



IB NORDHORN
CONSULECTRA
Van Ameyde
TÜV NORD
CTC advanced
ENOMETRIK
CONSULECTRA
G+N Consult
RWTÜV
CETECOM
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optismall
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ENOPLAN
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CTC advanced
Van Ameyde Gruppe
RWTÜV Grundstücksverwaltungsgesellschaft
G+N Consult
IB NORDHORN
CONSULECTRA

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SUPERVISORY BOARD

Chairman of the Supervisory Board
(from 1 February 2020)
Dr. rer. pol. Elmar **Legge**
Chairman of the Board
RWTÜV e.V., Essen/Germany

Vice Chairman of the Supervisory Board
(from 1 February 2020)
Prof. Dr. rer. nat. Karl Friedrich **Jakob**

Dr. jur. Jürgen-Johann **Rupp**
Member of the Managing Board
RAG-Stiftung, Essen/Germany

Dipl.-Ing. Volker **Höhnisch**
Chairman of the Board
TÜV Thüringen e.V., Erfurt/Germany

Dipl.-Ing. Muharrem **Gedikoglu**
CETECOM GmbH, Essen/Germany

Dipl.-Ing Hüseyin **Güngör**
CETECOM GmbH, Essen//Germany

MANAGING BOARD

Lawyer Reinhold **Rüther**
Chairman of the Managing Board

Fabian **Fechner**, M. Sc.
Member of the Managing Board (from 1 July 2019)

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IFRS)
OF RWTÜV GmbH AND ITS SUBSIDIARIES
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2019 € '000	2018 € '000
Sales revenue	200,875	211,220
Other own work capitalised	350	215
Other operating income	6,575	9,026
Cost of materials	-8,587	-7,527
Personnel expenses		
a) Wages and salaries	-98,780	-101,536
b) Social security contributions and social assistance costs	-22,283	-21,822
Depreciation and amortisation expense	-18,493	-12,248
Other operating expenses	-44,175	-54,273
Result from investments measured using the equity method	15,405	17,335
Result from other investments	1	0
Net interest income	-859	-292
Earnings before tax (EBT)	30,029	40,098
Taxes on income		
a) Income tax expense	-4,717	-5,174
b) Deferred taxes	722	1,717
Consolidated net earnings for the year	26,034	36,641
Non-controlling interests	-354	-346

CONSOLIDATED BALANCE SHEET OF RWTÜV GmbH AND ITS SUBSIDIARIES
AS AT 31 DECEMBER 2019

	31/12/2019	31/12/2018
	€ '000	€ '000
ASSETS		
A. NON-CURRENT ASSETS		
Intangible assets	64,031	56,661
Tangible assets	48,936	24,355
Investment properties	9,977	10,346
Financial assets stated at equity	40,476	35,494
Other financial assets	3,774	1,734
Receivables and other assets	368	377
Deferred tax assets	8,518	6,360
	176,080	135,327
B. CURRENT ASSETS		
Inventories	122	204
Receivables and other assets	124,370	120,266
Income tax assets	3,378	1,420
Cash and cash equivalents	90,491	98,664
	218,361	220,554
C. ASSETS HELD FOR SALE	8,825	4,377
	403,266	360,258
	31/12/2019	31/12/2018
	€ '000	€ '000
EQUITY AND LIABILITIES		
A. SHAREHOLDERS' EQUITY		
Subscribed capital	10,000	10,000
Capital reserves	24,225	24,225
Revenue reserves	267,026	243,676
Other shareholders' equity items	-112,556	-101,550
Non-controlling interests	802	798
	189,497	177,149
B. NON-CURRENT LIABILITIES AND PROVISIONS		
Non-current liabilities	15,342	607
Provisions for pensions and similar obligations	14,843	12,252
Other non-current provisions	3,505	2,180
Deferred tax liabilities	2,955	2,311
	36,645	17,350
C. CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	152,985	144,475
Income tax liabilities	3,292	2,359
Other current provisions	17,808	18,925
	174,085	165,759
D. LIABILITIES RELATING TO ASSETS HELD FOR SALE	3,039	0
	403,266	360,258

GENERAL INFORMATION ABOUT THE GROUP

The RWTÜV Group is a group of technology service provider companies with strong brands. RWTÜV GmbH is the holding company. The Group has an efficient group structure with a diversified portfolio, in which innovativeness, efficiency and sustainability are vital. Via its operating holdings, the Group is currently represented in more than twenty countries in Europe, Asia, North America and Australia.

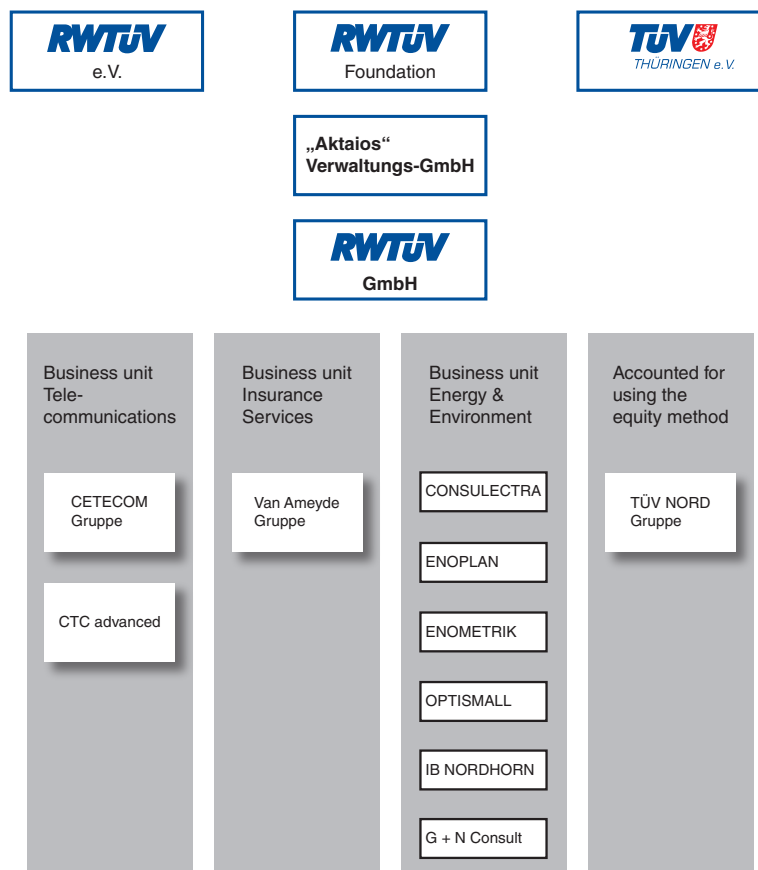
RWTÜV functions as the management and financial holding company. It controls and monitors all key Group activities. On the cut-off date 31 December 2019, the Group comprised ninety-eight (2018: 98) fully consolidated companies, of which 18 were in Germany and 80 in other countries. In addition, RWTÜV GmbH holds a 36.1 % stake in TÜV NORD AG, a global testing, inspection and certification (TIC) group.

The RWTÜV Group ended fiscal 2019 with net earnings for the year of € 26.0 million (2018: € 36.6 million) and sales of € 200.9 million (2018: € 211.2 million). The previous year's sales and the previous year's net result were influenced by a one-time effect.

Our strategy is focused on continued organic and inorganic development of our companies, growth in markets of the future, and achieving stable profit, cash and value contributions.

Due to our positioning as a diversified services group, the Group is structured into three business units: Insurance Services, Telecommunications, and Energy & Environment. Our companies occupy stable market positions in their sub-segments. The holding in TÜV NORD AG is accounted for in the consolidated annual financial statements using the equity method.

The following diagram shows the structure of the RWTÜV group:



The *Insurance Services* business unit consists of the Van Ameyde group (VAI) and contains 89 companies in more than 20 European countries. In 2019, companies were formed in Asia and Australia to expand the global business. VAI offers comprehensive solutions for settling domestic and international claims to a client base mainly comprising insurance companies, insurance brokers, leasing companies and vehicle fleet operators. Additional services are offered along the value chain: complete claims process outsourcing, secondment of multi-lingual interim professionals such as claim adjusters and surveyors, as well as risk identification and assessment with the aim of facilitating the decision as to which preventive measures to take, and how best to control the loss burden. Claims process audits complete the service offering of the Van Ameyde group.

The *Telecommunications* business unit comprises the CETECOM companies with sites in Germany, the U.S. and Asia, as well as CTC advanced GmbH. The service portfolio covers consultancy, training, development, engineering, validation, certification and approval management. Testing and certification is a focus of the business unit's international activities. CETECOM and CTC advanced operate independently of manufacturers with their accredited laboratories equipped with state-of-the-art testing systems. Changes in the mobile communication market due to the Internet of Things (IoT) megatrend have led to a focusing on new customer groups, and have increased demand for testing and certification of products and machines of all kinds that have one or more built-in wireless interfaces. This focusing enables further exploitation of existing market potential, and thus enhances the value of the business unit.

The operating companies in the *Energy & Environment* business unit are: CONSULECTRA Unternehmensberatung GmbH, Hamburg, ENOPLAN Ingenieurgesellschaft für Energiedienstleistungen mbH, Bruchsal, ENOMETRIK Gesellschaft für Messdienstleistungen mbH, Bruchsal, Optismall GmbH, Bruchsal, Ingenieurbüro Nordhorn GmbH & Co. KG, Münster, und G+N Consult Baumanagement GmbH, Düsseldorf.

CONSULECTRA advises energy utility companies on technical, business management and organisational issues. Other focuses of CONSULECTRA's activities are grid planning and grid operation services in Germany and other countries.

ENOPLAN helps businesses optimise their energy usage and energy costs. In addition, ENOMETRIK offers energy measurement services and other services relating to the optimisation of energy consumption. Optismall GmbH specialises in the commercial customer segment (under 500,000 kWh p.a.) for electricity and natural gas.

The engineering bureau IB NORDHORN specialises in technical building equipment. It offers construction planning and construction supervision in close collaboration with building owners, architects and building contractors. Complex industrial and commercial buildings with technically demanding solutions are the main focus. To expand the service portfolio, G + N Consult Baumanagement GmbH, Düsseldorf/Germany, was acquired in 2019. The company specialises in project management and project controlling.

MARKET AND INDUSTRY CONDITIONS

According to the 2019/20 annual report by the German Council of Economic Experts, the long-lasting upward trend has come to an end for now. Furthermore, there are considerable risks with regard to future developments.

As yet, however, a broad and deep recession is not anticipated. Nevertheless, the effects of the coronavirus are now being felt worldwide, with unpredictable consequences. This also reduces the impetus generated by foreign trade worldwide, which was already adversely affected by continuing uncertainty, particularly

due to the trade conflicts with the United States and Brexit. The weak state of the economy is expected to persist, with an impact on growth in 2020. Future developments will depend on the extent to which the situation affects the still solid jobs market and domestic demand.

Political, regulatory and economic conditions have a significant bearing on the development of an internationally operating services group. The “Insurance Services” business unit operates mainly in the eurozone and United Kingdom, whereas the “Telecommunications” business unit orients globally in the wireless-based technologies sub-segment. In contrast, the “Energy & Environment” business unit is predominantly influenced by trends within Germany. All in all, the companies within the RWTÜV Group did well in their respective environments in 2019.

BUSINESS TREND

The key data for RWTÜV Group’s fiscal year are as follows:

- External sales: € 200.9 million
(2018: € 211.2 million)
- Earnings before tax: € 30.0 million
(2018: € 40.1 million)
- Return on sales, based on the result before income taxes: 15.0 %
(2018: 19.0 %)
- Equity ratio: 47.0 %
(2018: 49.2 %)

Once again, RWTÜV Group can look back on a satisfactory business year in 2019, having achieved the previous year’s forecast in respect of sales and earnings trends.

The domestic business finished 2019 with sales revenues amounting to € 57.5 million (2018: € 55.5 million). The share of international business in consolidated sales came to € 143.4 million (2018: € 155.7 million). A total of 71 % of sales were generated outside of Germany in fiscal 2019.

The individual business units developed as follows:

Insurance Services business unit

The RWTÜV Group has steadily expanded its portfolio in the “Insurance Services” business unit through targeted acquisitions in order to achieve its growth and earnings targets. New acquisitions in this and previous years have given the Van Ameyde group a broader regional presence in the Benelux countries, Scandinavia and the Baltic States, leading to an increased market share in segments that are already served as well as in new segments. Relevant market positions were obtained in the British real estate and accident insurance market, and in the Dutch market sub-segment for personal injury insurance cover. In addition, the Group’s position was strengthened in the Scandinavian, Baltic and Russian sub-sector of the marine segment. Furthermore, in 2019 business started to be developed outside Europe, and subsidiaries were established in Asia and Australia.

However, a decline in sales of 10.4 % was recorded in 2019 as the figure for 2018 included a one-off gain. Van Ameyde group’s total sales in fiscal 2019 came to € 124.6 million.

Telecommunications business unit

Sales in the *Telecommunications* business unit, at € 47.2 million, were slightly above the previous year's level.

CETECOM's business model is based on testing and certification for all kinds of devices and machines, especially those with built-in wireless technologies. Products are networked mainly via wireless systems. Demand for these services remains high, driven by the Internet of Things (IoT) megatrend. But there is tough competition.

Sales for CETECOM GmbH, at € 14.0 million, were slightly below the previous year's level. The subsidiary CETECOM Inc., based on the west coast of the United States, reported sales of € 8.9 million in 2019. This figure is also slightly lower than the previous year's level, since market changes were taken into account by focusing activities on the IoT megatrend, which is exposed to price pressure.

With regard to business activities in Asia, performance was positive. At € 6.9 million, the Korean company's sales in 2019 exceeded the previous year's level. CETECOM Japan increased its sales to € 2.6 million, thus maintaining a stable market position in the local market.

CTC advanced GmbH, based in Saarbrücken/Germany, reported sales of € 18.9 million in 2019, slightly above the level of the previous year. It also benefited from continuing growth in the global use of innovative wireless-based technologies in diverse industrial sectors.

Energy & Environment business unit

The *Energy & Environment* business unit generated consolidated sales of € 27.6 million in 2019, around 11.5 % higher than the previous year's level.

The move towards renewable energy, regulatory requirements and digitalisation are creating new challenges for the industry. Innovative technologies such as blockchain will also lead to further restructuring of the energy sector.

For CONSULECTRA 2019 as a whole was a year of continued consolidation. With sales of € 5.5 million in 2019, CONSULECTRA significantly exceeded the previous year's level.

ENOPLAN continued its development as a "one-stop" service provider with fixed fee contracts in 2019. The wide range of tasks needing to be performed by businesses in the energy sector enabled ENOPLAN to consolidate its service portfolio and adapt it in line with market changes. Its service modules include energy contract brokering, billing verification, preparation of energy management for statutory rebate claims, and ensuring all reporting obligations are met on time for large enterprises and their decentralised power generating facilities. In a market that remains highly price-competitive, ENOMETRIK has established itself as an independent metering point operator in the commercial customer segment.

Optismall GmbH specialises in the commercial customer segment (under 500,000 kWh p.a.) for electricity and natural gas. Fiscal 2019 went accordingly well for ENOPLAN, ENOMETRIK and Optismall. Total sales came in at € 18.0 million, around 6 % above the previous year's level.

Business for IB Nordhorn during 2019 was characterised by a very high project workload. Sales totalled € 4.2 million, around 22.6 % higher than the previous year's level. G + N Consult is a company that was acquired in the second half of 2019. It contributed to the growth of the business unit with a share of sales of € 0.6 million.

EARNINGS SITUATION

With external sales of € 200.9 million (2018: € 211.2 million), the RWTÜV Group achieved earnings before taxes (EBT) of € 30.0 million (2018: € 40.1 million) and net earnings for the year of € 26.0 million (2018: € 36.6 million). Regarding the development and analysis of sales revenue in the individual business units, we refer to the statements concerning business development.

Other operating income in 2019 decreased compared to the previous year from € 9.0 million to € 6.6 million, as the previous year included a one-off gain – the sale of a subsidiary. Depreciation/amortisation expense, at € 18.5 million, was substantially above the previous year's level, as additional depreciation and amortisation of € 6.0 million was incurred in the year under review due to the first-time application of IFRS 16. At the same time, other operating expenses fell by € 10.1 million to € 44.2 million. One of the reasons for this is that expenses recognised under rental and lease agreements in 2018 are now reported under depreciation and amortisation or interest expense in accordance with IFRS 16. The result from investments measured using the equity method – the minority holding in TÜV NORD AG – decreased by around 11 % from € 17.3 million to € 15.4 million. Tax expenses in 2019 amounted to € 4.0 million. Changes in equity not affecting net income are included in the notes concerning the asset position.

FINANCIAL POSITION

RWTÜV Group's conservative financial policy is traditionally an integral part of the Group's philosophy. The most important goals – those of ensuring an appropriate level of liquidity as well as needs-based Group financing for the Group companies – were fulfilled. It is based on a financial plan and a rolling forecast method for liquidity planning with a planning period of up to one year. Cash inflows from operating activities are the most important source of liquidity.

RWTÜV Group's cash flow (cash flow from operating activities) stood at € 24.1 million in 2019 (2018: € 22.7 million). Cash flow from investing activities amounted to € -24.9 million (2018: € +0.2 million) and includes large payments for acquisitions of subsidiaries. Cash flow from financing activities amounted to € -7.4 million (2018: € -4.1 million) and for the first time includes payments for the repayment portion of leasing liabilities. In total, cash and cash equivalents amounted to € 90.5 million. Cash and cash equivalents are mainly invested risk-free as call money. For details, please refer to the cash flow statement in the notes to the consolidated annual financial statements.

In the reporting period, a total of € 14.2 million (2018: € 17.5 million) was invested across the Group in tangible and intangible assets (excluding additions in accordance with IFRS 16). Of this amount, the Telecommunications business unit including investments in real estate, accounted for € 8.5 million (2018: € 8.8 million), the Insurance Services business unit € 4.5 million (2018: € 7.9 million) and the Energy & Environment business unit € 1.2 million (2018: € 0.8 million). In addition, including the fair values for earn-out agreements, € 14.1 million was invested in the Insurance Services business unit, € 0.8 million in the Telecommunications business unit and € 2.4 million in the Energy & Environment business unit to continue to position the Group for the future.

ASSET POSITION

The balance sheet structure of the RWTÜV Group also indicates that the Group's financing and liquidity continued to stand on a secure basis in 2019.

As at 31 December 2019, shareholders' equity totalled € 189.5 million, and total assets came to € 403.3 million. As a result, the Group equity ratio amounts to 47.0 % (2018: 49.2 %). The low interest rate level was taken into account by reducing the discount rate for pension obligations to 0.65 % in Germany and to 0.85 % for other countries. The reporting of the overall actuarial losses recognised without affecting profit, including the profit-neutral valuation from the shares measured using the equity method, which have arisen from this discounting, had a cumulative negative impact of € 111.9 million on shareholders' equity up to 2019.

As at 31 December 2019, the company's reserves to total capital ratio (reserves / total capital) remained at a constantly high level of 72.2 % (2018: 74.4 %), which contributes to a high level of protection. Long-term assets totalled € 176.1 million (2018: € 135.3 million). The cover ratio (shareholders' equity / non-current assets) was 107.6 % (2018: 130.9 %), and hence non-current assets are fully covered by long-term capital, even though non-current assets increased by € 20.7 million owing to the first-time adoption of IFRS 16. Short-term borrowed capital, at € 174.1 million (2018: € 165.8 million) is once again less than short-term assets of € 218.4 million (2018: € 220.6 million), demonstrating that payment obligations can be fulfilled. The short-term liabilities from lease agreements shown in the balance sheet are therefore also fully covered.

Given the macroeconomic situation, we are satisfied with the development of the Group's assets, financial position and earnings situation. The conditions are in place for further controlled growth.

BASIC PRINCIPLES OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements per 31 December 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union, which are issued by the International Accounting Standards Board (IASB). In order to achieve equivalence with consolidated annual financial statements as prepared in accordance with German commercial law, all statutory obligations over and above the IASB rules were fulfilled.

RWTÜV GmbH – ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

RWTÜV GmbH is the financial and management holding company for the RWTÜV Group. RWTÜV GmbH is managed and controlled by the Managing Board of RWTÜV GmbH according to financial ratios, the main ones being sales/results figures and investments. The Managing Board obtains its information on an ongoing basis from a monthly Group report and holds regular discussion meetings with the representatives of the company's executive bodies and with the management of RWTÜV Group's operating companies.

RWTÜV GmbH prepares its individual company financial statements in accordance with the rules set out in the German Commercial Code (Handelsgesetzbuch, HGB).

A profit-pooling agreement has existed since 2005 between the financial and management holding company RWTÜV GmbH and the Group company RWTÜV Grundstücksverwaltungs-GmbH.

In the reporting period, RWTÜV GmbH generated net earnings for the year of € 5.8 million (2018: € 4.5 million). Sales revenue totalling € 1,364,000 (2018: € 1,476,000) is comprised of group head office charges and services.

Non-current assets as at 31 December 2019 were € 83.9 million (2018: € 87.1 million) while current assets stood at € 25.3 million (2018: € 20.2 million). Total assets per 31 December 2019 amounted to € 109.2 million (2018: € 107.3 million).

Per 31 December 2019, the balance sheet of RWTÜV GmbH showed shareholders' equity of € 102.6 million (2018: € 98.2 million). As a result, the equity ratio of the financial and management holding company RWTÜV GmbH increased to 93.9 % (2018: 91.5 %),

The opportunities, risks and future development of RWTÜV GmbH largely correspond to the opportunities, risks and future development of the RWTÜV Group.

INTERNAL CONTROL SYSTEM

An internal control system is implemented within the RWTÜV Group which defines rules for business-critical processes and for their monitoring. As an organisational framework, RWTÜV GmbH has specified an extensive system of policies, rules of procedure and schedules of responsibilities. The internal control system, which is geared towards the individual companies' particular business activities, is intended to protect assets. Control activities are all measures intended to ensure that business risks are adequately addressed. The company managements and the supervisory bodies integrated into the processes are responsible for monitoring and continually improving the internal control system. Business operations are conducted and documented in accordance with the key operational processes. The policies and process descriptions are based on the respective operational service provision processes.

All information from the subsidiaries is prepared and analysed in the holding company RWTÜV GmbH. This includes monthly reporting, regular risk reporting, reports on functional tests of the internal control system and ad hoc reporting, and submission of transactions subject to approval. With regard to Group accounting, the internal control system ensures that accounting is carried out in accordance with generally accepted accounting principles and the International Financial Reporting Standards. Consolidated accounting guidelines exist for this purpose, and define standardised accounting rules.

Supervision of Group companies is assisted by a Group internal audit department.

The internal control system that is established in the RWTÜV Group therefore ensures that rules for the management of business activities are adhered to. Compliance with these rules and their effectiveness are regularly monitored.

RISK MANAGEMENT SYSTEM

The risk management system is also a component of Group controlling, serving to avoid or control risks arising from business activities. It comprises all measures necessary for dealing systematically and transparently with risks, and forms part of the overall Group management system through its links with controlling processes. The risk management system is established at all levels of the Group. In the current Group risk management policy, we have formulated all the mandatory specifications for the risk management process. As an integral part of the internal controlling system, it is the task of the risk management system to identify and assess risks at an early stage so that appropriate counter-measures can be planned and implemented.

A quarterly risk and opportunity assessment is carried out for all affiliated companies in the RWTÜV Group. In addition, the Group companies have undertaken to submit ad-hoc reports, where needed. As a result, external and internal risks are systematically recorded and assessed in a standardised way throughout the Group according to the extent of potential damages. They are assigned to risk levels according to the estimated probability of occurrence. Thus the risk management system guarantees a comprehensive overview, enabling management measures to be taken. In this regard, sales and earnings before tax are central performance indicators for setting targets and measuring business success.

Risks that the RWTÜV Group is currently exposed to are subject to a permanent system of management and control. In so far as these risks affect the Group's earnings, assets and financial position, counter-measures are introduced. If necessary, risk provisions are made for the various risk areas. In addition, potential damages and liability risks are covered by appropriate insurance policies which will contain or completely eliminate the financial impacts of any damages that occur. Furthermore, the operating companies are required to develop action alternatives and counter-measures at an early stage to avert and minimise risks. All decision-makers in the Group are involved in the management of our risks.

Strict cost management and quality assurance at all levels of the Group contribute to reducing the identified risks and to strengthening the competitive position of the RWTÜV Group. The risk management system is subject to a process of continuous improvement in accordance with current requirements. Its efficiency and effectiveness are regularly monitored by the internal auditors.

COMPLIANCE

Compliance is one of the basic requirements for the long-term success of a company, and is a fundamental element of solid corporate management. Complying with laws, regulations and internal guidelines is part of our corporate culture. Our compliance strategy has the goal of creating a sustainable integrated compliance culture. Our compliance management system is closely integrated with our risk management system and our internal control system, so that compliance is an integral part of our business processes. Our compliance policy, which follows the IDW 980 assurance standard, provides information on how the legal representatives of the Group companies can meet their compliance responsibility in the operating business. It offers specific guidance for the integration of compliance requirements.

We regard compliance – i.e. all of the measures throughout the Group for ensuring compliance with laws, regulations and internal policies – as a key management and supervisory task.

We pursue a preventive compliance approach, and strive for a corporate culture that rules out potential compliance breaches and embodies a sustainable culture of values. We have a clear commitment to comply with laws, regulations and internal guidelines: we take a zero-tolerance approach to violations, particularly antitrust violations and corruption. All reports of misconduct are investigated. An external ombudsman is additionally available as an external contact person. Regular compliance reporting covered all levels of our Group, up to and including the Supervisory Board.

As part of a continuous process, the RWTÜV Group has therefore integrated the areas of compliance, risk management and the internal control system (ICS) into the management and control of the Group as a cohesive set of linked systems.

FORECAST, OPPORTUNITY AND RISK REPORT

As an internationally operating group of companies, RWTÜV Group is faced with many kinds of opportunities and risks which are inseparably linked to business activity. Opportunities and business success for the Group companies result from their presence in growth sectors and from dynamic markets driven by global megatrends. The associated risks are influenced by various different factors. These include industry and competitive conditions, geographical and industry-specific economic cycles, political and financial conditions, and of course global economic development.

The standardised reporting processes ensure timely and structured information concerning the Group's current risk situation. We understand risks to mean a negative deviation from target owing to future developments. Through its links to planning and monthly reporting, the risk management system is a key element of corporate management. Responsibility for identifying and controlling risks lies with the managers in the operating units. These identified risks are analysed centrally and presented to the supervisory bodies. In fiscal 2019 there were no identifiable risks which individually or together threatened the continued existence of the RWTÜV Group or existentially affected the Group's assets, financial position or earnings situation. There are no significant price, default or liquidity risks for the Group, nor any risks resulting from cash flow fluctuations or the use of financial instruments. The Group's financial assets are structured in such a way that no material risks exist from the current perspective. We continuously monitor risks associated with business activities; balance sheet provisions are made where required.

Measures to counteract risks are introduced at an early stage, if necessary. In addition, in order to contain and avoid risks, market development and the trend in incoming orders in the respective Group companies are continuously monitored to enable a rapid reaction to falling sales with sales initiatives accompanied by marketing and cost management measures.

To maintain solvency, we hold cash based on liquidity planning. Active portfolio management remains a key element for the development of our Group. Thanks to our financial position, we are able to carry out transactions risk-free and actively support the acquired companies in their continued development. Opportunity management consists of systematically dealing with opportunities and potentials within the Group. On a monthly basis, Group reporting records the current earnings situation and liquidity position of the subsidiaries to enable an assessment of opportunities and risks. As part of the annual planning process, which all units have to follow, the framework for short and medium-term goals is specified so that target/actual comparisons can be carried out at any time. Changes affecting earnings are communicated immediately in the monthly reporting system. Our goal is for all companies to generate a sustained value and cash flow contribution for the Group.

The following risks, opportunities and business activity trends are reported for the business units, although the current exceptional developments relating to the coronavirus pandemic and its impacts cannot be predicted at the time of preparing this report:

Insurance Services business unit

In the *Insurance Services* business unit, the Van Ameyde group continues to occupy a stable position in Europe in a highly competitive insurance market. The Van Ameyde group counteracts the risk resulting from competitive and price pressure by making adjustments to its organisational structure and ongoing improvements to IT systems, and by strengthening customer loyalty, enhancing its service offering and developing new markets. Opportunities arise from potential new acquisitions and from business developments outside Europe, e.g. in Asia and Australia. Risks may result from possible currency translation effects of Brexit for business in the United Kingdom, and from expiring customer contracts. Due to portfolio adjustments, which will be compensated by further new acquisitions, the business unit's sales in 2020 are expected to remain at the previous year's level.

Telecommunications business unit

The trend of globally networking products and machines, with increasing reliance on wireless technologies, will continue in the coming years and lead to a growing demand for testing and certification services. This underlines the correctness of the change in strategy that was initiated in recent years, to become the industry's partner for global market access. The "Internet of Things" offers significant growth potentials in this respect over the years ahead. For the CETECOM group with its sites in Europe, North America and Asia, this global megatrend holds substantial business potential.

Testing and certification of wireless-based products will still be a main focus of business development for CTC advanced GmbH in the future. The strongly persistent trend for progressive implementation of wireless technologies in the key sectors for CTC advanced (telecommunications, automotive, medical, banking and automation) has continued apace. The next generation of communication systems – which

are now in development and in some cases already on the market – and the associated increasing networking of people, processes and machines (Internet of Things, home automation, Industry 4.0, assisted driving) is being further expanded with corresponding wireless systems. The need to technically safeguard these products with the aid of CTC services continues to increase.

Owing to the very specific activities of the CETECOM group and CTC advanced GmbH, in conjunction with job market shortages due to market growth, recruiting qualified engineers and other personnel remains difficult. This growth market is under permanent price pressure due to intense competition.

At the end of February 2020, a Group-owned testing facility at CTC advanced GmbH in Saarbrücken/Germany was damaged in a fire. The Group companies have appropriate insurance cover for damage to buildings and equipment caused by fire and for any resulting loss of business. Management therefore assumes that because of the extensive insurance cover, there will be no material impact on the Group's assets, financial position or earnings situation in 2020.

The business unit's sales in 2020 are expected to be at the level of 2019, also due to the fire damage.

Energy & Environment business unit

Regulatory changes are expected to continue to have volatile impacts. The further specification of the German legislative package for the digital transformation of the *Energiewende*, the decision to phase out coal, the climate package adopted by the German federal government, ongoing digitalisation with an increased emphasis on privacy and data security, and the political and social decision to decarbonise the energy industry and other sectors result in wide-ranging requirements on the part of CONSULECTRA's customers in terms of designing new service offerings and in some cases fundamentally realigning business models.

Development of the “one-stop” service provider model with fixed fee contracts continued in 2019. One of the key success factors for ENOPLAN GmbH is customer satisfaction, and therefore customer loyalty. A large number of new and long-term customer contracts were concluded with existing customers in particular, thus further enhancing the company's ability to plan for the future.

IB Nordhorn and G + N Consult will continue to participate in predicted high market growth rates for technical building equipment and construction management. High demand for specialist staff is resulting in personnel bottlenecks here too.

All in all, for the Energy & Environment business unit, the level of sales is expected to increase slightly in 2020 owing to business expansions in 2019.

To consistently target profitable growth in the Group, the business units and the Group's strategic development are continuously controlled. In this way, we further strengthen our financial base and gain the necessary flexibility to gear our business activities specifically to markets of the future.

Our performance indicators for profitability, value contribution and liquidity, which we use throughout the Group, form the basis for operational management decisions. The most important financial performance indicators for us – i.e. the key management metrics for the purposes of German Accounting Standard DRS 20 – are sales revenue, earnings before taxes, cash flow and the Group equity ratio. Consistent development of our companies for the markets of the future assures the growth and value enhancement prospects of the RWTÜV Group. Our multi-year planning enables us to identify opportunities in all business units from the relevant market trends. This process, with a Group-wide structure, provides the basis for the continued development of the Group. Opportunities result from our diversified, profitable service portfolio, as capital intensity is of only secondary importance there.

Strong performance orientation is a pillar for development: our goal is to continuously improve the operational performance of Group companies. Among the performance criteria used to assess our businesses, in addition to results-oriented indicators we focus closely on cash generation. These form

the basis for future investment capabilities and are therefore a fundamental requirement for positioning the RWTÜV Group as a diversified entity and ensuring long-term profitability. We expect all our companies to occupy solid market positions and generate good earnings. Strong cash flow orientation, EBT, and the corresponding return on sales and investment form the basis for management processes and decision-making at the strategic and operational levels. Group management defines medium-term goals in the course of annual medium-term planning.

The described development of our finances in the years ahead will enable us to continue making investments in developing strategically attractive growth businesses.

Thus the goal continues to be to achieve sustained positive cash flow from operating business activities. Rapid integration of acquired businesses into the Group business process is an important part of this. Continued stable business development is expected over the years ahead. According to the forecast, the financing and liquidity of the RWTÜV Group stand on a secure basis in 2020. As the economic environment remains challenging, we expect a slight increase in sales and slightly lower earnings before taxes in 2020 compared to 2019 – without taking into account the possible effects of the coronavirus pandemic. The equity ratio will probably increase slightly. However, actual results may differ from expectations not least because of unforeseeable external factors, particularly macroeconomic developments. Especially the situation with regard to the coronavirus pandemic is unclear at the time of preparing this report. In such an unclear situation, the effects on the RWTÜV Group are also difficult to anticipate. Scenarios range from short-term shifts to a longer-lasting dip in sales, to a sustained decline. At the present time, it is not possible to make a conclusive assessment of the earnings situation. According to current estimates, negative pre tax earnings cannot be ruled out in 2020.

EMPLOYEES

The RWTÜV Group employed 1,711 people on average for the year. Of these, 444 employees worked in Germany and 1,267 employees worked in other countries.

The Managing Board of RWTÜV GmbH wishes to thank all members of staff and the management of Group holdings in Germany and other countries for their dedication, dependability and constructive teamwork.

Essen/Germany, 24 March 2020

RWTÜV GmbH



Reinhold Rütter
(Chairman of the Managing Board)



Fabian Fechner
(Member of the Managing Board)

In fiscal 2019 the Supervisory Board of RWTÜV GmbH performed the tasks incumbent upon it as required by statutory provisions, the articles of association, and the rules of procedure. It regularly advised the Managing Board in the management of the company and supervised the activities of the Managing Board. The Supervisory Board was involved in all decisions that were of fundamental importance.

During fiscal 2019, three ordinary Supervisory Board meetings were held, on 30 April, 16 September and 5 December, and one constitutive meeting was held on 18 June 2019. Furthermore, in October the Supervisory Board passed a resolution by means of a written circular procedure.

Detailed reports on the situations in the business units and individual portfolio companies formed an integral part of the plenary meetings. We received detailed reports of this kind from the Managing Board. The Managing Board provided us with detailed information on companies that did not develop as planned.

The Managing Board regularly informed us both in writing and verbally about corporate planning, the course of business in general, the current economic trend and financial situation as well as the profitability of the Group and Group companies, the risk management system, the internal control system (ICS) and the compliance management system (CMS). All other important business transactions such as investments, divestments, and staffing and organisational changes were also explained in detail by the Managing Board. Furthermore, significant business transactions for the company were discussed by the Supervisory Board and with the Managing Board. In so far as was required in accordance with statutory provisions, the articles of association and the rules of procedure, following thorough examination and deliberation the Supervisory Board voted on the Managing Board's reports and proposed resolutions. The Chairman of the Supervisory Board and his Vice Chairman were also in regular contact with the Managing Board outside of the Supervisory Board meetings, and were informed about the current development of the Group companies, their business situation, and significant business transactions. BDO AG Wirtschaftsprüfungsgesellschaft, Essen/Germany audited the annual financial statements of RWTÜV GmbH, the consolidated annual financial statements of RWTÜV GmbH and its subsidiaries, and the management report of RWTÜV GmbH and the Group management report, which were combined in accordance with section 315 (3) of the German Commercial Code (Handelsgesetzbuch, HGB), for the fiscal year from 1 January 2019 to 31 December 2019. The audit of the annual financial statements of RWTÜV GmbH and combined management report in accordance with sections 317 et seq. HGB did not result in any objections owing to irregularities. On 24 March 2020, BDO issued an unqualified audit certificate for the annual financial statements of RWTÜV GmbH and the combined management report. The audit of the consolidated financial statements of RWTÜV GmbH and its subsidiaries as well as the combined management report, which was carried out by the auditor in accordance with IFRS as applicable in the EU and in accordance with German statutory provisions (section 315e (1) HGB), with the exception of one qualification in the audit opinion did not result in any objections owing to irregularities. This qualification was due to the salaries of the Managing Directors not being stated in the consolidated annual financial statements on grounds of protecting the rights of the individual. As a result, on 24 March 2020 the auditor issued a qualified audit certificate for the consolidated annual financial statements and the combined management report.

The financial statements and audit report for RWTÜV GmbH and the Group for fiscal 2019 were discussed in detail during the meeting of the Supervisory Board on 28 April 2020. During this meeting, the auditor reported on the audit approach, the audit results, the main focuses of the audit, the internal control system and the main aspects of business development. Based on its own examinations, the Supervisory Board did not raise any objections to the annual financial statements and consolidated financial statements, and approved the auditor's audit result. The Supervisory Board recommended to the Annual General Meeting of RWTÜV GmbH that it should adopt the annual financial statements of RWTÜV GmbH for fiscal 2019, agree to the proposal for the appropriation of net income, formally approve the actions of the Managing Directors, and endorse the consolidated annual financial statements.

With a view to his retirement, Prof. Dr. Karl Friedrich Jakob resigned from his position as Chairman of our Board with effect from 31 January 2020, and during the Supervisory Board meeting on 5 December 2019 was elected Vice Chairman of the Supervisory Board with effect from 1 February 2020. At the same time, Dr. Elmar Legge was elected as the new Chairman of the Supervisory Board, also with effect from 1 February 2020.

The Supervisory Board thanks the Managing Directors of RWTÜV GmbH, the Managing Directors of the affiliated companies of the RWTÜV Group, as well as all employees and staff representatives of the Group companies for their dedication and commitment in fiscal 2019.

Essen/Germany, April 2020

For the Supervisory Board of RWTÜV GmbH

A handwritten signature in black ink, appearing to read 'Elmar Legge', written in a cursive style.

Dr. Elmar Legge

INDIVIDUAL FINANCIAL STATEMENTS OF RWTÜV GmbH
 PROFIT AND LOSS ACCOUNT (HGB)
 FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

	2019 €	2018 €
Sales revenue	1,364,095.73	1,476,430.27
Other operating income	736,656.47	773,991.11
Costs of materials	-557,791.75	-987,250.17
Personnel expenses	-2,158,223.60	-1,721,389.19
Depreciation and amortisation expense	-12,808.97	-11,854.65
Other operating expenses	-1,926,630.37	-1,733,076.36
Income from participating interests	6,827,334.93	4,904,012.00
Income from profit transfer agreements	1,554,608.28	1,777,581.03
Interest receivable and similar income	264,866.05	455,685.92
Interest payable and similar charges	-138,689.50	-257,199.76
Taxes on income	-38,783.28	-123,656.88
Results after taxes	5,914,633.99	4,553,273.32
Other taxes	-67,342.50	-48,572.63
Net earnings for the year	5,847,291.49	4,504,700.69

INDIVIDUAL FINANCIAL STATEMENTS OF **RWTÜV GmbH**
 BALANCE SHEET (HGB)
 AS AT 31 DECEMBER 2019

	31/12/2019	31/12/2018
ASSETS	€	€
A. NON-CURRENT ASSETS		
I. Intangible assets	5,039.00	9,690.00
II. Tangible assets	162,897.29	155,675.29
III. Financial assets	83,734,543.08	86,971,221.08
Total non-current assets	83,902,479.37	87,136,586.37
B. CURRENT ASSETS		
I. Receivables and other assets	4,690,339.45	3,417,085.96
II. Cash in hand, bank balances	20,581,966.12	16,785,447.94
Total current assets	25,272,305.57	20,202,533.90
C. PREPAID EXPENSES	214.00	0.00
Total assets	109,174,998.94	107,339,120.27
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EQUITY AND LIABILITIES	€	€
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital	10,000,000.00	10,000,000.00
II. Capital reserves	24,205,526.68	24,205,526.68
III. Revenue reserves	2,528,868.36	2,528,868.36
IV. Retained earnings brought forward	60,005,254.69	57,000,554.00
V. Net earnings for the year	5,847,291.49	4,504,700.69
Total shareholders' equity	102,586,941.22	98,239,649.73
B. PROVISIONS	4,148,034.92	3,574,160.92
C. LIABILITIES	2,440,022.80	5,525,309.62
Total equity and liabilities	109,174,998.94	107,339,120.27

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