FINANCIAL REPORT 2020

AT A GLANCE

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

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

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

KEY DATA DEKRA SE

		2018	2019	2020
Revenue and income				
Total revenue	in million EUR	3,340.5	3,409.0	3,188.2
Share of international revenue	in %	39.3	39.4	39.5
Adjusted EBIT	in million EUR	242.3	227.1	195.9
Adjusted EBIT margin	in %	7.3	6.7	6.1
Adjusted EBT	in million EUR	227.9	210.2	183.8
Statement of financial position				
Total assets	in million EUR	2,267.0	2,755.4	2,739.0
Equity	in million EUR	748.8	796.3	808.5
Equity ratio	in %	33.0	28.9	29.5
Employees				
Number as of Dec. 31		45,647	44,648	43,990

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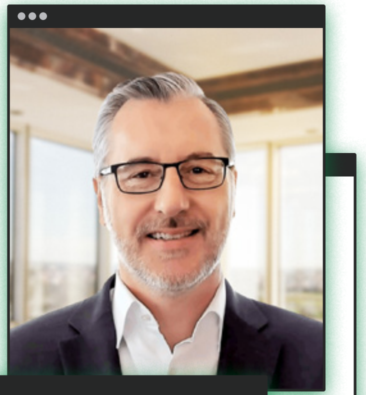
FOREWORD FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



STEFAN KÖLBL

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

Dear readers,

2020 will go down in history as the year in which a virus tore through economies and societies all around the world. The COVID-19 pandemic has also put a damper on DEKRA's many years of growth, with our revenue seeing a six-percent decrease.

Nevertheless, DEKRA's performance was above average during the year of crisis, advancing its position as a global safety partner. Our organizational structure, which now spans six regions and eight Service Divisions, contributed to this success. We were therefore able to further improve our innovative capacity and customer focus.

As a result, 2020 was not a lost year. Instead, we did everything we could to ensure that we will be able to return to our growth trajectory once the pandemic is over. A significant factor in this will be consistently gearing our business toward the opportunities presented by digitalization. In the future, we aim to expand our status as a recognized partner for the testing, inspection and certification of intelligent and connected products. We have invested more than 90 million euros in our future, creating several hundred (413) new jobs even in a time of crisis (excluding the Temp Work Service Division).

The resilience and forward thinking we demonstrated in 2020 encourages us in the realization of our "Vision 2025." By 2025, when DEKRA will celebrate the 100th anniversary of its founding, we will have digitalized our entire service portfolio and we will be the global partner for a safe world. When it comes to technical and organizational safety in the three areas of life – on the road, at work, and at home – people in the digital age can rely on DEKRA as the world's leading non-listed expert organization in the TIC (testing, inspection, certification) industry.

Kind regards,

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

GROUP MANAGEMENT REPORT OF DEKRA SE, STUTTGART FOR THE FISCAL YEAR 2020

CORPORATE INFORMATION

GROUP BUSINESS MODEL

DEKRA ensures safety

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

In 2020, DEKRA employed around 44,000 people in some 60 countries on five continents. The Company carried out around 27 million vehicle inspections globally. Since 2019, the comprehensive services it offers have been bundled into eight Service Divisions. The global business is managed by DEKRA SE based in Stuttgart, and is divided into eight regions.

Represented in every region of the world

Of the eight regions, the Germany region is the biggest market with revenue of 1,929.6 million euros, followed by South-West Europe (which also includes the Company's second domestic market of France) with 497.9 million euros. DEKRA generated a business volume of 332.6 million euros in the North-West Europe region and 146.9 million euros in Central East Europe & Middle East.

Alongside Europe, DEKRA's focus markets include the North America and East & South Asia regions, where revenue amounting to 83.8 million euros (North America) and 113.3 million euros (East & South Asia) was generated. DEKRA generated 9.6 million euros in South America and 74.5 million euros in Southern Africa & Oceania.

Systematic expansion of the range of products and services

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

Vehicle Inspection

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

Claims & Expertise

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

Product Testing

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

Industrial Inspection

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

Consulting

DEKRA advises its customers on the safety-related, practical transformation of procedures and activities in a dynamic digital age, at the workplace and in operational practice. The experts in the service area Consulting follow a holistic, behavior-based approach based on scientific findings relating to the fundamental principles of human behavior.

Audits

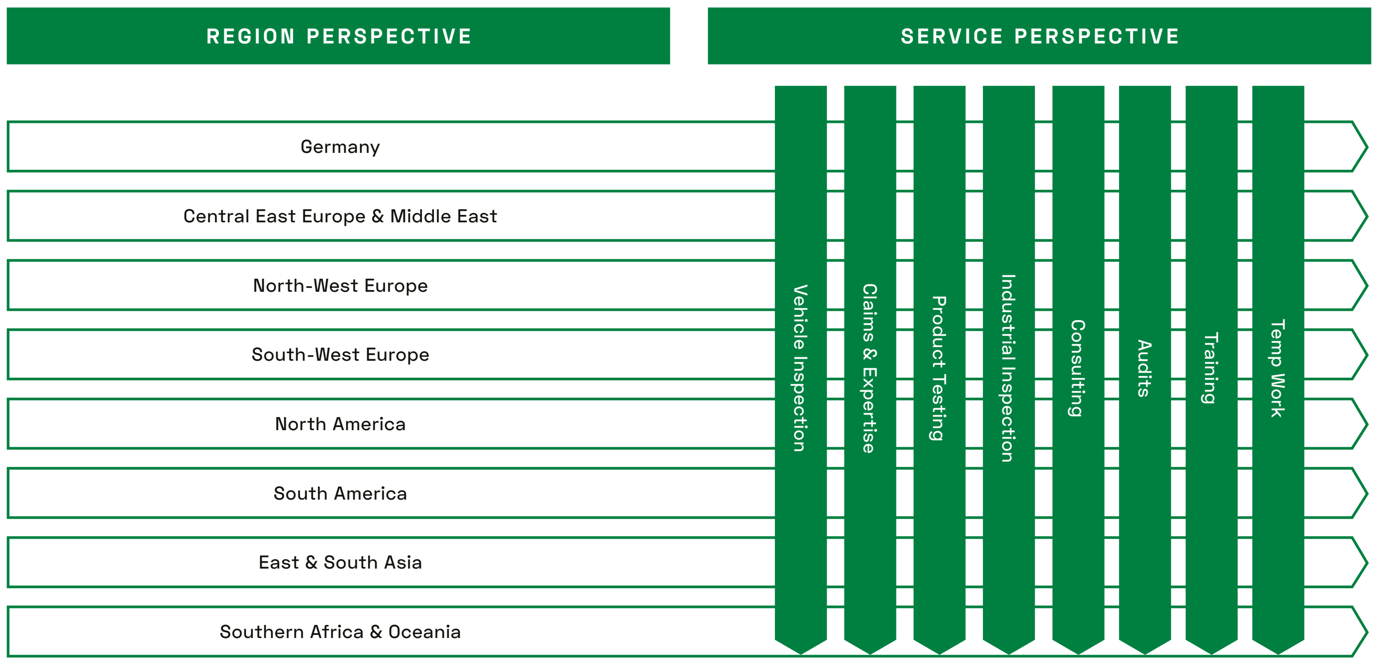
Independent evaluations and certifications of management systems in accordance with national and international standards are the core expertise of the Audits Service Division. DEKRA holds a range of accreditations for system certifications, and offers first-party (internal audits), second-party (auditing suppliers in accordance with their own standards), and third-party audits (audits in accordance with internationally recognized standards, with corresponding authorization).

Training

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

Temp Work

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



OBJECTIVES AND STRATEGIES

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

The strategy and operational management of DEKRA are guided by the principle of stable and healthy growth. Professional expertise, innovative power and customer proximity therefore remain our primary tasks. Through its strategic "Vision 2025" program, launched in its 90th anniversary year in 2015, with its focus on the three areas of life – on the road, at work and at home –, DEKRA has mapped its course for the coming years. In this context, DEKRA has set itself the goal of being the global partner for a safe world in its centenary year 2025. In fiscal year 2020, DEKRA once again demonstrated its full commitment to achieving this long-term objective.

The digital transformation – accelerated by the COVID-19 pandemic – has played an important role in this regard. DEKRA is already a globally recognized partner for the testing, certification and inspection of intelligent and networked products. Nonetheless, we are constantly working to enhance our digital competency based on a comprehensive digital strategy. This starts internally with modern 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 and work on shaping digitalization in its markets through innovation and technology partnerships, and build up new business lines. The digital strategy will be rolled out Group-wide from 2021 and implemented by 2025.

The digital strategy fits into our Group Strategy 2020, which is based on six pillars: "Thought Leadership", "Strategic Marketing & Sales", "Innovation Strategy & Process", "i3X" (formerly "GLOBEX"), "Change Management Vision 2025" and "Corporate Culture & Communication."

Effective from January 1, 2021, DEKRA reduced the number of regions it has from eight to six. The regions East & South Asia and Southern Africa & Oceania were combined into a new APAC region. In addition, the regions North America and South America were merged into an Americas region. Consequently, DEKRA is now managed in six instead of eight regions. This is part of the rigorous implementation of Vision 2025.

RESEARCH AND DEVELOPMENT

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

The journey to Vision Zero

The DEKRA VSR ["Verkehrssicherheitsreport": Road Safety Report] was presented for the 13th time in fiscal year 2020. The DEKRA VSR, published annually since 2008, provides up-to-date information and advice on the further development of road safety for decision-makers in politics, associations, and companies. Under the title "Mobilität auf zwei Rädern" (Mobility on two wheels), DEKRA VSR 2020 tackles the issue of how Vision Zero can also be achieved for vehicles on two wheels, for example with motorbikes and (e-)bikes.

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

DEKRA's commitment to traffic safety also includes the "DEKRA Vision Zero Award." Since 2016, the award has been presented to a European city that has not registered any road traffic fatalities for several years in a row. The northern Spanish city of Siero was recognized in 2020 for eleven successive years without a single fatal accident in its inner-city transport network.

The future of mobility

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

Following the acquisition of the Lausitzring in Klettwitz, Germany, at the end of 2017, DEKRA combined the racetrack with the adjoining DEKRA Technology Center in 2018. Here, on 540 hectares of land, Europe's largest manufacturer-independent testing and inspection center to date for automated and connected driving has been built. In addition to testing components in accordance with the WLAN-based G5 standard, in the future it will also be possible to test a wide range of scenarios for networked communication between vehicles and with their environment using the 5G mobile communications standard.

Together with other DEKRA facilities in Spain and China, the Lausitzring and the facility in Klettwitz also form part of a highly effective international testing network.

For example, in Málaga, Spain, the current focus is on the secure connectivity and electromagnetic compatibility of cell phones, smart home products, and Industry 4.0 applications as well as a test area for connected driving. The focus there is on product testing, the development of early-stage test procedures and the testing of V2X (vehicle-to-everything) technologies. In the reporting year, DEKRA set up a "Big Data Hub" in Málaga, where experts deal with data analysis and software development.

In China, DEKRA strengthened its competency in the area of automated and connected driving in 2020 by founding a joint venture. With the joint venture in the Zhejiang province, south of Shanghai, DEKRA has successfully entered this growth area in the largest automotive market in the world.

DEKRA is also shaping the mobility of the future through its involvement in the research project "RealLabHH." The project in Hamburg will investigate the digital mobility of tomorrow in everyday life until the end of 2021. The aim is to find out which combinations of which mobility solutions work in practice. DEKRA is a partner in this project. The experts from the DEKRA Technology Center are putting their skills to good use in particular for issues relating to the authorization process for automated shuttles in public transport. The digital infrastructure that is being tested in real-life operation in the project includes micro-depots to reduce logistics traffic, automated driving, on-demand shuttles and an app that links together various forms of mobility. The findings will be presented in October 2021 at the ITS World Congress in Hamburg.

Data plays a crucial role in the development of self-driving vehicles and the increased networking of traffic – including with respect to safety. That is why, as part of the "Trust Center" initiative, which it launched in 2019, DEKRA is working with other test organizations to promote unfiltered access to vehicles' safety and environmental data. Without this data, it is not possible to guarantee the proper condition and safety of vehicles. The "Trust Center" is a trustee-based model for the secure gathering and analysis of data for the purpose of consumer protection.

Lifts in the cloud

As a lift inspection expert, DEKRA further developed its ground-breaking retrofit solution in the reporting year in the form of the "DEKRA Lift Explorer." With the cloud-based solution from the Internet of Things (IoT), lift operators can improve the safety and efficiency of their facilities and optimize maintenance.

The "DEKRA Lift Explorer" consists of a high-tech box the same size as a smartphone box, which is mounted onto the lift car. This box records every journey, the position of the lift car, the door movements, and the load. The recorded data appears in a web-based cloud dashboard in real time. The information gathered can be used to identify targeted maintenance and repair measures in order to improve availability. The "DEKRA Lift Explorer" also enhances safety in a way that goes

beyond the statutory requirements. If the lift breaks down between storeys, the operator can respond immediately irrespective of whether an emergency call is made.

Intensifying the digitalization campaign

Against the background of the COVID-19 pandemic, since March 2020 DEKRA has driven forward the digitalization of services and processes in the fiscal year. In this regard, new services were launched (see Report on economic position) and the foundation has also been laid for the development of future-oriented services, for example, in the areas of artificial intelligence (AI) and cyber security.

A Center of Excellence for AI has been in the works in cooperation with DEKRA Digital since the beginning of 2020. The aim is to further improve existing services and develop new ones based on the possibilities offered by AI. DEKRA is leveraging the experience it has gained with AI since 2019 in managing claims and identifying insurance fraud based on image and voice analysis.

In order to protect people around the world from hacker attacks and data misuse, DEKRA has set up a Group-wide Cyber Security Team. Here, the wealth of expert knowledge is being leveraged to develop solutions to the challenges posed by digitalization – for example, for the mobility of the future. In collaboration with its partners, DEKRA is carrying out pioneering work in the area of "Automotive Cyber Security." Together, they are developing security solutions for over-the-air-updates, for example. These include the testing, inspecting, and auditing of services as well as training sessions on the various technologies and regulations.

INTEGRITY AND SUSTAINABILITY

Compliance management system

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

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

Quality management

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

Quality management (QM) not only sets the requirements, but also constantly inspects and optimizes the processes and services at DEKRA. In addition to annual external inspections conducted by the authorities, all subsidiaries with certified or accredited QM systems ensure the quality of their products and processes by means of regular and planned audits. QM also manages and secures DEKRA's accreditations and official permits. For example, the change to the regulations regarding regular vehicle inspections played an important role in fiscal year 2020. The accreditation for vehicle testing was secured. DEKRA has a total of 474 accreditations.

In fiscal year 2020, DEKRA quality management also made progress with harmonizing the overlapping requirements in the manuals of the various departments. To this end, a new Company-wide Enterprise Quality Management System (eQMS) is currently being introduced.

In addition, necessary transitions to new standards and to modified regulatory frameworks were undertaken during the fiscal year. Important milestones included the appointment of DEKRA as a Nationally Recognized Testing Laboratory (NRTL) by the US Occupational Safety and Health Administration (OSHA) and its authorization as a tester according to the ioXt standard in the area of cyber security in the Internet of Things.

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Sustainability management

The expansion of DEKRA's sustainability management was also continued in fiscal year 2020. The Company's direction with respect to sustainability is guided by DEKRA's corporate values as well as the requirements of the German and international sustainability codes. DEKRA achieved a platinum award in its ecovadis sustainability rating, providing renewed, external validation of its direction.

Based on our sustainability strategy 2025, both ecological (expanding internal environment and climate management) and social matters (DEKRA social standards, processes that ensure human rights are observed, expanding on personnel, sustainability and governance matters) are being driven forward, along with the organizational integration of sustainability management into the supply chain. The Company's direction with respect to sustainability is constantly being assessed and developed in dialog with internal and external stakeholders. On the whole, DEKRA mainly contributes to establishing a sustainable trend in terms of the economy, environment and society as a multiplier, through its know-how and expert services with a focus on safety, as well as by specifically supporting customers in matters of sustainability and corporate social responsibility. For example, in 2020 DEKRA carried out audits at six Bundesliga football clubs in line with the sustainClub standard. In addition, DEKRA experts supported the German Football Association (DFB) in becoming the world's first sustainable football association.

Protecting the environment and climate

The internal environmental management system is being further expanded and enhanced in line with current findings and requirements based on a global management system and the data-driven management of environmental protection issues. The focus is on the efficient use of energy and resources, as well as protecting the climate. Goals include, for example, switching to 100% renewable energy by 2025. At the same time, DEKRA wants to reduce its CO_2 emissions in respect of energy consumption, its vehicle fleets and business travel by 50% compared to 2018. In this endeavor, DEKRA is also taking advantage of the expertise of its employees who specialize in these fields internally. Employees receive training and are the target of awareness campaigns relating to environmental issues. Internal best practices are highlighted, and applied to suitable areas. What is more, DEKRA also offers expert services in the area of climate, environment and energy, thus also contributing to environmental and climate protection outside the Company.

PERSONNEL REPORT

COVID-19 slows employee growth – Decline in Temp Work

In the eight global DEKRA regions (excluding Temp Work), headcount increased by 413 employees to 28,337 (prior year: 27,924), despite the more difficult conditions owing to the global COVID-19 pandemic. However, employee growth slowed in the regions and declined from 4.3% in the prior year to 1.5% in 2020. The core workforce in the Germany region grew by 1.8% in comparison to the prior year, from 12,537 to 12,765 employees. The number of employees in the Service Divisions also rose slightly from 217 to 222. The central units ("Steering & Support") grew to 666 employees (prior year: 648), in particular against the background of the drive for digitalization.

By contrast, the number of employees in Temp Work decreased by 1,094 to 14,765 (prior year: 15,859) on account of the COVID-19 pandemic. The headcount for Temp Work in Germany fell by 654 to 7,577 employees (prior year: 8,231).

As a result, the DEKRA Group employed a total of 43,990 people at the end of the year (prior year: 44,648).

Declaration of compliance

Targets have been set for the number of women represented on the most important corporate bodies in first- and second-tier management. The target figure for the composition of the Supervisory Board of DEKRA SE is 16.7% (prior year: 16.7%). This quota has been reached. A target of 25% has been set for the Management Board of DEKRA SE from 2022 onward. This target has already been met in 2021. A quota of 15% and 20% has been set for the first management level (Executive Committee/Operational Committee) and the second management level (Management Committee), respectively. At 8.7%, the target for the first management level has not been met (prior year: 12.5%). At 18.1%, the aforementioned target for the second management level has also not been achieved (prior year: 19.1%). However, both targets remain in place, and we are constantly working to achieve them.

Rigorous implementation of the global employee survey

A focus area in the reporting year was the processing of responses from the global employee survey, which was carried out at the end of 2019. The increased participation rate shows that there is a great deal of interest among the workforce to actively participate and help shape the communication process in a structured manner. After the survey, around 1,000 team events were held globally and action plans were developed on this basis. Six focus areas were identified by Group management in parallel with this, which have been dealt with in the Business Units worldwide and flanked by central measures. One result of this was a web-based interactive training course which was developed in several languages. Using this instrument, employees can prepare for the regular dialog with management in a targeted manner.

Global management and junior talent development

The situation relating to COVID-19 also had a major impact on in the area of management and junior talent development: The global management development program (MFP) with national and international formats, which was launched in prior years, could not be held as planned. It had been planned and preparations had been made for around 200 middle managers to take part in the reporting year. The dates were postponed to 2021 due to the pandemic and the associated restrictions on travel and gatherings. With the MFP, DEKRA has created a uniform concept of management and the management culture that is required in order to implement the Company's strategy. Efforts to enable managers to implement the necessary changes in a targeted manner are being expanded. The program also contributes to ongoing integration at all levels of leadership, as well as to a further improvement in collaboration in the countries in question.

In order to ensure high-quality global management and efficient, virtual team leadership, a web-based live training format "Leading in times of uncertainty and crisis" was introduced for middle management. In order to effectively support the global IT transformation, which is already underway, a virtual "Leadership Journey" platform consisting of several modules was implemented for global IT managers.

In the reporting year, DEKRA also started a new mentorship program in order to foster international top talent.

As part of DEKRA's digital transformation, the HR department has also increasingly invested in modern technology in order to simplify Group-wide administrative processes and speed these up for employees.

REPORT ON ECONOMIC POSITION

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Global economy faces a recession

The global economy shrunk significantly in 2020 for the first time in many years. According to data from the World Bank, global gross domestic product (GDP) declined 4.3% compared to growth of 2.3% in the prior year. The recession was strongest in the euro zone (down 7.4%), Latin America and the Caribbean (down 6.9%) as well as the US (down 3.6%). Only the East Asia and Pacific region achieved slight growth (0.9%), which is primarily attributable to the development in China (2.0%).

Unemployment increased both in the euro zone and in the other countries of the EU. In the countries of the euro zone, unemployment rose in December 2020 to 8.3%. According to calculations by the statistical office of the European Commission (EUROSTAT), the unemployment rate in the EU was also up on the prior year at 7.5% in December 2020. Overall, around 16.0 million people were unemployed in the EU in December 2020.

According to EUROSTAT, annual inflation in the euro zone fell year on year from 1.3% in the prior year to -0.3% in December 2020. According to EUROSTAT, Germany had an inflation rate of -0.7% in December 2020.

Difficult framework conditions for DEKRA

The global markets in the automotive industry, which is important for DEKRA, developed negatively due to the recessionary environment caused by COVID-19. According to data provided by the VDA ["Verband der Automobilindustrie": German Association of the Automotive Industry], sales of passenger cars in Europe (EU-27, EFTA, UK) dropped year on year by 24.3%. Of the 12.0 million units in total, 2.9 million units were registered in Germany alone, which corresponds to a decrease of 19%. Unit sales in the US market were also significantly down on the prior year at 14.5 million units (down 14.7%). The trend in China was negative (down 6.1%). With sales of new vehicles of 19.8 million units, however, the People's Republic of China remains the world's largest passenger car market by far.

DEKRA's industrial business is influenced by the German and international industrial economy. The COVID-19 pandemic has significantly dampened the climate. According to the BDI ["Bundesverband der deutschen Industrie": Federation of German Industries], industrial production in Germany fell 10.1% in comparison to the prior year in the third quarter of 2020. On account of the economic downturn, industry is likewise suffering in all of the countries that are important for DEKRA.

In the Training and Temp Work Service Divisions, the awarding of government contracts and demand for temporary workers are particularly relevant factors. According to data provided by the German Federal Employment Agency ["Bundesagentur für Arbeit"], the number of temporary workers has declined in recent years. Three fifths of this decline are attributable to manufacturing professions, a trend that is likely to be intensified by the recession brought about by COVID-19. The temporary employment sector is usually the first to feel the effects of an economic slowdown. In light of the changing demands on the qualifications of employees, the Bundesagentur für Arbeit also invested around 1.9 billion euros in the promotion of vocational training in 2020.

BUSINESS PERFORMANCE

Group

COVID-19 pandemic leads to a drop in revenue

On account of the severe global economic effects of the COVID-19 pandemic, in fiscal year 2020 DEKRA was not able to continue on the growth trajectory that it has been on for many years. Revenue fell by 6.5% to 3,188.2 million euros. There were, however, significant differences in the development of the individual regions and the individual Service Divisions. Earnings before interest and taxes (EBIT) also developed negatively, amounting to 162.4 million euros (prior year: 201.8 million euros). DEKRA was able to mitigate the impact of the pandemic using strict cost management and effective cash and receivables management. Investments were focused on the most important future projects. In order to continue to secure the Company's liquidity, DEKRA reviewed and expanded the Group's credit lines.

Germany region

In Germany, DEKRA recorded a drop in revenue of 6.6% to 1,929.6 million euros. The fact that the drop in revenue was only moderate is due, firstly, to the level of quality of DEKRA's services, its extensive presence all over Germany and the rapid digitalization of services. Secondly, DEKRA was also able to continue to provide all its services even during the lockdown phase of the COVID-19 pandemic, for example the systemrelevant vehicle inspections.

Inspection business holds up well

In Vehicle Inspection, we were able to successfully increase the number of main inspections carried out by 1.9% to 11.8 million with a stable market share of 33%. By contrast, other vehicle-related services were hit harder by the crisis. For example, the Claims & Expertise business shrank due to a decline in the number of accidents (down 15.8%) and fewer instances of damage caused by natural disasters.

In the area of Product Testing, DEKRA reacted very quickly to the changing underlying conditions in the course of the coronavirus pandemic. By extensively expanding its capacity, from mid-March 2020 DEKRA was already able to help address the, at the time acute, shortage of respiratory masks. As one of two registered centers in Germany, DEKRA has since then been testing the effectiveness of respiratory masks (CPA) intended for use related to the corona virus pandemic in its special laboratory in Essen according to specially adapted testing principles. Demand for this service remained high until the end of August. Since September, respiratory masks have once again been tested in line with the designated EN149 standard.

The Industrial Inspection business developed relatively well in the difficult environment of the pandemic. Customers from a wide range of sectors used the time during the lockdown to inspect and test facilities and materials in order to meet regulatory safety standards. At that remote tests and remote audits with the help of contactless remote technology were used increasingly.

Move to the "virtual classroom"

In 2020, more than half of the qualifications and courses offered in the area Training were moved into the "virtual classroom." Therefore, on average around 70% of all training sessions were able to take place. Freight forwarders and trading companies are currently the main users of the webinars.

After the outbreak of the COVID-19 pandemic, DEKRA supplemented its online safety portal DEKRA Safety Web with corresponding instructions, for example on hygiene rules and the transport of COVID-19 tests. It is now used by around 140,000 employees from more than 360 companies.

In 2020, Temp Work was one of the Service Divisions at DEKRA that was most directly impacted and hardest hit by the COVID-19 pandemic, which is the reason behind a significant portion of the decrease in Group revenue. This also applies to Germany: Of a total of almost 7,096 temporary workers, over the course of 2020 an average of around 2,104 per month were on government-subsidized short-time work.

Central East Europe & Middle East region

In the reporting year, DEKRA recorded revenue of 146.9 million euros (prior year: 162.5 million euros) in the Central East Europe & Middle East region. The decline in revenue is primarily attributable to the Training and Temp Work Service Divisions along with the services in Claims & Expertise.

In the difficult times of COVID-19, Vehicle Inspection services were a mainstay of the business. In contrast to other services, it was still possible to carry out vehicle inspections, although sometimes to a limited extent. In addition, global orders from global customers from the commercial vehicle sector had a positive impact on individual countries in the region, for example the inspection of leased vehicles on their return.

North-West Europe region

DEKRA generated revenue of 332.6 million euros (prior year: 346.1 million euros) in the North-West Europe region. The traditionally strong area of Industrial Inspection and the services in Vehicle Inspection were once again able to increase their revenue in 2020. Services in Consulting, Claims & Expertise, Product Testing, Temp Work and Audits, on the other hand, were adversely affected by the tense economic situation. The business in the United Kingdom was particularly hard hit.

The number of environmental catastrophes is on the rise. The Claims & Expertise Service Division has therefore expanded its capacity. With offices in the North-West Europe region and, in the future, increasingly in North America region, DEKRA's experts support the insurance industry worldwide in recording and assessing damage, for example after hurricanes or earthquakes.

In the area of Industrial Inspection services, DEKRA won a contract from a rail technology company for the inspection and homologation of a new Intercity train for the first time. The "Intercity New Generation" will run on the high-speed rail link between the Netherlands and Belgium. In a Swedish power plant, despite the more difficult conditions due to the coronavirus, DEKRA inspected Block 4 in four days and 14 hours with a team of more than 50 experts from all over Sweden and Lithuania, thus underlining DEKRA's competence in non-destructive testing.

In the growth markets of testing the charging infrastructure for electromobility, the Product Testing Service Division is the only provider worldwide that can offer end-to-end tests of the charging infrastructure. In 2020, the test laboratory in Arnheim was enhanced by investing in new devices. Today, it is one of the few labs in the world that can test high-performance charging stations. Furthermore, the Open Charge Alliance named the two labs in Arnheim and in Sterling, USA as official test laboratories, e.g., for tests related to measurements and settlement between charging station operators.

South-West Europe region

DEKRA generated revenue of 497.9 million euros (prior year: 532.2 million euros) in the South-West Europe region. The consequences of the global pandemic were clearly noticeable in the entire range of services in the region.

In France, DEKRA's second domestic market, the impact of the pandemic was felt the strongest in the areas of Industrial Inspection and Claims & Expertise. DEKRA was able to successfully mitigate this impact by offering a special anti-corona hygiene concept for customers in high-risk sectors ("Real Safety").

The effects on the business with vehicle-related services was limited. DEKRA expanded its market position as a test center for automated and autonomous driving with the Test Center in Narbonne. Furthermore, DEKRA geared itself toward the change in mobility offers. DEKRA now also offers automotive services for companies and banks that offer long-term rental vehicles to private customers.

In Spain, the crisis was primarily noticeable in the demand for the services of Claims & Expertise. By contrast, Product Testing continued to develop positively. The DEKRA laboratory in Málaga was one of the first to receive certification in accordance with the ioXt standard. Developed by an alliance of manufacturers, industry associations and government organizations, this standard is used to test the cyber security of devices used for the Internet of Things (IoT). The certification opens up additional prospects for DEKRA in the future field of IoT, which also comprises products in areas such as sensors and cameras as well as lighting, heating, and ventilation.

North America region

DEKRA generated revenue of 83.8 million euros (prior year: 93.6 million euros) in the North America region. Despite difficult circumstances, DEKRA continued to systematically work toward further developing the strategically important region, paving the way for the future development. The Consulting business was hardest hit by the pandemic. By comparison, the development of services in the areas of Claims & Expertise and Industrial Inspection was positive.

DEKRA improved its access to the North American market in the reporting year by obtaining authorization from the US occupational safety and health administration (OSHA). OSHA has appointed DEKRA as a Nationally Recognized Testing Laboratory (NRTL) for the US. The Group can thus award the "DEKRA US" quality symbol for products sold on the US market. As DEKRA has already been recognized as a certifying body for the Canadian market by the Standards Council of Canada (SCC), manufacturers can now have their products tested and certified by DEKRA for the whole North American market. DEKRA is now 1 of 20 authorized NRTL laboratories. The range of services includes safety tests and certifications for environment-related tests and locations with a high risk of explosion (HazLoc), as well as data processing, medical, and energy supply products.

Also in the US, DEKRA responded quickly to the requirements resulting from the COVID-19 pandemic and invested further in the digitalization of services. With the e-commerce solution Umbrella, customers can simplify the process of management system certification right from the outset because Umbrella makes it possible to create a detailed and legally compliant offer online in just a few minutes.

In Industrial Inspection, the integration of the company acquired in 2019, JAMKO, was concluded, expanding the sphere of action in the northeast of the US. By acquiring JAMKO, DEKRA has expanded its remote-controlled visual inspection expertise.

In the area Consulting many customers in high-risk sectors were advised on how to successfully reduce accident rates, including rail network operators, oil exploration companies and logistics service providers. With New Mexico, the Vehicle Inspection Service Division started the testing business in a further US state. Eight emission testing stations are in operation in the Albuquerque region. DEKRA is thus now present in seven US states.

In 2020, DEKRA entered the field of vehicle testing in Mexico when the state of Jalisco commissioned DEKRA in the summer of 2020. The establishment of six emission testing stations with 42 lanes in Guadalajara, the second-largest city in the country, will start in the spring of 2021. In the reporting year, the first of 10 test stations went into operation in the likewise newly added market Chile, and more will follow in the coming year.

South America region

DEKRA generated revenue of 9.6 million euros (prior year: 18.7 million euros) in the South America region. Above all Brazil and its most important services in Claims & Expertise were hard hit by the effects of the pandemic.

After its start in 2019, the expert migration program in Brazil gained significant momentum. This program of the Training Service Division trains nursing staff and prepares them for working in Germany. The program was extended to many regions in Brazil; however, it still accounts for a relatively small share of revenue. Nevertheless, the number of participants tripled in the reporting year.

A positive development was that Brazil's national telecommunications agency Anatel recognized DEKRA as a certifying body. This opens up new business opportunities related to the testing of telecommunication products for the Brazilian market. In the area of energy efficiency (EE) certification of household appliances and air conditioners, DEKRA expanded its sphere of action in the region to include Colombia, Costa Rica, Ecuador, El Salvador, Panama and Peru.

East & South Asia region

DEKRA generated revenue of 113.3 million euros (prior year: 102.5 million euros) in the East & South Asia region. The impact of the COVID-19 pandemic was not as strong on the whole as was the case in other regions, meaning that the positive development in Product Testing also continued in 2020.

By founding a joint venture, DEKRA has entered the future market of testing of connected and intelligent vehicles in China. DEKRA expanded its international network of testing centers by cooperating with a joint venture partner in China. The goal is to create a high-profile testing laboratory for automated and connected driving together with the Chinese partner. Against the background of the growing significance of China as the world's largest automotive market and as an innovation center for mobility, the joint venture has enabled DEKRA to strengthen its competence in the testing of key technologies related to wireless communication, connectivity, artificial intelligence, geoinformation systems and cyber security.

The Product Testing services also strengthened their position. DEKRA now tests materials and modules of eight of the ten largest Chinese manufacturers in the photovoltaics sector. In the lighting sector, DEKRA benefited from the fact that the China National Certification and Accreditation Administration (CNCA) has recognized the DEKRA laboratories in Shanghai and Guangzhou as laboratories operating in accordance with the standards of China Compulsory Certification (CCC). Thus, DEKRA can offer inspection, testing and certification services from a single source to international manufacturers of lighting products.

In South Korea, the acquisition of a leading laboratory significantly strengthened DEKRA's competence in testing of electromagnetic tolerance, particularly for automotive manufacturers.

Following investments to further expand its testing competence, the DEKRA laboratory in Taiwan can now also test 5G technology in compliance with international standards for global markets. Furthermore, DEKRA opened the first laboratory of its kind in Japan, where network operators can have 5G OTA tests performed. OTA stands for "Over the Air", which means wireless transmission of data, such as software updates for vehicles.

Southern Africa & Oceania region

Revenue of 74.5 million euros (prior year: 86.4 million euros) was generated in the Southern Africa & Oceania region. The drop in revenue was due to the restrictive COVID-19 measures, which mainly affected the Vehicle Inspection business in New Zealand and the Industrial Inspection business in South Africa.

For the next three years, DEKRA will still be the New Zealand government's exclusive partner for practical driving tests. The existing contract was extended and comprises roughly 270,000 tests per year. DEKRA has further digitalized the tests. The main instrument used by license examiners is a tablet. The examiner can use the tablet not only to exactly document the practical test, but can also transmit the test result directly to the license register. This simplifies and expedites the process for all parties involved.

Overall statement by management

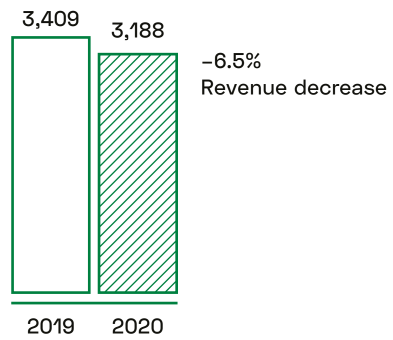
DEKRA's revenue and EBIT declined in fiscal year 2020 for the first time in many years due to the COVID-19 pandemic and the associated global economic downturn. The fallout of the COVID-19 pandemic was felt in particular in the Temp Work and Claims & Expertise business areas. DEKRA responded very quickly to the challenges of the pandemic and many services were digitalized and made remote. Nevertheless, due to the worldwide effects of the crisis, losses in submarkets were not compensated by growth in other markets. As set out in the forecast report, DEKRA anticipates that 2021 will also still be affected by the COVID-19 pandemic.

FINANCIAL POSITION AND PERFORMANCE

Financial performance

At 3,188.2 million euros (prior year: 3,409.0 million euros), the revenue of the DEKRA Group was 220.8 million euros below the prior-year level in fiscal year 2020, which corresponds to a decrease in revenue of 6.5%. Consequently, the target of increasing revenue by between 3% and 5% for fiscal year 2020 was missed, which is largely due to the difficult macroeconomic market conditions caused by the COVID-19 pandemic. Earnings (EBIT) fell by 39.4 million euros to 162.4 million euros as a consequence of the COVID-19 pandemic.

GROUP REVENUE
worldwide in million euros



The effect on revenue development in the fiscal year of acquisitions was 0.1% (previous year: 0.2%) and the one of first-time consolidations was 0.3% (previous year: 0.1%). Changes in exchange rates reduced revenue by 0.3% (prior year: positive effect of 0.2%).

With the exception of the East & South Asia region, all regions recorded a year-on-year decline in revenue in the fiscal year. The South America, North America and Southern Africa & Oceania regions recorded the largest percentage decreases. In South America and Southern Africa, the effects of the COVID-19 pandemic were exacerbated by difficult economic conditions.

The services in the business areas Temp Work, Claims & Expertise, Training and Consulting recorded a considerable decrease in revenue on account of the economic downturn caused by the COVID-19 pandemic. The decline in revenue is primarily due to the restrictive measures implemented to contain the pandemic such as travel bans and contact restrictions coupled with a drop in demand. The areas Vehicle Inspection and Product Testing developed positively and to a certain extent were able to benefit from the impact of the COVID-19 pandemic (e.g., by testing respitory masks used in the coronavirus pandemic).

Other operating income increased by 20.0 million euros to 57.2 million euros (prior year: 37.2 million euros). The increase is primarily due to government assistance received in connection with COVID-19.

At 5.5%, the decrease in cost of materials did not match the decline in revenue. As a result, the ratio of cost of materials to revenue increased slightly to 9.9% (prior year: 9.8%). Personnel expenses decreased by 5.7% to 2,101.4 million euros (prior year: 2,227.9 million euros). The significant decline in personnel expenses stems from the the area Temp Work. This is attributable to government support and the decreasing number of temporary workers. By contrast, the ratio of personnel expenses to revenue increased slightly by 0.5 percentage points from 65.4% to 65.9% in fiscal year 2020.

Other operating expenses fell at a lower rate than revenue by 23.9 million euros to 474.4 million euros, which led to a slight increase of 0.3 percentage points in the expense ratio to 14.9% (prior year: 14.6%). The reduction in other operating expenses was achieved through cost savings in the areas of travel, advertising, vehicle and administrative expenses. On the other hand, rent and building costs, IT costs and allowances on receivables increased slightly.

The volume of write-downs rose by 4.8% or 9.4 million euros to 204.3 million euros in fiscal year 2020 (prior year: 194.9 million euros). In the fiscal year, impairment losses of 13.1 million euros (prior year: 0.0 million euros) were recognized for IT projects. By contrast, depreciation of property, plant and equipment decreased by 4.8 million euros.

Operating profit (EBIT) – calculated as earnings before the financial result and taxes – decreased by 19.5% to a total of 162.4 million euros (prior year: 201.8 million euros).

The target set of slightly improving on the prior year's operating profit was not achieved, in particular due to the impact of the COVID-19 pandemic. The year-on-year decline in earnings is in large part due to the services in Claims & Expertise, Training, Industrial Inspection, Temp Work and Consulting. The return on sales calculated in relation to operating profit fell by 0.8 percentage points year on year to 5.1%.

The financial result improved by 4.7 million euros on the prior year to -15.5 million euros on account of an increase in the investment result and an increase in other interest and similar income. The reduction of net lending from pension liabilities by 2.7 million euros in comparison to the prior year also improved the financial result. By contrast, interest and similar expenses increased year on year, largely due to currency effects.

Consequently, earnings before income taxes decreased by 19.1% to 146.9 million euros (prior year: 181.6 million euros). The return on sales, calculated in relation to income before taxes, fell to 4.6% (prior year: 5.3%).

The Group tax rate rose 2.1 percentage points on the prior year to 36.1% (prior year: 34.0%). The increase largely results from the reduction of deferred tax assets on loss carryforwards.

The consolidated net income for fiscal year 2020 decreased by 25.9 million euros to 93.9 million euros (prior year: 119.8 million euros).

Other comprehensive income fell by 29.3 million euros to -63.1 million euros (prior year: -33.8 million euros). This is largely due to the adjustment to equity instruments measured at fair value through other comprehensive income in the amount of -34.4 million euros. In addition, the actuarial adjustments to pension obligations of 18.7 million euros (prior year: 53.9 million euros) also reduced other comprehensive income. This is attributable to the reduction of the interest rate by 0.25 percentage points to 0.75%. The currency translation reserve changed by -10.0 million euros (prior year: increase of 4.2 million euros), mainly due to the subsidiaries in Brazil, South Africa and Hungary. This was countered by currency translation effects of the subsidiaries in Sweden. This results in total comprehensive income, taking into account expenses and income recognized through other comprehensive income, of 30.8 million euros (prior year: 86.1 million euros).

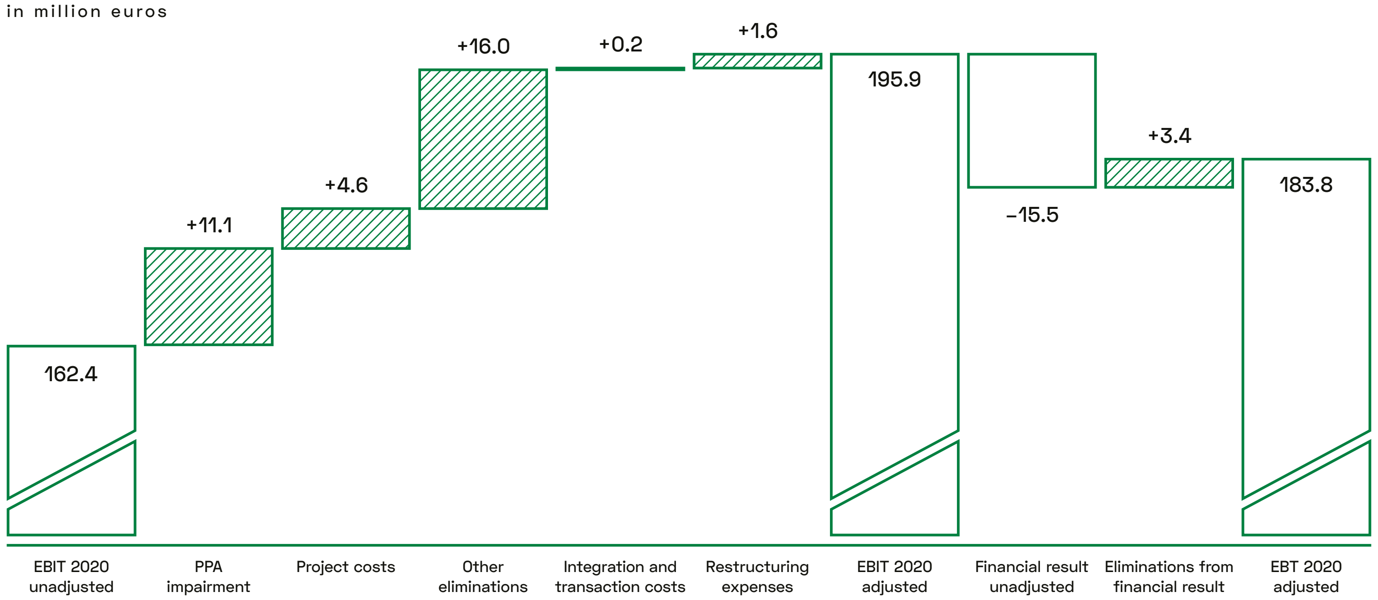
To aid comparison of the operating result, the operating result and earnings before income taxes for 2020 and 2019 were adjusted for the following non-operating (special) effects:

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

Adjusted operating profit decreased by 13.7% to 195.9 million euros (prior year: 227.1 million euros). As a result, the margin for the adjusted operating profit fell by 0.6 percentage points to 6.1%. Adjusted earnings before taxes amounted to 183.8 million euros in the fiscal year (prior year: 210.2 million euros). This represents a margin of 5.8% (prior year: 6.2%).

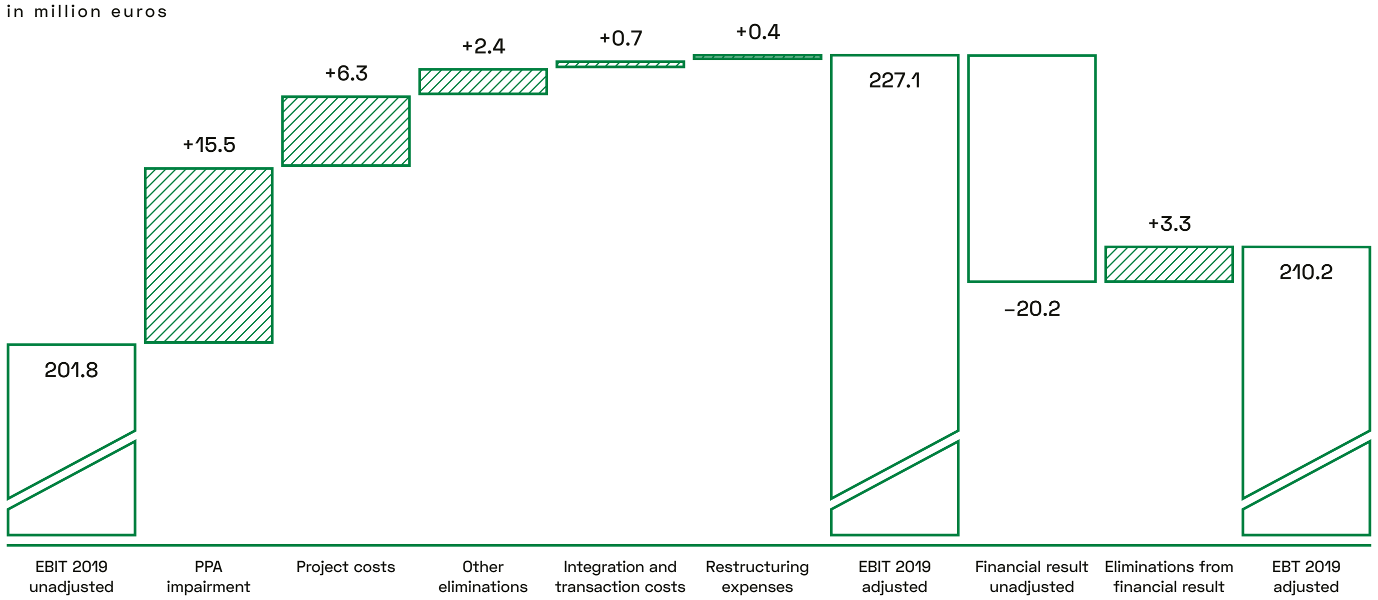
RECONCILIATION OF ADJUSTED EBIT AND EBT FOR 2020

in million euros



RECONCILIATION OF ADJUSTED EBIT AND EBT FOR 2019

in million euros



Financial position

Financial management

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

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

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

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

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

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

Capital expenditure

Net capital expenditure on property, plant and equipment and intangible assets amounted to 89.6 million euros (prior year: 128.2 million euros). Spending mainly related to land and buildings, technical and other equipment, furniture and fixtures as well as intangible assets. Investments in subsidiaries and business units amounted to 18.4 million euros in the fiscal year (prior year: 15.2 million euros).

Liquidity analysis

The development of liquidity in the DEKRA Group is mainly influenced by the decrease in net working capital (excluding cash and cash equivalents), lower expenditures on property, plant and equipment and intangible assets compared to the prior year and increased cash repayments of loans.

Cash flow from operating activities increased by 69.8 million euros to 413.1 million euros (prior year: 343.3 million euros), despite a drop of 25.9 million euros in the consolidated net income for the year. The decrease in net working capital (excluding cash and cash equivalents) of 104.6 million euros contributed considerably to this.

The net cash outflow from investing activities came to 121.9 million euros (prior year: 154.6 million euros). This decline stems from reduced investment in property, plant and equipment and intangible assets, which at 96.7 million euros was below the prior year (139.4 million euros).

The net cash outflow from financing activities came to 216.6 million euros (prior year: net outflow of 178.3 million euros). This development is due to higher cash outflows from principal repayments of finance loans in the amount of 181.9 million euros (prior year: 40.1 million euros) and an increased transfer of profit to DEKRA e. V., Stuttgart, in the amount of 53.0 million euros (prior year: 37.4 million euros). This was largely offset by the cut-off-related change in the cash pool with DEKRA e. V., Stuttgart, with a cash inflow amounting to 22.5 million euros (prior year: net outflow of 36.9 million euros), as well as the higher cash inflows from raising loans amounting to 77.4 million euros (prior year: net inflow of 26.5 million euros).

Cash and cash equivalents (consisting of checks, cash in hand, bank balances, and other cash equivalents) rose by a total of 75.2 million euros to 167.5 million euros (prior year: 92.3 million euros).

Composition of assets, equity and liabilities

Total assets fell by 16.4 million euros from 2,755.4 million euros to 2,739.0 million euros in the past fiscal year, a decrease of 0.6%.

Non-current assets decreased by 21.4 million euros to 1,775.3 million euros (prior year: 1,796.7 million euros). Current assets, on the other hand, increased slightly by 5.0 million euros to 963.7 million euros (prior year: 958.7 million euros).

Under non-current assets, intangible assets decreased by 14.7 million euros to 721.9 million euros (prior year: 736.6 million euros). In addition, non-current financial assets decreased by 31.8 million euros to 77.7 million euros, which is largely due to first-time consolidations of entities that were not consolidated as of the end of the prior year and that are measured at fair value pursuant to IFRS 9, and the annual adjustment of the fair value of equity instruments. Property, plant and equipment, on the other hand, increased slightly by 3.1% to 432.0 million euros (prior year: 419.0 million euros). This increase is largely due to the acquisition, construction and modernization of properties for the Group's own use, the acquisition of land, and investment in new technical equipment.

The slight increase in current assets is due to two opposing effects. Trade receivables and contract assets decreased year on year due to the declining revenue volume and active receivables management by 58.3 million euros to 510.2 million euros. The maturities of trade receivables at the overall Group level fell by about three days to 49 days (prior year: 52 days) due to improved receivables management. By contrast, cash and cash equivalents increased by 75.2 million euros to 167.5 million euros.

Equity increased by 12.2 million euros to 808.5 million euros (prior year: 796.3 million euros). The consolidated net income for the year of 93.9 million euros (prior year: 119.8 million euros) and the addition to the capital reserves by DEKRA e.V., Stuttgart, of 25.0 million euros (prior year: 25.0 million euros) had a positive effect. This was offset by the negative effects of the profit transfer to DEKRA e.V., Stuttgart, of 34.9 million euros (prior year: 53.0 million euros), of the remeasurement of pension obligations through other comprehensive income of 18.7 million euros (prior year: 53.9 million euros), of the remeasurement of equity instruments through other comprehensive income of 34.4 million euros (prior year: -16.0 million euros) and of the currency translation of 10.0 million euros (prior year: -4.2 million euros). The equity ratio increased to 29.5% from 28.9% in the prior year.

The increase in non-current liabilities of 20.0 million euros to 1,077.9 million euros (prior year: 1,057.9 million euros) largely resulted from the increase in pension provisions of 33.8 million euros offset against an increase in plan assets of 24.6 million, resulting in a net increase of 9.2 million euros. The purchase price liability recognized under current financial liabilities in the prior year was reclassified to non-current financial liabilities on account of a contractual amendment. This liability amounts to 20.2 million euros. Non-current liabilities to banks and lease liabilities declined slightly by 3.3 million euros and 7.3 million euros respectively. The current and non-current liabilities are mainly denominated in euros.

Current liabilities decreased by 5.4%, from 901.2 million euros to 852.6 million euros, largely as a result of the decline in current liabilities to banks.

The DEKRA Group requires sufficient liquidity for future investments, which is ensured by promissory notes and by longer-term loan commitments. As of December 31, 2020, there are lines of credit of 450.2 million euros pledged in writing that have not yet been drawn.

Summary assessment of financial position and performance

In respect of the development of revenue and earnings, the trend for the DEKRA Group's financial performance in fiscal year 2020 does not reflect the expectations for the fiscal year and is largely attributable to the challenging economic conditions prevailing due to the COVID-19 pandemic. Nevertheless, the financial position and cash flows allow sufficient headroom for the Group to pursue its goals.

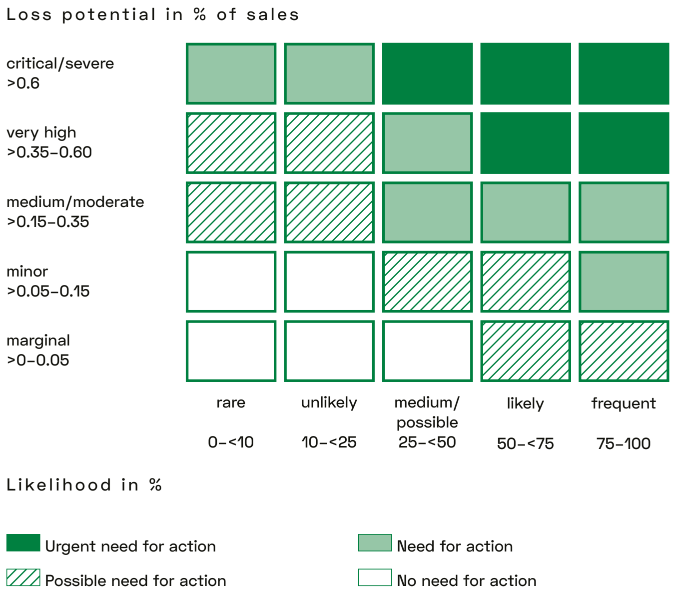
RISK, OPPORTUNITIES AND FORECAST REPORT

RISK REPORT

Systematic management of risks

The risk management process which was realigned in the prior year and the introduction of an internal risk management software proved their worth in 2020. A risk inventory is now carried out for the fiscal year in progress and the two subsequent years, with strategic risks that are cumulative in nature recorded separately. Risks that have already been recorded in the budget are not included in the risk inventory. The new process also includes the DEKRA Matrix of regions and Service Divisions. This allows potential risks to be systematically identified and categorized according to their likelihood as high (dark green), moderate (light green and striped), or low (white). Combined with the loss potential of individual risks, the expected loss can thus be calculated.

QUANTIFICATION OF RISKS



The management levels responsible develop prompt countermeasures on the basis of the risk management process. The Management Board is regularly informed through defined reporting channels. DEKRA communicates particularly urgent issues at short notice via internal ad hoc announcements. DEKRA's risk management system is continuously being adapted in response to changes in legal and economic conditions. In the following, we outline and assess the risks that, from today's perspective, could have a significant influence on DEKRA's financial position and performance. Taking into account the risks recorded in the budget, on the whole the overall risk exposure has remained stable compared to the prior year.

Environment and industry risks

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

There are further macroeconomic risks on account of COVID-19, which will lead to a downturn in global economic growth and impact the development of DEKRA's business. For the reporting year 2020, 59 risks relating to COVID-19 were reported with a total theoretical expected loss of 13.9 million euros.

The Group regularly reviews and analyzes the financial impact of the reported risks, the countermeasures that have been initiated and the Group's risk-bearing capacity in respect of their effectiveness. Based on the reported risks and the measures that are in place, the impact is manageable.

Based on current global developments, the Management Board considers a further worsening of the pandemic situation possible. In the event that further economic restrictions impact our key industries and customers, there is currently the risk of an additional loss potential in 2021 of 20 to 40 million euros. As in 2020, we are reacting to this risk with corresponding countermeasures such as adjusting investments.

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

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

The provision of services in the Training and Temp Work areas is particularly sensitive to cyclical developments. In both these business areas, revenue and earnings may be affected by fluctuations in orders caused by cyclical developments. This particularly affects the Germany and Central East Europe & Middle East regions. DEKRA combats these risks, which it classifies as moderate, by moving into new markets, broadening its portfolio of services and making customized offers. New statutory regulations may lead to high risks in the Temp Work business area. DEKRA is responding to these regulatory interventions in the employee leasing markets by building up its business with key accounts and by investing in its position as a quality provider.

We expect that the environment and industry risks or market risks and legal provisions will continue to be the most significant. The following risks are currently considered to be the greatest risks to earnings:

- Disruptive technologies (vehicle inspection, expertise)
- Amendments especially to European regulations
- Competition and price risks, as well as cyclical and risks caused by the COVID-19 pandemic.

On the whole, these risks add up to a total theoretical expected loss of 92.6 million euros (2019: 114.2 million euros) in 2020. The structure and distribution of risk for the years 2020, 2021 and 2022 are deemed to be stable.

Business strategy risks

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

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

Those responsible identified 100 strategic risks (2019: 41) that are cumulative in nature. The associated theoretical expected loss is 116.7 million euros (2019: 88.2 million euros). These risks can be divided into the categories of digitalization, new technologies, new competitors, the end of the service/product life cycle or commoditization, regulatory changes and markets. DEKRA pays particular attention to the strategic risks because they are also associated with substantial opportunities.

Operating risks

Accreditations and official authorizations are important factors on which DEKRA's success depends. Risk management plays a key role in this regard. With an internal monitoring system for safeguarding service quality and by means of insurance, DEKRA is able to reduce risks arising from liability for its testing, expertises, certifications and seals. In addition, risks arising from missing or amended official permits are identified by means of ongoing specialist and legal reviews; this allows changes to laws and standards to be identified in time and DEKRA services to be promptly adapted. Particularly important in this context is the often time-consuming training and education of the examiners and inspectors as well as the timely planning and provision of the necessary equipment. The amendments made by legislators to national regulations in Germany relate specifically to the handling of measuring and testing equipment and information provided by car repair shops (e.g., emissions testing). The package of ordinances adopted by the Bundesrat provides for a transition period until June 2022 by which time all of the requirements have to be implemented. In Germany, national requirements governing main inspections require that testing and measuring equipment be regularly gaged, calibrated and individually tested in accordance with various different standards. The services to be audited by DAkkS must have comprehensive evidence of their ISO conformity. This applies for calibrations and information provided by car repair shops.

DEKRA has developed all the necessary calibration procedures to such an extent that all accreditations by DAkkS have been completed successfully. The measures needed to adjust and fully implement the accredited calibration procedure have been initiated.

DEKRA was already able to successfully complete the certification procedure in 2020.

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

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

Personnel risks

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

IT risks

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

Financial risks

Although there is a certain risk of bad debts and late payments, it is deemed to be low. DEKRA protects itself from default by means of active customer and contract management, global key account management and thorough creditworthiness checks. By planning ahead, DEKRA is also able to reduce the interest rate risk. As most of DEKRA's transactions are conducted in euros, the exchange rate risk is low. Debt financing of the Group is primarily provided by loans against a promissory note as well as through approved bank loans. Interest derivatives are used for floating rate loans in order to minimize the interest rate risk inherent in the financing of the Group. The portfolio of interest derivatives as of the reporting date amounts to 4.0 million euros (prior year: 14.0 million euros).

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

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

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

The profile and structure of DEKRA's risks, as well as its ability to withstand risk and the distribution of risk between the individual entities, are stable, and measures are defined to limit the level of risk. The strategic risks are currently manageable on the basis of the projects and measures that have been initiated and planned (Business Development). Provided these are implemented consistently, and with a focus on strategic opportunities and risks, the Management Board considers the risk profile to be reasonable. Due to the strong equity, the sophisticated business models, the broad portfolio and the solid financing structure, the sum total of the individual risks does not endanger the ability of DEKRA to continue as a going concern in any way. There are currently no identifiable risks to the Company's ability to continue as a going concern.

OPPORTUNITIES REPORT

Environment and industry opportunities

Safety is a basic necessity for people across the entire globe. This is also reflected in the increase in demand for tests, certifications and inspections in the industrial and private sectors. The demand for corresponding services is not only growing further in western industrial nations, but also in the developing and emerging economies. Due to its strong global network and organizational enhancement TOM 2020, DEKRA is positioned for further growth in the three areas of life "on the road, at work and at home."

IT opportunities

Digitalization is changing customers' needs in the TIC market in an unprecedented depth and speed. The COVID-19 pandemic has shown that it is necessary to actively use the digital transformation opportunities and align the whole company toward this objective. In this way it can be ensured that DEKRA will remain a globally recognized partner for testing, certification and inspection of intelligent and connected products or services in the future – which will mostly be fully digital and will, for example, develop away from periodic tests and certification toward permanent monitoring.

This means that DEKRA will have to intensify its own digitalization and innovation activities, expand new digital competencies, and further develop existing services: from modern IT, new ways of working, to digital interaction and innovation through to data-driven services.

The most promising levers to transform DEKRA into a digital expert organization are the relevant technologies and trends: Internet of Things (IoT), artificial intelligence (AI), big data, new forms of mobility, cyber security, and augmented or virtual reality. The innovation projects planned with the aid of these technologies are oriented toward future scenarios in the next five to ten years and allow opportunities from digitalization to be exploited across the Group.

Strategic opportunities

Various dynamics will significantly shape the global testing, certification and inspection market in the coming years. These developments present major corporate strategic opportunities for DEKRA: High market growth in East & South Asia, contribution to future mobility concepts (CASE – connected, autonomous, sharing and electric vehicles), digitalization of the product portfolio and long-term effects of the COVID-19 pandemic.

The further growth in the Asia-Pacific region (APAC) normally results in more regulations and higher standards. This is due to the fact that many economically advanced countries operate their production facilities in the emerging economies of the APAC and are obliged to manufacture products in compliance with internationally recognized standards. In addition, a strongly expanding middle class and the associated consumer awareness in regards to private consumption lead to an increase in demand both for safety and product quality. This makes the market for the offered services of testing, inspection and certification more attractive. In China, Germany is considered a model for quality and technical know-how. These market circumstances are ideal for DEKRA to position itself as a reliable partner for all safety-related matters in the region. Moreover, future-oriented investments were made in the past by expanding the product testing laboratories in the DEKRA region East & South Asia and by entering into vehicle inspection in China.

Furthermore, DEKRA's international network of test laboratories already enables customers in Asia to provide global services for the growing e-mobility and autonomous driving sector today.

CASE: Connected, automated, shared and electric mobility (CASE) will be a main growth area for the automotive industry, the related OEMs, and other technology partners in the coming years. It can be expected that the growing number of electric vehicles will very heavily influence the increasing consumer awareness of product quality and safety. New providers are entering the market with innovative concepts and require support with regulations and standards. Testing facilities and laboratories should be located close to their development centers in order to drive forward product development. With its worldwide network of testing stations and test laboratories, DEKRA is in a position to ensure safety when it comes to the human handling of technology and the environment. Furthermore, the need for cyber security services will increase due to the proliferation of connected devices. This gives DEKRA access to new growth opportunities in the area of the automotive industry, alternative mobility providers and also from regulatory authorities. DEKRA can cover the entire range of services internationally, which are related to market introduction of vehicles, creation of a safer infrastructure, regulation and the safety of products.

Digitalization of the global product portfolio: Digitalization of products and processes is increasing rapidly in many industries and regions. The integration of new technologies such as the IoT and AI in electronic components results in a stronger demand for product tests. An example is the testing of AR/VR technology (augmented/virtual reality). Test procedures must be developed for this purpose in order to ensure that a device works properly and is compatible with other devices. Furthermore, it can be expected that the demand for software and cyber security tests within the TIC sector will increase as many sectors have a greater need to safeguard their growing digital business. New digital services will replace conventional services. Further development of products and services is ensured by the DEKRA Service Divisions – assisted by DEKRA Digital based in Germany.

Effects of COVID-19: One of the lasting effects of the COVID-19 pandemic is the change in personal and professional behavior. Risk management is being taken more seriously across industries and also personally, leading to a demand for more testing and inspection services (e.g., reliability of the supply chain, safety at the workplace or in hotels). This trend will continue beyond the crisis. DEKRA already offers tailor-made certification solutions for supply chains or hygiene concepts in hotels in Europe and North America, and can further globalize these concepts. It can also be assumed that the increase in safety awareness will also result in a higher demand for testing services from the healthcare sector in the coming years. DEKRA is well-positioned due to its global network of medical testing facilities. Many companies worldwide have increased their production of medical devices (e.g., ventilators or respiratory masks), which offers DEKRA opportunities for testing and certifying these medical devices. Testing of masks in laboratories in Germany or testing of medical devices in DEKRA's laboratories in Germany, North America, the Netherlands, Israel and China offer opportunities that can be expanded further.

Operating opportunities

Through its strategic acquisitions and globalization in recent years, DEKRA is set for further growth. Further regional expansion and market consolidation at a global level must be considered in order to lead the way in the TIC industry. As the markets in Asia, North America and in the emerging countries are showing a trend toward rising demand for services and solutions, demand is higher than supply. Demand for modern technologies in vehicle inspection and other market segments will be also important for DEKRA in Europe and North America. Moreover, major multinational enterprises worldwide require TIC services with consistent service quality. This will make global key account management for DEKRA even more important.

FORECAST REPORT

Challenging environment

The economic environment is expected to recover slightly in 2021, but will be characterized by volatility and differing trends between regions. According to estimates by the World Bank, global GDP will increase by 4%. The developing and emerging economies are expected to record growth of 3.4% while in the USA and the euro zone, growth of 3.5% and 3.6% is expected respectively. For China, growth of 7.9% is expected.

The fact that the underlying economic conditions are becoming more challenging is primarily attributable to the ongoing COVID-19 pandemic and geopolitical challenges. In the meantime, protectionist efforts have led to trade barriers between markets and regions. Political instability in key economic areas is increasingly weighing on development. DEKRA is not immune to this. Thanks to its good international positioning and the strong basic human need for safety, DEKRA nevertheless expects slight growth. However, depending on the further impact of the COVID-19 pandemic, the extent of this growth may vary within each individual Service Division. Revenue is expected to increase by 3% to 4% in fiscal year 2021. Organic growth is expected to be higher than external growth driven by acquisitions. The planning for 2021 also includes a slight increase in EBIT. To achieve this, DEKRA will expand its activities in high-margin business activities, exploit synergies within and between its divisions, and continue to optimize the global structures and processes in sales and the Service Divisions. The headcount is also expected to continue to rise in line with revenue growth. DEKRA expects the number of its employees to increase by between 1,000 and 1,500 as of year-end 2021. The resilience and forward-looking approach we have demonstrated in 2020 reinforces our "Vision 2025." By 2025, when DEKRA will celebrate its 100th anniversary, we will have digitalized our entire service portfolio and be the global partner for a safe world.

Stuttgart, March 29, 2021

DEKRA SE
The Management Board

Kölbl, Chairman

Linsenmaier

Rauh

Zurkiewicz

CONSOLIDATED FINANCIAL STATEMENTS

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DEKRA SE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2020

IN THOUSAND EUR	Notes	2020	2019
Revenue	5.1	3,188,234	3,408,962
Increase in inventories of work in process		1,327	1,141
Own work capitalized		10,135	8,454
Other operating income	5.2	57,169	37,194
Cost of materials	5.3	–314,480	–332,891
Personnel expenses	5.4	–2,101,363	–2,227,854
Other operating expenses	5.5	–474,369	–498,273
Amortization and depreciation of intangible assets, right-of-use assets, and property, plant and equipment	5.6	–204,281	–194,902
Profit/loss from financial assets accounted for using the equity method	5.7	840	531
Interest income	5.7	6,747	4,988
Interest expense	5.7	–24,376	–25,980
Other financial result	5.7	1,311	220
Financial result	**5.7**	**–15,478**	**–20,241**
Earnings before taxes		**146,894**	**181,590**
Income taxes	5.8	–53,002	–61,757
Net income for the year	**5.9**	**93,892**	**119,833**
thereof attributable to owners of DEKRA SE	6.12	93,261	118,606
thereof attributable to non-controlling interests	6.13	631	1,227
Net loss/gain on the provision for			
Hedging instruments at fair value through other comprehensive income	6.16	40	26
Deferred taxes recognized through other comprehensive income	5.8	–12	–8
Translation reserve	5.9	–10,042	4,193
Items that can be recycled through profit or loss in the future		–10,014	4,211
Net loss/gain on the provision for			
Remeasurement of defined benefit plans	6.14	–26,715	–78,866
Equity instruments at fair value through other comprehensive income	6.5	–34,418	15,988
Deferred taxes recognized through other comprehensive income	5.8	8,036	24,939
Items that will not be recycled through profit or loss in future		–53,097	–37,939
Other comprehensive income		**–63,111**	**–33,728**
Total comprehensive income		**30,781**	**86,105**
thereof attributable to			
Owners of DEKRA SE		30,150	84,878
Non-controlling interests		631	1,227

DEKRA SE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020

ASSETS IN THOUSAND EUR	Notes	Dec. 31, 2020	Dec. 31, 2019
Non-current assets			
Intangible assets	6.1/6.2	721,862	736,565
Right-of-use assets	8.1	352,173	346,788
Property, plant and equipment	6.3	432,045	419,023
Financial assets accounted for using the equity method	6.4	13,119	12,266
Other non-current financial assets	6.5	64,555	97,230
Other non-current assets	6.6	9,789	8,701
Deferred income tax assets	5.8	181,750	176,109
		1,775,293	**1,796,682**
Current assets			
Inventories	6.7	20,927	11,210
Contract assets	6.8	55,677	70,446
Trade receivables	6.8	454,497	498,034
Other current financial assets	6.9	221,136	231,291
Other current assets	6.10	34,164	34,437
Current income tax receivables	5.8	9,832	21,015
Cash and cash equivalents	6.11	167,472	92,309
		963,705	**958,742**
Total assets		**2,738,998**	**2,755,424**

EQUITY AND LIABILITIES IN THOUSAND EUR	Notes	Dec. 31, 2020	Dec. 31, 2019
Equity			
Issued capital	6.12	25,565	25,565
Capital reserve	6.12	610,529	585,529
Revenue reserves	6.12	504,571	453,048
Accumulated other comprehensive income	6.12	–345,058	–281,660
Total equity of the owner		**795,607**	**782,482**
Non-controlling interests	6.13	12,899	13,834
		808,506	**796,316**
Liabilities			
Non-current liabilities			
Provisions for pensions and similar obligations	6.14	540,182	530,971
Other non-current provisions	6.15	19,814	15,914
Non-current financial liabilities	6.16	488,362	478,793
Other non-current liabilities	6.18	1,992	2,486
Deferred income tax liabilities	5.8	27,583	29,778
		1,077,933	**1,057,942**
Current liabilities			
Other current provisions	6.15	27,607	24,917
Trade payables	6.17	113,554	112,219
Contract liabilities	6.17	54,671	45,449
Current financial liabilities	6.16	279,877	367,513
Other current liabilities	6.18	370,465	346,017
Current income tax liabilities	5.8	6,385	5,051
		852,559	**901,166**
Total liabilities		**1,930,492**	**1,959,108**
Total equity and liabilities		**2,738,998**	**2,755,424**

DEKRA SE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020

IN THOUSAND EUR

				Accumulated other comprehensive income				Equity		Group equity
	Issued capital	Capital reserve	Revenue reserve	Translation reserve	Equity instruments at fair value through other comprehensive income	Hedging instruments at fair value through other comprehensive income	Remeasurement of defined benefit plans	Owners	Non-controlling interests	
As of Dec. 31, 2018	**25,565**	**560,529**	**385,178**	**–17,258**	**37,679**	**–87**	**–268,267**	**723,339**	**12,315**	**735,654**
Profit and loss transfer agreement/dividend distribution			–53,014					–53,014	–96	–53,110
Capital increase		25,000						25,000	0	25,000
Other changes								0	388	388
Changes to the consolidated group			2,278					2,278	0	2,278
Consolidated net income for the year			118,606					118,606	1,227	119,833
Other comprehensive income for the period				4,193	15,988	19	–53,927	–33,727	0	–33,727
Total comprehensive income	**0**	**0**	**118,606**	**4,193**	**15,988**	**19**	**–53,927**	**84,879**	**1,227**	**86,106**
As of Dec. 31, 2019	**25,565**	**585,529**	**453,048**	**–13,065**	**53,667**	**–68**	**–322,194**	**782,482**	**13,834**	**796,316**
Profit and loss transfer agreement/dividend distribution			–34,862					–34,862	–1,226	–36,088
Capital increase		25,000						25,000	0	25,000
Other changes			–80					–80	–281	–361
Changes to the consolidated group			–6,796	–279	2		–8	–7,081	–59	–7,140
Consolidated net income for the year			93,261					93,261	631	93,892
Other comprehensive income for the period			0	–10,043	–34,418	28	–18,680	–63,113	0	–63,113
Total comprehensive income	**0**	**0**	**93,261**	**–10,043**	**–34,418**	**28**	**–18,680**	**30,148**	**631**	**30,779**
As of Dec. 31, 2020	**25,565**	**610,529**	**504,571**	**–23,387**	**19,251**	**–40**	**–340,882**	**795,607**	**12,899**	**808,506**

DEKRA SE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR FISCAL YEAR 2020

OPERATING ACTIVITIES IN THOUSAND EUR	2020	2019
Consolidated net income for the year	93,891	119,833
Depreciation/amortization/impairment losses/reversals of impairment losses	203,025	194,925
Gain/loss from the disposal of financial and intangible assets and property, plant and equipment	–341	–2,255
Interest income/expenses and dividends	5,482	10,203
Current income taxes	53,034	62,206
Change in non-current provisions	–14,440	–16,075
Other non-cash expenses/income	18,519	27,439
Change in inventories, receivables and other assets	51,979	–12,377
Change in liabilities and current provisions	52,657	21,344
Profit or loss from associates	–942	–1,036
Interest received	3,234	3,771
Taxes paid	–53,311	–65,070
Taxes received	0	62
Dividends received	271	348
Cash flow from operating activities	**413,058**	**343,318**

INVESTING ACTIVITIES IN THOUSAND EUR	2020	2019
Cash paid for investments in		
Intangible assets and property, plant and equipment	–96,691	–139,411
Financial assets and other assets	–16,828	–13,879
Subsidiaries and other business entities	–18,397	–15,154
Cash received from disposals of		
Intangible assets and property, plant and equipment	7,088	11,184
Financial assets and other assets	2,697	2,664
Subsidiaries and other business entities	191	0
Cash flow from investing activities	**–121,940**	**–154,596**

FINANCING ACTIVITIES IN THOUSAND EUR	2020	2019
Cash received from equity contributions from owners	25,000	25,000
Cash paid to owners and non-controlling interests from profit transfers/dividends	–54,231	–37,569
Cash received/paid in relation to loans to owners	22,486	–36,903
Cash repayments of loans	–181,885	–40,135
Cash received from borrowing	77,423	26,497
Cash repayments of lease liabilities	–95,147	–100,752
Interest paid	–10,249	–14,413
Cash flow from financing activities	**–216,603**	**–178,275**

CASH AND CASH EQUIVALENTS IN THOUSAND EUR	2020	2019
Changes in cash and cash equivalents	74,515	10,447
Changes in cash and cash equivalents due to exchange rates and changes in the consolidated group	648	3,369
Cash and cash equivalents at the beginning of the period	92,309	78,493
Cash and cash equivalents at the end of the period	**167,472**	**92,309**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE, STUTTGART, FOR FISCAL YEAR 2020

1 GENERAL COMMENTS

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

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

The consolidated financial statements as of December 31, 2020 include DEKRA SE and its consolidated subsidiaries.

The Management Board authorized the issue of the consolidated financial statements of DEKRA SE for the fiscal year from January 1 to December 31, 2020 on March 29, 2021 and presented them to the Supervisory Board for review and approval.

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

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

2 ACCOUNTING PRINCIPLES

The Company'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 Frameworks and the IFRS of the International Accounting Standards Board (IASB) as well as the interpretations of the IFRS Interpretations Committee effective as of the reporting date were applied.

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

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

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

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous reporting period. In addition, the new or revised standards that were subject to mandatory adoption for the first time in fiscal year 2020 in accordance with the respective transitional provisions are presented below.

STANDARD/INTERPRETATION; EFFECTIVE DATE	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
The following IFRS standards and interpretations were subject to mandatory application for the first time in the fiscal year:	
IAS 1, IAS 8 Definition of Materiality January 1, 2020	The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact on it.
IFRS 3 Definition of a Business January 1, 2020	The amendment to IFRS 3 "Business Combinations" clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.
IFRS 7, IFRS 9, IAS 39 Interest Rate Benchmark Reform January 1, 2020	The amendments to IFRS 9 and IAS 39 "Financial Instruments: Recognition and Measurement" provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments are relevant to the Group as it recognizes hedges for interest rate risks, which are based on reference interest rates. In respect of the recognition of hedges (interest rate swaps and promissory notes), only the methodology for calculating the EURIBOR has changed. In July 2019, the Belgian regulatory agency (Financial Services and Markets Authority) issued an authorization in respect of the EURIBOR pursuant to the EU Benchmarks Regulation. This allows market participants to continue to use the EURIBOR for both existing and new contracts. The Group anticipates that the EURIBOR will continue to be used as a reference rate for the foreseeable future. Please refer to note 10 "Financial management" for more information

STANDARD/INTERPRETATION; EFFECTIVE DATE	IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
The following IFRS standards and interpretations were subject to mandatory application for the first time in the fiscal year:	
IFRS 16 Practical Expedient for Concessions for Rental Payments; June 1, 2020	On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification. A lessee that makes this choice accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendments apply to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. In the fiscal year, COVID-19-related rent concessions were granted on the Group's own rental relationships. The practical expedient was exercised for these rental relationships, and the assessment as to whether a pandemic-related rental concession of a lessor represents an amendment to the lease agreement was suspended. These were classified accordingly as negative variable lease payments and recognized through profit and loss in other operating income.
Conceptual Framework for Financial Reporting issued on March 29, 2018	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

The IASB and the IFRS IC have issued the standards, interpretations and amendments listed below that were not yet mandatory as of December 31, 2020. There are no plans to early adopt these new pronouncements.

STANDARD/INTERPRETATION; EFFECTIVE DATE	ADOPTED BY THE EU COMMISSION	ANTICIPATED IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEKRA SE
Amended standards and interpretations:		
IFRS 17 Insurance Contracts; January 1, 2023	No	Currently being assessed
Amendments to IAS 1: Classification of Liabilities as Current or Non-current; Change from "significant" to "material"; January 1, 2023	No	Currently being assessed
Amendment to IAS 8: Definition of Accounting Estimates January 1, 2023	No	Currently being assessed
Amendment to IAS 16: Proceeds before Intended Use; January 1, 2022	No	No significant effects
Amendment to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; January 1, 2022	No	No significant effects
Amendment to IAS 41: Taxation in Fair Value Measurements; January 1, 2022	No	No effects
Amendment to IFRS 1: Subsidiary as a First-time Adopter; January 1, 2022	No	No significant effects
Amendment to IFRS 3: Reference to the Conceptual Framework; January 1, 2022	No	No significant effects
Amendment to IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities; January 1, 2022	No	No significant effects

3.1 PRINCIPLES OF CONSOLIDATION

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

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

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

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

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

The consolidated group included DEKRA SE and the other entities listed in "Other Disclosures" accordingly as of December 31, 2020. The financial statements of the individual subsidiaries are included in the consolidated financial statements as of December 31, 2020 using the uniform accounting policies stipulated by DEKRA SE. In addition to DEKRA SE, Stuttgart, a total of 23 German (prior year: 23) and 133 foreign (prior year: 133) entities are included.

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

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

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

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

Currency translation

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

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

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

1 EURO =	RATE AS OF REPORTING DATE		ANNUAL AVERAGE RATE	
	Dec. 31, 2020	Dec. 31, 2019	**2020**	2019
Brazilian real (BRL)	6.3735	4.5157	5.8894	4.4135
Czech koruna (CZK)	26.2420	25.4080	26.4555	25.6698
Chinese renminbi (CNY)	8.0225	7.8205	7.8708	7.7339
Danish krone (DKK)	7.4409	7.4715	7.4544	7.4661
Pound sterling (GBP)	0.8990	0.8508	0.8892	0.8773
Croatian kuna (HRK)	7.5519	7.4395	7.5384	7.4182
Hungarian forint (HUF)	363.8900	330.5300	351.2050	325.2308
Moroccan dirham (MAD)	10.9034	10.7293	10.7230	10.6888
New Zealand dollar (NZD)	1.6984	1.6653	1.7565	1.6993
Hong Kong dollar (HKD)	9.5142	8.7473	8.8517	8.7724
Polish zloty (PLN)	4.5597	4.2568	4.4432	4.2979
Swedish krona (SEK)	10.0343	10.4468	10.4881	10.5867
US dollar (USD)	1.2271	1.1234	1.1413	1.1196
South African rand (ZAR)	18.0219	15.7773	18.7685	16.1731
Taiwan dollar (TWD)	34.3707	33.6334	33.5752	34.5772
Swiss franc (CHF)	1.0802	1.0854	1.0703	1.1127
Japanese yen (JPY)	126.4900	121.9400	121.7758	122.0567

3.2 SIGNIFICANT ACCOUNTING POLICIES

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

Goodwill

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

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

Intangible assets

Acquired intangible assets are recognized at cost less any accumulated amortization.

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

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

Property, plant and equipment

Pursuant to IAS 16, property, plant and equipment are recognized at cost less accumulated depreciation. If there are indications of impairment and the recoverable amount is below the cost less any accumulated depreciation and impairment losses, then an impairment loss is recognized.

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

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

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

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

Leases

Leases as lessee

As lessee, the Group leases real estate, technical equipment as well as IT and furniture and fixtures. Pursuant to IFRS 16, the Group accounts for right-of-use assets and lease liabilities for most of these lease agreements, i.e., these lease agreements are recognized in the statement of financial position. Non-lease components are separated from lease components.

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. Variable lease payments that do not depend on an index or (interest) rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In 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 lease liabilities is increased by the associated interest expenses and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification of the lease or associated estimates.

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 any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

In the fiscal year, COVID-19-related rent concessions were granted on the Group's own rental relationships. The practical expedient was exercised for these rental relationships, and the assessment as to whether a pandemic-related rental concession of a lessor represents an amendment to the lease agreement was suspended. These were classified accordingly as negative variable lease payments and recognized through profit and loss in other operating income.

Leases as lessor

For some leases, the Group assumes the role of lessor. These leases have been classified as operating leases. The Group applied IFRS 15 Income from Contracts with Customers in order to allocate the consideration in the contract to the individual lease and non-lease components.

Inventories

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

Financial assets and financial liabilities

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

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

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

Financial assets

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

Financial assets at amortized cost

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

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

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

Financial assets at fair value through other comprehensive income

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

Furthermore, there is an irrevocable option to allocate equity instruments not held for trading to this category when being classified for the first time. The cumulative changes in fair value are not reclassified to profit or loss even when these equity instruments are derecognized.

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

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

Financial assets at fair value through profit or loss

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

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

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

The DEKRA Group allocates the securities held to this category.

Financial liabilities

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

Financial liabilities at amortized cost

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

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Derivative financial instruments and hedge accounting

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

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

Trade receivables, contract assets and other financial assets

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits and are recognized at nominal value less any expected credit losses. The expected credit losses are also determined using the impairment model pursuant to IFRS 9. This is described in more detail in the section “Impairment 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 treatments. If such treatments exist, they are taken into account accordingly.

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

Deferred taxes are recorded as tax income or expense through profit or loss unless they relate to items recorded in other comprehensive income; in this case, the deferred taxes are likewise recorded in other comprehensive income.

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

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

Impairment losses and reversals of impairment losses

Impairment losses and reversals of impairment losses pursuant to IAS 36

The carrying amounts of the assets that fall under the scope of IAS 36 are tested on each reporting date for indications that an asset may be impaired. If such indications are found to exist, the recoverable amount of the asset concerned is estimated. The recoverable amount is the higher of an asset’s net realizable value and its value in use (present value of 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 estimate and the recoverable amount is higher than the carrying amount.

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

The cash-generating units 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 of the globally active unit “Temp Work.”

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

Impairment 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. The impairment approach provides for a three-stage model for the allocation of impairment losses.

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

- **Stage 2: lifetime expected credit losses – credit standing not impaired**
  Stage 2 comprises all instruments for which there has been a significant increase in credit risk as of the reporting date compared to the date of initial recognition, but no objective indication of impairment. All expected losses are recognized over the residual term of the instrument as impairment. A past due status of more than 30 days is used as objective evidence for a significant increase in the credit risk.

- **Stage 3: lifetime expected credit losses – credit standing impaired**
  If there is also objective evidence of impairment in addition to a significant increase in the credit risk as of the reporting date, all expected losses of the instruments are recognized as impairment over the entire lifetime. A past due status of more than 90 days is used as objective evidence of impairment as well as further indications of financial difficulties on the part of the debtor.

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

For trade receivables and contract assets, DEKRA uses a simplified approach to determine the expected credit losses based on the lifetime expected credit losses. A review as to whether there has been a significant increase in the credit risk is therefore not necessary. Portfolio allowances for the expected credit losses are calculated on the basis of historical data adjusted for supportable, forward-looking macroeconomic factors. For example, this involves analyzing and weighting GDP growth rates published by the OECD for the regions in which DEKRA operates. As the forward-looking macroeconomic factors that were used already contain expectations in respect of the development of the economic situation due to the COVID-19 pandemic, no further adjustments were made in this regard. In addition, the volume of receivables is regularly analyzed for any new findings that could have an impact on the expected loss. In fiscal year 2020, this analysis also included potential risks in respect of economic development due to the COVID-19 pandemic. The findings are accounted for using adequate specific bad debt allowances. For further information, we refer to the comments on impairment in section 6.8.

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

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

Pensions and other post-employment benefits

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

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

Net interest on net debt or the net asset value arises as interest on the net debt or net asset value of the reporting period pursuant to IAS 19.123. It is determined at the start of the fiscal year and presented in the amount of the increase of the provision or asset recognized in the past due to the interest in 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. Past service cost from plan amendments is immediately recognized in personnel expenses in the fiscal year in which the amendments are made.

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

Other provisions

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

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

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

Contract liabilities

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

Revenue recognition

DEKRA provides services in the Vehicle Inspection, Claims & Expertise, Product Testing, Industrial Inspection, Consulting, Audits, Training 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 as a continuous flow of benefits to customers or an asset with no alternative use is created. In both cases, an ordinary termination right by the customer gives rise to a reimbursement claim for the respective proportionate selling price. DEKRA therefore recognizes revenue based on the respective degree of completion of the performance obligation. 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-completion method). This is the most suitable method for DEKRA to measure progress. 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 trade receivables, contract assets as well as contract liabilities.

Revenue is recognized over time in particular in the Product Testing, Industrial Inspection and Training Service Divisions.

DEKRA recognizes revenue at a point in time in all of its Service Divisions. In this case, there is no continuous outflow of economic benefits to the customer. Furthermore, no asset is created without an alternative use.

Dividends are recognized when the right to receive payment arises.

Government grants

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

Accounting judgments and estimates

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

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

In particular, assumptions and estimates were made concerning the useful lives of non-current assets, the recoverability of goodwill and other intangible assets, the recoverability of receivables, the adequate valuation of securities, the parameters for measuring pension and other provisions, and the recoverability of deferred tax assets. In addition, we refer to the above explanations and to the comments in note 6 on the individual items in the statement of financial position.

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

Several leases containing extension and termination options were concluded. Judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease is applied, i.e., it takes all relevant factors into account that provide an economic incentive to exercise the extension or termination options. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within control and affects the ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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

Refer to note 8.1 for information on potential rental 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. The main estimates were the future expected net cash flows, based on market developments, as well as assumptions about economic development and an estimate of increases in personnel costs, the growth rates and the weighted average cost of capital. Even if the estimates should change, the recoverable amount is currently expected to exceed the carrying amount of goodwill. 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.

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

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

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

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

Deferred tax assets are recognized to the extent that they are likely to be used. The probability of their being used in the future is assessed taking into account various factors such as future taxable profit in the planning periods. DEKRA uses a planning horizon of 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.

The development of the COVID-19 pandemic remains fluid. Ongoing restrictions stemming from the pandemic could have a negative impact on assets and liabilities, financial position and financial performance in fiscal year 2021. We will continue to monitor the effects of the pandemic closely and take appropriate action if required.

4 BUSINESS COMBINATIONS

Presentation of significant business combinations in the fiscal year

With effect from September 11, 2020, DEKRA acquired all of the shares in MOVON Test Lab Co., Ltd. for a purchase price of 11.1 million euros.

The acquired net assets amounted to 0.9 million euros. As of the date of acquisition, the carrying amounts of the acquired assets and liabilities totaled 1.9 million euros and 1.0 million euros respectively.

Assets are attributable in the amount of 0.7 million euros to trade receivables, 0.4 million euros to property, plant and equipment, 0.3 million euros to other non-current assets, 0.3 million euros to other current assets and 0.2 million euros to cash and cash equivalents. The carrying amount of the receivables corresponds to their fair value. All liabilities are current.

In the course of the purchase price allocation, intangible assets (customer list and order backlog) of a total of 4.3 million euros and deferred tax liabilities of 0.9 million euros were recognized. The resulting goodwill on the acquisition date amounted to 6.8 million euros. In addition to synergy effects, the goodwill arising includes intangible assets that cannot be measured separately from goodwill such as the permanent workforce and know-how.

The company was allocated to the Product Testing Service Division and the East & South Asia region.

Apart from the acquisition of shares in MOVON Test Lab Co., Ltd., there were no significant acquisitions or acquisitions that together are considered to be significant.

Presentation of significant business combinations in the prior year

No significant acquisitions or acquisitions that together are considered to be significant took place in the prior year.

5 STATEMENT OF COMPREHENSIVE INCOME/ INCOME STATEMENT

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

5.1 REVENUE

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

Revenue by region

IN THOUSAND EUR	2020	2019
Germany	1,929,566	2,066,931
South-West Europe	497,920	532,162
North-West Europe	332,633	346,126
Central East Europe & Middle East	146,937	162,462
East & South Asia	113,343	102,485
North America	83,813	93,620
Southern Africa & Oceania	74,460	86,449
South America	9,562	18,727
	3,188,234	**3,408,962**

Revenue by Service Division

IN THOUSAND EUR	2020	2019
Vehicle Inspection	1,131,479	1,064,555
Industrial Inspection	507,185	504,089
Claims & Expertise	484,489	560,711
Temp Work	306,152	471,188
Product Testing	259,324	243,952
Consulting	201,147	220,670
Training	180,574	219,489
Audits	81,007	81,197
Other	36,877	43,111
	3,188,234	**3,408,962**

Revenue also includes income from unbilled service contracts (over time) as of year-end of 39,825 thousand euros (prior year: 33,768 thousand euros), which are recognized proportionately over the performance period. 21,554 thousand euros thereof was generated in the Product Testing Service Division.

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

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

For customer contracts that have an original expected duration of more than one year or performance obligations not recognized in accordance with IFRS 15.B16, the transaction price for the remaining unsatisfied or partially unsatisfied performance obligations can be broken down as of December 31, 2020 as follows:

IN THOUSAND EUR	2020	2019
Within one year	9,582	3,791
More than one year	3,134	2,632
	12,716	6,423

5.2 OTHER OPERATING INCOME

Other operating income amounts to 57.2 million euros (prior year: 37.2 million euros). This includes government grants totaling 12.9 million euros (prior year: 3.3 million euros), which were largely received to mitigate the economic impact of the COVID-19 pandemic (see paragraph 8.4) along with other reintegration and payroll subsidies. There was also income from the reversal of impairments in the amount of 7.6 million euros (prior year: 4.2 million euros). Other operating income also includes exchange gains of 3.1 million euros (prior year: 2.0 million euros), income from the disposal of fixed assets of 2.2 million euros (prior year: 4.7 million euros) as well as income from compensation of 2.2 million euros (prior year: 2.3 million euros).

5.3 COST OF MATERIALS

Cost of materials breaks down as follows:

IN THOUSAND EUR	2020	2019
Cost of purchased services	278,223	301,381
Cost of purchased merchandise	36,257	31,510
	314,480	332,891

5.4 PERSONNEL EXPENSES

IN THOUSAND EUR	2020	2019
Wages and salaries	1,731,098	1,843,507
Social security costs (excl. pension insurance premiums)	232,408	247,127
Pension costs	137,857	137,220
	2,101,363	2,227,854

Pension costs also include employer contributions to the statutory pension insurance fund of 98.7 million euros (prior year: 100.9 million euros). The majority of Group employees are salaried employees.

Grants of 13.1 million euros were issued in connection with the COVID-19 pandemic, which were offset against personnel expenses. These largely relate to government benefits for employees (see paragraph 8.4).

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

ANNUAL AVERAGE	2020	2019
Germany	20,116	22,015
South-West Europe	7,481	7,604
Central East Europe & Middle East	4,099	4,371
North-West Europe	3,128	3,061
Southern Africa & Oceania	1,842	1,815
East & South Asia	1,658	1,594
North America	568	560
South America	255	249
Central units	658	634
Service Divisions	219	207
	40,022	42,110

The definition of headcount was amended compared to the prior year. Part-time employees are fully included in fiscal year 2020. The headcount figures for 2019 were adjusted in line with the new definition.

5.5 OTHER OPERATING EXPENSES

Other operating expenses contain exchange differences of 474.4 million euros (prior year: 498.3 million euros) primarily contain IT and telephone costs of 89.9 million euros (prior year: 82.2 million euros), administrative expenses of 86.2 million euros (prior year: 89.3 million euros), travel expenses of 79.2 million euros (prior year: 104.0 million euros), rent and building costs of 66.6 million euros (prior year: 55.2 million euros) as well as advertising expenses of 35.7 million euros (prior year: 43.1 million euros). Other operating expenses contain exchange differences of 4.7 million euros (prior year: 3.4 million euros).

5.6 AMORTIZATION AND DEPRECIATION OF INTANGIBLE ASSETS, RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

5.7 FINANCIAL RESULT

The financial result breaks down as follows:

IN THOUSAND EUR	2020	2019
Investment result from companies accounted for using the equity method	**840**	**531**
Dividends from equity instruments at fair value through other comprehensive income	272	307
Other investment result	1,376	51
Expenses from investments and shares in affiliates	−237	−112
Result from securities	0	−1
Result from loans	−100	−25
Other financial result	**1,311**	**220**
Interest income	6,747	4,988
Interest expenses	−24,376	−25,980
thereof other interest expenses	−19,308	−18,328
thereof interest expenses for the phased retirement scheme	−11	−8
thereof net lending from German phased retirement scheme obligations	−49	57
thereof net lending from pension provisions	−5,008	−7,701
Interest result	**−17,629**	**−20,992**
Financial result	**−15,478**	**−20,241**

The investment result from companies accounted for using the equity method of 840 thousand euros (prior year: 531 thousand euros) relates to the recognition of profit shares of FSD Fahrzeugsystemdaten GmbH, Dresden, Germany, Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart, Germany, and DEKRA Advanced Mobility Testing (Huzhou) Co. Ltd., Huzhou City, China. The other financial result largely contains income from the reversal of impairment losses on shares in affiliates, which is recognized under other investment result.

Interest income primarily stems from interest income from loans and receivables of 4,133 thousand euros (prior year: 3,046 thousand euros). Measurements in foreign currencies had an effect of 2,174 thousand euros (prior year: 666 thousand euros) on interest income.

Other interest expenses of 19,308 thousand euros (prior year: 18,328 thousand euros) chiefly stem from short-term and long-term loans as well as from unwinding the discount on lease liabilities. Moreover, this includes expenses from the increase in liabilities from put and call options in connection with subsidiaries acquired in prior years of 2,651 thousand euros (prior year: 2,863 thousand euros) as well expenses from currency effects of 4,231 thousand euros (prior year: 1,184 thousand euros) in the fiscal year.

Net lending from pension provisions results from interest expenses arising from pension obligations of 10,778 thousand euros (prior year: 17,068 thousand euros) less the expected return on plan assets of 5,770 thousand euros (prior year: 9,367 thousand euros).

5.8 INCOME TAXES

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

Tax allocations to DEKRA e.V., Stuttgart, of 29.4 million euros (prior year: 33.3 million euros) are also recognized under income taxes. The tax allocation corresponds to the actual tax incurred up to the level of DEKRA SE. The resulting receivables and liabilities are included under receivables and liabilities to affiliates.

IN THOUSAND EUR	2020	2019
Current taxes	52,616	63,773
Deferred taxes		
Temporary differences	–3,682	–850
Unused tax losses	4,068	–1,166
	53,002	**61,757**

Current taxes contain tax expenses of 1,022 thousand euros (prior year: 745 thousand euros) relating to other periods.

As of the reporting date, the DEKRA Group disclosed 24,278 thousand euros in total of unused tax losses (prior year: 38,317 thousand euros), which resulted in deferred tax assets of 6,563 thousand euros (prior year: 10,449 thousand euros). The Group considers it reasonably certain that future taxable profit will be available against which they can be utilized. The respective local tax rate was used in each case.

Deferred taxes from temporary measurement differences were determined using future anticipated local tax rates, e.g., 30.5% (prior year: 30.5%) for Germany, 25.0% (prior year: 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, 2020 break down as follows:

IN THOUSAND EUR	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Non-current assets	98,263	89,694	66,727	77,063
Current assets	6,627	6,366	5,129	5,149
Non-current liabilities				
Pension provisions	166,081	157,991	95,468	88,795
Other non-current liabilities	35,921	37,303	9,585	1,471
Current liabilities	18,299	17,880	678	874
Deferred taxes on temporary measurement differences	**325,191**	**309,234**	**177,587**	**173,352**
Deferred taxes on unused tax losses	6,563	10,449	0	0
Total deferred taxes	**331,754**	**319,683**	**177,587**	**173,352**
Offsetting at tax group level	–150,004	–143,574	–150,004	–143,574
Disclosure	**181,750**	**176,109**	**27,583**	**29,778**

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

IN THOUSAND EUR	2020	2019
Consolidated earnings before tax	146,894	181,590
Expected tax expense (30.525%)	44,839	55,430
Losses for which no deferred taxes were recognized	2,249	848
Differences from foreign tax rates	544	–876
Tax-free income	–3,277	–690
Non-deductible expenses	6,401	7,144
Tax items relating to other periods	2,098	–303
Other tax effects	148	204
Effective tax expense	**53,002**	**61,757**

Deferred income tax assets and current income tax assets

The Group has unused tax losses that can be carried forward indefinitely of 44,005 thousand euros (prior year: 22,570 thousand euros), for which no deferred taxes were recognized, since it is not yet sufficiently certain that they will be usable for tax purposes.

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

Of the change in deferred taxes, an amount of 8,023 thousand euros (prior year: 24,931 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 decrease in current income tax receivables is primarily due to a legislative change to abolish tax credits on social security contributions in France (Crédit d'impôt pour la compétitivité et l'emploi).

Deferred income tax liabilities and current income tax liabilities

Besides those from effective tax obligations, tax liabilities arise mainly from deferred tax liabilities. The recognition and measurement differences determined from adjustments of the statements of financial position of the consolidated companies according to local GAAP to IFRSs and consolidation entries recognized through profit or loss, which resulted in deferred tax assets or liabilities, are presented in the table above. Deferred taxes of 1.0 million euros (prior year: 0.5 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 29.4 million euros has been offset against receivables from affiliates.

5.9 STATEMENT OF COMPREHENSIVE INCOME

The consolidated net income for the year under IFRSs stands at 93.9 million euros (prior year: 119.8 million euros). This serves as a basis for developing the income statement into the statement of comprehensive income. Items affecting other comprehensive income, which will not be recycled through profit or loss in the future, include the remeasurement of defined benefit pension plans of –26.7 million euros (prior year: -78.9 million euros), less associated deferred taxes of 8.0 million euros (prior year: 24.9 million euros), as well as the change in the fair value of equity instruments at fair value through other comprehensive income of –34.4 million euros (prior year: 16.0 million euros).

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

In addition, expenses from currency translation of 10.0 million euros (prior year: income of 4.2 million euros) were recognized in other comprehensive expenses. The effects of foreign currency translation are primarily due to translation of items from the Brazilian real, South African rand and Hungarian forint. This was mainly countered by the effects from the translation of items from the Swedish krona. These items could also be recycled through profit and loss in the future if certain conditions are met.

6 STATEMENT OF FINANCIAL POSITION

Non-current assets

6.1 INTANGIBLE ASSETS

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

Internally generated intangible assets of 1,903 thousand euros (prior year: 2,852 thousand euros) were recognized for software developments in the reporting year.

In the fiscal year, impairment losses were recognized for IT projects in the amount of 13,065 thousand euros (prior year: 0 thousand euros) on account of the amended underlying conditions. This applies in particular to customer-related IT projects.

IN THOUSAND EUR	INTANGIBLE ASSETS					
	Goodwill	Franchises, industrial and similar rights	Other intangible assets	Internally generated intangible assets	Prepayments and intangible assets under development	Total
Cost						
As of Jan. 1, 2019	**581,325**	**167,562**	**226,618**	**41,535**	**17,946**	**1,034,986**
Exchange difference on opening balance	2,422	37	1,237	61	6	3,763
Exchange difference in current year	28	–4	4	21	–1	48
Additions	6,396	9,738	2,457	2,852	12,633	34,076
Additions to the consolidated group	9,684	0	1,703	0	0	11,387
Disposals	–852	–319	–6,777	–675	–38	–8,661
Reclassifications	0	6,482	73	816	–6,994	377
As of Dec. 31, 2019/Jan. 1, 2020	**599,003**	**183,496**	**225,315**	**44,610**	**23,552**	**1,075,976**
Exchange difference on opening balance	–8,553	–205	–4,048	–215	–67	–13,088
Exchange difference in current year	–7	23	–64	–203	36	–215
Additions	0	6,523	1,396	1,903	12,818	22,640
Additions to the consolidated group	15,076	292	4,609	0	6	19,983
Disposals	–221	–5,750	–1,555	–590	–2,505	–10,621
Reclassifications	0	9,527	–1,195	1,750	–10,772	–690
As of Dec. 31, 2020	**605,298**	**193,906**	**224,458**	**47,255**	**23,068**	**1,093,985**
Amortization and impairment losses						
As of Jan. 1, 2019	**–72**	**–128,401**	**–158,897**	**–20,481**	**0**	**–307,851**
Exchange difference on opening balance	–61	–28	–659	–72	0	–820
Exchange difference in current year	0	1	–94	–12	0	–105
Additions	0	–14,440	–18,360	–3,849	0	–36,649
Disposals	0	119	6,004	0	0	6,123
Reclassifications	0	–40	–69	0	0	–109
As of Dec. 31, 2019/Jan. 1, 2020	**–133**	**–142,789**	**–172,075**	**–24,414**	**0**	**–339,411**
Exchange difference on opening balance	–228	141	2,893	320	0	3,126
Exchange difference in current year	0	–28	117	76	0	165
Additions	0	–21,770	–13,138	–10,168	–2,111	–47,187
Disposals	0	5,576	1,977	564	2,111	10,228
Reclassifications	0	325	631	0	0	956
As of Dec. 31, 2020	**–361**	**–158,545**	**–179,595**	**–33,622**	**0**	**–372,123**
Carrying amount as of Dec. 31, 2020	**604,937**	**35,361**	**44,863**	**13,633**	**23,068**	**721,862**
Carrying amount as of Dec. 31, 2019	**598,870**	**40,707**	**53,240**	**20,196**	**23,552**	**736,565**
Carrying amount as of Jan. 1, 2019	**581,253**	**39,161**	**67,721**	**21,055**	**17,946**	**727,136**

6.2 GOODWILL

Of the goodwill in the fiscal year, 215.9 million euros (prior year: 215.9 million euros) relates to the CGU Germany, 112.0 million euros (prior year: 110.1 million euros) to the CGU South-West Europe, 92.7 million euros (prior year: 89.5 million euros) to the CGU North-West Europe, 63.2 million euros (prior year: 56.7 million euros) to the CGU East & South Asia and 54.4 million euros (prior year: 58.2 million euros) to the CGU North America. Furthermore, 26.2 million euros (prior year: 26.2 million euros) relates to the CGU Central East Europe & Middle East, 23.2 million euros (prior year: 23.1 million euros) to the CGU Temp Work, 15.2 million euros (prior year: 16.5 million euros) to the CGU Southern Africa & Oceania and 2.1 million euros (prior year: 2.7 million euros) to the CGU South America. The forecast for expected future cash flows take into account the uncertainty caused by the COVID-19 pandemic and the impact on the respective market environment.

Additions of 15.1 million euros to goodwill are attributable to business combinations and asset deals that took place in 2020 as well as the inclusion in the consolidated group of entities previously considered to be immaterial. Furthermore, goodwill decreased by 8.8 million euros (prior year: increase of 2.4 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 management that is applicable as of the time when the impairment test is performed, which previously covered a planning horizon of three years. In fiscal year 2020, the planning horizon was adjusted to a period of five years as this better reflects the assumptions for market developments over the short- to medium-term. 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 period were generally extrapolated taking into account estimated growth rates of 0.5% (prior year: 0.5%). The estimated growth rates came from forecasts by the Company. For the eight regional clusters, cash flows were discounted using a risk-adjusted interest rate after tax of 6.1% (prior year: 6.5%). For the globally operating Temp Work unit, a risk-adjusted interest rate after tax of 9.0% (prior year: 8.0%) was used.

A 10% decrease in the expected cash flows or a 1% increase in the discount rate underlying the value in use calculation for the cash-generating unit would individually not result in any impairment losses. If both scenarios (10% decrease in the expected cash flows and 1% increase in the discount rate) were to occur simultaneously, this would result in no need for impairment.

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

6.3 PROPERTY, PLANT AND EQUIPMENT

IN THOUSAND EUR

	Land and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Prepayments and assets under construction	Total
Cost					
As of Jan. 1, 2019	**241,774**	**228,462**	**258,988**	**18,758**	**747,982**
Exchange difference on opening balance	549	1,636	635	352	3,172
Exchange difference in current year	–16	–101	260	–61	82
Additions	10,137	34,547	35,438	31,915	112,037
Additions to the consolidated group	592	423	119	0	1,134
Disposals	–4,572	–10,255	–23,534	–302	–38,663
Reclassifications*	–1,171	–853	5,074	–11,122	–8,072
As of Dec. 31, 2019/Jan. 1, 2020	**247,293**	**253,859**	**276,980**	**39,540**	**817,672**
Exchange difference on opening balance	–1,158	–2,560	–1,780	–214	–5,712
Exchange difference in current year	–81	–172	483	–57	173
Additions	8,329	23,653	33,155	9,152	74,289
Additions to the consolidated group	2,372	4,271	633	74	7,350
Disposals	–5,908	–8,134	–17,113	–2,501	–33,656
Reclassifications	20,209	6,235	6,610	–28,399	4,655
As of Dec. 31, 2020	**271,056**	**277,152**	**298,968**	**17,595**	**864,771**
Depreciation and impairment losses					
As of Jan. 1, 2019	**–69,118**	**–130,727**	**–168,696**	**–3,358**	**–371,899**
Exchange difference on opening balance	–139	–723	–342	–156	–1,360
Exchange difference in current year	–5	108	–115	0	–12
Additions	–7,047	–21,071	–26,026	–1,966	–56,110
Disposals	347	8,334	18,169	35	26,885
Reclassifications*	756	2,384	707	0	3,847
As of Dec. 31, 2019/Jan. 1, 2020	**–75,206**	**–141,695**	**–176,303**	**–5,445**	**–398,649**
Exchange difference on opening balance	301	1,195	1,067	79	2,642
Exchange difference in current year	6	94	–473	0	–373
Additions	–7,953	–23,851	–29,781	–7	–61,593
Disposals	4,357	7,857	15,619	0	27,833
Reclassifications	–1,354	–811	–421	0	–2,586
As of Dec. 31, 2020	**–79,849**	**–157,212**	**–190,292**	**–5,373**	**–432,726**
Carrying amount as of Dec 31, 2020	**191,207**	**119,940**	**108,676**	**12,222**	**432,045**
Carrying amount as of Dec. 31, 2019	**172,089**	**112,167**	**100,677**	**34,094**	**419,023**
Carrying amount as of Jan. 1, 2019	**172,657**	**97,736**	**90,292**	**15,400**	**376,083**

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

6.4 FINANCIAL ASSETS ACCOUNTED FOR USING THE EQUITY METHOD

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Aggregated non-current assets	41,591	31,418
Aggregated current assets	22,377	28,817
Aggregated non-current liabilities	907	843
Aggregated current liabilities	24,484	23,042

IN THOUSAND EUR	2020	2019
Aggregated revenue	37,193	38,730
Aggregated net income for the year	2,146	3,253

As in the prior year, the majority of assets, liabilities, revenue, net income for the year and carrying amount of the equity investment is attributable to FSD Fahrzeugsystemdaten GmbH, Dresden. The equity investment in FSD Fahrzeugsystemdaten GmbH has strategic reasons.

6.5 OTHER NON-CURRENT FINANCIAL ASSETS

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Shares in affiliates	33,001	68,436
Other investments	1,614	1,659
Loans to affiliates	14,531	13,998
Loans to associates	500	0
Other loans	94	147
Securities	11,473	9,605
Sundry other non-current financial assets	3,342	3,385
	64,555	**97,230**

DEKRA measures equity instruments at fair value through other comprehensive income. The cumulative amounts recognized in other comprehensive income from the remeasurement of shares amount to 19.3 million euros. Of this, 34.4 million euros had a negative effect on other comprehensive income in the fiscal year. This is largely due to the first-time consolidation of several companies in fiscal year 2020. The fair value of the shares in affiliates not included in the consolidated financial statements breaks down by region as of December 31, 2020 as follows:

	Fair value IN MILLION EUROS	Number of entities	Fair value spread IN MILLION EUROS
Region			
Central East Europe & Middle East	29.1	35	0.0 – 2.7
North-West Europe	9.0	5	0.0 – 6.6
South-West Europe	4.0	7	0.0 – 1.7
Germany	2.8	2	0.0 – 2.7
North America	1.9	2	0.8 – 1.1
East & South Asia	0.8	2	0.0 – 0.8
South America	0.0	3	0.0
Southern Africa & Oceania	0.0	1	0.0

33.0 million euros thereof is recognized as shares in affiliates and 14.5 million euros is recognized as non-current loans to affiliates.

As of December 31, 2019, the fair value of shares in affiliates, which are not included in the consolidated financial statements, broke down as follows:

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

68.4 million euros thereof is recognized as shares in affiliates, 14.0 million euros is recognized as non-current loans to affiliates and 6.7 million euros is recognized as current loans to affiliates.

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

Securities increased slightly compared to the prior year. Net impairment losses of 324 thousand euros (prior year: net reversals of impairments of 592 thousand euros) were recognized in 2020. The accumulated reversals of impairments of the securities amount to 472 thousand euros (prior year: 842 thousand euros).

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

IN THOUSAND EUR	Level 1	Level 2	Level 3
Loss allowances as of Jan. 1	–3,148	0	0
Allocations	–401	0	0
Loss allowances as of Dec. 31	**–3,549**	**0**	**0**

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

IN THOUSAND EUR	Level 1	Level 2	Level 3
Loss allowances as of Jan. 1	–4,083	0	0
Utilization	24	0	0
Reclassifications	911	0	0
Loss allowances as of Dec. 31	**–3,148**	**0**	**0**

The risk provisioning for the other non-current financial assets amounts to –184 thousand euros (prior year: -293 thousand euros).

6.6 OTHER NON-CURRENT ASSETS

Other non-current assets break down as follows:

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Reimbursement claims from employer's pension liability insurance	1,869	1,237
Other non-current assets	7,920	7,464
	9,789	**8,701**

Current assets

6.7 INVENTORIES

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Materials and supplies	1,388	1,497
Work in progress	12,721	5,000
Merchandise	6,818	4,713
	20,927	**11,210**

The increase in work in progress compared to the prior year is largely attributable to the changed underlying conditions (due to the COVID-19 pandemic among other things) in the Training Service Division in Hungary.

6.8 CONTRACT ASSETS AND TRADE RECEIVABLES

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Contract assets	56,711	71,582
Trade receivables, gross	480,001	519,235
Loss allowances on contract assets	–1,034	–1,136
Loss allowances on trade receivables	–25,504	–21,201
	510,174	**568,480**

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

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

The maturities of trade receivables break down as follows:

IN THOUSAND EUR	Gross amount Dec. 31, 2020	Loss allowance Dec. 31, 2020
Not past due – 180 days past due	457,250	–6,482
Past due between 181 – 240 days	2,290	–694
Past due between 241 – 360 days	3,140	–1,945
Past due more than 360 days	17,321	–16,383
	480,001	**–25,504**

In the prior year, the maturities of trade receivables broke down as follows:

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

Write-downs on trade receivables break down as follows:

IN THOUSAND EUR	2020	2019
Loss allowances as of Jan. 1	–21,201	–20,214
Allocations	–12,170	–8,104
Utilization	1,770	3,244
Reversal	6,097	3,873
Loss allowances as of Dec. 31	**–25,504**	**–21,201**

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

IN THOUSAND EUR	2020	2019
Loss allowances as of Jan. 1	–1,136	–1,484
Allocations	–48	–157
Utilization	9	4
Reversal	141	501
Loss allowances as of Dec. 31	**–1,034**	**–1,136**

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

6.9 OTHER CURRENT FINANCIAL ASSETS

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Securities	764	1,100
Receivables from affiliates and other investees and investors	120,645	130,493
Sundry other current financial assets	99,727	99,698
	221,136	**231,291**

Receivables from affiliates and other investees and investors contain liabilities from income tax and sales tax, profit transfers from DEKRA SE and other cost allocations to the owner totaling 61,420 thousand euros (prior year: 84,317 thousand euros), which are offset against receivables from the cash pool and other cost allocations of 174,371 thousand euros (prior year: 203,264 thousand euros). The decrease in this item is primarily attributable to the lower receivables from the cash pool. This is counterbalanced by higher levels of receivables from profit and loss transfer agreements compared to the prior year. Other financial assets largely include reimbursement claims from loss adjustments of 57,998 thousand euros (prior year: 72,317 thousand euros).

Impairment of other current financial assets developed as follows:

IN THOUSAND EUR	2020	2019
Loss allowances as of Jan. 1	–4,402	–1,850
Allocations	–1,784	–1,803
Utilization	84	29
Reversal	1,537	16
Reclassifications	–850	–794
Loss allowances as of Dec. 31	**–5,415**	**–4,402**

6.10 OTHER CURRENT ASSETS

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

6.11 CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents break down as follows:

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Cash at banks	165,282	89,289
Cash on hand	1,185	1,654
Cash equivalents less than 3 months	1,005	1,366
	167,472	**92,309**

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

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Loss allowances as of Jan. 1	–43	–43
Allocations	–73	0
Loss allowances as of Dec. 31	**–116**	**–43**

6.12 EQUITY

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

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

The capital reserves of 610,529 thousand euros (prior year: 585,529 thousand euros) mainly include contributions from DEKRA e.V., Stuttgart. A contribution of 25,000 thousand euros (prior year: 25,000 thousand euros) was made to the capital reserves in the reporting year.

Revenue reserves contain the Group profit for the period and the profits of consolidated companies generated in prior years to the extent these have not been distributed or transferred. There is a profit and loss transfer agreement in place between DEKRA SE and the parent. The profit transfer is reported 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. Changes in actuarial gains and losses from defined benefit plans, the gains or losses from the fair value measurement of hedging instruments and equity instruments, and deferred taxes not recognized through profit or loss, as well as the translation reserve are contained in accumulated other comprehensive income.

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

6.13 NON-CONTROLLING INTERESTS

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

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

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

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Aggregated non-current assets	13,682	12,902
Aggregated current assets	8,570	10,108
Aggregated non-current liabilities	2,375	2,139
Aggregated current liabilities	4,803	5,908

IN THOUSAND EUR	2020	2019
Aggregated revenue	9,742	11,274
Aggregated net income for the year	602	1,189

Of these amounts, non-current assets of 11,434 thousand euros, current assets of 4,000 thousand euros, non-current liabilities of 2,058 thousand euros, current liabilities of 3,524 thousand euros, revenue of 5,715 thousand euros and net income for the year of 580 thousand euros are attributable to DEKRA iST Reliability Services Inc., Hsinchu, Taiwan.

6.14 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Pension provisions in Germany	520,249	513,367
Pension provisions in other countries	19,933	17,604
	540,182	**530,971**

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

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

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

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

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

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

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

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

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

Defined benefit plans

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

IN THOUSAND EUR	Pension obligation	Plan assets (–)	Total
As of Jan. 1, 2019	**1,013,059**	**–543,586**	**469,473**
Current service cost	19,687	0	19,687
Past service cost	1,890	0	1,890
Net interest cost (standard interest)	17,068	–9,367	7,701
Net pension cost according to the income statement	38,645	–9,367	29,278
Actual return on plan assets less “net interest cost”	0	–16,168	–16,168
Actuarial gain/loss from changes in demographic assumptions	–566	0	–566
Actuarial gain/loss from changes in assumptions based on experience	–6,602	–19	–6,621
Actuarial gain/loss from changes in financial assumptions	101,111	0	101,111
Change from asset ceiling unless contained in net interest expense	1,110	0	1,110
Remeasurement of defined benefit pension plans	95,053	–16,187	78,866
Benefits paid	–30,728	16,794	–13,934
Plan settlements	339	–339	0
Employer contributions	0	–24,431	–24,431
Employee contributions	6,815	–6,251	564
Total payments	–23,574	–14,227	–37,801
Changes in the consolidation group	–2,980	–5,865	–8,845
As of Dec. 31, 2019	**1,120,203**	**–589,232**	**530,971**
thereof funded	1,062,330		
thereof unfunded	57,873		

IN THOUSAND EUR	Pension obligation	Plan assets (–)	Total
As of Jan. 1, 2020	**1,120,203**	**–589,232**	**530,971**
Current service cost	22,415	0	22,415
Past service cost	891	0	891
Net interest cost (standard interest)	10,778	–5,770	5,008
Net pension cost according to the income statement	34,084	–5,770	28,314
Actual return on plan assets less “net interest cost”	0	1,948	1,948
Actuarial gain/loss from changes in demographic assumptions	356	0	356
Actuarial gain/loss from changes in assumptions based on experience	–10,894	95	–10,799
Actuarial gain/loss from changes in financial assumptions	35,329	0	35,329
Change from asset ceiling unless contained in net interest expense	–119	0	–119
Remeasurement of defined benefit pension plans	24,672	2,043	26,715
Benefits paid	–32,712	18,345	–14,367
Plan settlements	24	–24	0
Employer contributions	0	–32,444	–32,444
Employee contributions	7,606	–6,772	834
Total payments	–25,082	–20,895	–45,977
Changes in the consolidated group	167	–8	159
As of Dec. 31, 2020	**1,154,044**	**–613,862**	**540,182**
thereof funded	1,092,500		
thereof unfunded	61,544		

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

The weighted average term of the remainder of benefit obligations is 14.43 years (prior year: 14.61 years).

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

IN THOUSAND EUR	2021	2022	2023	2024	2025
Expected pension benefit payments	35,082	37,780	39,065	40,641	41,162

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

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

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

Key parameters

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

IN %	Germany		Other countries	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Interest rate	0.75	1.00	0.87	0.91
Increase in salaries	2.00	2.00	1.48	1.66
Increase in pensions	1.75	1.75	2.10	1.50

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

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

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

Sensitivity analysis

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

	Changes in assumptions	Increase in assumption	Decrease in assumption
Interest rate	0.5%	5.8% decrease	6.7% increase
Salary trend	0.5%	0.4% increase	0.4% decrease
Pension trend	0.5%	5.7% increase	5.2% decrease
Employee turnover	0.5%	0.1% decrease	0.1% increase
Age	One year	5.2% increase	5.2% decrease

Plan assets

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

IN THOUSAND EUR	**Dec. 31, 2020**	**thereof market price quoted on an active market**	Dec. 31, 2019	thereof market price quoted on an active market
Employer's pension liability insurance	388,466	0	368,496	0
Securities	215,794	0	214,946	0
Other	9,602	0	5,790	0
	613,862	**0**	**589,232**	**0**

The employer contributions to plan assets are expected to amount to 28.0 million euros in the next fiscal year (prior year: 30.5 million euros).

Defined contribution plans

Part of the pension costs relating to the majority of employees, especially in Germany, is the statutory pension. For several German and foreign entities, there are voluntary defined contribution plans for post-employment benefits. Expenses related to defined contribution plans, including pension insurance contributions, amounted to 111.0 million euros in the reporting year (prior year: 112.6 million euros). The future amount of these expenses essentially depends on the development of the underlying pension insurance systems.

6.15 NON-CURRENT AND CURRENT PROVISIONS

IN THOUSAND EUR	As of Jan. 1, 2020	Allocation	Additions to the consolidated group	Utilization	Reversal	Reclassifica-tions	As of Dec. 31, 2020
Non-current provisions							
Other personnel provisions	3,673	376	0	-113	-203	45	**3,778**
Phased retirement	161	-182	0	120	0	45	**144**
thereof from phased retirement obligation	1,473	26	0	-18	0	0	**1,481**
thereof from phased retirement plan assets	-1,312	-208	0	138	0	45	**-1,337**
Long-service award	2,925	487	0	-268	-1	0	**3,143**
Sundry other personnel provisions	587	71	0	35	-202	0	**491**
Other non-personnel provisions	12,241	9,593	0	-1,228	-4,324	-246	**16,036**
Warranty provisions	3,541	4,101	0	0	-3,528	0	**4,114**
Litigation, damages and similar obligations	6,535	3,844	0	-1,031	-563	-246	**8,539**
Other provisions	2,165	1,648	0	-197	-233	0	**3,383**
	15,914	**9,969**	**0**	**-1,341**	**-4,527**	**-201**	**19,814**
Current provisions							
Other personnel provisions	5,476	3,053	0	-1,414	-464	0	**6,651**
Other non-personnel provisions	19,441	13,984	43	-4,197	-8,358	43	**20,956**
Other restructuring	665	1,430	0	-665	0	0	**1,430**
Potential losses	1,016	1,544	0	-230	-74	0	**2,256**
Litigation, damages and similar obligations	6,498	2,513	0	-702	-241	246	**8,314**
Other provisions	11,262	8,497	43	-2,600	-8,043	-203	**8,956**
	24,917	**17,037**	**43**	**-5,611**	**-8,822**	**43**	**27,607**

The reversal of other current provisions largely results from an amended risk assessment in the Claims & Expertise Service Division.

IN THOUSAND EUR	As of Jan. 1, 2019	Allocation	Additions to the consolidated group	Utilization	Reversal	Reclassifica-tions	As of Dec. 31, 2019
Non-current provisions							
Other personnel provisions	4,644	637	0	-743	-901	36	**3,673**
Phased retirement	197	0	0	-72	0	36	**161**
thereof from phased retirement obligation	1,600	345	0	-472	0	0	**1,473**
thereof from phased retirement plan assets	-1,403	-345	0	400	0	36	**-1,312**
Long-service award	2,688	584	0	-347	0	0	**2,925**
Sundry other personnel provisions	1,759	53	0	-324	-901	0	**587**
Other non-personnel provisions	15,131	6,044	0	-7,078	-1,856	0	**12,241**
Warranty provisions	7,097	3,710	0	-6,266	-1,000	0	**3,541**
Litigation, damages and similar obligations	5,727	1,997	0	-622	-567	0	**6,535**
Other provisions	2,307	337	0	-190	-289	0	**2,165**
	19,775	**6,681**	**0**	**-7,821**	**-2,757**	**36**	**15,914**
Current provisions							
Other personnel provisions	2,182	5,656	0	-1,878	-484	0	**5,476**
Other non-personnel provisions	13,481	14,223	0	-5,918	-2,345	0	**19,441**
Other restructuring	157	665	0	-157	0	0	**665**
Potential losses	1,191	257	0	-319	-113	0	**1,016**
Litigation, damages and similar obligations	5,000	2,189	0	-118	-573	0	**6,498**
Other provisions	7,133	11,112	0	-5,324	-1,659	0	**11,262**
	15,663	**19,879**	**0**	**-7,796**	**-2,829**	**0**	**24,917**

In France, there are non-current obligations relating to warranties and similar obligations of 9,969 thousand euros (prior year: 9,369 thousand euros), the risks of which exceed the insurance cover. There are also long-term obligations based on country-specific dues. As in the prior year, non-current provisions do not include significant effects of unwinding the discount.

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

6.16 NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Liabilities to banks	201,117	204,399
Trade payables	34	246
Derivative financial instruments	59	74
Lease liabilities	266,498	273,774
Liabilities from business combinations	20,654	300
	488,362	**478,793**

Current financial liabilities

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Liabilities to banks	75,534	180,222
Profit participation rights	12,652	13,252
Financial liabilities to affiliates	43,578	22,844
Financial liabilities to associates	976	944
Financial liabilities to other investees and investors	131	79
Derivative financial instruments	0	25
Lease liabilities	96,669	84,578
Liabilities from business combinations	4,149	20,742
Liabilities to employees	27,460	31,711
Other financial liabilities	18,728	13,116
	279,877	**367,513**

The decrease in liabilities to banks of 107,970 thousand euros overall is mainly due to repaying current loans. At the same time, loans and promissory notes previously recognized as non-current financial liabilities were reclassified as current financial liabilities on account of their maturity.

Financial liabilities to affiliates include liabilities from the cash pool, income tax and sales tax as well as other cost allocations, some of which were netted with receivables from affiliates. The increase by 20,734 thousand euros is primarily attributable to higher liabilities from tax allocations.

Lease liabilities that had previously been recognized as non-current were also reclassified as current lease liabilities on account of their maturity. This largely explains the decrease in non-current lease liabilities by 7,276 thousand euros and the simultaneous increase of current lease liabilities by 12,091 thousand euros.

The decline in current liabilities to employees of 4,251 thousand euros is largely due to these being billed at an earlier point in time.

The increase in other financial liabilities by 5,612 thousand euros is primarily attributable to the increase in liabilities to DEKRA Unterstützungskasse e.V., Stuttgart.

DEKRA SE granted its managers and employees the option of subscribing to profit participation rights of up to 10,737 thousand euros (4.2 million profit participation rights at 2.55645 euros each). Of this total, 2,400,799 (prior year: 2,515,135) profit participation rights were subscribed. The subscribed participation capital ensures participation in the adjusted consolidated earnings of DEKRA SE with a minimum return of 4% p.a. and a maximum return of 30% p.a. Subscribed profit participation rights can be terminated unilaterally by the recipient at short notice at any time.

6.17 TRADE PAYABLES AND CONTRACT LIABILITIES

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Trade payables	113,554	112,219
Contract liabilities	54,671	45,449
	168,225	**157,668**

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

DEKRA receives payments from customers based on a settlement schedule that is an integral part of the contracts. Contract assets relate to the conditional right to consideration for the full satisfaction of the contractual obligations. Receivables are recognized as soon as DEKRA fulfills its contractual obligations. Contract liabilities relate to payments that are received prematurely, i.e., before the contractual obligations have been satisfied. Contract liabilities are recognized as income as soon as the contractual service has been rendered. In fiscal year 2020, revenue included in contract liabilities as of January 1, 2020 was recognized as follows:

IN THOUSAND EUR	2020	2019
Revenue recognized in the fiscal year:		
Amounts recognized in the contract liability at the beginning of the period	34,353	30,453
Performance obligations satisfied in previous periods	2,151	29
	36,504	**30,482**

6.18 OTHER NON-CURRENT AND CURRENT LIABILITIES

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

Other current liabilities break down as follows:

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Personnel-related liabilities	234,941	218,311
Other liabilities for taxes	58,798	57,104
Social security	35,040	37,594
Prepayments received from loss adjustments	17,705	14,811
Sundry other	23,981	18,197
	370,465	**346,017**

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

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

The liabilities are carried at fair value.

7 STATEMENT OF CASH FLOWS

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

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

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Total purchase/sale price	–11,001	–7,671
thereof settled/received in cash	–7,418	–7,671
thereof not yet settled/ received	–3,583	0
Amount of cash and cash equivalents acquired/disposed of	14	1,444
Amount of assets and liabilities acquired/disposed of		
Non-current assets	420	7,049
Current assets	743	2,350
Non-current liabilities	–54	1,219
Current liabilities	792	1,888

In addition, the cash flow from investing activities comprises purchase price payments of 10,914 thousand euros (prior year: 5,824 thousand euros) for further subsidiaries, other units and cash paid for capital increases at non-consolidated companies. These acquisitions did not result in any liabilities due to variable purchase price components (prior year: 0 euros).

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

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

IN THOUSAND EUR	Carrying amount Dec. 31, 2019	Cash changes	Non-cash changes				Carrying amount Dec. 31, 2020
			Exchange rate effects	Business combina-tions	Change in fair value	Other changes	
Non-current loans	204,399	–22,854	–1,222	37	0	20,757	201,117
Current loans	180,222	–81,117	–2,807	0	0	–20,764	75,534
Derivative financial instruments	99	0	0	0	–40	0	59
Total liabilities from financing activities *)	**384,720**	**–103,971**	**–4,029**	**37**	**–40**	**–7**	**276,710**

*) 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 EUR	Carrying amount Dec. 31, 2018	Cash changes	Non-cash changes				Carrying amount Dec. 31, 2019
			Exchange rate effects	Business combina-tions	Change in fair value	Other changes	
Non-current loans	261,739	6,198	502	0	0	–64,040	204,399
Current loans	132,593	–18,028	980	0	0	64,677	180,222
Derivative financial instruments	125	0	0	0	–26	0	99
Total liabilities from financing activities *)	**394,457**	**–11,830**	**1,482**	**0**	**–26**	**637**	**384,720**

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

8 OTHER DISCLOSURES IN THE NOTES

8.1 LEASES

Leases as lessee

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

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

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the reporting period:

IN THOUSAND EUR	Buildings	Motor vehicles	Furniture and fixtures	Subtotal buildings, vehicles, F&F
As of Jan. 1, 2019	**329,557**	**42,707**	**2,466**	**374,730**
Depreciation	–77,531	–22,293	–1,202	–101,026
Additions	51,161	18,150	1,498	70,810
Disposals	–102	–20	–402	–524
Exchange rate differences	527	43	9	579
As of Dec. 31, 2019	**303,612**	**38,587**	**2,370**	**344,569**
Depreciation	–73,685	–20,377	–859	–94,921
Additions	101,309	14,025	419	115,753
Disposals	–10,517	–1,732	–18	–12,267
Exchange rate differences	–2,861	–74	–44	–2,979
As of Dec. 31, 2020	**317,858**	**30,429**	**1,868**	**350,155**

IN THOUSAND EUR	Subtotal buildings, vehicles, F&F	IT	Technical equipment	Total
As of Jan. 1, 2019	**374,730**	**2,404**	**505**	**377,639**
Depreciation	–101,026	–1,039	–79	–102,144
Additions	70,810	360	76	71,246
Disposals	–524	0	0	–524
Exchange rate differences	579	–8	0	572
As of Dec. 31, 2019	**344,569**	**1,717**	**502**	**346,788**
Depreciation	–94,921	–1,023	–77	–96,021
Additions	115,753	984	3	116,740
Disposals	–12,267	–10	0	–12,277
Exchange rate differences	–2,979	–77	–1	–3,057
As of Dec. 31, 2020	**350,155**	**1,591**	**427**	**352,173**

The following table shows the carrying amount of the lease liabilities and change during the reporting period:

IN THOUSAND EUR	2020	2019
As of Jan. 1	**358,352**	389,506
Additions	115,659	70,485
Interest growth	6,036	6,608
Payments and disposals	–114,435	–108,828
Exchange rate differences	–2,443	580
As of Dec. 31	**363,167**	358,352
thereof current	96,669	84,578
thereof non-current	266,498	273,774

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

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

IN THOUSAND EUR	2020	2019
Interest expenses on lease liabilities	–5,988	–6,605
Income from subleasing right-of-use assets, presented in other revenue	97	101
Expenses for short-term leases and low-value leases	–36,950	–27,927
Total	**–42,841**	**–34,431**

The Group had total cash outflows for leases of 102,197 thousand euros in 2020 (prior year: 108,828 thousand euros). In addition, the Group recognized non-cash additions to right-of-use assets of 116,739 thousand euros (prior year: 71,051 thousand euros) and lease liabilities of 115,659 thousand euros (prior year: 70,485 thousand euros) in 2020.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see note 3.2).

In the fiscal year, COVID-19-related rent concessions were granted on the Group's own rental relationships. The practical expedient was exercised for these rental relationships, and the assessment as to whether a pandemic-related rental concession of a lessor represents an amendment to the lease agreement was suspended. The amount of 6,543 thousand euros was classified accordingly as negative variable lease payments and recognized through profit and loss in other operating income.

8.2 OTHER FINANCIAL OBLIGATIONS

In 2020, the Group reported other financial obligations including purchase commitments of 6,429 thousand euros (prior year: 29,754 thousand euros). These are mainly attributable to agreements concluded on commissioned construction projects as well as to long-term framework agreements.

8.3 CONTINGENT LIABILITIES, OTHER CONTINGENCIES AND COLLATERAL PROVIDED

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

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 26,017 thousand euros (prior year: 3,328 thousand euros) were received in the past fiscal year. These are personnel-related grants of 13,073 thousand euros (see paragraph 5.4) and grants of 12,944 thousand euros, which were largely received to mitigate the economic impact of the COVID-19 pandemic (see paragraph 5.2). There are no significant and unconsidered unfulfilled conditions or other contingencies in connection with the government grants.

9 CAPITAL MANAGEMENT

DEKRA pursues the goal of sustainably increasing equity. The aim is to maintain an appropriate debt-to-equity ratio while improving the EBIT margin. Equity was strengthened in the fiscal year by a contribution to the capital reserves of 25.0 million euros as well as an increase in the revenue reserves of 51.5 million euros. Differences from the currency translation of the financial statements prepared in foreign currency by consolidated subsidiaries had a negative effect of –10.3 million euros on equity. The DEKRA Group's equity ratio stood at 29.5% (prior year: 28.9%) as of the end of the reporting period.

10 FINANCIAL MANAGEMENT

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

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

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

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

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

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

Financial instruments

Pursuant to IFRS 9, financial assets and liabilities are 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
f) Derivative financial instruments designated as hedging instruments

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

IN THOUSAND EUR	Dec. 31, 2020	Dec. 31, 2019
Financial assets at fair value through profit or loss	440	1,276
Financial assets at amortized cost	–4,806	–3,891
Financial assets at fair value through other comprehensive income	271	348
Financial liabilities at fair value through profit or loss	–851	–3,346
Financial liabilities at amortized cost	–5,934	–7,205
	–10,880	–12,818

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

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

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

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

The revaluation surplus for equity instruments at fair value through other comprehensive income declined by 34.4 million euros (prior year: 16.0 million euros increase) largely on account of the first-time consolidation of several companies in fiscal year 2020. This amount was recognized in other comprehensive income.

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

IN THOUSAND EUR	Carrying amount **Dec. 31, 2020**	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Assets								
Non-current assets								
Shares in affiliates and investees	34,615	0	34,615	0	34,615	0	0	34,615
Securities	11,473	0	0	11,473	11,473	0	11,473	0
Loans	15,125	15,125	0	0	n/a	n/a	n/a	n/a
Other financial assets	3,342	3,342	0	0	n/a	n/a	n/a	n/a
	64,555	**18,468**	**34,615**	**11,473**	**46,088**	**0**	**11,473**	**34,615**
Current assets								
Trade receivables	454,497	454,497	0	0	n/a	n/a	n/a	n/a
Cash and cash equivalents	167,472	167,472	0	0	n/a	n/a	n/a	n/a
Securities	764	0	0	764	764	528	236	0
Receivables from affiliates and investees	120,645	120,645	0	0	n/a	n/a	n/a	n/a
Other financial assets	99,727	99,727	0	0	n/a	n/a	n/a	n/a
	843,105	**842,341**	**0**	**764**	**764**	**528**	**236**	**0**
	907,660	**860,809**	**34,615**	**12,237**	**46,852**	**528**	**11,709**	**34,615**

There were no transfers between the various levels in the measurement hierarchy during 2020.

IN THOUSAND EUR	Carrying amount **Dec. 31, 2020**	Financial liabilities at amortized cost	Financial liabilities at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Fair value	thereof fair value level 1	thereof fair value level 2	thereof fair value level 3
Equity and liabilities								
Non-current liabilities								
Derivative financial instruments designated as hedging instruments	59	0	59	0	59	0	59	0
Liabilities from business combinations	20,654	0	0	20,654	20,654	0	0	20,654
Financial liabilities	201,117	201,117	0	0	n/a	n/a	n/a	n/a
Lease liabilities	266,498	266,498	0	0	n/a	n/a	n/a	n/a
Other non-current liabilities	34	34	0	0	n/a	n/a	n/a	n/a
	488,362	**467,649**	**59**	**20,654**	**20,713**	**0**	**59**	**20,654**
Current liabilities								
Trade payables	113,554	113,554	0	0	n/a	n/a	n/a	n/a
Profit participation rights	12,652	12,652	0	0	n/a	n/a	n/a	n/a
Liabilities from business combinations	4,149	0	0	4,149	4,149	0	0	4,149
Financial liabilities	75,534	75,534	0	0	n/a	n/a	n/a	n/a
Liabilities to affiliates	43,578	43,578	0	0	n/a	n/a	n/a	n/a
Liabilities to associates	976	976	0	0	n/a	n/a	n/a	n/a
Liabilities to other investees and investors	131	131	0	0	n/a	n/a	n/a	n/a
Other current liabilities	46,188	46,188	0	0	n/a	n/a	n/a	n/a
Lease liabilities	96,669	96,669	0	0	n/a	n/a	n/a	n/a
	393,431	**389,282**	**0**	**4,149**	**4,149**	**0**	**0**	**4,149**
	881,793	**856,930**	**59**	**24,803**	**24,862**	**0**	**59**	**24,803**

Other current liabilities include liabilities to employees pursuant to IAS 19 in the amount of 27,460 thousand euros. These liabilities to employees pursuant to IAS 19 as well as the non-current and current lease liabilities of 266,498 thousand euros and 96,669 thousand euros, respectively, pursuant to IFRS 16 are not within the scope of IFRS 7. There were no transfers between the various levels in the measurement hierarchy during 2020.

IN THOUSAND EUR

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

There were no transfers between the various levels in the measurement hierarchy during 2019.

IN THOUSAND EUR

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

Other current liabilities include liabilities to employees pursuant to IAS 19 in the amount of 31,711 thousand euros. These liabilities to employees pursuant to IAS 19 as well as the non-current and current lease liabilities of 273,774 thousand euros and 84,578 thousand euros, respectively, pursuant to IFRS 16 are not within the scope of IFRS 7. There were no transfers between the various levels in the measurement hierarchy during 2019.

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

Level 1: Market prices quoted on active markets for identical assets or liabilities
Level 2: Other information than quoted market prices that can be 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

Development of level 3 of the fair value hierarchy:

IN THOUSAND EUR	2020	2019
As of Jan. 1	91,137	73,968
Additions	8,249	7,042
Disposals	–7,630	–8,648
Fair value changes	–32,338	18,776
Recognized through profit or loss	2,228	3,347
Recognized through other comprehensive income	–34,566	15,429
As of Dec. 31	**59,418**	**91,137**

The contingent purchase price liabilities were recognized at present value.

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

As of the reporting date, notable purchase price liabilities exist for DEKRA New Zealand Ltd., Wellington, New Zealand, and MOVON Test Lab Co. Ltd., Gyeonggi-do, Republic of Korea.

Assuming a change of +10%/–10% in the underlying parameters regarding non-observable input factors as of the next possible exercise date, the amount of the purchase price obligation, including put options and earn-outs, for the significant obligations from business combinations would be 4% higher/4% lower.

In the fiscal year, contingent purchase price liabilities of 851 thousand euros were expensed through profit or loss. The amount results from liabilities that still exist as of the reporting date.

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

Shares in affiliates and investees are measured using the discounted cash flow method. If the interest rate used changes by +1%/–1% and at the same time the cash flows change by –10%/+10%, the amount of shares in affiliates and investees will change by –25.9%/+38.4%.

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

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

As regards financial liabilities, the fair value of non-current liabilities due to banks bearing a fixed interest rate is determined based on the present value of the expected future cash flows. The discount rates are based on market interest rates with reference to the maturities. The fair value of non-current financial liabilities with a carrying amount of 201,117 thousand euros comes to 203,565 thousand euros (level 2).

Risks from financial instruments

Principles of financial management

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

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

Liquidity risks

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

The entities are generally financed centrally through DEKRA SE.

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

As of December 31, 2020, the DEKRA Group was exposed to only a very small risk of being unable to meet its payment obligations arising from financial instruments in the future. The DEKRA Group requires sufficient liquidity for future acquisitions, which is ensured by the promissory notes and by longer-term loan commitments. As of December 31, 2020, there are medium-term credit lines of 450.2 million euros granted in writing that have not yet been drawn.

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

DEC. 31, 2020 IN THOUSAND EUR	< 1 year	1 to 5 years	> 5 years
Trade payables	113,554	0	0
Financial liabilities	76,590	183,696	21,495
Other financial liabilities	103,525	33	0
Derivative financial instruments (negative) designated as hedging instruments	39	20	0
Lease liabilities	7,489	151,919	223,626
	301,197	**335,668**	**245,122**

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

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

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

Credit risk (default risk)

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

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

The maximum risk of counterparty default is calculated in accordance with the carrying amounts of the financial assets as an equivalent for the maximum default risk. Therefore, as of December 31, 2020, the DEKRA Group was exposed to the theoretical maximum possible risk of counterparty default apparent from the table above for the breakdown of carrying amounts of the financial instruments.

No collateral is pledged by the counterparties for the financial instruments held. As of December 31, 2020, with the exception of trade receivables and loans, no material financial assets were overdue or affected by amendments to contracts.

Interest rate risks

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

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

An upward shift of 100 base points would result in an increase in the interest result of 4,169 thousand euros (prior year: 1,997 thousand euros). A downward shift of 100 base points would result in a decrease in the interest result of 2,098 thousand euros (prior year: 125 thousand euros).

An upward shift of 100 base points would result in an increase in the fair value of hedging instruments reported in equity of 41 thousand euros not taking tax effects into consideration. A downward shift of 100 base points would result in a decrease in the fair value reported in equity of 42 thousand euros before deferred taxes.

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

Cash flow hedges for variable-interest loans

Interest rate derivatives (interest rate swaps) were concluded in prior fiscal years to hedge the interest rate risk for promissory notes. Consequently, the interest burden of the loans was specified to a large extent.

The regulations on cash flow hedge accounting were applied for derivatives with a nominal volume of 4.0 million euros and for hedging underlying transactions with a nominal volume of 20.5 million euros. This resulted in a hedge ratio of 20%.

	Residual term Dec. 31, 2020			
	< 1 year	1-2 years	2-3 years	3-4 years
Nominal value IN THOUSAND EUR	0	4,000	0	0
Average hedged interest rate	n/a	1.3%	n/a	n/a

The hedging instruments DEKRA designated in hedges have the following effects on the consolidated statement of financial position as of December 31, 2020:

IN THOUSAND EUR	Nominal value	Carrying amount	Item in the consolidated statement of financial position	Changes in fair value in the reporting period
Derivative financial instruments designated as hedging instruments	4,000	59	Non-current financial liabilities	-15

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

Interest swaps are recognized at fair value. The effective portion of the changes in the fair value of the interest swap determined as a cash flow hedge is recognized in equity; the ineffective portion of the changes in the fair value is recognized through profit or loss. The cash flow hedges for the variable-interest portions of the loans did not lead to any ineffective hedges in the fiscal year to be recognized in profit or loss. The payments received and made from these interest swaps were netted in the interest expense and are thus a component of the interest result. An interest expense of 51 thousand euros was recorded in the fiscal year.

The change in the value of the hedged item, which was used as the basis for recognizing hedge ineffectiveness, stood at a decrease of 15 thousand euros for non-current financial assets.

Currency risks

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

A 10% change in the exchange rate of the euro against the significant currencies within the Group would affect the result from the translation of short-term and long-term loans to affiliates by approximately 9.0 million euros not taking deferred tax effects into consideration. Decisions on necessary currency hedges are taken on a case-by-case basis. No material effects are expected from the change in the exchange rate for the other financial assets or liabilities. Group revenue includes revenue of 537.0 million euros (prior year: 571.9 million euros) that was not recorded in a euro zone country.

Other price risks
As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables would affect prices of financial instruments. Possible risk variables include in particular stock market prices or indices. As of December 31, 2020, the Group had financial assets at fair value through profit or loss totaling 12.2 million euros (prior year: 10.7 million euros), which are subject to fair value fluctuations. These risks are mainly due to interest rate, credit and price risks. The fair value changes averaged 2.6% in 2020 and 8.2% in 2019.

Securities and restricted assets
As in the prior year, there were no restrictions on title or disposal for legally and beneficially owned property, plant and equipment, with the exception of the assets recognized under finance leases. Other assets include 1.9 million euros (prior year: 1.2 million euros) of premium reserve from employer's pension liability insurance policies pledged as collateral for pension obligations, but not to the entitled employees.

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

11 RELATED PARTIES

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

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

Remuneration for the Management Board of DEKRA SE including reimbursement of expenses amounted to 2,799 thousand euros (prior year: 2,809 thousand euros).

In addition, there were further expenses (among other things, for pensions of DEKRA SE) of 990 thousand euros (prior year: 918 thousand euros) and obligations of 15,996 thousand euros (prior year: 14,410 thousand euros) relating to this group of persons.

This results in total remuneration of 3,789 thousand euros (prior year: 3,727 thousand euros).

Total remuneration paid to former members of the Management Board amounts to 399 thousand euros (prior year: 419 thousand euros). There are also pension obligations of 5,329 thousand euros (prior year: 4,950 thousand euros).

Remuneration of the Supervisory Board
The remuneration paid to the Supervisory Board for the reporting year came to 298 thousand euros (prior year: 295 thousand euros), of which a total amount of 298 thousand euros (prior year: 295 thousand euros) is reported as liabilities as of the reporting date.

In addition, there were further expenses (among other things, for pensions of DEKRA SE) of 710 thousand euros (prior year: 486 thousand euros) and obligations of 751 thousand euros (prior year: 1,194 thousand euros) relating to this group of persons.

Transactions with DEKRA e.V., Stuttgart
There are liabilities of 42.5 million euros (prior year: 20.9 million euros) to DEKRA e.V., Stuttgart, as of December 31, 2020, which mainly stem from sales tax liabilities. There are also receivables of 110.0 million euros (prior year: 111.6 million euros) that primarily result from the cash pooling less profit and loss transfer.

There are lease agreements in place between DEKRA e.V., Stuttgart, as lessor and various companies of the DEKRA Group as tenants. Rent for business premises amounted to 20.5 million euros in fiscal year 2020 (prior year: 19.7 million euros). Receivables from and liabilities to DEKRA e.V., Stuttgart, gave rise to interest income of 1.5 million euros (prior year: 1.4 million euros) and interest expenses of 0.5 million euros (prior year: 0.4 million euros). Tax allocations for income taxes amounted to 29.4 million euros (prior year: 33.3 million euros). In addition, services totaling 2.4 million euros (prior year: 2.7 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 expertise by an operating company of the DEKRA Group for DEKRA e.V., Stuttgart. Business is generally conducted in the name of and for the account of DEKRA Automobil GmbH, Stuttgart. All transactions and business processes are carried out at DEKRA Automobil GmbH.

As remuneration for the activities, a flat-rate percentage of the profit generated before income taxes or of revenue is invoiced. In fiscal year 2020, a total volume of 6.1 million euros (prior year: 5.8 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 15.1 million euros (prior year: 10.1 million euros) for DEKRA e.V., Stuttgart, in the fiscal year.

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

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

SUBSIDIARIES THAT ARE NOT FULLY CONSOLIDATED IN MILLION EUR	Dec. 31, 2020	Dec. 31, 2019
Services rendered	5.3	5.8
Services purchased	4.3	6.8
Finance income	0.6	0.6
Receivables and loans	25.1	32.6
Liabilities*)	1.1	1.9

ASSOCIATES IN MILLION EUR	Dec. 31, 2020	Dec. 31, 2019
Services rendered	0.3	0.2
Services purchased	8.8	10.3
Liabilities	1.0	0.9

INVESTEES IN MILLION EUR	Dec. 31, 2020	Dec. 31, 2019
Services rendered	0.4	0.4
Services purchased	0.9	0.9
Finance income	0.3	0.3
Receivables and loans	0.1	0.2
Liabilities*)	0.1	0.1

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

12 DISCLOSURES ON THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board during the fiscal year 2020 up to the date of the preparation of the statement of financial position were:

- **Stefan Kölbl**
  Chairman
  Leinfelden-Echterdingen
- **Clemens Klinke, COO (until December 31, 2020)**
  Boffzen
- **Wolfgang Linsenmaier, CFO**
  Freiberg am Neckar
- **Ivo Rauh, CTO**
  Stuttgart
- **Stanislaw Zurkiewicz, COO (since January 1, 2021)**
  Stuttgart

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

- **Thomas Pleines**
  Chairman of the Supervisory Board
  President of the Presidential Board of DEKRA e.V., Stuttgart
  Former chairman of the Management Board
  Allianz Versicherungs-AG
- **Monika Roth-Lehnen** [1)]
  Deputy Chairwoman of the Supervisory Board
  Chairwoman of the Works Council of DEKRA SE,
  Chairwoman of the Central Works Council of
  DEKRA Akademie GmbH, Stuttgart
  Service Center Wuppertal of DEKRA Akademie GmbH,
  Stuttgart
- **Ulrich Beiderwieden** [1)]
  Formerly ver.di head office
  Head of Sector
  Sector 13 Special Services
- **Frank Beimborn** [1)]
  Deputy Chairman of the Central Works Council of
  DEKRA Automobil GmbH, Stuttgart,
  publicly appointed and sworn expert at Dortmund branch
  of DEKRA Automobil GmbH, Stuttgart
- **Prof. Dr. Sabine Fließ**
  Douglas endowed Chair of Service Management,
  University of Hagen, Hagen
- **Klaus-Jürgen Heitmann**
  Spokesman of the Board of Directors of HUK-Coburg
  Versicherungsgruppe, Coburg
- **Jean-Luc Inderbitzin** [1)]
  Deputy chairman of the Works Council of DEKRA SE,
  Representative of the French trade union CFDT
  DEKRA Industrial S.A.S., Limoges, France
- **Dipl.-Ing. (FH) Wilfried Kettner** [1)]
  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**
  Managing partner of the Kirchhoff Group, Iserlohn
- **Dipl.-Ing. (FH) Stephan Kramer**
  (since April 1, 2020)
  Branch Manager Hamburg North and Regional
  Spokesman Schleswig-Holstein and Hamburg
  DEKRA Automobil GmbH, Stuttgart
- **Laurent Masquet** [1)]
  Deputy Production Manager IT
  DEKRA Automotive Solutions, Bordeaux, France
- **Dipl.-Ing. (FH) Wilhelm Oberfranz (until April 1, 2020)**
  Former Branch Manager of the Munich Branch
  (until March, 31 2019)
  DEKRA Automobil GmbH, Stuttgart
- **Dipl.-Wirtsch.-Ing. Peter Tyroller**
  General Manager Robert Bosch GmbH, Stuttgart
  (until December 31, 2020)

[1)] Elected by employees.

13 SUBSEQUENT EVENTS

Effective from January 1, 2021, DEKRA reduced the number of regions it has from eight to six. The regions East & South Asia and Southern Africa & Oceania were combined into a new APAC region. In addition, the regions North America and South America were merged into an Americas region. Consequently, DEKRA is today managed in six instead of eight regions. This is part of the rigorous implementation of Vision 2025.

14 OTHER DISCLOSURES

Audit of the financial statements

The Annual General Meeting on April 1, 2020 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors of the separate and consolidated financial statements for fiscal year 2020.

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

IN THOUSAND EUR	2020	2019
Audit services	717	749
Tax advisory services	142	214
	859	**963**

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.

IN %		Share of capital
Affiliates in Germany:		
DEKRA Automobil GmbH, Stuttgart	[4]	100.00
DEKRA Akademie GmbH, Stuttgart	[4]	100.00
DEKRA Arbeit GmbH, Stuttgart	[4]	100.00
DEKRA Qualification GmbH, Stuttgart	[4]	100.00
DEKRA Certification GmbH, Stuttgart	[4]	100.00
DEKRA Personal GmbH, Stuttgart	[4]	100.00
DEKRA Claims Services GmbH, Stuttgart	[4]	100.00
DEKRA Beteiligungs- und Finanzierungs GmbH, Stuttgart	[4]	100.00
DEKRA Assurance Services GmbH, Stuttgart	[4]	100.00
DEKRA Media GmbH, Mönchengladbach	[1]	100.00
DEKRA Personaldienste GmbH, Stuttgart	[4]	100.00
DEKRA Event & Logistic Services GmbH, Stuttgart	[4]	100.00
PRO-LOG Beteiligungs GmbH, Stuttgart		100.00
PRO-LOG Ruhr GmbH, Bochum		100.00
PRO-LOG Personal GmbH, Stuttgart		100.00
DEKRA Immobilien GmbH, Stuttgart	[4]	100.00
PRO-LOG IV GmbH, Stuttgart		100.00
UPDOWN Ingenieurteam für Fördertechnik GmbH, Hamburg		100.00
GKK Gutachten GmbH, Düsseldorf	[4]	100.00
DEKRA Inspection Services GmbH, Stuttgart		100.00
DEKRA AUTOMOTIVE SOLUTIONS Germany GmbH, Frankfurt am Main	[4]	100.00
DEKRA INCOS GmbH, Ingolstadt	[4]	100.00
DEKRA Cargo & Security Services GmbH, Stuttgart	[1]	100.00
DEKRA Visatec GmbH, Sulzberg/See		100.00
DEKRA Testing and Certification GmbH, Stuttgart	[4]	100.00
Affiliates in other countries:		
DEKRA Automotive Solutions France S.A.S.U., Bordeaux, France		100.00
DEKRA Foncier S.N.C., Le Plessis Robinson (formerly: Trappes), France		100.00
Auto Bilan France S.A.S.U, Le Plessis Robinson (formerly: Trappes), France		100.00
DEKRA Automotive S.A.S., Le Plessis Robinson (formerly: Trappes), France		100.00
DEKRA Automotive Maroc S.A., Casablanca, Morocco		80.00
DEKRA TEST CENTER S.A., Montredon-des-Corbières, France		100.00
DEKRA Expertise S.A.S., Cormelles-le-Royal, France		100.00

IN %		Share of capital
DEKRA Service Maroc S.A., Casablanca, Morocco		80.00
DEKRA Certification Tanúsító és Szolgáltató Kft., Budapest, Hungary		100.00
DEKRA Certification (Proprietary) Ltd., Centurion, South Africa		100.00
DEKRA CZ a.s., Prague 4, Czech Republic		100.00
DEKRA POLSKA Sp. z o.o., Warsaw, Poland		100.00
DEKRA Services S.A., Alcobendas (Madrid), Spain		100.00
DEKRA Claims Services Luxembourg S.A., Luxembourg, Luxembourg	[1]	100.00
DEKRA Claims Services Netherlands B.V., Rotterdam, Netherlands		100.00
DEKRA Claims Services UK Ltd., Stokenchurch, Bucks (formerly: London), United Kingdom		100.00
DEKRA France S.A.S., Le Plessis Robinson (formerly: Bagneux), France		100.00
DEKRA Belgium N.V., Zaventem, Belgium		100.00
DEKRA Certification S.L., Barcelona, Spain	[1]	100.00
DEKRA Certification Sp. z o.o., Wrocław, Poland		100.00
DEKRA Services, Inc., Atlanta, GA (formerly: Marietta), United States of America		100.00
DEKRA Portugal S.A., Lisbon, Portugal		100.00
DEKRA North America, Inc., Atlanta, GA, United States of America		100.00
DEKRA Austria Automotive GmbH, Leopoldsdorf (formerly: Vienna), Austria		100.00
DEKRA zaposljavanje i zastupanje d.o.o., Zagreb, Republic of Croatia		100.00
DEKRA Hellas EPE, Athens, Greece	[1]	100.00
DEKRA Claims Services Austria GmbH, Vienna, Austria	[1]	100.00
DEKRA Claims Services Hungary Service Kft., Budapest, Hungary	[1]	100.00
DEKRA Certification S.R.L., Cluj-Napoca, Romania	[1]	100.00
Dekra Claims & Expert Services (Suisse) SA, Thônex, Switzerland		100.00
DEKRA Italia S.r.l., Cinisello Balsamo, Milan (formerly: Arese), Italy		100.00
DEKRA Industrial Holding S.A.S., Limoges, France		100.00
DEKRA Arbeit Magyaroszag Szolgáltató Kft., Budapest, Hungary		100.00
DEKRA Claims Services Trust reg., Vaduz, Principality of Liechtenstein	[1]	100.00
DEKRA Zaposljavanje d.o.o., Belgrade, Republic of Serbia	[1]	100.00
DEKRA za privremeno zaposljavanje d.o.o., Zagreb, Republic of Croatia		100.00
DEKRA zaposljavanje d.o.o., Sarajevo, Bosnia and Herzegovina	[1]	100.00
DEKRA Certification S.A.S, Le Plessis Robinson (formerly: Bagneux), France		100.00
DEKRA Expert OOO, Kiev, Ukraine	[1]	80.00
DEKRA kvalifikácia a poradenstvo s.r.o., Bratislava, Slovak Republic		100.00
DEKRA Automotive AB, Solna (formerly: Eskilstuna), Sweden		100.00
DEKRA (Shanghai) Co., Ltd., Shanghai, China		100.00

IN %		Share of capital
DEKRA Automotive EOOD, Sofia, Republic of Bulgaria	1)	100.00
Consorzio DEKRA Revisioni S.r.l. i.L., Milan, Italy	1)	99.00
DEKRA Expertises Ltda., Atibaia, SP, Brazil	1)	100.00
DEKRA kvalifikace a poradenství s.r.o., Prague 4, Czech Republic	1)	100.00
DEKRA Servicios Recursos Humanos S.L., Barcelona, Spain		100.00
DEKRA Empleo ETT S.L., Barcelona, Spain		100.00
DEKRA Automotiv d.o.o., Zagreb, Republic of Croatia		100.00
DEKRA Russ O.O.O., Moscow, Russian Federation	1)	99.99
DEKRA Akademie Kft., Budapest, Hungary		100.00
DEKRA Hasar Servisi Ltd. Sti., Istanbul, Turkey	1)	100.00
DEKRA Claims Services Maroc S.A.R.L., Casablanca, Morocco	1)	100.00
DEKRA Claims and Expertise B.V., Alkmaar, Netherlands		100.00
DEKRA Industrial (Guangzhou) Co., Ltd, Guangzhou, China		100.00
DEKRA Finland Oy, Vantaa, Finland		100.00
DEKRA Industrial Oy, Vantaa, Finland		100.00
DEKRA Automotive Pty. Ltd., Klerksoord, Rosslyn, South Africa		100.00
DEKRA Zaposljavanje d.o.o., Podgorica, Montenegro		100.00
DEKRA Slovensko s.r.o., Bratislava, Slovak Republic		100.00
DEKRA Netherlands Holding B.V., Arnhem, Netherlands		100.00
DEKRA Claims Services, Kiev, Ukraine	1)	70.00
Checkauto Consultatoria Técnica e Informções Veiculares Ltda., Atibaia, SP, Brazil		100.00
DEKRA Vistorias e Serviços Ltda., Atibaia, SP, Brazil		100.00
DEKRA South Africa Pty. Ltd., Klerksoord, Rosslyn, South Africa		100.00
Hangzhou DEKRA Certification Co., Ltd., Hangzhou, China		100.00
DEKRA Industrial AB Sweden, Gothenburg, Sweden		100.00
DEKRA Sweden AB, Gothenburg, Sweden		100.00
DEKRA Industrial AS, Oslo (formerly: Soli), Norway	1)	100.00
DEKRA Egypt for Services and Consulting, Cairo, Egypt	1)	51.00
DEKRA Motores – Vistoria Veicular Ltda., Atibaia, SP, Brazil	1)	100.00
DEKRA UK Management Ltd. (formerly: DEKRA UK Ltd.), Southampton, Hampshire, United Kingdom		100.00
DEKRA UK Ltd. (formerly: Chilworth Technology Ltd.), Southampton, Hampshire, United Kingdom		100.00
DEKRA (India) Pvt. Ltd., New Delhi, India		100.00
Chilworth Technology, Inc., Princeton, NJ, United States of America		100.00
Chilworth France S.A.S., Jonage, France		100.00
Safety Consulting Engineers, Inc., Schaumburg, IL, United States of America		100.00

IN %		Share of capital
DEKRA ITV España S.L., Alcobendas (Madrid), Spain		100.00
DEKRA Canada Inc., Moncton, New Brunswick, Canada	1)	100.00
Behavioral Science Technology, Inc., Oxnard, CA, United States of America		100.00
Behavioral Science Technology International (BSTI) Inc., Oxnard, CA, United States of America		100.00
DEKRA Akademie A/S, Brøndby, Denmark		100.00
BST Consultants Pte. Ltd., Singapore, Singapore		100.00
DEKRA Services ApS, Brøndby, Denmark		100.00
DEKRA Sydjylland A/S, Vejen, Denmark		100.00
DEKRA Hovedstaden A/S, Brøndby, Denmark		100.00
DEKRA Job ApS., Brøndby, Denmark		100.00
DEKRA Nordsjælland ApS, Hillerød, Denmark		100.00
DEKRA Midtjylland ApS, Skjern, Denmark		100.00
DEKRA Uddannelser A/S, Brabrand, Denmark		100.00
DEKRA Equipment & Services A/S, Brøndby, Denmark		100.00
DEKRA Praca Sp. z o.o., Kraków, Poland	1)	100.00
DEKRA Caribbean B.V., Willemstad, Curaçao		100.00
DEKRA (Shanghai) Investment Co., Ltd., Shanghai, China		100.00
Road Safety Consulting N.V., Brussels, Belgium	1)	50.10
DEKRA Outsourcing d.o.o., Belgrade, Republic of Serbia	1)	100.00
DEKRA People B.V., Alkmaar, Netherlands		100.00
DEKRA Privremeno Zaposljavanje Podgorica d.o.o., Podgorica, Montenegro		100.00
DEKRA usluge d.o.o., Zagreb, Republic of Croatia	1)	100.00
DEKRA Revisión Técnica SpA, Santiago de Chile, Chile	1)	100.00
DEKRA Services (PTY) Ltd., Vereeniging, South Africa		100.00
DEKRA Industrial RSA (Pty) Ltd., Gauteng, South Africa		100.00
DEKRA Quality Management AB, Solna (formerly: Frösön), Sweden		100.00
DEKRA Inspeções Portugal, S.A., Lisbon, Portugal		100.00
DEKRA Vrabotuvanje dooel, Skopje, Republic of North Macedonia	1)	100.00
DEKRA Fyn ApS, Odense, Denmark		100.00
European Road Stars Academy SPRL, Brussels, Belgium	1)	50.10
DEKRA New Zealand Ltd., Wellington, New Zealand		60.00
Vehicle Testing New Zealand Ltd, Wellington, New Zealand		60.00
D.AKADEMIE S.r.l., Verona, Italy		100.00
DEKRA Automotive Ltd., Stokenchurch, Bucks, United Kingdom		100.00
DEKRA España S.L., Málaga (formerly: Madrid), Spain		100.00

IN %		Share of capital
DEKRA Akademie EPE, Thessaloniki, Greece	1)	100.00
DEKRA Automotive La Réunion S.A.S., Sainte-Clotilde, France		100.00
DEKRA Rail B.V., Utrecht, Netherlands		100.00
DEKRA agencija d.o.o., Sarajevo, Bosnia and Herzegovina	1)	100.00
Arbeit De Agency for Temporary Employment, Skopje, Republic of North Macedonia	1)	100.00
DEKRA zaposlitev d.o.o., Ljubljana, Republic of Slovenia	1)	100.00
UAB DEKRA Industrial, Visaginas, Lithuania		100.00
COMENIUS Oktató és Kiadó Kft., Pécs, Hungary	1)	100.00
Comenius Szakközépiskola és Szakiskola, Pécs, Hungary	1)	100.00
DEKRA Testing and Certification Co., Ltd., New Taipei City, Taiwan		100.00
DEKRA Testing & Certification (Suzhou) Co., Ltd., Suzhou, China		100.00
QTK Asia Electronics Ltd., Road Town (Tortola), British Virgin Islands		100.00
DEKRA Middle East FZE, Dubai, United Arab Emirates	1)	100.00
DEKRA AQS Solutions, Inc., Minneapolis, MN, United States of America		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 Organisational Reliability Ltd., Aberdeen, United Kingdom		100.00
DEKRA Testing and Certification S.A., Málaga, Spain		100.00
DEKRA Testing and Certification Ltda., Santiago de Chile, Chile		99.90
DEKRA Akademie Sh.p.k., Tirana, Albania		100.00
DEKRA Inspection Oy, Vantaa, Finland		100.00
DEKRA Nordjylland A/S, Sæby, Denmark		100.00
DEKRA Services France SAS, Le Plessis Robinson (formerly: Bagneux), France		100.00
DEKRA Automotive S.à r.l., Munsbach, Luxembourg		100.00
DEKRA Development s.r.o., Bratislava, Slovak Republic	1)	100.00
PRO-LOG CG d.o.o., Podgorica, Montenegro	1)	100.00
DEKRA Automotive d.o.o., Zvezdara, Belgrade, Republic of Serbia		100.00
DEKRA Sjælland A/S, Næstved, Denmark		100.00
VEIKI-VNL Villamos Nagylaboratóriumok Korlátolt Felelősségű Társaság, Budapest, Hungary		100.00
TATRA TRUCK s.r.o., Krásny Brod, Slovak Republic	1)	100.00
Master Test Chile SpA., Santiago de Chile, Chile	1)	100.00
Core Visual Inspection Services, Inc., Austin, TX, United States of America		100.00
D. Invest S.R.L., Cinisello Balsamo (MI), Italy	1)	100.00
DEKRA Arbeit (Schweiz) Holding AG, Sargans, Switzerland		100.00

IN %		Share of capital
DEKRA Arbeit AG St. Gallen, St. Gallen, Switzerland		100.00
DEKRA Arbeit AG Basel, Basel, Switzerland		100.00
DEKRA Arbeit AG Buchs, Buchs, Switzerland		95.00
DEKRA Arbeit AG Chur, Chur, Switzerland		90.00
DEKRA Arbeit AG Sargans, Sargans, Switzerland		96.00
DEKRA Arbeit Bulgaria EOOD, Sofia, Republic of Bulgaria	1)	100.00
DEKRA Services Spolka z.o.o, Kraków, Poland	1)	100.00
DEKRA Prélèvements & Analyses SAS (formerly: PROTEC Services), Limoges, France		92.50
DEKRA Arbeit Austria GmbH, Vienna, Austria	1)	100.00
Beijing DEKRA Vehicle Inspection Co., Ltd, Beijing, China	1)	90.00
PRO-LOG SR DOO, Belgrade, Republic of Serbia	1)	100.00
Gain Solutions Ltd., Stokenchurch, Bucks, United Kingdom		100.00
Industrial Safety Group B.V., Capelle aan den IJssel, Netherlands		100.00
DEKRA Industrial Safety B.V. (formerly: Arbo Support B.V.), Capelle aan den IJssel, Netherlands		100.00
DEKRA Arbeit Anstalt, Eschen, Principality of Liechtenstein	1)	95.00
DEKRA Personnel France SAS, Paris (formerly: Bagneux), France	1)	100.00
DEKRA Bilsyn ApS, Silkeborg, Denmark		100.00
DEKRA TW s.r.o., Bratislava, Slovak Republic	1)	100.00
DEKRA Arbeit L.L.C., Priština, Republic of Kosovo	1)	100.00
DEKRA Arbeit SHPK, Tirana, Albania	1)	100.00
Shenzhen Detong Vehicle Inspection Co. Ltd., Shenzhen, China	1)	80.00
DEKRA Audit CZ s.r.o., Prague 4 – Chodov, Czech Republic		100.00
DEKRA Southern Africa Oceania Limited, Wellington, New Zealand		100.00
DEKRA Industrial Inspection Lda., City of Maputo, Republic of Mozambique	1)	100.00
Alapítványi Iskolák Dél-Dunántúli Regionális Szakképzés Szervezési Társulása Nkft., Pécs, Hungary	1)	100.00
DEKRAMERICAS, S. de R.L. de C.V., Alcaldía Cuauhtémoc, Mexico City, Mexico	1)	100.00
MOVON Test Lab Co. Ltd., Gyeonggi-do, Republic of Korea (South Korea)		100.00
France Etudes et Solutions SASU, Le Plessis Robinson, France	1)	100.00
DEKRA Industrial SAS, Limoges, France		100.00
DEKRA Solutions (Pty) Ltd., Centurion, South Africa		100.00
DEKRA Industrial S.A.R.L., Algiers, Algeria		99.50
DEKRA Industrial SA., Barcelona, Spain		100.00
DEKRA Inspection S.A., Casablanca, Morocco		100.00
DEKRA Certification B.V., Arnhem, Netherlands		100.00
DEKRA Solutions B.V., Arnhem, Netherlands		100.00

IN %		Share of capital
DEKRA Testing and Certification S.r.l., Cinisello Balsamo, Milano (formerly: Osnago), Italy		100.00
DEKRA Certification Japan K.K., Tokyo, Japan		100.00
DEKRA Testing Services (Zhejiang) Ltd., Wenzhou, Zhejiang, China		51.00
DEKRA Testing and Certification (Shanghai) Ltd., Shanghai, China		100.00
DEKRA Certification Ltd., Stokenchurch, Bucks (formerly: Pershore Worcestershire), United Kingdom	1)	100.00
DEKRA Certification Ltd., Tel Aviv, Israel		100.00
DEKRA Certification Hong Kong Limited, Fanling, China (Hong Kong)		100.00
DEKRA Certification, Inc., North Wales, PA, United States of America		100.00
Associates in Germany:		
Euro Transport Media Verlags- und Veranstaltungsgesellschaft mbH, Stuttgart		40.00
FSD Fahrzeugsystemdaten GmbH, Dresden		33.71
Associates in other countries:		
TRANSDEKRA AG, Moscow, Russian Federation	2)	50.00
DEKRA – EXPERT Müszaki Szakértöi Kft., Budapest, Hungary	2)	50.00
DEKRA Claims Services France S.A., Levallois-Perret, France	2)	50.00
NDT Training Center AB, Västerås, Sweden	2)	33.00
DEKRA Advanced Mobility Testing (Huzhou) Co. Ltd., Huzhou City, China		51.00
Equity investments:		
ARGE “Technische Prüfstelle für den Kraftfahrzeugverkehr 21” GbR, Dresden	3) 5)	25.00
Magility GmbH, Kirchheim unter Teck	3) 5)	24.90
DYNAE S.A., Villefontaine, France	3) 5)	19.93
Société Coopérative de Promotion S.A., Trappes, France		< 5.00
Crédit Agricole S.A., Paris, France		< 1.00
Crédit Mutuel, Paris, France		< 1.00
ITT Technology Transfer s.r.l., Ferrara, Italy		1.00

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

Stuttgart, March 29, 2021

DEKRA SE
The Management Board

Kölbl, Chairman

Linsenmaier

Rauh

Zurkiewicz

DEKRA SE
INDEPENDENT AUDITOR'S REPORT

TO DEKRA SE

Opinions

We have audited the consolidated financial statements of DEKRA SE, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from January 1 to December 31, 2020, the consolidated statement of financial position as of December 31, 2020, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of DEKRA SE for the fiscal year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] included in the "Declaration of compliance" section of the group management report (disclosures on the quota for women on executive boards). In addition, we have not audited the content of information not typical of management reports contained in the sections "Integrity and sustainability" and "Environmental protection and sustainability" of the group management report. Information not typical of management reports in the group management report relates to information that is not required by Secs. 315, 315a or Secs. 315b to 315d HGB.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the fiscal year from January 1, to December 31, 2020, 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 above-mentioned statement on corporate governance and the sections of the group management report "Integrity and sustainability" and "Environmental protection and sustainability" also mentioned above.

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

Basis for the opinions

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

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the above-mentioned statement on corporate governance pursuant to Sec. 289 (4) HGB (disclosures on the quota for women on executive boards) and the above-mentioned information not typical of management reports in the sections "Integrity and sustainability" and "Environmental protection and sustainability" of the group management report. The other information also comprises additional components designated for the annual report, of which we received a version prior to issuing this auditor's report, in particular the section "At a glance", the section "Foreword from the Chairman of the Management Board" and the section "Report from the Chairman of the Supervisory Board", but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Stuttgart, March 30, 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Marbler	Werling
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

REPORT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

THOMAS PLEINES

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

As a result of the COVID-19 pandemic, 2020 was a highly challenging fiscal year for DEKRA and the Supervisory Board. There was a continuous need to discuss significant market changes and respond accordingly.
One example of this was the necessary closure of locations – for instance, due to the ban on face-to-face teaching affecting our Training business.

In this context, the Supervisory Board fully performed its role of monitoring and guiding the Management Board of DEKRA SE, even against the backdrop of the COVID-19 pandemic. We regularly received both written and oral reports on key business activities. This made it possible to comprehensively discuss changes in the business during two Supervisory Board meetings and to contribute new ideas, such as converting inspection stations into COVID-19 testing centers and introducing branded respirators.

However, DEKRA was not completely immune to the impacts of the wider economic situation. For example, reduced traffic volumes led to a decrease in road accidents and, in turn, to a decline in the expertise business. And in some cases, local regulations such as curfews limited our ability to provide services – another factor that negatively affected our revenue. This inevitably caused a decline in key business performance indicators.

Despite the difficult conditions, the Management Board worked together with the Supervisory Board to ensure that the Company remained on a stable footing in the 2020 reporting year. Steps were taken at short notice to safeguard liquidity and make cost adjustments.

The Supervisory Board appointed the auditing firm Ernst & Young GmbH, Stuttgart, as the external auditor and commissioned it to examine DEKRA SE's annual accounts, management report, consolidated financial statement, and Group management report, together with the accounting for the 2020 fiscal year. The Supervisory Board acknowledged and approved the unqualified audit opinion of the external auditor.

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

Stuttgart, April 2021
The Supervisory Board

THOMAS PLEINES,
Chairman

IMPRINT

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