CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated income statement for the period from January 1 to December 31, 2021 ≡ 13

IN € MILLION	Note	2021	2020
Revenue	(34)	**2,667.3**	**2,486.0**
Own work capitalized		3.7	4.5
Purchased services		–332.0	–294.2
Operating performance		**2,339.0**	**2,196.3**
Personnel expenses	(6)	–1,630.5	–1,542.9
Amortization, depreciation and impairment losses on intangible assets, right-of-use assets, property, plant and equipment and investment property	(7)	–183.1	–168.9
Other expenses	(8)	–413.2	–397.2
Other income	(9)	98.1	93.0
Impairment of goodwill	(13)	–0.3	–15.6
Operating result		**210.0**	**164.7**
Income from investments accounted for using the equity method	(10)	14.5	9.4
Other income / loss from participations	(10)	0.7	–2.1
Interest income	(10)	3.1	1.4
Interest expenses	(10)	–16.1	–16.2
Other financial result	(10)	2.9	1.0
Financial result		**5.1**	**–6.5**
Income before taxes		**215.1**	**158.2**
Income taxes	(11)	–60.6	–47.2
Consolidated net income		**154.5**	**111.0**
Attributable to:			
Owners of TÜV SÜD AG		137.7	88.7
Non-controlling interests	(12)	16.8	22.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income for the period from January 1 to December 31, 2021 ≡ 14

IN € MILLION	Note	2021	2020
Consolidated net income		**154.5**	**111.0**
Remeasurements of defined benefit pension plans	(22)		
Changes from unrealized gains and losses		206.6	–43.1
Tax effect		–34.4	20.9
		172.2	**–22.2**
Equity instruments at fair value			
Changes from unrealized gains and losses		0.2	0.1
Tax effect		–0.1	0.0
		0.1	**0.1**
Total amount of items in other comprehensive income that will not be reclassified to the income statement		**172.3**	**–22.1**
Debt instruments at fair value			
Changes from unrealized gains and losses		0.7	0.4
Tax effect		–0.2	–0.1
		0.5	**0.3**
Currency translation differences			
Changes from unrealized gains and losses		25.3	–26.0
Changes from realized gains and losses		–0.2	–1.4
		25.1	**–27.4**
Investments accounted for using the equity method			
Changes from unrealized gains and losses		–8.0	–7.5
Tax effect		0.1	0.0
		–7.9	**–7.5**
Total amount of the items of other comprehensive income that will be reclassified to the income statement in future periods		**17.7**	**–34.6**
Other comprehensive income	(11)	**190.0**	**–56.7**
Total comprehensive income		**344.5**	**54.3**
Attributable to:			
Owners of TÜV SÜD AG		320.2	33.1
Non-controlling interests		24.3	21.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position as of December 31, 2021 ≡ 15

IN € MILLION	Note	Dec. 31, 2021	Dec. 31, 2020
Assets			
Intangible assets	(13)	298.3	305.5
Right-of-use assets	(27)	403.6	375.8
Property, plant and equipment	(14)	563.8	538.6
Investment property	(15)	2.9	3.0
Investments accounted for using the equity method	(16)	19.3	31.4
Other financial assets	(17)	144.2	111.6
Other non-current assets	(19)	12.3	7.2
Deferred tax assets	(11)	277.9	319.3
Non-current assets		**1,722.3**	**1,692.4**
Inventories		3.9	3.6
Trade receivables	(18)	503.2	451.9
Income tax receivables		8.6	13.3
Other receivables and other current assets	(19)	125.5	129.6
Cash and cash equivalents	(33)	303.8	290.9
Non-current assets and disposal groups held for sale	(20)	0.0	37.1
Current assets		**945.0**	**926.4**
Total assets		**2,667.3**	**2,618.8**
Equity and liabilities			
Capital subscribed	(21)	26.0	26.0
Capital reserve	(21)	128.2	128.2
Revenue reserves	(21)	1,088.0	780.5
Other reserves	(21)	–47.9	–61.1
Equity attributable to the owners of TÜV SÜD AG		**1,194.3**	**873.6**
Non-controlling interests	(12)	91.8	81.9
Equity		**1,286.1**	**955.5**
Provisions for pensions and similar obligations	(22)	184.7	486.0
Other non-current provisions	(23)	97.8	109.8
Non-current financial debt	(24)	2.4	2.7
Non-current lease liabilities	(27)	353.6	326.7
Other non-current liabilities	(26)	0.5	0.1
Deferred tax liabilities	(11)	17.6	17.4
Non-current liabilities		**656.6**	**942.7**
Current provisions	(23)	175.3	147.4
Income tax liabilities		48.0	61.2
Current financial debt	(24)	0.2	2.0
Current lease liabilities	(27)	59.8	56.2
Trade payables	(25)	219.8	200.5
Other current liabilities	(26)	221.5	228.3
Liabilities directly associated with non-current assets and disposal groups held for sale	(20)	0.0	25.0
Current liabilities		**724.6**	**720.6**
Total equity and liabilities		**2,667.3**	**2,618.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows for the period from January 1 to December 31, 2021

≡ 16

IN € MILLION	Note	2021	2020
Consolidated net income		154.5	111.0
Amortization, depreciation, impairment losses and reversals of impairment losses on intangible assets, right-of-use assets, property, plant and equipment and investment property		182.5	168.8
Impairment of goodwill	(13)	0.3	15.6
Impairment losses and reversals of impairment losses of financial assets		3.7	4.0
Change in deferred tax assets and liabilities recognized in the income statement	(11)	7.0	– 20.6
Gain / loss on disposal of intangible assets, right-of-use assets, property, plant and equipment and financial assets		– 1.6	– 9.4
Gain / loss from the sale of shares in fully consolidated entities and business units		– 15.4	0.0
Other non-cash income / expenses		1.5	– 0.9
Change in inventories, receivables and other assets		– 47.2	51.4
Change in liabilities and provisions		57.4	97.2
Cash flow from operating activities		**342.7**	**417.1**
Cash paid for investments in			
intangible assets, property, plant and equipment and investment property		– 114.6	– 114.7
financial assets		– 4.4	– 12.6
securities		– 37.6	– 24.0
business combinations (net of cash acquired)	(3)	– 4.0	– 1.9
Cash received from disposals of			
intangible assets and property, plant and equipment		1.8	5.7
financial assets		0.2	0.9
securities		0.0	2.8
shares in fully consolidated entities and business units (net of cash transferred)		21.7	0.0
Cash received from investments in business combinations (net of cash acquired)		0.0	2.3
Contribution to pension plans	(33)	– 117.4	– 106.5
Cash flow from investing activities		**– 254.3**	**– 248.0**
Dividends paid to owners of TÜV SÜD AG		– 2.1	– 2.1
Dividends paid to non-controlling interests		– 14.8	– 9.4
Repayments of loans including currency translation differences		– 2.1	– 1.1
Proceeds from loans including currency translation differences		0.0	0.7
Repayments of lease liabilities		– 65.5	– 63.9
Cash flow from financing activities		**– 84.5**	**– 75.8**
Net change in cash and cash equivalents		**3.9**	**93.3**
Effect of currency translation differences and change in scope of consolidation on cash and cash equivalents		5.3	– 2.6
Cash and cash equivalents at the beginning of the period		294.6	203.9
Cash and cash equivalents at the end of the period	(33)	**303.8**	**294.6**
Net of cash and cash equivalents of disposal groups at the end of the period		0.0	– 3.7
Cash and cash equivalents at the end of the period according to the statement of financial position		**303.8**	**290.9**
Additional information on cash flows included in cash flow from operating activities:			
Interest paid		10.7	9.5
Interest received		1.1	1.6
Income taxes paid / received		62.2	34.1
Dividend payments received		23.8	0.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity for the period from January 1 to December 31, 2021

			Revenue reserves	
IN € MILLION	Capital subscribed	Capital reserve	Remeasurements of defined benefit pension plans	Other revenue reserves
Balance as of January 1, 2020	**26.0**	**128.2**	**–343.6**	**1,060.2**
Consolidated net income				88.7
Other comprehensive income			–22.5	
Dividends paid				–2.1
Changes in scope of consolidation[1]				–0.2
Balance as of December 31, 2020	**26.0**	**128.2**	**–366.1**	**1,146.6**
Balance as of January 1, 2021	**26.0**	**128.2**	**–366.1**	**1,146.6**
Consolidated net income				137.7
Other comprehensive income			169.3	
Dividends paid				–2.1
Changes in scope of consolidation			2.7	
Other changes				–0.1
Balance as of December 31, 2021	**26.0**	**128.2**	**–194.1**	**1,282.1**

1 _ Non-controlling interests of € 0.3 million not yet paid in as of December 31, 2020.

≡ 17

	Other reserves						
	Currency translation differences	Equity instruments at fair value	Debt instruments at fair value	Investments accounted for using the equity method	**Equity attributable to the owners of TÜV SÜD AG**	Non-controlling interests	**Total equity**
	−2.4	**0.2**	**0.3**	**−26.1**	**842.8**	**64.0**	**906.8**
					88.7	22.3	**111.0**
	−26.0	0.1	0.3	−7.5	**−55.6**	−1.1	**−56.7**
					−2.1	−8.9	**−11.0**
					−0.2	5.6	**5.4**
	−28.4	**0.3**	**0.6**	**−33.6**	**873.6**	**81.9**	**955.5**
	−28.4	**0.3**	**0.6**	**−33.6**	**873.6**	**81.9**	**955.5**
					137.7	16.8	**154.5**
	20.5	0.1	0.5	−7.9	**182.5**	7.5	**190.0**
					−2.1	−14.4	**−16.5**
					2.7		**2.7**
					−0.1		**−0.1**
	−7.9	**0.4**	**1.1**	**−41.5**	**1,194.3**	**91.8**	**1,286.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General Information

1 / BASIS OF PREPARATION

TÜV SÜD is a global technical services provider operating in the INDUSTRY, MOBILITY and CERTIFICATION Segments. The range of services covers testing, inspection, certification and training. TÜV SÜD has a presence in the regions EUROPE, AMERICAS and ASIA.

TÜV SÜD Aktiengesellschaft, with registered offices in Munich, Germany, is entered in the commercial register of Munich District Court under the number HRB 109326, as the parent company of the Group.

TÜV SÜD AG prepared its consolidated financial statements as of December 31, 2021 in accordance with the International Financial Reporting Standards (IFRSs) by exercising the option under Section 315e (3) HGB ["Handelsgesetzbuch": German Commercial Code]. All IFRSs that are binding for the fiscal year 2021 and the pronouncements issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) have been applied to the extent that these have been adopted by the European Union.

On March 15, 2022, TÜV SÜD AG's Board of Management approved the consolidated financial statements for the fiscal year 2021 for submission to the Supervisory Board.

2 / SCOPE AND PRINCIPLES OF CONSOLIDATION

All material entities and structured entities over which the Group has control as defined by IFRS 10 are included in the consolidated financial statements as of December 31, 2021. The separate financial statements of the subsidiaries included in consolidation and prepared in accordance with uniform accounting policies serve as a basis.

Associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method. The shares are capitalized at acquisition cost at the time a significant influence is acquired and in subsequent years are increased or reduced by the proportionate net income, distributed dividends and other changes in equity.

Joint operations are consolidated proportionately with their assets and liabilities as well as expenses and income.

With TÜV SÜD AG as parent company, the scope of consolidation comprises the number of entities shown in the table below.

Scope of consolidation ≡ 18

NUMBER OF ENTITIES	Dec. 31, 2021	Dec. 31, 2020
Fully consolidated entities	100	105
Entities accounted for using the equity method	6	6
thereof joint ventures	5	5
thereof associated companies	1	1
Total number of consolidated entities	**106**	**111**

In the fiscal year 2021, one company from the portfolio was included in the scope of consolidation. Six companies were no longer included in the scope of consolidation. The disposals relate to the sale of three German subsidiaries, the assets and liabilities of which as of December 31, 2020, were recognized under assets and liabilities held for sale. In addition, the disposals also include the sale of a British company, an intra-group merger and a deconsolidation due to liquidation. The deconsolidations led to gains of € 15.4 million (prior year: € 0.1 million), which are recognized in other income. The consideration received for the disposals in the form of cash amounts to € 25.2 million.

The affiliated companies, associated companies and joint ventures included in the consolidated financial statements are listed in note 38 "Consolidated entities" along with the consolidation method applied. The list of the Group's entire shareholdings is published in the German Electronic Federal Gazette (Elektronischer Bundesanzeiger) as an integral part of the notes to the financial statements.

Consolidation decisions based on contractual arrangements

The TÜV SÜD Group holds 50% of the shares in TÜV SÜD Car Registration & Services GmbH (CRS), Munich. The entity is fully consolidated in the Group, as the TÜV SÜD Group is responsible for economic control of the entity on the basis of the contractual arrangements and can thus make decisions regarding the relevant activities of the entity.

Risks from structured entities

In its capacity as a limited partner of the structured entities ARMAT GmbH & Co. KG, Pullach, and ARMAT Südwest GmbH & Co. KG, Pullach, TÜV SÜD AG has issued liquidity commitments for the aforementioned entities. These commitments serve to cover the current obligations of the entities. Claims may therefore be lodged against TÜV SÜD AG if the entities are unable to settle their obligations themselves. The risk of such a claim is considered low.

There are risks typical of ownership resulting from the special fund MI-Fonds F60, Frankfurt am Main. No liquidity commitments or guarantees were issued in this connection.

3 / BUSINESS COMBINATIONS

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. For highly complex business combinations, external appraisers are obtained to carry out the purchase price allocation and to determine the fair values.

On July 1, 2021, TÜV SÜD acquired the testing division of the Swiss PROSE Group. PROSE's testing activities include measurements for railway vehicles and vehicle components in the areas of aerodynamics, machine dynamics, electrical systems, electromagnetic compatibility (EMC) as well as vehicle acoustics and represents a significant expansion of TÜV SÜD's competencies. In this way, TÜV SÜD is strengthening its position as one of the leading independent providers of testing, inspection and certification services in the railway sector.

The purchase price paid in cash amounted to € 4.0 million. In return, TÜV SÜD acquired fixed assets of € 0.8 million and pension provisions of € 0.5 million. A detailed analysis of the assets acquired has not yet been completed meaning that provisional goodwill was recognized in the amount of € 3.7 million.

4 / CURRENCY TRANSLATION

All financial statements of consolidated entities that have been prepared in foreign currency are translated into euro using the functional currency concept. As the foreign subsidiaries are independently operating entities, the functional currency is considered to be the currency of the respective country in which they are situated. Items of the statement of financial position are therefore translated using the mean rate on the reporting date. This does not include equity, which is translated using historical rates. Expense and income items are stated using annual average exchange rates. Exchange rate differences are treated as other comprehensive income and recognized in other reserves within equity.

In the separate financial statements of the subsidiaries, monetary items denominated in foreign currency as of the reporting date are translated using the closing rate. Non-monetary items continue to be translated using the historical exchange rate as of the transaction date. Differences resulting from such translations are generally recognized in the income statement.

The exchange rates used to translate the most important currencies developed as follows:

Selected exchange rates ≡ 19

	Closing rate		Annual average rate	
	Dec. 31, 2021	Dec. 31, 2020	2021	2020
Chinese renminbi (CNY)	7.1947	8.0225	7.6340	7.8708
Pound sterling (GBP)	0.8403	0.8990	0.8600	0.8892
Singapore dollar (SGD)	1.5279	1.6218	1.5897	1.5736
Turkish lira (TRY)	15.2335	9.1131	10.4670	8.0436
US dollar (USD)	1.1326	1.2271	1.1835	1.1413

5 / ACCOUNTING POLICIES

The key accounting and measurement methods for TÜV SÜD are presented below; the mere repetition of standard requirements has been largely avoided. The exercise of options is explained in the respective specific note.

Revenue is recognized pursuant to IFRS 15 “Revenue from Contracts with Customers” and mainly consists of income from service business with customers. The values agreed in contracts or defined in price lists form the basis for calculating the revenue to be recognized. Revenue from long-term contracts is recognized over time pursuant to IFRS 15.35c, which involves recognizing costs and revenue in line with the degree to which the contract has been completed. 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 TÜV SÜD to measure progress. Contract costs are expensed in the period in which they are incurred. When it is foreseeable that total contract costs will exceed total contract revenue, the expected loss is immediately expensed. Contracts are generally processed within one year.

An appropriate method to determine the stage of completion is applied for license fees that grant a right to access to intellectual property. Revenue from Software-as-a-Service licenses is generally recognized on a straight line basis over the term of the agreement. By contrast, revenue from license fees as part of certification and accreditation services is collected at a point in time when the invoice is issued.

As a practical expedient, the company opts not to measure financing components pursuant to IFRS 15.63. The revenue recognition, settlement and cash inflows result in trade receivables, contract assets as well as contract liabilities. With respect to the type of the contract, a distinction is made between service contracts, usually training and advisory services, and contracts for work and labor, such as certification or testing services. The timing of revenue recognition and billing can be derived from the type of contract. The majority of service contracts are billed monthly, contracts for work and labor upon reaching individually agreed milestones or upon completion. The average group-wide payment terms range between 30 and 60 days, taking country-specific requirements such as statutory defined payment terms into account.

Goodwill is not subject to amortization but is tested for impairment at least once a year or whenever there is any indication of impairment, and written down if appropriate (impairment only approach). This impairment test is based on cash generating units (CGUs) and compares the recoverable amount with the carrying amount. The cash generating units correspond to the Group's divisions, which are managed on a worldwide basis. The recoverable amount is the higher of fair value less costs to sell and value in use derived from the plan for 2022 prepared and approved by management, with the aid of the discounted cash flow method. The key assumptions made in determining fair value are the growth rates of the cash flows in the planning period, the CGU-specific cost of capital and the forecast sustainable growth rate after the end of the planning period. The planned cash flows are based mainly on estimates by the management of TÜV SÜD of the current and future market environment. Cost of capital is based on the weighted average cost of capital (WACC) of the TÜV SÜD Group adjusted for the specific risk profile inherent in the cash flows budgeted for the cash generating unit in question. The sustainable growth rate used is the forecast long-term rate of the cash generating unit's market growth.

Other intangible assets acquired for a consideration are measured at acquisition cost, **internally generated intangible assets** at production cost. Production cost comprises the costs directly and indirectly allocable to the development process. Intangible assets with finite useful lives are amortized using the straight-line method over a period of two to 20 years.

Pursuant to IFRS 16, **leases** are recognized, at the time at which the lease asset is made available to the Group, at the lessee as a right-of-use asset and a corresponding lease liability. **Right-of-use assets** are measured at cost, which is composed of the initial amount of the lease liability adjusted for the lease payments made at or before the commencement date along with initial direct costs and estimated costs for possible restoration obligations. Subsequent to initial recognition, the right-of-use asset is depreciated on a straight-line basis over the term of the lease.

At the time of initial recognition, **lease liabilities** are measured at the present value of the lease payments not yet paid at the commencement date of the lease. These are discounted using the incremental borrowing rate of the respective lessee as the interest rate implicit in the lease cannot be readily determined. Currency-specific reference interest rates for various periods of up to 50 years from risk-free interest rates with matching terms are used to determine the incremental borrowing rate. The latter is increased by loan risk premiums and adjusted for the term of an agreement. The lease liability mostly accounts for fixed lease payments and variable lease payments linked to an index or interest rate. When determining the term of leases TÜV SÜD takes account of all those facts and circumstances that offer an economic incentive to exercise options to extend the lease or not exercise options to terminate it. Changes to the term stemming from options to extend or terminate the lease being exercised are only included in the term of the agreement if it is reasonably certain that an option to extend a lease or not terminate it will be exercised. The lease liability is remeasured if future lease payments change on account of a change in an index or if the Group amends its estimation regarding whether the option to extend or terminate the lease will be exercised. The right-of-use asset is adjusted accordingly.

Practical expedients are applied for leases of low-value assets and short-term leases. In these cases, the lease payments are expensed on a straight-line basis in the income statement. Lease agreements with a term of up to twelve months qualify as short-term leases. Low-value assets include IT equipment and smaller technical devices, for example. Furthermore, the requirements of IFRS 16 on lease accounting are not applied to leases for intangible assets. Intragroup leases are likewise not recognized pursuant to IFRS 16. This means that in the segment reporting pursuant to IFRS 8, lease payments for these leases are also recognized in profit or loss on a straight-line basis over the term of the lease.

Lease payments are divided up into payments of principal and interest. The interest component is recognized under cash flow from operating activities in the statement of cash flows, whereas payments made to repay the lease liabilities are shown under cash flow from financing activities.

Property, plant and equipment and **investment properties** are recognized at cost less depreciation or impairment. Depreciation generally takes place using the straight-line method over the respective expected useful life. Buildings and parts of buildings are depreciated over a maximum period of 40 years, technical equipment over a period of five to 20 years, and furniture and fixtures over a period of three to 23 years.

At each reporting date, the Group assesses whether there is any indication that the carrying amounts of intangible assets, right-of-use assets, property, plant and equipment and investment property may be subject to **impairment**. If any such indication exists, an impairment test is performed. For intangible assets with an indefinite useful life, such a test is conducted annually.

Current income taxes are calculated based on the respective local taxable income and local tax rules in place for the year. Furthermore, current taxes recognized in the fiscal year include adjustments for uncertain tax payments or refunds for years that have not yet been finally assessed. However, these exclude interest payments or interest refunds and penalty payments on the payment of tax arrears. Corresponding provisions are recognized in the event that the amounts stated in the tax returns are not likely to be recognized (uncertain tax positions). The amount is determined from the best estimate of the expected tax payment (expected value or most likely amount of the tax uncertainty). Tax refund claims from uncertain tax positions are recognized if it is more likely than not and thus reasonably certain that they can be realized. Only in the case of tax loss carryforwards is no tax liability or tax claim recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax loss carryforwards are to be adjusted.

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts in the IFRS statement of financial position and the tax basis of the assets and liabilities, as well as for consolidation measures with an effect on income. In addition, taxes are deferred for tax loss carryforwards provided the realization of such carryforwards is sufficiently certain. The taxable income considered likely on the basis of the respective entity's planning for the subsequent three years is taken as the basis for the assessment. Deferred taxes are calculated on the basis of the anticipated tax rates at the time of realization. For convenience, TÜV SÜD AG's tax rate is used to calculate deferred taxes on consolidation entries with effect on income. Deferred tax assets and liabilities on temporary differences are netted out for each entity and/or tax group.

Contract assets are accounted for using the cost-to-completion method in accordance with IFRS 15. These receivables are normally current and are expected to result in external revenue in the following year. Anticipated losses from these contracts are taken into account on the liabilities side if they can be reliably estimated. Project-related advance payments received from customer contracts are deducted from contract assets.

Advance payments not covered by services already rendered are recognized under **contract liabilities**. Contract liabilities are normally current and are expected to result in external revenue in the following year.

Non-current assets and disposal groups held for sale relate to assets that can be sold in their present condition and whose sale is highly probable. Management has committed to a plan to sell the assets and the sale is expected to be completed within one year from the date of the classification. Liabilities to be sold together with assets in a single transaction are part of a disposal group or discontinued operations and are also reported separately as **liabilities directly associated with non-current assets and disposal groups held for sale**. Non-current assets held for sale are no longer amortized or depreciated. Instead they are stated at their fair value less costs to sell from the date of classification provided that this is lower than the carrying amount.

Provisions for pensions and similar obligations are measured using the actuarial projected unit credit method for defined benefit pension plans. The amount shown on the statement of financial position represents the current value of the pension obligation after offsetting the fair value of plan assets as of the reporting date. The calculation of pension obligations is based on actuarial reports considering biometric assumptions. Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding interest on the net liability), are recognized in full in the fiscal year in which they occur. They are charged directly against revenue reserves, taking deferred taxes into account, and reported outside of the income statement as a component of other comprehensive income. The net interest expense is obtained by multiplying the discount rate for the respective fiscal year by the net liability (pension obligation less plan assets) as of the reporting date for the prior fiscal year. It is reported in the financial result.

Other provisions are recorded if the obligation to a third party results from a past event which is expected to lead to an outflow of economic benefits and their value can be determined reliably. They are measured using the best estimate of the settlement value, and cannot be offset against reimbursement claims. Provisions due in more than one year are discounted where the effect of the time value of money is material. The effect from unwinding the discount is reported in the financial result. Provisions for restructuring measures are recognized to the extent that a detailed formal restructuring plan has been prepared and communicated to the parties concerned.

A **financial instrument** is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Initial recognition is at fair value as soon as the TÜV SÜD Group becomes a party to the contractual provisions of the financial instrument. The directly attributable transaction costs are taken into account in the carrying amount only if the financial instruments are not measured at fair value through profit or loss. Subsequent measurement of financial assets and liabilities depends on the categories they are allocated to. The TÜV SÜD Group does not make use of the fair value option.

Under IFRS 9, financial assets are classified into measurement categories based on the business model for managing these financial instruments and on the type of their underlying contractual cash flows. A distinction is made between the following **measurement categories**:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income: accumulated gains and losses will be reclassified to the income statement upon derecognition of the debt instruments.
- Debt instruments, derivatives and equity instruments at fair value through profit or loss.
- Equity instruments at fair value through other comprehensive income: gains and losses remain in other comprehensive income even after derecognition of these financial instruments.

The business models were determined by the Board of Management using data, facts and circumstances as of the date of first-time application. The contractual cash flows were checked on the basis of the conditions when the respective assets were recognized for the first time. In the TÜV SÜD Group, the two business models "hold to collect" and "hold to collect and sell" were defined. No debt instruments were designated as at fair value through profit or loss. Debt instruments are thus measured at amortized cost or at fair value through other comprehensive income.

The **equity instruments** held by the TÜV SÜD Group primarily relate to non-consolidated shares in affiliated companies and participations. These are allocated to the "at fair value through other comprehensive income" measurement category. Due to immateriality, they are measured at amortized cost, as this roughly corresponds to their fair values. The TÜV SÜD Group's participations are not listed.

The general approach for recording **impairment losses** is used on all **debt instruments**, apart from trade receivables. With this method risk provisioning for expected credit losses is recorded in two stages. Debt instruments where the credit risk has not increased significantly since first-time recognition are covered by a risk provision in the equivalent to the credit losses expected to be incurred within the next twelve months. Debt instruments where the credit risk has increased significantly since first-time recognition have to be accounted for with a risk provision equivalent to the credit losses expected to be incurred over the residual term. The TÜV SÜD Group uses external ratings to monitor changing credit risks. A significant change in the credit risk is defined as when the external rating is no longer in the investment grade range, or also when the contractually agreed payments are more than 30 days overdue. If the contractually agreed payments are more than 90 days overdue, this is classed as a default. For bank balances and other financial assets, such as deposit payments, impairments are determined based on assumed minimum default likelihoods/rates.

The simplified approach is applied to **trade receivables**. At each reporting date, a risk provision equivalent to the credit losses expected to be incurred over the entire term is recognized. A provision matrix is used to measure loss allowances in the TÜV SÜD Group. The expected loss rates are calculated using the roll-rate method, which is based on the probability of a receivable progressing to payment delay in successive stages. Roll rates are calculated separately for the defaults of each entity in the TÜV SÜD Group. Forward-looking information about expected changes in country ratings is used to supplement the internal historical expected loss rates.

The TÜV SÜD Group has not made use of the option under IFRS 9 to recognize hedges. Derivatives are held to account for economic hedging relationships and are therefore measured at fair value through profit or loss.

Financial liabilities are recognized at either amortized cost or fair value pursuant to IFRS 9. In the TÜV SÜD Group, derivatives, liabilities from put options as well as contingent considerations from business combinations as defined by IFRS 3 are carried at fair value. All other liabilities are recognized at amortized cost.

Government grants are recognized in the statement of financial position if there is reasonable assurance that the grant will be received and the conditions attached to the grant have been or are deemed to be fulfillable. In the TÜV SÜD Group, this is assumed to be the case if the minimum likelihood of receiving the grant stands at least at 80%. The gross method is applied in the TÜV SÜD Group for the recognition of government grants pursuant to IAS 20. They are recognized as deferred income in the statement of financial position and as other income in profit or loss. Grants related to assets are recognized over the economic useful life of the respective asset while grants related to income are recognized on the basis of the subsidized expenses incurred in the fiscal year.

Assumptions, estimation uncertainties and judgments

The preparation of the consolidated financial statements requires that assumptions or estimates are made for some items which have an effect on the values stated in the statement of financial position, the disclosure of contingent liabilities and the recognition of income and expenses. This particularly relates to revenue recognition using the cost-to-completion method, the amount of goodwill, right-of-use assets and lease liabilities, deferred tax assets recognized on tax loss carryforwards, the measurement parameters for pension obligations, the estimation of actual tax liabilities and other provisions, and the calculation of fair values. Actual amounts may differ from these estimates.

The estimation of the percentage of completion is of particular importance for the **measurement of long-term contracts**. These significant estimates include calculated total costs, expected revenue, potential contract risks – including political and regulatory risks – and other relevant metrics. Consequently, changes in the estimate of the percentage of completion can increase or decrease revenue.

Key estimate parameters as part of **testing goodwill for impairment** include the sustainable long-term growth rates as well as the cash flows allocable to cash generating units and the risk adjustment per cash generating unit of the TÜV SÜD Group's weighted average cost of capital.

The term of the lease is a key parameter in the **recognition of leases**. A series of the Group's real estate agreements include options to extend or terminate each lease. All facts and circumstances that offer an economic incentive to exercise an option to extend a lease or not to exercise an option to terminate a lease are considered when determining the term.

The **defined benefit obligations (DBO)** and the pension expenses for the subsequent year are calculated using the actuarial parameters specified in note 22. However, a change in parameters would not have an impact on the consolidated net income for the reporting year, as remeasurements are recognized in equity with no effect on income.

The recognition and measurement of **provisions** and **contingent liabilities** in connection with **pending and imminent legal proceedings** are based to a significant extent on estimations made by TÜV SÜD. Assumptions must be made regarding their probability of occurrence, maturity and level of risk, which are subject to significant estimation uncertainty. This applies, in particular, to the estimation regarding the probability of utilization, the level of the potential liability risks and the amount of the legal and advisory costs associated with the dam collapse in Brazil depending on how long legal proceedings carry on. TÜV SÜD evaluates the matters using internal and external experts based on the circumstances prevailing as of the reporting date and knowledge gained prior to the preparation of the financial statements. Note 30 presents the Group's pending and imminent legal proceedings, the outcome of which could have a significant impact on the Group's financial performance and position for fiscal year 2022 and future fiscal years.

In the case of other items of the statement of financial position, a change to the original basis for estimation results in a change to the respective item, with an effect on income, which is immaterial for the consolidated financial statements.

Accounting standards applied for the first time in the current fiscal year

The Group early adopted the amendment to the standard "COVID-19-Related Rent Concessions – Amendments to IFRS 16" in the consolidated financial statements as of December 31, 2020. The amendment included a voluntary practical expedient for leases, for which TÜV SÜD is the lessee and for which qualifying rent concessions have been granted, which are a direct consequence of the COVID-19 pandemic. In these instances TÜV SÜD does not have to review whether the rent concessions represent a modification of the lease, but rather should recognize them as if they did not represent a modification of the rent agreement. This practical expedient was extended in 2021 for corresponding rent concessions, which relate to lease payments that are due up to June 30, 2022. TÜV SÜD early adopted this amendment and made use of this practical expedient for all qualifying lease agreements.

New accounting standards that are not yet mandatory

The following amendments of standards generally relevant for TÜV SÜD were issued by the IASB and adopted by the EU prior to the preparation of TÜV SÜD's consolidated financial statements, but have not yet been applied in the consolidated financial statements as of December 31, 2021. The amendments are mandatory for the first time for fiscal years beginning on or after their respective effective dates. TÜV SÜD decided not to early adopt such standards on a voluntary basis. ≡ 20

New accounting standards endorsed by the EU that are not yet mandatory ≡ 20

Standard	Effective date pursuant to EU endorsement	Anticipated impact on TÜV SÜD AG's consolidated financial statements
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023	No consequences are expected for the consolidated financial statements.
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023	No significant consequences are expected for the consolidated financial statements.
Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	January 1, 2022	No consequences are expected for the consolidated financial statements.
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	January 1, 2022	No significant consequences are expected for the consolidated financial statements.
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022	No consequences are expected for the consolidated financial statements.
Various standards "Annual Improvements to IFRSs 2018–2020 Cycle"	January 1, 2022	No significant consequences are expected for the consolidated financial statements.

The table below shows those standards and amendments to existing standards issued by the IASB which could be relevant for TÜV SÜD, but which have not yet been adopted by the EU and which are therefore not yet applicable for IFRS financial statements prepared pursuant to Section 315e HGB.

New accounting standards not yet endorsed by the EU that are not yet mandatory ≡ 21

Standard	Effective date	Anticipated impact on TÜV SÜD AG's consolidated financial statements
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023	No consequences are expected for the consolidated financial statements.
Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023	No consequences are expected for the consolidated financial statements.
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Pending	These amendments are currently not relevant for TÜV SÜD.

Notes to the consolidated income statement

6 / PERSONNEL EXPENSES

Personnel expenses ≡ 22

IN € MILLION	2021	2020
Wages and salaries	1,312.6	1,237.1
Social security contributions and other benefit costs	178.2	165.1
Retirement benefit costs	112.7	115.8
Incidental personnel costs	27.0	24.9
Personnel expenses	**1,630.5**	**1,542.9**

The increase in wages and salaries including social security contributions and other benefit costs results from increased employee capacity, in particular in Germany and China. In addition, rises in collectively bargained wages in Germany also increased expenses.

Retirement benefit costs also include employer contributions to state pensions. At € 29.6 million, current service cost in the fiscal year 2021 was only slightly above the prior-year level of € 29.2 million. In this context, the effect of the reduced discount rate of 0.95% applied in Germany for pension expenses in 2020 to 0.65% for pension expenses in 2021 exceeded the effect of the decrease in the number of active employees.

The TÜV SÜD Group had an average headcount (full-time equivalents) of 23,220 employees in the reporting year (prior year: 22,803 employees). The majority of employees are salaried employees.

7 / AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES ON INTANGIBLE ASSETS, RIGHT-OF-USE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Amortization, depreciation and impairment losses on intangible assets, right-of-use assets, property, plant and equipment and investment property ≡ 23

IN € MILLION	2021	2020
Amortization and depreciation		
of intangible assets	22.2	21.0
of right-of-use assets	69.6	67.0
of property, plant and equipment	68.6	64.6
of investment property	0.1	0.1
Impairment losses	22.6	16.2
Amortization, depreciation and impairment losses	**183.1**	**168.9**

8 / OTHER EXPENSES

Other expenses

≡ 24

IN € MILLION	2021	2020
Rental and maintenance expenses	61.1	56.0
Travel expenses	55.8	53.9
IT costs	54.6	50.7
Cost of purchased administrative services	48.4	42.1
Fees, contributions, consulting and audit costs	38.2	32.8
Telecommunication costs	17.1	17.9
Marketing costs	15.0	13.1
Currency translation losses	14.7	19.2
Impairment losses on trade receivables (including amounts derecognized)	11.5	10.2
Other taxes	4.6	5.5
Miscellaneous other expenses	92.2	95.8
Other expenses	**413.2**	**397.2**

9 / OTHER INCOME

Other income

≡ 25

IN € MILLION	2021	2020
Income from the deconsolidation of subsidiaries	15.4	0.1
Currency translation gains	14.3	16.5
Income from the reversal of provisions	12.8	6.4
Government grants	6.9	15.1
Income from other transactions not typical for the company	6.5	6.8
Income from the reversal of impairment losses on trade receivables	5.4	3.0
Income from the disposal of non-current assets	2.3	12.0
Income from the reversal of impairment losses on fixed assets	0.5	0.1
Miscellaneous other income	34.0	33.0
Other income	**98.1**	**93.0**

10 / FINANCIAL RESULT

Financial result

≡ 26

IN € MILLION	2021		2020	
Income from investments accounted for using the equity method		**14.5**		**9.4**
Income/loss from participations				
Financial income from participations	4.2		2.2	
Finance costs from participations	–3.5	0.7	–3.9	–1.7
Income/loss from loans				
Financial income from loans	0.2		0.1	
Finance costs from loans	–0.2	0.0	–0.5	–0.4
Other income/loss from participations		**0.7**		**–2.1**
Interest income from loans		0.2		0.2
Other interest and similar income		2.9		1.2
Interest income		**3.1**		**1.4**
Net finance costs for pension provisions		–2.8		–4.5
Interest expenses from lease liabilities		–8.9		–8.3
Other interest and similar expenses		–4.4		–3.4
Interest expenses		**–16.1**		**–16.2**
Currency gains/losses from financing measures				
Currency translation gains	3.6		8.9	
Currency translation losses	–2.1	1.5	–8.8	0.1
Sundry financial result				
Sundry financial income	3.6		5.1	
Sundry finance costs	–2.2	1.4	–4.2	0.9
Other financial result		**2.9**		**1.0**
Financial result		**5.1**		**–6.5**

The income from investments accounted for using the equity method of € 14.5 million (prior year: € 9.4 million) contains a figure of € 15.9 million (prior year: € 17.8 million) from the proportionate net income generated by the Turkish joint ventures TÜVTÜRK. This is offset in particular by the negative contribution to earnings by FleetCompany GmbH, Oberhaching, in the amount of € 1.8 million (prior year: € 7.8 million including impairment losses on the investment in this joint venture).

The total interest income from assets not measured at fair value through profit or loss amounts to € 3.1 million in the fiscal year 2021 (prior year: € 1.4 million). The total interest expense (excluding net finance costs for pension provisions) amounts to € 13.3 million (prior year: € 11.7 million). This includes interest expenses from lease liabilities from the application of IFRS 16 in the amount of € 8.9 million (prior year: € 8.3 million). The interest result contains income from the change in the interest rate for provisions for long-service bonuses and medical benefits in the amount of € 1.4 million (prior year: expense of € 1.1 million).

11 / INCOME TAXES

Income taxes

≡ 27

IN € MILLION	2021		2020	
Current taxes		53.6		67.8
Deferred taxes				
on temporary differences	8.0		–24.9	
on tax loss carryforwards	–1.0	7.0	4.3	–20.6
Income tax expense		**60.6**		**47.2**

Current taxes for the fiscal year 2021 include expenses of € 2.3 million (prior year: € 0.1 million) for current taxes from prior periods.

The following reconciliation for the TÜV SÜD Group presents a summary of the individual entity-specific reconciliations prepared using the respective local tax rates taking consolidation entries into account. The expected income tax expense is based on the nominal tax rate of the tax group of TÜV SÜD AG:

Tax reconciliation

≡ 28

IN € MILLION	2021	2020
Income before taxes	215.1	158.2
Expected tax rate	30.6%	30.6%
Expected income tax expense	**65.8**	**48.4**
Tax rate differences	–3.4	–3.4
Tax reductions due to tax-free income	–9.5	–9.2
Tax increases due to non-deductible expenses	3.5	5.6
Tax increases due to income taxes and withholding taxes neither creditable nor deductible	5.4	3.5
Tax effect on accounting for associated companies and joint ventures using the equity method	–4.4	–3.0
Tax increases on account of non-deductible impairment of goodwill	0.1	2.8
Current and deferred taxes for prior years	2.0	–0.4
Tax credits, valuation allowances and adjustments to carrying amounts of deferred taxes	0.3	3.5
Effect of changes in tax rates	1.4	0.3
Other differences	–0.6	–0.9
Reported income tax expense	**60.6**	**47.2**
Effective tax rate	**28.2%**	**29.8%**

Deferred tax assets and liabilities result from the following items of the statement of financial position and tax loss carryforwards:

Deferred taxes by item of the statement of financial position

≡ 29

	Deferred tax assets		Deferred tax liabilities	
IN € MILLION	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	10.9	6.8	178.0	154.8
Current assets	0.3	1.2	11.9	10.0
Non-current liabilities				
Provisions for pensions and similar obligations	295.1	334.2	0.0	0.0
Other non-current liabilities	103.3	90.1	1.0	1.6
Current liabilities	40.5	36.6	2.5	3.3
	450.1	**468.9**	**193.4**	**169.7**
Offsetting	–175.8	–152.3	–175.8	–152.3
Deferred taxes on temporary differences	**274.3**	**316.6**	**17.6**	**17.4**
Deferred taxes on tax loss carryforwards	**3.6**	**2.7**		
Carrying amount of deferred taxes	**277.9**	**319.3**	**17.6**	**17.4**

In the table above, deferred taxes on right-of-use assets and lease liabilities were offset against deferred taxes on current and non-current lease liabilities until December 31, 2020. The net deferred tax asset was recognized under the item other non-current liabilities. From fiscal year 2021 onwards, deferred taxes in connection with IFRS 16 are recognized in the same way as the underlying items in the statement of financial position. The prior-year figures were adjusted accordingly.

In Germany, no deferred taxes were recognized on corporate income tax loss carryforwards of € 23.6 million (prior year: € 35.0 million) and trade tax loss carryforwards of € 22.3 million (prior year: € 32.5 million), because it is not likely at present that the tax benefits will be realized. These tax loss carryforwards can be carried forward indefinitely. Outside of Germany, no deferred taxes were recognized on tax loss carryforwards of € 37.4 million (prior year: € 31.8 million). Of these tax loss carryforwards, € 32.5 million (prior year: € 29.1 million) can be used indefinitely and € 4.9 million (prior year: € 2.7 million) will expire within the next five years. Furthermore, no deferred tax assets were recognized for deductible temporary differences of € 3.7 million (prior year: € 3.9 million) and for capital losses in the USA in the amount of € 8.4 million (prior year: € 7.6 million).

Differences on investments in subsidiaries totaling € 24.3 million (prior year: € 17.7 million) did not give rise to deferred tax liabilities because the differences are not expected to reverse in the foreseeable future by way of realization (distribution or sale of the entity).

The net balance of deferred tax assets and deferred tax liabilities changed as follows in the reporting year:

Development of the net balance of deferred tax assets and deferred tax liabilities

≡ 30

IN € MILLION	2021	2020
Net balance as of January 1	**301.9**	**261.8**
Currency translation differences	0.2	0.6
Changes in scope of consolidation	–0.2	–2.1
Income (+)/expense (–) in the income statement	–7.0	20.6
Deferred taxes recognized in other comprehensive income	–34.6	20.8
Reclassifications to "held for sale"	0.0	0.2
Net balance as of December 31	**260.3**	**301.9**

The deferred taxes recognized in other comprehensive income stem from the following:

Income taxes recognized directly in other comprehensive income ≡ 31

	2021			2020		
IN € MILLION	Before tax	Deferred tax effect	After tax	Before tax	Deferred tax effect	After tax
Remeasurements of defined benefit pension plans	206.6	–34.4	172.2	–43.1	20.9	–22.2
Equity instruments at fair value	0.2	–0.1	0.1	0.1	0.0	0.1
Debt instruments at fair value	0.7	–0.2	0.5	0.4	–0.1	0.3
Currency translation of foreign subsidiaries	25.1	0.0	25.1	–27.4	0.0	–27.4
Investments accounted for using the equity method	–8.0	0.1	–7.9	–7.5	0.0	–7.5
Other comprehensive income	**224.6**	**–34.6**	**190.0**	**–77.5**	**20.8**	**–56.7**

12 / NON-CONTROLLING INTERESTS

Companies with significant non-controlling interests ≡ 32

	TÜV Technische Überwachung Hessen GmbH, Germany		TUV SUD Certification and Testing (China) Co., Ltd., China	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Non-controlling interest	**45.0%**	**45.0%**	**49.0%**	**49.0%**
IN € MILLION				
Non-current assets	110.9	105.9	76.0	49.1
Current assets	44.5	47.2	136.5	125.3
Non-current liabilities	42.4	54.5	26.7	16.6
Current liabilities	24.7	24.7	124.2	100.8
Net assets	**88.3**	**73.9**	**61.6**	**57.0**
Carrying amount of non-controlling interests	39.8	33.4	30.0	27.7
	2021	2020	2021	2020
Revenue	**168.7**	**157.0**	**230.8**	**198.6**
Net income for the year	10.8	19.4	22.4	22.9
Other comprehensive income	6.2	0.8	6.4	–1.4
Total comprehensive income	**17.0**	**20.2**	**28.8**	**21.5**
Net income attributable to non-controlling interests	4.8	8.6	11.0	11.2
Other comprehensive income attributable to non-controlling interests	2.8	0.3	3.1	–0.8
Dividends paid to non-controlling interests	1.1	0.5	11.9	7.7
Cash flow from operating activities	23.8	25.8	49.0	56.1
Cash flow from investing activities	–21.4	–11.0	–18.3	–31.3
Cash flow from financing activities	–6.3	–4.4	–32.9	–23.0
Net change in cash and cash equivalents	**–3.9**	**10.4**	**–2.2**	**1.8**

Notes to the consolidated statement of financial position

13 / INTANGIBLE ASSETS

Development of intangible assets

≡ 33

IN € MILLION	Goodwill	Licenses and similar rights and customer relationships	Internally generated intangible assets	Other intangible assets	Intangible assets under development	Total
Gross carrying amount as of January 1, 2021	**232.2**	**152.1**	**51.9**	**91.9**	**11.5**	**539.6**
Currency translation differences	8.7	2.7	0.7	0.3	0.1	**12.5**
Changes in scope of consolidation	–7.5	0.7	0.0	0.0	0.0	**–6.8**
Acquisitions of subsidiaries	3.7	0.0	0.0	0.0	0.0	**3.7**
Additions	0.0	0.0	5.2	3.9	4.3	**13.4**
Disposals	–0.1	0.0	–0.3	–1.0	–0.2	**–1.6**
Reclassifications	0.0	0.0	1.4	5.3	–6.7	**0.0**
Gross carrying amount as of December 31, 2021	**237.0**	**155.5**	**58.9**	**100.4**	**9.0**	**560.8**
Accumulated amortization and impairment losses	–35.6	–106.3	–32.8	–83.7	–4.1	**–262.5**
Carrying amount as of December 31, 2021	**201.4**	**49.2**	**26.1**	**16.7**	**4.9**	**298.3**
Amortization and impairment losses in the fiscal year 2021	**–0.3**	**–12.1**	**–6.4**	**–10.9**	**–4.1**	**–33.8**
Gross carrying amount as of January 1, 2020	**230.3**	**154.3**	**45.2**	**92.2**	**11.6**	**533.6**
Currency translation differences	–13.6	–10.5	–0.3	–0.5	–0.1	**–25.0**
Changes in scope of consolidation	0.7	0.9	0.0	0.0	0.0	**1.6**
Acquisitions of subsidiaries	16.1	7.4	0.0	0.0	0.0	**23.5**
Additions	0.0	0.0	3.2	2.5	6.1	**11.8**
Disposals	–1.3	0.0	–0.6	–3.7	0.0	**–5.6**
Reclassifications to "held for sale"	0.0	0.0	0.0	–0.7	0.0	**–0.7**
Reclassifications	0.0	0.0	4.4	2.1	–6.1	**0.4**
Gross carrying amount as of December 31, 2020	**232.2**	**152.1**	**51.9**	**91.9**	**11.5**	**539.6**
Accumulated amortization and impairment losses	–41.8	–92.2	–26.5	–73.6	0.0	**–234.1**
Carrying amount as of December 31, 2020	**190.4**	**59.9**	**25.4**	**18.3**	**11.5**	**305.5**
Amortization and impairment losses in the fiscal year 2020	**–15.6**	**–11.3**	**–5.3**	**–9.8**	**0.0**	**–42.0**

The carrying amounts of goodwill are principally allocated to the following groups of cash generating units (CGUs):

Goodwill ≡ 34

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Industry Service	87.1	82.8
Product Service	34.5	32.8
Mobility	34.4	34.0
Real Estate & Infrastructure	28.1	23.6
Other	17.3	17.2
Goodwill	**201.4**	**190.4**

Intangible assets acquired for a consideration primarily contain software and accreditations as well as values identified in the course of purchase price allocations, such as customer relationships, trademark rights, software and concessions.

Internally generated intangible assets essentially comprise software and development costs.

As of the reporting date, the carrying amount of concessions, accreditations and trademark rights with indefinite useful lives comes to € 14.8 million (prior year: € 24.9 million), of which € 9.7 million (prior year: € 8.7 million) relates to the Industry Service CGU and € 5.1 million (prior year: € 16.2 million) to the Mobility CGU.

Impairment losses of € 11.3 million were recognized on capitalized development costs as part of the annual impairment test of intangible assets. In the prior year, impairment losses of € 5.2 million were recognized on customer-related assets and concessions and licenses. Of the impairment losses, € 10.1 million (prior year: € 0.0 million) is attributable to the CERTIFICATION Segment, € 1.2 million (prior year: € 4.1 million) to the MOBILITY Segment and € 0.0 million (prior year: € 1.1 million) to the INDUSTRY Segment.

Impairment losses of € 0.3 million were recognized on goodwill for an individual business in the INDUSTRY Segment as this will not be continued. In the prior year, impairment losses of € 15.6 million were recognized on goodwill, largely due to strategic realignment measures in the INDUSTRY Segment.

For those CGUs to which goodwill is allocated, fair value less costs to sell was based on a discount rate of between 6.6% and 7.3% taking income taxes into account (prior year: between 6.5% and 7.6%). As in the prior year, the sustainable growth rate remained unchanged at 1.0% for all CGUs. The calculation of the fair values for the CGUs falls under level 3 of the fair value hierarchy.

For those CGUs to which material goodwill is allocated and for intangible assets with an indefinite useful life, sensitivity analyses were carried out as part of the impairment test. This involved assessing the impact of a 10% decrease in cash flows underlying the calculation of the fair value less costs to sell or the value in use of the CGUs, an increase in the weighted average cost of capital by one percentage point and a decrease in the sustainable growth rate by one percentage point respectively. Based on these analyses, there is no significant impairment risk relating to goodwill and intangible assets with an indefinite useful life.

Research and development expenses of approximately € 16 million (prior year: approximately € 16 million) were recognized through profit or loss in the reporting year.

14 / PROPERTY, PLANT AND EQUIPMENT

Development of property, plant and equipment

≡ 35

IN € MILLION	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures	Assets under construction	Total
Gross carrying amount as of January 1, 2021	**537.0**	**274.8**	**318.2**	**35.5**	**1,165.5**
Currency translation differences	5.4	16.9	2.4	0.6	**25.3**
Changes in scope of consolidation	0.1	0.1	–0.3	0.0	**–0.1**
Acquisitions of subsidiaries	0.0	0.0	0.8	0.0	**0.8**
Additions	18.6	34.1	26.4	13.8	**92.9**
Disposals	–8.8	–8.0	–12.2	–0.1	**–29.1**
Reclassifications	16.5	8.3	4.2	–29.0	**0.0**
Gross carrying amount as of December 31, 2021	**568.8**	**326.2**	**339.5**	**20.8**	**1,255.3**
Accumulated depreciation and impairment losses	–274.1	–187.9	–229.5	0.0	**–691.5**
Carrying amount as of December 31, 2021	**294.7**	**138.3**	**110.0**	**20.8**	**563.8**
Depreciation and impairment losses in the fiscal year 2021	**–17.6**	**–28.7**	**–33.3**	**0.0**	**–79.6**
Gross carrying amount as of January 1, 2020	**528.1**	**271.1**	**333.7**	**20.4**	**1,153.3**
Currency translation differences	–4.3	–12.9	–3.0	–0.7	**–20.9**
Changes in scope of consolidation	2.3	0.1	0.5	0.0	**2.9**
Acquisitions of subsidiaries	1.4	4.5	0.7	0.0	**6.6**
Additions	15.2	25.1	28.4	30.2	**98.9**
Disposals	–14.8	–15.3	–41.3	0.0	**–71.4**
Reclassifications to "held for sale"	–0.1	–0.4	–2.7	–0.2	**–3.4**
Reclassifications	9.2	2.6	1.9	–14.2	**–0.5**
Gross carrying amount as of December 31, 2020	**537.0**	**274.8**	**318.2**	**35.5**	**1,165.5**
Accumulated depreciation and impairment losses	–262.9	–157.2	–206.8	0.0	**–626.9**
Carrying amount as of December 31, 2020	**274.1**	**117.6**	**111.4**	**35.5**	**538.6**
Depreciation and impairment losses in the fiscal year 2020	**–16.7**	**–24.0**	**–32.2**	**0.0**	**–72.9**

Impairment losses to the lower fair value of € 11.0 million (prior year: € 8.3 million) were recognized. Of this amount, € 1.3 million (prior year: € 1.4 million) is attributable to land and buildings, € 7.1 million (prior year: € 6.1 million) to technical equipment and machinery and € 2.6 million (prior year: € 0.8 million) to other equipment, furniture and fixtures.

15 / INVESTMENT PROPERTY

Development of investment property ≡ 36

IN € MILLION	2021	2020
Gross carrying amount as of January 1	**4.9**	**4.8**
Disposals	–0.1	0.0
Reclassifications	0.0	0.1
Gross carrying amount as of December 31	**4.8**	**4.9**
Accumulated depreciation	–1.9	–1.9
Carrying amount as of December 31	**2.9**	**3.0**
Depreciation in the fiscal year	–0.1	–0.1

As of December 31, 2021, investment properties have a market value of € 8.1 million (prior year: € 7.9 million).

Measurement at fair value of the investment property is classified as level 3 in the fair value hierarchy. If current market data is not available, the fair value is calculated on the basis of a capitalized earnings method pursuant to the ImmoWertV ["Immobilienwertermittlungsverordnung": German Ordinance on the Valuation of Property] and derived from the standard land values as well as the expected rental income. Essential input factors in the valuation that are not directly observable on the market include property yield, which is significantly influenced by property location and type. The property yield used in the valuation stood at 2.75% (prior year: 2.6%).

16 / INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method ≡ 37

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Investments in joint ventures	16.3	28.3
Investment in an associated company	3.0	3.1
Investments accounted for using the equity method	**19.3**	**31.4**

Joint ventures

TÜV SÜD holds 33.3% of the shares in each of the two Turkish companies TÜVTURK Güney Tasit Muayene Istasyonlari Yapim ve Isletim A.S. (TÜVTÜRK Güney), Istanbul, and TÜVTURK Kuzey Tasit Muayene Istasyonlari Yapim ve Isletim A.S. (TÜVTÜRK Kuzey), Istanbul. The other venturers of the companies are the Dogus Group, Istanbul, Turkey, and Test A.S., Istanbul, Turkey, a company from the Bridgepoint Group, London, UK, which each also hold one third of the shares. The joint arrangements are structured as separate vehicles. TÜV SÜD has a right to the net assets of the companies. As a result, the joint arrangements are classified as joint ventures and accounted for using the equity method. There are no quoted prices for these companies.

In 2007, the TÜVTÜRK companies concluded a concession agreement with the Turkish government, governing the implementation of regular vehicle inspections throughout Turkey. Using different contractual partners, the joint venture is the exclusive provider of vehicle inspections in Turkey for the 20-year term of the contract. In 2021, 11.3 million (prior year: 10.3 million) vehicle inspections were performed, generating revenue of TRY 3,799.7 million or € 363.0 million (prior year: TRY 3,209.1 million or € 399.0 million).

Other joint ventures are ITV de Levante, S.A. (ITV Levante), Valencia, Spain, TÜV SÜD DOGUS Ekspertiz ve Danismanlik Hizmetleri Ltd. Sti. (TÜV SÜD DOGUS), Istanbul, Turkey, and FleetCompany GmbH, Oberhaching, which are all accounted for using the equity method. None of these companies has a quoted market price.

TÜV SÜD has held 50% of the shares in ITV Levante since 2016. The company was founded in 1998 and owns the concessions for three vehicle service stations in the Valencia region, which expire in 2022.

TÜV SÜD DOGUS was founded in 2012 and included in the consolidated financial statements for the first time in the fiscal year 2018. The company offers certification services for second-hand vehicles and other vehicle-related tests as well as consulting and training services in Turkey.

Up until and including 2018, FleetCompany GmbH was a fully consolidated company in the TÜV SÜD Group. Since the sale of 60% of the shares in this company in the fiscal year 2019, FleetCompany GmbH has been run as a joint venture. As of December 31, 2021, TÜV SÜD still holds 33.65% of the shares in the company. The main purpose of the company is to provide services in domestic and international fleet management.

The following table summarizes the financial information for the joint ventures. The information presented for TÜVTÜRK's reporting year corresponds to the amounts in the preliminary consolidated financial statements, which were prepared in accordance with IFRSs and TÜV SÜD's accounting policies. For the other joint ventures the amounts in the preliminary separate financial statements of ITV Levante and TÜV SÜD DOGUS and in the preliminary consolidated financial statements of FleetCompany GmbH have been raised to the fair value. The prior-year figures were adjusted in line with the final figures in the financial statements.

Financial data of the joint ventures (100%) ≡ 38

	Consolidated financial statements TÜVTÜRK, Turkey		Other joint ventures	
IN € MILLION	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	50.3	91.7	17.1	16.1
Current assets	30.3	93.3	36.6	34.0
thereof cash and cash equivalents	15.4	72.8	8.4	14.2
Non-current liabilities	22.0	45.9	5.9	6.2
thereof financial liabilities	5.2	8.9	5.7	5.9
Current liabilities	31.1	48.7	30.3	27.7
thereof financial liabilities	27.1	42.2	13.2	14.3
Net assets	**27.5**	**90.4**	**17.5**	**16.2**
	2021	2020	2021	2020
Revenue	363.0	399.0	38.0	37.3
Amortization and depreciation	–2.5	–4.1	–2.5	–2.3
Interest income	4.4	5.4	0.0	0.0
Interest expenses	–0.1	–0.5	–0.1	0.0
Income taxes	–14.8	–15.8	–0.1	1.0
Net income / loss for the year	**47.6**	**53.5**	**–5.3**	**–5.9**
Other comprehensive income	–0.8	0.0	0.0	0.0
Total comprehensive income	**46.8**	**53.5**	**–5.3**	**–5.9**
Dividends received	15.2	9.6	0.3	0.0

The reconciliation of financial information to the respective carrying amount of the investment in the joint ventures is presented as follows:

Reconciliation to the carrying amount of TÜV SÜD's interest in the joint ventures ≡ 39

	Consolidated financial statements TÜVTÜRK, Turkey		Other joint ventures	
IN € MILLION	2021	2020	2021	2020
Net assets (100%) as of January 1	**90.4**	**58.8**	**16.2**	**34.9**
Net assets from changes in participations	0.0	0.0	7.7	–12.4
Total comprehensive income	46.8	53.5	–5.3	–5.9
Dividends paid	–87.1	0.0	–0.6	0.0
Currency translation differences	–22.6	–21.9	–0.5	–0.4
Net assets (100%) as of December 31	**27.5**	**90.4**	**17.5**	**16.2**
Attributable to TÜV SÜD Group	9.2	30.2	8.5	9.3
Dilution of shares due to acquisition of shares in TÜVTURK Istanbul 2010 and 2011	–6.4	–6.4	0.0	0.0
Capital gain on disposal of TÜVTURK Istanbul 2013	–8.7	–8.7	0.0	0.0
Consolidation effect on acquisition of TÜVTURK Istanbul at TÜV SÜD 2013	20.0	20.0	0.0	0.0
Group adjustments and impairment losses	0.0	–9.6	–6.3	–6.5
Carrying amount as of December 31	**14.1**	**25.5**	**2.2**	**2.8**

17 / OTHER FINANCIAL ASSETS

Other financial assets ≡ 40

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Investments in affiliated companies	2.5	6.4
Loans to affiliated companies	2.9	0.2
Loans to joint ventures	4.7	4.7
Other participations	2.8	3.2
Loans to other participations	0.0	0.9
Non-current securities	129.1	93.9
Share of policy reserve from employer's pension liability insurance	0.2	0.2
Other loans	2.0	2.1
Other financial assets	**144.2**	**111.6**

An amount of € 1.2 million (prior year: € 1.3 million) of the non-current securities is pledged under a trust agreement concluded to secure the value of the settlement claims for employees in the block model of the phased retirement scheme (Altersteilzeit).

18 / TRADE RECEIVABLES

Trade receivables ≡ 41

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Contract assets	134.8	113.0
Other trade receivables	368.4	338.9
Trade receivables	**503.2**	**451.9**

Contract assets ≡ 42

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Contract assets (gross)	162.4	141.2
Project-related advance payments received	–18.7	–19.5
Valuation allowances on contract assets	–8.9	–8.7
Contract assets	**134.8**	**113.0**

€ 136.7 million (prior year: € 129.2 million) of the contract assets will be realized within one year. Of the contract assets with a term of longer than one year, € 3.5 million (prior year: € 3.3 million) is impaired and € 5.3 million (prior year: € 6.4 million) is secured by advance payments received.

Revenue expected in the future from contract assets ≡ 43

IN € MILLION	2022	2023	2024
Range of revenue expected	from 70.0 to 95.4	from 84.9 to 108.4	up to 30.5

Making use of the practical expedient pursuant to IFRS 15.121, performance obligations to be satisfied within one year are not disclosed.

The maturity profile of other trade receivables is as follows: ≡ 44/45

Maturity profile of other trade receivables as of December 31, 2021 ≡ 44

IN € MILLION	Gross carrying amount
Not due	231.7
Past due by up to 30 days	83.3
Past due by 31 to 60 days	23.1
Past due by 61 to 90 days	10.8
Past due by 91 to 180 days	15.2
Past due by 181 to 360 days	9.5
Past due by more than 360 days	15.0
Total	**388.6**

Maturity profile of other trade receivables as of December 31, 2020 ≡ 45

IN € MILLION	Gross carrying amount
Not due	210.8
Past due by up to 30 days	78.9
Past due by 31 to 60 days	21.2
Past due by 61 to 90 days	11.3
Past due by 91 to 180 days	14.0
Past due by 181 to 360 days	8.9
Past due by more than 360 days	15.1
Total	**360.2**

The development of valuation allowances on other trade receivables is presented under note 31.

19 / OTHER RECEIVABLES AND OTHER ASSETS

Other non-current assets include a receivable of € 1.1 million (prior year: € 1.1 million), which relates to the funds of the subsidiary TÜV SÜD BRASIL CONSULTORIA LTDA. (TÜV SÜD BRASIL), São Paulo, Brazil, which have been seized by the Brazilian authorities. A corresponding provision was recognized for this amount.

Other receivables and other current assets break down as follows:

Other receivables and other current assets ≡ 46

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Receivables from affiliated companies	0.6	1.1
Receivables from other participations	3.3	10.5
Cash pool receivables from other related parties	0.4	0.0
Fair values of derivative financial instruments	0.9	6.3
Miscellaneous financial assets	81.6	71.4
Other receivables and other current financial assets	**86.8**	**89.3**
Refund claims against insurance companies	6.0	5.3
Miscellaneous non-financial assets	32.7	35.0
Other current non-financial assets	**38.7**	**40.3**
Other receivables and other current assets	**125.5**	**129.6**

Miscellaneous financial assets include securities, security deposits and other receivables. Miscellaneous non-financial assets contain prepayments, other tax receivables and prepaid expenses.

20 / NON-CURRENT ASSETS, DISPOSAL GROUPS AND LIABILITIES HELD FOR SALE

As of December 31, 2020, two fully consolidated laboratory service providers in the food sector, the fully consolidated German planning business for rail systems and the equipment business in the USA were classified as disposal groups held for sale pursuant to IFRS 5. The sale of the four disposal groups was completed in the reporting year.

In the prior year, the assets and liabilities attributable to the disposal groups were as follows:

Disposal groups held for sale as well as associated liabilities ≡ 47

IN € MILLION	Dec. 31, 2020
Intangible assets	9.3
Right-of-use assets	4.0
Property, plant and equipment	1.6
Other non-current assets	0.5
Deferred tax assets	1.2
Inventories	1.2
Trade receivables	14.7
Other receivables and other current assets	0.9
Cash and cash equivalents	3.7
Disposal groups held for sale	**37.1**
Non-current liabilities	9.6
Deferred tax liabilities	1.4
Trade payables	9.0
Other current liabilities	5.0
Liabilities directly associated with disposal groups held for sale	**25.0**

21 / EQUITY

The **capital subscribed** of TÜV SÜD AG is divided into 26,000,000 no-par value registered shares with restricted transferability with an imputed value of € 1.00 for each registered share.

The **capital reserve** mainly includes the premium for various capital increases carried out since 1996.

Revenue reserves contain the undistributed profits generated in the fiscal year and in the past by the entities included in the consolidated financial statements. Moreover, the revenue reserves record the offsetting of debit and credit differences resulting from capital consolidation for acquisitions prior to December 31, 2005, and the net amount of the adjustments recognized in other comprehensive income in connection with the first-time application of IFRSs as well as new IFRS standards. Furthermore, remeasurements of defined benefit pension plans recognized in other comprehensive income are allocated directly to revenue reserves, taking into account the related deferred taxes. This reflects the fact that these amounts will not be reclassified to the income statement in future periods.

Other reserves record the differences arising from the currency translation of foreign subsidiaries' separate financial statements, effects from the fair value measurement of financial instruments and the income and expenses recognized arising from investments accounted for using the equity method, in each case without effect on income and less the corresponding deferred taxes.

The Group manages its capital with the aim of ensuring that all group companies are able to operate under the going concern assumption and achieving an adequate return in excess of the cost of capital in order to increase the value of the company in the long term. The Group's overall strategy has remained unchanged compared to 2020.

22 / PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for pensions and similar obligations (Net defined benefit liability) ≡ 48

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Provisions for pensions in Germany	166.9	457.9
Provisions for pensions in other countries	7.6	16.6
Provisions for similar obligations in other countries	10.2	11.5
Net defined benefit liability	**184.7**	**486.0**

The Group's post-employment benefits include both defined contribution and defined benefit plans.

Defined contribution plans
In the case of defined contribution plans, the company pays contributions to state or private pension funds on a legal, contractual or voluntary basis. Ongoing premium payments (including contributions to state pension insurance) are stated as pension expenses for the respective year; in the fiscal year 2021, they totaled € 85.3 million (prior year: € 82.4 million). In Germany, all new pension commitments entered into are only defined contribution plans.

Defined benefit plans
Defined benefit plans comprise commitments for retirement, invalidity and surviving dependents' pensions. The Group's obligations vary according to legal, fiscal and economic framework conditions of the country concerned and are usually based on the length of employee service and level of remuneration.

The pension commitments in Germany are integrated schemes similar to those for civil servants, against which the benefits from the state pension are offset. When the statutory pension rises, this relieves the burden on TÜV SÜD. When pension values fall, however, the obligation of TÜV SÜD increases. These integrated schemes were closed for new hires in 1981 and 1992.

Furthermore, pension obligations were granted temporarily in Germany in accordance with the "dual pension formula". The amount of the pension benefit is based on the qualifying length of service and the pensionable income; different percentage rates are applied to determine the benefit amount depending on whether the income is above or below the income threshold. These defined benefit plans were likewise closed in 1996.

In addition to this, there are defined benefit plans in Germany from company takeovers that are financed via pension funds in accordance with the demand coverage method.

There is a defined benefit pension plan in the UK based, among other things, on salary and on length of service. Eligible employees have to pay additional contributions which are agreed between the plan actuary, the trustee and the TÜV SÜD member employer. This pension plan has been closed for new hires.

In other countries, after termination of the employment relationship employees are entitled to annuity and severance payments, which are partly based on the statutory requirements. The resulting defined benefit obligations are reported under provisions for similar obligations.

Funding the pension plans
In Germany, new pension commitments are financed as defined contribution plans via the pension funds of Allianz and Alters- und Hinterbliebenen-Unterstützungskasse der Technischen Überwachungs-Vereine e. V.

In order to secure the pension entitlements from the defined benefit plans, there are legally separate funds in Germany and the UK that are structured as contractual trust agreements (CTAs). The transferred funds, which are managed in trust and used only for a specific purpose, are plan assets within the meaning of IAS 19 which are offset against pension obligations.

The German companies' plan assets are primarily managed by TÜV SÜD Pension Trust e. V. and TÜV Hessen Trust e. V. and are irrevocably protected from recourse by the group companies. The plan assets are invested by professional investment managers in accordance with the policy specified by trustees. The objective is for the strategic allocation to be aligned with the pension obligation. This is monitored on a regular basis by performing asset liability management (ALM) studies in consultation with external experts.

As of December 31, 2021, the plan assets comprise shares, fixed-interest securities, real estate, alternative investments, derivatives, cash and cash equivalents and other assets.

TÜV SÜD Pension Trust e.V. is funded such that the pension payments reimbursed by TÜV SÜD Pension Trust e.V. are contributed back into the CTA by the relevant domestic companies and additional funds are made available by the Board of Management of TÜV SÜD AG as part of a new allocation. The actual contribution is determined each year by resolution of the Board of Management.

In the fiscal year 2021, TÜV SÜD Industrie Service GmbH, Munich, and TÜV SÜD Auto Service GmbH, Stuttgart, each contributed a further € 50.0 million in cash pool receivables and TÜV SÜD Pensionsgesellschaft mbH, Munich, contributed € 58.0 million in cash pool receivables to the CTA. TÜV SÜD AG gave its consent for all three transactions and also contributed corresponding cash pool liabilities to the CTA. The covering assets of TÜV SÜD AG were reduced accordingly by € 158.0 million.

In the case of domestic group companies that are not part of the contractual trust agreements, the pension obligations are funded from generated cash flows.

To fully fund the obligations, in the UK there is a company-based pension plan according to which the fund assets can only be used to settle the pension obligations. If, calculated in accordance with actuarial principles, there is a deficit in these pension plans, the member employer TÜV SÜD (UK) Ltd., Fareham, UK, and the trustee must agree on a financing plan that is renewed every three years and has to be presented to The Pension Regulator (TPR) for approval. To finance the deficit of around GBP 9.9 million determined at the end of 2019, the member employer agreed to make an annual contribution of GBP 2.2 million until January 2027 in addition to the regular employer's contribution. The next actuarial review has to be completed by the start of January 2023 and subsequently presented to the supervisory authority.

Because of the defined benefit plans, the TÜV SÜD Group is subject to duration risks, foreign currency risks, interest and credit spread risks, share price risks, liquidity risks, investment risks for infrastructure projects and property market risks.

In the fiscal year 2022, the Group intends to make a contribution to plan assets of € 111.6 million in order to further reduce the existing deficit (the planned figure for 2021 was € 74.1 million, the end-of-year figure, including one-off additions of € 40.4 million, amounted to € 117.4 million).

The funded status of defined benefit obligations as well as a reconciliation to the amounts recognized in the statement of financial position are shown in the table below:

Funded status of the defined benefit obligation ≡ 49

	Germany		Other countries		Total	
IN € MILLION	2021	2020	2021	2020	2021	2020
Defined benefit obligation	2,042.7	2,172.9	145.2	135.3	2,187.9	2,308.2
Fair value of plan assets	1,875.8	1,715.0	127.4	107.2	2,003.2	1,822.2
Carrying amount as of December 31 (Net defined benefit liability)	**166.9**	**457.9**	**17.8**	**28.1**	**184.7**	**486.0**

The development compared with prior fiscal years is shown below:

Development of funded status

≡ 50

IN € MILLION	2021	2020	2019	2018	2017
Defined benefit obligation	2,187.9	2,308.2	2,256.3	2,064.4	2,059.9
Plan assets	2,003.2	1,822.2	1,707.5	1,496.1	1,437.3
Funded status as of December 31	**184.7**	**486.0**	**548.8**	**568.3**	**622.6**

Change in net defined benefit liability

Development of defined benefit obligation

≡ 51

	2021			2020		
IN € MILLION	Germany	Other countries	Total	Germany	Other countries	Total
Defined benefit obligation as of January 1	**2,172.9**	**135.3**	**2,308.2**	**2,128.2**	**128.1**	**2,256.3**
Service cost	26.9	2.7	29.6	26.7	2.5	29.2
Interest cost	13.8	1.7	15.5	19.5	2.2	21.7
Benefits paid	–78.5	–4.4	–82.9	–80.0	–2.4	–82.4
Contributions by the beneficiaries	0.0	0.4	0.4	0.0	0.3	0.3
Gains (–) and losses (+) from remeasurements						
Actuarial gains and losses from demographic assumptions	0.0	1.5	1.5	0.0	–1.6	–1.6
Actuarial gains and losses from financial assumptions	–88.6	–2.7	–91.3	76.5	11.9	88.4
Actuarial gains and losses from experience adjustments	–3.5	–0.8	–4.3	8.1	0.7	8.8
Past service cost	0.0	–0.6	–0.6	0.0	0.0	0.0
Changes in scope of consolidation	–0.3	3.8	3.5	0.0	–0.1	–0.1
Reclassifications to "held for sale"	0.0	0.0	0.0	–6.1	0.0	–6.1
Currency translation differences and other	0.0	8.3	8.3	0.0	–6.3	–6.3
Defined benefit obligation as of December 31	**2,042.7**	**145.2**	**2,187.9**	**2,172.9**	**135.3**	**2,308.2**
thereof unfunded	219.9	9.2	229.1	287.8	10.0	297.8
thereof partially funded	1,822.8	136.0	1,958.8	1,885.1	125.3	2,010.4

Around 59% (prior year: 57%) of the defined benefit obligation is allocable to pensioners, and 41% (prior year: 43%) to active employees and vested beneficiaries. The weighted average duration of the obligations is 14.6 years (prior year: 15.2 years).

The main factor influencing the development of the defined benefit obligation is the underlying discount rate, which in Germany increased by 45 base points from 0.65% to 1.10% in a year-on-year comparison and resulted in actuarial gains from financial assumptions of € 135.0 million (prior year: actuarial losses from financial assumptions of € 76.5 million). In the UK, the development of the capital markets also made it necessary to increase the discount rate by 55 base points, with resulting actuarial gains of € 10.2 million (prior year: losses of € 10.9 million). The rise in the future pension increases in 2021, on the other hand, led to actuarial losses of € 46.4 million in Germany and € 8.3 million in the UK.

Pension payments of € 84.8 million are expected for the fiscal year 2022.

Development of plan assets

≡ 52

IN € MILLION	2021 Germany	2021 Other countries	2021 Total	2020 Germany	2020 Other countries	2020 Total
Fair value of plan assets as of January 1	**1,715.0**	**107.2**	**1,822.2**	**1,602.6**	**104.9**	**1,707.5**
Interest income	11.3	1.4	12.7	15.3	1.9	17.2
Gains (+) and losses (–) from remeasurements						
Return on plan assets excluding interest income	106.9	5.6	112.5	49.1	3.4	52.5
Contributions by the employer	111.8	5.6	117.4	115.7	3.4	119.1
Contributions by the beneficiaries	0.0	0.4	0.4	0.0	0.3	0.3
Benefits paid	–69.2	–3.5	–72.7	–67.6	–1.5	–69.1
Changes in scope of consolidation	0.0	3.3	3.3	0.0	0.0	0.0
Reclassifications to “held for sale”	0.0	0.0	0.0	–0.1	0.0	–0.1
Currency translation differences and other	0.0	7.4	7.4	0.0	–5.2	–5.2
Fair value of plan assets as of December 31	**1,875.8**	**127.4**	**2,003.2**	**1,715.0**	**107.2**	**1,822.2**
Actual return on plan assets	118.2	7.0	125.2	64.4	5.3	69.7

The net defined benefit liability thus changed as follows:

Development of the net defined benefit liability

≡ 53

IN € MILLION	2021 Germany	2021 Other countries	2021 Total	2020 Germany	2020 Other countries	2020 Total
Net defined benefit liability as of January 1	**457.9**	**28.1**	**486.0**	**525.6**	**23.2**	**548.8**
Service cost	26.9	2.7	29.6	26.7	2.5	29.2
Net interest cost	2.5	0.3	2.8	4.2	0.3	4.5
Contributions by the employer	–111.8	–5.6	–117.4	–115.7	–3.4	–119.1
Benefits paid	–9.3	–0.9	–10.2	–12.4	–0.9	–13.3
Gains (–) and losses (+) from remeasurements						
Actuarial gains and losses from demographic assumptions	0.0	1.5	1.5	0.0	–1.6	–1.6
Actuarial gains and losses from financial assumptions	–88.6	–2.7	–91.3	76.5	11.9	88.4
Actuarial gains and losses from experience adjustments	–3.5	–0.8	–4.3	8.1	0.7	8.8
Return on plan assets excluding interest income	–106.9	–5.6	–112.5	–49.1	–3.4	–52.5
Past service cost	0.0	–0.6	–0.6	0.0	0.0	0.0
Changes in scope of consolidation	–0.3	0.5	0.2	0.0	–0.1	–0.1
Reclassifications to “held for sale”	0.0	0.0	0.0	–6.0	0.0	–6.0
Currency translation differences and other	0.0	0.9	0.9	0.0	–1.1	–1.1
Net defined benefit liability as of December 31	**166.9**	**17.8**	**184.7**	**457.9**	**28.1**	**486.0**

Plan assets

Composition of plan assets

≡ 54

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Shares (prior to hedging)	474.0	431.7
Fixed-interest securities	691.4	626.3
Share in investment company for infrastructure projects and private debt funds	348.0	292.5
Real estate and similar assets – used by third parties or under construction	352.8	336.1
Other (including cash and cash equivalents)	137.0	135.6
Fair value of plan assets	**2,003.2**	**1,822.2**

All shares and fixed-interest securities are traded at the prices quoted on active markets.

The investment strategy for the plan assets is geared to covering the deficit between plan assets and pension obligations on a long-term basis. This is based on the increase in the obligations adjusted for current service cost and pension payments. The investment strategy also includes a controlled downside risk (low probability of a sharp fall in the coverage ratio) and is determined at regular intervals in ALM studies. The resulting target allocation includes an optimized risk return profile, taking into account the interdependency of plan assets and obligations.

The risks for plan assets stem chiefly from the investments in the Oktagon fund. Among others, these include interest and credit spread risks which, however, run counter to changes in the pension obligations. Further risks stem from fluctuations in share prices. Interest and share price risks can be hedged as needed by means of publicly traded futures in a dedicated control segment. Most of the foreign currency risks relating to investments in fixed-interest securities are hedged in full. The investment in Alters- und Hinterbliebenen-Versicherung der Technischen Überwachungs-Vereine -VvaG- ["AHV", an old-age and surviving dependents pensions fund for technical inspection associations] also entails interest, credit spread and share price risks. In the case of infrastructure investments, risks include illiquidity and regulatory intervention by individual countries. Investments in real estate involve technical risks (maintenance) and economic risks (rental price changes for new lets, level of occupancy).

Risk management takes a holistic approach, taking into account the development of plan assets and pension obligations. The main risk relates to a deterioration in the funded status (coverage shortfall) on account of negative developments of the pension obligations and/or plan assets. Risk management is based on the risk budget for pension risks, which breaks down into a budget for non-controllable risks (e.g. the portion of pension obligations not covered by plan assets) and for controllable risks. The controllable risks relate first and foremost to the risks in the CTA. The risk budget requirement and exploitation are determined using value-at-risk methods and monitored periodically.

As part of the implementation of the most recent ALM study 2020, various reallocations were made to achieve a new target allocation.

Defined benefit obligation

Actuarial assumptions for determining the defined benefit obligation

≡ 55

	Dec. 31, 2021		Dec. 31, 2020	
IN %	Germany	Other countries	Germany	Other countries
Discount rate	1.10	1.68	0.65	1.22
Future salary increases	2.25	1.93	2.25	2.00
Future pension increases	2.00	2.70	1.80	2.75

The actuarial assumptions have been consistently derived in accordance with uniform principles compared to the prior year and set out for each country depending on the respective economic circumstances.

The discount rate in Germany is calculated in accordance with the RATE:Link model developed by the Group's actuary Willis Towers Watson Deutschland GmbH, Wiesbaden, to determine the discount rate for the measurement of pension obligations. On account of changes at Bloomberg, since 2020 not the Bloomberg Industry Classification System (BICS) but rather the Bloomberg Barclays Classification System (BCLASS) system has been used as the basis for determining the portfolio of high-value corporate bonds that is decisive for fixing the interest rate in the RATE:Link model of Willis Towers Watson. The thus refined bond selection procedure constituted a change in accounting estimate pursuant to IAS 8. As of December 31, 2020, this led to an increase in the discount rate by 31 base points and a decrease in the projected benefit obligation of € 105 million compared to the previous method used up until this time to determine the discount rate.

Adjustment for forecast long-term inflation is taken into account in the development of future salary and pension increase.

As far as life expectancy is concerned, the mortality tables 2018 G from HEUBECK-RICHTTAFELN-GmbH have been applied in Germany since 2018. Outside Germany, the customary mortality tables for the respective country were used.

A change in the aforementioned assumptions used to determine the defined benefit obligation as of December 31, 2021 would lead to a corresponding change in this figure. An analysis of historical changes in parameters from this perspective showed that if there was a change in the discount rate of up to 100 base points, a change of up to 75 base points for the development of future salary and pension increase as well as an increase of up to 5.3% for life expectancy up to the next measurement date can be regarded as realistic. The change in the underlying assumptions regarding life expectancy translates into a one-year increase in life expectancy for a currently 65-year-old man. The respective effects from such a change in measurement are presented on the assumption that all other parameters remain constant.

Sensitivity analyses

≡ 56

	DBO as of December 31, 2021		DBO as of December 31, 2020	
IN € MILLION	Increase	Decrease	Increase	Decrease
Discount rate (1% variation)	–288.0	364.8	–322.0	409.0
Future salary/pension increases (0.75% variation)	244.0	–203.5	273.3	–230.0
Life expectancy (5.3% increase for all persons)	142.8	–	154.2	–

Net pension expense

The assumptions made to calculate the defined benefit obligation as of the respective measurement date (December 31) apply to both the calculation of the interest cost and the current service cost as well as to the interest income on plan assets in the following fiscal year. The assumptions used to calculate the pension expenses for the fiscal year 2021 were therefore already defined as of the reporting date December 31, 2020.

The key assumptions in calculating pension expenses are presented in the following overview:

Actuarial assumptions for determining pension expenses ≡ 57

IN %	2021 Germany	2021 Other countries	2020 Germany	2020 Other countries
Discount rate	0.65	1.22	0.95	1.85
Future salary increases	2.25	2.00	2.25	2.02
Future pension increases	1.80	2.75	1.80	2.95

The expense recognized for defined benefit pension plans in total comprehensive income for the fiscal years 2021 and 2020 breaks down as follows:

Expenses (+) / income (–) recognized for defined benefit plans in total comprehensive income ≡ 58

IN € MILLION	2021 Germany	2021 Other countries	2021 Total	2020 Germany	2020 Other countries	2020 Total
Service cost	26.9	2.7	29.6	26.7	2.5	29.2
Net interest cost	2.5	0.3	2.8	4.2	0.3	4.5
Past service cost	0.0	–0.6	–0.6	0.0	0.0	0.0
Expenses for defined benefit plans recognized in the consolidated income statement	**29.4**	**2.4**	**31.8**	**30.9**	**2.8**	**33.7**
Return on plan assets excluding interest income	–106.9	–5.6	–112.5	–49.1	–3.4	–52.5
Gains (–) and losses (+) from remeasurements of the defined benefit obligation	–92.1	–2.0	–94.1	84.6	11.0	95.6
Remeasurements of defined benefit plans recognized in other comprehensive income	**–199.0**	**–7.6**	**–206.6**	**35.5**	**7.6**	**43.1**
Expenses recognized for defined benefit plans in total comprehensive income	**–169.6**	**–5.2**	**–174.8**	**66.4**	**10.4**	**76.8**

23 / OTHER PROVISIONS

Development of other provisions

≡ 59

IN € MILLION	Personnel provisions	Litigation, damages and similar obligations	Restructuring provisions	Miscellaneous provisions	Other provisions
Other provisions as of January 1, 2021	**144.5**	**76.1**	**11.0**	**25.6**	**257.2**
thereof non-current	**35.2**	**63.1**	**0.0**	**11.5**	**109.8**
Currency translation differences	2.8	0.0	0.0	0.4	**3.2**
Additions	130.2	9.1	0.7	5.1	**145.1**
Utilization	–102.5	–6.0	–0.7	–7.3	**–116.5**
Reversals	–5.1	–6.0	0.0	–3.5	**–14.6**
Unwinding of the discount	–1.3	0.0	0.0	0.0	**–1.3**
Other provisions as of December 31, 2021	**168.6**	**73.2**	**11.0**	**20.3**	**273.1**
thereof non-current	**31.4**	**57.4**	**0.0**	**9.0**	**97.8**

Personnel provisions mainly pertain to variable remuneration for staff and management including associated social security contributions, obligations arising from the agreements under the German phased retirement scheme, medical benefits and long-service bonuses.

Provisions for litigation costs, damages and similar obligations largely include the provisions for liability risks and advisory expenses in connection with the dam collapse in Brazil, which are counterbalanced by contingent assets from insurance benefits in the single-digit million euro range. Please refer to the comments in note 30 “Pending and imminent legal proceedings”.

Overall, obligations are counterbalanced by reimbursement claims from insurance companies amounting to € 6.0 million (prior year: € 5.3 million), which are recognized as current assets.

The restructuring provisions primarily relate to adopted and announced restructuring measures in the INDUSTRY Segment.

24 / FINANCIAL DEBT

Financial debt

≡ 60

	Non-current		Current		Total	
IN € MILLION	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Liabilities to banks	0.0	0.0	0.2	1.8	0.2	1.8
Cash pool liabilities to other related parties	0.0	0.0	0.0	0.2	0.0	0.2
Loan liabilities to third parties	2.4	2.7	0.0	0.0	2.4	2.7
Financial debt	**2.4**	**2.7**	**0.2**	**2.0**	**2.6**	**4.7**

25 / TRADE PAYABLES

Trade payables

≡ 61

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Contract liabilities	150.2	121.2
Other trade payables	69.6	79.3
Trade payables	**219.8**	**200.5**

Contract liabilities contain advance payments received of € 60.3 million (prior year: € 46.7 million). Of these liabilities, € 58.1 million (prior year: € 59.5 million) will be billed within one year. The amount of contract liabilities contained in liabilities as of December 31, 2020, of € 77.4 million (prior year: € 91.3 million) was recognized as revenue in the fiscal year 2021.

26 / OTHER LIABILITIES

Other liabilities

≡ 62

	Non-current		Current		Total	
IN € MILLION	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Liabilities to affiliated companies	0.0	0.0	0.3	3.8	0.3	3.8
Liabilities to other participations	0.0	0.0	0.9	1.0	0.9	1.0
Fair values of derivative financial instruments	0.0	0.0	3.7	2.0	3.7	2.0
Outstanding invoices	0.0	0.0	56.2	51.1	56.2	51.1
Miscellaneous financial liabilities	0.5	0.1	30.9	30.1	31.4	30.2
Other financial liabilities	**0.5**	**0.1**	**92.0**	**88.0**	**92.5**	**88.1**
Vacation claims, flexitime and overtime credits	0.0	0.0	43.3	46.0	43.3	46.0
Other taxes	0.0	0.0	48.0	58.5	48.0	58.5
Social security liabilities	0.0	0.0	6.4	6.5	6.4	6.5
Miscellaneous non-financial liabilities	0.0	0.0	31.8	29.3	31.8	29.3
Other non-financial liabilities	**0.0**	**0.0**	**129.5**	**140.3**	**129.5**	**140.3**
Other liabilities	**0.5**	**0.1**	**221.5**	**228.3**	**222.0**	**228.4**

27 / LEASES

As a lessee, TÜV SÜD rents real estate, mainly test centers, testing facilities and office buildings. The lease conditions of these agreements are negotiated on an individual basis and contain a range of differing conditions. These primarily include options to extend and terminate leases. These kinds of contractual arrangements are used to provide TÜV SÜD with the greatest possible flexibility in respect of the contract portfolio. Just over 15% of the real estate agreements have originally agreed terms of 15 years and over. In respect of lease payments, several lease agreements provide for additional rent payments based on changes to local price indices.

Lease agreements for other equipment largely relate to leases for vehicles, which have been concluded over a fixed term of three to five years.

The Group rents IT equipment with contractual terms of three and four years. These lease agreements are based on low-value assets. As the Group applies the exemption under IFRS 16, neither a right-of-use asset nor a lease liability is recognized for these agreements.

The following table illustrates the changes during the reporting period and the carrying amounts of the right-of-use assets: ≡ 63/64

Right-of-use assets 2021 ≡ 63

IN € MILLION	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures	Total
Additions 2021	72.9	0.4	13.8	**87.1**
Depreciation and impairment losses 2021	54.0	0.2	15.7	**69.9**
Carrying amounts as of December 31, 2021	381.1	0.6	21.9	**403.6**

Right-of-use assets 2020 ≡ 64

IN € MILLION	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures	Total
Additions 2020	180.9	0.2	13.0	**194.1**
Depreciation and impairment losses 2020	55.6	0.2	13.7	**69.5**
Carrying amounts as of December 31, 2020	351.1	0.4	24.3	**375.8**

As of the reporting date, the right-of-use assets are counterbalanced by the following lease liabilities:

Maturity profile of lease liabilities based on undiscounted lease payments ≡ 65

IN € MILLION	2021	2020
Lease payments due within one year	68.1	64.4
Lease payments due in one to five years	171.9	158.6
Lease payments due in more than five years	293.1	275.7
Total undiscounted lease liabilities as of December 31	**533.1**	**498.7**
Lease liabilities in the statement of financial position as of December 31	**413.4**	**382.9**
thereof current	59.8	56.2
thereof non-current	353.6	326.7

Possible future cash outflows of € 25.1 million (prior year: € 19.1 million) were not included in the lease liability as it is not reasonably certain that the agreements will be extended. Leases the Group has entered into as a lessee, but which have not yet commenced, result in possible future cash outflows of € 25.4 million (prior year: € 24.3 million).

In 2021, payments for leases recognized pursuant to IFRS 16 amounted to € 74.4 million (prior year: € 72.2 million). The non-cash increases of lease liabilities (additions, interest, disposals, currency translation differences) amounted to € 104.9 million (prior year: € 191.3 million).

The expenses recognized in the income statement for leases accounted for pursuant to IFRS 16 totaled € 78.8 million in the fiscal year 2021 (prior year: € 77.8 million). Furthermore, expenses for short-term leases of € 5.8 million (prior year: € 4.5 million) and expenses for leases of low-value assets of € 2.1 million (prior year: € 1.8 million) were incurred. Both of these are recognized under other expenses.

28 / CONTINGENT ASSETS AND LIABILITIES

There are contingent assets from insurance benefits for expenses in 2021 in the single-digit million euro range. The contingent assets for expenses in 2020 disclosed in a similar amount in the prior year were collected and recognized with effect on income in the reporting year.

The table below presents the contingent liabilities for which the main debtor is not a consolidated entity:

Contingent liabilities ≡ 66

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Guarantee obligations	48.8	46.5
Contingent liabilities arising from litigation risks	0.7	1.5
Miscellaneous contingent liabilities	0.2	1.8
Contingent liabilities	**49.7**	**49.8**

The guarantee obligations include a guarantee issued for T.P.S. Benefits Scheme Limited, Fareham, UK. The guarantee reduces the insurance fees charged by the Pension Protection Fund, Surrey, UK, which the UK companies participating in T.P.S. Benefits Scheme Limited, Fareham, UK, would otherwise have to pay on an annual basis.

The obligations were entered into for current business transactions where no utilization is to be expected based on the assessment of the current business situation.

There are guarantee obligations for joint ventures in the amount of € 7.8 million (prior year: € 2.5 million).

Apart from the contingent liabilities reported, the entities of TÜV SÜD Group have assumed joint and several liability in relation to interests in civil law associations, other partnerships and joint ventures.

Please refer to note 30 in respect of the disclosure on the contingent liabilities in association with pending and imminent legal proceedings.

29 / OTHER FINANCIAL OBLIGATIONS

There are other financial obligations in the amount of € 13.2 million (prior year: € 17.2 million) and these largely relate to service and maintenance agreements.

30 / PENDING AND IMMINENT LEGAL PROCEEDINGS

On January 25, 2019, the tailings dam of a retention basin for an iron ore mine belonging to mining company Vale S.A., Rio de Janeiro, Brazil, close to the village of Brumadinho, Brazil, collapsed. The dam's stability had been certified by TÜV SÜD BRASIL in September 2018. After the accident, Vale S.A., who as the operator of the dam is responsible for operational safety, referred to external appraisals, including that issued by TÜV SÜD BRASIL on the safety of the dam.

Lawsuits claiming damages against TÜV SÜD have been filed in connection with the certificate of stability issued in 2018. There are also potential penalties for administrative offences. TÜV SÜD deems it likely that there will be further lawsuits against TÜV SÜD. Probability-weighted scenarios have been rolled forward from the prior year on the basis of the information available at present in order to realistically estimate the exposure. However, as the factors of influence to be considered in a legal dispute are multi-faceted, the actual exposure and the expected duration of the proceedings may deviate from these estimates.

For further liability risks, the management of TÜV SÜD estimates the likelihood of a utilization as possible; a contingent liability is therefore in place for this.

Other disclosures on the estimates in respect of the financial implications and disclosures on uncertainty regarding the amount or maturity of amounts of the provisions and contingent liabilities have not been made in this regard pursuant to IAS 37.92 so as not to compromise the findings of potential proceedings and the Group's interests.

Should the outcome of the legal proceedings find to the detriment of TÜV SÜD, this may result in substantial damage payments and other payments that could have a significant negative impact upon the Group's financial performance and position and its reputation. The ability of the Brazilian subsidiary TÜV SÜD BRASIL and its direct shareholder TÜV SÜD SFDK Laboratório de Análise de Produtos EIRELI, São Paulo, Brazil, to continue as a going concern is jeopardized should these companies be held liable for the dam collapse in Brazil and no further financial support were to be provided by the shareholders.

Apart from this, TÜV SÜD AG and its subsidiaries are not involved in any litigation which could have a material impact on the economic or financial situation of the individual entities or the Group as a whole.

Other notes

31 / ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Carrying amounts by measurement category in accordance with IFRS 9 ≡ 67

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Financial assets		
Debt instruments at amortized cost	716.7	676.4
Debt instruments at fair value through other comprehensive income	133.6	95.4
Financial assets at fair value through profit or loss	53.8	53.6
Equity instruments at fair value through other comprehensive income	8.0	12.2
Financial liabilities		
Financial liabilities at amortized cost	155.8	165.7
Financial liabilities at fair value through profit or loss	8.9	6.4

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not contain any information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount represents a reasonable approximation of the fair value or measurement is carried out at amortized cost. Non-financial assets and liabilities that do not fall under the scope of application of IFRS 9 are not reported here. A reconciliation with the statement of financial position item is therefore not possible. ≡ 68 / 69

Carrying amounts and fair values of financial instruments as of December 31, 2021 ≡ 68

			Fair value hierarchy		
IN € MILLION	Carrying amounts	Fair value	thereof level 1	thereof level 2	thereof level 3
Other financial assets	144.1	131.6	131.6	0.0	0.0
Other non-current assets	9.0	0.1	0.0	0.1	0.0
Non-current assets	**153.1**	**131.7**	**131.6**	**0.1**	**0.0**
Trade receivables [1]	368.4	–	–	–	–
Other receivables and other current assets	86.8	60.9	56.8	4.1	0.0
Cash and cash equivalents [1]	303.8	–	–	–	–
Current assets	**759.0**	**60.9**	**56.8**	**4.1**	**0.0**
Total financial assets	**912.1**	**192.6**	**188.4**	**4.2**	**0.0**
Non-current financial debt	2.4	–	–	–	–
Other non-current liabilities	0.5	0.1	0.0	0.0	0.1
Non-current liabilities	**2.9**	**0.1**	**0.0**	**0.0**	**0.1**
Current financial debt [1]	0.2	–	–	–	–
Trade payables [1]	69.6	–	–	–	–
Other current liabilities	92.0	8.8	0.0	3.7	5.1
Current liabilities	**161.8**	**8.8**	**0.0**	**3.7**	**5.1**
Total financial liabilities	**164.7**	**8.9**	**0.0**	**3.7**	**5.2**

1 _ Due to the short-term nature, the carrying amount is a reasonable approximation of fair value.

The financial assets recognized in other financial assets, which are measured at fair value, mainly relate to non-current securities.

Other receivables and other current assets contain current securities and financial derivatives measured at fair value. The former relate in particular to investments in a money market fund in China of € 52.7 million (prior year: € 47.0 million), which is allocated to the category "at fair value through profit or loss".

Other current liabilities contain derivatives and purchase price liabilities measured at fair value.

Carrying amounts and fair values of financial instruments as of December 31, 2020 ≡ 69

			Fair value hierarchy		
IN € MILLION	Carrying amounts	Fair value	thereof level 1	thereof level 2	thereof level 3
Other financial assets	111.4	100.3	100.3	0.0	0.0
Other non-current assets	7.1	0.2	0.0	0.2	0.0
Non-current assets	**118.5**	**100.5**	**100.3**	**0.2**	**0.0**
Trade receivables [1]	338.9	–	–	–	–
Other receivables and other current assets	89.3	57.4	48.2	9.2	0.0
Cash and cash equivalents [1]	290.9	–	–	–	–
Current assets	**719.1**	**57.4**	**48.2**	**9.2**	**0.0**
Total financial assets	**837.6**	**157.9**	**148.5**	**9.4**	**0.0**
Non-current financial debt	2.7	–	–	–	–
Other non-current liabilities	0.1	–	–	–	–
Non-current liabilities	**2.8**	**–**	**–**	**–**	**–**
Current financial debt [1]	2.0	–	–	–	–
Trade payables [1]	79.3	–	–	–	–
Other current liabilities	88.0	6.4	0.0	2.0	4.4
Current liabilities	**169.3**	**6.4**	**0.0**	**2.0**	**4.4**
Total financial liabilities	**172.1**	**6.4**	**0.0**	**2.0**	**4.4**

1 _ Due to the short-term nature, the carrying amount is a reasonable approximation of fair value.

There were no reclassifications to or from another level of the fair value hierarchy in the current fiscal year.

The calculation of the fair values of forward exchange transactions and currency swaps is based on FX forward swap market data used to interpolate the current forward points (FX forward swaps) on a straight-line basis from the information available from Refinitiv and add them to the spot rate. This makes it possible to calculate the current price at which the hedge can be closed out.

The fair value of interest derivatives is calculated using discounted cash flow methods. To this end, the total value of an interest derivative is broken down into its individual cash flows, each of which is measured individually. Forward interest rates and valuations are recognized at the mean of the buying and the selling rate. The interpolation is based on interest at nominal value, which is used to determine the zero interest rates in order to derive the discount factors. For interest derivatives in foreign currency, the present value is translated to euro at the mean of the buying and the selling rate.

The table below shows the development of the financial instruments recorded in level 3:

Reconciliation of financial instruments in level 3 ≡ 70

	Assets		Equity and liabilities	
IN € MILLION	2021	2020	2021	2020
Carrying amount as of January 1	**0.0**	**0.0**	**4.4**	**7.1**
Currency translation differences	0.0	0.0	0.0	–1.0
Additions	2.5	0.0	0.1	0.0
Changes recognized through profit or loss	–2.5	0.0	0.7	0.5
Changes with an effect on cash and cash equivalents	0.0	0.0	0.0	–2.2
Carrying amount as of December 31	**0.0**	**0.0**	**5.2**	**4.4**

The change in assets relates to a contingent purchase price receivable from the sale of shares in a subsidiary in the UK, which is deemed not to be recoverable. The change to equity and liabilities through profit or loss results from unwinding the discount on an existing purchase price liability from a put option in South Africa.

The net gains and losses on the financial instruments recognized in the income statement, by measurement category, are as follows:

Net gains and losses by measurement category in accordance with IFRS 9 ≡ 71

IN € MILLION	2021	2020
Debt instruments at amortized cost	–2.2	–9.2
Debt instruments at fair value through other comprehensive income	–0.1	–0.1
Financial assets/liabilities at fair value through profit or loss	–4.5	5.0
Equity instruments at fair value through other comprehensive income	0.7	–1.6
Financial liabilities at amortized cost	2.7	–5.9

The net gains and losses are mainly attributable to effects from impairment losses, currency hedging and currency translation as well as measurement results from other derivatives.

Dividend income from other participations totals € 4.0 million (prior year: € 0.5 million).

The development of the valuation allowances on financial assets as well as the impairment losses recognized in the income statement in the fiscal year are as follows:

Development of valuation allowances on financial assets ≡ 72

IN € MILLION	Other financial assets	Other non-current assets	Trade receivables	Other receivables and other current assets	Total
Valuation allowances as of January 1, 2020	**13.9**	**0.0**	**19.9**	**2.4**	**36.2**
Currency translation differences	–0.6	0.0	–0.8	–0.1	**–1.5**
Changes in scope of consolidation	0.0	0.0	0.2	0.5	**0.7**
Additions	4.0	0.0	11.7	0.3	**16.0**
Utilization	–1.6	0.0	–4.2	0.0	**–5.8**
Reversals	0.0	0.0	–5.5	–0.4	**–5.9**
Valuation allowances as of December 31, 2020/January 1, 2021	**15.7**	**0.0**	**21.3**	**2.7**	**39.7**
Currency translation differences	0.4	0.0	0.6	0.0	**1.0**
Changes in scope of consolidation	–0.3	0.0	0.1	0.0	**–0.2**
Additions	3.7	2.5	7.4	0.7	**14.3**
Utilization	0.0	0.0	–4.2	–0.4	**–4.6**
Reversals	0.0	0.0	–5.0	–0.3	**–5.3**
Valuation allowances as of December 31, 2021	**19.5**	**2.5**	**20.2**	**2.7**	**44.9**
Impairment losses 2021	**3.7**	**2.5**	**11.5**	**0.0**	**17.7**
Impairment losses 2020	4.1	0.0	10.2	0.0	**14.3**

32 / FINANCIAL RISKS

The TÜV SÜD Group faces financial risks in the form of credit risks, liquidity risks and market risks. The principles of risk management are defined by TÜV SÜD's internal finance policy as well as numerous binding strategies and guidelines and are discussed in more detail in the management report.

Credit risks (default risks) exist with regard to the operating business as well as to financial assets and derivative financial instruments. Depending on the nature and extent of the respective transaction, risk-mitigating measures must be taken for all transactions relating to the operating business. These include obtaining collateral, credit ratings or track records of prior business relations, particularly payment behavior. Recognizable risks are taken into account through appropriate valuation allowances on receivables that are based on objective indications in individual cases, or the maturity profile and actual default history.

The maximum credit risk for trade receivables, contract assets, loans and bank balances is their carrying amount as of December 31, 2021.

The maximum credit risk of financial assets corresponds to their fair value as of December 31, 2021.

The risk of default on securities is minimized by a high degree of diversity in the investment strategy. Moreover, only securities with an investment grade credit rating are purchased. The TÜV SÜD Group did not record any default on securities in the reporting year. Derivative financial instruments are only concluded with partners that have an investment grade rating and where a breach of contractual obligations is thus not expected.

According to internal trading policies, derivative financial transactions may only be concluded in close consultation with the corporate finance department and in connection with an underlying transaction. To limit risks, subsidiaries in Germany and other countries are prohibited from purchasing securities without approval from the corporate finance department.

In order to manage **liquidity risks**, the TÜV SÜD Group always has up-to-date liquidity planning and sufficient liquidity reserves in the form of cash and credit lines. Bank balances are held solely at banks with excellent credit ratings. In addition, maximum investment limits are set for investment funds at various banks based on their credit rating in order to avoid cluster risks. Risks relating to current securities are also minimized by widely diversifying issuers. In addition to cash and securities, the liquidity reserve comprises a syndicated credit line for € 300.0 million. This was newly concluded in July 2021 with a term of five years. Without taking lease liabilities into account, as of the reporting date, payments due within one year of € 161.8 million (prior year: € 169.3 million) and payments due in more than one year of € 2.9 million (prior year: € 2.8 million) are covered by cash and cash equivalents of € 303.8 million (prior year: € 294.6 million) as well as undrawn credit lines of € 313.1 million (prior year: € 435.8 million).

The main **market risks** resulting from financial instruments are currency and interest rate risks.

The scope for action with regard to currency management is defined by TÜV SÜD's internal policies. **Currency risks** in connection with the operating business are hedged using derivative financial instruments. Forward exchange transactions and cross-currency swaps are used to hedge intra-group loans in foreign currencies.

With regard to trade receivables and payables, a 10% increase or decrease in the value of the euro against all other currencies as of December 31, 2021 would only have an immaterial effect on consolidated net income for the year. In the event of a 10% decrease in value of the euro, the market value of forward exchange transactions would fall by € 8.8 million (prior year: € 9.3 million). The market value of cross-currency swaps would increase by € 0.1 million (prior year: € 0.2 million) accordingly. In the event of a 10% increase in value of the euro against all other currencies, the market value of forward exchange transactions would rise by € 7.2 million (prior year: € 7.6 million). The market value of cross-currency swaps would decrease by € 0.1 million (prior year: € 0.1 million) accordingly. Only derivatives that are open as of the reporting date are taken into account in the sensitivity analysis. The currency effects realized on hedges due to prolongation chains are recognized through profit or loss.

Interest rate risks may arise for investments in fixed-interest securities. A 1% increase or decrease in interest rates would result only in insignificant changes in the market value. Financial debt may also be exposed to an interest rate risk. Derivative financial instruments are used on a case-by-case basis to hedge against this interest rate risk.

33 / NOTES TO THE STATEMENT OF CASH FLOWS

The cash and cash equivalents presented in the statement of cash flows contain all highly liquid items shown in the statement of financial position, i.e., cash in hand, checks and bank balances as well as current securities that are available within three months. Cash in the amount of € 0.4 million (prior year: € 0.1 million) is pledged.

The contribution to pension plans consists of contributions equivalent to the pension payments made by the trustors to TÜV SÜD Pension Trust e. V. of € 64.8 million (prior year: € 66.5 million). Together with one-off additions with an effect on cash of € 30.0 million (prior year: € 30.0 million) to TÜV SÜD Pension Trust e. V. and € 10.4 million (prior year: € 0.0 million) to TÜV Hessen Trust e. V. as well as further additions to other plan assets of € 12.2 million (prior year: € 10.0 million), these payments are recognized as part of the cash flow from investing activities.

Cash receipts from disposals of shares in fully consolidated entities contain cash received in the amount of € 25.2 million less the cash of € 3.5 million of the subsidiaries, over which control has been lost.

34 / SEGMENT REPORTING

Based on the organizational structure and existing reporting structures, TÜV SÜD has the three reportable segments INDUSTRY, MOBILITY and CERTIFICATION, as defined by the Board of Management. These cover technical services in the TIC (testing, inspection, certification) market. As the highest management level, the entire Board of Management regularly receives comprehensive information in order to assess the profitability of the segments described below and make decisions regarding the allocation of resources.

- **INDUSTRY** The Industry Service and Real Estate & Infrastructure Divisions support customers in operating industrial plants, infrastructure facilities, refineries, power plants and buildings safely and economically, as well as ensuring the functionality and safety of rail vehicles, signaling technology and rail infrastructures.

  The INDUSTRY Segment collects revenue over time for services already rendered. These are invoiced pursuant to standard terms and conditions or individual contractual conditions. Any associated certification and license fees are invoiced annually, regardless of the services rendered, and collected over the term on a straight-line basis.

- **MOBILITY** This segment comprises all services for automobiles, which are offered by the Mobility Division. These include services for vehicle inspections (roadworthiness tests and exhaust gas analyses), homologation, claims assessments, used car valuations, valuation of leased vehicles and product and process enhancement services for the automotive industry. For retail customers, roadworthiness tests and exhaust gas analyses, driver's license tests as well as driving suitability tests for road users and support with regaining and retaining their drivers' licenses in particular are offered.

  In the MOBILITY Segment, revenue in the core business of roadworthiness tests and exhaust gas analyses as well as driver's license tests is recognized at a point in time; in the private customer business advance payments are regularly requested for driver's license tests and driving suitability tests. All other services in this segment are invoiced pursuant to individual contractual conditions or standard terms and conditions. Revenue from these services is generally recognized over time.

- **CERTIFICATION** The activities of the Product Service and Business Assurance Divisions are bundled in this segment. The Product Service Division offers services for the testing, inspection and certification of consumer goods as well as industrial and medical products. The Business Assurance Division comprises the three business units Management Systems, Academy and Cyber Security Services. All three business units support customers in optimizing their business processes, systems and resources.

  In the CERTIFICATION Segment, revenue from services is collected over time. These are invoiced pursuant to standard terms and conditions or individual contractual conditions. Any associated certification and license fees are invoiced annually, regardless of the services rendered, and collected over the term on a straight-line basis.

Holding activities are reported under **OTHER**. OTHER also includes individual assets of subsidiaries that cannot be allocated to actual business operations of the operational segments.

TÜV SÜD operates in the following **geographic** segments:

- **EUROPE** comprises the home market of Germany as well as Western Europe and Central & Eastern Europe.

- **AMERICAS** covers both American continents, from Canada to the southern tip of South America.

- **ASIA** combines all the countries of the Asia-Pacific and South Asian area as well as the Middle East & Africa Region.

TÜV SÜD realizes revenue from service contracts with customers at a point in time and over time. External revenue is broken down by segment and region. Consolidations of business relationships between the segments are recorded in the reconciliation column.

Segment information from January 1 to December 31, 2021 and as of December 31, 2021 ≡ 73

IN € MILLION	INDUSTRY	MOBILITY	CERTIFICATION	OTHER	Reconciliation	Group
External revenue	915.7	884.9	866.5	1.9	–1.7	**2,667.3**
thereof EUROPE	753.3	872.4	436.3	0.2	–1.7	**2,060.5**
thereof AMERICAS	58.9	0.5	89.0	0.0	0.0	**148.4**
thereof ASIA	103.5	12.0	341.2	1.7	0.0	**458.4**
Intersegment revenue	6.9	0.5	10.2	31.0	–48.6	**0.0**
Total revenue	922.6	885.4	876.7	32.9	–50.3	**2,667.3**
Amortization, depreciation and impairment losses	–31.6	–48.5	–55.3	–47.7	0.0	**–183.1**
Income from investments accounted for using the equity method	0.0	14.5	0.0	0.0	0.0	**14.5**
EBIT	106.8	59.3	77.1	–18.3	0.3	**225.2**
Capital expenditures	10.4	14.6	57.2	24.1	0.0	**106.3**
Segment assets as of December 31, 2021	483.4	401.9	542.9	481.1	–23.1	**1,886.2**

Total revenue in the home market of Germany amounts to € 1,708.3 million (prior year: € 1,603.1 million), of which € 568.2 million (prior year: € 570.9 million) relates to the INDUSTRY Segment, € 796.1 million (prior year: € 730.0 million) to the MOBILITY Segment and € 345.5 million (prior year: € 303.6 million) to the CERTIFICATION Segment.

Segment information from January 1 to December 31, 2020 and as of December 31, 2020 ≡ 74

IN € MILLION	INDUSTRY	MOBILITY	CERTIFICATION	OTHER	Reconciliation	Group
External revenue	899.5	811.3	773.5	3.3	–1.6	**2,486.0**
thereof EUROPE	748.6	800.9	384.0	0.2	–1.6	**1,932.1**
thereof AMERICAS	68.3	0.3	86.0	1.3	0.0	**155.9**
thereof ASIA	82.6	10.1	303.5	1.8	0.0	**398.0**
Intersegment revenue	6.7	0.6	9.5	30.1	–46.9	**0.0**
Total revenue	906.2	811.9	783.0	33.4	–48.5	**2,486.0**
Amortization, depreciation and impairment losses	–35.5	–45.5	–41.0	–46.9	0.0	**–168.9**
Income from investments accounted for using the equity method	0.0	9.4	0.0	0.0	0.0	**9.4**
EBIT	76.3	31.3	66.7	–1.7	–0.6	**172.0**
Capital expenditures	10.7	25.0	42.1	32.9	0.0	**110.7**
Segment assets as of December 31, 2020	492.1	424.1	464.0	486.7	–15.9	**1,851.0**

In general, the same accounting policies are used as for the consolidated financial statements.

Transfer prices for revenue with other segments are determined using a market-based approach (at arm's length).

Segment performance is evaluated based on EBIT.

Reconciliation of EBIT to income before taxes ≡ 75

IN € MILLION	2021	2020
EBIT according to segment reporting	**225.2**	**172.0**
Interest income	3.1	1.4
Interest expenses	–16.1	–16.2
Other financial result	2.9	1.0
Income before taxes according to consolidated income statement	**215.1**	**158.2**

Assets are allocated according to their geographic location.

Segment assets based on geographic segments ≡ 76

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
EUROPE	1,230.7	1,271.9
AMERICAS	177.3	168.1
ASIA	509.1	437.8
Reconciliation	–30.9	–26.8
Segment assets	**1,886.2**	**1,851.0**

Segment assets in Germany amount to € 958.5 million (prior year: € 1,004.0 million).

Reconciliation of segment assets to group assets ≡ 77

IN € MILLION	Dec. 31, 2021	Dec. 31, 2020
Segment assets	**1,886.2**	**1,851.0**
Interest-bearing financial assets	139.0	102.0
Deferred tax assets	277.9	319.3
Cash and cash equivalents	303.8	290.9
Other interest-bearing current assets	60.4	55.6
Group assets	**2,667.3**	**2,618.8**

35 / RELATED PARTIES

Related companies

The shareholders of the TÜV SÜD Group are TÜV SÜD e.V., Munich, and TÜV SÜD Stiftung, Munich (TÜV SÜD Foundation). Both TÜV SÜD e.V. and the TÜV SÜD Foundation have transferred their shares in TÜV SÜD AG to the independent shareholder committee, TÜV SÜD Gesellschafterausschuss GbR. Internally, TÜV SÜD e.V. and the TÜV SÜD Foundation hold 74.9% and 25.1% stakes in the assets of TÜV SÜD Gesellschafterausschuss GbR.

Within the framework of an agency contract, the activities under the accreditation to operate the road vehicle technical inspectorate are carried out by the group company TÜV SÜD Auto Service GmbH, Stuttgart, for TÜV SÜD e.V., as principal and recognized contractor. Business from the activities under the accreditation to operate the road vehicle technical inspectorate is conducted on behalf of, at the instruction of and in the name of TÜV SÜD e.V. All transactions and business processes are carried out in the TÜV SÜD Group. TÜV SÜD Auto Service GmbH maintains personnel and material on the scale necessary for the activities and operation. From the cost center accounting, the revenue allocable to TÜV SÜD e.V. is calculated and transferred. 98.5% of revenue from the business officially mandated is invoiced by the operating entity as a lump-sum payment for agency services. In the fiscal year 2021, a total volume of € 111.9 million (prior year: € 104.6 million) was charged to TÜV SÜD e.V. From this source TÜV SÜD e.V. recorded revenue of € 113.7 million (prior year: € 106.2 million).

As of the reporting date, there are cash pool receivables from TÜV SÜD e.V. amounting to € 0.4 million (prior year: cash pool liabilities of € 0.2 million).

In the fiscal years 2021 and 2020, the TÜV SÜD Group had business relationships with non-consolidated subsidiaries, associated companies and joint ventures that qualify as related parties. In the course of ordinary operations, all service transactions with these entities were carried out at arm's length conditions. In 2021, transactions were carried out with material related parties that led to the following items in the consolidated financial statements: ≡ 78 / 79

Items of the statement of financial position from transactions with non-consolidated subsidiaries, associated companies and joint ventures ≡ 78

	Non-consolidated subsidiaries		Associated companies		Joint ventures	
IN € MILLION	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Loans	2.9	0.2	0.0	0.0	4.7	4.7
Receivables	0.6	1.1	0.0	0.0	1.8	9.5
Liabilities	0.3	3.8	0.0	0.0	0.5	0.6

Receivables from non-consolidated subsidiaries include valuation allowances amounting to € 0.9 million (prior year: € 2.4 million).

Income and expenses from transactions with non-consolidated subsidiaries, associated companies and joint ventures ≡ 79

	Non-consolidated subsidiaries		Associated companies		Joint ventures	
IN € MILLION	2021	2020	2021	2020	2021	2020
Income	0.7	0.5	0.0	0.0	11.7	11.4
Expenses	0.6	0.4	0.0	0.0	1.6	1.6

An amount of € 11.1 million (prior year: € 10.7 million) of the income from joint ventures relates to FleetCompany GmbH and largely results from the operational provision of fleet services at foreign subsidiaries. The expenses mainly relate to charges for lease vehicles that are managed by FleetCompany GmbH.

Income of € 0.6 million (prior year: € 0.7 million) results from expense allowances for mandate activities in the Turkish joint ventures.

The business relationships with the Turkish joint ventures are based primarily on a license agreement between TÜVTÜRK Kuzey and TÜVTÜRK Güney (both licensors) and TÜV SÜD Bursa (licensee). In 2021, dividend distributions of the Turkish joint ventures amounted to € 15.2 million (prior year: € 9.6 million). In addition, there was an advance dividend distribution for fiscal year 2022 of € 4.2 million. The Spanish joint venture ITV Levante made a dividend distribution of € 0.3 million (prior year: € 0.0 million).

Dividend distributions of € 0.6 million (prior year: € 0.8 million) were received from associated companies.

TÜV SÜD AG issued letters of comfort for one related company and one joint venture. It is assumed that the companies can pay their current obligations themselves. Claims are therefore not expected.

Remuneration of active members of the Board of Management and Supervisory Board

The total remuneration of active members of the Board of Management amounted to € 3.6 million in the fiscal year 2021 (prior year: € 3.4 million). This includes variable, EVA-based salary components totaling € 1.5 million (prior year: € 1.3 million), which had not yet been paid out as of December 31. The additional service cost incurred for pension obligations amounted to € 0.3 million (prior year: € 0.3 million). The present value of the defined benefit obligation calculated in accordance with IFRSs amounted to € 6.4 million as of the reporting date (prior year: € 6.2 million).

The active members of the Supervisory Board received total remuneration of € 1.2 million in the fiscal year 2021 (prior year: € 1.1 million).

Remuneration of former members of the Board of Management and Supervisory Board

The total remuneration of former members of the Board of Management and their surviving dependents including pension payments and other payments amounted to € 1.3 million (prior year: € 1.3 million). Defined benefit obligations amounting to € 17.3 million (prior year: € 18.6 million) exist for former members of the Board of Management and their surviving dependents.

36 / PROPOSAL FOR THE APPROPRIATION OF PROFIT

The Board of Management and Supervisory Board will propose to the annual general meeting to distribute € 2.1 million from the retained earnings under German GAAP of TÜV SÜD AG totaling € 394.4 million, equivalent to € 0.08 per share. The remaining amount of € 392.3 million is to be carried forward to new account.

37 / AUDITOR'S FEES

Fees of the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (prior year: KPMG AG Wirtschaftsprüfungsgesellschaft) ≡ 80

IN € MILLION	2021	2020
Audit services	1.0	1.2
Other assurance services	0.1	0.1
Tax advisory services	0.3	0.4
Other services	1.1	0.0
Auditor's fees	**2.5**	**1.7**

Audit services comprise the fee for the audit of the consolidated financial statements of the TÜV SÜD Group and the legally required annual financial statements of TÜV SÜD AG and its domestic subsidiaries that are included in the consolidated financial statements. Other assurance services mostly contain contractually agreed or voluntarily commissioned assurance services. Tax advisory services include, among others, support with transfer pricing documentation. Other services relate to project-related services in connection with corporate transactions and the IT infrastructure in particular.

38 / CONSOLIDATED ENTITIES

Consolidated entities

≡ 81

NAME AND REGISTERED OFFICE OF THE ENTITY	Share in capital in %
FULLY CONSOLIDATED ENTITIES – GERMANY	
ARMAT GmbH & Co. KG, Pullach i. Isartal [1]	100.00
ARMAT Südwest GmbH & Co. KG, Pullach i. Isartal [1]	100.00
MI-Fonds F60, Frankfurt am Main	100.00
PIMA-MPU GmbH, Munich [1]	100.00
TÜV Hanse GmbH TÜV SÜD Gruppe, Hamburg	90.00
TÜV Hessen Immobilien Service GmbH & Co. KG, Gräfelfing	55.00
TÜV SÜD Advimo GmbH, Munich [1]	100.00
TÜV SÜD Akademie GmbH, Munich [1]	100.00
TÜV SÜD Auto Partner GmbH, Hamburg [1]	100.00
TÜV SÜD Auto Plus GmbH, Leinfelden-Echterdingen [1]	100.00
TÜV SÜD Auto Service GmbH, Stuttgart [1]	100.00
TÜV SÜD Battery Testing GmbH, Garching	70.00
TÜV SÜD Business Services GmbH, Munich [1]	100.00
TÜV SÜD Car Registration & Services GmbH, Munich	50.00
TÜV SÜD Chemie Service GmbH, Leverkusen [1]	100.00
TÜV SÜD Digital Service GmbH, Munich [1]	100.00
TÜV SÜD Energietechnik GmbH Baden-Württemberg, Filderstadt [1]	100.00
TÜV SÜD ImmoWert GmbH, Munich [1]	100.00
TÜV SÜD Industrie Service GmbH, Munich [1]	100.00
TÜV SÜD Life Service GmbH, Munich [1]	100.00
TÜV SÜD Management Service GmbH, Munich [1]	100.00
TÜV SÜD Pensionsgesellschaft mbH, Munich [1]	100.00
TÜV SÜD Pluspunkt GmbH, Munich [1]	100.00
TÜV SÜD Product Service GmbH, Munich	100.00
TÜV SÜD Rail GmbH, Munich [1]	100.00
TÜV Technische Überwachung Hessen GmbH, Darmstadt	55.00
Uniscon universal identity control GmbH, Munich [1]	100.00

1 _ The domestic subsidiary meets the requirements of Section 264 (3) HGB or Section 264b HGB, and takes advantage of the corresponding exemption regulations.

NAME AND REGISTERED OFFICE OF THE ENTITY	Share in capital in %
FULLY CONSOLIDATED ENTITIES – OTHER COUNTRIES	
ARISE Boiler Inspection and Insurance Company Risk Retention Group, Louisville, USA	100.00
ARISE Inc., Wilmington, USA	100.00
ATISAE de Castilla y León, S.A.U., Miranda de Ebro, Spain	100.00
Bytest S.r.l., Volpiano, Italy	100.00
Changzhou Jin Biao Rail Transportation Technical Service Co., Ltd., Changzhou, China	100.00
Dunbar & Boardman Partnership Ltd., Fareham, UK	100.00
ÉMI-TÜV SÜD Minőségügyi és Biztonságtechnikai Korlátolt Felelősségű Társaság, Szentendre, Hungary	62.13
Fleet Logistics Italia S.r.l., Milan, Italy	100.00
Fleet Logistics UK Ltd., Birmingham, UK	100.00
Global Risk Consultants (Australia) Pty Ltd, Melbourne, Australia	100.00
Global Risk Consultants (Guangzhou) Co. Ltd., Guangzhou, China	100.00
Global Risk Consultants Corp., Wilmington, USA	100.00
Global Risk Consultants Ltd., West Byfleet, UK	100.00
Global Risk Consultores (Brasil) Ltda., Barueri, Brazil	100.00
Magyar TÜV SÜD Műszaki Szakértői Korlátolt Felelősségű Társaság, Szentendre, Hungary	100.00
National Association of Boiler and Pressure Vessel Owners and Operators, Inc., Louisville, USA	100.00
Nuclear Technologies plc., Fareham, UK	100.00
P.H. S.r.l., Tavarnelle Val di Pesa, Italy	100.00
PT. TUV SUD Indonesia, Jakarta Pusat, Indonesia	94.96
TÜV Italia S.r.l., Milan, Italy	100.00
TUV SUD (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia	100.00
TUV SUD (Thailand) Ltd., Bangkok, Thailand	100.00
TÜV SÜD (UK) Ltd., Fareham, UK	100.00
TÜV SÜD America de México, S.A. de C.V., San Pedro Garza Garcia, Mexico	100.00
TÜV SÜD America Inc., Danvers, USA	100.00
TÜV SÜD AMT, S.A.U., Madrid, Spain	100.00
TUV SUD Asia Ltd., Hong Kong, China	100.00
TUV SUD Asia Pacific Pte. Ltd., Singapore	100.00
TÜV SÜD ATISAE, S. A. U., Madrid, Spain	100.00
TUV SUD BABT Unltd., Fareham, UK	100.00
TUV SUD Bangladesh (Pvt.) Ltd., Dhaka, Bangladesh	100.00
TÜV SÜD Benelux B.V.B.A., Boortmeerbeek, Belgium	100.00
TÜV SÜD Benelux VZW, Boortmeerbeek, Belgium	100.00
TÜV SÜD BRASIL CONSULTORIA LTDA., São Paulo, Brazil	100.00
TÜV SÜD Bursa Tasit Muayene Istasyonlari Isletim A.S., Kestel-Bursa, Turkey	100.00

NAME AND REGISTERED OFFICE OF THE ENTITY	Share in capital in %
TÜV SÜD Canada Inc., Newmarket, Canada	100.00
TÜV SÜD Central Eastern Europe s.r.o., Prague, Czech Republic	100.00
TUV SUD Certification and Testing (China) Co., Ltd., Wuxi, China	51.00
TUV SUD China Holding Ltd., Hong Kong, China	100.00
TÜV SÜD Czech s.r.o., Prague, Czech Republic	100.00
TÜV SÜD Danmark ApS, Hellerup, Denmark	100.00
TÜV SÜD France S.A.S., Écully, France	100.00
TUV SUD Hong Kong Ltd., Hong Kong, China	100.00
TÜV SÜD Iberia, S.A.U., Barcelona, Spain	100.00
TUV SUD Inspection Authority (Pty) Ltd., Cape Town, South Africa	66.20
TÜV SÜD Japan Ltd., Tokyo, Japan	100.00
TUV SUD Korea Ltd., Seoul, South Korea	100.00
TÜV SÜD Landesgesellschaft Österreich GmbH, Jenbach, Austria	100.00
TUV SUD Ltd., Glasgow, UK	100.00
TUV SUD Middle East Co. LLC, Muscat, Oman	70.00
TUV SUD Middle East LLC, Abu Dhabi, United Arab Emirates	51.00
TUV SUD Middle East LLC (Qatar), Doha, Qatar	100.00
TÜV SÜD Nederland B.V., Ede, Netherlands	100.00
TÜV SÜD New Energy Testing (Guangdong) Co., Ltd., Guangzhou, China	100.00
TÜV SÜD New Energy Vehicle Testing (Jiangsu) Co., Ltd., Changzhou, China	52.00
TÜV SÜD Polska Sp. z.o.o., Warsaw, Poland	100.00
TÜV SÜD Products Testing (Shanghai) Co., Ltd., Shanghai, China	100.00
TÜV SÜD PSB Philippines Inc., Pasig City, Philippines	99.99
TUV SUD PSB Pte. Ltd., Singapore	100.00
TÜV SÜD Romania S.R.L., Bucharest, Romania	100.00
TÜV SÜD Sava d.o.o., Ljubljana, Slovenia	100.00
TÜV SÜD Schweiz AG, Zurich, Switzerland	100.00
TUV SUD Services (UK) Ltd., Fareham, UK	100.00
TÜV SÜD SFDK Laboratório de Análise de Produtos EIRELI, São Paulo, Brazil	100.00
TÜV SÜD Slovakia s.r.o., Bratislava, Slovakia	100.00
TUV SUD South Africa (Pty) Ltd., Cape Town, South Africa	74.00
TUV SUD South Asia Pvt. Ltd., Mumbai, India	100.00
TÜV SÜD Sverige AB, Malmö, Sweden	100.00
TÜV SÜD SW Rail Transportation Technology (Jiangsu) Co., Ltd., Changzhou, China	52.00
TÜV SÜD Teknik Güvenlik ve Kalite Denetim Ticaret Ltd. Sirketi (TGK), Istanbul, Turkey	100.00
TUV SUD Vietnam Co. Ltd., Ho-Chi-Minh-City, Vietnam	100.00
TÜVSÜD Portugal, unipessoal Lda., Lisbon, Portugal	100.00

NAME AND REGISTERED OFFICE OF THE ENTITY	Share in capital in %
CONSOLIDATED ASSOCIATED COMPANIES – OTHER COUNTRIES	
SECTA Société Européenne de Contrôle Technique Automobile S.A., Courbevoie, France	38.22
CONSOLIDATED JOINT VENTURES – GERMANY	
FleetCompany GmbH, Oberhaching	33.65
CONSOLIDATED JOINT VENTURES – OTHER COUNTRIES	
ITV de Levante, S.A., Valencia, Spain	50.00
TÜV SÜD DOGUS Ekspertiz ve Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey	50.05
TÜVTURK Güney Tasit Muayene Istasyonlari Yapim ve Isletim A. S., Istanbul, Turkey	33.33
TÜVTURK Kuzey Tasit Muayene Istasyonlari Yapim ve Isletim A. S., Istanbul, Turkey	33.33

Munich, March 15, 2022

TÜV SÜD AG

The Board of Management

PROF. DR.-ING. AXEL STEPKEN **ISHAN PALIT** **PROF. DR. MATTHIAS J. RAPP**

INDEPENDENT AUDITOR'S REPORT

To TÜV SÜD Aktiengesellschaft, Munich

Audit Opinions

We have audited the consolidated financial statements of TÜV SÜD Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from January 1 to December 31, 2021, as well as notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of TÜV SÜD Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021, 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 audit opinion on the group management report does not cover the content of the above-mentioned components of the group management report listed in the "Other Information" section.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

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

Information on an Issue of Particular Concern – Dam Collapse in Brazil

Please refer to the comments by the executive directors in the sections "Assumptions, estimation uncertainties and judgments" and "Pending and imminent legal proceedings" in the notes to the consolidated financial statements and the sections "Economic report" and "Opportunity and risk report" in the group management report, which describe the effects of the dam collapse in Brazil in January 2019, the stability of which was certified by the Brazilian subsidiary TÜV SÜD BRASIL CONSULTORIA LTDA. in September 2018, and the provisions that have been recognized in this regard. In connection with the pending and imminent legal proceedings, the executive directors note considerable estimation uncertainty regarding assumptions on the probability of occurrence, the time of payment and the amount of the risk, with the result that the outcome of the pending and imminent legal proceedings could have a significant influence on the Group's assets, liabilities, financial position and financial performance for the financial year 2022 and future financial years. Our audit opinions on the consolidated financial statements and group management report have not been modified in this regard.

Material Uncertainty about Two Subsidiaries' Ability to Continue as a Going Concern

Please refer to the disclosures in the section "Pending and imminent legal proceedings" in the notes to the consolidated financial statements and the sections "Economic report" and "Opportunity and risk report" in the group management report, in which the executive directors describe that the ability of the Brazilian subsidiary TÜV SÜD BRASIL CONSULTORIA LTDA. and its direct shareholder TÜV SÜD SFDK Laboratório de Análise de Produtos EIRELI to continue as a going concern is jeopardized if the companies are held liable for the damage caused by the dam collapse in Brazil and no additional financial support is provided by the shareholder. As set out in the sections "Assumptions, estimation uncertainties and judgments" and "Pending and imminent legal proceedings" in the notes to the consolidated financial statements and the sections "Economic report" and "Opportunity and risk report" in the group management report, these events and circumstances indicate considerable uncertainty that could cast significant doubt on the subsidiaries' ability to continue their business activities and which represent a risk that could affect the respective company's ability to continue as a going concern within the meaning of § 322 Abs. 2 Satz 3 HGB. Our audit opinions on the consolidated financial statements and group management report are not modified in this regard.

Other Information

The executive directors are responsible for the other information. The other information comprises the following unaudited parts of the group management report:

- the statement on corporate governance pursuant to § 289f Abs. 4 HGB included in the "Corporate governance report" section of the group management report (disclosures on the quota for women in managerial positions)
- the disclosures that are extraneous to the group management report and are marked as unaudited in the section "Non-financial performance indicators" of the group management report

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

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

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

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

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Munich, March 15, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven	Jürgen Schumann
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]