

## Press release

Focus on digital security begins to bear fruit:

### **DEKRA with 11 percent jump in revenue**

- Expert organization increases revenue to more than 3.5 billion euros in 2021
- Adjusted EBIT of 226 million euros, 15 percent up on previous year
- Motor-vehicle inspection business: Entry into three new markets consolidates global market leadership
- E-mobility: Patented rapid test shows state of health of traction battery
- Sustainability services offer huge market potential
- DEKRA anticipates expansion in 2022 despite difficult conditions

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**Despite the massive economic impact of the war in Ukraine and the coronavirus pandemic, DEKRA expects growth of around five percent in the current fiscal year. The number of employees is expected to increase further by over 1,000 (2021: 47,770, 2020: 43,990). In the second year of the pandemic, the expert organization proved its resilience: Revenue grew by 10.9 percent to more than 3.5 billion euros in 2021. At 226.0 million euros, earnings before interest and taxes (adjusted EBIT) were approximately equal to the pre-coronavirus figure in 2019. Net profit increased by around 50 percent, or 47.6 million euros, to 141.5 million euros in 2021 (previous year: 93.9 million euros) – and was thus more than 20 million euros higher than in the strong year 2019. Stan Zurkiewicz, the new Chairman of the Management Board, attributes these positive developments in a volatile environment mainly to the Company's strong market position, customer centricity, dedication of employees and accelerating digitalization. "We are closely in touch with our customers' needs and are concentrating on five high-growth focus areas where we are developing the digital services of the future," said the 42-year-old, who took on the baton from long-serving CEO Stefan Kölbl in April. In the context of digitalization, DEKRA is benefiting from completely new safety requirements that must be met, for example in relation to issues of cyber security and connected mobility. With capital expenditure of more than 140 million euros in 2021, DEKRA has laid the foundations for further growth around digitalization and driven forward internationalization – for example in the Asia-Pacific (APAC) region.**

The new DEKRA CEO made it clear to journalists in Stuttgart that safety requirements are evolving rapidly due to increasing product and system connectivity and climate change. While DEKRA will keep all aspects of safety for people in focus, at the same time digital security of personal data and networked systems is also high on the agenda. "We have refined our strategic positioning and added digital

Date Stuttgart, April 26, 2022 / No. 034-A  
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security and sustainability to our Strategy 2025 strategy,” said Stan Zurkiewicz. “Both are now part of our DNA.” This is also reflected in DEKRA’s strategic goal of becoming carbon neutral by 2025.

The further development of Strategy 2025 involved setting a strategic course last year. In the future, DEKRA will concentrate on five focus areas that represent significant fields of growth: artificial intelligence & data analytics, future vehicles and mobility, remote services, information & cyber security, and sustainability services. DEKRA’s expanded understanding of safety is reflected in these focus areas. Just a short time after the launch of its Artificial Intelligence and Cyber Security hubs, the DEKRA DIGITAL innovation unit is already generating double-digit growth rates with a total of more than 100 employees. “We will exploit all growth opportunities with new digital services and a strong customer focus in particular,” explained the new DEKRA CEO. “This will make us the global partner for a safe, secure and sustainable world by the 100th anniversary of our founding in 2025.”

### **Position of strength**

“We are pursuing our goals from a position of strength. In 2021, for example, equity rose to 33.5 percent, or almost one billion euros,” said CFO Wolfgang Linsenmaier. Growth in the Asia-Pacific (APAC) region was particularly strong, with revenue up 17.8 percent to 221.2 million euros. The Germany region also made significant gains, posting an increase of 11.2 percent to 2,145.7 million euros. “Germany is and remains the largest and most important market for DEKRA,” said CEO Stan Zurkiewicz.

The positive development in the past fiscal year is also reflected in the strategic business areas. Following the crisis in the wake of the coronavirus pandemic, Temp Work saw the largest percentage jump in its revenue by 43.2 percent to 438.5 million euros. Vehicle Inspection, among others, also proved again to be extremely resilient: Sales in the business area grew by 7.6 percent to 1,217.7 million euros and set a new record with 28 million inspections in 23 countries. Zurkiewicz: “We are already the global market leader, but we are systematically expanding our position.” The Company aims to exceed the 30 million inspections mark by 2025, its centenary year. In 2021 alone, DEKRA introduced its emissions and vehicle inspections in three additional countries: Chile, Mexico and Finland.

### **Secure connectivity**

“Success and acceptance of digitalization substantially hinge on secure connectivity,” remarked Ulrike Hetzel, Chief Technology Officer (CTO) on DEKRA’s Management Board. The expert organization focuses on the three pillars of cyber security when developing appropriate solutions: people, products, and processes. This is how DEKRA helps its customers become more robust with regard to internal and external attacks. DEKRA ensures a secure Internet of Things (IoT), for example, with tests and certificates in accordance with the new EN 303 645

European standard – the basis for cyber security in the smart home. Last year, DEKRA awarded the first EN 303 645 certificate to a household appliance manufacturer in China. DEKRA expects the market for cyber security solutions to grow by around 40 percent annually until 2025.

In the emerging field of automotive cyber security, the Federal Motor Transport Authority granted DEKRA the status of type tester for new international regulations on cyber security and software updates in 2021. Under UNECE R155 and R156 regulations – a gold standard for the automotive industry – manufacturers must demonstrate appropriate management systems throughout the life of a vehicle and have them audited every three years. The DEKRA Technology Center in Klettwitz plays an important role in this, and it is here that DEKRA plans to expand test tracks for automated and connected driving in 2022, with capital expenditure in the tens of millions of Euros. Many leading vehicle manufacturers rely on DEKRA's cyber security services. DEKRA expects strong growth in this business area in the next few years, with revenue projected to be in the upper double-digit million range by 2025.

With regard to industrial cyber security, e.g. in the field of critical infrastructure, the approval according to the industrial cyber security standard IEC 62443 in the growth market China was an important success. In the industrial environment, safety issues arise around the control and digital monitoring of machines and plants. The importance of online monitoring services, remote assisted inspections and remote inspections with remote-controlled robots and drones is growing worldwide. Remote inspections are important, for example, in dangerous or hard-to-reach places in the production process. In 2021, DEKRA received an order worth millions of euros from one of the world's largest chemical companies for remote inspections with robots.

### **Helping shape the AI ecosystem**

Trust in safety plays a crucial role when it comes to artificial intelligence (AI). "AI is evolving rapidly and our goal is to help shape the AI ecosystem of the future as a neutral third party," explained Ulrike Hetzel. DEKRA is involved in the implementation of statutory regulations in technical standards and norms, for example. In 2021, DEKRA became a shareholder of Spearhead. This Swiss company uses AI to help motor insurers and fleet operators digitalize the processes surrounding the recording and settlement of claims. DEKRA expects the market for digital claims processing to grow rapidly and that corresponding solutions will be used in well over 50 percent of claims as early as 2025.

### **Expansion of the portfolio of sustainability services**

In the growth area of sustainability, DEKRA sees potential in holistic solutions for managing the energy transition, for environmental, social and governance (ESG) standards, and for the circular economy. These include, for example, services for

analyzing and reducing the carbon footprint of companies or their products. Lenovo's CO<sub>2</sub> Offset Service for customers was verified by DEKRA in 2021, since when the Company has won further carbon footprint projects. The markets for sustainability audits, sustainability management systems and product testing in line with the latest environmental standards are similarly diverse.

DEKRA has further strengthened its market position in the field of e-mobility with a range of new services. The rapid battery test, for example, which has been patented and validated by RWTH Aachen University and in tests by vehicle manufacturers, allows the state of health of traction batteries to be recorded quickly and reliably. The solution enables DEKRA to answer the key questions about used electric vehicles: What is the battery's state of health and how much residual capacity does it retain? This question is very important in residual value management of New Energy Vehicles (NEVs). The service is initially aimed at major customers such as leasing companies that remarket electric vehicle returns or car dealership chains that trade in used e-vehicles.

DEKRA achieved another success in California, the leading global market for the mobility of tomorrow, when it was contracted by the California Energy Commission to set up a Vehicle-Grid Innovation Laboratory. "The lab will improve the interoperability of the charging infrastructure and help introduce safe vehicle-to-grid solutions," reported CTO Ulrike Hetzel. The San Francisco Bay Area lab will be a kind of twin of DEKRA's state-of-the-art lab in Arnhem, Netherlands, and will start operations in the summer of 2022.

Besides e-mobility, DEKRA is an important player in the testing of solar industry products, particularly in China. As a member of Hydrogen Europe, the expert organization supports the safe use of climate-friendly hydrogen technologies. They also promote sustainable waste management by awarding the new Zero Waste certification seal. Given its excellent market position and the increasingly intensive measures worldwide for sustainable development of products, industries, communities and other areas, DEKRA expects strong demand for sustainability services with annual double-digit growth rates.

DEKRA is also successfully pursuing its own sustainability strategy. In April 2022, for example, EcoVadis – the leading international standard for sustainability in global value(-added) chains – awarded the TIC (testing, inspection, certification) company Platinum for the second time in a row. As a result, the world's largest non-listed expert organization continues to secure a place among the top one per cent of comparable assessed companies. EcoVadis assesses performance in environment, labor and human rights, ethics and sustainable procurement.

## **Outlook**

DEKRA has made a good start to 2022, with revenue for the first quarter almost ten percent up on last year. “The devastating war in Ukraine will make it difficult for us to maintain this momentum,” Stan Zurkiewicz said. According to the DEKRA CEO, growth in Germany, Europe and the world will shrink as many industries face disruptions to their supply chains and a shortage of raw materials as well as intermediate products. He also anticipates that high energy prices will continue to fuel inflation. Despite these uncertainties, DEKRA is planning ambitious growth of around five percent for 2022. DEKRA expects to see increasing investment in cyber security, for example in the automotive industry.

## **About DEKRA**

*DEKRA has been active in the field of safety for almost 100 years. Founded in 1925 in Berlin as Deutscher Kraftfahrzeug-Überwachungs-Verein e.V., it is today one of the world's leading expert organizations. DEKRA SE is a subsidiary of DEKRA e.V. and manages the Group's operating business. In 2021, DEKRA generated sales totaling more than EUR 3.5 billion. The company currently employs almost 48,000 people in approximately 60 countries on all continents. With qualified and independent expert services, they work for safety on the road, at work and at home. These services range from vehicle inspection and expert appraisals to claims services, industrial and building inspections, safety consultancy, testing and certification of products and systems, as well as training courses and temporary work. The vision for the company's 100th birthday in 2025 is that DEKRA will be the global partner for a safe, secure and sustainable world. With a platinum rating from EcoVadis, DEKRA is now in the top one percent of sustainable businesses ranked.*