportion to the individual assets' share in the CGU'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 CGU.

Impairment losses and reversals of impairment losses 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 and for all financial guarantees and loan commitments. The impairment approach provides a three-stage model for determining the amount of the impairment, except for trade receivables and contract assets.

- **Stage 1: Credit losses expected within the next 12 months**
  Stage 1 comprises all instruments upon their initial recognition and all instruments for which there has not been a significant increase in credit risk since initial recognition. A default expected within the next 12 months is considered as an impairment loss.

- **Stage 2: Credit losses expected over the entire duration term – no impairment to credit standing**
  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 significant increase in credit risk is assumed if the past-due-date status is longer than 30 days.

- **Stage 3: Credit losses expected over the entire duration term – impairment to credit standing**
  If there is also objective evidence of impairment in addition to a significant increase in the risk of default as of the reporting date, all expected losses of the instrument are recognized as impairment over its entire duration term. A past-due-date status of more than 90 days and also further indications of financial difficulties on the part of the debtor are taken to be objective evidence of impairment.

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) and data on macroeconomic developments. This information also serves to ascertain the probability of default and the default ratio and therefore also to calculate the expected credit losses.

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 partners and from the loss ratio and the amount at risk of default. The expected credit losses on bank balances are only adjusted if the change is of a material nature.

For trade receivables and contract assets, DEKRA uses a simplified approach to determine the expected credit losses. For these instruments, the focus is on the credit losses expected over the entire duration. 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.

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 pursuant to acknowledged guidance tables, 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 achieved by fixed-interest high-quality corporate bonds as of the reporting date. The provisions are 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.

Pursuant to IAS 19.123, net interest on net debt or on the net asset value arises as interest from the reporting period on the net debt or on the net asset value. It is determined at the start of the financial year and presented as the amount by which the provision or asset recognized in the past has increased due to the interest during the period.

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. The service cost and past service cost from plan amendments are immediately recognized in personnel expenses in the financial year in which the amendments are made. Interest expenses are recognized in the financial result.

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

Other provisions

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

The provision is measured at the most probable amount and at the expected amount if there is a range of different figures. Where possible, it is determined and measured on the basis of contractual agreements; otherwise calculations are based on past experience and estimates by management.

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

Contract liabilities

If a customer pays a 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 provides services in the Vehicle Inspection, Claims & Expertise, Product Testing, Industrial Inspection, Advisory & Training Services, and Temp Work Service Divisions and recognizes the associated income 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 if there is either a continuous flow of benefits to customers or if an asset with no alternative use is created. In both cases, an ordinary right of termination 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 underlying performance obligation. The percentage of completion per contract to be recognized is calculated as the ratio of the actual costs incurred to overall anticipated costs of the project (cost-to-cost method). This is the most suitable method for DEKRA to measure progress. If the outcome of a service obligation to be rendered over a time period is not reasonably certain but DEKRA expects nevertheless that it will at least get its costs reimbursed by the customer, then the revenue is only recognized at an amount corresponding to the contract costs incurred.

The transaction prices are essentially fixed prices. As a rule, the contracts with customers only contain one performance obligation. Contract costs are recognized as an expense in the period in which they are incurred. If it is foreseeable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Contracts are generally processed within one year. The revenue recognition, settlement, and cash inflows result in invoiced trade receivables, contract assets (receivables from unbilled service contracts), and contract liabilities (liabilities from unbilled service contracts). Because DEKRA renders services, there are no returns of goods. Also, the granting of credit to customers does not play a significant role.

DEKRA performs "revenue recognition at a point in time" in all of its Service Divisions. In the case of this type of revenue recognition, revenue is recognized when DEKRA has rendered the service. "Revenue recognition over time" is notably performed in the Product Testing, Industrial Inspection, and Training Service Divisions.

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 associated conditions will be complied with, and the grant will be received. They are recognized through profit or loss as of the date when the subsidized expenses are incurred, unless they relate to subsidies for an asset. Government grants are generally disclosed without offsetting under other operating income. Grants for assets are deducted from the carrying amount of the relevant asset and recognized in profit or loss applying a reduced amortization charge over the asset's economic useful life.

Valuation policy decisions and estimates

In applying the recognition and measurement principles, the members of the Management Board made the following valuation policy decisions, which have a material impact on the amounts stated in the financial statements.

The consolidated financial statements include assumptions and estimates that 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 and 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 balance sheet items. 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.

Several lease agreements containing extension and termination options were concluded. Valuation policy decisions are made in assessing whether it is reasonably certain that the option of extending or terminating the lease will or will not be exercised. That means taking into account all relevant factors constituting an economic incentive to exercise the option of extending or terminating the lease. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is under the Group's control and affects the ability to exercise or not to exercise the option to extend or to terminate the lease (e.g., performance of significant leasehold improvements or significant customization of the leased asset).

The duration term of lease agreements generally corresponds to the contractual term. Because open-ended contracts do not have a contractually fixed duration 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, other equipment, furniture, and fixtures. The cluster term was determined for the financial year and is based on past experience. Also for termination and extension options, the cluster term is determined as the term of the lease, provided that the cluster duration term is greater than the contractual term. Should a contract with a termination or extension option have a longer contractually agreed term than the cluster term, the contractual term is then used.

We refer to note 8.1 for details of potential lease payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Goodwill is tested 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 (CGUs). The main estimate parameters were the future expected net cash flow surpluses, based on market developments and on 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 parameters should change, the recoverable amount is currently expected to exceed the carrying amount of goodwill. Especially 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. The fair values utilized for the impairment test are also used for the valuation of equity instruments measured at fair value. Because estimates have to be performed, as described in this paragraph, for the calculation of the fair value and no active market exists, these are measured at fair value through other comprehensive income.

Loss allowances on trade receivables relate to assumptions regarding the risk of default and the expected loss ratios ("loss given default" – LGD). DEKRA makes these assumptions based on past experience, existing market conditions and estimates about the future as of the end of the reporting period.

Selecting the method to determine the degree of completion of customer contracts requires judgement and depends on the type of service concerned. 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 total costs calculated.

The 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 trends, and age. Changes in parameters can have a significant effect on the pension benefit obligation. For further explanations, we refer to note 6.14.

In the case of business combinations, sometimes contingent purchase price components exist 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 it is likely they can be used. The probability of their being used in the future is assessed taking into account various factors, such as future taxable earnings in the planning periods. DEKRA uses a planning horizon of five 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 Business combinations (company acquisitions)

Presentation of significant company acquisitions in the financial year

No significant company acquisitions occurred in the 2022 financial year. Furthermore, no company acquisitions occurred that are jointly of significance.

Presentation of significant business combinations in the prior year

In 2021, the acquisition of Centro Misure Compatibilità S.r.l., Italy, was significant. This company acquisition gave rise to goodwill of 4.9 million euros.

With effect from May 1, 2021, Centro Misure Compatibilità S.r.l. was included in the consolidated financial statements and was merged with DEKRA Testing and Certification S.r.l., Italy, with effect from October 1, 2022. In the period from January 1, 2022 through to September 30, 2022, the company contributed 10.5 million euros (prior year: 2.3 million euros) to Group revenues.

5 Consolidated statement of comprehensive income

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

5.1 Sales revenue

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

Revenue by region

in € thousand	**2022**	2021
Germany	2,358,469	2,145,742
South-West Europe	544,346	551,077
North-West Europe	365,189	355,830
APAC	244,301	221,179
Central East Europe & Middle East	170,662	166,231
Americas	113,569	94,758
	3,796,536	**3,534,817**

Revenue by Service Division

in € thousand	2022	2021
Vehicle Inspection	1,308,340	1,217,736
Industrial Inspection	555,880	555,022
Claims & Expertise	514,590	483,406
Temp Work	539,244	438,471
Product Testing	317,848	296,254
Advisory & Training Services	410,710	403,197
Audit	108,834	99,891
Other	41,090	40,840
	3,796,536	**3,534,817**

In the financial year, the former Service Divisions “Training” and “Consulting” were combined into the new “Advisory & Training Services” division. The disclosures of the previous year have been adjusted accordingly.

Gross revenue also includes revenue (over time) from service contracts not yet billed at year-end amounting to 63,278 thousand euros (prior year: 59,392 thousand euros), recognized proportionately over the period in which the service is rendered. Out of that amount, a sum of 38,588 thousand euros (prior year: 36,208 thousand euros) was generated in the Product Testing Service Division.

In the 2022 financial year, revenue was generated as follows:

Revenue was realized as follows in the financial year:

in € thousand	2022	2021
Amounts recorded under contract liabilities at the beginning of the period	55,129	41,557
Performance obligations fulfilled in earlier periods	4,251	6,354
	59,380	**47,911**

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

At DEKRA, the terms of payment differ according to region and service. Across the Group, the terms of payment generally range between 10 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 unfulfilled or partially unfulfilled performance obligations can be broken down as of December 31, 2022 as follows:

in € thousand	2022	2021
Within one year	5,958	6,557
More than one year	2,250	1,884
	8,208	**8,441**

5.2 Other operating income

Other operating income amounts to 47.1 million euros in the financial year (prior year: 43.2 million euros). This contains exchange rate gains of 6.0 million euros (prior year: 2.4 million euros). It also includes income from the disposal of tangible assets amounting to 5.0 million euros (prior year: 2.7 million euros) and government grants totaling 3.3 million euros (prior year: 7.2 million euros), which mainly took the form of integration aid and payroll subsidies. Furthermore, there was also off-period income of 3.1 million euros (prior year: 2.2 million euros) and income from damage compensation amounting to 2.4 million euros (prior year: 2.0 million euros).

5.3 Cost of materials

The cost of materials breaks down as follows:

in € thousand	**2022**	2021
Cost of purchased services	314,436	290,871
Cost of purchased merchandise	36,410	37,402
	350,846	**328,273**

5.4 Personnel expenses

in € thousand	**2022**	2021
Wages and salaries	2,113,679	1,921,032
Social security costs (excl. pension insurance premiums)	285,155	253,585
Pension costs	151,419	152,729
	2,550,253	**2,327,346**

Pension costs also include employer contributions to the statutory pension insurance fund amounting to 117.8 million euros (prior year: 109.7 million euros). The majority of the Group’s workforce are salaried employees.

The Group’s employees are distributed as follows (annual average):

	2022	2021
Germany	23,527	22,936
South-West Europe	7,918	8,037
Central East Europe & Middle East	4,549	4,105
APAC	3,655	3,526
North-West Europe	3,318	3,186
Americas	1,137	790
Central units	645	671
Service Divisions	324	282
	45,073	**43,533**

5.5 Other operating expenses

Other operating expenses amount to 547.5 million euros (prior year: 505.6 million euros) and mainly include IT and telephone costs of 104.3 million euros (prior year: 99.8 million euros), travel expenses of 99.8 million euros (prior year: 86.0 million euros), administrative expenses of 99.5 million euros (prior year: 89.3 million euros), rent and building costs of 68.4 million euros (prior year: 63.5 million euros), as well as other personnel expenses of 46.9 million euros (prior year: 38.8 million euros). There were impairment losses of 1.4 million euros (prior year: 5.4 million euros) included under the heading of “other operating expenses.” These constitute a netted item, whereby income of 6.4 million euros (prior year: 6.4 million euros) is netted with expenses of 7.8 million euros (prior year: 11.8 million euros). Other operating expenses also contain exchange rate losses of 6.0 million euros (prior year: 2.7 million euros).

5.6 Amortization and depreciation of intangible assets, right-of-use assets, and tangible assets

The composition of depreciation, amortization, and impairment losses is presented in the statements of changes in intangible assets, right-of-use assets, and tangible assets (property, plant, and equipment). See notes 6.1, 6.3, and 8.1.

5.7 Financial result

The financial result breaks down as follows:

in € thousand	**2022**	2021
Investment results from companies accounted for using the equity method	**-377**	**-324**
Dividends from equity instruments measured at fair value through other comprehensive income	94	370
Other investment results	2,350	28
Expenses from investments and shares in affiliates	-5,766	-261
Result from securities	-260	33
Result from loans	45	-338
Other financial result	**-3,537**	**-168**
Interest and similar income	14,957	8,873
Interest and similar expenses	-28,923	-17,734
thereof, interest expenses from financial instruments measured at amortized cost	-7,541	-6,082
thereof, interest expense from unwinding discount on lease liabilities	-5,200	-5,209
thereof, expense from changes in market value	-6,307	-22
thereof, interest expense from provisions for the phased retirement scheme	-4	-17
thereof, net funding balance from obligations for phased retirement scheme	-9	149
thereof, net funding balance from pension provisions	-5,145	-3,833
thereof, other interest and similar expenses	-4,717	-2,720
Interest result	**-13,966**	**-8,861**
Financial result	**-17,880**	**-9,353**

The investment result from companies accounted for using the equity method, which amounts to -377 thousand euros (prior year: -324 thousand euros), largely relates to the receipt of proportionate shares in the profits/losses at FSD Fahrzeugsystemdaten GmbH, Dresden/Germany and Spearhead AG, Dietlikon/Switzerland.

The expenses from shareholding investments and shares in affiliated companies mainly relate to write-downs on loans.

The heading of "interest and similar income" mainly includes income from the market evaluation of securities amounting to 6,450 thousand euros (prior year: 690 thousand euros) and foreign currency valuations amounting to 5,106 thousand euros (prior year: 3,373 thousand euros). Furthermore, it also includes interest income of 2,972 thousand euros (prior year: 2,624 thousand euros) from loans issued and from receivables. Expenses from the increase in liabilities arising from put and call options in connection with the subsidiaries acquired in prior years had an impact of -6,307 thousand euros (prior year: income of 2,022 thousand euros) on interest and similar expenses.

The net funding balance from pension provisions is derived from interest expenses of 13,049 thousand euros (prior year: 8,280 thousand euros) arising from pension obligations, less the return on plan assets of 7,904 thousand euros (prior year: 4,447 thousand euros).

5.8 Taxes on income

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

Tax allocations to DEKRA e.V., Stuttgart, of 35.1 million euros (prior year: 40.5 million euros) are also recognized under income taxes. The tax allocation corresponds to the actual tax incurred through to the level of DEKRA SE. The resulting receivables and liabilities are included under receivables from/ liabilities to affiliated companies.

in € thousand	**2022**	2021
Current taxes	57,165	67,196
Deferred taxes		
Temporary differences	2,393	-1,335
Tax loss carryforwards	-2,087	-578
	57,471	**65,283**

Current tax expenses contain off-period tax of -689 thousand euros (prior year: -688 thousand euros).

As of the reporting date, the DEKRA Group stated a total 37,584 thousand euros (prior year: 28,777 thousand euros) of unused tax loss carryforwards, which resulted in deferred tax assets of 9,763 thousand euros (prior year: 7,646 thousand euros). The Group considers it reasonably certain that future taxable income will be available against which these can be utilized. The respective local tax rate was used in each case. The current tax expense is reduced by 305 thousand euros (prior year: 1,313 thousand euros) due to the utilization of hitherto unused tax losses.

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: 25.0%) 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, 2022 break down as follows:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Non-current assets				
Right-of-use assets – leasing	0	0	72,120	71,131
Plan assets/employers' pension liability insurance	105,758	96,327	0	0
Other non-current assets	10,310	5,788	28,082	26,315
Current assets	4,219	4,913	5,580	4,583
Non-current liabilities				
Lease liabilities	55,322	55,688	0	0
Pension provisions/plan assets	165,755	233,584	199,465	191,581
Other non-current liabilities	577	1,901	1,369	1,274
Current liabilities	20,965	20,303	92	242
Deferred taxes on temporary measurement differences	**362,906**	**418,504**	**306,708**	**295,126**
Deferred taxes on tax loss carryforwards	9,763	7,646	0	0
Total deferred taxes	**372,669**	**426,150**	**306,708**	**295,126**
Offsetting at tax group level	-281,809	-272,587	-281,809	-272,587
Balance sheet disclosure	**90,860**	**153,563**	**24,899**	**22,539**

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	**2022**	2021
Consolidated earnings before tax	183,910	206,736
Expected tax expense (30.525%)	56,139	63,106
Losses for which no deferred taxes were recognized	2,129	1,753
Differences from foreign tax rates	-3,588	-2,021
Tax-free income	-996	-715
Non-deductible expenses	5,867	6,592
Off-period tax items	-2,093	-3,553
Other tax effects	13	121
Effective tax expense	**57,471**	**65,283**

Deferred income tax assets and current income tax receivables

The Group has unused tax losses that can be carried forward indefinitely of 50,801 thousand euros (prior year: 43,822 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 arising from the remeasurement of defined-benefit plans, an amount of 63,909 thousand euros (prior year: -23,548 thousand euros) was reported through other comprehensive income. There were also changes in the deferred taxes from first-time consolidations as well as from currency translation effects.

The rise in current income tax receivables largely results from first-time consolidations.

Deferred income tax liabilities and current income tax liabilities

Besides those from effective tax obligations, tax liabilities arise mainly from deferred tax liabilities. The table above shows the recognition and measurement differences derived from adjusting the consolidated companies’ commercial balance sheets to be in conformity with IFRS and the consolidation entries recognized through profit or loss, which resulted in deferred tax assets or liabilities. Deferred taxes of 0.3 million euros (prior year: 0.9 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 35.1 million euros (prior year: 40.5 million euros) has been offset against receivables from affiliates.

5.9 Other comprehensive income

The consolidated net income for the year pursuant to IFRS stands at 126.4 million euros (prior year: 141.5 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 reclassified to the income statement in the future, include the remeasurement of defined-benefit pension plans amounting to 214.6 million euros (prior year: 78.5 million euros), less associated deferred taxes of -63.9 million euros (prior year: -23.5 million euros), and also include the change in the fair value of equity instruments measured at fair value through other comprehensive income amounting to -6.9 million euros (prior year: 0.4 million euros).

Furthermore, there is also an amount of -6.7 million euros in losses from the foreign currency translation of subsidiaries’ financial statements that are denominated in foreign currencies, which is recognized through other comprehensive income (prior year: income of 15.6 million euros). The effects of foreign currency translation primarily relate to the conversion of the Swedish krona, the US dollar, and the Taiwan dollar. Under certain circumstances, this item will be reclassified to the income statement in the future.

6 Consolidated balance sheet

Non-current assets

6.1 Intangible assets

In addition to goodwill, this heading includes customer bases acquired for a consideration that are recorded under “other intangible assets.” Items also include concessions, industrial property rights and similar rights and assets, as well as internally generated intangible assets (IT developments).

Internally generated intangible assets of 2,049 thousand euros (prior year: 1,269 thousand euros) were recognized for software developments in the reporting year.

In the financial year, impairment losses of 90 thousand euros (prior year: 5,669 thousand euros) were recognized for IT projects on account of the changed general framework conditions.

in € thousand	Intangible assets					
	Goodwill	Concessions, industrial property rights, and similar rights and assets	Other intangible assets	Internally generated intangible assets	Payments on account and intangible assets under development	Total
Purchase/manufacturing cost As of Jan. 1, 2021	**605,298**	**193,906**	**224,458**	**47,255**	**23,068**	**1,093,985**
Exchange difference on opening balance	10,648	249	2,495	362	12	13,766
Exchange difference in current year	25	217	188	93	22	545
Additions	0	7,066	2,914	1,269	21,364	32,613
Additions to the consolidated group	10,050	0	3,695	0	0	13,745
Disposals	-143	-2,372	-8,797	-9,722	-860	-21,894
Reclassifications	0	3,761	4	12,114	-16,348	-469
As of Dec. 31, 2021/Jan. 1, 2022	**625,878**	**202,827**	**224,957**	**51,371**	**27,258**	**1,132,291**
Exchange difference on opening balance	-1,077	290	-1,056	-392	40	-2,195
Exchange difference in current year	9	-26	-16	-53	1	-85
Additions	0	10,944	3,463	2,049	23,819	40,275
Additions to the consolidated group	6,137	43	1,281	17	0	7,478
Disposals	-248	-10,910	-1,356	-3,861	-34	-16,409
Reclassifications	0	8,014	188	577	-7,775	1,004
As of Dec. 31, 2022	**630,699**	**211,182**	**227,461**	**49,708**	**43,309**	**1,162,359**
Amortization and impairment losses As of Jan. 1, 2021	**-361**	**-158,545**	**-179,595**	**-33,622**	**0**	**-372,123**
Exchange difference on opening balance	206	-165	-1,686	-271	0	-1,916
Exchange difference in current year	0	-217	-272	-71	0	-560
Additions	0	-14,204	-12,240	-7,154	-774	-34,372
Additions to the consolidated group	0	0	0	0	0	0
Disposals	0	2,257	8,690	9,451	685	21,083
Reclassifications	0	0	0	0	0	0
As of Dec. 31, 2021/Jan. 1, 2022	**-155**	**-170,874**	**-185,103**	**-31,667**	**-89**	**-387,888**
Exchange difference on opening balance	164	-150	1,072	17	0	1,103
Exchange difference in current year	0	12	95	55	0	162
Additions	0	-10,556	-9,978	-3,278	-27	-23,839
Additions to the consolidated group	0	-11	-85	-17	0	-113
Disposals	0	10,838	983	3,860	0	15,681
Reclassifications	0	0	-66	0	1	-65
As of Dec. 31, 2022	**9**	**-170,741**	**-193,082**	**-31,030**	**-115**	**-394,959**
Carrying amount as of Dec. 31, 2022	**630,708**	**40,441**	**34,379**	**18,678**	**43,194**	**767,400**
Carrying amounts as of Dec. 31, 2021	**625,723**	**31,953**	**39,854**	**19,704**	**27,169**	**744,403**
Carrying amount as of Jan. 1, 2021	**604,937**	**35,361**	**44,863**	**13,633**	**23,068**	**721,862**

6.2 Goodwill

Goodwill in the financial year contains 217.0 million euros (prior year: 215.9 million euros) relating to the Germany CGU, 115.0 million euros (prior year: 113.5 million euros) to the South-West Europe CGU, 95.2 million euros (prior year: 95.3 million euros) to the North-West Europe CGU, 82.6 million euros (prior year: 84.3 million euros) to the APAC CGU, and 64.9 million euros (prior year: 61.0 million euros) to the Americas CGU. Moreover, 32.7 million euros (prior year: 32.5 million euros) relates to the Central East Europe & Middle East CGU and 23.3 million euros (prior year: 23.2 million euros) to the Temp Work CGU.

Additions of 6.1 million euros (prior year: 10.1 million euros) to goodwill result from first-time consolidations and from asset deals that took place in 2022. Furthermore, goodwill decreased by 0.9 million euros (prior year: increase of 10.9 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. The cash flow forecast is based on the long-term planning adopted by the management that is applicable as of the time the impairment test is performed, which covers a planning horizon of five years. Alongside expectations for future market and company development, past experience is also taken into account in management's planning. Cash flows after the five-year planning period were basically extrapolated taking into account estimated growth rates of 0.5% (prior year: 0.5%). The estimated growth rates come from forecasts by the Company. For the six regional clusters, cash flows were discounted using a risk-adjusted interest rate before tax of 8.2% (prior year: 6.1%). For the globally operating Temp Work unit, a risk-adjusted interest rate before tax of 9.2% (prior year: 9.5%) was used.

A 10% decrease in the expected cash flows or a 1% increase in the discount rate underlying the calculation of the value in use of the cash-generating unit would not, seen individually, result in any impairment losses.

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

6.3 Tangible assets (property, plant, and equipment)

in € thousand

	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Payments on account and assets under construction	Total
Purchase/manufacturing cost As of Jan. 1, 2021	**271,056**	**277,152**	**298,968**	**17,595**	**864,771**
Exchange difference on opening balance	2,095	6,407	3,369	1,066	12,937
Exchange difference in current year	-4	657	688	-158	1,183
Additions	6,550	27,865	30,704	9,634	74,753
Additions to the consolidated group	1,050	891	68	0	2,009
Disposals	-3,503	-7,397	-24,297	-983	-36,180
Reclassifications	1,347	1,846	5,900	-8,766	327
As of Dec. 31, 2021/Jan. 1, 2022	**278,591**	**307,421**	**315,400**	**18,388**	**919,800**
Exchange difference on opening balance	166	-3,775	-1,162	-553	-5,324
Exchange difference in current year	-165	-653	-224	-245	-1,287
Additions	10,479	29,485	45,446	18,369	103,779
Additions to the consolidated group	4,183	389	283	3,144	7,999
Disposals	-6,479	-11,334	-16,134	-50	-33,997
Reclassifications	3,650	3,410	3,163	-9,349	874
As of Dec. 31, 2022	**290,425**	**324,943**	**346,772**	**29,704**	**991,844**
Depreciation and impairment losses As of Jan. 1, 2021	**-79,849**	**-157,212**	**-190,292**	**-5,373**	**-432,726**
Exchange difference on opening balance	-770	-3,029	-1,965	-319	-6,083
Exchange difference in current year	-48	-392	-226	5	-661
Additions	-8,083	-25,283	-29,154	-2	-62,522
Additions to the consolidated group	0	0	0	0	0
Disposals	2,421	6,270	22,767	0	31,458
Reclassifications	37	255	-446	-169	-323
As of Dec. 31, 2021/Jan. 1, 2022	**-86,292**	**-179,391**	**-199,316**	**-5,858**	**-470,857**
Exchange difference on opening balance	72	1,944	333	155	2,504
Exchange difference in current year	77	398	159	0	634
Additions	-10,334	-27,125	-31,408	-2	-68,869
Additions to the consolidated group	-184	-78	-27	0	-289
Disposals	4,351	10,618	15,107	0	30,076
Reclassifications	29	117	-870	0	-724
As of Dec. 31, 2022	**-92,281**	**-193,517**	**-216,022**	**-5,705**	**-507,525**
Carrying amount as of Dec. 31, 2022	**198,144**	**131,426**	**130,750**	**23,999**	**484,319**
Carrying amount as of Dec. 31, 2021	**192,299**	**128,030**	**116,084**	**12,530**	**448,943**
Carrying amount as of Jan. 1, 2021	**191,207**	**119,940**	**108,676**	**12,222**	**432,045**

6.4 Financial assets measured at equity

The separate financial statements of the major entities that are measured at equity provide the following financial information, which has not been adjusted to the investment share held by the Group:

in € thousand	2022	2021
Aggregated non-current assets	50,113	47,134
Aggregated current assets	18,155	22,222
Aggregated non-current liabilities	4,010	3,781
Aggregated current liabilities	22,724	23,784
Goodwill	3,250	3,250

in € thousand	2022	2021
Aggregated revenue	33,847	32,322
Aggregated net income for the year	-626	-1,081

6.5 Other non-current financial assets

in € thousand	2022	2021
Shares in affiliates	46,675	56,176
Other shareholding investments	576	1,291
Loans to affiliates	10,461	14,263
Loans to associates	0	3,397
Other loans	114	65
Securities	17,797	16,492
Sundry other non-current financial assets	2,447	2,730
	78,070	94,414

For strategic reasons, in the financial year DEKRA sold shares in affiliated companies not included in the consolidated financial statements, amounting to 537 thousand euros. In accordance with IFRS 9.B5.7.1, an amount of -9,737 thousand euros out of the accumulated other comprehensive income arising from equity instruments measured at fair value through other comprehensive income was reclassified to revenue reserves.

DEKRA measures the shares held in affiliated companies that are not included in the consolidated financial statements at their fair value through other comprehensive income. The cumulative amounts recognized in other comprehensive income from the remeasurement of shares amount to 25.4 million euros (prior year: 22.6 million euros). Of this, -6.9 million euros (prior year: +0.4 million euros) had a negative effect on other comprehensive income in the financial year. As of December 31, 2022, the fair value of the shares in affiliates not included in the consolidated financial statements breaks down by region as follows:

	Dec. 31, 2022			Dec. 31, 2021		
	Fair value in € million	Number of entities	Fair value spread In € million	Fair value In € million	Number of entities	Fair value spread In € million
Region						
Central East Europe & Middle East	37.4	36	0–6.6	36.2	37	0.0–5.5
North-West Europe	4.5	7	0–3.2	14.3	8	0.0–6.9
Americas	1.6	2	0–1.6	9.2	5	0.0–5.6
South-West Europe	13.1	6	0–8.5	8.7	7	0.0–2.3
Germany	3.4	2	0–3.4	4.6	3	0.1–2.6
APAC	1.0	2	0–1.0	0.0	2	0.0

Out of the fair value of 61.0 million euros (prior year: 73.0 million euros), 46.7 million euros (prior year: 56.2 million euros) relates to shares in affiliated companies, 10.5 million euros (prior year: 14.3 million euros) to long-term (non-current) loans, and 3.8 million euros (prior year: 2.5 million euros) to short-term (current) loans to affiliated companies.

Under the heading of securities, changes of -2,545 thousand euros (net) were made to fair values (prior year: 722 thousand euros). The accumulated impairment losses relating to the securities amount to -1,351 thousand euros (prior year reversal of impairments: +1,194 thousand euros).

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

in € thousand	Level 1	Level 2	Level 3
Valuation allowances as of Jan. 1	-2,162	0	0
Additions	-5,632	0	0
Reversals	125	0	0
Reclassifications	-56	0	0
Valuation allowances as of Dec. 31	**-7,725**	**0**	**0**

In the prior year, the risk provision for loans to affiliates and other loans developed as follows:

in € thousand	Level 1	Level 2	Level 3
Valuation allowances as of Jan. 1	-3,549	0	0
Additions	-120	0	0
Utilization	89	0	0
Reclassifications	1,418	0	0
Valuation allowances as of Dec. 31	**-2,162**	**0**	**0**

The risk provisioning for the other non-current financial assets amounts to -48 thousand euros (prior year: -52 thousand euros).

6.6 Other non-current assets

Other non-current assets break down as follows:

in € thousand	**2022**	2021
Reimbursement claims from employer's pension liability insurance	1,522	2,268
Other non-current assets	7,952	8,040
	9,474	**10,308**

The other non-current assets mainly consist of security deposits.

Current assets

6.7 Inventories

in € thousand	2022	2021
Raw materials and supplies	1,920	1,514
Work in progress	3,842	3,298
Merchandise	5,057	4,091
	10,819	8,903

6.8 Contract assets and trade receivables

In accordance with IAS 21.21, receivables in a foreign currency are translated into the subsidiaries' functional currencies using the rate on the date of the transaction and are then measured using the closing rate, pursuant to IAS 21.23. The difference is netted and recognized through profit or loss under other operating income/expenses.

An amount of 18,660 thousand euros out of the Group's gross trade receivables is denominated in USD, 16,211 thousand euros in SEK, 13,908 thousand euros in RMB, and 9,907 thousand euros in MAD. From the point of view of the reporting subsidiaries concerned here, these are largely receivables denominated in their functional currency.

in € thousand	2022	2021
Contract assets – gross	72,551	64,886
Valuation allowances on contract assets	-2,092	-2,242
Contract assets	**70,459**	**62,644**
Trade receivables – gross	575,302	491,516
Valuation allowances on trade receivables	-24,384	-24,104
Trade receivables	**550,918**	**467,412**
	621,377	**530,056**

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

The tables below show gross carrying amounts according to default risk ratings whereby the rating categories for trade receivables and contract assets are shown in a simplified form according to their past-due-date status.

Trade receivables – gross

in € thousand	2022	2021
Not overdue – 180 days overdue	546,947	456,951
Overdue between 181 – 240 days	5,385	5,231
Overdue between 241 – 360 days	4,202	5,980
More than 360 days overdue	18,768	23,354
	575,302	**491,516**

Valuation allowances

in € thousand	2022	2021
Not overdue – 180 days overdue	-5,889	-4,849
Overdue between 181 – 240 days	-1,030	-662
Overdue between 241 – 360 days	-1,686	-1,618
More than 360 days overdue	-15,779	-16,975
	-24,384	**-24,104**

The write-downs on trade receivables that – due to applying the simplified approach – are basically to be allocated to Level 2 of the impairment model developed as follows:

in € thousand	2022	2021
Valuation allowances as of Jan. 1	-24,104	-25,504
Additions to the consolidated group	-50	-68
Allocations	-8,389	-6,235
Utilization	2,472	2,088
Reversals	5,687	5,615
Valuation allowances as of Dec. 31	**-24,384**	**-24,104**

None of the contract assets are past their due date. The write-downs on contract assets that – due to applying the simplified approach – are basically to be allocated to Level 2 of the impairment model developed as follows:

in € thousand	2022	2021
Valuation allowances as of Jan. 1	-2,242	-1,034
Allocations	-769	-1,327
Utilization	0	30
Reversals	919	89
Valuation allowances as of Dec. 31	**-2,092**	**-2,242**

The expense for the increase in impairment losses and the income from the reversal of impairments are netted and included under other operating expenses.

6.9 Other current financial assets

in € thousand	2022	2021
Securities	25,960	35,498
Receivables from affiliated companies and companies with which a shareholding relationship exists	23,847	41,588
Sundry other financial assets	89,410	81,337
	139,217	**158,423**

The decrease of 9,538 thousand euros in securities is mainly attributable to short-term cash deposits that expired in the financial year.

Receivables from affiliates and companies with which a shareholding relationship exists contain a total of 93,929 thousand euros (prior year: 126,926 thousand euros) relating to liabilities from income tax and VAT, profit transfers from DEKRA SE, and other allocations to the owner, which are offset against 108,443 thousand euros (prior year: 164,511 thousand euros) relating to receivables from the cash pool and other allocations. The decrease is mainly due to the increase in liabilities from the profit/loss transfer and the liabilities from tax allocations. Other financial assets largely include reimbursement claims from damage claim settlements of 45,915 thousand euros (prior year: 50,644 thousand euros).

The impairment losses on the other current financial assets that – due to applying the simplified approach – are largely to be allocated to Level 1 of the impairment model developed as follows:

in € thousand	2022	2021
Valuation allowances as of Jan. 1	-9,172	-5,415
Allocations	-1,651	-4,149
Utilization	2,338	130
Reversals	1,186	560
Reclassifications	50	-298
Valuation allowances as of Dec. 31	**-7,249**	**-9,172**

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, which – pursuant to IAS 7 constitute cash funds – is presented in the statement of cash flows.

Cash and cash equivalents break down as follows:

in € thousand	2022	2021
Cash at banks	134,569	224,538
Cash on hand	1,731	1,503
Cash equivalents – less than 3 months	229	585
	136,529	**226,626**

Bank balances include short-term deposits with an original term of up to three months.

6.12 Equity

For information on the development of equity, please refer to the statement of changes in equity.

The capital stock of DEKRA SE remains unchanged from the previous year at 25,565 thousand euros. As in the previous year, it is divided into 10,000,000 authorized par-value bearer shares. Of these, as in the previous year, 10,000,000 shares are issued and fully paid in. The par value per share amounts to 2.556459406 euros.

The capital reserve of 630,529 thousand euros (prior year: 620,529 thousand euros) mainly includes contributions from DEKRA e.V., Stuttgart. A contribution of 10,000 thousand euros (prior year: 10,000 thousand euros) was made to the capital reserve 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 company. The profit transfer is reported through 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. The accumulated other comprehensive income comprises changes in actuarial gains and losses from defined-benefit plans, the changes in fair value arising from the measurement of hedging instruments and equity instruments, the recognition of deferred taxes, and the recognition of differences arising from currency translation. The changes in fair value arising from the measurement of equity instruments through other comprehensive income are reclassified to revenue reserves when the equity instrument is derecognized.

6.13 Non-controlling interests

For the changes 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 15) with an investment stake of less than 100% unless options for the non-controlling interests were arranged within the framework of the company acquisition. A purchase price liability is recognized for these interests in accordance with IAS 32 and non-controlling interests are therefore not presented.

The information below presents the required pro-rata financial information on the most significant entity with non-controlling interests (DEKRA iST Reliability Services Inc., Hsinchu, Taiwan). The figures are the pre-intragroup elimination amounts.

in € thousand	**2022**	2021
Aggregated non-current assets	15,710	13,015
Aggregated current assets	5,127	4,969
Aggregated non-current liabilities	3,614	1,950
Aggregated current liabilities	5,078	4,770

in € thousand	**2022**	2021
Aggregated revenue	9,655	6,981
Aggregated net income for the year	1,201	736

For reasons of materiality, the above presentation only shows the financial information for DEKRA iST Reliability Services Inc., Hsinchu, Taiwan.

6.14 Provisions for pensions and similar obligations

in € thousand	**2022**	2021
Pension provisions in Germany	184,067	412,858
Pension provisions in other countries	15,511	24,093
	199,578	**436,951**

The Group has both defined-benefit and defined-contribution plans for retirement, invalidity, and surviving dependents' pension commitments 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 pension support 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 through the systematic accumulation of provisions and partly through contributions paid into employers' pension liability insurance. The direct and indirect commitments are defined-benefit obligations for which assets (among other things through the conclusion of employers’ pension liability insurance policies) have been set aside within DEKRA Unterstützungskasse e.V., Stuttgart. In addition, DEKRA implemented the establishment 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 finance 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 from January 1, 2012 (DEKRA company pension). Claims vested prior to this date were not affected. Within the scope of the reorganization, direct commitments made as defined-contribution plans were given 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 employers’ 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 retirement pension plans and one-off termination benefits when employees leave the company to go into retirement.

The defined-benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The 2018G mortality tables of Prof. 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 joint multi-employer plans for defined-benefit pension 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 generation life tables when calculating the obligation. In particular, the generation life 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 2.00% p.a. (prior year: 1.75%) using a long-term approach and according to information currently available. It also primarily has an effect on the review of current pensions. There is currently no knowledge of any employment-law-related risks based on Supreme Court rulings that could affect the plans.

Defined-benefit plans

The carrying amount of provisions for pensions and similar obligations recorded in the balance sheet can be shown as follows:

in € thousand	Pension obligation	Plan assets (-)	Total
As of Jan. 1, 2021	**1,154,044**	**-613,862**	**540,182**
Current service cost	24,639	0	24,639
Past service cost	3,463	0	3,463
Net interest cost (standard interest)	8,280	-4,447	3,833
Net pension cost according to the income statement	36,382	-4,447	31,935
Actual return on plan assets, less “net interest cost”	0	-9,929	-9,929
Actuarial gain/loss from changes in demographic assumptions	-521	0	-521
Actuarial gain/loss from changes in assumptions based on experience	-1,593	-153	-1,746
Actuarial gain/loss from changes in financial assumptions	-66,119	0	-66,119
Change arising from asset ceiling unless contained in net interest expense	-72	-73	-145
Remeasurement of defined-benefit pension plans	-68,305	-10,155	-78,460
Payments of current pensions	-35,209	18,717	-16,492
Plan settlement payments	0	396	396
Employer contributions to the pension plan	0	-40,957	-40,957
Employee contributions to the pension plan	7,328	-7,326	2
Total payments	-27,881	-29,170	-57,051
Changes in the consolidated group	394	-50	344
As of Dec. 31, 2021	**1,094,634**	**-657,683**	**436,951**

thereof, funded	1,036,345
thereof, unfunded	58,289

in € thousand	Pension obligation	Plan assets (-)	Total
As of Jan. 1, 2022	**1,094,634**	**-657,683**	**436,951**
Current service cost	22,356	0	22,356
Past service cost	-4,633	-961	-5,594
Net interest cost (standard interest)	13,049	-7,904	5,145
Net pension cost according to the income statement	30,772	-8,865	21,907
Actual return on plan assets, less “net interest cost”	0	32,158	32,158
Actuarial gain/loss from changes in demographic assumptions	-516	0	-516
Actuarial gain/loss from changes in assumptions based on experience	-251,384	143	-251,241
Actuarial gain/loss from changes in financial assumptions	5,220	0	5,220
Change arising from asset ceiling unless contained in net interest expense	-223	0	-223
Remeasurement of defined-benefit pension plans	-246,903	32,301	-214,602
Payments of current pensions	-35,923	19,489	-16,434
Plan settlement payments	0	325	325
Employer contributions to the pension plan	0	-27,930	-27,930
Employee contributions to the pension plan	7,856	-8,006	-150
Total payments	-28,067	-16,122	-44,189
Changes in the consolidated group	54	-543	-489
As of Dec. 31, 2022	**850,490**	**-650,912**	**199,578**
thereof, funded	811,286		
thereof, unfunded	39,204		

Plan settlements are the result of the settlement of obligations due to the termination of employment contracts.

The weighted average duration of the major share of the pension obligations is 13.64 years (prior year: 14.37 years).

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

in € thousand	2023	2024	2025	2026	2027
Expected pension benefit payments	39,304	41,697	42,925	43,025	43,635

The ratio of the benefit obligation in relation to plan assets reflects the funded status of the pension plan concerned, with any excess of the benefit obligation over plan assets constituting a plan deficit. Both the benefit obligation and the 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 employers’ pension liability insurance policies and are subject to only limited fluctuations on account of the existing minimum returns. The contractual trust agreement (CTA) is primarily funded by the contribution of specialized funds and liquid funds (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 regard to our explanations in note 10. The recognized plan deficit is mostly covered by cash flows 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 pension obligation according to the projected unit credit method, the following key parameters apply for the DEKRA Group:

in %	2022	2021
Interest rate	4.21	1.24
Salary trend	1.99	1.99
Pension trend	2.00	1.75

Sensitivities are determined on the basis of the same volume and the same measurement process as for the measurement of pension obligations as of the reporting date. In determining sensitivities, every assumption was modified separately in each individual case. The figures given are averages weighted with the present value of the pension obligation concerned. The obligations in other countries, which are determined taking into account country-specific measurement principles and parameters, are immaterial.

German pension commitments are partly financed through DEKRA Unterstützungskasse e.V., Stuttgart. The assets of DEKRA Unterstützungskasse e.V., Stuttgart, meet 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 pension 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. The calculation did not take into account any correlation between the parameters.

		Impact on the benefit obligation as of Dec. 31, 2022	
	Change in assumptions	Increase in assumption	Decrease in assumption
Interest rate	0.5%	Decrease of 4.0%	Increase of 4.4%
Salary trend	0.5%	Increase of 0.1%	Decrease of 0.1%
Pension trend	0.5%	Increase of 3.9%	Decrease of 3.6%
Age	1 year	Increase of 3.4%	Decrease of 3.5%

		Impact on the benefit obligation as of Dec. 31, 2021	
	Change in assumptions	Increase in assumption	Decrease in assumption
Interest rate	0.5%	Decrease of 6.8%	Increase of 4.6%
Salary trend	0.5%	Increase of 0.2%	Decrease of 1.6%
Pension trend	0.5%	Increase of 3.8%	Decrease of 6.2%
Age	1 year	Increase of 3.4%	Decrease of 6.2%

Plan assets

The fair value of plan assets breaks down into the following asset categories:

in € thousand	Dec. 31, 2022	thereof, market price quoted on an active market	Dec. 31, 2021	thereof, market price quoted on an active market
Employer's pension liability insurance	442,257	0	430,201	0
Securities	199,875	199,875	216,640	216,640
Other	8,780	0	10,843	0
	650,912	**199,875**	**657,684**	**216,640**

The securities are largely specialized funds containing a mixture of pensions and shares. The funds in this case mostly consist of pensions.

The employer contributions to plan assets are expected to amount to 17.7 million euros in the next financial year (prior year: 15.1 million euros). The plan assets do not contain any of the Group's own financial instruments, nor its own real-estate property, nor other assets that DEKRA uses itself.

Defined-contribution plans

One part of the pension benefits for the majority of employees, especially in Germany, is the statutory pension insurance. 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 132.4 million euros in the reporting year (prior year: 122.7 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

Non-current provisions

in € thousand	As of Jan. 1, 2022	Allocation	Interest effects	Utilization	Reversal	Reclassi-fications	As of Dec. 31, 2022
Other personnel provisions	3,831	348	23	-170	-255	-136	**3,641**
Phased retirement	135	0	-8	157	0	-136	**148**
thereof from phased retirement obligation	1,127	11	4	-388	0	0	**754**
thereof from phased retirement plan assets	-992	-11	-12	545	0	-136	**-606**
Provisions for employees' long-service awards	3,262	152	31	-325	0	0	**3,120**
Sundry other personnel provisions	434	196	0	-2	-255	0	**373**
Other non-personnel provisions	22,602	11,356	-902	-2,933	-6,593	-12	**23,518**
thereof, warranty provisions	4,088	5,520	-921	0	-4,360	0	**4,327**
thereof, litigation, damages and similar obligations	7,793	2,632	19	-1,048	-732	-12	**8,652**
thereof, other provisions	10,721	3,204	0	-1,885	-1,501	0	**10,539**
	26,433	**11,704**	**-879**	**-3,103**	**-6,848**	**-148**	**27,159**

In the case of the provisions for the phased early retirement scheme, these are provisions for phased early retirement models that have already entered into the passive (non-working) phase. Such provisions are therefore continuously decreasing. In several companies, the employees are granted an anniversary bonus paid after 10 years' and 25 years' service to the company. Allocations already begin to be made to the provisions for anniversary bonuses upon the employee's entry to the company. The anniversary bonus provisions are therefore subject to continuous changes (allocations, utilization, and reversals).

Current provisions

in € thousand	As of Jan. 1, 2022	Allocation	Utilization	Reversal	Reclassi-fications	As of Dec. 31, 2022
Other personnel provisions	6,353	5,326	-2,134	-3,808	0	**5,737**
Other non-personnel provisions	21,412	7,459	-6,164	-3,043	12	**19,676**
Restructuring – other	100	0	0	0	0	**100**
Impending losses	1,311	544	-428	-392	0	**1,035**
Litigation, damages, and similar obligations	13,879	1,175	-345	-720	0	**13,989**
Other provisions	6,122	5,740	-5,391	-1,931	12	**4,552**
	27,765	**12,785**	**-8,298**	**-6,851**	**12**	**25,413**

In France, there are non-current obligations of 10,532 thousand euros (prior year: 9,914 thousand euros) relating to warranties and similar obligations, the inherent risks of which exceed the insurance cover. There are also non-current obligations based on country-specific levies. As in the prior year, non-current provisions do not include any significant impact from unwinding discount.

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

6.16 Non-current and current financial liabilities

Non-current financial liabilities

in € thousand	2022	2021
Liabilities to banks	85,912	146,602
Lease liabilities	300,129	276,772
Other financial liabilities	1	0
Liabilities from company acquisitions	18,485	18,114
	404,527	**441,488**

The increase of 23,357 thousand euros in non-current lease liabilities is mainly due to new lease agreements and the extension of existing agreements. Lease liabilities that had previously been recognized as non-current were reclassified as current lease liabilities on account of their maturity. These are also the reasons why current lease liabilities have increased by 6,944 thousand euros. The liabilities arising from company acquisitions are largely contingent purchase price components.

Current financial liabilities

in € thousand	2022	2021
Liabilities to banks	127,787	132,789
Profit participation rights	10,629	11,733
Financial liabilities to affiliated companies	33,816	34,096
Financial liabilities to associated companies	1,002	962
Derivative financial instruments	0	20
Lease liabilities	111,340	104,396
Liabilities from company acquisitions	216	1,135
Liabilities to employees	44,811	37,282
Other financial liabilities	23,161	21,858
	352,762	**344,271**

The decrease of 5,002 thousand euros in current bank liabilities is mainly due to the repayment of two promissory note loans and the repayment of a bank loan.

DEKRA SE granted its managers and employees the option of subscribing to profit participation rights capital of up to 10,737 thousand euros (4.2 million profit participation rights at 2.55645 euros each). Of this total, 2,074,431 (prior year: 2,223,186) profit participation rights were subscribed. The subscribed participation rights capital grants a share in the adjusted consolidated net income 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.

The current financial liabilities to affiliates include liabilities from the cash pool, from income tax, and sales tax as well as other allocations, some of which were netted with receivables from affiliates.

The increase of 7,529 thousand euros in current liabilities to employees is mainly due to the larger workforce in the financial year.

6.17 Trade payables and contract liabilities

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

in € thousand	**2022**	2021
Trade payables	133,900	107,772
Contract liabilities	55,872	56,466
	189,772	**164,238**

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 complete fulfillment of the contractual obligations. Receivables are recognized as soon as DEKRA fulfils its contractual obligations. Contract liabilities relate to payments that are received prematurely, i.e., before the contractual obligations have been fulfilled. Contract liabilities are recognized as revenue as soon as the contractual service has been rendered.

6.18 Other non-current and current liabilities

Other non-current non-financial liabilities primarily include liabilities to the pension guarantee association.

Other current liabilities break down as follows:

in € thousand	**2022**	2021
Personnel-related liabilities	287,774	266,198
Other liabilities for taxes	61,522	61,619
Social security	30,793	25,181
Prepayments received from damage claim settlements	15,982	15,425
Sundry other items	32,673	28,038
	428,744	**396,461**

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

Liabilities from taxes principally relate to sales tax and wage tax.

7 Consolidated 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 balance of cash and cash equivalents disclosed in the balance sheet as of the reporting date prior to the consideration of credit losses pursuant to IFRS 9. There are no cash and cash equivalents that are subject to restricted availability.

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

in € thousand	**2022**	2021
Total purchase/sale price	0	-12,707
thereof settled/received in cash	0	-12,707
Amount of cash and cash equivalents acquired/disposed of	0	1,590
Amount of assets and liabilities acquired/disposed of		
Non-current assets	0	2,229
Current assets	0	2,638
Non-current liabilities	0	377
Current liabilities	0	358

In addition, the cash flow from investing activities comprises purchase price payments for further subsidiaries, other business units, and cash paid for capital increases at non-consolidated subsidiaries, amounting to 9,348 thousand euros (prior year: 32,100 thousand euros). As in the previous year, these purchases do not give rise to liabilities based on variable purchase price components.

The carrying amount of the receivables acquired in the previous year corresponded to the fair value.

The prior-year figures for the cash inflow from shareholder loans (-54.6 million euros) and for outgoing payments to the shareholder resulting from profit transfer and to non-controlling interests (+54.6 million euros) were adjusted to allow true and fair representation under the heading of cash flow from financing activities.

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

			Non-cash-effective changes				
in € thousand	Carrying amount Dec. 31, 2021	Cash-effective changes	Exchange rate effects	Acquisition of companies	Changes in fair value	Other changes	**Carrying amount Dec. 31, 2022**
Non-current loans	146,602	-75,872	45	4,328	0	10,809	**85,912**
Current loans	132,789	1,978	1,283	2,546	0	-10,809	**127,787**
Derivative financial instruments	0	0	0	0	0	0	**0**
Total liabilities from financing activities *	**279,391**	**-73,894**	**1,328**	**6,874**	**0**	**0**	**213,699**

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

In the prior year, liabilities resulting from financing activities developed as follows:

in € thousand	Carrying amount Dec. 31, 2020	Cash-effective changes	Non-cash-effective changes: Exchange rate effects	Acquisition of companies	Changes in fair value	Other changes	**Carrying amount Dec. 31, 2021**
Non-current loans	201,117	-15,508	1,722	0	0	-40,729	**146,602**
Current loans	75,534	12,918	3,608	0	0	40,729	**132,789**
Derivative financial instruments	59	0	0	0	-39	-20	**0**
Total liabilities from financing activities *	**276,710**	**-2,590**	**5,330**	**0**	**-39**	**-20**	**279,391**

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

8 Other disclosures in the notes

8.1 Leasing

Leasing as a lessee

The companies of the Group have concluded lease agreements for IT, buildings, vehicles, technical equipment, and for other equipment, furniture, and fixtures. Lease agreements for IT generally have terms between 1 and 5 years, for 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, fixtures, and equipment generally have terms between 1 and 10 years. The obligations under the lease agreements are secured by the lessor's title to the leased assets. Several lease agreements contain extension and termination options.

The Group also concluded lease agreements for assets with a term of 12 months or less as well as for low-value assets. The Group applied the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

The following table shows the carrying amounts of right-of-use assets recognized and the movements during the reporting period:

in € thousand	Buildings	Vehicles	Other equipment, furniture and fixture	IT	Technical equipment	Total
As of Jan. 1, 2021	**317,858**	**30,429**	**1,868**	**1,591**	**427**	**352,173**
Depreciation expense	-81,308	-20,303	-626	-953	-2,000	-105,191
Additions	100,144	22,505	295	1,005	9,552	133,501
Disposals	-12,060	-1,791	-175	-1	0	-14,027
Exchange rate differences	3,438	-15	17	6	0	3,446
As of Dec. 31, 2021	**328,072**	**30,825**	**1,379**	**1,648**	**7,979**	**369,903**
Depreciation expense	-87,838	-19,587	-531	-960	-2,452	-111,368
Additions	126,920	22,489	532	1,515	779	152,235
Disposals	-5,370	-2,102	-143	-11	0	-7,626
Exchange rate differences	-2,746	-370	-3	-1	0	-3,120
As of Dec. 31, 2022	**359,038**	**31,255**	**1,234**	**2,191**	**6,306**	**400,024**

The following table shows the carrying amounts of the lease liabilities and the movements during the reporting period:

in € thousand	2022	2021
As of Jan .1	**381,168**	**363,167**
Additions	153,937	133,765
Interest growth	5,233	5,206
Payments and disposals	-125,896	-124,670
Exchange differences	-2,973	3,700
As of Dec. 31	**411,469**	**381,168**
thereof current	111,340	104,396
thereof non-current	300,129	276,772

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

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

in € thousand	2022	2021
Interest expenses on lease liabilities	-5,383	-5,209
Income from the subletting of right-of-use assets, presented in other revenue	290	224
Expenses from short-term leases	-21,838	-23,433
Expenses from low-value leases	-8,994	-11,909
Total	**-35,925**	**-40,327**

The total cash outflows for leases amounted to 116,379 thousand euros in 2022 (prior year: 108,888 thousand euros). In addition, non-cash-effective additions to right-of-use assets of 152,235 thousand euros (prior year: 133,501 thousand euros) and lease liabilities of 153,937 thousand euros (prior year: 133,765 thousand euros) were recognized.

Several lease agreements containing extension and termination options were concluded. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio in alignment with the relevant business needs. Determining whether these extension and termination options are reasonably certain to be exercised requires management to perform significant valuation policy decisions (see note 3.2).

8.2 Other financial obligations

Other financial obligations including purchase commitments amount to 3,947 thousand euros (prior year: 4,567 thousand euros). These are mainly attributable to agreements concluded on commissioned construction projects and also 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 guarantees amounting to 7,813 thousand euros (prior year: 925 thousand euros) have been granted. The risk of a claim being made on these is currently deemed to be low. If a claim is made on the guarantees, they fall due immediately.

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 3,442 thousand euros (prior year: 6,574 thousand euros) were received in the past financial year. The above mainly relate to payroll subsidies and integration aid.

8.5 Collateral and assets subject to restricted availability

As in the previous year, there were no ownership or availability restrictions on tangible assets owned by the Group in a legal and economic sense, except for assets capitalized in the context of finance leases. Other assets contain a total of 1.5 million euros (prior year: 2.3 million euros) in plan assets from employers' pension liability insurance policies that serve to safeguard pension obligations, but which are not pledged to the entitled employees.

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

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 financial year by a contribution to the capital reserve of 10.0 million euros as well as an increase in the revenue reserves of 52.7 million euros. Differences from the currency translation of the financial statements prepared in foreign currencies by consolidated subsidiaries had a negative effect of 6.7 million euros on equity. The DEKRA Group's equity ratio stands at 41.0% as of the end of the reporting period (prior year: 33.5%).

10 Additional information on financial instruments

Pursuant to IFRS 9, financial assets and liabilities are allocated to 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

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

in € thousand	**2022**	2021
Financial assets at amortized cost	-3,230	-4,120
Financial assets at fair value through other comprehensive income	367	370
Financial assets at fair value through profit or loss	6,626	2,909
Financial liabilities at amortized cost	-7,541	-6,082
Financial liabilities at fair value through profit or loss	-2,481	86
	-6,259	**-6,837**

The decrease in net losses for financial assets measured at amortized cost primarily results from lower expenses for the allocation of valuation allowances.

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

The income from assets measured at fair value through profit or loss is attributable to income from distributions.

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

The remeasurement reserve for equity instruments measured at fair value through other comprehensive income rose by 2.8 million euros in the 2022 financial year (prior year: increase of 3.3 million euros).

This amount was recognized in other comprehensive income. 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: Information other than quoted market prices that can be observed directly (e.g., prices) or indirectly (e.g., derived from prices)

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

The following tables show a breakdown of balance sheet items into categories and classes and the allocation of the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy. The fair values of the assets and liabilities measured at amortized cost correspond to the carrying amounts.

Assets

in € thousand	Carrying amount Dec. 31, 2022	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss
Non-current assets				
Shares in affiliates and investee companies	47,251	0	47,251	0
Securities	17,797	0	33	17,764
Loans	10,575	10,575	0	0
Other financial assets	2,447	2,447	0	0
	78,070	**13,022**	**47,284**	**17,764**
Current assets				
Trade receivables	550,918	550,918	0	0
Cash and cash equivalents	136,529	136,529	0	0
Securities	25,960	0	1,249	24,711
Receivables from affiliates and investee companies	23,847	23,847	0	0
Other financial assets	89,410	89,410	0	0
	826,664	**800,704**	**1,249**	**24,711**
	904,734	**813,726**	**48,533**	**42,475**

Assets

in € thousand	Fair value Dec. 31, 2022	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current assets				
Shares in affiliates and investee companies	47,251	0	0	47,251
Securities	17,797	0	33	17,764
Loans	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	65,048	**0**	**33**	**65,015**
Current assets				
Trade receivables	n/a	n/a	n/a	n/a
Cash and cash equivalents	n/a	n/a	n/a	n/a
Securities	25,960	25,960	0	0
Receivables from affiliates and investee companies	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	25,960	**25,960**	**0**	**0**
	91,008	**25,960**	**33**	**65,015**

Equity and liabilities

in € thousand	Carrying amount Dec. 31, 2022	Financial liabilities at amortized cost	Financial liabilities at fair value through other compre-hensive income	Financial liabilities at fair value through profit or loss
Non-current liabilities				
Liabilities from company acquisitions	18,485	0	0	18,485
Financial liabilities	85,912	85,912	0	0
Lease liabilities	300,129	0	0	0
Other non-current liabilities	1	0	0	0
	404,527	**85,912**	**0**	**18,485**
Current liabilities				
Trade payables	133,900	133,900	0	0
Derivatives in hedge accounting	0	0	0	0
Profit participation rights	10,629	10,629	0	0
Liabilities from company acquisitions	216	0	0	216
Liabilities to banks	127,787	127,787	0	0
Liabilities to affiliated companies	33,816	33,816	0	0
Liabilities to associated companies	1,002	1,002	0	0
Other current liabilities	67,972	67,972	0	0
Lease liabilities	111,340	0	0	0
	486,662	**375,106**	**0**	**216**
	891,189	**461,018**	**0**	**18,701**

Equity and liabilities

in € thousand	Fair value Dec. 31, 2022	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current liabilities				
Liabilities from company acquisitions	18,485	0	0	18,485
Financial liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
Other non-current liabilities	n/a	n/a	n/a	n/a
	18,485	**0**	**0**	**18,485**
Current liabilities				
Trade payables	n/a	n/a	n/a	n/a
Derivatives in hedge accounting	0	0	0	0
Profit participation rights	n/a	n/a	n/a	n/a
Liabilities from company acquisitions	216	0	0	216
Liabilities to banks	n/a	n/a	n/a	n/a
Liabilities to affiliated companies	n/a	n/a	n/a	n/a
Liabilities to associated companies	n/a	n/a	n/a	n/a
Other current liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
	216	**0**	**0**	**216**
	18,701	**0**	**0**	**18,701**

* Pursuant to IFRS 7.29 (d) no fair values were stated for the lease liabilities.

Other current liabilities include liabilities to employees of 44,811 thousand euros pursuant to IAS 19. These liabilities to employees pursuant to IAS 19 and the non-current and current lease liabilities of 300,129 thousand euros and 111,340 thousand euros, respectively, pursuant to IFRS 16 do not fall into the scope of application of IFRS 7. Reclassifications between the different levels of the valuation hierarchy are performed at the end of the financial year.

Assets

in € thousand	Carrying amount Dec. 31, 2021	Financial liabilities at amortized cost	Financial liabilities at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
Non-current assets				
Shares in affiliates and investee companies	57,467	0	57,467	0
Securities	16,492	0	0	16,492
Loans	17,725	17,725	0	0
Other financial assets	2,730	2,730	0	0
	94,414	**20,455**	**57,467**	**16,492**
Current assets				
Trade receivables	467,412	467,412	0	0
Cash and cash equivalents	226,626	226,626	0	0
Securities	35,498	0	0	35,498
Receivables from affiliates and investee companies	41,588	41,588	0	0
Other financial assets	81,337	81,337	0	0
	852,461	**816,963**	**0**	**35,498**
	946,875	**837,418**	**57,467**	**51,990**

Asset

in € thousand	Fair value Dec. 31, 2021	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current assets				
Shares in affiliates and investee companies	57,467	0	0	57,467
Securities	16,492	0	19	16,473
Loans	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	73,960	**0**	**19**	**73,940**
Current assets				
Trade receivables	n/a	n/a	n/a	n/a
Cash and cash equivalents	n/a	n/a	n/a	n/a
Securities	35,498	783	34,715	0
Receivables from affiliates and investee companies	n/a	n/a	n/a	n/a
Other financial assets	n/a	n/a	n/a	n/a
	35,498	**783**	**34,715**	**0**
	109,458	**783**	**34,734**	**73,940**

Equity and liabilities

in € thousand	Carrying amount Dec. 31, 2021	Financial liabil-ities at amor-tized cost	Financial liabili-ties at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
Non-current liabilities				
Liabilities from company acquisitions	18,114	0	0	18,114
Financial liabilities	146,602	146,602	0	0
Lease liabilities	276,772	0	0	0
Other non-current liabilities	0	0	0	0
	441,488	**146,602**	**0**	**18,114**
Current liabilities				
Trade payables	107,772	107,772	0	0
Derivatives in hedge accounting	20	0	0	0
Profit participation rights	11,733	11,733	0	0
Liabilities from company acquisitions	1,135	0	0	1,135
Liabilities to banks	132,789	132,789	0	0
Liabilities to affiliated companies	34,096	34,096	0	0
Liabilities to associated companies	962	962	0	0
Other current liabilities	59,140	59,140	0	0
Lease liabilities	104,396	0	0	0
	452,043	**346,492**	**0**	**1,135**
	893,531	**493,094**	**0**	**19,249**

Equity and liabilities

in € thousand	Fair value Dec. 31, 2021	thereof, fair value level 1	thereof, fair value level 2	thereof, fair value level 3
Non-current liabilities				
Liabilities from company acquisitions	18,114	0	0	18,114
Financial liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
Other non-current liabilities	n/a	n/a	n/a	n/a
	18,114	**0**	**0**	**18,114**
Current liabilities				
Trade payables	n/a	n/a	n/a	n/a
Derivatives in hedge accounting	20	0	20	0
Profit participation rights	n/a	n/a	n/a	n/a
Liabilities from company acquisitions	1,135	0	0	1,135
Liabilities to banks	n/a	n/a	n/a	n/a
Liabilities to affiliated companies	n/a	n/a	n/a	n/a
Liabilities to associated companies	n/a	n/a	n/a	n/a
Other current liabilities	n/a	n/a	n/a	n/a
Lease liabilities	n/a*	n/a	n/a	n/a
	1,155	**0**	**20**	**1,135**
	19,269	**0**	**20**	**19,249**

* Pursuant to IFRS 7.29 (d) no fair values were stated for the lease liabilities.

Other current liabilities include liabilities to employees of 37,282 thousand euros pursuant to IAS 19. These liabilities to employees pursuant to IAS 19 and the non-current and current lease liabilities of 276,772 thousand euros and 104,396 thousand euros, respectively, pursuant to IFRS 16 do not fall into the scope of application of IFRS 7.

Development of level 3 of the fair value hierarchy:

Assets

in € thousand	**2022**	2021
As of Jan. 1	73,940	34,615
Additions	9,410	35,582
Disposals	-19,763	1,493
Fair value changes	1,428	2,250
Recognized through profit or loss	-2,544	0
Recognized through other comprehensive income	3,972	2,250
As of Dec. 31	**65,015**	**73,940**

Equity and liabilities

in € thousand	2022	2021
As of Jan. 1	19,249	24,803
Additions	0	184
Disposals	-3,033	-5,652
Fair value changes	2,485	-86
Recognized through profit or loss	2,731	-86
Recognized through other comprehensive income	-246	0
As of Dec. 31	**18,701**	**19,249**

The evaluation of the securities measured at fair value through profit or loss is performed annually by an external knowledgeable third party applying conventional measurement policies.

The contingent purchase price liabilities were recognized at present value. This is mainly worked out on the basis of an EBIT multiple of the company concerned. As of the balance sheet date, there are noteworthy purchase price liabilities for DEKRA New Zealand Ltd., Wellington, New Zealand.

The non-observable input parameters of liabilities from company acquisitions 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.

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 liabilities, including put options and earn-outs, for the major obligations from company acquisitions would be 5% higher/5% lower.

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

Shares in affiliates and investee companies are measured using the discounted cash flow method. If the discounting rate used changes by +1%/-1% and, at the same time, the cash flows change by -10%/+10%, the amount of the shares in affiliates and investee companies changes by -17.7%/+35.0% (prior year: -22.2%/+24.9%).

The majority of contractually agreed maturity dates for existing current financial instruments measured at amortized cost are within twelve months of the reporting date. As such, their carrying amounts as of the reporting date approximately equate to their fair values.

For all items of non-current financial assets and liabilities not recognized at fair value, the carrying amount is largely equal to the fair value.

11 Financial risk management

Principles of 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 default 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 or deposits it in bank accounts.

Market price risk management has the task oflimiting 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.

The risk volume involved in the management of credit default risks includes investments in securities and the investment of liquid funds (cash and cash equivalents) at 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 liquid funds (cash and cash equivalents) are only made at top-rated financial institutions and money market funds and on the basis of current rankings by rating agencies, also taking into account current CDS spreads. We use commercial credit agencies to assess the creditworthiness of our customers and in cases of doubt, we insist on upfront payment or the provision of bank guarantees.

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 risk

The liquidity required for operations and for implementing strategic measures is ensured through the liquid funds (cash and cash equivalents) held and bank credit lines committed in writing. Liquid funds (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 euro cash pool has been set up at DEKRA SE for the German subsidiaries and the international subsidiaries from the eurozone. Cash pools have also been established for the subsidiaries in the USA (USD), in China (CNY), in the UK (GBP), and in Sweden (SEK).

As a rule, the financing of the entities in euros is performed centrally through DEKRA SE.

As of December 31, 2022, the DEKRA Group was exposed to only a very small risk of being unable in the future to meet its payment obligations arising from financial instruments. The DEKRA Group requires sufficient liquidity scope for future acquisitions, which is ensured by the liquid funds available, the promissory note loans taken out, and by longer-term loan commitments. As of December 31, 2022, there are medium-term credit lines of 413.8 million euros (prior year: 440.5 million euros) granted in writing that have not yet been drawn.

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 the reporting date, the contractually agreed undiscounted financial liabilities including interest break down as follows:

Dec. 31, 2022 in EUR'000	< 1 year	1 to 5 years	> 5 years
Trade payables	133,900	0	0
Liabilities to banks	132,112	88,346	694
Other financial liabilities	113,418	1	0
Derivative financial instruments (negative)	0	0	0
Lease liabilities	111,340	219,916	101,232
	490,770	**308,263**	**101,926**

Dec. 31, 2021 in EUR'000	< 1 year	1 to 5 years	> 5 years
Trade payables	107,772	0	0
Liabilities to banks	140,505	139,542	507
Other financial liabilities	105,930	0	0
Derivative financial instruments (negative)	20	0	0
Lease liabilities	104,396	214,989	85,673
	458,623	**354,531**	**86,180**

In addition to liabilities from (promissory note) loans, the liabilities to banks mostly include short- and medium-term utilization of credit lines by foreign subsidiaries.

Default risk

In the course of its operations, DEKRA is exposed to the risk of default on outstanding trade receivables. The DEKRA Group counters this risk through timely receivables management, which entails the regular monitoring of outstanding items, as well as the timely dunning and collection of receivables. 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 within the framework of defined limits. In addition, there is a limit on the proportion of the entire investment volume that may be deposited with any one counterparty. Investments in securities are only made with investment-grade institutions.

No collateral is pledged by the counterparties for the financial instruments held. As of December 31, 2022, with the exception of trade receivables and loans, no material financial assets were overdue or affected by amendments to contracts.

The carrying amounts of financial assets correspond to the maximum risk of default.

Market risk

Market risk is the risk that the fair value or the future cash flows from a financial instrument may fluctuate due to changes in the market prices. Within the DEKRA Group, the market risk encompasses three types of risk: interest fluctuation risk, currency risk, and other price risks such as changes in share prices or indices. The financial instruments exposed to market risk include, among others, loans, deposits, debt instruments or equity instruments, and also derivative financial instruments.

Market risk – interest fluctuation risk

We are exposed to interest fluctuation risks in the context of our investing and financing activities. With regard to investing activities, interest fluctuations lead to changes in the fair value of fixed-interest securities. With regard to lasting borrowing requirements, we pursue the goal of using largely fixed-interest financing arrangements.

The DEKRA Group performs a sensitivity analysis to assess the risk exposure for the statement of comprehensive income. The analysis tests the impact of a parallel shift of 100 basis points in the interest structure curve on interest income and interest expenses.

A parallel upward shift of 100 basis points in the interest structure curve would result in a drop of 1,094 thousand euros in the interest result (prior year: rise of 5,163 thousand euros). A parallel downward shift of 100 basis points would lead to a rise of 1,214 thousand euros in the interest result (prior year: drop of 3,524 thousand euros).

In order to hedge the interest risk inherent in promissory note loans, the Group concluded interest derivatives (interest swaps) in the prior financial years. Thus, for the most part, the burden of interest on the loans is fixed.

Market risk – currency risks

Currency risks from operating activities are of immaterial significance because the local entities invoice the services that they render locally almost exclusively in the currency of their own country. Occasionally, liabilities in foreign currencies arise in connection with investments and/or intracompany transactions, for which a hedging decision is made on a case-by-case basis.

A shift of +/-10% in the value of the euro compared to the Group's main foreign currencies would have an effect on the financial result arising from the currency translation of short-term and long-term loans to affiliated companies equivalent to approx. +/-4.2 million euros (prior year: +/-5.4 million euros) without taking the effect of deferred tax into account. Decisions about any required hedging measures in this context are made on a case-by-case basis. Changes in exchange rates are not expected to have a material impact on the other financial assets or other financial liabilities.

Market risk – other price risks

With regard to the presentation of market risks, IFRS 7 also requires disclosures to be made on the effect of hypothetical changes in risk variables on the price of financial instruments. Notably, stock market prices or indices come into question as risk variables. As of December 31, 2022, the Group had a total of 42.5 million euros in financial assets measured at fair value through profit or loss (prior year: 52.0 million euros) that are subject to fluctuations in fair value. These risks largely relate to interest, creditworthiness, and exchange rate risks. They are taken into account within the general risk management framework. On average, the changes in fair value amounted to 7.8% in 2022 and 2.2% in 2021.

12 Related-party transactions

Pursuant to IAS 24 "Related Party Disclosures," transactions with related parties must be disclosed. The members of the Management Board and of the Supervisory Board and also the shareholders are to be viewed as related parties within the meaning of IAS 24.9.

Remuneration of the members of the Management Board

The remuneration of the members of the Management Board (payments due in the short term) consists of a fixed annual remuneration and a performance-based variable management bonus. The total remunerations granted to the members of the Management Board of DEKRA SE, including expense allowances, amount to 2,034 thousand euros (prior year: 2,706 thousand euros).

Additionally, there were further expenses among other things, for pensions at DEKRA SE) of 683 thousand euros (prior year: 838 thousand euros) and obligations of 334 thousand euros (prior year: 815 thousand euros) vis-à-vis the board members.

This results in a total remuneration amount of 2,717 thousand euros (prior year: 3,544 thousand euros).

The total remunerations to former members of the Management Board amount to 460 thousand euros (prior year: 399 thousand euros). In addition, there are also pension obligations of 12,516 thousand euros (prior year: 19,768 thousand euros).

Remuneration of the members of the Supervisory Board

The current remunerations to the members of the Supervisory Board for the financial year amount to 354 thousand euros (prior year: 286 thousand euros), of which a total of 354 thousand euros (prior year: 286 thousand euros) is recognized as a liability as of balance sheet date.

Additionally, there were further expenses of 736 thousand euros (prior year: 719 thousand euros) and pension obligations of 570 thousand euros (prior year: 710 thousand euros) vis-à-vis the members of this board.

Transactions with DEKRA e.V., Stuttgart

There are liabilities to DEKRA e.V., Stuttgart, as of December 31, 2022 amounting to 31.8 million euros (prior year: 32.2 million euros), mainly resulting from sales tax liabilities. There are still receivables of 13.2 million euros (prior year: 35.6 million euros) mainly arising from the cash pooling system, less profit/loss transfer.

Rent agreements exist between DEKRA e.V., Stuttgart, as the landlord and various companies of the DEKRA Group as the tenant. In the 2022 financial year, the rent for the business premises amounted to 21.0 million euros (prior year: 20.8 million euros). The receivables from, and liabilities to, DEKRA e.V., Stuttgart, give rise to interest income of 1.2 million euros (prior year: 1.5 million euros) and interest expenses of 0.9 million euros (prior year: 0.3 million euros). Tax allocations for income taxes amounted to 35.1 million euros (prior year: 40.5 million euros). In addition, services totaling 1.9 million euros (prior year: 1.7 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 expert reports 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 handled at DEKRA Automobil GmbH.

As remuneration for the activities, a flat-rate percentage of the profit generated before income taxes or of the sales revenue is invoiced. In the 2022 financial year,, a total volume of 7.1 million euros (prior year: 6.9 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 10.7 million euros (prior year: 8.1 million euros) for DEKRA e.V., Stuttgart, in the financial year. These services were mainly incurred for PR work and in the context of shared services.

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

Transactions with non-consolidated subsidiaries, associates, and investee companies

Subsidiaries that are not fully consolidated

in € million	2022	2021
Services rendered	5.5	7.6
Services purchased	6.4	7.6
Financial income	2.8	0.2
Receivables and loans	17.4	20.1
Liabilities*	2.0	1.9

* Liabilities are partially netted with the receivables in the balance sheet.

Associated companies and joint ventures

in € million	2022	2021
Services rendered	0.3	0.4
Services purchased	11.8	13.0
Financial income	0.2	0.4
Receivables and loans	3.7	3.4
Liabilities	1.0	1.0

Investee companies

in € million	2022	2021
Services rendered	0.1	0.1
Services purchased	0.9	0.8
Receivables and loans	0.1	0.1

13 Information on the members of the Management Board and Supervisory Board

The members of the Management Board during the 2022 financial year up to the date of preparation of the statement of financial position were:

- **Stefan Kölbl, CEO (until April 6, 2022)**
  Chairman of the Management Board, Leinfelden-Echterdingen
- **Stanislaw Zurkiewicz, CEO (since April 6, 2022), COO (until April 6, 2022)**
  Chairman of the Management Board (Member of the Management Board until April 6, 2022), Stuttgart
- **Wolfgang Linsenmaier, CFO**
  Member of the Management Board, Freiberg am Neckar
- **Ulrike Hetzel, CTO (until December 31, 2022)**
  Member of the Management Board, Renningen

The members of the Supervisory Board in the 2022 financial year were:

- **Thomas Pleines, Chairman (until April 6, 2022)**
  President of the Presidential Board of DEKRA e.V., Stuttgart
  Formerly: Chairman of the Management Board of Allianz Versicherungs-AG
  Stefan Kölbl, Chairman (since April 6, 2022)
  President of the Presidential Board of DEKRA e.V., Stuttgart
  Formerly Chairman of the Management Board of DEKRA e.V. and DEKRA SE
- **Monika Roth-Lehnen *, Deputy Chairwoman**
  Chairwoman of the Works Council of DEKRA SE,
  Chairwoman of the Central Works Council of DEKRA Akademie GmbH, Stuttgart,
  Wuppertal Service Center of DEKRA Akademie GmbH, Stuttgart
- **Ulrich Beiderwieden * (until April 6, 2022)**
  Formerly at Federal Administrative Office of ver.di
  Head of specialist division,
  “Special Services” specialist division no. 13
- **Frank Beimborn * (until March 24, 2022)**
  Deputy Chairman of the Central Works Council of DEKRA Automobil GmbH, Stuttgart,
  Dortmund branch of DEKRA Automobil GmbH, Stuttgart
- **Hanna Binder * (since April 6, 2022)**
  Deputy Regional Director of
  ver.di in the German state of Baden-Württemberg
- **Prof. Dr. Sabine Fließ**
  Douglas: Endowed Chair for Service Management,
  Distance-learning University of Hagen, Hagen
- **Nicolas Gibaudan * (since April 6, 2022)**
  Key Account Manager
  DEKRA Industrial S.A.S., France
- **Klaus-Jürgen Heitmann**
  Spokesman of the Boards of Directors of HUK-Coburg Versicherungsgruppe [insurance group], Coburg

- **Jean-Luc Inderbitzin ***
  Deputy Chairman of the Works Council of DEKRA SE,
  Representative of the French CFDT trade union of DEKRA Industrial S.A.S., Limoges, France
- **Dipl.-Ing. (FH) Wilfried Kettner * (until April 6, 2022)**
  Deputy Chairman of the Works Council of DEKRA SE,
  Chairman of the Central Works Council of DEKRA Automobil GmbH,
  Suhl branch of DEKRA Automobil GmbH, Stuttgart
- **Dipl.-Wirtsch.-Ing. Arndt G. Kirchhoff**
  Chairman of the Advisory Council of Kirchhoff Group, Iserlohn
- **Dipl.-Ing. (FH) Stephan Kramer**
  Branch Manager – Hamburg South,
  Regional Spokesman for Schleswig-Holstein – DEKRA Automobil GmbH, Stuttgart
- **Daniel Kusch * (since March 24, 2022)**
  Member of the Central Works Council of DEKRA Automobil GmbH,
  Cologne branch,
  DEKRA Automobil GmbH, Stuttgart
- **Jörg Leiser * (since April 6, 2022)**
  Expert in industrial environmental protection,
  Karlsruhe branch office,
  DEKRA Automobil GmbH, Stuttgart
- **Laurent Masquet * (until April 6, 2022)**
  Deputy Production Manager – IT,
  DEKRA Automotive Solutions, Bordeaux, France
- **Dipl.-Wirtsch.-Ing. Peter Tyroller**
  Formerly: Managing Director, Robert Bosch GmbH, Stuttgart

* Elected by the employees

14 Subsequent events

No significant events occurred subsequent to balance sheet date.

15 Other disclosures

Audit of the annual financial statements

The Annual General Meeting on April 6, 2022 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditors of the individual and consolidated financial statements for the 2022 financial year.

The auditors' fees recognized in the financial year are shown in the following table.

in € thousand	2022	2021
Audit services	748	709

List of shareholdings and consolidated group

The Group's entire shareholdings pursuant to Sec. 313 (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.

I. Affiliated companies (fully consolidated)

1. Domestic (Germany)

			Capital share in %
DEKRA Akademie GmbH	Stuttgart	3)	100.00
DEKRA Arbeit GmbH	Stuttgart	3)	100.00
DEKRA Assurance Services GmbH	Stuttgart	3)	100.00
DEKRA Automobil GmbH	Stuttgart	3)	100.00
DEKRA AUTOMOTIVE SOLUTIONS Germany GmbH	Frankfurt am Main	3)	100.00
DEKRA Certification GmbH	Stuttgart	3)	100.00
DEKRA Claims Services GmbH	Stuttgart	3)	100.00
DEKRA Event & Logistic Services GmbH	Stuttgart	3)	100.00
DEKRA Immobilien GmbH	Stuttgart	3)	100.00
DEKRA INCOS GmbH	Ingolstadt	3)	100.00
DEKRA Inspection Services GmbH	Stuttgart		100.00
DEKRA Personal GmbH	Stuttgart	3)	100.00
DEKRA Personaldienste GmbH	Stuttgart	3)	100.00
DEKRA Qualification GmbH	Stuttgart	3)	100.00
DEKRA Testing and Certification GmbH	Stuttgart	3)	100.00
DEKRA Visatec GmbH	Sulzberg/See		100.00
GKK Gutachten GmbH	Düsseldorf	3)	100.00
PRO-LOG Beteiligungs GmbH	Stuttgart		100.00
PRO-LOG IV GmbH	Stuttgart		100.00
PRO-LOG Personal GmbH	Stuttgart		100.00
PRO-LOG Ruhr GmbH	Bochum		100.00
UPDOWN Ingenieurteam für Fördertechnik GmbH	Hamburg		100.00

2. Foreign

		Capital share in %
Auto Bilan France S.A.S.U.	Le Plessis-Robinson, France	100.00
BST Consultants Pte. Ltd.	Singapore, Singapore	100.00
Checkauto Consultatoria Técnica e Informções Veiculares Ltda.	Atibaia, SP, Brazil	100.00
Chilworth France S.A.S.	Jonage, France	100.00
D.Akademie S.r.l.	Verona, Italy	100.00
DEKRA (India) Pvt. Ltd.	New Delhi, India	100.00
DEKRA (Shanghai) Co., Ltd.	Shanghai, China	100.00
DEKRA (Shanghai) Investment Co., Ltd.	Shanghai, China	100.00
Dekra (Suisse) SA	Thônex, Switzerland	100.00
DEKRA A/S (previously: DEKRA Hovedstaden A/S)	Brøndby, Denmark	100.00
DEKRA Akademie A/S	Brøndby, Denmark	100.00
DEKRA Akademie Kft.	Budapest, Hungary	100.00
DEKRA Akademie Sh.p.k.	Tirana, Albania	100.00
DEKRA Arbeit AG St. Gallen	St. Gallen, Switzerland	100.00
DEKRA Arbeit (Schweiz) Holding AG	Sargans, Switzerland	100.00
DEKRA Arbeit AG Basel	Basel, Switzerland	100.00
DEKRA Arbeit AG Buchs	Buchs, Switzerland	95.00

		Capital share in %
DEKRA Arbeit AG Chur	Chur, Switzerland	90.00
DEKRA Arbeit AG Sargans	Sargans, Switzerland	98.00
DEKRA Arbeit Magyaroszag Szolgáltató Kft.	Budapest, Hungary	100.00
DEKRA Austria GmbH	Leopoldsdorf, Austria	100.00
DEKRA Automotive Pty. Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Automotive AB	Solna, Sweden	100.00
DEKRA Automotive La Réunion S.A.S.	Saint-Denis, France	100.00
DEKRA Automotive Ltd.	Stokenchurch, Bucks, UK	100.00
DEKRA Automotive Maroc S.A.	Casablanca, Morocco	80.00
DEKRA Automotive S.à r.l.	Munsbach, Luxembourg	100.00
DEKRA Automotive S.A.S.	Le Plessis-Robinson, France	100.00
DEKRA Automotive Solutions France S.A.S.U.	Bordeaux, France	100.00
DEKRA Belgium SA	Zaventem, Belgium	100.00
DEKRA Bilsyn ApS	Silkeborg, Denmark	100.00
DEKRA Canada Inc.	Moncton, New Brunswick, Canada	100.00
DEKRA Caribbean B.V.	Willemstad, Curaçao	100.00
DEKRA Certification (Proprietary) Ltd.	Rosslyn, South Africa	100.00
DEKRA Certification B.V.	Arnhem, Netherlands	100.00
DEKRA Certification Hong Kong Limited	Hong Kong, China (Hong Kong)	100.00
DEKRA Certification Japan K.K.	Tokyo, Japan	100.00
DEKRA Certification Ltd.	Tzur Yigal (previously: Tel Aviv, Israel)	100.00
DEKRA Certification S.A.S.	Le Plessis-Robinson, France	100.00
DEKRA Certification Sp. z o.o.	Wrocław, Poland	100.00
DEKRA Certification Tanúsító és Szolgáltató Kft.	Budapest, Hungary	100.00
DEKRA Certification. Inc.	North Wales, PA, USA	100.00
DEKRA Claims and Expertise B.V.	Alkmaar, Netherlands	100.00
DEKRA Claims Services Luxembourg S.A.	Munsbach, Luxembourg	100.00
DEKRA Claims Services Netherlands B.V.	Capelle aan den IJssel, Netherlands	100.00
DEKRA Claims Services UK Ltd.	Stokenchurch, Bucks, UK	100.00
DEKRA Costa Rica SA (previously: 3-101-860392. S.A.)	San José – Santa Ana Pozos, Costa Rica	100.00
DEKRA Croatia d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRA CZ a.s.	Prague 4, Czech Republic	100.00
DEKRA d.o.o. Beograd	Zvezdara, Belgrade, Serbia	100.00
DEKRA Empleo ETT S.L.	Barcelona, Spain	100.00
DEKRA Equipment & Services A/S	Brøndby, Denmark	100.00
DEKRA España S.L.	Málaga, Spain	100.00
DEKRA Expertise S.A.S.	Cormelles-le-Royal, France	100.00
DEKRA Expertises Ltda.	Atibaia, SP, Brazil	100.00
DEKRA Finland Oy	Vantaa, Finland	100.00
DEKRA Foncier S.N.C.	Le Plessis-Robinson, France	100.00
DEKRA France S.A.S.	Le Plessis-Robinson, France	100.00
DEKRA Fyn ApS	Odense, Denmark	100.00
DEKRA Industrial (Guangzhou) Co., Ltd.	Guangzhou, China	100.00
DEKRA Industrial A/S	Brabrand, Denmark	100.00
DEKRA Industrial AB Sweden	Göteborg, Sweden	100.00

		Capital share in %
DEKRA Industrial Holding S.A.S.	Limoges, France	100.00
DEKRA Industrial Oy	Vantaa, Finland	100.00
DEKRA Industrial RSA (Pty) Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Industrial S.A.R.L.	Algiers, Algeria	99.50
DEKRA Industrial S.A.	Barcelona, Spain	100.00
DEKRA Industrial Safety B.V.	Capelle aan den IJssel, Netherlands	100.00
DEKRA Industrial SAS	Limoges, France	100.00
DEKRA Inspeções Portugal, S.A.	Lisbon, Portugal	100.00
DEKRA Inspection Oy	Vantaa, Finland	100.00
DEKRA Inspection S.A.	Casablanca, Morocco	100.00
DEKRA Inspections, Inc.	Harrisburg, NC, USA	100.00
DEKRA iST Reliability Services Inc.	Hsinchu City, Taiwan	51.00
DEKRA iST Reliability Services Limited	Hong Kong, China (Hong Kong)	51.00
DEKRA iST Reliability Services Limited	Kunshan, China	51.00
DEKRA Italia S.r.l.	Cinisello Balsamo, Milan, Italy	100.00
DEKRA ITV España S.L.	Alcobendas (Madrid), Spain	100.00
DEKRA Job ApS	Brøndby, Denmark	100.00
DEKRA Katsastus OY	Kangasniemi, Finland	100.00
DEKRA Korea Co., Ltd. (formerly: MOVON Test Lab Co. Ltd.)	Gyeonggi-do, Republic of Korea (South Korea)	100.00
DEKRA kvalifikácia a poradenstvo s.r.o.	Bratislava, Slovakia	100.00
DEKRA Midtjylland ApS	Skjern, Denmark	100.00
DEKRA Motores Vistoria Veicular Ltda.	Atibaia, SP, Brazil	100.00
DEKRA Netherlands Holding B.V.	Arnhem, Netherlands	100.00
DEKRA New Zealand Ltd.	Wellington, New Zealand	60.00
DEKRA Nordjylland A/S	Sæby, Denmark	100.00
DEKRA North America. Inc.	Atlanta, GA, USA	100.00
DEKRA People B.V.	Alkmaar, Netherlands	100.00
DEKRA POLSKA Sp. z. o.o.	Warsaw, Poland	100.00
DEKRA Portugal S.A.	Lisbon, Portugal	100.00
DEKRA Prélèvements & Analyses SAS	Limoges, France	99.99
DEKRA Privremeno Zaposljavanje Podgorica d.o.o.	Podgorica, Montenegro	100.00
DEKRA Quality Management AB	Solna, Sweden	100.00
DEKRA Rail B.V.	Utrecht, Netherlands	100.00
DEKRA Service Maroc S.A.	Casablanca, Morocco	80.00
DEKRA Services (PTY) Ltd.	Klerksoord, Rosslyn, South Africa	100.00
DEKRA Services ApS	Brøndby, Denmark	100.00
DEKRA Services France SAS	Le Plessis-Robinson, France	100.00
DEKRA Services S.A.	Alcobendas (Madrid), Spain	100.00
DEKRA Services. Inc.	Atlanta, GA, USA	100.00
DEKRA Servicios Recursos Humanos S.L.	Barcelona, Spain	100.00
DEKRA Sjælland A/S	Næstved, Denmark	100.00
DEKRA Slovensko s.r.o.	Bratislava, Slovakia	100.00
DEKRA Solutions B.V.	Arnhem, Netherlands	100.00
DEKRA South Africa Pty. Ltd.	Klerksoord, Rosslyn, South Africa	100.00

		Capital share in %
DEKRA Southern Africa Oceania Limited	Wellington, New Zealand	100.00
DEKRA Sweden AB	Gothenburg, Sweden	100.00
DEKRA Sydjylland A/S	Vejen, Denmark	100.00
DEKRA TEST CENTER SAS	Montredon-des-Corbières, France	100.00
DEKRA Testing & Certification (Suzhou) Co., Ltd.	Suzhou, China	100.00
DEKRA Testing and Certification (Shanghai) Ltd.	Shanghai, China	100.00
DEKRA Testing and Certification Co., Ltd.	New Taipei City, Taiwan	100.00
DEKRA Testing and Certification Ltda.	Santiago de Chile, Chile	99.90
DEKRA Testing and Certification S.A.	Málaga, Spain	100.00
DEKRA Testing and Certification S.r.l.	Cinisello Balsamo, Milan, Italy	100.00
DEKRA Testing Services (Zhejiang) Ltd.	Wenzhou, Zhejiang, China	51.00
DEKRA UK Ltd.	Southampton, Hampshire, UK	100.00
DEKRA UK Management Ltd.	Southampton, Hampshire, UK	100.00
DEKRA Vistorias e Serviços Ltda.	Atibia, SP, Brazil	100.00
DEKRA za privremeno zaposljavanje d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRA Zaposljavanje d.o.o.	Podgorica, Montenegro	100.00
DEKRA zaposljavanje i zastupanje d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRAMERICAS, S. de R.L. de C.V.	Guadalajara Jalisco, Mexico	100.00
France Etudes et Solutions SASU	Le Plessis-Robinson, France	100.00
Hangzhou DEKRA Certification Co., Ltd.	Hangzhou, China	100.00
QTK Asia Electronics Ltd.	Road Town (Tortola), British Virgin Islands	100.00
UAB DEKRA Industrial	Visaginas, Lithuania	100.00
Vehicle Testing New Zealand Ltd.	Wellington, New Zealand	60.00
VEIKI-VNL Villamos Nagylaboratóriumok Korlátolt Felelősségü Társaság	Budapest, Hungary	100.00

II. Affiliated companies (not included in the consolidated financial statements)

1. Domestic (Germany)

		Capital share in %
DEKRA Cargo & Security Services GmbH	Stuttgart	100.00
DEKRA Media GmbH	Mönchengladbach	100.00

2. Foreign

		Capital share in %
D. Invest s.r.l.	Cinisello Balsamo (MI), Italy	100.00
DEKRA Akademie EPE	Thessaloniki, Greece	100.00
DEKRA Arbeit Anstalt	Eschen, Principality of Liechtenstein	95.00
DEKRA Arbeit Austria GmbH	Vienna, Austria	100.00
DEKRA Arbeit BH d.o.o.	Sarajevo, Bosnia-Herzegovina	100.00
DEKRA Arbeit Bulgaria EOOD	Sofia, Bulgaria	100.00
DEKRA Arbeit L.L.C.	Priština, Kosovo	100.00

		Capital share in %
DEKRA Arbeit SHPK	Tirana, Albania	100.00
DEKRA Automotive EOOD	Sofia, Bulgaria	100.00
DEKRA Bilbesiktning AB (formerly: Aktiebolaget Grundstenen 169887)	Gothenburg, Sweden	100.00
DEKRA Bilsyn Partner A/S	Brøndby, Denmark	100.00
DEKRA Business Services (Beijing) Co., Ltd.	Beijing, China	100.00
DEKRA Certification S.L.	Barcelona, Spain	100.00
DEKRA Certification S.R.L.	Cluj-Napoca, Romania	100.00
DEKRA Certification UK Ltd.	Stokenchurch, UK	100.00
DEKRA Claims Services	Kyiv, Ukraine	70.00
DEKRA Claims Services Austria GmbH	Vienna, Austria	100.00
DEKRA Claims Services France SASU (formerly: DEKRA Claims Services France S.A.)	Levallois-Perret, France	100.00
DEKRA Claims Services Maroc S.A.R.L.	Casablanca, Morocco	100.00
DEKRA Claims-Services-Magyarország Szolgáltató Kft.	Budapest, Hungary	100.00
DEKRA Development s.r.o.	Bratislava, Slovakia	100.00
DEKRA Egypt for Services and Consulting	Cairo, Egypt	51.00
DEKRA – EXPERT Müszaki Szakértöi Kft.	Budapest, Hungary	100.00
DEKRA Expert OOO	Kyiv, Ukraine	80.00
DEKRA Hasar Servisi Ltd. Sti.	Istanbul, Turkey	100.00
DEKRA Hellas EPE	Athens, Greece	100.00
DEKRA Industrial AS	Oslo, Norway	100.00
DEKRA Industrial Inspection Lda.	Maputo Cidade, Republic of Mozambique	100.00
DEKRA kvalifikace a poradenství s.r.o.	Prague 4, Czech Republic	100.00
DEKRA Loss Adjusters and Surveyors Ltd.	Stokenchurch, Bucks, UK	100.00
DEKRA Middle East FZE	Dubai, United Arab Emirates	100.00
DEKRA Outsourcing d.o.o.	Belgrade, Serbia	100.00
DEKRA Personnel France SAS	Paris, France	100.00
DEKRA Praca Sp. z o.o.	Kraków, Poland	100.00
DEKRA Revisión Técnica SpA	Santiago de Chile, Chile	100.00
DEKRA Russ O.O.O.	Moscow, Russian Federation	99.99
DEKRA Services Spolka z.o.o.	Kraków, Poland	100.00
DEKRA TW s.r.o.	Bratislava, Slovakia	100.00
DEKRA usluge d.o.o.	Zagreb, Republic of Croatia	100.00
DEKRA Vizsgaközpont Nonprofit Korlátolt Felelősségű Társaság i.L.	Budapest, Hungary	100.00
DEKRA Vrabotuvanje dooel.	Skopje, Macedonia	100.00
DEKRA zaposlitev d.o.o.	Ljubljana, Slovenia	100.00
DEKRA zaposljavanje d.o.o.	Sarajevo, Bosnia-Herzegovina	100.00
DEKRA Zaposljavanje d.o.o.	Belgrade, Serbia	100.00
European Road Stars Academy SPRL	Brussels, Belgium	50.10
Gudmund s.r.o.	Vršovice, Prague 10, Czech Republic	100.00
Laon Controle Technique SAS	Le Plessis-Robinson, France	100.00
Master Test Chile SpA.	Santiago de Chile, Chile	100.00
Private Employment Agency DEKRA Arbeit Macedonia (formerly: Arbeit De Agency for Temporary Employment)	Skopje, Macedonia	100.00

			Capital share in %
PRO-LOG CG d.o.o.	Podgorica, Montenegro		100.00
PRO-LOG SR DOO	Belgrade, Serbia		100.00
SLP Hiss & Lyftbesiktning AB	Gothenburg, Sweden		100.00
TATRA TRUCK s.r.o.	Krásny Brod, Slovakia		100.00

III. Associated companies

1. Domestic (Germany)

			Capital share in %
ARGE "Technische Prüfstelle für den Kraftfahrzeugverkehr 21" GBR	Dresden	1)	25.00
Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH	Stuttgart		40.00
FSD Fahrzeugsystemdaten GmbH	Dresden		33.71

2. Foreign

			Capital share in %
DEKRA Advanced Mobility Testing (Huzhou) Co. Ltd.	Huzhou City, China	5)	51.00
NDT Training Center AB	Västerås, Sweden	1)	33.00
Spearhead AG	Dietlikon, Switzerland		33.35

IV. Shareholding investments

2. Foreign

			Capital share in %
Eiffage Énergie Systèmes – DYNAE SA (formerly: DYNAE S.A.)	Villefontaine, France	2), 4)	19.93
Société Coopérative de Promotion S.A.	Trappes, France	2)	< 5.00
Crédit Agricole S.A.	Paris, France	2)	< 1.00
Crédit Mutuel	Paris, France	2)	< 1.00
ITT Technology Transfer S.r.l. i.L	Ferrara, Italy	2)	1.00

1) Not measured according to the equity method due to the immaterial significance for the net assets, financial position, and results of operations
2) No disclosures as per Sec. 313 (2) no. 4 HGB are made because these are of immaterial significance for the presentation of a true and fair view of the net assets, financial position, and results of operations of the Group
3) Exercising the exemption defined in Sec. 264 (3) HGB
4) No significant influence excercised
5) Not a controlled entity, based on the resolutions laid down in the articles of incorporation

Stuttgart, March 30, 2023

DEKRA SE
The Members of the Management Board

Zurkiewicz

Linsenmaier

Independent auditor’s report

To DEKRA SE, Stuttgart

Audit Opinions

We have audited the consolidated financial statements of DEKRA SE, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and 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 financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report specified in the “Other Information” section of our auditor’s 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 § [Article] 315e Abs. [paragraph] 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 at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 parts of the group management report listed in the section “Other Information”.

Pursuant to § 322 Abs. 3 Satz [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 Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB 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 audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information.

- the corporate governance statement contained in the “Personnel Report” section of the group management report in accordance with § 289f Abs. 4 HGB (information on the proportion of women)
- the sections “Integrity” and “Sustainability” in the group management report.

The other information comprises all remaining parts of the Financial Report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit 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 audit opinion or any other form of assurance conclusion thereon.

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

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

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 § 315e Abs. 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, as well as to issue an auditor's report that includes our audit 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 § 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 audit 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 controls.
- 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 audit 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 audit 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 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 § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit 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 audit 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 audit 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 30, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marcus Nickel
Wirtschaftsprüfer
(German Public Auditor)

Jürgen Berghaus
Wirtschaftsprüfer
(German Public Auditor)

Report from the Chairman of the Supervisory Board

Dear Readers,

The year 2022 was eventful for DEKRA SE, with a new Chairman of the Management Board, the repercussions of the war in Ukraine, and the ongoing fallout from the COVID-19 pandemic. Against this backdrop, the Supervisory Board has exercised and fulfilled its full range of monitoring and leadership duties.

DEKRA SE's Management Board regularly updated the Supervisory Board about important business activities, both in writing and in meetings. As part of the ongoing dialog, operational activities and the strategic development of the Company were the main topics. The Management Board discussed matters regularly with the Chairman of the Supervisory Board in addition to the two regular Supervisory Board meetings at which the Management Board and the Supervisory Board discussed strategies and plans for ensuring continued growth, among other things.

The result of these deliberations was the decision to continue expanding DEKRA's Sustainability Services relating to the energy transition, the circular economy, and ESG (environmental, social, governance). In particular, in 2022, the testing, certification, inspection, expert, and training services relevant, among other things, for energy-transition technologies were further developed – especially hydrogen, photovoltaics, wind power, and batteries for electric vehicles. The latter is important because new drive technologies, mobility services, and digitalization are set to transform the motor vehicle inspection business over both the medium and long term. Leveraging the opportunities presented by these developments to DEKRA's advantage was a further talking point in the discussions between the Management Board and the Supervisory Board.

For the 2022 financial year, the Supervisory Board appointed auditing firm PwC as the external auditor and commissioned it to examine DEKRA SE's annual accounts, management report, consolidated financial statement, and Group management report, based on the accounts for 2022. The unqualified audit opinion of the external auditor was acknowledged and approved by the Supervisory Board.

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 therefore adopted. The Supervisory Board thanks the Management Board and all DEKRA employees for their successful endeavors in the past reporting year.

Stuttgart, April 2023
The Supervisory Board
Stefan Kölbl

Chairman of the Supervisory Board

Imprint

To DEKRA SE, Stuttgart

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Berlin, Braunschweig

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