

UL GmbH

Schwerzenbach

Report of the statutory auditor
to the Partners' Meeting

on the financial statements 2020

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 and notes, for the year ended 31 December 2020.

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 2020 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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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

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 2021

Enclosures:

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

UL GmbH, Schwerzenbach

Balance sheet as of December

	31.12.2020		31.12.2019
Assets	CHF		CHF
Current assets			
Cash and cash equivalents	111'025'812		163'414'097
Accounts receivables third party	101'368'489		118'057'374
Accounts receivables intercompany	49'134'635		37'387'638
Security deposits	45'805		40'857
Inventory and unbilled services	12'903'347		18'126'353
Prepaid expenses and accrued income	231'990		851'819
Total current assets	<u>274'710'078</u>		<u>337'878'138</u>
Non current assets			
Long term intercompany loan receivable	55'382'099		63'193'965
Investment in affiliates	178'099'555		191'563'916
Leashold Improvements	76'530	76'530	
Accumulated depreciation - Leasehold Improvements	-76'530	0	-76'530
Plant machinery	939'735		946'103
Accumulated depreciation - plant machinery	-467'307	472'428	-340'012
Goodwill	1'038'443		911'688
Accumulated depreciation - goodwill	-195'013	843'430	-91'169
Intangibles - intellectual property/patents	0		0
Accumulated depreciation - intellectual property/patents	0	0	0
Customer relationship	136'945'484	136'589'840	
Accumulated depreciation customer relationship	-111'764'215	25'181'269	-99'338'065
Total non-current assets	<u>259'978'781</u>		<u>293'436'266</u>
Total assets	<u><u>534'688'859</u></u>		<u><u>631'314'404</u></u>

UL GmbH, Schwerzenbach

Balance sheet as of December

	31.12.2020	31.12.2019
Liabilities and shareholders equity	CHF	CHF
Liabilities		
Accounts payable third party	4'727'222	5'109'382
Accounts payable intercompany	17'989'220	12'244'479
Other payables third party	5'385'451	5'380'208
Clients deposits	20'684'197	23'156'805
Accruals	11'885'537	7'916'721
Deferred annual fee	318'600	348'499
Short term liabilities	60'990'227	54'156'094
Long term intercompany debts (interest bearing)	283'959	0
Other long term liabilities	323'660	673'835
Accrued pension liabilities	4'600'862	3'980'537
Long term liabilities	5'208'481	4'654'372
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	344'605'866
Statutory retained earnings	50'000	50'000
Available retained earnings	109'829'011	224'293'610
<i>Retained earnings brought forward</i>	126'293'610	200'000'000
Profit of the year	-16'464'599	24'293'610
Total shareholders equity	468'490'151	572'503'938
Total liabilities and shareholders equity	534'688'859	631'314'404

UL GmbH, Schwerzenbach

Income statement for the year	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	CHF	CHF
Gross revenue	787'073'615	793'003'529
Bad debt loss	-2'870'563	-1'894'718
Net Revenue	784'203'052	791'108'811
Change of inventory and unbilled services	-5'223'006	2'411'605
Net Revenue including change of inv. and unbilled	778'980'046	793'520'416
Direct expenses and commissions		
Intercompany expenses	-708'996'071	-717'371'866
Subcontracting expenses	-423	0
Materials & supplies	-625'551	-376'047
Total direct expenses and commissions	-709'622'045	-717'747'913
Gross margin I	69'358'001	75'772'503
Staff expenses	-29'015'262	-28'937'990
Gross margin II	40'342'739	46'834'513
Operating expenses		
Management fees	-4'480'550	-4'074'505
Office and equipment	-3'165'915	-2'883'887
Travel and meetings	-869'855	-1'649'196
Other operating expense	-1'595'832	-3'556'502
Total operating expenses	-10'112'152	-12'164'090
EBITDA	30'230'587	34'670'423
Depreciation	-12'657'263	-12'649'657
EBIT	17'573'324	22'020'766
Financial income / expenses		
Financial income	4'133'224	11'457'411
Financial expense	-1'517'241	-1'551'658
Unrealized foreign exchange loss / gain	1'490'498	6'254'725
Realized foreign exchange loss / gain	-962'381	-8'168'668
Total financial income / expenses	3'144'100	7'991'810
Operating result	20'717'424	30'012'576
Extraordinary income	13'580	16'479
Extraordinary expense	-741'634	-302'386
Translation gain / loss	-24'853'161	2'162'170
Net result before income taxes	-4'863'791	31'888'839
Taxes	-11'600'808	-7'595'229
Profit of the year	-16'464'599	24'293'610

Cashflow	2020	2019
	CHF	CHF
Net income	-16'464'599	24'293'610
Depreciation	12'657'263	12'649'657
Extraordinary depreciation	25	-729
Other non-cash transactions	-71'684	-
Movement accounts receivables third party	16'688'885	-22'654'996
Movement accounts receivables intercompany	-11'746'997	-22'300'089
Movement security deposits	-4'948	-18'116
Movement inventory and unbilled services	5'223'006	-2'411'605
Movement prepaid expenses and accrued income	619'829	-604'247
Movement accounts payable third party	-382'160	-6'458'228
Movement accounts payable intercompany	5'744'741	-97'063'130
Movement other payables third party	5'243	4'430'572
Movement client deposits	-2'472'608	-3'086'322
Movement accruals	3'968'816	-11'330'923
Movement deferred annual fee	-29'899	213'126
Movement other long term liabilities	-350'175	640'123
Movement accrued pension liabilities	620'325	2'509'724
Cashflow from operating activities	14'005'063	-121'191'573
<u>Investing activities</u>		
Investment in affiliates	-928'075	-8'511'448
Deinvestment in affiliates	24'843'249	22'142'896
Intercompany Loans to affiliates	7'811'866	153'227'305
Fixed assets	6'368	-235'841
Goodwill	-126'755	-911'688
Cashflow from investing activities	31'606'653	165'711'224
<u>Financing Activities</u>		
Dividend paid in cash	-98'000'000	-48'101'106
Cashflow from financing activities	-98'000'000	-48'101'106
Total Cashflow	-52'388'285	-3'581'455
Beginning Cash Balance	163'414'097	166'995'552
Ending Cash Balance	111'025'812	163'414'097
Change of Cash Balance	-52'388'285	-3'581'455

Notes to the financial statements 2020

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, Korea 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>	2020	2019
1 USD = X CHF	0.882932	0.970996
1 TWD = X CHF	0.031414	0.032302
1 SAR = X CHF	0.235278	0.258792
1 AED = X CHF	0.240387	0.264358
1 EUR = X CHF	1.084523	1.087448
1 GBP = X CHF	1.198863	1.273656
1 SEK = X CHF	0.107826	0.104092
1 DKK = X CHF	0.145771	0.145581
1 PLN = X CHF	0.239270	0.255344
1 KRW = X CHF	0.000812	N/A

Average rates for P&L

1 USD = X CHF	0.934944	0.994009
1 TWD = X CHF	0.031781	0.032207
1 SAR = X CHF	0.249093	0.265027
1 AED = X CHF	0.254540	0.270621
1 EUR = X CHF	1.070832	1.111223
1 GBP = X CHF	1.202721	1.269082
1 SEK = X CHF	0.102288	0.104956
1 DKK = X CHF	0.143681	0.148838
1 PLN = X CHF	0.239645	0.258148
1 KRW = X CHF	0.000794	N/A

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 2020 (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

	2020	2019
<i>Breakdown of extraordinary expense</i>	-CHF 741'634	-CHF 302'386
Restructuring expense in France	-CHF 238'570	-CHF 277'806
Restructuring expense in Spain	-CHF 70'085	CHF 0
Non-op pension expense	-CHF 98'054	CHF 0
Write-off DI's not converted Taiwan	-CHF 336'411	CHF 0
Miscellaneous	CHF 1'485	-CHF 24'580
<i>Breakdown of extraordinary income</i>	CHF 13'580	CHF 16'479
Nominal write-off client receipts	CHF 0	CHF 13'639
Miscellaneous	CHF 13'580	CHF 2'840
	31.12.2020	31.12.2019
Liabilities relating to pension plans	CHF 0	CHF 0
<u>Fees paid to the auditor</u>	2020	2019
Audit fees	CHF 53'155	CHF 65'880
Non-audit fees	CHF 9'741	CHF 18'462
	31.12.2020	31.12.2019
<u>Collateral for liabilities of affiliates</u>	31.12.2020	31.12.2019
Guarantee Obligations	CHF 16,205	CHF 16,205

Notes to the financial statements 2020 (continued)

Investment in affiliates	31.12.2020	31.12.2019
UL International Services B.V.	CHF 73'367'253	CHF 87'759'690
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
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
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
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 74'710'709	CHF 74'023'351
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 2020 (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 380'983	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 Engineeering Ltd, Shropshire, UK	GBP 200	100%
Pangolin Properties Ltd, Shropshire, UK	GBP 100	100%

Notes to the financial statements 2020 (continued)

Balances with parent company Underwriter Laboratories B.V.

	31.12.2020	31.12.2019
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.

	2020 CHF	2019 CHF
Proposed appropriation of available retained earnings		
Available retained earnings carried forward	224'293'610	254'042'853
Ordinary dividend	-98'000'000	-54'042'853
Extraordinary dividend		
Profit of the year	-16'464'599	24'293'610
Available retained earnings 31.12.	<u>109'829'011</u>	<u>224'293'610</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	98'000'000
Balance to be brought forward	<u>19'829'011</u>	<u>126'293'610</u>