

Press Release

Investment Remains High at Over EUR 120 million

DEKRA Fully Committed to Digitalization

- Artificial intelligence and cyber security centers established
- E-mobility: pioneer in charging station inspections
- Respiratory masks: expert organization with Europe's largest test laboratory
- Call for independent trust center for greater safety
- Revenues decline by around 6 % to EUR 3.2 billion

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Positioned in the top league of global testing companies, DEKRA performed exceptionally well in 2020, expanding its status as a recognized partner for the testing, inspection and certification of intelligent and connected products. The impact of the pandemic has shifted focus back to the dynamics of digitalization. By 2025, when DEKRA celebrates its 100th birthday, the company will have digitalized its entire service portfolio. “The entire company will be geared towards the opportunities presented by digitalization, from new ways of working to improved digital interaction and innovation to data-driven services,” said DEKRA CEO Stefan Kölbl. “COVID-19 has accelerated this transformation.” The pandemic interrupted 16 years of sustained growth in fiscal year 2020, with revenues expected to fall by about EUR 200 million to around EUR 3.2 billion. Kölbl: “This means that we performed better than expected given the circumstances.

The global expert organization invested over EUR 120 million, chiefly in digitalization. The increased focus on digitalization boosted the number of employees by 773 to 29,628, excluding the Temporary Work business unit. In total, DEKRA is expected to employ 43,200 people at the end of 2020 (previous year: 44,714).

As part of digitalizing services and processes, a hub for artificial intelligence (AI) was established in 2020. “We want to further develop our existing services with the help of AI and ensure that products enhanced with AI algorithms can also be used safely”, said DEKRA CEO Kölbl. DEKRA is also working on solutions for the security challenges posed by digitalization at its Group “Cyber Security Hub,” which was also established in 2020. In the field of automotive cyber security, for example, this relates to software updates that are transmitted to vehicles over the air. When it comes to cyber security solutions, this involves testing, inspecting and

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auditing services and providing training on the various technologies and requirements.

Modern motor vehicles generate a constant stream of data and so data are also a vital aspect of road safety. As part of the trust center initiative launched in 2019, DEKRA therefore calls for non-discriminatory, independent access to safety and environmental vehicle data. Without this, the proper condition and the safety of the vehicles can no longer be guaranteed in the future. The trust center represents a data trustee model for collecting and using data safely in the interests of consumer protection. "The visionary data trustee model is an integral component for the road safety and consumer protection of the future," said Stefan Kölbl commenting on the initiative, which is also supported by other organizations.

DEKRA shaping future mobility

DEKRA is also helping shape future mobility by participating in the "RealLabHH" research project in Hamburg, which aims to identify which mobility solutions work in practice. Experts from the DEKRA Technology Center lend their specific expertise on issues relating to the approval process for autonomous shuttles to be used in public transport. These on-demand shuttles are part of the digital infrastructure that is being tested in real-life situations.

In China, the world's largest automotive market, DEKRA strengthened its expertise in automated and connected driving by establishing a joint venture. Together with its Chinese partner, it is establishing a state-of-the-art test center for exploring key wireless communication, connectivity, AI, geoinformation systems and cyber security technologies.

Car testing business holds its ground in the crisis

In the periodical testing of motor vehicles (Vehicle Inspection service division), Germany's no. 1 increased its market share of general inspections slightly to 33.6% in the first half of the year. By contrast, other vehicle-related services were affected by the crisis, with expert appraisals business declining on account of fewer accidents and less weather-related damage. This stands in contrast to the hive of activity seen at the DEKRA Technology Center at the Lausitzring race track following targeted investment in the emissions laboratory. Stefan Kölbl: "There is great professional demand for measurement of the emissions, ranges and energy consumption of vehicles with all kinds of drive systems. Thanks to our service-based accreditation for key global markets, we are optimally positioned in Klettwitz as a partner to the automotive industry."

Internationally, DEKRA further consolidated its position as a global market leader with about 27 million vehicle inspections. Development in Denmark and Sweden went as planned, with a current total of 35 and 71 stations respectively. In the US, eight emissions testing centers in the Albuquerque region of the state of New Mexico were added. The company also entered the market in neighboring Mexico, with the first of six emissions testing centers in the state of Jalisco set to open before the end of the year. In Chile, the first of 10 testing centers will open in Santiago Province next year, after the license was granted in 2019.

Acquisitions and cooperations bolster industrial business

The Industrial Inspection service division performed relatively well in the difficult environment of the pandemic. Many customers used the lockdown to inspect and test equipment and materials. At the Ringhals Nuclear Power Plant in Sweden, for example, DEKRA inspected block 4 in record time with a team of over 50 experts. Presence in China was expanded by acquiring a large share of ENERTIC Engineering Technical Co. Ltd., Beijing. ENERTIC has supported multinational and Chinese raw materials and energy companies with material testing for two decades. By cooperating with Nexxis, a high-tech Australian supplier, DEKRA strengthened its expertise in automated and robot-based inspection in difficult and hazardous environments in Oceania.

DEKRA operates Europe's largest test laboratory for respiratory masks

DEKRA's Product Testing service division responded to the COVID-19 crisis extremely quickly. "We are by far pioneers in Germany when it came to testing respiratory masks," said CEO Kölbl, commenting on DEKRA's special laboratory in Essen. It is recognized as a notified body for filtering respiratory masks and is by far the largest mask testing laboratory in Europe. Masks were already being tested there using a recognized rapid test procedure in mid-March 2020. There is now massive demand for the testing of FFP2 masks in line with strict PPE Ordinance criteria.

DEKRA is also a pioneer in testing charging infrastructure for e-mobility. Kölbl: "We are currently the pioneering provider of end-to-end tests worldwide." The DEKRA test laboratory in Arnhem (Netherlands), for example, is one of only a few laboratories that can test high-speed charging stations. In the growing area of functional safety, such as electronics in vehicles, DEKRA was awarded a global contract to conduct functional safety tests and audits for the world's largest automotive supplier. DEKRA further improved its outstanding market position in the

measuring of electromagnetic compatibility (EMC) and radio frequency testing (RF), especially for automotive manufacturers, thanks to its new special laboratory in Stuttgart and the acquisition of the South Korean Movon Corporation's laboratories.

New accreditations secure future prospects

The expert organization improved its access to growth markets by obtaining further approvals. The Open Charge Alliance designated DEKRA laboratories in Arnhem and Sterling, USA, official testing laboratories for measuring and billing between charging station operators. In the USA, the Occupational Safety and Health Administration (OSHA) granted DEKRA the status of Nationally Recognized Testing Laboratory (NRTL). China's National Certification and Accreditation Administration (CNCA) recognized DEKRA laboratories in Shanghai and Guangzhou under the China Compulsory Certification (CCC) standards. This allows DEKRA to offer inspection, testing and certification services to international manufacturers in China from a single source. In addition, the DEKRA laboratory in Málaga (Spain) was one of the first ever laboratories to be certified under the ioXt standard developed by an alliance of manufacturers, industry associations and public institutions. This standard is used to test the cyber security of devices for the Internet of Things (IoT).

Digital learning scenarios

In the Training service division, DEKRA utilized the COVID-19 pandemic to step up digital learning scenarios. Microlearning plays a major role here, using smartphones and elements of virtual and augmented reality. The DEKRA Tag.it beacon content management system promises to bring growth in the future. One function of the system is to allow safety information in production halls or maintenance instructions for machinery to be accessed directly via a smartphone. DEKRA expanded its customer-focused expert migration program in Brazil to several regions from the start of 2019, tripling the number of participants to around 450. In the program, DEKRA qualifies carers to work in Germany in the future.

The Temp Work service division was hit hard by the COVID-19 pandemic. Around 1,200 of the more than 7,000 temp workers in Germany were in short-time work schemes at the end of October.

New COVID-19 and sustainability services

Following the outbreak of COVID-19, DEKRA expanded its online safety portal DEKRA Safety Web to include information on hygiene policies and the transport

of COVID-19 samples, resulting in a 60% increase in use of the portal. It is now used by around 120,000 employees at more than 500 companies. DEKRA (Consulting service division) developed a safety and health concept for work processes on-site and at home for a renowned pharmaceutical manufacturer. This will come into effect initially for locations in the Netherlands and Ireland, before being adopted for the Group as a whole over the course of the year. With accelerated test methods for medical equipment such as ventilators, DEKRA laboratories in Arnhem and Málaga are helping health authorities and clinics tackle the COVID-19 pandemic.

DEKRA has also strengthened its commitment to sustainability, a key social issue. In Germany, for example, six professional football clubs have taken part in DEKRA's "sustainClub" sustainability certificate. "sustainClub" is currently the only recognized sustainability standard in professional football. The certificate is a way for clubs to demonstrate their commitment to economic, environmental and social issues. DEKRA expanded its own sustainability strategy in 2020, adding specific targets to be achieved by 2025. Under one of these targets, the company aims to reduce its CO₂ footprint by 50% in comparison to 2018 and to assess the sustainability targets of all suppliers.

Confident outlook for 2021

"Fiscal year 2020 was shaped by the COVID-19 pandemic. But DEKRA has used this time to emerge from the crisis stronger than it was before," said Stefan Kölbl. "We stepped up our digitalization and innovation work and developed new digital skills." Although it is currently impossible to foresee the duration and impact of the crisis, Kölbl believes there are many reasons to suggest that DEKRA will be able to return to its growth trajectory as soon as the situation normalizes. These include its global presence, the new organizational structure and good position in growth markets such as connected mobility, cyber security and sustainability.

About DEKRA

DEKRA has been active in the field of safety for more than 90 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 2020, DEKRA generated preliminary sales totaling 3.2 billion euros. The company currently employs more than 43,000 people in approximately 60 countries on all six 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 world.