

Financial Report

The TÜV NORD GROUP is the byword for safety and success founded on knowledge. We are there to help our customers and partners make the right move. Together, we turn ideas into sustainable solutions.

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Dear customers and colleagues,

In 2023 – a year which was once again defined by territorial and trade conflicts – we succeeded in boosting the confidence of our global customers in the technical reliability, digital security and sustainability of products and processes. With our core services of testing, inspection, certification, training, consultancy and engineering, we were able to accelerate the broad acceptance and implementation of technological innovations and new departures, thereby making active contributions to environmental and climate protection.

In our home market of Germany, as well as in many of the more than 100 countries in which we operate, we are helping to replace fossil energy generation with renewable energies. More and more electric vehicles, often type-certified by TÜV NORD, are plying their virtually silent routes on our roads, gradually replacing the combustion engines that have prevailed for 140 years. With the help of digital tools and platforms that we have tested for cybersecurity and certified in complex processes, banking transactions and purchases can now be executed at the click of a mouse. Satellites and unmanned aerial vehicles, tested and approved by our experts based on international standards and norms, are providing the data for an increasing number of digital services and new business models. As a technology-centric knowledge group, the TÜV NORD GROUP is a reliable partner to our customers and is actively promoting the energy, mobility, digital and sustainability transitions alongside the development and use of space-based technologies.

One of the successes of the 2023 reporting year was our tailoring of the structure of our business units even more closely to the future requirements of our customers. With the implementation of the NOVA growth project, we are creating new synergies and global networks, increasing our agility and resilience, and consistently aligning our service portfolio with the major transformations taking place in industry and society.

In 2023, as before, we continued to expand our portfolio in Germany and abroad with forward-looking investments and activities. Let's take a few examples:

- With the new and significantly expanded photovoltaic laboratory (PV lab) in Suzhou, we are further expanding our testing capacities for the world's leading PV manufacturers from China and other Asian countries, thereby giving further impetus to our global PV business in regions including the Middle East, South America and Europe.
- With the acquisition of two companies in Singapore, we are strengthening our presence in the field of system certifications in the South Asian market. Avanta Global currently provides training and inspections to more than 5,500 companies. The Avanta Academy complements this offer by focusing on private customers.
- Following the full acquisition of TÜVLITA in 2023, vehicle testing is acting as a strong driver of further TÜV NORD services in Lithuania, including in the areas of occupational health and safety, lift testing and renewable energy. As a result, revenue in the Baltic state have almost doubled.
- With its investment in the 3spin Learning start-up, a leading software provider for immersive learning experiences, TÜV NORD is pushing ahead with the digitalisation of its training and further education products. The trainings offer learners an opportunity to immerse themselves in a new, spatial world of experience. With 3spin, TÜV NORD is establishing a Group-wide competence centre for Virtual and Augmented Reality technologies.

In 2023, the TÜV NORD GROUP continued its growth trajectory and was able to improve in all relevant key financial ratios: Revenue grew to 1,583.3 million euros (up 9.1 percent), while



operating profit before special items (EBIT) amounted to 84.5 million euros (up 10.3 percent). I would like to thank all our employees worldwide for these very good results and the hard work that lies behind them. Without your personal commitment to, and passion for, the safe use of technology, it would not be possible to provide services of the highest quality and thus to achieve our corporate goals. My heartfelt thanks also go out to our customers, suppliers and partners for the trust they have shown in the TÜV NORD GROUP, and to our shareholders, supervisory bodies and staff councils.

Our innovative substance as a knowledge group was once again reflected in the many prizes and awards with which we were honoured in 2023. At the German Renewables Award 2023, TÜV NORD took first place in the “Hydrogen Innovation of the Year” category. The TÜV NORD GROUP’s social engagement and commitment to a liveable environment was reflected by its success in reaching the finals of the German Sustainability Award. The new Group-wide brand and corporate design were awarded the Red Dot Design Award and the International Design Award (IDA). At the Digital X trade fair, TÜV NORD received an award for a particularly successful digitalisation project on the future of work at TÜV NORD Mobilität.

All these examples illustrate the attractiveness of the company for employees and applicants alike. As TÜV NORD GROUP, we are the byword for a diverse, international and tolerant corporate culture. In the workplace, we have placed our faith in sustainable digital technologies whose aim is to bring about seamlessly connected collaboration and secure access to resources from anywhere in the world. Artificial Intelligence (AI) is set to play an increasingly important role in our products and services – as a supportive helpmate and “co-pilot”. And yet, our core services will always remain the focus of our work. The application of AI, which is already in

operational use as TÜV NORD’s “Sophie” chatbot, the “Voize” speech recognition system and the “Safeguard” intelligent data platform, is increasing customer benefits, relieving employees of tedious routine tasks and making a measurable contribution to reducing bureaucracy. These developments, combined with flexible working time models, hybrid working and cross-divisional teamwork, contributed to our being able to welcome more than 2,000 new employees to the TÜV NORD family in Germany and abroad in 2023. Welcome to you, one and all!

Precisely because the complexity and speed of technological developments are continuing to increase, the human element in our dealings with each other will remain the decisive factor in our aspiration to provide our customers with the best possible support in achieving their goals. It is against this yardstick that we will also be measured in the future.

Kind regards,

Dr. Dirk Stenkamp
Chairman of the Board of Management
TÜV NORD AG

The Group Executive Committee



Jürgen Himmelsbach,
Chief Financial Officer

Dr. Dirk Stenkamp,
Chairman of the Board
of Management

Dr. Astrid Petersen,
Chief Human Resources
Officer

Axel Dreckschmidt,
CEO BU People &
Empowerment

Wolfgang Wielpütz,
CEO BU Certification

The Group Executive Committee



Luis Gómez,
CEO BU Digital &
Semiconductor

Dirk Kretschmar,
BU IT
until 31 December 2023

Hartmut Abeln,
CEO BU Mobility

Dr. Ralf Jung,
CEO BU Industry

Dr. Maik Tiedemann,
CEO BU Energy &
Resources

Report from the Supervisory Board

In the year under review, the Supervisory Board performed the duties incumbent on it under the law and the articles of association with great diligence. It followed, supported and monitored the Board of Management in its leadership of the company. The Supervisory Board is fully confident in the lawfulness, regularity and fitness for purpose of the company's management.

The Board of Management reported regularly to the Supervisory Board, in writing and orally, promptly and in full, concerning the Group's general situation, current business trends and corporate planning. In 2023, four regular scheduled meetings of the Supervisory Board took place on 28 March, 13 June, 19 September and 5 December, at which the Board of Management reported in detail on the current situation of the Group and the major Group companies. In the form of the inaugural meeting immediately after the Annual General Meeting of 28 March 2023, an extraordinary meeting of the Supervisory Board was also held, as were two further extraordinary meetings in January and May 2023.

The Board of Management provided the Supervisory Board with written and oral assessments of the course of business and the current financial and asset status of the Group, along with its assessment of the opportunities and risks that might present themselves in the course of the year. The Supervisory Board also considered in detail the effects of geopolitical tensions, increased energy prices and inflation.

Deviations from corporate planning were explained in detail. Business processes which required the approval of the Supervisory Board were approved by the latter after thorough examination and consultation. The rebranding initiative was also presented and warmly supported by the Supervisory Board. Outside the meetings, the Chairman of the Supervisory Board was also kept regularly informed of current issues by the Chairman of the Board of Management.

In addition to the inaugural meeting, two further extraordinary meetings of the Supervisory Board were held in 2023. On 17 January, after detailed deliberations, the Supervisory Board approved the sale of TÜV NORD Bildung gGmbH. On 10 May, the Supervisory Board discussed a matter relating to the Board of Management. Both meetings were held via video-conference.

At its meeting on 13 June, after thorough deliberations, the Supervisory Board approved the acquisition of the Avanta Group in Singapore.

At its meeting on 19 September, the Supervisory Board was briefed by the competent staff member at TÜV NORD AG on compliance within the TÜV NORD Group. It also considered the strategy. After in-depth deliberations, the Supervisory Board approved both the new organisational structure of the business units and the International division and an increase in the stake in two companies in the business unit Mobility.

At the meeting of 5 December, the budget for 2024 was discussed and approved by the Supervisory Board.

The Supervisory Board largely met in the presence of the Board of Management but also met in absence of the latter when it came to deliberating on matters relating to the Board of Management itself.

To carry out its tasks and to prepare its deliberations and decisions, the Supervisory Board established the Presidium/HR Committee and the Finance Committee, which effectively support the work of the plenum.

The Presidium/HR Committee held eight meetings in the year under review, and additional telephone consultations were held where necessary. Some of the meetings were face to face; others were held as video conferences. The discussions focused primarily on the preparation of the plenary sessions and of the HR and remuneration decisions to be made by the Supervisory Board. Where necessary, the Supervisory Board was furnished with recommendations for decision-making.

In 2023 the Finance Committee met four times in advance of the scheduled Supervisory Board meetings and paid particular attention to the annual financial statement, earnings trends, risk and opportunities management, the impact of the pandemic and the direct and indirect consequences of the war in Ukraine. In its meeting of 29 November, the Finance Committee addressed the plans for the 2024 reporting period. At each Supervisory Board meeting, the Chairman of the Finance Committee reported on the important findings from the deliberations of the Finance Committee

Report from the Supervisory Board

leading up to the meetings. An additional extraordinary meeting was held on 17 January 2023, in which the Finance Committee deliberated in preparation for the plenary meeting on the same day.

The auditors appointed by the General Meeting of 28 March 2023, BDO AG from Essen, audited the annual financial statements of TÜV NORD AG and the consolidated financial statements, including the associated reports on the situation of the company and the Group, published by the Board of Management on 31 December 2023. The auditors issued an audit opinion that was free of any reservations. The auditors noted that the Board of Management had established an appropriate information and monitoring system whose design and operation rendered it suitable for anticipating developments that might pose a risk to the continued existence of the company.

The financial statement documents and the audit reports for the 2023 reporting period were discussed at length in the meeting of the Finance Committee on 3 April 2024 and the Supervisory Board meeting of 9 April 2024. The Board of Management and the auditors were present at the deliberations on the annual and consolidated financial statements. The auditors reported on the main results of their audit and their findings concerning the internal control system and risk management. They also made themselves available to the Supervisory Board for the event that the latter should require additional information.

Based on its own audit of the annual and consolidated financial statements and the management reports and based on the report and the recommendation of the Finance Committee, the Supervisory Board felt able to concur with the auditors' conclusions. No objections were raised. The Supervisory Board approved both the annual and the consolidated financial statements.

With effect from 28 March 2023, the term of office of the members of the Supervisory Board ended, and the Supervisory Board was reconstituted by appointment by the Annual General Meeting and elections by the employees. At the end of their term of office, Dr. Klaus Beck, Prof. Heinz Jörg Fuhrmann, Prof. Karl Friedrich Jakob and Dr. Guido Rettig resigned from the Supervisory Board. The Annual General Meeting elected Mr. Ulrich Grethe, Prof. Sibylle Günter, Ms. Jeannine Pilloud and Dr. Bianca Schmitz as new members of the Supervisory Board and also elected the previous shareholder representatives for a further term of office. In accordance with the provisions of the German Co-Determination Act, Ms. Ramona Neubauer, Mr. Holger Reichenbach, Mr. Jürgen Schröder and Ms. Vanessa Sprengart were newly elected to the Supervisory Board. Dr. Dagmar Hildebrandt, Mr. Roland Rudolph, Ms. Svenja Schroerscharz and Ms. Ute



Thiel resigned from the Supervisory Board at the end of their term of office. In addition, the previous employee representatives on the Supervisory Board were elected for a further term of office.

The Supervisory Board thanked those members who left the Board in the 2023 reporting period for their many years of close cooperation and their contribution to the company's success.

The newly constituted Supervisory Board met for the first time on 28 March 2023. Mr. Thomas Rappuhn was elected chairman. Mr. Fabian Fechner was elected as Chairman of the Finance Committee, which was likewise newly constituted.

The Supervisory Board met on 12 and 13 June 2023 for a joint onboarding event to familiarise itself with the structures of the TÜV NORD Group.

The Supervisory Board would like to thank the employees of the TÜV NORD GROUP worldwide, the company management boards, the Board of Management and the Group Executive Committee, as well as the employee representatives, for their strong commitment and good work in 2023.

The Supervisory Board

Thomas Rappuhn
Chairman

Hanover, April 2024

At a glance

Key financial ratios

in € million

	2023	2022
EBIT *	84.5	76.6
EBT	81.4	78.9
Balance sheet total	1,192.3	1,105.2
Net financial position	61.8	91.8
Pension provision	319.0	278.8

* before special items

€ 84.5 million

Operating profit rose by more than 10% despite a challenging economic environment.

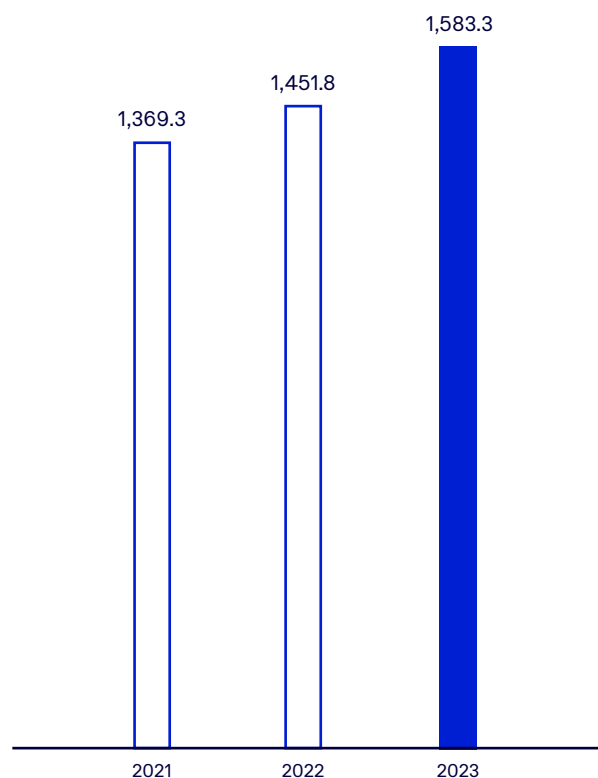
5.3%

The **return on revenue**, as measured by EBIT, reached the previous year's level despite inflation-related cost increases.

Trend in revenue

in € million

+ 131.5



€ 56.5 million

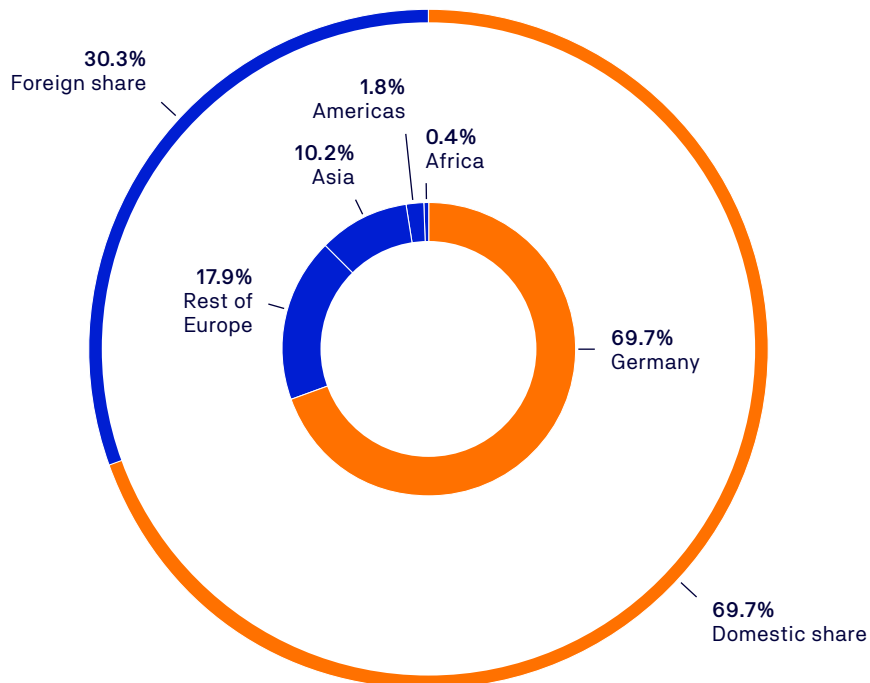
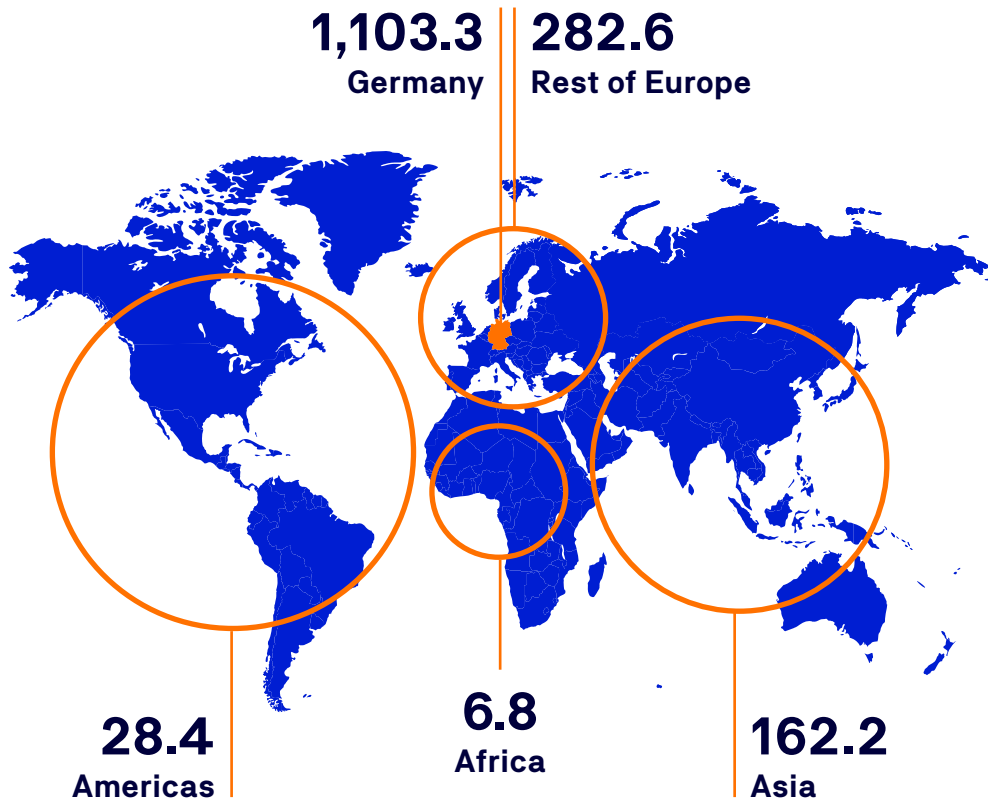
M&A investments are at an all-time high in the history of the TÜV NORD Group.

€ 319.0 million

Pension provisions increased due to a decrease in the discount rate. 76% of the pension payments are covered by contributions from plan assets.

Revenue by region

in € million



Acquisitions bring dynamism and expertise to our Group

The TÜV NORD GROUP had a successful year in 2023. Revenue was up, and the operating profit also increased to 84.5 million euros compared to the previous year. This gives the Group further opportunities to plan strategically for the future, says Chief Financial Officer Jürgen Himmelsbach. Here he talks about investments and the trends in the TIC industry.

The Group's revenue reached a record high of 1.6 billion euros. Was this foreseeable at the beginning of 2023?

Quite the opposite: We had expected a slight downward trend due to the sale of a larger company. However, since the coronavirus-related decline in revenue in 2020, Group revenue has been steadily rising. We're also in a very good position in respect of other relevant key financial ratios. The equity ratio is 28 percent, and the operating profit is 84.5 million euros. Moreover, the TÜV NORD GROUP has a positive net financial position and, unlike many of its competitors, is not in debt.

What does a good equity ratio mean for the company in concrete terms?

The equity ratio describes the ratio of a company's own funds to its total capital. The equity ratio is an important factor in determining the creditworthiness of companies. The higher the equity ratio, the greater the financial stability and resilience in the face of crises. This, too, is proof of our solid financial structure.

The TÜV NORD GROUP is present in many markets around the world. What issues were of particular concern to the Group in the past fiscal year?

Alongside the core services on which our commercial success is essentially based, the particularly significant issues are cybersecurity, data security and Artificial Intelligence. These are important matters for me because they're on the agenda in all industries. The expertise of our specialists from TÜVIT and other business units is very much in demand. Not only that, but the acquisition of HTV and HTV Conservation in 2023 proved to be trendsetting for the Group.

What do you mean by trendsetting?

With HTV's semiconductor and electronics know-how, we have expanded our portfolio in an important growth area: Europe is seeking to ramp up its own semiconductor production. At the moment, the German and European markets are dependent on producers in Asia. HTV is going to be an important factor in this sector. And there are other aspects too: The integration of the 160 employees into the Group we've taken on is progressing well. They are playing an active role in meeting the high quality standards of the TÜV NORD GROUP and quickly getting integrated into our management system. I'm very pleased with these developments because they show that acquisitions bring dynamism and know-how to our Group.

Will the Group continue to focus on investments?

Our financial strategy is to keep improving our TÜV NORD GROUP and to make it fit for the future. In 2023, we invested 134 million euros in this project, more than ever before in our 150-years-plus history. Technology is always evolving. And we want to offer our employees attractive workplaces, a good current example being our new building in Dortmund. This is also helping us strengthen our presence in the Ruhr region.

Will new test facilities also be built?

Yes, modern and customer-friendly TÜV NORD Stations for the periodic technical inspections and exhaust emissions tests will continue to be a fundamental part of what TÜV NORD offers in the future. In January 2024, we opened a brand-new vehicle inspection centre in Essen, Germany. Right next door, we're continuing to develop the company's own Technology Park, including getting construction underway for the German headquarters of the Atlas Copco industrial group in the spring of 2024. This property will be used to finance and secure the pensions of our current and former employees.

How are you dealing with the issue of high pension payments to former employees?

During the long period of low interest rates, we provided our own capital to the tune of tens of millions of euros year after year to meet our obligations. Beyond this, we're investing in the Technology Park in Essen to finance the future retirement provision of our employees and former employees, even in times of lower interest rates and volatile financial markets, and to take advantage of the attractive location of our site in Essen. We will of course continue to honour the commitments we made decades ago.



Final question: What's your prediction for the development of the global economy, especially the testing and certification market, in the coming months and years?

Unlike in Germany, for which economists estimate an economic growth rate for 2024 of 0.5 percent at best compared to the previous year, we expect a somewhat more robust development worldwide. Our market, with its core activities of testing, inspection and certification (TIC), grew by just under three percent in 2023, compared to almost five percent in 2022. Of course, unpredictable developments can always occur, but I expect the economic performance of the TIC industry to stabilise at 2023 levels. The Asia-Pacific region will once again record the highest economic growth. And we're well positioned to take advantage of this. Overall, I'm confident that, with our motivated teams, we will once again achieve profitable growth in 2024.

Insurance management is risk management

There are many different professions in the TÜV NORD Group, some of which might seem to sit oddly with a technical service provider. Like insurance brokers, for instance. 50 years ago, the company began to take insurance management into its own hands. From then on, instead of being tied to an insurance company that would send its representative out to visit, the company had its own brokers who would look around the insurance market and negotiate the best conditions for the risks to be insured.

The business is becoming more and more diverse. This applies both to the activities to be insured and the countries in which the company operates, not forgetting, of course, the tools and testing equipment used. From this point of view, the team at TÜV NORD's insurance and brokerage company Versicherungsvermittlung TÜV NORD (VVG) is among the best-informed circle of people in the Group; they know exactly what's going on and how it's going. And without them, nothing happens at all: After all, if an activity isn't covered by liability insurance, it won't be offered because

the liability risk is too high. "Our activities in the TIC industry, that is testing, inspection, certification, are fraught with risk," explains VVG Managing Director Christoph Kellersohn. "The industry is very small. There are perhaps a dozen large TIC companies – and fewer and fewer insurers that cover the specific things that we do, which puts them in a strong position. This ultimately leads to rising prices."

The portfolio is going to be expanded to include completely new subject areas, such as activities for the aerospace industry and cybersecurity-related services, he adds. "They're still testing and certification services as far as we're concerned, but insurers see things differently," says Mr. Kellersohn. This also applies to the use of new testing methods in familiar activities, with UAVs and VR goggles being particular examples. "So, we could be more innovative in some areas if we could get the necessary insurance coverage." The coronavirus pandemic and its effects have led to market changes; inflation and some major loss events in recent years have caused insurance premiums to skyrocket. It's a volatile business.

This makes it all the more important to have an insurance management team that keeps an eye on loss scenarios, constantly adjusts insurance cover and looks for the best conditions on the global insurance market.



“Our services are based on the aim not only of covering damage, but also actively supporting the TÜV NORD companies and their employees with protection, advice and assistance.”

Christoph Kellersohn, Managing Director,
Versicherungsvermittlung TÜV NORD

To be able to correctly assess the insurers' pricing policy and portfolio management, the in-house insurance experts must, to a certain extent, also be risk managers, i.e. they have to be able to estimate which risks may arise from activities and how likely they are to occur. This is the only way they can meet insurers on an equal footing. Christoph Kellersohn: “We're in close contact with our colleagues from the legal and financial divisions when it comes to evaluating services and offers. So, our view is much broader than that of an insurance broker, which is what makes the job so interesting and varied for our team.”

But that's not all: The workforce also benefits from having insurance experts in the Group. The team has lucrative offers because it is a major customer for the insurers and can offer insurance policies within master contracts. “It's always been the strategy for the workforce to benefit from the work of the VVG,” says Mr. Kellersohn. Regardless of what the staff need, be it personal liability, car insurance, household contents or building insurance cover.

Speaking of buildings, the insurance management also deals with the Group's properties and is in close contact with the Group's real estate management team both in that respect and in the case of new buildings.

However, regardless of the type of insurance that Christoph Kellersohn's experts are looking for, evaluating and negotiating, each policy is taken out in the hope that, as in the past, there will be no claims.

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Group management report

Fundamentals of the Group

Business activity

The TÜV NORD GROUP is an international technology group which has been offering its customers impartial, reliable and expert support in all aspects of technology, safety and security for more than 150 years. As a service provider with a long history, the TÜV NORD GROUP is concerned with answering the global questions of the future, which means accompanying the development of new technologies and their safe and sustainable use. Its experts provide innovative testing, consulting, certification and engineering services in accordance with the highest standards of skill and quality and in line with globally applicable standards. The TÜV NORD GROUP offers its customers around the world a tailor-made range of services in accordance with regional, national or international requirements.

The TÜV NORD GROUP is active as a technological service provider in the TICCET (testing, inspection, certification, consulting, engineering, training) market. Its more than 14,000 specialists provide innovative services in six operative business units. With its services in the business units Engineering and Natural Resources, plus Aerospace, the Group has a unique selling point compared to its competitors in the industry. The Group's internal services are located particularly within the Holding/ Services division. The operating business of the TÜV NORD GROUP is managed by the Group Executive Committee (GEC). This consists of the Board of Management and one representative from each of the six business units.

- The Group offers a great variety of testing and certification services for systems, products and complex plants courtesy of its business unit **Industrial Services**.
- The business unit **Mobility** provides a wide range of services. These include the vehicle inspection business, driving tests in parts of Germany, car services and expert opinions, tests of vehicle components and vehicles for licensing purposes (homologation), plus development-related tests and consulting services for the automotive industry.
- The experts in the business unit **Engineering and Natural Resources** work in the fields of plant and process engineering, construction, infrastructure, mining and energy.
- The services of the business unit **Aerospace** are provided to the aerospace industry as well as to manufacturers in the automotive, medical technology, automation technology and other sectors. These services primarily consist in the procurement, modification, integration, testing, long-term preservation and certification of semiconductor, electronic and optoelectronic components and systems.
- The business unit **Training** offers qualifications and training for specialists and executives, along with publicly funded training measures.
- Inspection, testing and certification services relating to IT security fall within the remit of the business unit **IT**. Further focal points include consulting and programme management in the fields of information security, data protection and cybersecurity as well as systems and networks for critical communication.

On 1 January 2024, the TÜV NORD GROUP changed its structure in the context of the Group-wide NOVA growth project. The activities of the business units Industrial Services, Mobility, Engineering and Natural Resources, Aerospace, Training and IT which were reported up to and including 2023 have been re-arranged and assigned to the following business units: Mobility, Industry, Energy & Resources, Certification, Digital & Semiconductor and People & Empowerment. Further information on the future business units can be found in the "Outlook" section.

The Group's key financial performance indicators are revenue and operating profit before special items (EBIT). Operating profit before special items is defined as earnings before taxes (EBT) plus financial result, adjusted for special items.

The TÜV NORD GROUP acts independently and impartially in the provision of all its services. The management company, TÜV NORD AG, which is headquartered in Hanover, Germany, manages the subsidiaries worldwide as a holding company. As of 31 December 2023, 91 companies, including TÜV NORD AG, were included in the consolidated financial statements, 45 of them in Germany and 46 abroad. The consolidated financial statements of the TÜV NORD AG include all major subsidiaries in Germany and abroad that are directly or indirectly controlled by TÜV NORD AG.

Economic report

Macroeconomic and sector-specific conditions

Global economic growth slowed from 3.4% in 2022 to 3.1% in 2023. The global recovery from the effects of the coronavirus pandemic and the ongoing war in Ukraine remains slow and uneven. Despite an economic recovery at the beginning of the reporting period and progress in reducing inflation compared to the previous year's peaks, economic activity remained well below pre-pandemic levels. This is particularly true for emerging and developing countries. Moreover, there are significant regional differences. The recovery is being held back by a number of factors, including the long-term effects of the pandemic and the war in Ukraine, as well as increasing geoeconomic fragmentation. Cyclical factors such as monetary tightening to fight inflation, the withdrawal of fiscal support due to high levels of debt and extreme weather events are also playing a role.

In the advanced economies, economic growth slowed from 2.6% in 2022 to 1.6% in 2023. Growth in the US increased year-on-year to 2.5% in 2023 (2022: 2.0%), while growth in the eurozone fell short of expectations at 0.5% (2022: 3.5%).

Germany's weak economic performance continued, with gross domestic product contracting by 0.3% in 2023. In comparison, the growth rate in 2022 was 1.8%. The main reasons for the decline are persistent inflation and the energy price shock caused by the war in Ukraine – factors that are also weighing on neighbouring countries in Central and Eastern Europe (such as Poland, the Czech Republic, Hungary and Slovakia).

Other major economies in the eurozone also saw significantly lower growth in 2023 compared to 2022. France grew by only 0.8% (2022: 2.6%), Italy by 0.7% (2022: 3.9%) and Spain by 2.4% (2022: 5.8%). The UK recorded economic growth of just 0.5% in 2023, compared to 4.1% a year earlier.

Emerging and developing economies grew steadily at 4.1% (2022: 4.1%). China recorded growth of 5.2% in 2023 (2022: 3.0%), while India's growth, at 6.7%, once again exceeded that of China, despite being slower than in the previous year (2022: 7.2%).

The global slowdown in economic output is also influencing the development of the TIC (testing, inspection, certification) industry. In 2023, the global TIC industry grew by only 2.7% (2022: 4.9%) and generated approximately \$225 billion in revenue worldwide. In Europe, the industry grew by only 1.1% in 2023, significantly lower than in the previous year (2022: 4.7%).

As an internationally recognised technological service provider, the TÜV NORD GROUP is one of the largest providers in the TIC industry and, as a diversified conglomerate, is represented in all the major regions of the world.

Business trends

The TÜV NORD GROUP recorded stable development in 2023 despite macroeconomic developments and the wars in Ukraine and the Middle East. The focus remained on safeguarding business operations and measures to secure liquidity.

The business units were largely unaffected by the consequences of the coronavirus pandemic. With the exception of the business unit Engineering and Natural Resources (deferments of project business), all business units performed better than planned.

Revenue trends were significantly better than had been set out in the 2022 Group management report and in the forecast for 2023. A positive income was achieved which was above the 2023 budget and the operating level of the 2022 reporting period, partly due to previously implemented portfolio measures – such as the divestment of loss-making companies and acquisitions of companies with high returns – and despite the wage increases which exceeded those provided for in the budget.

The revenue and EBIT (earnings) financial performance indicators for the individual business units are as follows:

The planned revenue increases of the business unit **Industrial Services** were exceeded. This was mainly due to healthy developments abroad, principally in Europe and China, as well as the first-time consolidation of three companies. Earnings were negatively impacted by the collective bargaining agreement, which exceeded the budget, and were likewise themselves over budget.

In 2023, the business unit **Mobility** overperformed in respect of the positive revenue and earnings targets. Its growth is mainly attributable to the positive development in the Partners as well as Car Dealerships and Workshops segments and to the first-time consolidation of companies during the 2022 and 2023 reporting periods.

In the business unit **Engineering and Natural Resources**, revenue and earnings exceeded those of the previous year. However, due to the postponement of major projects in plant engineering and large-scale seismics, the target values were not quite achieved.

In the business unit **Aerospace**, revenue and earnings were significantly above target and the previous year's figures, mainly due to the first-time consolidation of two companies. However, the companies which had already been reported on in the previous year also achieved revenue and earnings growth of around 5%.

“The TÜV NORD GROUP grew in 2023 despite the weak macroeconomic conditions, with revenue developing significantly better than planned with an increase of more than nine percent compared to the previous year. All the Group's relevant financial performance indicators are very solid.”

Volker Wiegelmann, Head of Finance, TÜV NORD AG

Revenue in the business unit **Training** was above target in the 2023 reporting period but below the previous year's level due to the sale and associated deconsolidation of a company as of 1 January 2023. Adjusted for this item, the previous year's level was significantly exceeded. Earnings were significantly above target and those of the previous year, mainly due to the deconsolidation of the above-mentioned company.

The business unit **IT** reported revenue in line with the target and above the previous year's level. Earnings were above target and the previous year's figures.

The number of full-time employees in the Group in 2023 did not quite reach the planned level but did exceed that of the previous year.

The Group's innovation projects for the development of new services continued as planned in 2023.

In the 2023 reporting period, the Group's financial performance indicators developed as follows compared to the previous year:

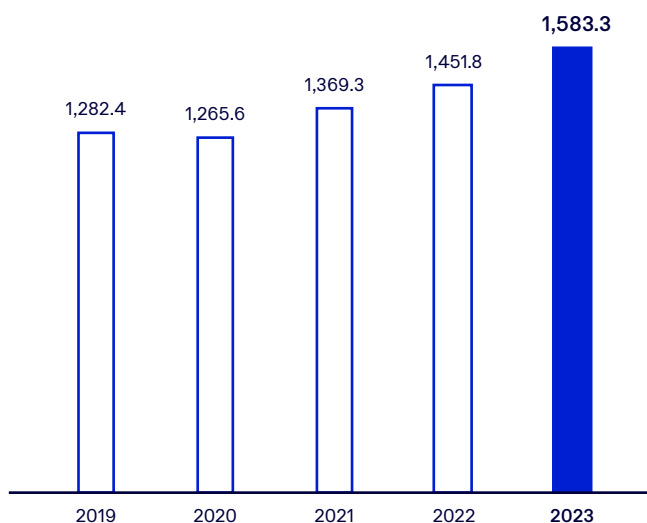
- Revenue rose by 9.1% from €1,451.8 million to €1,583.3 million. The increase in revenue was due to improving trends in almost all the business units.

- Operating profit (EBIT) rose by 10.3%, from €76.6 million to €84.5 million. Special items amounted to €1.0 million in the fiscal year. The increase in earnings of €7.9 million is primarily attributable to the healthy performance of the business units Training and Aerospace.
- The return on revenue, as measured by EBIT, was thus 5.3%, the same as in the previous year.
- Earnings before taxes (EBT) rose by €2.5 million to €81.4 million.
- The number of employees increased from 12,238 (on average, converted to full-time equivalents) to 12,346 in 2023.

Earnings

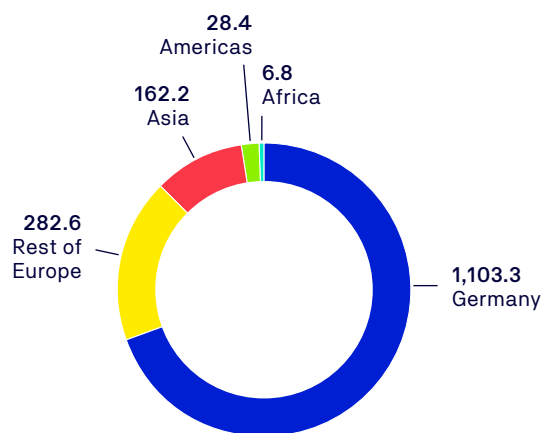
In the 2023 reporting period, the TÜV NORD Group generated revenue of €1,583.3 million (2022: €1,451.8 million). The following figure shows the trend in revenue of the past five years (€ million):

Trend in revenue



The regional breakdown of revenue (€ million) is shown in the following figure:

Revenue by region

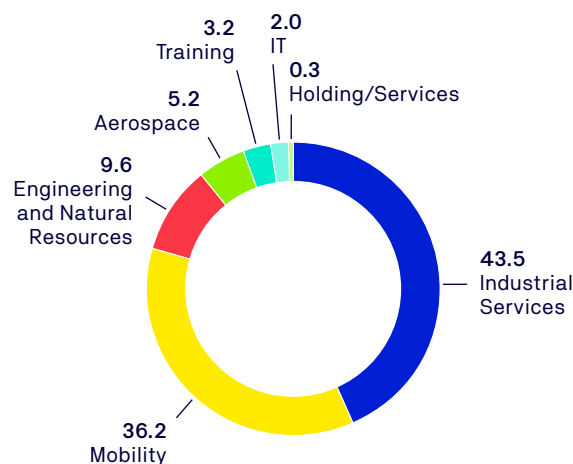


In Germany, the Group generated revenue of €1,103.3 million in 2023 (2022: €1,022.7 million). Revenue from international business amounted to €480.0 million (2022: €429.2 million) and achieved a share of 30.3% of the total figure.

Broken down by business units and Holding/Services, the overall picture for 2023 was as follows:

Revenue by business unit

in %



The individual business units developed differently, influenced by the heterogeneity of their market presence, the diversity of their product portfolios and their regional orientation.

The business unit **Industrial Services** generated consolidated revenue of €689.0 million (2022: €628.4 million). The year-on-year revenue growth in both Germany and abroad is primarily attributable to healthy business trends abroad, price adjustments (especially for major customers), a reduction in sick leave and three first-time consolidations. At €386.8 million, revenue in Germany exceeded the previous year's level (2022: €362.3 million). Revenue abroad amounted to €302.1 million, compared to €266.2 million in the previous year.

At €573.7 million, revenue in the business unit **Mobility** was 12.7% higher than the previous year's level of €509.1 million. The growth in revenue is mainly due to the increase in sales figures for periodic technical inspections and exhaust emission tests, the expansion of the partner organisation and positive effects from the first-time consolidation of companies in the 2022 and 2023 reporting periods.

In the business unit **Engineering and Natural Resources**, revenue of €151.5 million (2022: €127.1 million) was achieved. The increase was mainly attributable to the positive development of the business segments Industrial Engineering and Civil & Mining Engineering and the first-time consolidation of a company as of 1 January 2023.

At €82.2 million, revenue in the business unit **Aerospace** was significantly above the previous year's level (2022: €65.0 million), mainly due to the first-time consolidation of two companies as of 1 January 2023.

The business unit **Training** generated revenue of €50.9 million (2022: €90.4 million). Adjusted for the deconsolidation of one company as of 1 January 2023, the previous year's figure was exceeded by 20.1%. This was due to the healthy development of the seminar business of TÜV NORD Akademie GmbH & Co. KG.

“With the acquisition of HTV and HTV Conservation, we have expanded the Group's technology portfolio for the future to outstanding effect and gained some highly qualified specialists.”

André Gildemeister, Head of M&A, TÜV NORD GROUP

The increase in revenue in the business unit **IT** to €31.8 million (2022: €28.3 million) was mainly due to cross-industry growth in the digitalisation, IT security and information and telecommunications technology fields.

Group expenses rose by 8.9% to €1,562.9 million in the reporting period.

The cost of materials amounted to €345.1 million, compared with €307.6 million in the previous year, due to an increase in the services purchased in conjunction with the growth in revenue.

Personnel expenses rose by 6.5% to €868.2 million, in particular because of the hiring of new employees and wage adjustments in Germany.

Depreciation and amortisation amounted to €73.4 million (2022: €67.7 million).

Further information on expenses can be found in the notes to the consolidated financial statements, under no. 3, consolidated income statement disclosures.

Earnings before taxes (EBT) amounted to €81.4 million, up €2.5 million on the previous year's figure of €78.9 million. All business units contributed to the Group's positive earnings.

At €49.8 million, consolidated earnings after tax was above the previous year's figure (2022: €48.6 million).

Assets

Despite the difficult economic environment, the TÜV NORD Group has a sound balance sheet structure.

At €1,192.3 million, total assets in the year under review were above the previous year's level (2022: €1105.2 million).

Non-current assets increased from €603.6 million to €727.2 million and mainly comprise property, plant and equipment, intangible assets and deferred tax assets.

Current assets, accounting for 39.0% of total assets, amounted to €465.1 million (2022: €501.6 million). The Group has additional hidden reserves, which primarily take the form of property ownership and investments.

At €334.0 million, equity was above the previous year's level (2022: €328.4 million). The equity ratio was 28.0% (2022: 29.7%). In 2023, actuarial losses in the other equity positions were offset in the amount of €-36.8 million (2022: €129.1 million), thus affecting the statement of comprehensive income. The increase in pension obligations in 2023 due to the lower discount rate had a significant impact. Countervailing effects resulted from actuarial gains on plan assets. In the year under review, €672.9 million of plan assets were offset against provision for pensions and similar obligations (2022: €656.5 million). The portion of the provisions for current and future pension obligations not financed by plan assets amounted to €319.0 million (2022: €278.8 million).

Further information on the asset situation can be found in the notes to the consolidated financial statements, under no. 5, consolidated balance sheet disclosures.

Financial status

The net financial position of the TÜV NORD Group remained strongly positive despite the challenging economic environment resulting from the war in Ukraine and the highest investment volume in the history of the TÜV NORD Group. As of 31 December 2023, the Group was, as before, not in debt and remained on a solid financial footing. This made it possible to continue to in-

vest in innovation and training and securing the future viability of services. Thanks to its implementation of appropriate measures, the Group remained capable of acting at all times.

As in previous years, the primary objectives of the Group's conservative financial strategy, namely the maintenance of a good rating and ensuring adequate liquidity for the central financing of all Group companies in accordance with their needs, were consistently pursued.

Securing far-reaching financial flexibility as well as risk and opportunity management are further key pillars of the financial strategy.

The Deutsche Bundesbank (German Federal Bank), having investigated important financial metrics such as profitability, internal financing strength, liquidity and capital structure on the basis of audited financial statements, has for the seventeenth year in succession awarded the TÜV NORD Group the accolade of eligibility for rediscount with the central bank. Since the first audit in 2007, the Group has thus consistently been among the group of creditworthy companies whose liabilities can be lodged by commercial banks as collateral with the Deutsche Bundesbank. This ensures that the TÜV NORD GROUP will continue to have good access to financial resources in the future.

The cash flow (see consolidated cash flow statement) amounted to €113.5 million and was essentially used for investments in intangible assets and in property, plant and equipment. The investment volume, excluding company acquisitions, amounted to €77.7 million in the 2023 reporting period (2022: €58.2 million). Of this amount, €68.7 million was attributable to domestic and €9.0 million to foreign companies. The focus was on the building of real estate in Dortmund, Germany, and investments in the vehicle fleet, testing equipment and hardware and software. In the year under review, the Group spent a total of €56.5 million on company acquisitions and increasing its shareholdings.

The Group's positive net financial position at the end of the year amounted to €61.8 million (2022: €91.8 million).

The existing syndicated loan for the Group in the amount of €125.0 million expires on 11 December 2025. As of 31 December 2023, €20.0 million of this loan had been used.

In 2023 the Group was in the position to meet its payment obligations at all times.

Overall situation

The macroeconomic situation once again posed challenges for the TÜV NORD GROUP in the 2023 reporting period. Overall, the TÜV NORD GROUP can look back on a successful fiscal year. The earnings, assets and financial position developed positively.

All the Group's efforts continue to focus on optimising its earnings, assets and financial position. The TÜV NORD GROUP expects its earnings, assets and financial position to remain stable in the future.

Non-financial performance indicators

Innovation report

If it is to ensure growth and competitiveness, the TÜV NORD GROUP must continue to innovate. In recent years, the rate of innovation has steadily increased, and improved and digitalised services in the TÜV NORD GROUP's have been introduced into the Group's portfolio on an increased scale. In the year under review, new innovation approaches were introduced as part of the implementation of the innovation strategy to further boost the innovative strength.

All innovations in the portfolio are evaluated in terms of their impact on corporate responsibility: They are making an important contribution to the sustainable development of the TÜV NORD GROUP. The TÜV NORD H₂ label shows that hydrogen and other industrial gases are produced, transported and stored in a climate-friendly manner in accordance with EU standards. Other innovation projects concern topics in the areas of elec-

tric mobility, renewable energies, the safe recycling of radioactive waste, and the certification of natural resources. The TÜV NORD GROUP is also helping to improve the safety and quality of food and agricultural products through innovations in its food testing facilities in Asia. Modern technologies are being used in innovation projects, such as unmanned aerial vehicles in the inspection of wind turbines and AI-based predictions for the analysis of the electrical behaviour of electronic devices subject to radiation in space.

As far as approaches to improving innovation capability are concerned, there was a focus on strategic foresight and venture clienting in the year under review. The strategic foresight approach, which was introduced at the end of 2022, has been implemented in the innovation and strategy processes. Strategic foresight methods allow the TÜV NORD GROUP to create various alternative future scenarios and identify future customer needs and business requirements and the employee skills that will be needed to fulfil them. Once identified, trends also provide clues for the selection of technologies to be worked on.

In the period under review, venture clienting was introduced to improve innovation capability, with the aim of accelerating innovation through external collaboration, especially with start-ups. New forms of collaboration have been created to bridge the gap between traditional operating models and start-ups. Targeted scouting identifies suitable start-ups, and initial feasibility studies have been initiated. The TÜV NORD GROUP also participates in start-up competitions such as "Hands on Data" in the Ruhr region and "Mobilitython" during the IAA motor show.

Employees

Even in a highly competitive job market, the TÜV NORD GROUP continues to be seen as an attractive employer by the existing workforce and potential applicants alike. This is underlined not least by awards such as the Leading Employer Award, which the Group received for the fourth time in a row in 2023.

In the 2023 reporting period, an average of 14,271 employees worked for the Group (2022: 14,477). The domestic and foreign subsidiaries of the TÜV NORD GROUP employed an average of 12,346 staff on a full-time basis (2022: 12,238). In Germany, the Group employed 7,824 people, and the number of employees abroad increased in 2023 to 4,522. With 6,742 employees, Industrial Services is the largest business unit overall, followed by Mobility with 3,247. At around 30%, the average proportion of women in the Group is on a par with the previous year (2022: 30%).

Achieving the best possible work-life balance and staff health is a matter of great importance for the Group. This is reflected in extensive preventive health care measures, such as skin cancer screening and flu vaccination services, but also in support for childcare and for employees who are caring for relatives. Also very important is the option to tailor individual working hours.

As a knowledge group, the employees of the TÜV NORD GROUP have their sights firmly set on the digital future and are helping their customers achieve even greater success in the connected world. This is down to the fact that the Group's employees continuously undergo further training and contribute their innovative thinking. In the 2023 reporting period, the Group once again invested more, amounting to €12.0 million (2022: €10.5 million), in internal and external training measures for the workforce.

Continuously developing the Group's corporate culture and bringing values to life is a high priority within the TÜV NORD GROUP. This also includes the promotion of social commitment. In 2023, for example, employees from several business units renovated the premises of a daycare centre in Essen, Germany, on "Social Day". Diversity is also reflected in an inclusive culture that invites everyone to get involved and unlock their own potential. For example, employees can share management positions on a part-time basis. Special measures are being taken to support employees returning from parental leave or those who are about to retire.

The Board of Management and the Group Executive Committee would like to thank all employees, the company management boards and the staff representatives for the successes recorded in the reporting period.

Outlook, opportunity and risk report

Outlook

In its latest forecast from January 2024, the International Monetary Fund (IMF) set its global economic growth estimate for 2024 at 3.1%. This comparatively low growth can be attributed to several factors, including the persistence of noticeably subdued economic activity compared to pre-pandemic levels, especially in emerging and developing countries. A wide range of influences are dampening a potential recovery, with some reflecting the long-term effects of the pandemic, the Ukraine war and increasing geoeconomic fragmentation, while others are cyclical in nature. These include the effects of monetary tightening to fight inflation, the withdrawal of fiscal support due to high levels of debt, and extreme weather events. The forecast for 2024 – 2025 is therefore still below the historical (2000 – 2019) average of 3.8%. Falling inflation in most regions, with the associated easing of fiscal policy, may have positive effects. There is a chance here that any risks to global growth will be defused.

Low growth in the global economy is manifesting in different regions, although there are clear differences in growth forecasts. For developed countries, the IMF forecasts growth of only 1.5% in 2024, which represents a further decline after 2023. In the eurozone, growth of 0.9% is expected; although the German economy is growing again, with a forecast increase of 0.5%, the country's economic development continues to be strikingly weak. Of the six economic areas and a total of 16 countries analysed by the IMF, no region fares worse. In its latest forecast, the EU Commission has gone even further, lowering its growth prediction for Germany for 2024 to 0.3%. This is also in line with the even more sombre assessment of the German government,

which assumes a growth rate of only 0.2% in 2024 in its current annual economic report. The US has reduced its growth forecast for 2024 to 2.1%. The main reason for the low growth rate is persistently high inflation.

According to the IMF, the emerging and developing countries are expected to grow by 4.1% in 2024, which is in line with the previous year's level. India is once again cited as the key growth driver with 6.5% growth, while China is forecast to grow by 4.6% in 2024.

The global TIC market has not escaped unscathed from the slowdown in the global economy. With a projected rate of 3.1% in 2024, growth is expected to be in line with that of the global economy. The industry is expected to generate approximately \$230 billion in revenue in 2024, with the Asia-Pacific region standing out as the largest and fastest growing region.

In the context of the Group-wide NOVA growth project, the TÜV NORD GROUP changed its reporting structure on 1 January 2024. The activities of the business units Industrial Services, Mobility, Engineering and Natural Resources, Training, Aerospace and IT reported up to and including 2023 have been divided up differently and assigned to the following business units: Mobility, Industry, Energy & Resources, Certification, Digital & Semiconductor and People & Empowerment. The forecast now only applies to the new business units. Since there is only limited comparability with the business units reported up to 2023, preliminary comparative values for 2023 are given, as if reporting had already taken place in 2023 at the level of the new business units.

The innovative services of the TÜV NORD GROUP are divided between the following business units:

- The business unit **Mobility** is geared towards the holistic mobility of tomorrow and will therefore include services for future multimodal mobility, especially for road and rail. The structure of the previous business unit Mobility is largely being taken over and complemented with the addition of the business field Rail.
- The business unit **Industry** is concerned with security and protection for the digitalised industrial sector. It primarily covers the core business fields Building, Process and Manufacturing Technology of TÜV NORD Systems and other companies.
- The business unit **Energy & Resources** continues in particular to drive forward the energy transition with regard to the natural resources required and sustainable technologies for energy generation. It combines DMT's extensive expertise in natural resources with the knowledge of various energy sources, including renewable energies and nuclear technology, found in TÜV NORD EnSys and other companies.
- In the business unit **Certification**, a strong and visible unit has been created that will make certification services available worldwide, pool them to meet individual customer needs, expand them and use them as a door opener for new markets. It is largely based on the established structure of TÜV NORD CERT, supplemented by forward-looking certification solutions for digital applications and infrastructures.
- The business unit **Digital & Semiconductor** is focused on the testing, validation and customer-specific development of digital data and communication technology – on what makes the digital world of today and tomorrow possible and cyber-secure. Under the core brands ALTER and TÜVIT, it pools consulting and testing services for customers who produce or use complex electronic systems and software products for ground-based, avionic or space-based applications.

- Empowering people and organisations – the aim of the new business unit **People & Empowerment** is in the name. To achieve this, a new service portfolio is being created from the range of services offered by the previous business unit Training under the leadership of the TÜV NORD Akademie, together with services from the fields of occupational medicine (MEDITÜV) and for regaining withdrawn driving licences (MPI and Nord-Kurs).

For the 2024 reporting period, the TÜV NORD GROUP expects a slight increase in revenue and for EBIT to remain at the previous year's level. The effects of the war in Ukraine and the particular resultant cost increases expected, as well as the poor economic outlook, are weighing on the Group's key figures. In addition, the planned increase in the workforce and the future investments in SAP and digitalisation projects will have a negative impact on earnings. All business units are budgeting for positive contributions to earnings.

The business unit **Mobility** anticipates a moderate increase in revenue in 2024 (2023: €564 million). Operating profit is expected to increase slightly, albeit impacted by increased headcount and expenses in connection with SAP and digitalisation projects (2023: €26 million). A further increase is planned for the following years. An increase in revenue figures for periodic technical inspections and exhaust emission tests, general price increases, the expansion of the partner organisation, growth in the homologation area and the digitalisation and further development of services are all expected to make a significant contribution to the forecast positive development.

For the 2024 reporting period, the business unit **Industry** forecasts moderate revenue growth both in Germany and in other European countries (2023: €361 million). Earnings in 2024 will be impacted primarily by an increase in headcount, inflation-related increases in personnel and material costs and expenses in connection with SAP and digitalisation projects and will decline significantly (2023: €17 million). Medium-term planning assumes that earnings will rise again.

In 2024, the business unit **Energy & Resources** is expected to see rising domestic demand in the areas of infrastructure, plant engineering, plant and product testing, and demand in the chemical industry is also expected to recover. A slight increase in revenue is forecast (2023: €256 million). Earnings in 2024 are expected to decline slightly (2023: €15 million). The focus continues to be on profitable growth projects, accompanied by the optimisation of customer access via location concepts, focused sales support and targeted innovations and efficiency increases (e.g. digitalisation of processes).

The business unit **Certification** expects a moderate increase in revenue in 2024 (2023: €188 million) and earnings slightly above the previous year's level (2023: €13 million). The increase in revenue will be mainly due to increased productivity from the planned increase in the number of employees in the operating division and from company acquisitions carried out in 2023.

The business unit **Digital & Semiconductor** is budgeting for a moderate increase in revenue in 2024 (2023: €111 million) and earnings close to the previous year's level (2023: €10 million). The increase in headcount and the expected inflation-related increases in personnel and material costs will have a negative impact.

For the business unit **People & Empowerment**, significant revenue growth is expected in 2024 due to the expansion of the product portfolio and the further digitalisation of the training offers (2023: €98 million). Earnings are expected to be close to the previous year's level (2023: €8 million). Apart from inflation-related cost increases, they will be impacted by the increase in headcount in connection with the organisational realignment with the digitalisation/innovation, responsibility and sustainability topics.

As planned, the number of employees in the Group will also grow moderately in line with revenue. A recruitment drive in the course of business expansion will play a significant part in this.

The innovation projects identified as part of the strategy will contribute to securing the Group's future and organic growth in the long term. They will carry on in 2024 to allow the Group to continue developing new services.

Risk and opportunity management system

The business activities of the TÜV NORD GROUP are influenced by many risks and opportunities. Risk and opportunity management is therefore a fundamental component of corporate management. The early identification of risks and opportunities and their forward-looking management are key success factors for business development in the TÜV NORD GROUP.

Market and competitor data are identified and analysed for all majority companies of the TÜV NORD GROUP as part of risk and opportunity management. The TÜV NORD GROUP also takes efficient measures to reduce and eliminate risks. The risks in the individual companies are identified based on a standardised, IT-supported, periodic process and reported before and after countermeasures (gross and net) at the end of each quarter according to the projected amount of damage and the probability of occurrence. Recommendations for risk reduction and elimination are developed and implemented. Where necessary, financial provision is made for individual risks. The potential financial impact of emerging risks can be limited with the help of the Group's centralised insurance management. As a rule, the TÜV NORD GROUP's reporting on material and existential risks takes the form of ad-hoc announcements on a calendar- and event-driven basis. Relevant markets are continuously observed to identify overall economic and sector-specific opportunities in good time. Macroeconomic opportunities are being created by the Group's presence in established market regions and growth markets. The Group is striving to remain innovative, thereby allowing it to take advantage of macroeconomic opportunities in a timely manner.

The Group Executive Committee, the Board of Management and the Supervisory Board are all kept informed of the risk situation of the Group and the individual companies in quarterly reports. These reports include the status of the risks (net) and the countermeasures.

The risk management system is reviewed by the corporate audit department and evaluated by external auditors. The results are reported to the Board of Management and the Supervisory Board.

Risks and opportunities for the TÜV NORD GROUP

The risks and opportunities for the TÜV NORD GROUP have not changed significantly compared to the previous year. The coronavirus pandemic seems to have been overcome; at least, its effects are now of little significance for business operations. In the 2023 reporting period, there were no identifiable risks that, either individually or taken as a whole, might jeopardise the continued existence of the Group or materially impair its assets and financial position. As far as can be seen at present, there are no risks in the foreseeable future which might jeopardise the survival of the Group.

Interest rate risks may arise in connection with pension obligations. The plan assets used to finance pension obligations are managed in trust by TÜV NORD PENSION TRUST e. V., which was founded in 2008. Changes in the actuarial interest rate and other actuarial parameters (in particular pension trends) in the valuation of pension obligations could affect the present value of the discounted pension obligations and thus have a significant impact on equity and total comprehensive income.

Beyond this, the Group is not subject to any material price change, default or liquidity risks or risks from fluctuations in cash flow. The Group's financial assets are invested in such a way that, from today's perspective, there are no material risks.

The intensifying competition for qualified personnel will have a decisive influence on the achievement of the Group's targets. The risk of a shortage of skilled workers due to demographic developments and the poaching of employees poses major challenges for the TÜV NORD GROUP. In the individual business units, measures for staff retention and recruitment are being developed and implemented. In addition, appropriate processes are being standardised and digitalised.

Against the backdrop of the currently increasing uncertainty regarding the general economic conditions (war in Ukraine, war in the Middle East), the TÜV NORD GROUP anticipates a development which, while being weaker, will nonetheless be positive.

The following risks and opportunities exist for the individual business units:

In the business unit **Mobility**, there are risks due to ongoing competitive pressure in the periodic technical inspection field as well as in damage assessments and vehicle valuations. The requirements for a nationwide market presence resulting from the ongoing consolidation process at car dealerships and workshops, especially in connection with the acquisition of major nationwide orders, are being counteracted by the expansion of the franchise organisation.

The increasing share of electric vehicles is having an impact on the market for approvals, as the variety of variants among vehicle manufacturers is decreasing, with an opposing increase in the need for approvals for vehicles with alternative drive systems and for connected driving. Technological developments in the automotive sector are resulting in changes in the requirements that apply to the safety of mobility concepts and data security. Beyond these, the vehicle valuation and damage assessment portfolio offer opportunities in the globally growing used car markets. Opportunities in other European countries

are being exploited due to easier market access (similar legal framework as in Germany, geographical proximity). In the long term, risks and opportunities may arise in Germany from the possible repeal of the exclusive regional commissioning of driving tests, which is contained in the coalition agreement as a declaration of intent. TÜV NORD is monitoring the current discussions among political decision-makers. The business unit is actively participating in the design of possible system changes by illustrating the advantages of the current system in terms of neutrality, organisation and quality. Changes in the orientation of this field of work are being derived in dependence on changing framework conditions.

In the business unit **Industry**, the fundamental risks are, as before, associated with potential regulatory changes. However, these risks will only arise if previously mandatory inspections are no longer necessary and/or if inspections can be carried out by less qualified personnel. The internationalisation of existing services and the offer of new ones are seen as fundamental opportunities. At the international level, for example, market presence in the areas of renewable energies (including photovoltaics) is being expanded. Further opportunities lie in the development of new growth markets through investment in forward-looking areas such as digitalisation, sustainability and the careful analysis of supply chains.

In the business unit **Energy & Resources**, the willingness to invest in the market increased significantly compared with previous years, influenced by increased demand for natural resources, for instance. However, in the business fields Natural Resources and Infrastructure, the nature of the project business means that there is a latent risk due to possible project delays and specific technical challenges. Furthermore, business development is dependent on economic fluctuations and the trends in natural resources prices. The risk of bad debts is mitigated by the detailed monitoring of customer orders and

active receivables management. There are opportunities for international business development due to the growing need for natural resources and ongoing high demand for the technical services provided by DMT, especially in South America and Australia. Throughout the German-speaking region, a significant increase in seismic exploration connected with deep geothermal energy is expected. There are also opportunities to expand the business through new partnerships and M&A activities.

In the business field Clean Energy Solutions, orders of significant size in the nuclear decommissioning and dismantling business were added to the ongoing services for decommissioning and dismantling permits as well as existing long-term contracts for their implementation. In the fields of work involved in the interim and final disposal of radioactive waste, multi-year contracts continue to run and new ones have been signed. Opportunities are also evident in the construction of new nuclear power plants in Scandinavia and Eastern Europe. Further opportunities in national and international markets for renewable energies and new technologies are being pursued in a targeted manner and products developed and constructed in this regard. Moreover, the global demand for environmentally friendly energy is continuously increasing, driven by a growing awareness of climate change and the urgent need to reduce the use of fossil fuels.

The following risks generally exist in the business unit **Certification**:

- The offer of dubious certification services, in particular by external, non-accredited certification bodies
- Changes in perception and increasing scepticism in politics, business and society regarding the benefits of certifications
- The waiver without replacement of legal and/or regulatory bases
- An increase in labour intensity due to the increasing complexity of requirements on the part of accreditors

A long-term measure to overcome these risks is to participate in political and societal opinion-forming bodies. Countermeasures include strengthening regional and sectoral diversification as a certification service provider and strategic positioning as a certification partner for globally active companies. The possibility of individual rule violations by actors in the certification process cannot be systematically excluded by an accredited certification service provider. This results in a fundamental risk of loss of accreditation as a basis for business. The TÜV NORD GROUP counters this risk through strong accreditation, quality and compliance management and other effective measures such as training, continuous KPI monitoring and internal auditing. There are opportunities in the field of alternative energy sources, especially regarding the certification of green hydrogen or green ammonia and natural resources, and of food and medical devices.

The business unit **Digital & Semiconductor** generally anticipates a positive business development in Germany and abroad. Overall, the opportunities outweigh the risks in the business field Semiconductors & Equipment, as the aerospace industry is a key driver of innovation in Europe, especially through its contributions to the fight against climate change and to digitalisation. The acquisition of new companies in HTV and HTVC will further open up the important semiconductor market and create the opportunity for synergy effects within the business unit. In addition, unmanned aerial vehicle certification and increasing commercialisation in space will be an important growth area in the aerospace industry in the short and medium term. The persistently high demand for security services is creating a wide range of opportunities for the business fields IT Security Components and Cybersecurity Projects & IT Infrastructure, reflected, among other things, in an increase in international activities. Various domestic and international digital

policy initiatives, such as the Cyber Solidarity Act (CSA), Cyber Resilience Act (CRA), Network and Information Security 2 Directive (NIS2), European Data Act and the European Chips Act, also offer extensive opportunities for auditing and consulting services.

In the business unit **People & Empowerment**, subsidised training now accounts for only a small part of the overall portfolio, which has significantly reduced the risks from this segment (price dumping, lack of jobseekers, etc.). In the private sector, there are increasing opportunities due to the growing demand for digital formats and new issues resulting from the use of new technologies (e.g. AI) and working methods (e.g. new work, digitalisation). Demand for individual in-company further training measures is expected to remain at a high level.

Corporate responsibility

Responsibility and sustainability are fundamental pillars of the TÜV NORD GROUP's business activities. The company's success is therefore closely tied to the contribution that the Group companies make to the sustainable development of the economy, society and the environment. Both terms are combined in the Corporate Responsibility (CR) Strategy. Among other things, this defines the key goals for the responsible and sustainable development of the TÜV NORD GROUP. The implementation of corporate responsibility is designed to be a long-term process that will enable the Group to develop and adapt to new circumstances. This way of acting is based on the Group's six guiding values. At the beginning of 2020, the guiding value of sustainability was added to the mission statement of the TÜV NORD GROUP.

- The focus is on our customers.

The TÜV NORD GROUP considers it a responsibility to contribute to the success of its customers. The Group offers them services of the highest quality in the context of a sustainable portfolio of services and new ideas to help them chart a successful future path.

- Employees are the key to success.

As employers, the TÜV NORD GROUP companies are responsible for creating an attractive work environment which communicates their appreciation of their staff. They offer their employees the space they need to design a working life, which is characterised by individual responsibility; they set great store by teamwork, support the reconciliation of work and private life and offer individual training opportunities. The employees in turn have a responsibility to contribute to the success of their company.

- Integrity is fundamental.

The TÜV NORD GROUP operates sustainably – in respect of the economy, the environment and the society. A culture of openness is cultivated which is firmly rooted in mutual respect and trust. Based on the mandatory Code of Conduct, the TÜV NORD GROUP always acts lawfully and transparently in respect of its business partners and society. The TÜV NORD GROUP is also responsible for taking account of the impact of its actions on the environment and society.

- Sustainability opens up new paths to a shared future.

The TÜV NORD GROUP pays close attention to the economic, environmental and social impacts of its entrepreneurial decisions and actions. Sustainability is an elemental part of its core brand – both in the service portfolio and in every other issue relating to innovation. At the same time, it is incumbent on the TÜV NORD GROUP to continuously reduce its own carbon footprint.

- Diversity opens up new opportunities.

Diversity and internationality are an enrichment for the business units and companies of the Group. The TÜV NORD GROUP promotes equal opportunities and respects the individuality of each and every person within it. The TÜV NORD GROUP uses mixed teams and interdisciplinary work to offer its customers tailor-made solutions.

- The Group has a forward-looking culture of innovation.

The business units and companies of the TÜV NORD GROUP are continuously improving their products and processes, developing new ideas for their customers and driving innovation. They see it as their responsibility to the future to measure their own services against sustainability criteria and requirements and to align themselves in the process with the United Nations Sustainable Development Goals.

With their focus on companies, people and the environment, the three major fields of action of the CR Strategy will continue to form the basis of the TÜV NORD GROUP's CR activities in 2023. The CR roadmap is the means of operationalisation of the CR Strategy. It sets out specific goals, measures and responsibilities for the key areas of concern in the TÜV NORD GROUP. The 2023 CR Progress Report provides information on new developments in the management approaches of the three fields of action and on specific practical CR activities.

The Group Executive Committee continues to bear overall responsibility for corporate responsibility. As in the past, it will be supported by the CR management team. At business unit and central level, CR coordinators are in place who support the management and central divisions in the fulfilment of their CR responsibility. The CR coordinators together make up the CR steering committee under the leadership of the central CR management. This is where overarching CR topics are worked on and coordinated.

In the case of the Group companies, responsibility for CR lies with the management of the respective companies. In each case, the company's management officer supports the management in the planning, implementation and reporting of CR activities.

In line with the regular publication schedule, full reports on responsibility and sustainability are published every three years (previously 2018 and 2021) and provide information on the CR Strategy as well as on the measures being worked on and milestones achieved. In the interim years, progress reports are prepared which summarise the new developments in the management approaches of the fields of action and the CR Strategy. Accordingly, a progress report on the corporate responsibility activities of the TÜV NORD GROUP will be published for the 2023 reporting period.

Corporate governance

The Board of Management and the Supervisory Board are pursuing the goal of aligning the management and monitoring of the company with national and international standards of good and responsible corporate governance. Their implementation is based on the requirements of the German Corporate Governance Code for capital-market-oriented companies.

The governance structure is based on the globally recognised Three Lines Model (TLM) to ensure long-term value-creating leadership and governance. With its three connected lines of defence, the first of which is operative management, the second risk management, controlling, law, compliance etc., and the third internal auditing, the TÜV NORD GROUP guarantees the lawfulness of all its business processes and organisational structures along with the efficiency and effectiveness of its established internal control system (ICS).

Appropriately conceived and clearly formulated policies and regulations, accessible to all staff at all times via the intranet, are fundamental factors when it comes to ensuring good corporate governance. The adoption of corporate policies and a Code of Conduct have given employees a concrete framework of guidelines for their actions, thus reinforcing good business practices in compliance with the law. Information events and training courses using e-learning modules raise the awareness of employees to the importance of compliance-related topics.

In accordance with the TLM requirements, the TÜV NORD GROUP introduced the Compliance Management System (CMS) as an integral part of corporate governance more than ten years ago.

The aim of the TÜV NORD GROUP's CMS is to promote compliance with laws and company policies based on a culture of integrity, to prevent misconduct and to systematically minimise compliance risks.

In combination with the mission statement and the values of the TÜV NORD GROUP, potential risks are effectively minimised to avoid damage. The CMS is also closely linked to the TÜV NORD GROUP's Corporate Responsibility Strategy. Compliance and integrity are key elements of this. It therefore follows that compliance measures, such as the prevention of corruption through e-learning modules, are an integral part of the CR goals.

The TÜV NORD GROUP's Code of Conduct is a central element of the CMS. It serves as the basis for all Group policies and for internal rules and instructions. This Code defines the basic principles for business activities, cooperation within the company and interaction with business partners and customers. In addition to compliance with the law, it emphasises such values as fairness, transparency, diversity and individuality. The Code of Conduct also includes regulations on respect for human rights and dealing with conflicts of interest and expressly prohibits any form of corruption.

The Board of Management has commissioned the central point of contact for compliance to set up and develop an appropriate CMS in the TÜV NORD GROUP that is geared to the company's risk profile. This point of contact is the coordination and contact point for compliance matters, whistleblower management and the ombudsperson. The central point of contact for compliance regularly updates the Board of Management and the Group Executive Committee on relevant compliance matters and the status of the CMS in the company. The Compliance Committee manages and monitors the implementation and further development of the TÜV NORD GROUP's compliance programme.

The preventive compliance approach of the TÜV NORD GROUP underpins the corporate culture by raising awareness and training employees to avoid possible violations from the outset. Furthermore, risk-based assessment plays an essential role in the introduction of new business approaches and in company acquisitions in the course of M&A projects.

External auditors have audited the TÜV NORD GROUP's CMS based on the IDW PS 980 auditing standard. An appropriate way of implementing and directing the CMS was identified in the audit report. A new review of the CMS in accordance with IDW PS 980 was commissioned at the end of 2022 and is currently in the implementation phase.

Membership of the TIC Council industry association prerequisites the binding implementation of the Compliance Code of Conduct. This must be confirmed annually by an audit by an independent auditing firm in accordance with the agreed-upon procedure. The results are communicated to the TIC Council and incorporated into the further development of the CMS.

Conduct with integrity and in accordance with the law forms the basis of every trustworthy cooperation and business relationship. This is particularly true for suppliers, who have been subject to an intensified risk assessment on an annual basis since the Supply Chain Due Diligence Act came into force. The Compliance Code for Suppliers and Business Partners conveys the expectations of the TÜV NORD GROUP to these groups.

When selecting business partners, it is important that they not only comply with legal requirements and adhere to ethical principles but also impose these same standards on their own supply chains. By signing the Compliance Code, the partners commit themselves to acting in accordance with the compliance standards of the TÜV NORD GROUP. These include aspects such as human rights, equality, non-discrimination, environmental protection, product safety, occupational health and safety, legal compliance and the rejection of corruption.

Through an external ombudsperson, who is bound to secrecy and anonymity, employees and external third parties (stakeholders: customers, suppliers, cooperation partners, etc.) can report indications of violations of laws and internal company policies or suspected cases. The ombudsperson fulfils the requirements of the Whistleblower Protection Act (HinSchG) and the Supply Chain Due Diligence Act (LkSG). In addition to direct contact, which can also be anonymous, the e-mail, telephone and fax reporting channels can be used for this purpose, as can a reporting form in several languages on the Internet.

All corporate governance structures and processes are regularly reviewed to ensure that they are up to date and, if necessary, adapted to meet new requirements. Compliance with the corporate governance rules and regulations is continually monitored by the Internal Audit Department based on risk-orientated audit planning. The quality management system implemented by the Group's Internal Audit Department serves to guarantee the efficiency and effectiveness of its auditing work. An exter-

nal and voluntary audit in accordance with the DIIR standards regularly confirms the effectiveness of the processes put in place.

Throughout the Group, there is a strong awareness of, and sensitivity to, compliance issues among both management and employees. The frequent enquiries from employees on compliance issues and the behavioural advice given in the run-up to business activities serve as effective preventive measures to avoid damage. Systematic compliance risks are reduced through risk-based internal control processes, such as compliance reviews of business partners. Key elements of the ongoing improvement process are the adaptation to new legal requirements (e.g. Whistleblower Protection Act, Supply Chain Due Diligence Act) and the due recording, sanctioning, analysis and documentation of compliance violations. As a result, the existing compliance mechanisms are being further strengthened and adherence to the compliance guidelines of the TÜV NORD GROUP is being underpinned for the long term in day-to-day business operations.

Statement on corporate governance

Findings on the promotion of the participation of women in leadership positions according to Article 76 (4) and Article 111 (5) German Stock Corporation Act¹

For the TÜV NORD GROUP, diversity and equal opportunities are important cornerstones of corporate culture and leadership.

In December 2020/January 2021, the Supervisory Board resolved on new targets for the share of women in the Board of Management and the Supervisory Board for the period ending on 30 June 2025. The aim is to achieve a target of 30 percent for the proportion of women on the Supervisory Board and 33 percent for the proportion of women on the Board of Management.

¹ Pursuant to the act on the equal participation of women and men in managerial positions in the private and public sectors, certain companies in Germany are committed to setting targets for the proportion of women on their supervisory boards, executive boards and in the following two management tiers and to set a date for the achievement of these targets.

Since 1 January 2021, the proportion of women on the Board of Management has been one-third, which means that the target set has been achieved ahead of schedule. Elections to the Supervisory Board of TÜV NORD AG took place in March 2023. The proportion of women on the Supervisory Board is now 35 percent.

For each of the first and second tiers of management below the Board of Management a target of 30 percent was set, with a deadline for implementation at the end of 30 June 2027. This corresponds to a proportion of four female executives at management level "F1" and one female executive at management level "F2".

As of 31 December 2023, the proportion of female executives at management level "F1" was 31 percent. The total number of "F2" positions has decreased from 3 to 2. The implementation of the Group-wide NOVA growth project will have an impact on the management levels affected. The resulting changes will be implemented in the course of 2024.

The Board of Management has determined that, when it comes to filling management positions, it must be ensured that both women and men are in the final selection round. The procedure for recruiting must be explained to the Board of Management when filling new "F1" and "F2" positions.

For the other Group companies affected, new targets for the proportion of women on the Supervisory Boards, the Boards of Management and the two subsequent management levels were set in due time, as were the implementation deadlines. The aim is to continuously increase the proportion of women in management positions in the Group companies.

Further information

Pursuant to Section 17 of the German Stock Corporation Act (AktG), TÜV NORD AG is directly dependent on TÜV Nord Holding GmbH & Co. KG and TÜV HSA Holding GmbH & Co. KG and indirectly dependent on TÜV Nord e. V. and TÜV Hannover/Sachsen-Anhalt e. V. For the period from 1 January to 31 December 2023 as well as for relevant special transactions in the 2023 fiscal year, the Board of Management of TÜV NORD AG has prepared a report in accordance with Section 312 of the German Stock Corporation Act (AktG) on the company's relations with TÜV Nord Holding GmbH & Co. KG, TÜV HSA Holding GmbH & Co. KG, TÜV Nord e. V., TÜV Hannover/Sachsen-Anhalt e. V. and its affiliates.

This report ends with the following declaration:

"We declare that, in the case of the legal transactions listed in the report on relations with affiliated companies, TÜV NORD AG received appropriate consideration for each transaction in accordance with the circumstances known to us at the time in which the legal transactions were executed.

No measures were taken or omitted on the initiative or in the interests of the dominant enterprise or any enterprise affiliated with it."

Hanover, 28 February 2024

TÜV NORD AG
The Board of Management

Consolidated income statement

€k	Note	2023	2022
Revenue	3.1.	1,583,259	1,451,842
Other internally generated additions to assets		43	38
Other income	3.2.	63,091	62,557
Cost of materials	3.3.	-345,111	-307,561
Personnel expense	3.4.		
a) Wages and salaries		-711,850	-671,251
b) Social security contributions, post-employment and welfare benefits		-156,385	-144,260
Depreciation, amortisation and impairment losses	3.5.	-73,371	-67,724
Other expenses	3.6.	-276,149	-244,793
Operating profit		83,526	78,849
Income from investments consolidated at equity		-730	1,130
Income from other equity investments		257	461
Interest income		1,431	991
Interest expense		-3,062	-1,882
Other financial items		-25	-641
Financial result	3.7.	-2,129	59
Earnings before tax (EBT)		81,397	78,907
Taxes on income	3.8.	-31,638	-30,306
Consolidated earnings after tax		49,759	48,601
The consolidated earnings after tax are attributable to			
TÜV NORD AG's owners		44,343	43,489
non-controlling interests		5,416	5,112

Statement of comprehensive income

€k	2023	2022
Consolidated earnings after tax	49,759	48,601
Items that will not be reclassified subsequently to the income statement		
Actuarial gains and losses		
Changes from unrealized gains and losses ¹	-52,057	179,258
Tax effect	15,218	-50,167
	-36,839	129,091
Interest from subordinated registered debenture	-1,538	-1,537
Changes in the fair value of financial investments in equity instruments recognised at fair value that do not affect net income	0	0
Share in other comprehensive income of at equity consolidated investments	-8	-13
Total items that will not be reclassified subsequently to the income statement	-38,385	127,541
Items that will be reclassified subsequently to the income statement		
Currency translation		
Changes from unrealized gains and losses	-2,408	-1,687
Changes from realized gains and losses	0	0
	-2,408	-1,687
Share in other comprehensive income of at equity consolidated investments		
Changes from unrealized gains and losses	11	13
Total items that will be reclassified subsequently to the income statement	-2,397	-1,674
Other comprehensive income	-40,782	125,867
Total comprehensive income	8,977	174,468
The total comprehensive income is attributable to		
TÜV NORD AG's owners	4,959	167,503
non-controlling interests	4,018	6,965

¹ Including non-controlling interests amounting to €-985k (2020: €3,562k). Further information can be found in the notes 4.

Consolidated balance sheet

Assets €k	Note	31.12.2023	31.12.2022
A. Non-current assets			
Intangible assets	5.1.	163,639	115,005
Property, plant and equipment	5.2.	303,220	271,674
Right-of-use assets	5.3.	86,204	58,508
At equity consolidated investments	5.4.	5,524	3,288
Other financial assets	5.5.	7,737	8,588
Trade and other receivables	5.7.	579	353
Other assets	5.8.	8,647	7,835
Deferred tax assets	3.8.	151,607	138,349
Total non-current assets		727,157	603,600
B. Current assets			
Inventories	5.6.	8,138	6,676
Trade and other receivables	5.7.	311,215	273,276
Other assets	5.8.	21,967	29,217
Current tax assets		8,468	5,529
Cash and cash equivalents	5.9.	115,132	125,036
Total current assets		464,920	439,734
C. Assets held for sale	5.10.	184	61,843
Total assets		1,192,261	1,105,177

Equity and liabilities			
€k	Note	31.12.2023	31.12.2022
A. Equity			
Subscribed capital	5.11.	10,000	10,000
Capital reserves	5.11.	114,413	114,413
Subordinated registered debenture	5.11.	30,000	30,000
Retained earnings	5.11.	383,846	352,897
Other equity items	5.11.	-233,125	-204,619
Total equity of TÜV NORD AG's owners		305,134	302,691
Non-controlling interests	5.11.	28,821	25,673
Total equity		333,955	328,364
B. Non-current liabilities and provisions			
Provisions for pensions and other post-employment benefits	5.12.	318,956	278,814
Other provisions	5.13.	29,052	21,342
Amounts payable to banks	5.14.	714	948
Lease liabilities	5.14.	66,513	40,366
Trade and other payables	5.14.	6,917	10,335
Deferred tax liabilities	3.8.	19,428	13,763
Total non-current liabilities and provisions		441,580	365,568
C. Current liabilities and provisions			
Current provisions	5.13.	75,289	72,750
Amounts payable to banks	5.14.	20,523	400
Lease liabilities	5.14.	22,198	19,665
Trade and other payables	5.14.	286,087	246,969
Current tax liabilities		12,629	13,103
Total current liabilities and provisions		416,726	352,887
D. Liabilities and provisions in connection with assets held for sale	5.10.	0	58,358
Total equity and liabilities		1,192,261	1,105,177

Consolidated cash flow statement

€k	Note	2023	2022
Consolidated earnings after tax		49,759	48,601
Depreciation, amortisation and impairment losses		73,397	68,365
Interest expense on lease liabilities		2,248	1,136
Cash flow before provision for pensions		125,404	118,102
Change in provision for pensions		-11,915	-14,083
Cash flow		113,489	104,019
Share of profits of at equity consolidated investments		730	-379
Interest income/expense		-617	-245
Income taxes		31,638	30,306
Gain/loss on disposal of intangible assets and property, plant and equipment		-1,339	-1,901
Change in inventories, receivables and other assets		-31,888	-37,056
Change in payables, provisions and other liabilities		37,301	21,755
Income taxes paid		-31,336	-19,870
Cash flow from operating activities	6.	117,978	96,629
Proceeds from the disposal of			
property, plant and equipment		5,053	5,792
other financial assets		672	2,761
Payments for investments in			
intangible assets		-3,846	-2,766
property, plant and equipment		-73,899	-55,480
other financial assets		-3,743	-2,552
Acquisitions of consolidated affiliates, net of cash acquired		-40,488	-7,077
Cash flow from investing activities	6.	-116,251	-59,322
Receipts from financial resources		20,000	0
Proceeds from loans and borrowings/Repayment of loans and borrowings		-111	-307
Interest expenses on lease liabilities and repayment of lease liabilities		-24,111	-23,940
Dividends to owners and non-controlling shareholders		-4,373	-4,188
Interest received		1,431	991
Interest paid		-2,352	-2,284
Cash flow from financing activities	6.	-9,516	-29,728
Net change in cash and cash equivalents		-7,789	7,579
Net change in cash and cash equivalents through changes in exchange rates and change of consolidated affiliates		-39,350	43
Cash and cash equivalents at the beginning of the period		162,272	154,650
Cash and cash equivalents at the end of the period		115,133	162,272
thereof in Cash and cash equivalents		115,133	125,036
thereof in Assets held for sale		0	37,236
Supplementary information:			
Dividends received classified as cash flow from operating activities		257	751

Consolidated statement of changes in equity

€k	Subscribed capital	Capital reserves	Subordinated registered debenture	Retained earnings
Carrying amounts as of 1 January 2022	10,000	114,413	30,000	311,086
Comprehensive income	0	0	0	43,489
Dividends paid	0	0	0	-1,000
Changes in consolidated affiliates	0	0	0	0
Other changes	0	0	0	-678
Carrying amounts as of 31 December 2022	10,000	114,413	30,000	352,897
Carrying amounts as of 1 January 2023	10,000	114,413	30,000	352,897
Comprehensive income	0	0	0	44,343
Transfer from/to	0	0	0	-10,878
Dividends paid	0	0	0	-2,000
Changes in consolidated affiliates	0	0	0	0
Other changes	0	0	0	-516
Carrying amounts as of 31 December 2023	10,000	114,413	30,000	383,846

Further information on equity can be found in Notes 5.11.

Accumulated other comprehensive income

Currency translation differences	Financial instruments at fair value through OCI	Actuarial gains and losses	Interests from subordinated registered debenture	Share of TÜV NORD AG's owners	Non-controlling interests	Consolidated equity
-3,042	17	-313,227	-12,381	136,866	21,869	158,735
-1,035	0	126,586	-1,537	167,503	6,965	174,468
0	0	0	0	-1,000	-3,188	-4,188
0	0	0	0	0	27	27
0	0	0	0	-678	0	-678
-4,077	17	-186,641	-13,918	302,691	25,673	328,364
-4,077	17	-186,641	-13,918	302,691	25,673	328,364
-1,682	0	-36,164	-1,538	4,959	4,018	8,977
0	0	10,878	0	0	0	0
0	0	0	0	-2,000	-2,373	-4,373
0	0	0	0	0	1,503	1,503
0	0	0	0	-516	0	-516
-5,759	17	-211,927	-15,456	305,134	28,821	333,955

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1. General principles

1.1. Corporate information

The TÜV NORD Group is one of the biggest technical service providers in Germany and the byword for safety, independence and quality. It offers a broad range of testing, certification, engineering, consulting and training services for its customers in its business units Industrial Services, Mobility, Engineering and Natural Resources, Aerospace, Training and IT in all the world's major countries.

TÜV NORD AG, with its registered office in Hanover, Germany, is the parent company of the Group, registered with the Commercial Registry of Hanover Local Court under no. HRB 200158.

The Board of Management of TÜV NORD AG completed the preparation of the consolidated financial statements as of 31 December 2023 and the Group management report for the 2023 reporting period on 28 February 2024 and approved them for submission to the Supervisory Board.

1.2. Basis of presentation

Taking advantage of the right of election pursuant to Art. 315e (3) of the German Commercial Code (HGB), TÜV NORD AG prepared its consolidated financial statements up to 31 December 2023 in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, while at the same time complying with the German supplementary provisions pursuant to Art. 315e (1) HGB. All the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) up to 31 December 2023 and all the pronouncements of the International Financial Reporting Standards Interpretations Committee (IFRS IC) have been applied in relation to the 2023 reporting period, to the extent that such standards had received the endorsement of the Commission of the European Union up to the time of publication of the consolidated financial statements and that their application is mandatory. The use of the two-statement approach shows a breakdown of the expense recognised in equity and income (consolidated state-

ment of comprehensive income) in addition to the consolidated profit and loss account, the consolidated balance sheet and the consolidated cash flow statement.

In order to achieve equivalence with consolidated financial statements prepared in accordance with the HGB, all statutory requirements of disclosure and explanation going beyond the IASB requirements have been complied with, in particular the preparation of a Group Management Report.

The consolidated financial statements are presented in euros and on the basis of original cost (costs of purchase or production), with the exception of certain financial instruments which are recognised at fair value.

Unless otherwise indicated, the amounts are stated in thousands of euros (€k). The use of rounded-off values and percentages may result in differences due to financial rounding. For the sake of clarity and to make the financial statements more readily understandable, certain individual items are aggregated in the consolidated balance sheet and the consolidated income statement but disclosed and explained separately in the consolidated notes.

The annual financial statements of the Group companies in Germany and abroad are prepared in accordance with uniform accounting policies. Separate financial statements of subsidiary companies prepared in their local currencies are translated into euros.

The reporting periods of the TÜV NORD Group and of all consolidated subsidiaries end on 31 December of each calendar year.

The consolidated financial statements were prepared based on the company's continuation, i.e., that the Group is able to meet its payment obligations.

1.3. Accounting standards applied for the first time in the reporting period

The IASB has issued amendments to the following standards to existing standards, which have received endorsement from the European Commission, i.e. have been adopted into European law, and whose application is mandatory in respect of the 2023 reporting period:

Effective application

Standard/Interpretation	Mandatory application
IFRS 17 "Insurance Contracts including Amendments to IFRS 17"	Reporting periods beginning on or after 1.1.2023
Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	Reporting periods beginning on or after 1.1.2023
Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	Reporting periods beginning on or after 1.1.2023
Amendments to IAS 12 "Income Taxes: International Tax-Reform – Pillar Two Model Rules"	Reporting periods beginning on or after 1.1.2023
Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies"	Reporting periods beginning on or after 1.1.2023
Amendments to IAS 8 "Definition of Accounting Estimates"	Reporting periods beginning on or after 1.1.2023

1.4. Newly issued accounting standards not yet applied

The following standards and amendments to existing standards issued by the IASB have already been adopted into European law, but their application is not yet mandatory for the reporting period. The company has elected not to apply these provisions in advance of their becoming mandatory.

No elective application in advance

Standard/Interpretation	Mandatory application
Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback"	Reporting periods beginning on or after 1.1.2024
Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current including Deferral of Effective Date and Non-current Liabilities with Covenants"	Reporting periods beginning on or after 1.1.2024

TÜV NORD AG has not yet completed its investigations into the possible implications for its assets, financial status and earnings, but is of the opinion that the application of the further standards, which were issued before the reporting date but whose application is not yet mandatory, will have no material impact on assets, financial status and earnings.

The following amendments to existing standards issued by the IASB have not yet received European Commission endorsement, with the effect that their application is not yet permissible:

Application in advance impermissible

Standard/Interpretation	Mandatory application
Amendments to IAS 7 "Statement of Cash Flows" and "IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"	Reporting periods beginning on or after 1.1.2024
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"	Reporting periods beginning on or after 1.1.2025

TÜV NORD AG has not yet completed its investigations into the possible implications for its assets, financial status and earnings.

2. Summary of significant accounting policies

2.1. Basis of consolidation

Including TÜV NORD AG, the consolidated financial statements cover 45 (2022: 42) domestic and 46 (2022: 44) foreign companies in which TÜV NORD AG directly or indirectly holds a majority of the voting power or over whose financial and operating policies it otherwise exerts control, thus putting it in a position to obtain benefits from their activities. In determining the situation with regard to control, potential voting rights which are currently exercisable or convertible are also taken into consideration.

In the 2023 reporting period, the removal of subsidiaries from the list of fully consolidated subsidiaries resulted from two deconsolidations. The seven additions result from five acquisitions and two companies which were not previously consolidated for materiality reasons.

In addition eight (2022: seven), (see under 5.4.) are accounted for by the equity method.

Not included in the consolidation are companies which are of only minor significance for a true and fair view of the assets, financial status and earnings of the Group. This waiver of consolidation has the effect of reducing group revenue by 0.7% (2022: 1.0%) and of a change of consolidated earnings before tax (EBT) of 0.7% (2022: 0.8%).

A list of consolidated affiliates and shareholdings has been prepared in which TÜV NORD Group's affiliates and other equity investments are listed, showing the proportion of the capital held. A list of all the Group's shareholdings is published in the Federal Gazette as part of the notes to the financial statements of TÜV NORD AG.

2.2. Acquisitions

The list of consolidated affiliates was extended in the 2023 reporting period by the following acquisitions.

On 26 January 2023, ALTER TECHNOLOGY TÜV NORD S.A.U., Seville, Spain, acquired 95% of the shares in HTV Conservation GmbH (HTVC), Bensheim, Germany, as well as 100% of the shares in HTV Halbleiter-Test und Vertriebsgesellschaft mbH (HTV), Bensheim, Germany, with economic effect from 1 January 2023. These companies will enable the business unit

Aerospace to expand geographically into Germany and cover other important semiconductor customer markets (e.g. automotive, electronics, wireless communications). Moreover, HTVC's service portfolio will expand the value chain to include the long-term preservation of electronic components. The total purchase price paid in the 2023 reporting period for both companies amounted to €35.4 million. The first-time consolidation of both companies at the time of acquisition resulted in goodwill of €25,655k.

In addition, the business unit Industrial Service acquired three smaller companies to complement its portfolio. The total purchase price of these companies amounted to €13.8 million. The first-time consolidation of the companies at the time of acquisition resulted in goodwill of €10,153k.

Corporate acquisition, all 5 companies

Net assets acquired, goodwill and purchase price

€k	Carrying amounts before initial consolidation	Carrying amounts at initial consolidation
Intangible assets, property, plant and equipment	2,866	12,528
Other assets (excluding cash and cash equivalents)	7,732	7,732
Cash and cash equivalents	4,908	4,908
Liabilities	-6,955	-10,047
Total net assets acquired	8,551	15,121
Non-controlling interests		-1,700
Goodwill		35,808
Purchase price		49,229
Cash and cash equivalents acquired		-4,908
Net outflow of funds for corporate acquisition		44,321

As a result of the acquisitions, consolidated revenue increased by approx. 1%, consolidated income by approx. 2%. If all the companies acquired had been included as of 1 January 2023, the effect on consolidated revenue and income would not have been significantly different.

2.3. Consolidation policy

The annual financial statements of the subsidiaries included in consolidation are prepared in accordance with TÜV NORD AG's accounting and valuation methods, which are applied uniformly throughout the Group.

Capital consolidation is effected using the acquisition method, pursuant to IFRS 3, Business Combinations. Using the acquisition method to account for business combinations assumes that, at the time of initial consolidation, all the assets, liabilities and contingent liabilities of the company acquired and also any intangible assets to be recognised in addition are measured at fair value. Any differences in amounts between the cost of acquiring the interest in the company and the acquirer's pro rata share in the reassessed equity at the time of acquisition are allocated to the appropriate balance sheet items of the subsidiary up to the amount of their fair value. Any remaining positive difference is recognised as goodwill. If a negative difference arises, it is recognised as an expense in the consolidated income statement for the reporting period during which the business combination takes place. Goodwill is tested for impairment at least once a year.

The earnings of subsidiary companies acquired or disposed of in the course of the reporting period are included in the consolidated income statement from the time when control was acquired or up to the effective time of disposal.

Significant associates and joint ventures are accounted for using the equity method. An associate is a business entity upon which the Group can exert significant influence through participation in financial and operating policy decisions, but over which it cannot exercise control. In general, such significant influence may be presumed if the Group holds 20% or more of the voting power. The pro rata earnings from such equity holdings are recognised under the item Income from investments in associates. Should any such equity investments be subject to long-term impairment, impairment losses are recognised. Where a Group company undertakes transactions with an associate, any resulting unrealised gains or losses are eliminated in proportion to the Group's interest in the associate or joint venture.

Receivables and payables between companies included in consolidation are netted. Profits and losses arising out of inter-company transfers of assets that are to be recognised in the consolidated financial statements are eliminated unless they are immaterial. Revenue and other income between consolidated affiliates are offset against the corresponding expenses.

During the process of consolidation, income tax effects are taken into account and deferred taxes recognised where appropriate.

Shares in the equity of subsidiaries that are held by parties outside the Group are recognised separately under Consolidated equity. The proportions of the earnings of subsidiary companies attributable to outside shareholders (non-controlling interests) are stated separately in the Consolidated income statement.

2.4. Currency translation

Translation into the presentation currency

The annual financial statements of any foreign Group company whose functional currency is not the euro are translated into the Group presentation currency, i.e. the euro, in accordance with the functional currency concept. The functional currencies of the foreign subsidiaries are their respective local currencies.

Assets and liabilities of foreign subsidiaries are translated at the exchange rate in force as of the balance sheet date. Equity is translated at historical rates of exchange. Expense and income are translated into euros at average rates for the year. Differences arising out of currency translation are recognised in Other comprehensive income. Any such translation difference recognised in comprehensive income is posted to profit and loss only if the company concerned is deconsolidated.

Since the 2022 reporting period, Turkey has satisfied the criteria for identification as a high inflation country within the meaning of IAS 29. For materiality reasons, as in the previous year, the decision was taken not to adjust the financial statement of TÜV NORD Turkey Teknik Kontrol ve Belgelendirme A.S., Istanbul, Turkey, based on the price index in force as of 31 December 2023, as this company is only of subordinate importance for the Group's assets, financial status and earnings and no material effects would be expected from such an adjustment.

Translation into the functional currency

Foreign currency transactions are translated into the functional currency at the exchange rate in force at the time of the transaction. Gains and losses resulting from the fulfilment of such transactions and from the translation as on the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The following exchange rates are among those used for the translation of the currencies of countries that are not members of the European Monetary Union:

Currency translation

Currency	ISO Code	Exchange rate as of the reporting date		Annual average rate	
		31.12.2023	31.12.2022	2023	2022
Brazilian real	BRL	5.3618	5.6386	5.4016	5.4432
British pound sterling	GBP	0.8691	0.8869	0.8699	0.8526
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Canadian dollar	CAD	1.4642	1.4440	1.4596	1.3703
Chinese renminbi yuan	CNY	7.8509	7.3582	7.6591	7.0801
Czech koruna	CZK	24.7240	24.1160	24.0006	24.5602
Egyptian pound	EGP	34.0599	26.2674	33.3667	20.3087
Hong Kong dollar	HKD	8.6314	8.3163	8.4676	8.2512
Indian rupee	INR	91.9042	88.1710	89.3248	82.7144
Indonesian rupiah	IDR	17,094.0171	16,528.9256	16,474.4646	15,625.0000
Korean won	KRW	1,433.6506	1,344.0860	1,413.2678	1,358.0683
Malaysian ringgit	MYR	5.0775	4.6984	4.9316	4.6292
Polish zloty	PLN	4.3395	4.6808	4.5421	4.6845
Singapore dollar	SGD	1.4591	1.4300	1.4523	1.4520
Swedish krona	SEK	11.0963	11.1222	11.4732	10.6270
Taiwan dollar	TWD	33.9800	32.7201	33.6949	31.3594
Thai baht	THB	37.9730	36.8350	37.6330	36.8619
Turkish lira	TRY	32.6584	19.9641	25.7467	17.3853
US dollar	USD	1.1050	1.0666	1.0816	1.0539

2.5. Use of estimates

The preparation of IFRS financial statements requires management to make certain estimates and assumptions which have an impact on the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities existing as of the reporting date, and the income and expense recognised for the reporting period. The actual amounts may differ from these estimates.

In compiling the consolidated financial statements, estimates had to be made in particular with regard to the impairment testing of goodwill, the useful life of fixed assets, the discount

interest rate for lease liabilities, the valuation of employee benefits under IAS 19, provisions from the human resources and social sector, provisions for threatened losses from pending transactions and the deferred tax assets relating to loss carry-forwards. These estimates are continuously reviewed.

Goodwill is subjected to an annual impairment test based on the smallest cash-generating unit to which goodwill has been allocated and the management's approved three-year operating plan. Impairment tests are largely based on estimates.

In accordance with the IFRS 16 leasing standard, the TÜV NORD Group must determine the term of the leases with sufficient certainty, taking into account all the circumstances and facts that could lead to the exercise of an extension option or the non-exercise of a termination option. This requires an assessment of the likelihood that such an option will be exercised. When discounting lease liabilities, the determination of the interest rate to be used is also based on estimates.

Employee benefits (IAS 19) relate essentially to obligations arising out of defined benefit pension commitments, which are determined based on actuarial parameters. These require assumptions to be made about future wage and salary increases, trends in pension levels and the discount rate. The reinsurance policies are valued individually by policy by means of an estimation using a factor-based approach in accordance with the so-called actuarial reserve method, provided that the reinsurance policies are congruent with the pension liabilities. Changes in these parameters can have a significant impact on the level of the pension obligation. However, changes in the parameters for determining the obligation arising from defined benefit pension commitments and plan assets do not affect the consolidated net income for the current year, as actuarial gains and losses are immediately recognised in equity.

Recognition and measurement of the provisions from the human resources and social sector and the provisions for threatened losses are based on estimates of the probability of a future outflow of resources and on experience values and the circumstances known at the reporting date. To this extent, the actual outflow of resources may vary from the amount of the provision.

Deferred tax assets relating to loss carryforwards are accounted for on the basis of estimates of the extent to which the tax advantages can be realised in future, i.e. if sufficient taxable income is to be expected in the future. The actual tax situation in future periods, and thus the actual extent to which loss carryforwards can be utilised, may vary from the estimate made at the time when the deferred taxes were recognised.

2.6. Accounting policies

Accounting is undertaken in accordance with the following principles:

Revenue realisation

Revenue essentially consists of earnings from services and, pursuant to IFRS 15, is recognised in the period in which it was generated.

The degree of completion or progress per contract to be applied is thereby calculated by the ratio of accrued costs to the calculated total costs (cost-to-cost method).

Intangible assets

Intangible assets encompass those intangible assets acquired for consideration and internally generated intangible assets and goodwill.

Intangible assets acquired for consideration, e.g. software and accreditations, are valued at historical cost. This position also includes items identified during purchase price allocations, e.g. customer relations.

Internally generated intangible assets are recognised at production cost if this meets the recognition criteria of IAS 38.

Intangible assets with a defined useful life are subject to amortisation by the straight-line method over a period of generally between 3 and 15 years, depending on the expected future economic benefits. The useful life is subject to annual review, and if necessary adjusted in accordance with future expectations. If there is any indication of impairment, or if the recoverable amount is less than the amortised cost, an impairment loss must be recognised.

If the reasons for recognising such an impairment loss cease to apply, the impairment loss is reversed, where the resulting enhanced carrying amount may not exceed the amortised cost arrived at by normal amortisation.

Goodwill arising out of a business combination is to be recognised from the time when control of the company acquired is obtained (the acquisition date). It arises whenever the cost of acquiring the business exceeds the netted fair value of the identifiable assets, debts and contingent debts on the acquisition date. Goodwill is not subject to amortisation; instead, it is subjected to an impairment test at least once a year, and more frequently should any triggering events occur. This may result in the recognition of impairment only. The impairment test is carried out on the basis of cash-generating units, the recoverable amount of a cash-generating unit being compared with its carrying amount. Under IAS 36, an impairment loss is recognised if the carrying amount of a cash-generating unit to which goodwill has been allocated exceeds its recoverable amount. Impairment losses on goodwill, once recognised, may not subsequently be reversed.

The cash generating units correspond with the internationally managed business units Industrial Services, Mobility, Engineering and Natural Resources, Training, Aerospace and IT and the Holding/Services Group unit.

The recoverable amount is the higher of the cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount of a cash-generating unit is initially calculated by determining its fair value less costs of disposal, using the discounted cash flow method on the basis of the three-year plan approved by management. If the fair value less costs of disposal is lower than the carrying amount, the value in use is also determined. In determining value in use certain assumptions have to be made, relating essentially to the rate at which operating profit will grow over the planning period, the cost of capital as well as the expected sustained growth rate after the end of the three-year plan. The cost of capital is determined on the basis of the weighted average cost of capital (WACC).

Property, plant and equipment

Assets falling into the category of property, plant and equipment are recognised at depreciated costs (purchase or construction costs). Construction costs include not only direct costs but also attributable overheads.

The revaluation model as per IAS 16.31 is not applied. As a result, under current market conditions the carrying amounts of the TÜV NORD Group's real estate include hidden reserves.

Property, plant and equipment are normally depreciated using the straight-line method, unless, in exceptional cases some other depreciation method appears more appropriate. Depreciation is based on the following useful lives:

Useful lives of property, plant and equipment	
	years
Office buildings	30 – 50
Test facilities	20 – 30
Machinery	5 – 12
Furniture, fixtures and office equipment	3 – 20

Under IAS 36, property, plant and equipment are subject to impairment if the recoverable amount (see also under Intangible assets above) of the asset concerned has fallen below its carrying amount. If the reasons for recognising such an impairment loss cease to apply, the impairment loss is reversed, but only to the extent that the enhanced carrying amount does not exceed the asset's depreciated cost. Such a reversal of an impairment loss is recognised as income.

Leases

In the case of a lease, there is a contract which transfers the right to use an asset (the leased asset) for an agreed period in return for a consideration.

IFRS 16 envisages a unified accounting model for the lessee: Lease contracts are to be recognised as right-of-use assets and, correspondingly, as a liability. IFRS 16 contains the option not to apply the requirement of IFRS 16 to short-term leases (term of less than 12 month) and leases for low-value assets. IFRS 16 does not essentially differ from IAS 17 requirements when it comes to lessor accounting. For lessors, the distinction between finance and operating leases must continue to be made as before.

Both assets for the rights to use the leased assets and liabilities for the received payment obligations for all leases of the Group as a lessee are recognised at present value. The lease liability takes into account the following lease payments:

- Fixed payments less lease incentives received by the lessor,
- Variable payments linked to an index or interest rate,
- Expected payments from residual value guarantees,
- Strike price of a purchase option if the exercise thereof has been deemed sufficiently safe and
- Contractual penalties for the termination of the lease if the term of the lease takes into account the use of a termination option.

If the interest rate implicitly underlying the lease is determinable, lease payments are discounted at this rate. If this is not the case, interest is discounted by means of a marginal borrowing interest rate.

The right-of-use assets are valued on the basis of the acquisition costs, which are as follows:

- Lease liabilities,
- Lease payments made in the event of or before provision, less lease incentives received,
- Initial direct costs and
- Expected costs from decommissioning obligations.

The amortised acquisition costs are used for the subsequent valuation. Amortisation of right-of-use assets takes place on a straight-line basis over the period of the contractual relationship.

The facilitation of application for low-value and short-term leases (less than 12 months) is used, so that payments are recognised in a linear way as an expense (rental expense) in the consolidated profit-and-loss account. In addition, intangible asset leases are not affected by the application. If contracts exist that contain both lease and non-lease components, the option of waiving the separation of these components is exercised. This does not extend to real estate leases.

The renewal and termination options (especially for real estate) contained in a number of lease contracts offer the Group the greatest possible operational flexibility. In determining the terms of the contract, all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options are taken into account. If changes in the term that arise from the exercise or non-exercise of the options are sufficiently certain, they are taken into account in the term of the contract. (see under 2.5.).

At equity consolidated investments

Associates and joint ventures are initially recognised at cost at the time of their acquisition, and in subsequent accounting periods using the equity method. The carrying amounts are increased or decreased annually by the amount of the earnings attributable pro rata, the dividends distributed or other changes in equity. Under IAS 28.33, accounting using the equity method is effected on the basis of the last available financial statements. Any goodwill is reviewed in connection with the impairment testing of the investment in the associate or joint venture. Goodwill is not subject to amortisation.

Other financial assets

The item Other financial assets covers above all investments in non-consolidated affiliates, other equity investments, loans, securities and claims arising out of the reinsurance of pension obligations.

The financial instruments are categorised on the basis of the analysis of business model and payment flow conditions provided for in IFRS 9. The following categories are relevant for the TÜV NORD Group:

- Financial assets/liabilities accounted for at amortised cost
- Financial assets/liabilities accounted for at fair value which affect net income
- Equity instruments accounted for at fair value which do not affect net income.

In principle, the TÜV NORD Group accounts for all the equity instruments it holds at fair value. Dividends from such instruments are recognised in the Income statement under Other income where the right to receive payments is established.

Loans granted fall into the category Accounted for at amortised cost.

Claims arising out of reinsurance fund shares that do not form part of the plan assets are accounted for at fair value in accordance with IAS 19 on the basis of the information provided by the reinsurance provider. There is no price reporting on an active market for reinsurance fund shares.

Inventories

Inventories encompass raw materials, auxiliary materials, operating materials and advance payments, which are accounted for at either amortised cost or net realisable value, whichever is lower.

Trade and other receivables, other assets

Receivables include the company's trade receivables, other receivables and other assets. They are measured at nominal value or procurement costs net of impairment. Impairments are determined based on expected loan defaults pursuant to IFRS 9. For trade receivables, loan defaults that are expected over the total period are recognised according to the simplified procedure. Non-current receivables bearing no or only low interest are discounted at a rate appropriate to the risk, to the extent that the interest effect is material. The amount discounted is recognised pro rata under interest income until the receivable becomes due.

The receivables and other assets also include contract assets which are recognised in relation to specific periods in accordance with IFRS 15. The contract assets primarily relate to claims of the Group for consideration for services which have been completely provided but not yet invoiced as of the record date. The contract assets are reclassified as trade receivables if the rights to them are held without reservation. This typically happens when the Group issues an invoice to the customer.

Cash and cash equivalents

Cash and cash equivalents include freely disposable cash in hand, cheques and bank credit balances with a term of up to three months. They are recognised at nominal value.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts of assets and liabilities in the IFRS balance sheet and their tax bases and also for consolidation measures recognised through profit or loss and are as far as is permissible set off against one another in the consolidated balance sheet. Deferred tax assets are recognised to the extent that it is probable that there will be taxable income against which the deductible temporary difference can be offset. Deferred tax assets also include claims for reductions in amounts of tax payable arising out of the expected utilisation of existing loss carryforwards in subsequent years, to the extent that their realisation within a period of 5 years is sufficiently certain. Deferred tax assets and liabilities are also recognised where temporary differences arise in connection with business combinations (corporate acquisitions), with the exception of temporary differences relating to goodwill.

Deferred taxes are determined on the basis of the rates of taxation that apply or are expected to apply under current law in the individual countries at the time of realisation. Tax rates that will be applicable in future years are used for calculation purposes to the extent that they have already been fixed in law or that the legislative process is practically complete.

Changes in deferred tax assets and liabilities in the consolidated balance sheet generally lead to tax expense or income in the consolidated income statement; unless they relate to items recognised in Comprehensive income, in which case the deferred taxes are also recognised in Comprehensive income.

Deferred taxes are not recognised at the reporting date in respect of temporary differences in connection with investments in subsidiaries, associates or joint ventures (outside basis differences). It is not possible to make any reliable estimate of the amounts of these unrecognised deferred tax liabilities.

For the calculation of domestic deferred taxes, a tax rate of 32.0%, unchanged from the previous year, has been applied.

Non-current assets and liabilities and provisions held for sale

Non-current assets and liabilities and provisions held for sale are shown separately in the Group balance sheet if they can be sold in their existing condition and it is probable that they will be. When assets are first classified as “held for sale”, they are revalued at the lower of carrying amount and fair value less costs to sell. Impairment losses resulting from the first-time classification of the assets as being “held for sale” and any later impairments (or reversals of impairments) are recognised as expense (or income) in the income statement. Assets held for sale are not subjected to amortisation.

Provisions for pensions and other post-employment benefits

Post-employment benefit plans are classified as either defined benefit or defined contribution plans, depending on the economic substance of the plan as derived from its principal terms and conditions. Plans are classified as defined benefit plans if the actuarial or investment risk falls on the employer. Post-employment benefit commitments that cannot be unambiguously classified as defined benefit plans are regarded as defined contribution plans.

The requisite level of pension provisions in respect of defined benefit obligations is determined by actuarial valuation using the projected unit credit method. This valuation is carried out by actuaries as of every balance sheet date. Actuarial gains and losses arising are accounted for directly in equity without passing through the consolidated income statement and are recognised in the statement of comprehensive income.

Through the transfer of claims for reinsurance to TÜV NORD PENSION TRUST e.V., Hanover, Germany, plan assets have been formed which serve to secure the pension obligations.

The service cost included in pension expense and the included net interest expense are recognised under Personnel expense.

Payment obligations under defined contribution pension plans (the statutory pension funds) are recognised in the consolidated income statement for the period concerned.

Other provisions

Other provisions are formed if a legal or constructive obligation currently exists towards third parties as a result of a past event, in respect of which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the provision required. The provisions are measured using the best estimate of the amount required to settle the obligation, which is not set off against any possible claims for recourse. Non-current provisions are discounted if the interest effect is material.

Trade and other payables

Interest-bearing payables to banks are accounted for at the amount disbursed less directly attributable transaction costs. Financing costs are distributed as expense over the term, increasing the carrying amount of the liability in subsequent periods. Trade and other payables are recognised at fair value. Non-current liabilities that are not subject to interest are discounted using the effective interest method if the interest effect is material.

Contingent liabilities

Contingent liabilities are possible obligations that might arise from past events and whose existence will be confirmed by future events not within the control of the TÜV NORD Group. They may also be existing obligations that cannot be recognised

because an outflow of resources is improbable, or the amount of the obligation cannot be estimated with sufficient reliability. Such contingent liabilities are recognised at the level of liability existing at the reporting date.

3. Consolidated income statement disclosures

3.1. Revenue

Revenue is broken down between the six business units and Holding/Services as follows:

Revenues		
€k	2023	2022
Industrial Services	688,995	628,446
Mobility	573,693	509,142
Engineering and Natural Resources	151,502	127,134
Aerospace	82,186	64,953
Training	50,903	90,407
IT	31,768	28,302
Holding/Services	4,212	3,458
Total	1,583,259	1,451,842

The revenue consists almost entirely of earnings from services which are realised in the same period pursuant to IFRS 15. Revenue amounting to €1,103,306k (2022: €1,022,658k) was generated in Germany, €282,591k (2022: €236,993k) in the rest of Europe and €197,362k (2022: €192,191) in the rest of the world.

3.2. Other income

Other income amounting to €63,091k (2022: €62,557k) is made up e.g. of income from the reversal of provisions €15,393k (2022: €20,796k), income from the outflow of financial and fixed assets €3,060k (2022: €2,123k), canteen takings €2,379k

(2022: €1,523k), income from ancillary services €1,016k (2022: €789k) and income from the reversal of impairment losses on trade receivables €982k (2022: €1,841k).

3.3. Cost of materials

Cost of materials		
€k	2023	2022
Cost of raw materials and supplies	54,527	47,519
Cost of services bought in	290,584	260,042
Total	345,111	307,561

3.4. Personnel expense

Personnel expense		
€k	2023	2022
Wages and salaries	711,850	671,251
Social security contributions	124,085	120,743
Post-employment benefit expense	22,635	21,070
Other employee benefits	9,665	2,447
Total	868,235	815,511

The average number of employees in the domestic and foreign consolidated affiliates of the TÜV NORD Group during the 2023 reporting period was 14,271 (2022: 14,477), of whom 9,445 (2022: 10,071) were employed in Germany and 4,827 (2022: 4,406) abroad. Expressed on a full-time basis, the TÜV NORD Group had 12,346 employees (2022: 12,238), 7,824 (2022: 8,051) in Germany and 4,522 (2022: 4,187) abroad. The Group's employees are for the most part salaried staff.

3.5. Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses		
€k	2023	2022
Depreciation and amortisation of assets	47,676	43,842
Depreciation and amortisation of right-of-use assets	22,700	23,249
Impairment losses	2,995	633
Total	73,371	67,724

3.6. Other expenses

Other expenses of €276,149k (2022: €244,793k) principally relate to occupancy expenses of €63,594k (2022: €59,338k): These include expenses for short-term leases and expenses for leases for low-value assets €15,918k (2022: €13,292k), travel expenses of €44,658k (2022: €37,161k), other services of €34,785k (2022: €29,724k), operating and administrative expenses of €28,276k (2022: €25,657k), advertising and communication expenses of €21,532k (2022: €19,266k), legal and consultancy fees of €11,240k (2022: €8,374k), value adjustments on doubtful trade receivables of €5,493k (2022: €4,688k) and donations and contributions of €2,599k (2022: €2,598k). Other taxes in the amount of €2,726k (2022: €2,849k) are also included.

3.7. Financial items

Financial items		
€k	2023	2022
Income from at equity consolidated investments	-730	1,130
Income from other equity investments	257	461
Amortisation of other financial investments and securities	-25	-641
Financial items (excluding interest result)	-498	950
Other interest and similar income	1,431	991
Interest and similar expense	-3,062	-1,882
a) Interest included in lease payments	-2,248	-1,136
b) Other interest expense	-813	-746
Interest result	-1,631	-892
Financial items (including interest result)	-2,129	59

3.8. Taxes on income

The Group's tax expense is as follows:

Income taxes		
€k	2023	2022
Current tax expense	-27,346	-28,690
Deferred tax expense	-4,292	-1,616
Total	-31,638	-30,306

The deferred taxes result from the formation or reversal of tax accruals in profit or loss during the reporting period. In both reporting periods, the deferred taxes are predominantly the result of temporary differences being recognised or reversed.

The following reconciliation statement summarises the individual deferred tax items determined in relation to the individual companies and applying the tax rates in force in the various countries, taking due account of consolidation measures. The table reconciles expected tax expense with the tax expense actually recognised.

Income tax expense		
€k	2023	2022
Earnings before tax	81,397	78,907
Expected income tax expense (tax rate: 32.0%; 2022: 32.0%)	26,047	25,250
Effect of different foreign tax rates/other differences	-181	-73
Changes in tax rates or tax legislation	6	6
Permanent differences resulting from non-deductible expenses, tax-free income etc.	1,787	1,942
Current taxes for previous periods	308	-12
Deferred taxes for previous periods	151	-62
Effects of value adjustments	3,520	3,255
Recognised income tax expense	31,638	30,306

The expected tax rate for both reporting periods was determined on the basis of a corporation tax rate of 15.0% plus a solidarity levy of 5.5% of the tax due and a local business tax rating of 462%. The applicable tax rates for companies outside Germany range from 10.0% to 33.6%.

Deferred taxes resulting from recognition and measurement differences arose in the following balance sheet items:

Deferred taxes

€k	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	4,913	12,655	3,578	9,245
Property, plant and equipment	1,342	12,090	1,234	10,782
Other assets	3,130	4,036	2,298	3,892
Pension provisions	137,206	0	129,832	0
Other provisions	12,692	0	10,565	0
Other liabilities	773	130	500	98
Tax loss carry forwards	1,034	0	596	0
Gross amount	161,090	28,911	148,603	24,017
Offsettings	-9,483	-9,483	-10,254	-10,254
Balance sheet recognition	151,607	19,428	138,349	13,763

Deferred tax assets are recognised only if there is sufficient probability that these tax advantages will be realised. Any value adjustments are determined taking into account all positive and negative factors known at the present time that may influence future taxable earnings. The estimates made for this purpose may be subject to future adjustments.

Deferred taxes amounting to €15,218k (2022: €-50,167k) were recognised in comprehensive income. This is essentially a result of the recognition of actuarial gains/losses relating to pension provisions.

As of the reporting date, deferred tax assets were recognised for loss carryforwards in the amount of €4,545k (2022: €3,079k) existing in the Group. In respect of further tax loss carryforwards in the amount of €159,601k (2022: €137,644k), no additional deferred tax assets have been recognised as of the reporting date, since it is not sufficiently certain that these can be realised. Under current legislation, there is no limitation, either of time or amount, on such loss carryforwards for tax purposes.

The Group falls within the scope of the OECD Pillar 2 model rules. The Pillar 2 legislation (Minimum Tax Act, MinStG) has been adopted in Germany, where TÜV NORD AG is based, and applies to reporting periods beginning after 30 December 2023. Since the MinStG was not yet in force at the time of reporting, the Group is currently not subject to any tax burden in this regard. The Group is making use of the exemption regarding accounting for deferred taxes related to Pillar 2 income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

Pursuant to the MinStG, the Group must pay an additional tax per country in the amount of the difference between the effective tax rate determined on the basis of the MinStG and the minimum rate of 15%. All major Group companies are subject to an effective tax rate of more than 15%. A Safe Harbour test carried out in accordance with Section 84 MinStG for the jurisdictions of the scope of consolidation was passed by all jurisdictions with the exception of France and Spain, neither of which

are low-tax countries. It is to be expected that the one-off effects responsible for the failure to pass the Safe Harbour test will disappear in 2024 or be corrected as part of the full determination of the tax increase amount in accordance with the rules of the MinStG. Overall, the impact of the MinStG is currently low and is likely to remain so for the foreseeable future.

4. Notes to the consolidated statement of comprehensive income

The deferred taxes in the amount of €15,218k (2022: €-50,167k) reported in Other comprehensive income relate to the actuarial losses of €-52,057k (2022: €179,258k) in the reporting period. The actuarial losses after deferred tax amount to €-36,839k (2022: €129,091k). The other comprehensive income before deferred tax amounts to € -56,000k (2022: € 176,034k).

5. Consolidated balance sheet disclosures

In accordance with IAS 1, the consolidated balance sheet (statement of financial position) is structured to show a breakdown between current and non-current assets and liabilities. Assets and liabilities are regarded as current if it is expected that they will be recovered or settled within a year. Inventories and trade receivables are also classified as current, irrespective of their expected use or due dates, if they are to be sold, used or recovered not within one year, but within the company's normal operating cycle. In accordance with IAS 12, deferred taxes are recognised as non-current assets or liabilities.

5.1. Intangible assets

The following changes in intangible assets occurred:

Intangible assets – changes in 2023

€k	Concessions, proprietary rights and similar rights and assets, including licences to such rights and assets	Goodwill	Payments made on account	Total
Cost (of purchase or production)				
Amounts as of 1 January	64,089	121,300	3	185,392
Changes in basis of consolidation	12,329	37,176	0	49,505
Additions/current investments	3,352	494	0	3,846
Disposals	-759	0	0	-759
Reclassifications	13	0	0	13
Currency translation differences	-58	-41	-1	-99
Amounts as of 31 December	78,966	158,929	2	237,897
Accumulated amortisation and impairment losses				
Amounts as of 1 January	58,852	11,535	0	70,387
Additions	4,646	0	0	4,646
Disposals	-757	0	0	-757
Reclassifications	19	0	0	19
Currency translation differences	-37	0	0	-37
Amounts as of 31 December	62,723	11,535	0	74,258
Net carrying amounts	16,243	147,394	2	163,639

Intangible assets – changes in 2022

€k	Concessions, proprietary rights and similar rights and assets, including licences to such rights and assets	Goodwill	Payments made on account	Total
Cost (of purchase or production)				
Amounts as of 1 January	64,353	108,605	331	173,288
Changes in basis of consolidation	5	12,676	0	12,681
Additions/current investments	2,764	0	3	2,766
Disposals	-1,948	0	-10	-1,959
Reclassifications	-951	0	-331	-1,282
Currency translation differences	-133	19	10	-104
Amounts as of 31 December	64,089	121,300	3	185,392
Accumulated amortisation and impairment losses				
Amounts as of 1 January	59,059	11,535	0	70,593
Additions	3,059	0	0	3,059
Disposals	-1,894	0	0	-1,894
Reclassifications	-1,250	0	0	-1,250
Currency translation differences	-122	0	0	-122
Amounts as of 31 December	58,852	11,535	0	70,387
Net carrying amounts	5,237	109,765	3	115,005

The review of all goodwill reported in the consolidated balance sheet did not result in any need for unscheduled depreciation, as the realisable amount is above the carrying amounts of the cash-generating units in question.

The discounted cash flows are based on forecasts derived from management-approved financial plans. The forecasts take into account past experience and are based on the best management assessment of future developments. The main assumptions on which the determination of the utility value is based include the assessment of future earnings trends and the amount of discount rates used. Within the three-year planning period, the calculation in all business units is of a mid-single-figure annual growth in revenue and a margin in the mid to high single-figure percentage range. The weighted average cost of capital (WACC) used to discount each business unit is 7.50% (2022:

7.00%), taking into account corporate taxes, with the use of a sustainable growth rate of 1.8% for all business units after the end of the three-year planning period (2022: 1.8%).

No change that might reasonably be anticipated in any of the basic assumptions made for the purpose of determining the value in use of the cash-generating units could lead to carrying amounts of the remaining goodwill materially exceeding the recoverable amounts.

The goodwill is essentially shared between the business units Industrial Services (2023: €44,227k; 2022: €33,641k), Aerospace (2023: €39,844k; 2022: €14,189k), Mobility (2023: €36,247k; 2022: €35,753k) as well as Engineering and Natural Resources (2023: €26,889k; 2022: €25,996k).

5.2. Property, plant and equipment

The following changes occurred in property, plant and equipment:

Property, plant and equipment – changes in 2023

€k	Land, leasehold rights and buildings, including buildings on third-party land	Machinery	Furniture and fittings, other factory and office equipment	Payments made on account and assets under construction	Total
Cost (of purchase or production)					
Amounts as of 1 January	302,292	201,649	227,866	6,378	738,185
Changes in basis of consolidation	4,871	1,627	1,049	0	7,547
Additions/current investments	6,660	16,514	32,094	18,631	73,899
Disposals	-78	-5,682	-13,897	-520	-20,177
Reclassifications	638	92	931	-1,308	353
Currency translation differences	-243	-271	-426	-4	-944
Amounts as of 31 December	314,140	213,929	247,617	23,177	798,863
Accumulated depreciation and impairment losses					
Amounts as of 1 January	147,749	147,198	171,374	190	466,511
Depreciation	6,866	12,004	24,160	0	43,030
Impairment	2,995	0	0	0	2,995
Disposals	-85	-4,401	-11,980	0	-16,466
Reclassifications	0	7	120	0	127
Currency translation differences	-76	-169	-309	0	-554
Amounts as of 31 December	157,449	154,639	183,365	190	495,643
Net carrying amounts	156,691	59,290	64,252	22,987	303,220

Property, plant and equipment – changes in 2022

€k	Land, leasehold rights and buildings, including buildings on third-party land	Machinery	Furniture and fittings, other factory and office equipment	Payments made on account and assets under construction	Total
Cost (of purchase or production)					
Amounts as of 1 January	296,762	194,835	234,542	8,711	734,849
Changes in basis of consolidation	6,173	843	802	1,055	8,873
Additions/current investments	3,517	15,837	31,928	4,199	55,481
Disposals	-5,096	-6,997	-30,958	-182	-43,233
Reclassifications	1,101	-2,314	-8,242	-7,352	-16,807
Currency translation differences	-164	-555	-206	-54	-979
Amounts as of 31 December	302,292	201,649	227,866	6,378	738,185
Accumulated depreciation and impairment losses					
Amounts as of 1 January	146,420	144,932	183,863	190	475,405
Depreciation	6,794	10,646	23,343	0	40,783
Impairment	163	470	0	0	633
Disposals	-4,313	-6,772	-28,056	0	-39,142
Reclassifications	-1,268	-1,755	-7,494	0	-10,517
Currency translation differences	-47	-323	-281	0	-651
Amounts as of 31 December	147,749	147,198	171,374	190	466,511
Net carrying amounts	154,543	54,451	56,492	6,188	271,674

The following assets are subject to limitations on their availability:

Limitations on availability

€k	31.12.2023	31.12.2022
Machinery	662	677
Furniture and fittings, other factory and office equipment	561	594

Items of property, plant and equipment worth €4,900k (2022: €4,699k) are pledged as collateral for debt. The liabilities secured as of 31 December 2023 amount to €1,254k (2022: €1,559k).

Compensation payments by third parties in the amount of €1,082k (2022: €1,420k) are recognised as other income.

5.3. Right-of-use assets

The following table shows the right-of-use assets that are recognised under a lease:

Right-of-use assets				
€k	Land and buildings	Machinery	IT, operating and business equipment	Total
as of 1 January 2023	53,288	4,632	588	58,508
Additions	47,532	4,681	467	52,680
Disposals	-2,155	-122	-6	-2,283
Amortisations	-19,293	-2,945	-463	-22,701
as of 31 December 2023	79,372	6,246	586	86,204
as of 1 January 2022	61,512	5,072	898	67,482
Additions	18,903	2,433	486	21,822
Disposals	-2,231	-387	-94	-2,712
Transfers	-4,832	0	-3	-4,835
Amortisations	-20,064	-2,486	-699	-23,249
as of 31 December 2022	53,288	4,632	588	58,508

In the real estate sector, the Group mainly rents office buildings, vehicle inspection centres and laboratories. Longer term leases exist, especially in the case of real estate. As of 31 December 2023, around 16 real estate contracts with residual maturities of more than ten years had been concluded. Leases may come with renewal and termination options.

Information on the corresponding lease liabilities can be found in section 5.14.

5.4. At equity consolidated investments

The following table shows the companies accounted for using the equity method:

At equity consolidated investments	
Name, location of registered office	Share of equity in %
3spin Learning GmbH & Co. KG, Darmstadt, Germany	49.00
EnergieAgentur.NRW GmbH i.L., Düsseldorf, Germany	50.00
Global Surface Intelligence Ltd. (GSI), Edinburgh, United Kingdom	25.10
National Inspection and Technical Testing Company Ltd. (FAHSS), Damman, Saudi Arabia	25.11
TÜV Middle East W.L.L., Manama, Bahrain	25.10
TUV NORD NTA Mobility (Shanghai) Co., Ltd., Shanghai, China	49.00
UAB Skirlita, Alytaus, Lithuania	50.00
UAB Telsiai TAC, Telsiai, Lithuania	50.00

The summarised financial information of the companies that are individually and collectively not material to TÜV NORD AG is shown in the table below. These figures were determined on the basis of the last available financial statements (see 2.6.).

Results information

€k	2023	2022
Revenues	35,039	47,115
Earnings after tax	-3,627	-4,434
Other comprehensive income	537	1,181

Balance sheet information

€k	31.12.2023	31.12.2022
Current assets	21,401	21,893
Non-current assets	7,989	5,688
Current liabilities	22,712	20,648
Non-current liabilities	6,600	8,239
Equity	78	-1,306

The book value of the companies accounted for using the equity method has changed as follows:

Changes in book value

€k	2023	2022
as of 1 January	3,288	4,969
Changes in basis of consolidation	0	-3,898
Additions	2,971	2,059
Earnings after taxes	-276	1,130
Other comprehensive income	45	0
Dividend payments received	-50	-972
Impairment losses	-454	0
as of 31 December	5,524	3,288

The additions in the 2023 reporting period are mainly attributable, at €2,911k, to the shares in 3spin Learning GmbH & Co. KG, Darmstadt, Germany, acquired under the agreement dated 6 December 2023.

The unrecognised share of losses from companies accounted for using the equity method, which would lead to a negative book value if included in the subsequent measurement, totalled €8,663k as of 31 December 2023 (2022: €6,210k).

5.5. Other financial assets

For TÜV NORD AG's other equity investments, please refer to the List of consolidated affiliates and shareholdings (see under 7.8.).

The following changes in other financial assets occurred during the reporting period:

Other financial assets – changes in 2023

€k	Investments in affiliates	Investments in joint ventures and associates (not equity accounted)	Other equity investments	Long-term securities	Loans granted	Shares in guarantee funds arising from reinsurance	Total
Cost (of purchase or production)							
Amounts as of 1 January	12,131	1,306	141	0	2,409	527	16,513
Changes in basis of consolidation	-1,774	0	0	0	0	0	-1,774
Additions/current investments	288	36	0	0	402	46	772
Revaluation	0	0	75	0	0	0	75
Disposals	-25	-38	0	0	-25	-598	-686
Reclassifications	641	0	0	0	13	307	962
Currency translation differences	-130	-42	-2	0	0	0	-173
Amounts as of 31 December	11,131	1,262	215	0	2,799	282	15,689
Accumulated amortisation and impairment losses							
Amounts as of 1 January	5,619	185	0	0	2,121	0	7,926
Additions	25	0	0	0	0	0	25
Disposals	-1	-38	0	0	0	0	-39
Reclassifications	642	0	0	0	13	0	655
Write-ups	0	0	0	0	-600	0	-600
Currency translation differences	-14	0	0	0	0	0	-14
Amounts as of 31 December	6,270	148	0	0	1,535	0	7,952
Net carrying amounts	4,861	1,114	215	0	1,265	282	7,737

The additions/current investments under the shares in affiliated companies refer to companies which are currently of merely minor significance to the communication of a picture of the assets, financial status and earnings of the Group that reflects the actual circumstances.

Of the reinsurance claims submitted to Allianz Lebensversicherung SE, Munich, Germany, claims of €228k (2022: €442k) have been pledged as collateral to secure obligations arising out of pre-retirement part-time working arrangements.

Other financial assets – changes in 2022

€k	Investments in affiliates	Investments in joint ventures and associates (not equity accounted)	Other equity investments	Long-term securities	Loans granted	Shares in guarantee funds arising from reinsurance	Total
Cost (of purchase or production)							
Amounts as of 1 January	14,168	2,074	141	0	2,293	12,828	31,504
Changes in basis of consolidation	-1,358	0	0	0	0	0	-1,358
Additions/current investments	3,032	18	0	0	302	0	3,352
Disposals	-3,607	-162	0	0	-13	-2,662	-6,445
Reclassifications	-128	-576	0	0	-173	-9,639	-10,516
Currency translation differences	25	-49	0	0	0	0	-24
Amounts as of 31 December	12,131	1,305	141	0	2,409	527	16,513
Accumulated amortisation and impairment losses							
Amounts as of 1 January	5,985	185	0	0	1,903	0	8,074
Changes in basis of consolidation	-50	0	0	0	0	0	-50
Additions	334	0	0	0	305	0	639
Disposals	0	0	0	0	-69	0	-69
Reclassifications	-664	0	0	0	-18	0	-682
Currency translation differences	14	0	0	0	0	0	14
Amounts as of 31 December	5,619	185	0	0	2,121	0	7,926
Net carrying amounts	6,512	1,120	141	0	288	527	8,588

The additions/current investments under shares in affiliates refer to companies acquired in the 2022 reporting period which are currently of merely minor significance to the communication of a picture of the assets, financial status and earnings position of the Group that reflects the actual circumstances.

5.6. Inventories**Inventories**

€k	2023	2022
Raw materials and supplies	4,988	2,781
Payments made on account	3,150	3,896
Total	8,138	6,676

As in the previous year no write-downs are recognised under inventories.

5.7. Trade and other receivables

Trade and other receivables can be disaggregated in accordance with their residual terms as follows:

Trade and other receivables

	2023			2022		
€k	Current	Non-current	Total	Current	Non-current	Total
Trade receivables						
from third parties	222,171	484	222,655	188,569	299	188,868
from contract assets	86,438	0	86,438	82,648	0	82,648
Receivables from affiliates	1,732	60	1,793	1,610	22	1,632
Receivables from joint ventures, associates and other entities in which equity investments are held	873	35	908	448	32	480
Total	311,215	579	311,794	273,276	353	273,629

Historical default rates and future-oriented conditions are considered for the determination of the value adjustments for receivables from goods and services. The expected loan defaults that arise according to the simplified procedure pursuant to IFRS 9 are as follows:

Impairment matrix 31 December 2023

€k	Expected loss in %	Trade receivables	Value adjustment
actual	1.7	204,673	3,478
1 to 30 days due	7.0	63,634	4,454
31 to 60 days due	12.2	18,883	2,303
61 to 90 days due	20.0	8,220	1,644
more than 90 days due	27.5	35,257	9,695
Total		330,667	21,574

Impairment matrix 31 December 2022

€k	Expected loss in %	Trade receivables	Value adjustment
actual	1.7	186,836	3,179
1 to 30 days due	7.2	52,201	3,760
31 to 60 days due	12.8	15,856	2,030
61 to 90 days due	20.0	8,272	1,615
more than 90 days due	29.0	26,680	7,745
Total		289,845	18,329

The value adjustments for trade receivables and contract assets developed as follows:

Value adjustments

€k	2023	2022
Carrying amount as of 1 January	18,329	15,660
Changes in basis of consolidation	23	34
Additions	5,493	4,688
Use	1,290	212
Reversals	982	1,841
Carrying amount as of 31 December	21,574	18,329

During the reporting period, value adjustments on expected credit losses for trade receivables from third parties were made in the amount of €5,493k (2022: €4,688k).

No significant value adjustments were required for receivables from affiliated companies and joint ventures, associated companies and other participations.

5.8. Other assets

Other assets with a residual term of more than one year are classified as non-current, and those with a residual term of less than one year as current. The other assets recognised essentially consist of accrued items and tax reimbursement claims.

Other assets

€k	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Other assets	21,967	8,647	30,614	29,217	7,835	37,052

5.9. Cash and cash equivalents

The cash and cash equivalents consist of cheques, cash in hand and balances on account with a number of different banks in various currencies. The bank balances earn interest at customary market rates.

5.10. Assets and liabilities held for sale

This item includes developed land for which disposal measures have been initiated.

5.11. Equity

For further details of changes in equity between 1 January 2022 and 31 December 2023, see the Consolidated statement of changes in equity.

TÜV NORD Group's capital management policy aims not only to secure the continued existence of the business by maintaining a strong equity ratio but also to achieve an adequate return in excess of the costs of capital, thereby enhancing the value of the company in the long term. The equity is monitored regularly on the basis of various indicators.

Subscribed capital

The subscribed capital remains unchanged at €10,000k, divided into 100,000 registered no-par-value shares. All the shares are fully paid.

At the time of preparation of the consolidated financial statements for the 2023 reporting period, TÜV NORD AG had neither contingent nor authorised capital. TÜV NORD AG does not grant any share-based remuneration (share option programmes) to its employees.

Capital reserves

The capital reserves of TÜV NORD Group in the amount of €114,413k correspond to the capital reserves of TÜV NORD AG.

Subordinated registered debenture

As of 31 December 2023, the subordinated registered debentures taken out by the TÜV NORD AG amounted to €30,000k.

On 8 December 2015, TÜV NORD AG took out a subordinated registered debenture without a fixed term amounting to €10,000k with RWTÜV e. V., Essen, Germany. The interest rate was fixed at 4.125% until 7 June 2021 and then increased by 100 basis points for each additional 5-year period. A termination option has been exclusively available to TÜV NORD AG since 7 June 2021 and can be exercised annually thereafter.

On 1 October 2015, TÜV NORD AG took out a subordinated registered debenture without a fixed term amounting to €11,000k with TÜV Nord e. V., Hamburg, Germany, and €9,000k with TÜV Hannover/Sachsen-Anhalt e. V., Hanover, Germany. The interest rate was fixed at 4.125% until 31 March 2021 and then increased by 100 basis points for each additional 5-year period. A termination option has been exclusively available to TÜV NORD AG since 31 March 2021 and can be exercised annually thereafter.

Interest payments are at the discretion of TÜV NORD AG. They are also to be paid retroactively in full, for instance, in the event of the redemption of the registered debenture, distributions to the shareholders or the repayment of other liabilities of equal rank or in the case of economically similar procedures.

Retained earnings

The retained earnings include the earnings of the consolidated affiliates, to the extent that these have not been distributed as dividends. In addition, the offsetting of asset-side and liability-side differences arising out of the capital consolidation of acquisitions up to 31 December 2006 and also the net amount of non-cash adjustments in connection with the first-time adoption of IFRS are recognised under this item.

Other equity items

The other equity items include the non-cash impacts on equity of the currency translation of foreign subsidiaries' separate financial statements, of the valuation of financial instruments at fair value, and of actuarial gains and losses arising out of post-employment benefit plans, and also the deferred taxes recognised in connection with these items.

Non-controlling interests

Non-controlling interests cover holdings by investors outside TÜV NORD Group in the consolidated equity of Group companies.

The significant non-controlling interests are held in the following Group companies:

Non-controlling interests

€k	31.12.2023	31.12.2022
CE-CON GmbH, Bremen, Germany	1,381	0
Controllo e Certificazione Prodotti Biologici S.r.L. (CCPB), Bologna, Italy	2,832	2,863
OICOS S.r.L., Bologna, Italy	4,608	4,622
TÜV India Private Ltd., Mumbai, India	11,357	10,476
TÜV NORD CERT GmbH, Essen, Germany	1,331	1,426
TÜV NORD EGYPT FOR INSPECTION AND CERTIFICATION SERVICES (S.A.E.), Cairo, Egypt	840	692
TÜV NORD Hangzhou Co. Ltd., Hangzhou, China	2,171	1,254
TÜV NORD InfraChem GmbH & Co. KG, Marl, Germany	1,248	1,269
TÜV NORD Mobilität Immobilien GmbH, Essen, Germany	871	797
Various other companies	2,182	2,274
Total	28,821	25,673

The voting rights of other shareholders are in proportion to their share of the equity. Due to lack of materiality, no further information is given concerning the subsidiaries in which non-controlling minority shareholders have a stake. More information can be found in the List of consolidated affiliates and shareholdings in chapter 7.8.

5.12. Provisions for pensions and other post-employment benefits

Provisions are formed for obligations arising out of entitlements and current benefits of serving and former employees and their surviving dependents, to the extent that these arise under a defined benefit plan. These provisions are determined in accordance with actuarial valuations of existing benefit obligations, which are recalculated every year. The costs resulting from these commitments are allocated over the employee's period of service in accordance with the actuaries' findings and comprise current or past service cost and interest cost.

The full amount of actuarial gains and losses is recognised immediately in other comprehensive income, while making due allowance for deferred taxes. These actuarial gains and losses are therefore presented in the Group statement of comprehensive income.

The net pension cost is shown as personnel expense.

A contractual trust agreement (CTA) was initially funded with effect from 30 December 2008. Shares in reinsurance guarantee funds which serve exclusively and irrevocably to cover and fund post-employment benefit obligations were vested in TÜV NORD PENSION TRUST e. V. Under IFRS rules, the assets of the CTA are to be regarded as "plan assets". The plan assets consist exclusively of these reinsurance guarantee fund shares. The plans encumber the Group with general actuarial risks, such as, for example, longevity risk, currency risk, interest rate risk and market risk.

The level of post-employment benefit obligations (the present value of the accrued benefit claims, determined by actuarial valuation or the defined benefit obligation (DBO)) were calculated by actuarial methods, a procedure in which the use of estimated values is unavoidable.

Pursuant to IAS 19, Employee benefits, the level of post-employment benefit obligations is determined by the projected unit credit method, under which actuarial methods on the basis of best estimates of the relevant parameters are used to assess the vested future obligations existing as of the valuation date.

The post-employment benefits that are expected to become payable, including dynamic components, are distributed over the employee's entire period of service. For the reporting period, the following assumptions were made by the actuaries with regard to the variable parameters to be included in their calculations:

Assumptions

%	2023	2022
Discount rate as of 31 December	3.0	3.5
Future pension increases	1.6	1.6
Future wage and salary increases	2.0	2.0
Employee turnover	2.0	2.0

For the years 2024 and 2025, a divergent pension trend in the amount of 4.0% is assumed (2022: 3.8% for the years 2023 and 2024). The actuaries review and revise their findings every year. The actuarial assumptions with regard to mortality are based, with regard to Germany, on the Heubeck mortality tables, version 2018G as amended in October 2018. The actuarial assumptions do not materially differ between Germany and other countries with the exception of the discount rate.

The Group has both defined benefit and defined contribution plans for commitments for retirement, invalidity and surviving dependants' pensions based on works agreements and collective and individual contractual agreements. Defined benefit pension plans were offered only to staff who joined the company up to and including 31 December 1991 or, as the case may be, 31 December 1993. The level of these commitments is calculated according to the eligible income and/or social insurance pension as well as length of service.

The following table shows changes in the present value of future post-employment benefit obligations and of the plan assets.

Changes in the present value of future benefit obligations and of the plan assets 2023

€k	Benefit obligation	Plan assets	Total
Carrying amounts as of 1 January 2023	935,273	-656,459	278,814
Current service cost	6,359	0	6,359
Net interest cost (interest cost/interest income)	31,632	-21,893	9,739
Net pension cost	37,991	-21,893	16,098
Actual interest on plan assets less actuarial interest income	0	4,931	4,931
Actuarial losses/gains from changes in financial assumptions	76,964	-29,838	47,126
Remeasurement of defined benefit pension plans	76,964	-24,907	52,057
Pension payments	-58,553	0	-58,553
Payments from the pension plan	0	44,660	44,660
Employer's contributions to the pension plan	0	-12,000	-12,000
Total payments	-58,553	32,660	-25,893
Transfer of obligations	-212	-304	-516
Changes in scope of consolidation/changes in currency translation and other effects	365	-1,969	-1,604
Carrying amounts as of 31 December 2023	991,828	-672,872	318,956

Changes in the present value of future benefit obligations and of the plan assets 2022

€k	Benefit obligation	Plan assets	Total
Carrying amounts as of 1 January 2022	1,284,486	-784,098	500,388
Current service cost	10,588	0	10,588
Net interest cost (interest cost/interest income)	9,453	-5,853	3,600
Net pension cost	20,041	-5,853	14,188
Actual interest on plan assets less actuarial interest income	0	-15,247	-15,247
Actuarial gains/losses from changes in financial assumptions	-287,020	123,009	-164,011
Remeasurement of defined benefit pension plans	-287,020	107,762	-179,258
Pension payments	-57,480	0	-57,480
Payments from the pension plan	0	44,249	44,249
Employer's contributions to the pension plan	0	-15,040	-15,040
Total payments	-57,480	29,209	-28,271
Transfer of obligations	-83	0	-83
Changes in scope of consolidation/changes in currency translation and other effects	-24,671	-3,479	-28,150
Carrying amounts as of 31 December 2022	935,273	-656,459	278,814

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

The TÜV NORD Group's plan assets essentially comprise employer's pension liability insurance policies and are subject to only limited fluctuation on account of the existing minimum returns. There is no price reporting on an active market for employer's pension liability insurance policies. The recognised plan deficit is covered by cash flows from operating activities. It is the long-term goal of the TÜV NORD Group to gradually reduce the coverage gap in pensions. Since 2022, investments in real estate have also been included in the plan assets. The employer contributions to plan assets are expected to amount to €15.0 million in 2024 and essentially relate to real estate. The weighted average term of the remainder of benefit obligations is 10.9 years (2022: 10.9 years).

The table below shows the effects on the defined benefit obligation (DBO) of any change in the parameters. The analysis relates to parameters where a change was considered possible as of the reporting date. The values here are mean values which were weighted with the present value of the respective pension obligations. Any correlation between the parameters was not taken into account in the calculation.

Sensitivity analysis

	Change in parameter	Increase in parameter in %	Decrease in parameter in %
		9.9 DBO decrease	12.0 DBO increase
Interest rate in %	1.0		
		5.1 DBO increase	4.7 DBO decrease
Rate of pension progression in %	0.5		
		0.3 DBO increase	0.3 DBO decrease
Future wage and salary increases in %	0.5		
		5.9 DBO increase	6.1 DBO decrease
Life expectancy in years	1.0		

Employer contributions to mandatory pension schemes as well as contributions to other defined contribution plans were made in the amount of €52.9 million in 2023 (2022: €52.5 million).

5.13. Other non-current and current provisions

Other non-current and current provisions

	Provisions for the areas of personnel and welfare	Sundry other provisions	Total
Carrying amounts as of 1 January 2023	57,376	36,716	94,092
Additions	59,190	6,259	65,449
Use	38,410	1,577	39,987
Reversals	11,238	4,155	15,393
Reclassifications/transfers	354	255	609
Currency translation differences	-246	-183	-430
Carrying amounts as of 31 December 2023	67,026	37,315	104,341

The provisions for obligations in the areas of personnel and welfare relate essentially to pre-retirement long-service bonuses, benefit obligations, part-time working and other personnel and non-wage personnel costs.

Of the total amount of the provisions in the areas of personnel and welfare as of 31 December 2023, €24,333k (2022: €17,634k) are non-current and €42,693k (2022: €39,743k) are current.

The sundry other provisions relate mainly to provisions for warranty obligations, provisions for threatened losses from pending transactions and other risks.

Of the total amount of sundry other provisions as of 31 December 2023, €4,719k (2022: €3,708k) are non-current and €32,596k (2022: €33,007k) are current. No material interest accruals on non-current provisions have been recognised.

5.14. Current and non-current trade and other payables

Cash payables can be disaggregated in accordance with their residual terms as follows:

Current and non-current trade and other payables

€k	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Amounts payable to banks	20,523	714	21,237	400	948	1,348
Amounts payable under leases	22,198	66,513	88,711	19,665	40,366	60,031
Trade payables						
to third parties	63,144	0	63,144	44,405	0	44,405
from contract liabilities	75,631	0	75,631	72,925	0	72,925
Payables to affiliates	1,500	3	1,503	2,442	6	2,448
Payables to joint ventures, associates and other entities in which equity investments are held	100	0	100	290	0	290
Outstanding invoices	42,797	0	42,797	33,805	0	33,805
Amounts payable to employees	35,361	592	35,953	31,130	684	31,815
Other taxes	27,174	0	27,174	9,992	11	10,003
Other payables	40,381	6,322	46,703	51,980	9,633	61,613
Total payables	328,809	74,144	402,953	267,035	51,648	318,683

Amounts payable under finance leases relate to leases of capital goods and are recognised as liabilities in the amount of the future obligation. They are due to mature as follows:

Lease liabilities

€k	Up to 1 year	1 – 5 years	More than 5 years	Total
Minimum lease payments for rented real estate	19,046	40,080	22,866	81,992
Minimum lease payments for other leases	3,151	3,532	35	6,718

In the 2023 reporting period, a repayment of lease liabilities amounting to €21,863k (2022: €22,804k) was made, as was an interest payment on leases of €2,248k (2022: €1,136k). For expenses for short-term leases and expenses for leases for low-value assets see 3.6.

Liabilities from contracts relate to contracts with regard to which the payments received from customers on account exceed the accumulated receivables from the fulfilment of the contracts concerned.

Amounts payable to employees include €24,498k (2022: €21,486k) for obligations in lieu of free time and €8,676k (2022: €7,704k) for obligations relating to leave not yet taken.

As of 31 December 2023, other financial obligations arising from purchase commitments for property, plant and equipment exist for €17,762k (2022: €11,249k).

5.15. Contingent liabilities

TÜV NORD AG bears liability in cases where it and its subsidiaries have given guarantees in favour of various contractual partners.

In the reporting period, contingent liabilities in the amount of €16,427k (2022: €16,857k) are recognised which relate to sureties given. TÜV NORD AG issues performance bonds in respect of liabilities of Group companies arising out of joint projects or consortia. If the consortium partner does not honour its contractual obligations, TÜV NORD AG may be liable to meet claims for payment up to the amount of the agreed surety. Generally, the agreed terms correspond to those of the underlying transaction.

5.16. Litigation

Neither TÜV NORD AG nor its Group companies are involved in litigation that could have a material impact on the economic or financial status of the companies or of the Group. In respect of other litigation, adequate provisions have been formed by the company concerned in any given case for any awards that may be made against it. As of the reporting date, these provisions amount to € 2,621k (2022: € 1,905k).

6. Consolidated cash flow statement disclosures

The figures for cash and cash equivalents presented in the cash flow statement cover all cash and cash equivalents recognised in the balance sheet, i. e. cash in hand, cheques and balances on account with banks. The recognised cash and cash equivalents are freely disposable and not subject to any restrictions in favour of third parties.

7. Other disclosures

7.1. Events after the reporting period

No events of particular significance occurred after the end of the reporting period which are having a significant impact on the assets, financial status and earnings of the Group.

7.2. Fees paid to the auditors of the consolidated financial statements

The following fees, paid to the auditors of the consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, during the reporting period, have been recognised as expenses pursuant to Article 314 (1) No. 9 of the German Commercial Code (HGB):

Fees paid to the auditors

€k	2023	2022
Auditing services	712	742
Tax consultancy services	10	8
Other services	72	38
Total	794	788

7.3. Financial instruments

The evaluation of categories of financial instruments relevant for the reporting and the comparative period pursuant to IFRS 9 is shown in the following overview.

Financial instruments as of 31 December 2023

€k	Carrying amounts	At amortised cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)
Assets				
Non-current assets				
Investments in affiliates	4,861			4,861
Investments in joint ventures and associates (not equity accounted)	1,114			1,114
Other equity investments	215			215
Loans	1,265	1,265		
Receivables and other assets	7,373	7,373		
Current assets				
Trade receivables from third parties	308,609	308,609		
Receivables and other assets	13,086	13,086		
Cash and cash equivalents	115,079	115,079		
Liabilities				
Non-current liabilities				
Amounts payable to banks	714	714		
Other liabilities	6,856	6,856		
Current liabilities				
Amounts payable to banks	20,523	20,523		
Trade payables to third parties	63,144	63,144		
Other liabilities	193,545	193,545		

Financial instruments as of 31 December 2022

€k	Carrying amounts	At amortised cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)
Assets				
Non-current assets				
Investments in affiliates	6,512			6,512
Investments in joint ventures and associates (not equity accounted)	1,120			1,120
Other equity investments	141			141
Loans	288	288		
Receivables and other assets	5,993	5,993		
Current assets				
Trade receivables from third parties	271,218	271,218		
Receivables and other assets	11,019	11,019		
Cash and cash equivalents	125,005	125,005		
Liabilities				
Non-current liabilities				
Amounts payable to banks	948	948		
Other liabilities	10,080	10,080		
Current liabilities				
Amounts payable to banks	400	400		
Trade payables to third parties	44,405	44,405		
Other liabilities	190,221	190,221		

As laid down in the three stages of the valuation hierarchy in IFRS 13.72 et seq., the valuation of financial assets and liabilities is subject to the availability of the relevant information. For the first stage, quoted market prices are directly observable for identical asset values and liabilities in active markets. In the second stage, the assessment is made on the basis of valuation models which are influenced by values that are observable on the market. The third stage envisages the application of valuation models that do not rely on observable market inputs. This was applied to the above-mentioned assets. There were no gains or losses in the reporting period.

In view of the predominantly short maturities of the assets and liabilities measured at amortised cost, it is assumed that their carrying amounts approximately correspond to their fair values.

The securities classified as assessed at fair value with no impact on net earnings are based on market prices quoted on an active market (level 1 of the fair value hierarchy).

Net results

Net results from recognised financial instruments are allocated as follows:

Net results

€k	2023			2022		
	From interest	From sub-sequent measurement	From disposal	From interest	From sub-sequent measurement	From disposal
Financial assets	1,431	-3,708	0	991	-2,910	-4
Financial liabilities	-812	304	0	-743	379	0

Interest on financial liabilities and impairment losses on loans granted are recognised in financial items. Impairment losses on receivables (essentially trade receivables) and gains or losses from disposals of securities are recognised under Other losses or gains.

7.4. Management of financial risks

TÜV NORD Group companies are exposed to financial risks in the course of their operations. These risks consist of credit, liquidity and market risks in the form of currency and interest rate risks. The impairment of business operations in the companies brought about by the challenging economic environment is being mitigated by stringent liquidity- and opportunity-oriented corporate management.

Through TÜV NORD AG's centralised risk management system these risks are managed and controlled on a Group-wide basis. The principles of the risk management system are explained in greater detail in the Group management report.

Credit default risks

Default risks arise in particular out of day-to-day operations, and higher levels of debt default due to the challenging economic environment cannot be excluded. The receivables of TÜV

NORD Group companies are generally subject to a default risk which it may seek to counter by demanding security, depending on the type and amount of the performance provided. Where required, credit insurance with an excess component is concluded in respect of individual counterparties. In addition, payment in advance may be required. In order to minimise the risk of default, counterparties are subjected to creditworthiness assessments in accordance with internal guidelines before contracts are concluded.

Furthermore, customers' financial standing is regularly reviewed during the term of the contract. If there is any concrete risk of default, precautionary write-downs are effected, on the basis of either objective evidence in specific cases or the structure of maturities and the actual occurrence of defaults on payment.

Defaults on trade receivables, receivables based on contract assets and loans cannot exceed their carrying amount as of 31 December 2023. The structure of due dates of trade receivables is shown under 5.7.

The maximum credit risk relating to assets held for sale and financial instruments is equivalent to their market prices as of 31 December 2023.

Liquidity risks

Possible liquidity risks – the danger that the Group might not be able to meet its payment obligations at all times – are managed through the implementation of comprehensive short-term and long-term liquidity planning, taking into account existing credit lines. Funding requirements are for the most part covered by equity, participation in cash pooling agreements or loans from banks or from Group companies, to the extent that this is feasible and reasonable in the context of the legal and tax situation in each case. Bank balances are held exclusively with banks of impeccable standing.

A variety of financing instruments available on the market are used to cover the Group's central funding requirements. If events should occur that lead to an unexpectedly high requirement for liquidity, existing liquidity in the form of cash and cash equivalents and also available credit lines can be drawn upon.

A credit line up to a limit of €125,000k (2022: €125,000k) is available and can be drawn upon as required; the amount drawn down as of 31 December 2023 amounted to €20,000k. Interest at the relevant EURIBOR rate plus a current margin of 95 basis points, minimum 0.95% per year was payable on the amount drawn down from the time of disbursement.

An overview of the maturities of financial liabilities and the resulting outflows of funds can be derived from the table of residual terms of liabilities (see under 5.14.).

Currency risks

Currency risks result from the assets and liabilities recognised in the balance sheet that are denominated in foreign currencies, the fair values of which may be negatively influenced by fluctuations in exchange rates, and from pending foreign currency transactions whose future cash flows may develop disadvantageously as a result of exchange rate movements.

Exchange rate risk is of only minor importance, since the receivables and payables are due in local currency in the country in which the company concerned is domiciled. There are scarcely any country risks at the present time.

7.5. Related party disclosures

Under IAS 24, companies are subject to an obligation to disclose relationships with, on the one hand, related business entities that are not fully consolidated, and, on the other, with persons with whom a close relationship exists.

TÜV NORD AG is deemed to be directly dependent within the meaning of Sec. 17 of the Stock Corporations Act (Aktien-gesetz – AktG) upon TÜV Nord Holding GmbH & Co. KG, Hamburg, Germany, and TÜV HSA Holding GmbH & Co. KG, Hanover, Germany, and indirectly dependent upon TÜV Nord e.V. and TÜV Hannover/Sachsen-Anhalt e.V.

Related party entities of TÜV NORD Group are essentially TÜV Nord e.V., TÜV Hannover/Sachsen-Anhalt e.V. and RWTÜV e.V. associations, "Aktaios" Verwaltungs-GmbH and RWTÜV GmbH with its subsidiaries. For further information in relation to the registered debentures taken out with the associations, see under section 5.11.

In addition, the Group maintains direct or indirect relationships in the normal course of its business activities not only with its consolidated subsidiaries, but also with non-consolidated affiliates and associates. All trading relationships entered into in the normal course of business with non-consolidated related entities are conducted on the basis of normal market conditions such as are also customary in arm's-length transactions.

Members of the Board of Management and the Supervisory Board are also considered to be related parties.

7.6. Total compensation of the Board of Management and the Supervisory Board

The compensation of key management personnel whose disclosure is required pursuant to IAS 24 embraces the compensation of the serving members of Board of Management and the Supervisory Board.

During the 2023 reporting period, the serving members of the Board of Management received total compensation amounting to €2,688k (2022: €2,486k), of which €2,279k (2022: €2,142k) relate to benefits due in the short term and €409k (2022: €344k) relate to benefits due in the long term.

Total payments to former members of the Board of Management and their surviving dependents, consisting of pension payments and other compensation (e.g. one-off payments), amounted to €688k (2022: €678k). A DBO in the amount of €12,451k (2022:

€11,731k) exists in favour of former members of the Board of Management and their surviving dependents.

Members of the Supervisory Board were paid compensation of €663k (2022: €484k) for their services.

As in the previous year, no loans or advances were granted to members of the Board of Management or the Supervisory Board in the 2023 reporting period. As was also the case in the previous year, no severance payments were made.

7.7. Proposal for the appropriation of profits

The Board of Management proposes to the Annual General Meeting that of the net profits of TÜV NORD AG as determined in accordance with the provisions of the German Commercial Code, €2,000k should be distributed to the shareholders as dividends.

7.8. List of consolidated affiliates and shareholdings

Name, location of registered office	Share of equity %
Consolidated affiliates	
ALTER TECHNOLOGY TÜV NORD France S.A., Toulouse, France	100.00
ALTER TECHNOLOGY TÜV NORD Holdings Ltd., Livingston, United Kingdom	100.00
ALTER TECHNOLOGY TÜV NORD S.A.U., Seville, Spain	100.00
ALTER TECHNOLOGY TÜV NORD UK Ltd., Livingston, United Kingdom	100.00
Asesoría y Control en Protección Radiológica, S.L. (ACPRO), Barcelona, Spain	100.00
Avanta Academy Pte Ltd., Singapore, Singapore	51.00
Avanta Global Pte Ltd., Singapore, Singapore	100.00
Blum-Lesemann GmbH KFZ-Überwachung, Lemgo, Germany	100.00
CE-CON GmbH, Bremen, Germany	50.10
Controllo e Certificazione Prodotti Biologici S.r.L. (CCPB), Bologna, Italy	100.00
DMT Consulting Limited, Nottingham, United Kingdom	100.00
DMT Consulting Private Limited, Kolkata, India	51.00
DMT Engineering Surveying GmbH & Co. KG, Herne, Germany	1 ¹ 100.00
DMT GEOSCIENCES LTD., Calgary, Canada	100.00
DMT GmbH & Co. KG, Essen, Germany	1,2 100.00
DMT Petrologic GmbH & Co. KG, Hanover, Germany	1 ¹ 100.00
EE Energy Engineers GmbH, Gelsenkirchen, Germany	100.00
ENCOS GmbH & Co. KG, Hamburg, Germany	1 ¹ 100.00
FS FAHRZEUG-SERVICE GmbH & Co. KG, Hanover, Germany	1 ¹ 100.00
GFÜ Gutachtenservice und Fahrzeug-Überprüfung GmbH, Klein-Winternheim, Germany	100.00
Guangzhou TÜV Industrial Technical Services Company Ltd., Guangzhou, China	100.00
GWQ GmbH & Co. KG, Moers, Germany	1 ¹ 100.00
Höntzsch GmbH & Co. KG, Waiblingen, Germany	1 ¹ 100.00
HTV Conservation GmbH, Bensheim, Germany	95.00
HTV Halbleiter-Test und Vertriebsgesellschaft mbH, Bensheim, Germany	100.00
ING ATEST d.o.o., Split, Croatia	100.00
Ing.-Büro Blum & Lesemann GmbH & Co. KG, Lemgo, Germany	1 ¹ 100.00
Ingenieurbüro Hofmann GmbH & Co. KG, Bamberg, Germany	1 ¹ 100.00
MEDITÜV GmbH & Co. KG - Unternehmensgruppe TÜV NORD, Hanover, Germany	1 ¹ 100.00
Nord-Kurs GmbH & Co. KG, Hamburg, Germany	1 ¹ 100.00
OICOS S.r.L., Bologna, Italy	55.00
PfB GmbH & Co. Prüfzentrum für Bauelemente KG, Stephanskirchen, Germany	1 ¹ 51.00
PT. TÜV NORD Indonesia, Jakarta, Indonesia	100.00
THE INSPECTION COMPANY OF KOREA (INCOK), Seoul, South Korea	100.00
TÜ-Service Anlagentechnik GmbH & Co. KG, Potsdam, Germany	1 ¹ 100.00

Name, location of registered office	Share of equity %
Consolidated affiliates	
TÜV ASIA PACIFIC LTD., Kwun Tong, Kowloon, Hong Kong	100.00
TÜV CYPRUS LTD., Nicosia, Cyprus	60.16
TÜV Eesti OÜ, Tallinn, Estonia	100.00
TÜV HELLAS (TÜV NORD) S.A., Athens, Greece	100.00
TÜV India Private Ltd., Mumbai, India	50.00
TÜV Informationstechnik GmbH Unternehmensgruppe TÜV NORD, Essen, Germany	100.00
TÜV NORD Adriatic d.o.o., Zagreb, Croatia	100.00
TÜV NORD Akademie GmbH & Co. KG, Hamburg, Germany	1 ¹ 100.00
TÜV NORD Austria GmbH, Vienna, Austria	100.00
TÜV NORD AUTO GmbH & Co. KG, Hanover, Germany	1 ¹ 100.00
TÜV Nord Baltik SIA, Riga, Latvia	100.00
TÜV NORD Brasil Avaliações da Qualidade EIRELI, São Paulo, Brazil	100.00
TÜV NORD Bulgaria EOOD, Plovdiv, Bulgaria	100.00
TÜV NORD CERT GmbH, Essen, Germany	94.00
TÜV NORD CERT Prüf- und Umweltgutachtergesellschaft mbH, Hanover, Germany	100.00
TÜV NORD Czech, s.r.o., Prague, Czech Republic	100.00
TÜV NORD EGYPT FOR INSPECTION AND CERTIFICATION SERVICES (S.A.E.), Cairo, Egypt	60.00
TÜV NORD EnSys GmbH & Co. KG, Hamburg, Germany	1, 2 100.00
TÜV NORD Hangzhou Co., Ltd., Hangzhou, China	70.00
TÜV NORD Hochfrequenztechnik GmbH & Co. KG, Cologne, Germany	1 ¹ 100.00
TÜV NORD HONG KONG LTD., Kwun Tong, Kowloon, Hong Kong	100.00
TÜV NORD Immobilien GmbH & Co. KG, Essen, Germany	1 ¹ 100.00
TÜV NORD InfraChem GmbH & Co. KG, Marl, Germany	1 ¹ 51.00
TÜV NORD INTEGRA B.V., Berchem, Belgium	70.00
TÜV NORD International GmbH & Co. KG, Essen, Germany	1, 2 100.00
TÜV NORD ITALIA S.r.l., Cerro Maggiore, Italy	100.00
TÜV NORD IT Secure Communications GmbH & Co. KG, Berlin, Germany	1 ¹ 100.00
TÜV Nord Korea Ltd., Seoul, South Korea	100.00
TÜV NORD live-expert GmbH & Co. KG, Hanover, Germany	1 ¹ 100.00
TÜV NORD (Malaysia) SDN. BHD., Petaling Jaya, Malaysia	100.00
TÜV NORD Mobilität GmbH & Co. KG, Hanover, Germany	1, 2 100.00
TÜV NORD Mobilität Immobilien GmbH, Essen, Germany	94.00
TÜV NORD MPA GmbH & Co. KG (former TÜV NORD MPA Gesellschaft für Materialprüfung und Anlagensicherheit mbH & Co. KG), Leuna, Germany	1 ¹ 100.00
TÜV NORD NC GmbH & Co. KG, Hanover, Germany	1 ¹ 100.00
TÜV NORD Nederland B.V. (former TÜV Nederland QA B.V.), Son en Breugel, the Netherlands	100.00
TÜV NORD Nederland Holding B.V., Rijswijk, the Netherlands	100.00
TÜV NORD Polska Sp. z o.o., Katowice, Poland	100.00
TÜV NORD Scandinavia AB, Gothenburg, Sweden	100.00

Name, location of registered office	Share of equity %
Consolidated affiliates	
TÜV NORD Service GmbH & Co. KG, Hanover, Germany	1 100.00
TÜV NORD SLOVAKIA, s.r.o., Bratislava, Slovakia	100.00
TÜV NORD SofortGutachten GmbH & Co. KG, Hanover, Germany	1 100.00
TÜV NORD Systems GmbH & Co. KG, Hamburg, Germany	1,2 100.00
TÜV NORD TAIWAN CO., LTD., Taipei, Taiwan	100.00
TÜV NORD Technisches Schulungszentrum GmbH & Co. KG, Hamburg, Germany	1 100.00
TÜV NORD (Thailand) Ltd., Bangkok, Thailand	99.97
TÜV NORD Transfer GmbH & Co. KG, Essen, Germany	1 100.00
TÜV NORD Turkey Teknik Kontrol ve Belgelendirme A.Ş., Istanbul, Turkey	100.00
TÜV NORD Umweltschutz GmbH & Co. KG, Hamburg, Germany	1 100.00
TÜV Thüringen Fahrzeug GmbH & Co. KG, Erfurt, Germany	1 99.50
TÜV UK Ltd., London, United Kingdom	100.00
TÜV USA, Inc., Salem, USA	100.00
UAB Taurages TAC, Taurage, Lithuania	100.00
UAB TÜVLITA, Vilnius, Lithuania	100.00
Unterstützungseinrichtung des Technischen Überwachungs-Vereins Hannover/ Sachsen-Anhalt GmbH, Hanover, Germany	100.00
Versicherungsvermittlung TÜV NORD GmbH, Essen, Germany	100.00
Unconsolidated affiliates	
ALTER TECHNOLOGY VENTURES, S.L., Tres Cantos, Spain	100.00
Blum & Lesemann Verwaltungs-GmbH, Lemgo, Germany	100.00
British Mining Consultants Ltd., Sutton, United Kingdom	100.00
CCPB AGRICULTURE INSPECTION & CERTIFICATION IMC EGYPT, Cairo, Egypt	70.00
CCPB IMC KONTROL VE SERTİFİKASYON LTD.ŞTİ., Kayseri, Turkey	65.00
CCPB MAROC, Agadir, Morocco	51.00
CCPB MIDDLE EAST SAL, Beirut, Lebanon	59.90
CE-CON Safety Inc., Wilmington, USA	100.00
DMT Consulting Engineers Pty Ltd., Brisbane, Australia	100.00
DMT Dormant Company 1 Ltd., Nottingham, United Kingdom	100.00
DMT Dormant Company 2 Ltd., Nottingham, United Kingdom	100.00
DMT Dormant Company 3 Ltd., Nottingham, United Kingdom	100.00
DMT Dormant Company 4 Ltd., Nottingham, United Kingdom	100.00
DMT Dormant Company 5 Ltd., Nottingham, United Kingdom	100.00
DMT Engineering Surveying Verwaltungsgesellschaft mbH, Herne, Germany	100.00
DMT-KAI BATLA (Mozambique) Limitada, Maputo Cidade, Mozambique	51.00
DMT-Kai Batla Pty. Ltd., Bordeaux, South Africa	63.70
DMT Mining Consulting Ltd., Nottingham, United Kingdom	100.00
DMT Petrologic Verwaltungsgesellschaft mbH, Hanover, Germany	100.00

Name, location of registered office	Share of equity %
Unconsolidated affiliates	
DMT Verwaltungsgesellschaft mbH, Essen, Germany	100.00
ENCOS Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
FAHRZEUG-SERVICE Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
GWQ Verwaltungsgesellschaft mbH, Moers, Germany	100.00
Höntzsch Verwaltungsgesellschaft mbH, Waiblingen, Germany	100.00
Hundt & Partner Ingenieurgesellschaft mbH & Co. KG, Hanover, Germany	100.00
Ingenieurbüro Hofmann Verwaltungsgesellschaft mbH, Bamberg, Germany	100.00
MacKay & Schnellmann Ltd., Nottingham, United Kingdom	100.00
MEDITÜV Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
Nord-Kurs Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
PfB Verwaltungs-GmbH, Stephanskirchen, Germany	51.00
PT. DMT Exploration Engineering Consulting Indonesia, Jakarta, Indonesia	74.00
RP GmbH, Essen, Germany	100.00
TÜ-Service Anlagentechnik Verwaltungsgesellschaft mbH, Berlin, Germany	100.00
TÜ Service Ingenieurgesellschaft mbH & Co. KG i.L., Hanover, Germany	100.00
TÜ Service Verwaltungsgesellschaft mbH i.L., Hanover, Germany	100.00
TÜV GmbH Hannover Hamburg Essen Berlin, Hanover, Germany	100.00
TÜV NORD Akademie Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
TÜV NORD ARGENTINA S.A., Buenos Aires, Argentina	100.00
TÜV NORD AUTO Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
TÜV NORD Bauqualität Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
TÜV Nord Danmark ApS i.L., Kolding, Denmark	100.00
TÜV NORD EnSys Hannover Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
TÜV NORD FG 2 GmbH & Co. KG, Hanover, Germany	100.00
TÜV NORD FG 2 Verwaltungs-GmbH, Hanover, Germany	100.00
TÜV NORD FG 3 GmbH & Co. KG, Hanover, Germany	100.00
TÜV NORD FG 3 Verwaltungs-GmbH, Hanover, Germany	100.00
TÜV NORD FRANCE S.A.S., La Madeleine, France	100.00
TÜV NORD GULF W.L.L., Doha, Qatar	95.00
TÜV NORD Hochfrequenztechnik Verwaltungsgesellschaft mbH, Cologne, Germany	100.00
TÜV NORD Holding SAL, Beirut, Lebanon	100.00
TÜV NORD Immobilien Verwaltungsgesellschaft, Essen, Germany	100.00
TÜV NORD InfraChem Verwaltungsgesellschaft mbH, Marl, Germany	51.00
TÜV NORD International Verwaltungsgesellschaft mbH, Essen, Germany	100.00
TÜV NORD IT Secure Communications Verwaltungsgesellschaft mbH, Berlin, Germany	100.00
TÜV NORD Lebanon SAL, Beirut, Lebanon	51.00
TÜV NORD live-expert Geschäftsführungs GmbH, Hanover, Germany	51.00
TÜV NORD LUXEMBOURG S.á.r.l., Luxembourg, Luxembourg	100.00
TÜV NORD MEXICO S.A. DE C.V., Querétaro, Mexico	100.00
TÜV NORD Mobilität Verwaltungsgesellschaft mbH, Hanover, Germany	100.00

Name, location of registered office	Share of equity %
Unconsolidated affiliates	
TÜV NORD Mobility Inc., Vancouver, Canada	100.00
TÜV NORD Mobility (Shanghai) Co. Ltd., Shanghai, China	100.00
TÜV NORD MPA Verwaltungsgesellschaft mbH, Leuna, Germany	100.00
TÜV NORD Personal GmbH & Co. KG, Essen, Germany	75.00
TÜV NORD Personal Verwaltungsgesellschaft mbH, Essen, Germany	75.00
TÜV NORD Philippines, Inc., Manila, the Philippines	100.00
TÜV NORD ROMANIA S.R.L., Bucharest, Romania	100.00
TÜV NORD SafetyConsult GmbH & Co. KG, Hanover, Germany	100.00
TÜV NORD SafetyConsult Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
TÜV NORD Service Verwaltungsgesellschaft mbH, Hanover, Germany	100.00
TÜV NORD SOUTHERN AFRICA (PTY) LTD. i.L., Cape Town, South Africa	49.00
TÜV NORD SysTec Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
TÜV NORD Systems Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
TÜV NORD Testing (Suzhou) Co., Ltd. (former TÜV NORD PV Science and Technology Co., Ltd.), Shanghai, China	100.00
TÜV NORD Transfer Verwaltungsgesellschaft mbH, Essen, Germany	100.00
TÜV NORD TS Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
TÜV NORD Ukraina GmbH i.L., Donetsk, Ukraine	100.00
TÜV NORD Umweltschutz Verwaltungsgesellschaft mbH, Hamburg, Germany	100.00
TÜV NORD VIETNAM LTD., Hanoi, Vietnam	100.00
TÜV Thüringen Fahrzeug Verwaltungsgesellschaft mbH, Erfurt, Germany	99.50
At equity accounted associates	
3spin Learning GmbH & Co. KG, Darmstadt, Germany	49.00
EnergieAgentur.NRW GmbH i.L., Düsseldorf, Germany	50.00
Global Surface Intelligence Ltd. (GSI), Edinburgh, United Kingdom	25.10
National Inspection and Technical Testing Company Ltd. (FAHSS), Damman, Saudi Arabia	25.11
TÜV Middle East W.L.L., Manama, Bahrain	25.10
TÜV NORD NTA Mobility (Shanghai) Co., Ltd., Shanghai, China	49.00
UAB Skirlita, Alytaus, Lithuania	50.00
UAB Telsiai TAC, Telsiai, Lithuania	50.00
Not at equity accounted associates (A) and joint ventures (JV)	
3spin Verwaltungs GmbH, Darmstadt, Germany (A)	49.00
ARGE "Technische Prüfstelle für den Kraftfahrzeugverkehr 21" GbR, Dresden, Germany (JV)	25.00
DMT Middle East W.L.L., Abu Dhabi, UAE (A)	33.40
DMTS d.o.o., Belgrade, Serbia (JV)	40.00
Sino-German Automobile Research and Testing Technology (Shanghai) Co., Ltd., Shanghai, China (JV)	34.00
SOCIETE C.C.P.B., Menzah, Tunisia (A)	50.00
TÜV AI. Lab GmbH, Berlin, Germany (JV)	28.00
TÜV NORD Autoservice GmbH, Bremerhaven, Germany (A)	25.10
TÜV NORD ENGINEERING SERVICES (M) SDN. BHD., Selangor, Malaysia (A)	30.00

Name, location of registered office	Share of equity %
Other investments	
D+T Microelectronica IAE, Barcelona, Spain	5.00
Engineering Financial Cooperative, Seoul, South Korea	0.02
FSD Fahrzeugsystemdaten GmbH, Dresden, Germany	13.43
Gesellschaft für Anlagen- und Reaktorsicherheit (GRS) gGmbH, Cologne, Germany	15.40
Korea Electric Engineers Association, Seoul, South Korea	0.12
UAB Transporto Studijos, Vilnius, Lithuania	12.00
WINDTEST Grevenbroich GmbH, Grevenbroich, Germany	12.50

¹ These trading partnerships take advantage of the exemption rule pursuant to Art. 264b HGB.

² These trading partnerships take advantage of the exemption rule pursuant to Art. 291 HGB.

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MBA Tuesday Porter

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Dipl.-Kfm. Lars Velde

Managing Director of LAMARA Holding GmbH

Hanover, 28 February 2024

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