

ANNUAL REPORT



RWTÜV GMBH AND GROUP

2020

CONTENTS

03	Report of the Supervisory Board for the RWTÜV GmbH 2020 annual report
06	Supervisory Board and Management Board
07	Consolidated profit and loss account for fiscal 2020
08	Consolidated balance sheet as at 31 December 2020
10	Management report for the RWTÜV group and RWTÜV GmbH for fiscal 2020
10	General information about the group
13	Market and industry conditions
14	Business development
18	Earnings situation, financial position and net assets
21	Basic principles of the consolidated annual financial statements
21	RWTÜV GmbH – net assets, financial position and earnings situation
22	Corporate governance
23	Internal control system
24	Risk management system
25	Compliance
26	Forecast, opportunity and risk report
31	Employees
32	Individual financial statements of RWTÜV GmbH for fiscal 2020 – Profit and loss account (HGB)
33	Individual financial statements of RWTÜV GmbH for fiscal 2020 – Balance sheet (HGB)
35	Publishing details

REPORT OF THE SUPERVISORY BOARD FOR THE RWTÜV GMBH 2020 ANNUAL REPORT

In fiscal 2020 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. The generational change that was also initiated at the level of the Group holding company called for adjustments to corporate governance with corresponding changes in the articles of association and in the Supervisory Board's rules of procedure. One of the key features was the establishment of a personnel committee, into whose responsibility the shareholder transferred future personnel decisions.

During fiscal 2020, three ordinary Supervisory Board meetings were held, on 28 April, 14 September and 3 December, and one extraordinary meeting was held on 8 June 2020. The personnel committee met for the first time on 3 December. All meetings were held in compliance with Covid-19 regulations.

Detailed reports on the situations in the business units and individual portfolio companies formed an integral part of the meetings. The Supervisory Board receives detailed reports of this kind from the Managing Board. In the year of the pandemic, there was a particular focus on its impacts on economic development and measures to maintain economic strength and protect employees. The measures taken were fully supported by the Supervisory Board.

Despite the coronavirus situation, the Managing Board regularly informed the Supervisory Board 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 the legal framework, 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 was also in regular contact with the Managing Board outside of the Supervisory Board meetings, and was 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 2020 to 31 December 2020. 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 1 April 2021, BDO issued an unqualified audit certificate for the annual financial statements of RWTÜV GmbH and the combined management report.

“
*The Supervisory
Board expresses
its thanks to the
RWTÜV Managing Board
and all employees
for their prudent and
forward-looking efforts
during the corona
pandemic.”*



Dr. rer. pol. Elmar Legge
Chairman of the Supervisory Board of RWTÜV GmbH

The audit of the consolidated financial statements of RWTÜV GmbH and its subsidiaries as well as the combined management report 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 one qualification in the audit opinion, it 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 1 April 2021 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 2020 were discussed in detail during the meeting of the Supervisory Board on 28 April 2021. During this meeting, the auditor reported on the audit approach, the main focuses of the audit, the audit results, the internal control system (ICS) 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 2020, 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.

The generational change that was initiated in mid-2019 at the level of the Group holding com-

pany with the addition of Fabian Fechner to the Managing Board of RWTÜV GmbH was continued in 2020 with the appointment of Thomas Biedermann as a further member of the Managing Board of RWTÜV GmbH. Following the induction of the new management, by mutual agreement Reinhold Rütter resigned from his position as managing director and at the same time as Chairman of the Managing Board of RWTÜV GmbH with effect from 31 December 2020.

The Supervisory Board thanks Mr. Rütter for his work in assisting the generational change, for his very successful leadership of the RWTÜV Group for more than 10 years, and for his great professional contribution over more than 30 years for the benefit of the RWTÜV Group. Today the Group can present solid business figures that form the basis for successful further development.

The Supervisory Board would like to thank the Managing Board of RWTÜV GmbH, the Managing Directors of the affiliated companies of the RWTÜV Group, as well as all employees and staff representatives for their active commitment during fiscal 2020 and their efforts in meeting the challenges raised by the coronavirus pandemic.

Essen/Germany, April 2021

For the Supervisory Board of RWTÜV GmbH



Dr. Elmar Legge

Chairman of the Supervisory Board

MEMBERS OF THE SUPERVISORY BOARD

RWTÜV GmbH in 2020



Professor Dr. rer. nat. Karl Friedrich Jakob

Chairman of the Supervisory Board (until 31 January 2020)
Vice Chairman of the Supervisory Board (from 1 February 2020)
Chairman of the Board of RWTÜV e.V., Essen / Germany
(until 31 January 2020, retired as of 1 February 2020)



Dr. rer. pol. Elmar Legge

Vice Chairman of the Supervisory Board (until 31 January 2020)
Chairman of the Supervisory Board (from 1 February 2020)
Vice Chairman of the Board of RWTÜV e.V., Essen / Germany
(until 30 September 2020, retired as of 1 October 2020)



Dr. jur. Jürgen-Johann Rupp

Member of the Board of RAG-Stiftung, Essen / Germany



Dipl.-Ing. Volker Höhnisch

Chairman of the Board of TÜV Thüringen e.V., Erfurt / Germany



Dipl.-Ing. Muharrem Gedikoglu

Technical employee, CETECOM GmbH, Essen / Germany



Dipl.-Ing. Hüseyin Güngör

Technical employee, CETECOM GmbH, Essen / Germany

Managing Directors



Lawyer Reinhold Rütter

until 31 December 2020
Chairman of the Managing Board



Dipl.-Kfm. Thomas Biedermann

from 1 July 2020 / Chairman of the
Managing Board from 1 January 2021



Fabian Fechner, M. Sc.

Member of the Managing Board

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IFRS) OF RWTÜV GMBH AND ITS SUBSIDIARIES

1 January to 31 December 2020

	2020 € '000	2019 € '000
Sales revenue	188,470	200,875
Other own work capitalised	229	350
Other operating income	11,067	6,575
Cost of materials	-7,827	-8,587
Personnel expenses		
· Wages and salaries	-100,008	-98,780
· Social security contributions and social assistance costs	-21,459	-22,283
Depreciation and amortisation expense	-22,855	-18,493
Other operating expenses	-46,668	-44,175
Result from investments measured using the equity method	3,567	15,405
Result from other investments	24	1
Net interest income	-905	-859
Earnings before tax (EBT)	3,635	30,029
Taxes on income		
· Income tax expense	-4,696	-4,717
· Deferred taxes	1,148	722
Consolidated net earnings for the year	87	26,034
Non-controlling interests	-270	-354

CONSOLIDATED BALANCE SHEET (IFRS) OF RWTÜV GMBH AND ITS SUBSIDIARIES

as at 31 December 2020

ASSETS	31/12/2020 € '000	31/12/2019 € '000
A · NON-CURRENT ASSETS		
Intangible assets	58,337	64,031
Tangible assets	44,418	48,936
Investment properties	9,638	9,977
Financial assets stated at equity	38,535	40,476
Other financial assets	3,720	3,774
Receivables and other assets	350	368
Deferred tax assets	8,436	8,518
	163,434	176,080
B · CURRENT ASSETS		
Inventories	91	122
Receivables and other assets	105,095	124,370
Income tax assets	2,988	3,378
Cash and cash equivalents	103,839	90,491
	212,013	218,361
C · ASSETS HELD FOR SALE	0	8,825
	375,447	403,266

EQUITY AND LIABILITIES

	31/12/2020	31/12/2019
	€ '000	€ '000
A · SHAREHOLDERS' EQUITY		
Subscribed capital	10,000	10,000
Capital reserves	24,225	24,225
Revenue reserves	259,466	267,026
Other shareholders' equity items	–116,593	–112,556
Equity of the shareholder of RWTÜV GmbH	177,098	188,695
Non-controlling interests	378	802
Shareholders' equity	177,476	189,497
B · NON-CURRENT LIABILITIES AND PROVISIONS		
Non-current liabilities	12,084	15,342
Provisions for pensions and similar obligations	12,735	14,843
Other non-current provisions	3,968	3,505
Deferred tax liabilities	2,525	2,955
.....	31,312	36,645
C · CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	144,362	152,985
Income tax liabilities	4,276	3,292
Other current provisions	18,021	17,808
.....	166,659	174,085
D · LIABILITIES RELATING TO ASSETS HELD FOR SALE	0	3,039
.....	375,447	403,266

GENERAL INFORMATION ABOUT THE GROUP

RWTÜV GmbH in 2020

The RWTÜV Group is a group of technology service provider companies with strong brands. Via its operating holdings, the Group is currently represented in **30** countries in Europe, Asia, North America and Australia.

RWTÜV GmbH functions as the management and financial holding company. It controls and monitors all key Group activities. On the cut-off date 31 December 2020, the Group comprised 96 (2019: 98) fully consolidated companies, of which 20 (2019: 18) were in Germany and 76 (2019: 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 outbreak of the coronavirus pandemic and the measures taken by governments worldwide to contain the virus and support the economy had a significant impact on the Group's earnings trend. Nevertheless, the RWTÜV Group ended fiscal 2020 with net earnings for the year of € 0.1 million (2019: 26.0 million) and sales of € 188.5 million (2019: € 200.9 million).

Due to our positioning as a diversified services group, the Group is structured into three business units: Insurance Services, Telecommu-

nications, and Energy & Environment. Our companies occupy stable market positions in their sub-segments. The share stake in TÜV NORD AG is accounted for in the consolidated annual financial statements using the equity method.

The **Insurance Services** business unit consists of the Van Ameyde group (VAI) and contains **86** companies (including other long-term equity investments) in **27** different countries. In 2019, to expand the global business, companies were established in **Asia** and **Australia**. VAI offers comprehensive solutions for settling claims across Europe to a client base mainly comprising insurance companies, insurance brokers, leasing companies, logistics specialists, industrial enterprises, real estate owners 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. In the course of increasing digitalisation, VAI supports the entire process with its own software solution, which is also used by insurance companies for claims management.



Aktaios
Verwaltungs GmbH



The diagram shows the structure of the RWTÜV 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 consulting, 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. This will increase demand in the medium term for testing and certification of products and

machines of all kinds that have one or more built-in wireless interfaces. At the same time, autonomous driving spurs demand in testing related to radar technology, and e-mobility to a positive trend in the area of battery testing.

The range of services offered by the energy part of the **Energy & Environment** business unit includes electricity grid planning, energy cost optimisation and smart meters. In addition, the business unit covers building services engineering and construction project management. 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. 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. ENOPLAN also oversees energy efficiency projects resulting from statutory requirements.

In addition, the direct subsidiary ENO-



*Technological
and digital structural
change is a
big challenge,
but it also offers
opportunities.”*



Thomas Biedermann
Chairman of the Managing Board

METRIK 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. IMET – Innovative Managementstrategien und Energie-Technologien GmbH, Munich/Germany, was consolidated for the first time in 2020. IMET GmbH specialises in brokering energy supply contracts for the commercial customer segment in the hotel and restaurant sector (less than 500,000 kWh p.a.) for the energy media electricity and 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. It has offices in Münster/Germany and since 2020 also in Munich/Germany. 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 2020/21 annual report of the Council of Economic Experts (Sachverständigenrat für Wirtschaft, SVR), the coronavirus pandemic produced one of the most severe recessions of the post-war period. With the end of the acute official measures against the pandemic in the summer of 2020, a rapid recovery began. But the increase in case numbers at the end of 2020 accompanied by renewed official measures showed how fragile the situation remains. In various sectors, a normalisation of the economic environment is still not in sight, and the Covid pandemic has still not been overcome. Given the renewed restrictions in the autumn of 2020 due to the pandemic, it seems likely that recovery in Germany and many other European countries will take an extended period of time.

Even before the pandemic, the German economy was facing a variety of long-term changes. Structural change triggered by technological progress, demographic change, and the transformation towards a climate-neutral economy are major challenges, although they do also offer opportunities. According to current estimates, the pre-crisis level of Q4 2019 is not likely to be reached again before the beginning of 2022.

Developments in other countries also play an important role. China's economy is advancing rapidly again, and as the economy picked up the United States and the eurozone recorded strong GDP growth in the third quarter. Now, however, the pace of recovery looks set to slow considerably. In the eurozone, the countries currently most affected are Spain, Italy and France. In view of the fast-changing situation with case rates and virus mutations, combined with partial delays in the vaccine rollout, there are considerable risks for the future global economic trend.

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 is globally positioned in the wireless-based technologies sub-segment. In contrast, the Energy & Environment business unit is predominantly influenced by trends within Germany. Accordingly, the coronavirus pandemic has had a varying impact on the individual business areas.

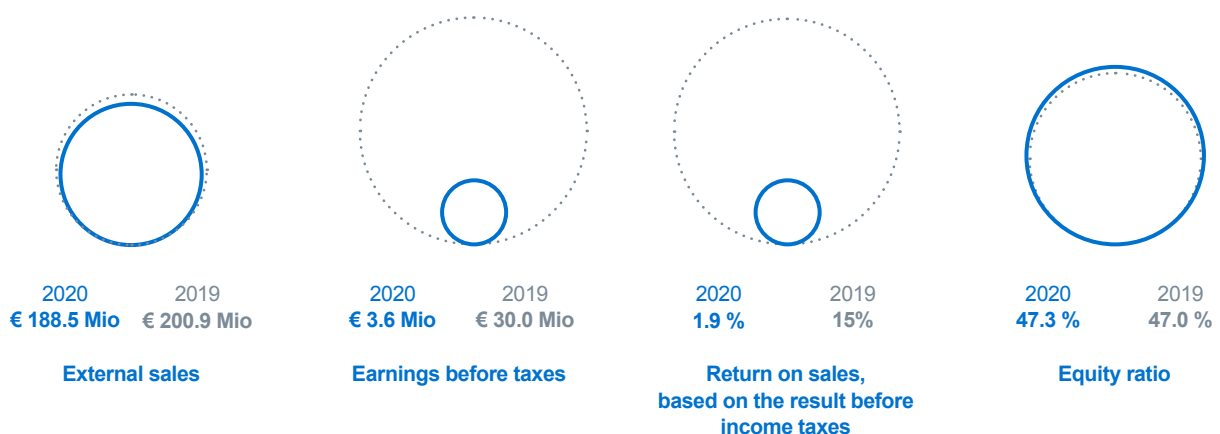
BUSINESS DEVELOPMENT

The outbreak of the coronavirus pandemic and the measures taken by governments worldwide to contain the virus have had a significant impact on the Group's sales trend.

Taking the Covid pandemic into account, the RWTÜV Group can look back on a satisfactory business year once again in 2020. The Group surpassed the previous year's forecast in respect of sales and earnings, which had been based on the feared effects of the pandemic.

The domestic business finished 2020 with sales revenues amounting to € 56.0 million (2019: € 57.5 million). The share of international business in consolidated sales came to € 132.5 million (2019: € 143.4 million). A total of 70 % of sales were generated outside of Germany in fiscal 2020. The individual business units developed as follows:

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





Insurance Services

In the period before the coronavirus pandemic, the RWTÜV Group had steadily expanded its portfolio in the Insurance Services business unit through targeted acquisitions, in order to enhance its market positioning. New acquisitions in previous years gave the Van Ameyde group a broader regional presence in the UK, 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 the previous year business started outside Europe, and subsidiaries were established in **Asia** and **Australia**.

However, a decline in sales of 9.1 % was recorded in 2020. This drop was due partly to the sale of a company but mainly to the Covid pandemic with various lockdowns throughout Europe. Mobility decreased significantly and consequently there were fewer claims to process. Van Ameyde group's total sales in fiscal 2020 came to € 113.3 million.

Telecommunications

Consolidated sales in the Telecommunications business unit, at € 44.8 million, were 5.0 % below 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, autonomous driving and 5G technology. But tough competition for testing has an impact on market prices.

In addition, the coronavirus pandemic had a limiting effect on business development due to supply bottlenecks and innovation delays.

Sales for CETECOM GmbH, at € 11.8 million, were significantly below the previous year's level. This negative development, which was largely due to Covid, was counteracted with restructuring measures such as reduced working hours and capacity adjustments, but also process optimisation and smart sourcing.

The subsidiary CETECOM Inc., based on the west coast of the United States, reported sales of \$ 11.0 million year in 2020. This figure is higher than the previous year's level, on the back of strong demand in the United States, especially in the mo-





mobile communications sector. Business activities in Korea developed positively, in part due to the introduction of 5G technologies for the automobile industry. At € 7.3 million, the Korean company's sales in 2020 exceeded the previous year's level. CETECOM Japan, by contrast, posted a slight drop in sales to € 1.9 million. All our international companies achieved positive pre-tax results.

CTC advanced GmbH, based in Saarbrücken/Germany, reported sales of € 17.5 million in 2020, around 7 % below the previous year's level, but with a positive operating result. This was due mainly to the Covid pandemic, but in addition operational capacity was limited because of a fire in a measurement and testing facility in February 2020. Environmental tests relating to e-mobility showed a positive trend.

Energy & Environment

The Energy & Environment business unit generated consolidated sales of € 28.8 million in 2020, around 4 % higher than the previous year's level. As before, the energy supply market is still subject to strong regulatory and political forces. The decisive factor in the current market assessment is the government's declared intention to bring about an orderly phase-out of nuclear power and fossil energy generation with the aim of minimising CO₂.

For CONSULECTRA, 2020 as a whole was a year of continued stabilisation of the business. With sales reaching € 5.7 million in 2020, CONSULECTRA slightly exceeded the previous year's level. A high level of domestic demand was offset by extreme difficulty in the international business, which

was additionally depressed by the Covid pandemic, and further diminished by valuation allowances.

ENOPLAN continued its development as a “one-stop” service provider with fixed fee contracts in 2020. In 2020, the sales department focused its new customer acquisition efforts on companies that have a sustained need to meet reporting obligations for their decentralised power generating facilities. Due to this focus, many orders were secured in this area. As a result of the coronavirus pandemic and associated lockdowns, new customer sales could not be increased.

In a market that remains price-competitive, ENOMETRIK has established itself as an independent metering point operator in the commercial customer segment. There was a high level of growth in new customers.

Optismall GmbH specialises in the commercial customer segment (under 500,000 kWh p.a.)

for electricity and natural gas. Despite difficulty in acquiring new customers, the company achieved an increase in sales of around 19 %.

For IMET GmbH, Munich/Germany, which was consolidated for the first time in fiscal 2020, the year was marked by the economic repercussions of the Covid pandemic, especially in the hotel and restaurant sector.

Accordingly, fiscal 2020 developed differently for ENOPLAN, ENOMETRIK, optismall and IMET. Total sales came in at € 17.2 million, around 4 % lower than the previous year's level.

Business for IB Nordhorn during 2020 was characterised by a very high project workload. Sales totalled € 5.5 million, around 32 % 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 business unit's development with sales of € 1.0 million.

EARNINGS SITUATION, FINANCIAL POSITION AND NET ASSETS

Earnings situation

With external sales of € 188.5 million (2019: € 200.9 million), the RWTÜV Group achieved earnings before taxes (EBT) of € 3.6 million (2019: € 30.0

million) and net earnings for the year of € 0.1 million (2019: € 26.0 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 2020 increased compared to the previous year from € 6.6 million to € 11.1 million, as the year under review includes a one-off gain of € 5.7 million from the sale of subsidiaries. Depreciation/amortisation expense is € 4.4 million higher than the previous year's level, as software and goodwill within the Van Ameyde group were written down by € 3.5 million during the year under review. Other operating expenses rose from € 2.5 million to € 46.7 million. The result from investments measured using the equity method – the minority holding in TÜV NORD AG – decreased by around 77 % from € 15.4 million to € 3.6 million due to the Covid situation. Tax expenses in 2020 amounted to € 3.5 million, as around € 3.0 million in taxes from the sale of a company in the Netherlands had to be taken into account. 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 subsidiaries – were fulfilled even during the Covid pandemic. Sufficient cash and cash equivalents were available to meet payment obligations as they fell due – this is based on a financial plan and a rolling forecast method for liquidity planning with a planning period of up to one year. A credit line of € 11.2 million was available but did not need to be drawn on at any time during the year.

Cash inflows from operating activities are the most important source of liquidity. Despite the

Covid pandemic, the Group's liquidity situation was stable at all times, although sales saw an overall decline of around 6 %.

RWTÜV Group's cash flow (cash flow from operating activities) stood at € 18.1 million in 2020 (2019: € 24.1 million). Cash flow from investing activities was positive at € +1.3 million (2019: € -24.9 million), and includes a high cash inflow from the sale of subsidiaries. Cash flow from financing activities amounted to € -5.6 million (2019: € -7.4 million). In the previous year, cash flow from financing activities included a distribution to shareholders in the amount of € 1.5 million; there was no distribution in the year under review. In total, cash and cash equivalents amounted to € 103.8 million. This equates to an increase of 13.3 million compared to the previous year. 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 € 10.8 million (2019: € 14.2 million) was invested across the Group in tangible and intangible assets (excluding additions for leasing in accordance with IFRS 16). Of this amount, the Telecommunications business unit accounted for € 5.4 million (2019: € 8.5 million), the Insurance Services business unit € 4.1 million (2019: € 4.5 million) and the Energy & Environment business unit € 1.3 million (2019: € 1.2 million). As a result, the RWTÜV Group's financial resources enabled it to make necessary and innovative investments despite the Covid pandemic.

Net assets

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 2020.

As at 31 December 2020, shareholders' equity totalled € 177.5 million, and total assets came to € 375.4 million. As a result, the Group equity ratio amounts to 47.3 % (2019: 47.0 %). The low interest rate level on the capital markets was taken into account by reducing the discount rate for pension obligations to 0.4 % in Germany and to 0.3 % for other countries. The recognition of actuarial losses outside of profit or loss, including the profit-neutral valuation from the shares measured using the equity method, which have arisen mainly from this discounting due to the constantly falling market interest rate level, had a cumulative negative impact of € 117.5 million on shareholders' equity up to 2020. The negative effect recognised outside of profit or loss resulting from the valuation of TÜV Nord AG using the equity method amounted to € –5.1 million in the year under review.

As at 31 December 2020, the company's re-

serves to total capital ratio (reserves / total capital) remained at a constantly high level of 75.6 % (2019: 72.2 %), which contributes to a high level of protection. Long-term assets totalled € 163.4 million (2019: € 176.1 million). The cover ratio (shareholders' equity / non-current assets) was 108.6 % (2019: 107.6 %), and hence non-current assets are fully covered by long-term capital. Short-term borrowed capital, at € 166.7 million (2019: € 174.1 million) is once again less than short-term assets of € 212.0 million (2019: € 218.4 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, the development of the Group's net assets, financial position and earnings situation is satisfactory. The conditions are in place for controlled growth after the end of the Covid pandemic.

BASIC PRINCIPLES OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements per 31 December 2020 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 – NET 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 and results figures. 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 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 € 3.6 million (2019: € 5.8 million). Sales revenue totalling € 1,951,000 (2019: € 1,364,000) is comprised of group head office charges and services.

Non-current assets as at 31 December 2020 were € 87.2 million (2019: € 83.9 million) while current assets stood at € 31.0 million (2019: € 25.3 million). Total assets per 31 December 2020 amounted to € 118.2 million (2019: € 109.2 million).

Per 31 December 2020, the balance sheet of RWTÜV GmbH showed shareholders' equity of € 106.2 million (2019: € 102.6 million). As a result, the equity ratio of the financial and management holding company RWTÜV GmbH increased to 89.8 % (2019: 93.9 %).

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

CORPORATE GOVERNANCE

Corporate governance refers to the legal and practical framework for the management and monitoring of a corporation.

The corporate governance cycle implemented in the RWTÜV Group can be represented as a control loop containing all the key elements: the internal control system, risk management system and compliance management system. These serve to ensure transparency and clarity as well as long-term value creation. This system as a whole

is based on organisational and HR measures to protect assets, comply with relevant laws and regulations, and ensure the reliability of data and information.

A system of policies has been established as an organisational framework, and the necessary human resources have been provided for managing and monitoring the internal control system, the risk management system, and the compliance management system.

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 adhoc reporting, and standardisation 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 an 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, net 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 compli-

ance 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 a contact person. Regular compliance reporting covers 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 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 budgeting 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.

Corporate governance refers to the legal and practical framework for the management and monitoring of a corporation.

The corporate governance cycle implemented in the RWTÜV Group can be represented as a control loop containing all the key elements:

the internal control system, risk management system and compliance management system. These serve to ensure transparency and clarity as well as long-term value creation. This system as a whole is based on organisational and HR measures to protect assets, comply with relevant laws and regulations, and ensure the reliability of data and information.

A system of policies has been established as an organisational framework, and the necessary human resources have been provided for managing and monitoring the internal control system, the risk management system, and the compliance management system.

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 will once again be a key element for the development of our Group in the future. 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 on a monthly basis. 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. The current exceptional developments relating to the coronavirus pandemic and its impacts have been taken into account:

Insurance Services

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 arise from longer-term consequences of the Covid pandemic.

For this business unit, a sales level above the previous year's level is projected for 2021. This is conditional upon economic recovery from the Covid pandemic in 2021. In addition, a new acquisition was made at the beginning of 2021.

Telecommunications

In fiscal 2020, CETECOM significantly stepped up its strategy of purchasing services from abroad at low cost. In addition to the Asian market, the Eastern European market was also targeted. We expect this trend to persist in 2021 as customers in the automotive environment in particular will still be negatively impacted by Covid-19. The continued wireless networking of devices and machines using various wireless technologies and recently also 5G wireless technology offers CETECOM a strong basis for positioning itself successfully as a technology partner and participating in growth markets. Price pressure will tend to increase, especially in the automotive industry. The sales market is under permanent price pressure due to intense competition. After a very weak year in 2020, the Managing Board anticipates a slight upturn in sales with a significant and sustained improvement in the operating result owing to the combined cost-reduction measures already implemented.

In the United States, the service offering mix made for a very good year in 2020. Due to strong demand for the services of CETECOM Inc., the Managing Board expects sales to increase and the operating result to continue to be significantly positive in 2021.

In Korea, wireless services relating to cars were successfully launched in 2020. In addition, the testing of 5G products was expanded. Both

developments enabled the Korean company to achieve a strong result for the year. The local management's deepened strategic focus on the aforementioned areas of activity will facilitate another successful business year in 2021.

The Japanese site has positioned itself very successfully in a highly competitive market environment, and is anticipating stable, positive business performance in fiscal 2021 as well.

CTC advanced GmbH expects stable, mostly positive growth in demand for services in all main business areas, and therefore continued stable business performance overall in 2021. The search for qualified employees will be a particular challenge once again in 2021. Testing and certification of wireless-based products will still be a main focus of the company's business development in the future. The 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 advanced's services continues to increase. In addition, high demand is anticipated for both safety testing and environmental testing, in particular the qualification of Li-ion battery systems.

For this business unit, sales in 2021 are expected to be above the level of 2020. However, it remains to be seen what risks the Covid pandemic will pose to markets in terms of growth in 2021.

Energy & Environment

There will be growth in CONSULECTRA's existing business areas – the planning and design of energy systems and grids, supporting IT rollout and organisation projects, and in the generating plants & heating systems business unit – but also in new planned business areas. Electromobility consulting and planning has been added as a new area of expertise. Other strategic business areas for CONSULECTRA in 2021 include consulting relating to the European Commission's "Clean Energy Package" and the monitoring, analysis and assessment of its impacts on the German energy and utility market.

ENOPLAN's current positioning as a full service provider in an environment with little competition will continue to have a positive effect on the company due the large number of new developments in the energy sector. The switch from receiving a percentage of the savings to long-term fixed fees resulted in a drop in revenue in 2021. Despite the price-sensitive, highly competitive environment, ENOMETRIK has developed positively thanks to its high level of technical expertise in the area of metering point operation. In particular, it secured several large orders relating to the measurement of third-party electricity consumption in connection with the EEG levy.

Therefore, forecasts for 2021 are positive due to one-off hardware sales. optismall's integrated energy approach in the areas of data management, special topics/issues and purchasing offers customers added value in this segment. Due to the purely performance-based model, there is confidence that a subdued economic environment due to the coronavirus pandemic will not significantly affect the attractiveness of the product. As

a result, forecasts for 2021 are positive and, from the present perspective, sales are set to increase. Since IMET's sales correlate with the energy consumption of hotels and restaurants, the sales level will only stabilise again once the economic crisis is over. As it is also assumed that some hotels and restaurants will close in the long term, a targeted new customer acquisition process will be pursued to make up for any customers that may be lost.



Adequate liquidity and needs-based Group financing were assured even during the Covid pandemic, forming the basis for our innovations and investments in profitable growth.”



Fabian Fechner, M. Sc.
Member of the Managing Board

IB Nordhorn and G + N Consult will continue to participate in predicted high market growth rates for technical building equipment and construction management.

All in all, for the Energy & Environment business unit, the level of sales is expected to increase slightly in 2021. However, a longer-lasting Covid pandemic could have an adverse impact on the companies in this business unit.

To keep the Group on course for consistent profitable growth, 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.

A stable financial situation will enable us to resume investing in the development of 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.

In view of the liquidity situation and equity resources at the time of preparing the consolidated financial statements, the financing and liquidity of the RWTÜV Group will continue to stand on a secure basis in 2021. Based on these factors, the Managing Board has a realistic expectation that the Group will have adequate financial resources and sufficient headroom, and will not require financing, although uncertainty remains regarding the development of the Covid pandemic. Despite this challenging economic environment, we expect a slight increase in sales and slightly higher positive earnings before tax in 2021 compared to 2020. The equity ratio will probably also increase slightly. However, the actual results may differ from expectations not least be-

cause of unforeseeable external factors, particularly macroeconomic developments. While the recovery of the economy from the coronavirus pandemic remains uncertain at the time of preparing this annual report, we are an agile business and are constantly working to take the necessary adjustment steps.

EMPLOYEES

The RWTÜV Group employed 1,714 people on average for the year. Of these, 463 employees worked in Germany and 1,251 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, 01 April 2021
RWTÜV GmbH



Thomas Biedermann
Chairman of the Managing Board



Fabian Fechner
Member of the Managing Board

“

*Consistent
development of our
companies for the
markets of the
future assures the
growth and value
enhancement
prospects of the
RWTÜV Group.”*



Thomas Biedermann
Chairman of the Managing Board

INDIVIDUAL FINANCIAL STATEMENTS OF RWTÜV GMBH PROFIT AND LOSS ACCOUNT (HGB)

for the period from 1 January to 31 December 2020

	2020 €	2019 €
Sales revenue	1,950,705.54	1,364,095.73
Other operating income	833,615.03	736,656.47
Cost of materials	-1,509,277.64	-557,791.75
Personnel expenses	-2,360,372.33	-2,158,223.60
Depreciation and amortisation expense	-21,064.47	-12,808.97
Other operating expenses	-1,555,331.06	-1,926,630.37
Income from participating interests	4,900,494.34	6,827,334.93
Income from profit transfer agreements	975,357.14	1,554,608.28
Interest receivable and similar income	298,342.00	264,866.05
Interest payable and similar charges	-50,916.51	-138,689.50
Taxes on income	57,885.59	-38,783.28
Result after taxes	3,519,437.63	5,914,633.99
Other taxes	45,393.63	-67,342.50
Net earnings for the year	3,564,831.26	5,847,291.49

INDIVIDUAL FINANCIAL STATEMENTS OF RWTÜV GMBH BALANCE SHEET (HGB)

as at 31 December 2020

ASSETS

	31/12/2020	31/12/2019
	€	€
A · NON-CURRENT ASSETS		
I. Intangible assets	15,528.00	5,039.00
II. Tangible assets	178,394.29	162,897.29
III. Financial assets	87,017,543.08	83,734,543.08
Total non-current assets	87,211,465.37	83,902,479.37
B · CURRENT ASSETS		
I. Receivables and other assets	3,784,276.41	4,690,339.45
II. Cash in hand, bank balances	27,216,802.21	20,581,966.12
Total current assets	31,001,078.62	25,272,305.57
C · PREPAID EXPENSES	10,449.35	214.00
Total assets	118,222,993.34	109,174,998.94

EQUITY AND LIABILITIES

	31/12/2020	31/12/2019
	€	€
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	65,852,546.18	60,005,254.69
V. Net earnings for the year	3,564,831.26	5,847,291.49
Total shareholders' equity	106,151,772.48	102,586,941.22
B · Provisions	1,281,869.92	4,148,034.92
C · Liabilities	10,789,350.94	2,440,022.80
Total equity and liabilities	118,222,993.34	109,174,998.94

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