

UL GmbH

Schwerzenbach

Report of the statutory auditor
to the Partners' Meeting

on the financial statements 2021

Report of the statutory auditor

to the Partners' Meeting of UL GmbH

Schwerzenbach

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of UL GmbH, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2021.

Managements' responsibility

Management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 818 paragraph 1 CO in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 818 paragraph 1 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Management.

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We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Petra Schwick
Audit expert
Auditor in charge

Andreas Kägi
Audit expert

Basel, 8 June 2022

Enclosures:

- Financial statements (balance sheet, income statement, cash flow statement and notes)
- Proposed appropriation of the available earnings

UL GmbH, Schwerzenbach

Balance sheet as of December

Assets	31-12-21 CHF	31-12-20 CHF
Current assets		
Cash and cash equivalents	94,353,966	111,025,812
Accounts receivables third party	93,262,240	101,368,489
Accounts receivables intercompany	29,539,072	49,134,635
Security deposits	44,610	45,805
Inventory and unbilled services	10,723,143	12,903,347
Prepaid expenses and accrued income	195,255	231,990
Total current assets	<u>228,118,286</u>	<u>274,710,078</u>
Non current assets		
Long term intercompany loan receivable	122,461,281	55,382,099
Investment in affiliates	92,783,817	178,099,555
Leashold Improvements	248,943	76,530
Accumulated depreciation - Leasehold Improvements	-92,113	156,830
		-76,530
		0
Plant machinery	1,694,999	939,735
Accumulated depreciation - plant machinery	-1,000,573	694,426
		-467,307
		472,428
Goodwill	1,038,443	1,038,443
Accumulated depreciation - goodwill	-298,857	739,586
		-195,013
		843,430
Intangibles - intellectual property/patents	0	0
Accumulated depreciation - intellectual property/patents	0	0
		0
		0
Customer relationship	136,945,484	136,945,484
Accumulated depreciation customer relationship	-124,217,037	12,728,447
		-111,764,215
		25,181,269
Total non-current assets	<u>229,564,387</u>	<u>259,978,781</u>
Total assets	<u>457,682,673</u>	<u>534,688,859</u>

Balance sheet as of December

	31-12-21	31-12-20
	CHF	CHF
Liabilities and shareholders equity		
Liabilities		
Accounts payable third party	4,046,066	4,727,222
Accounts payable intercompany	17,102,114	17,989,220
Other payables third party	4,482,348	5,385,451
Clients deposits	19,552,892	20,684,197
Accruals	16,225,396	11,885,537
Deferred annual fee	377,104	318,600
Short term liabilities	<u>61,785,920</u>	<u>60,990,227</u>
Long term intercompany debts (interest bearing)	0	283,959
Other long term liabilities	422,907	323,660
Accrued pension liabilities	5,165,188	4,600,862
Long term liabilities	<u>5,588,095</u>	<u>5,208,481</u>
Shareholders equity		
Share capital	100,000	100,000
Capital reserves merger	3,313,407	3,313,407
Capital reserves branch	141,055	141,055
Capital reserves investment	355,056,678	355,056,678
Statutory retained earnings	50,000	50,000
Available retained earnings	31,647,518	109,829,011
<i>Retained earnings brought forward</i>	19,829,011	126,293,610
Profit of the year	11,818,507	-16,464,599
Total shareholders equity	<u>390,308,658</u>	<u>468,490,151</u>
Total liabilities and shareholders equity	<u>457,682,673</u>	<u>534,688,859</u>

UL GmbH, Schwerzenbach

Income statement for the year	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
	CHF	CHF
Gross revenue	832,730,688	787,073,615
Bad debt loss	-2,293,750	-2,870,563
Net Revenue	830,436,938	784,203,052
Change of inventory and unbilled services	-2,180,204	-5,223,006
Net Revenue including change of inv. and unbilled	828,256,734	778,980,046
Direct expenses and commissions		
Intercompany expenses	-745,022,302	-708,996,071
Subcontracting expenses	0	-423
Materials & supplies	-220,523	-625,551
Total direct expenses and commissions	-745,242,825	-709,622,045
Gross margin I	83,013,909	69,358,001
Staff expenses	-34,131,926	-29,015,262
Gross margin II	48,881,983	40,342,739
Operating expenses		
Management fees	-6,270,664	-4,480,550
Office and equipment	-3,197,570	-3,165,915
Travel and meetings	-681,375	-869,855
Other operating expense	-4,683,722	-1,595,832
Total operating expenses	-14,833,331	-10,112,152
EBITDA	34,048,652	30,230,587
Depreciation	-12,818,327	-12,657,263
EBIT	21,230,325	17,573,324
Financial income / expenses		
Financial income	1,944,148	4,133,224
Financial expense	-1,478,900	-1,517,241
Unrealized foreign exchange loss / gain	-1,082,848	1,490,498
Realized foreign exchange loss / gain	-4,642,971	-962,381
Total financial income / expenses	-5,260,571	3,144,100
Operating result	15,969,754	20,717,424
Extraordinary income	469,082	13,580
Extraordinary expense	-116,567	-741,634
Translation gain / loss	1,614,147	-24,853,161
Net result before income taxes	17,936,416	-4,863,791
Taxes	-6,117,909	-11,600,808
Profit of the year	11,818,507	-16,464,599

Cashflow	2021	2020
	CHF	CHF
Net income	11,818,507	-16,464,599
Depreciation	12,818,327	12,657,263
Extraordinary depreciation	-	25
Other non-cash transactions	3,229	-71,684
Movement accounts receivables third party	8,106,249	16,688,885
Movement accounts receivables intercompany	19,595,563	-11,746,997
Movement security deposits	1,195	-4,948
Movement inventory and unbilled services	2,180,204	5,223,006
Movement prepaid expenses and accrued income	36,735	619,829
Movement accounts payable third party	-681,156	-382,160
Movement accounts payable intercompany	-887,106	5,744,741
Movement other payables third party	-903,103	5,243
Movement client deposits	-1,131,305	-2,472,608
Movement accruals	4,339,859	3,968,816
Movement deferred annual fee	58,504	-29,899
Movement other long term liabilities	99,247	-350,175
Movement accrued pension liabilities	564,326	620,325
Cashflow from operating activities	56,019,275	14,005,063
<u>Investing activities</u>		
Investment in affiliates	-196,376	-928,075
Deinvestment in affiliates	10,801,412	24,843,249
Intercompany Loans to affiliates	7,494,821	7,811,866
Fixed assets	-927,677	6,368
Goodwill	-	-126,755
Cashflow from investing activities	17,172,181	31,606,653
<u>Financing Activities</u>		
Dividend paid in cash	-90,000,000	-98,000,000
Dividend received in cash	136,698	-
Cashflow from financing activities	-89,863,302	-98,000,000
Total Cashflow	-16,671,846	-52,388,285
Beginning Cash Balance	111,025,812	163,414,097
Ending Cash Balance	94,353,966	111,025,812
Change of Cash Balance	-16,671,846	-52,388,285

Notes to the financial statements 2021

UL GmbH is registered at Ringstrasse 1, 8603 Schwerzenbach. The number of full-time equivalents exceeded 250 on an annual average basis.

Accounting principles applied

The functional currency of UL GmbH Switzerland is USD, Taiwan branch is TWD, Saudi Arabia Branch is SAR, Abu Dhabi Branch is AED, Denmark Branch is DKK, Sweden Branch is SEK, Poland Branch is PLN, Korean Branch is KRW and the functional currency of all other EU Branches is EUR. For the conversion to CHF we generally used the following rates:

<u>December month end rate for balance sheet</u>	2021	2020
1 USD = X CHF	0.915223	0.882932
1 TWD = X CHF	0.033039	0.031414
1 SAR = X CHF	0.244044	0.235278
1 AED = X CHF	0.249173	0.240387
1 EUR = X CHF	1.036472	1.084523
1 GBP = X CHF	1.234672	1.198863
1 SEK = X CHF	0.101179	0.107826
1 DKK = X CHF	0.139380	0.145771
1 PLN = X CHF	0.225252	0.239270
1 KRW = X CHF	0.000770	0.000812

Average rates for P&L

1 USD = X CHF	0.914570	0.934944
1 TWD = X CHF	0.032781	0.031781
1 SAR = X CHF	0.243864	0.249093
1 AED = X CHF	0.248992	0.254540
1 EUR = X CHF	1.080182	1.070832
1 GBP = X CHF	1.258004	1.202721
1 SEK = X CHF	0.106219	0.102288
1 DKK = X CHF	0.145249	0.143681
1 PLN = X CHF	0.235889	0.239645
1 KRW = X CHF	0.000796	0.000794

The following positions in the financial statements are converted with historical rates:

Share capital	Investment in affiliates
Capital reserves merger	Other long term liabilities
Capital reserves branch	Goodwill incl. depreciation
Capital reserves investment	Plant machinery incl. depreciation
Statutory retained earnings	Intellectual property/patents incl. depreciation
Retained earnings	Customer relationship incl. depreciation

Bad debt reserves

The calculation of the bad debt reserves is based on days outstanding for invoices. In 2020 the range was between 0.26% to 40%, based on the 24 month average write-offs. These percentages will be refreshed annually each April. In 2019 the range was between 1% and 10% with an additional reserve of 40% for invoices not paid within 360 days.

Investments

Investments are valued at cost. In case there is an indicator for impairment, the investment will be reviewed in detail and revalued.

Notes to the financial statements 2021 (continued)

Revenue recognition criteria

- 1) Persuasive evidence of an arrangement exists: explicit or implicit sales contract
- 2) Delivery has occurred or services have been rendered
- 3) Seller's price to the buyer is fixed or determinable
- 4) Collectability is reasonably assured

Inventory and unbilled services

At month-end, revenue for projects which have been completed but which have not yet been invoiced will be accrued as unbilled revenue. This accrual only represent completed projects and will not include partial recognition of any certification projects that are still in process. Inventory is valued at cost and checked for any indicator for an impairment at each balance sheet date.

Property, plant and equipment and intangible assets

Assets are valued at cost or manufacturing cost including directly attributable expenditure, less straight-line depreciation over their useful lives. At each balance sheet date, the company tests whether there are any indications of assets being subject to impairment.

Depreciation and amortization lifetime:

Leasehold Improvement	2 Years
Computer Hardware	3 - 4 Years
Office Furniture	5 -13 Years
Plant Machinery	5 - 12 Years
Customer Relationship	10 - 11 Years
Goodwill	10 - 20 Years
Intellectual Property/Patents	20 Years

Explanations of exceptional, non-recurring or prior-period items

	2021	2020
<i>Breakdown of extraordinary expense</i>	<i>CHF 116,567</i>	<i>-CHF 741,634</i>
Restructuring expense in France	CHF 0	-CHF 238,570
Restructuring expense in Spain	CHF 0	-CHF 70,085
Non-op pension expense	CHF 115,598	-CHF 98,054
Write-off DI's not converted Taiwan	CHF 0	-CHF 336,411
Miscellaneous	CHF 969	CHF 1,485
<i>Breakdown of extraordinary income</i>	<i>-CHF 469,082</i>	<i>CHF 13,580</i>
Deposit invoice write up	-CHF 463,660	CHF 0
Miscellaneous	-CHF 5,422	CHF 13,580
	31-12-21	31-12-20
Liabilities relating to pension plans	CHF 0	CHF 0
<u>Fees paid to the auditor</u>	2021	2020
Audit fees	CHF 53,515	CHF 53,155
Non-audit fees	CHF 26,449	CHF 9,741
	31-12-21	31-12-20
<u>Collateral for liabilities of affiliates</u>		
Guarantee Obligations	CHF 16,205	CHF 16,205

Notes to the financial statements 2021 (continued)

<u>Investment in affiliates</u>	31-12-21	31-12-20
UL International Services B.V.	CHF 62,565,841	CHF 73,367,253

Share capital	EUR 18'000	EUR 18'000
Participation rate (capital & votes)	100%	100%

UL International Services B.V. is a holding company that holds subsidiaries mainly in Asia Pacific. The statutory seat of the company is Amsterdam (The Netherlands). The office is registered in Arnhem, Netherlands.

Futuremark OY	CHF 10,519,300	CHF 10,519,300
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Share capital	EUR 2'500	EUR 2'500
Participation rate (capital & votes)	100%	100%

Futuremark Oy (business identity code 1109663-4) is a company incorporated and existing under the laws of Finland, having its registered office in Espoo, Finland. The Company and its subsidiaries are engaged in the software development business.

UL Ireland Operations Limited	CHF 18,276,407	CHF 18,276,407
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Share capital	EUR 127	EUR 127
Participation rate (capital & votes)	100%	100%

UL Ireland Operations Limited is registered in the Republic of Ireland in Dublin. The principal activity of the company is software development, sale and consultancy in the area of test and validation of real-time payment systems. The company competes internationally to provide acquiring and issuing bank, payment providers and terminal vendors simulation software and services that enable them to bring their products to market faster, at a lower cost and higher quality than their competitors.

Underwriter Laboratories Middle-East FZ-LLC	CHF 13,140	CHF 13,140
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Share capital	AED 50,000	AED 50,000
Participation rate (capital & votes)	100%	100%

Underwriter Laboratories Middle-East FZ-LLC is a subsidiary of UL GmbH in Dubai, United Arab Emirates. UL Middle East FZ-LLC is UL's regional headquarters in the Middle East. The regional office is registered in the Tecom's Dubai Science Park and is registered with the Dubai Creative Clusters Authority in the Emirate of Dubai of the United Arab Emirates. The office is mainly promoting UL's mission and services as well as fulfilling regional client projects.

Cr edit 360 Global Limited	CHF 7	CHF 74,023,351
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Share capital	GBP 900	GBP 900
Participation rate (capital & votes)	100%	100%

Cr360 provides companies with a 360-degree view of EHS (Environment, Health and Safety), Compliance, Energy and Carbon, Corporate Social Responsibility and Supply Chain information. The company is registered in Cambridge, England. Registration number 03743459.

Notes to the financial statements 2021 (continued)

UL de Colombia SAS	CHF 831,763	CHF 831,763
Share capital	COP 1,050,000,000	COP 1,050,000,000
Participation rate (capital & votes)	100%	100%

UL de Colombia SAS is a subsidiary of UL GmbH in Bogota D.C., Colombia. Its main activity is the development of any legal and commercial activities in Colombia or Foreign. Nowadays it controls, proofs and proofs the products' security, additionally the certification of products and the inspection of machinery, systems and similar.

UL RUS LLC	CHF 577,359	CHF 140,265
Share capital	RUB 10,000	RUB 10,000
Participation rate (capital & votes)	99%	99%

UL RUS LLC is a subsidiary of UL GmbH in Moscow, Russia. Its main activity is technical tests research, analysis and certification.

<u>Indirect shareholdings</u>	Share Capital	Participation Rate (capital & votes)
UL International Services B.V. owns:		
UL International Australia Pty Ltd, Baulkham Hills, AU	AUD 1	100%
Underwriter Laboratories Taiwan Co Ltd, Taipei, TW	TWD 500,000	100%
UL International (Netherlands) B.V. Arnhem, NL	EUR 18,151	100%
Collis Holding B.V	EUR 2,500,000	100%
UL International Australia Pty Ltd owns:		
UL Transaction Security Pty Ltd, Kew Victoria, AU	AUD 12	100%
Collis Holding B.V. owns:		
UL TS B.V.	EUR 2,500,001	100%
UL TS FZE	AED 1,000,000	100%
UL TS Inc.	USD 10	100%
Futuremark OY owns:		
Futuremark Inc., Fremont California, USA	USD 8,000	100%
Cr edit 360 Global Limited owns:		
Cr edit 360 Limited, Cambridge, UK	GBP 2	100%
Safeware Investors Limited, Leicestershire, UK	GBP 200	100%
Dokimi Group Ltd, Shropshire, UK	GBP 194	100%
Safeware Investors Limited owns:		
Safeware Quasar, Leicestershire, UK	GBP 1,000	100%
Dokimi Group Ltd owns:		
Wintech Engeneering Ltd, Shropshire, UK	GBP 200	100%
Pangolin Properties Ltd, Shropshire, UK	GBP 100	100%

Notes to the financial statements 2021 (continued)

Balances with parent company Underwriters Laboratories Holdings B.V.

	31-12-21	31-12-20
Account receivables intercompany	CHF 0	CHF 0
Long term intercompany loan receivable	CHF 0	CHF 0
Total receivables of parent company	CHF 0	CHF 0

Subsequent Events

There were no subsequent events at the date the financial statements were available to be issued.

	2021 CHF	2020 CHF
Proposed appropriation of available retained earnings		
Available retained earnings carried forward	19,829,011	224,293,610
Ordinary dividend		-98,000,000
Extraordinary dividend		
Profit of the year	11,818,507	-16,464,599
Available retained earnings 31.12.	<u>31,647,518</u>	<u>109,829,011</u>

The board of directors proposes the following appropriation of the available retained earnings to the general meeting:

Allocation to legal reserves	-	-
Pay out of dividend from retained earnings	-	90,000,000
Balance to be brought forward	<u>31,647,518</u>	<u>19,829,011</u>