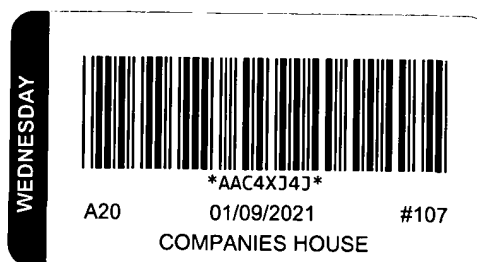


UL S.à r.l.

**Consolidated Financial
Statements for the year ended
December 31, 2020**

20, Rue de la Poste
L-2346 Luxembourg
R.C.S. Luxembourg: B 161 535
Subscribed capital: USD 314,359



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UL S.à r.l.

Consolidated management report

The Board of Managers are pleased to present the Consolidated Management Report and Consolidated Financial Statements of UL S.à r.l. (the “Company”) for the financial year ended December 31, 2020.

Principal activities

The Company has its statutory seat in Luxembourg. It is part of the Underwriters Laboratories Group (“UL”). The ultimate parent company is Underwriters Laboratories Inc., Delaware, USA.

The Company is the parent company of a group of subsidiaries (the “Group”), which is composed of companies established in various foreign countries and which their core business is to perform safety testing, certification and inspection of equipment. Sales are made in both the domestic and foreign markets.

Financial key indicators

Consolidated total income for 2020 was USD 1,290.8 million partly offset by charges of USD 1,172.8 million resulting in a positive result of USD 118.0 million. The cash balance slightly decreased by USD 7.4 million to an amount of USD 295.5 million.

Total net turnover remained relatively stable with a slight increase of USD 5.6 million.

The consolidated balance sheet decreased by USD 171.3 million compared to the prior year primarily driven by regular amortization, depreciation and the distribution of the US IP rights to its shareholder.

Current assets decreased by USD 50.8 million mainly due to a decrease in cash (USD 7.4 million), work in progress (USD 6.7 million) and total debtors (USD 36.7 million).

Research and development

The Group has not performed any significant research and development activities.

UL S.à r.l.

Financial risk management

Management considers the Group's solvability and liquidity to be at a sufficient level. The Group's main financial risks are:

Currency risk

The Group operates worldwide. The currency risk for the Group largely concerns positions and future transactions in but not limited to: US dollars, British Pound, EURO, Hong Kong dollar, Japanese Yen, Danish Krona, Malaysian Ringgit, Mexican Peso, Swedish Krona, Swiss Franc, Brazilian Real, Korean Won, Indian Rupees, Polish Zloty, Taiwan dollars, Chinese Yuan Renminbi, Argentine Peso, Turkish Lira, Australian dollars and New Zealand dollars. Management has determined, based on a risk assessment, that some of these currency risks need to be hedged.

Interest rate and cash flow risk

The Group incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets, securities and cash) and on interest-bearing non-current and current liabilities (including borrowings). On a regular basis, management reviews the mix between fixed and variable rate facilities and the macroeconomic interest rate forecast. When employing interest rate risk strategies, the intention will be to provide protection against adverse rate fluctuations, on either a fully- or partially-hedged basis. Under no circumstances will the Group engage into speculative or directional transactions with interest rate options or other derivative instruments.

Credit risk

The Group does not have any significant concentrations of credit risk. Sales are made to customers that meet the Group's credit rating requirements. Services are sold subject to the Group's payment terms. A different payment term may apply to major supplies, in which case additional securities are demanded, including guarantees.

Liquidity risk

The Group uses several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

Covid-19

Management has assessed the impact of Covid-19 on the Company's market, credit and liquidity risks and concluded that there was no significant impact to the Company's performance.

Future development

The operations did not significantly change during 2020 and management expects no significant changes in the near future. Also, no significant changes are expected in terms of the finance structure, average workforce, investments in property, plant and machinery and financial fixed assets. Management's outlook for 2021 is to further grow the business, both autonomously and through acquisitions.

UL S.à r.l.

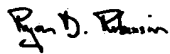
Post balance sheet events

The Group has evaluated subsequent events after the balance sheet date through July 28, 2021, which is the date the consolidated financial statements were available to be issued.


The Group determined that there were no subsequent events or transactions that required recognition of disclosure in the consolidated financial statements.

Luxembourg, July 28, 2021


The Board of Managers,



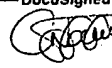
R.D. Robinson



S. Jesudas

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C. Noens



Audit report

To the Shareholder of
UL S.à r.l.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of UL S.à r.l. (the "Company") and its subsidiaries (the "Group") as at 31 December 2020, and of the consolidated results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated profit and loss account for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our audit report thereon.

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T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Group's internal control;



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;
- conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 July 2021

Electronically signed by
Laurence Demelenne

A handwritten signature in black ink, appearing to read "Laurence Demelenne", written over a horizontal line.

Laurence Demelenne

UL S.à r.l.

Consolidated balance sheet as at December 31

	<i>Notes</i>	2020 kUSD	2019 kUSD
ASSETS			
C. Fixed assets			
<i>I. Intangible fixed assets</i>	4		
1. Concessions, patents, licences, trademarks and similar rights if they were acquired for valuable consideration and need to be shown under C.I.3		280,168	425,366
2. Goodwill to the extent that it was acquired for valuable consideration		375,274	409,174
<i>II. Tangible fixed assets</i>	5		
1. Land and buildings		111,124	83,714
2. Plant and machinery		83,445	75,150
3. Other fixtures and fittings, tools and equipment		11,550	11,775
4. Payments on accounts and tangible fixed assets under development		10,940	17,604
<i>III. Financial fixed assets</i>	6		
1. Shares in associates		15,861	14,409
2. Amounts owed by affiliated undertakings		3,435	3,129
3. Loans and claims held as fixed assets		12,672	11,455
<i>IV. Deferred tax assets</i>	7	56,145	29,303
Total Fixed Assets		960,614	1,081,079

The accompanying notes form an integral part of the consolidated financial statements.

UL S.à r.l.

Consolidated balance sheet as at December 31 (cont.)

	<i>Notes</i>	2020 kUSD	2019 kUSD
ASSETS (cont.)			
D. Current assets			
<i>I. Inventories</i>	8		
1. Work and contracts in progress		26,482	33,274
2. Finished goods and goods for resale		605	576
<i>II. Debtors</i>	9		
1. Trade receivables			
a) becoming due and payable within one year		169,447	181,337
b) becoming due and payable after more than one year		11,559	17,457
2. Amounts owed by undertakings with which the company is linked by virtue of participating interests			
a) becoming due and payable within one year		73,243	75,611
b) becoming due and payable after more than one year		9,136	25,981
3. Other receivables			
a) becoming due and payable within one year		28,637	37,215
b) becoming due and payable after more than one year		10,611	1,713
<i>III. Transferable securities</i>			
1. Other transferable securities	10	20	19
<i>IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand</i>	11	295,492	302,889
Total Assets		1,585,846	1,757,151

The accompanying notes form an integral part of the consolidated financial statements.

UL S.à r.l.

Consolidated balance sheet as at December 31 (cont.)

	<i>Notes</i>	2020 kUSD	2019 kUSD
LIABILITIES			
A. Equity	12		
1. Subscribed capital		314	314
2. Shares premium and similar premiums		596,407	699,022
3. Revaluation reserves		10,872	-25,064
4. Result brought forward		215,147	114,711
5. Result for the financial year		117,919	100,436
Total capital and reserves – share of the Group		940,659	889,419
Minority interest	13	1,208	1,127
B. Provisions	14		
1. Provisions for pensions and similar obligations		130,515	114,831
2. Provisions for taxation		18,354	3,512
3. Other provisions		13,912	15,487
C. Non-subordinated debts	15		
1. Debts on purchases and provisions of trade creditors			
a) becoming due and payable within one year		37,617	30,719
b) becoming due and payable between 1- 5 years		175	116
c) becoming due and payable after 5 years		54	54
2. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year		84,415	64,465
b) becoming due and payable between 1- 5 years		13,048	58
c) becoming due and payable after 5 years		136,147	436,329
3. Tax and social security debts			
a) becoming due and payable within one year		47,292	38,749
b) becoming due and payable between 1- 5 years		-	442
c) becoming due and payable after 5 years		483	-
4. Other creditors			
a) becoming due and payable within one year		111,303	107,131
b) becoming due and payable between 1- 5 years		2,550	3,478
D. Deferred income	16	48,114	51,234
Total Liabilities		1,585,846	1,757,151

The accompanying notes form an integral part of the consolidated financial statements.

UL S.à r.l.

Consolidated profit and loss account for the year ended December 31

	Notes	2020 kUSD	2019 kUSD
1. Net turnover	17	1,251,545	1,245,986
2. Other operating income	18	35,087	31,533
3. Raw materials and consumables and other external expenses			
a) Raw materials and consumables	19	18	-358
b) Other external charges	20	-185,534	-225,065
4. Staff costs	21		
a) Wages and salaries		-368,740	-353,449
b) Social security on salaries and wages			
i) Relating to pension		-19,736	-20,578
ii) Other social security		-63,509	-61,082
c) Miscellaneous social costs		-27,309	-27,241
5. Value adjustments			
a) in respect of formation expenses and of tangible and intangible fixed assets	22	-132,434	-120,670
b) in respect of current assets		-74	-424
6. Other operating charges	23	-318,398	-326,252
7. Interest and other financial income			
a) concerning affiliated undertakings		110	93
b) other interest and similar income		1,414	3,979
8. Share of profit or loss of undertakings accounted for under the equity method	24	2,661	3,405
9. Value adjustments in respect of financial assets and of investments held as current assets	25	-	-
10. Interest and other financial charges	26		
a) concerning affiliated undertakings		-6,817	-9,171
b) other interest and similar charges		-19,691	-9,551
11. Tax on profit or loss	27	-30,593	-30,656

UL S.à r.l.

Consolidated profit and loss account for the year ended December 31 (cont.)

	2020 kUSD	2019 kUSD
12. Profit or loss after taxation	118,000	100,499
13. Other taxes not shown under items 1 to 13	-	-
14. Profit or loss for the financial year	118,000	100,499
Income attributable to non-controlling interest	81	63
Income attributable to equity shareholder	117,919	100,436

The accompanying notes form an integral part of the consolidated financial statements.

UL S.à r.l.

Notes to the Consolidated Financial Statements

1 General information

UL S.à r.l. (hereafter the “Company”) was incorporated on May 24, 2011 and is organised under the laws of Luxembourg as a ‘Société à responsabilité limitée’ for an unlimited period. The registered office of the Company is established in Luxembourg.

The Company is a member of the Underwriters Laboratories Group (hereafter “UL Group”). The Consolidated Financial Statements of the Company are incorporated in the consolidated annual report of the ultimate parent company Underwriters Laboratories, Inc., Delaware, USA.

The Company’s financial year starts on January 1 and ends on December 31 of each year.

The object of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The consolidated financial statements include the Company and its direct and indirect subsidiaries (together referred to as the “Group”). The operations of the Group mainly comprise of:

- safety testing;
- certification; and
- inspection of equipment.

2 Scope of consolidation and consolidation policies

2.1 Scope of consolidation

The Consolidated Financial Statements of the Company as at December 31, 2020 include its stand-alone Financial Statements and those of all directly or indirectly owned subsidiaries. Subsidiaries are all entities over which the Company exercises control through direct or indirect shareholding of more than one half of the voting rights.

The Group and minority interests’ share of profit and losses or changes in the net equity of subsidiaries are determined based on existing voting rights, without considering the effects of potential voting rights which are exercisable or convertible.

Joint ventures are operations that are jointly controlled by the Group and one or more other parties in accordance with contractual arrangements between parties. Joint ventures are accounted for using the equity method of accounting.

Associates are all the entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated value adjustment.

UL S.à r.l.**Notes to the Consolidated Financial Statements**

Entities included in the scope of consolidation are listed below:

Name	Share in issued capital (%)		Country	Consolidation Method
	2020	2019		
UL S.à r.l.	n/a	n/a	Luxembourg	Parent company
UL International Limited	100	100	Hong Kong	Fully consolidated
UL VS Hong Kong Ltd	100	100	Hong Kong	Fully consolidated
UL Quality Assurance Private Limited	-	100	India	Fully consolidated
UL India Private Limited	100	100	India	Fully consolidated
STR Bangladesh Private Ltd	100	100	Bangladesh	Fully consolidated
Underwriters Laboratories Middle East FZ LLC	100	100	United Arab Emirates	Fully consolidated
UL VS (Vietnam) Co. Ltd	100	100	Vietnam	Fully consolidated
STR Sri Lanka	100	100	Sri Lanka	Fully consolidated
UL International Indonesia	100	100	Indonesia	Fully consolidated
UL International Singapore Private Ltd.	100	100	Singapore	Fully consolidated
UL Verification Services Private Ltd	100	100	Singapore	Fully consolidated
UL Korea Ltd	100	100	Korea	Fully consolidated
UL VS Bangladesh Ltd	100	100	Bangladesh	Fully consolidated
UL Services (Malaysia) Sdn Bhd	100	100	Malaysia	Fully consolidated
UL TS FZE	100	100	United Arab Emirates	Fully consolidated
UL Japan, Inc.	100	100	Japan	Fully consolidated
UL Shimadzu Laboratory Corporation	60	60	Japan	Fully consolidated
UL VS Taiwan Ltd	100	100	Taiwan	Fully consolidated
Underwriters Laboratories Taiwan Co., Ltd.	100	100	Taiwan	Fully consolidated
UL International Australia Pty Ltd	100	100	Australia	Fully consolidated
UL (China) holding Company Limited	100	100	Shanghai	Fully consolidated
UL Verification Services (Guangzhou) Co Ltd	100	100	China	Fully consolidated
Green Safety (Shanghai) Investment Management Company Limited	100	100	Shanghai	Fully consolidated
UL VS Shanghai Ltd	100	100	Shanghai	Fully consolidated
UL Verification Services (Guangzhou) Co., Ltd SongShan Lake Branch	100	100	China	Fully consolidated
UL Transaction Security Pty. Ltd.	100	100	Australia	Fully consolidated
DEWI Wind Energy Technical Service (Beijing) Co., Ltd.	100	100	China	Fully consolidated
UL International New Zealand Ltd.	100	100	New Zealand	Fully consolidated
UL Standard and Technology Services Company Ltd	100	100	Shanghai	Fully consolidated
UL VS Philippines Ptd. Ltd	100	100	Philippines	Fully consolidated
UL VS South Africa (Pty) Ltd	100	100	South Africa	Fully consolidated
UL Morocco LLC	100	100	Morocco	Fully consolidated
ICQ (MED), Sarl	90	90	Tunisia	Fully consolidated
UL International Demko A/S	100	100	Denmark	Fully consolidated
UL TS B.V.	100	100	Netherlands	Fully consolidated
UL International (France) SA	99.92	99.92	France	Fully consolidated
MD Registration Support Ltd	100	100	Germany	Fully consolidated
UL International Germany GmbH	100	100	Germany	Fully consolidated

UL S.à r.l.**Notes to the Consolidated Financial Statements**

Name	Share in issued capital (%)		Country	Consolidation Method
	2020	2019		
UL International TTC GmbH	-	100	Germany	Fully consolidated
UL International (Netherlands) BV	100	100	Netherlands	Fully consolidated
UL International Italia Srl	98	98	Italy	Fully consolidated
Cr Edit 360 Global Limited	100	100	United Kingdom	Fully consolidated
Cr Edit 360 Limited	100	100	United Kingdom	Fully consolidated
Collis Holding B.V.	100	100	Netherlands	Fully consolidated
Underwriters Laboratories Iberica, S.L	99.96	99.96	Spain	Fully consolidated
UL VS Laboratuar Hizmetleri Anonim Sirketi	100	100	Turkey	Fully consolidated
Safeware Investors Limited	100	100	United Kingdom	Fully consolidated
Safeware Quasar Limited	100	100	United Kingdom	Fully consolidated
UL International (Sweden) AB	100	100	Sweden	Fully consolidated
UL GmbH	100	100	Switzerland	Fully consolidated
UL Rus LLC	100	100	Russia	Fully consolidated
UL International (UK) Limited	100	100	United Kingdom	Fully consolidated
UL VS LTD	100	100	United Kingdom	Fully consolidated
Futuremark Oy	100	100	Finland	Fully consolidated
UL Ireland Operations Ltd	100	100	Ireland	Fully consolidated
DEWI Danismanlik Mhendislik Ticaret Ltd. Sti	100	100	Turkey	Fully consolidated
UL International Polska Sp zoo	100	100	Poland	Fully consolidated
UL International GmbH	100	100	Germany	Fully consolidated
DEWI-OCC Offshore and Certification Centre GmbH	100	100	Germany	Fully consolidated
UL International Services BV	100	100	Netherlands	Fully consolidated
Underwriters Laboratories B.V.	100	100	Netherlands	Fully consolidated
Underwriters Laboratories Holdings B.V.	100	100	Netherlands	Fully consolidated
ICQ Holding s.r.l.	-	100	Italy	Fully consolidated
Istituto Certificazione Qualita Srl	100	100	Italy	Fully consolidated
Nuovo Istituto Italiano Sicurezza dei Giocattoli S.r.l.	100	100	Italy	Fully consolidated
UL de Argentina S.R.L.	95	95	Argentina	Fully consolidated
UL do Brasil Ltda	99.99	99.99	Brazil	Fully consolidated
UL do Brasil Certificacoes	100	100	Brazil	Fully consolidated
UL de Mexico SA de CV	99	99	Mexico	Fully consolidated
Testtech Laboratories de Avaliacao de Conformidade Ltda	100	100	Brazil	Fully consolidated
DEWI do Brasil Engenharia de Energia E a Ltda	100	100	Brazil	Fully consolidated
UL de Colombia S.A.S.	100	100	Colombia	Fully consolidated
Futuremark Inc	100	100	United States	Fully consolidated
UL TS Inc.	100	100	United States	Fully consolidated
Underwriters Laboratories of Canada Inc.	100	100	Canada	Fully consolidated
Dokimi Group Ltd	100	100	United Kingdom	Fully consolidated
UL Telford UK Ltd	100	100	United Kingdom	Fully consolidated
Pangolin Properties Ltd	100	100	United Kingdom	Fully consolidated
STR Turkey LLC	100	100	United States	Fully consolidated
STR Int'l LLC	100	100	United States	Fully consolidated
ICQ (USA) Inc	100	100	United States	Fully consolidated
DQS Holding GmbH	27.78	27.78	Germany	Equity method

UL S.à r.l.

Notes to the Consolidated Financial Statements

In accordance with article 1711 of the Luxembourg law, STR (France) SAS, which is separately and jointly of negligible importance, has been excluded from consolidation.

UL Electrical & Mechanical Technology (Shanghai) Limited has been renamed to UL (China) Holding Company Limited.

Acquirer Systems Limited has been renamed to UL Ireland Operations Ltd.

The exemption options according to Sec. 264, para 3 of the German Commercial code are used for the following subsidiaries:

- UL International Germany GmbH, Neu Isenburg, Germany
- UL International GmbH, Neu Isenburg, Germany
- DEWI-OCC Offshore and Certification Centre GmbH, Cuxhaven, Germany

2.2 Consolidation policies

2.2.1 General

The accounts of the Group entities have been adjusted when necessary in order to comply with the Group's accounting policies.

2.2.2 Goodwill

If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) will be directly included in the reserves. Goodwill arising on consideration paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rate applicable as of the date of acquisition.

This goodwill is amortised on a straight line basis over the time the Group considers that it will benefit from it. Such goodwill is amortised within a period of 20 years if capitalized before December 31, 2015. The 20 year period is driven by nature and the foreseeable life time that the acquired companies will generate economic benefits to the Group. Value adjustments are recorded if, in the opinion of the Board of Managers, the profitability achieved is below the initial estimates.

Goodwill capitalized as of January 1, 2016 and later is amortised over a period of 10 years in accordance with article 441-9 of the Luxembourg Law.

UL S.à r.l.

Notes to the Consolidated Financial Statements

2.2.3 *Balances and transactions between consolidated companies*

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

Profits and losses resulting from transactions between the Group and its joint ventures and associates are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures and associates are recognised in the consolidated profit and loss account.

2.2.4 *Minority interest*

The share of the minority interest in the net equity and in the net profit for the year of the Group subsidiaries is shown separately in the consolidated balance sheet and consolidated profit and loss account, respectively.

In the event of a negative share of the minority interest in the Group subsidiaries' equity and when there is a contractual or legal obligation for the Group to assume this negative share in the Group subsidiaries' equity, the corresponding share of the minority interest is presented in the total capital and reserves –share of the Group (under the caption "Other reserve") and in the consolidated profit and loss account (under "Minority interest") as part of the profit/loss for the financial year – share of the Group.

2.2.5 *Profit and loss account*

The figures in the profit and loss account for the acquired companies are reflected on a pro-rata basis in the terms of their acquisition in order to incorporate only the result since the acquisition date.

2.2.6 *Translation of foreign subsidiaries*

The Group's Consolidated Financial Statements are prepared in US Dollars ("USD").

The results and financial position of all the Group subsidiaries that have a currency different from USD are translated into USD as follows:

- assets and liabilities, except for capital and reserves, for each balance sheet presented are translated at the rate prevailing at the balance sheet date;
- capital and reserves are converted at the historical rate of exchange;
- income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity under the caption "Revaluation reserves".

UL S.à r.l.

Notes to the Consolidated Financial Statements

3 Accounting policies

3.1 General principles

The Consolidated Financial Statements have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Managers.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the Consolidated Financial Statements in the year in which the assumptions changed. The Board of Managers believes that the underlying assumptions are appropriate and that the Consolidated Financial Statements therefore present the financial position and results fairly.

The Board of Managers makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.2 Foreign currency transactions

The Group maintains its accounting records in US dollar (USD) and the Consolidated Financial Statements are expressed in this currency.

Income and expenses in currencies other than US dollars are translated in to US dollars at the exchange rates prevailing at the transaction dates.

Consequently, only realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account except for the financial derivatives instruments.

3.3 Intangible fixed assets

On December 31, 2011 UL Group performed a series of internal transactions and asset transfer of its US and foreign operations to better align itself for growth opportunities. UL transferred economic benefits and burdens of its intellectual property to UL S.à r.l. via exclusive Group, paid-in-full license in exchange for preferred stock. In addition, the shares of UL Holdings BV and UL BV – and their direct and indirect subsidiaries – were contributed to UL S.à r.l. by their parent company.

3.3.1 Goodwill

Goodwill is valued at purchase price including the expenses incidental thereto, less accumulated amortisation, determined on a straight line basis over the estimated remaining useful lives of the assets. The amortisation is on a straight line basis over a period of 20 years for goodwill capitalized prior to December 31, 2015.

Capitalized goodwill as of January 1, 2016 and going forward is amortised on a straight line based over a period of 10 years.

UL S.à r.l.**Notes to the Consolidated Financial Statements**

The Group has used the market approach to value the goodwill which arose from the internal restructuring. The forecasted revenue and EBITDA multiples of public comparable companies were referenced. Appropriate comparable multiples (high, low, median or average) were determined for the business units based on their relative growth, risk, and size as compared to the comparable companies.

A goodwill impairment cannot be reversed in subsequent periods.

3.3.2 Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto, less accumulated amortisation, determined on a straight line basis over the estimated remaining useful lives of the assets. The amortisation rate and methods applied are as follows:

Intangible assets	Rate of amortisation	Amortisation method
US IP Rights	20 years	Linear
Non-US IP Rights	20 years	Linear
Customer relationships	11 years	Linear
Concessions, patents, licenses, trademarks and similar rights and assets	3 – 20 years	Linear

US IP Rights

The internal restructuring resulted in UL S.à r.l. purchasing US IP rights (to use the UL Mark in the US) in exchange for Convertible Preferred Equity Certificates. The initial fair value of the US IP rights was based on the income approach.

On December 31, 2020 the Company has entered into a distribution agreement with its sole shareholder whereby the Company has distributed its US IP rights as repayment of share premium to its shareholder.

Concessions, licences, intellectual property and similar rights and assets

This primarily relates to non-US IP rights and customer relationship which were originated from the aforementioned internal restructuring. Management believes that the perpetuity growth is in line with its strategic initiatives, historical price increases and the overall state of the TIC industry. Management's outlook for non-US entities is that we might have a change in the mix of the revenues between legal entities but future growth will be reasonably consistent with the valuation assumptions.

3.3.3 Impairment test

Concessions, licences, intellectual property and similar rights and assets and Goodwill are amortized intangible assets and as a result are tested for impairment where there is an impairment indicator.

UL S.à r.l.**Notes to the Consolidated Financial Statements****3.4 Tangible fixed assets**

Tangible fixed assets are stated at historical cost, less accumulated depreciation, determined on a straight line basis over the estimated remaining useful lives of the assets.

Tangible assets	Rate of depreciation	Depreciation method
Buildings	15– 50 years	Linear
Plant and machinery	3 – 15 years	Linear
Other fixtures and fittings, tools and equipment	3 – 15 years	Linear

Depreciation is not provided on land or on assets under development. Interest on capital borrowed to finance the production and/or development of fixed assets has been included in the costs to the extent to which it relates to the period.

The Group leases certain computer equipment of which it has substantially all the risks and rewards incidental to the ownership. These assets are capitalised and recognised in the balance sheet at the commencement of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the redemption of the liability and finance charges on annuity basis. The lease obligations are included in other long-term payables without the interest charges. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The computer equipment acquired under financial leases is depreciated over the shorter of the useful life of the asset and the contractual term.

3.5 Financial fixed assets

The financial fixed assets, except for those included in the scope of consolidation (note 2.1 ‘Scope of consolidation’), are recorded at their acquisition price. The acquisition price includes charges and expenses in connection with the financial fixed assets during the financial year of its acquisition. For any diminution in value which is considered, in the opinion of the Board of Managers, to be durable in nature, a value adjustment is made on the basis of a valuation of each individual asset at the end of each financial year.

3.6 Financial derivative instruments

The Group has global operations and enters into transactions denominated in various foreign currencies. In order to reduce the earnings and cash flow impact from the variation of foreign currency exposures, from time to time, the Group enters into both foreign currency forward and option contracts.

Under the Group policy, the use of derivatives is restricted to those intended to reduce the risk of exposure to any currency. The use of any derivative instrument for speculative purposes is strictly prohibited. The Group records gains and losses related to the changes in fair value, and the settlement of the currency hedging instruments, in the profit and loss accounts.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, a three-level fair value hierarchy is established that prioritizes information used in developing assumptions when pricing an asset or liability.

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Notes to the Consolidated Financial Statements

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The policy requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The Group has no open derivative instruments as of December 31, 2020 or 2019.

3.7 Deferred taxation

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax basis used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

When appropriate, deferred taxation is provided on losses available for carry forward to offset against future taxable profits and on temporary differences between the tax basis of assets and liabilities and their carrying value for financial reporting purposes, measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted at the date of the consolidated balance sheet.

Deferred tax assets and deferred tax liabilities are netted by taxing jurisdictions as in that individual tax paying entities of the company all deferred tax liabilities and assets are offset within each particular tax jurisdiction. Amounts in different tax jurisdictions cannot be offset against each other.

3.8 Inventories

Work and contracts in progress

Unbilled services represent revenue for projects that have been recognized for accounting purposes, but not yet billed to customers. The Company extends credit to customers in the normal course of business and maintains an allowance for doubtful accounts. In determining the amount of the allowance for doubtful accounts, the Company considers, among other things, historical credit losses, the past due status of receivables and payment histories.

Finished goods and goods for resale

Raw material is stated at the lower of acquisition cost on the basis of weighted average price, and market value.

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Notes to the Consolidated Financial Statements

Finished goods and work in progress are valued at the lower of production costs including the acquisition price of the raw materials and consumables, the costs directly attributable to the product in question and a proportion of the costs indirectly attributable to the product in question, and market value. If necessary, a provision for obsolescence is recorded.

3.9 Debtors

Debtors are valued at their nominal value. If a debtor is considered unlikely to be able to pay the debt, a value adjustment is made.

3.10 Transferable securities

Transferable securities relate to short term deposits and are valued at the lower of cost or market value.

3.11 Cash and deposits, creditors and other liabilities

Cash and deposits, creditors and other liabilities are valued at their nominal value.

3.12 Provisions

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to be settled, a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

3.12.1 Pension benefits

The Group offers its employees defined benefit plans or defined contribution plans.

Defined benefit plans

For defined benefit plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet reflects the defined benefit obligation minus the fair value of plan assets.

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Notes to the Consolidated Financial Statements

The Projected Unit Credit Cost method is used for the present value of the defined benefit obligation and the related current service cost. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the balance sheet date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The assets in the investments portfolio for defined benefit plans are diversified in a manner that is intended to achieve the return objective and reduce the volatility of returns on assets. The Group investment objective is to ensure that funds are available to meet the plans' benefit obligations when they become due. The overall investment strategy is to prudently invest plan assets into diversified equity and debt securities, as well as alternative instruments, to achieve long-term return expectations. The plan relies on a total return strategy in which investment returns consist of both capital appreciation (both realized and unrealized), as well as current yield (interest and dividends) over a long-term period.

Actuarial gains and losses are charged or credited in the profit and loss account in the period in which they arise.

Past-service costs are recognised immediately in the profit and loss account.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The commitment of the Group is limited to the contributions that the Group agreed to pay into the fund on behalf of its employees.

3.12.2 Other provisions

The other provisions are recognised at nominal value.

3.13 Deferred charges

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

3.14 Deferred income

This liability includes income received during the financial year but not recognized as earned until a subsequent financial year.

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Notes to the Consolidated Financial Statements

3.15 Net turnover

The net turnover includes the amounts derived from the sale of products and the provision of services falling within the ordinary activities of the Company and its subsidiaries, after deduction of sales rebates and of value added tax and other taxes linked directly to the turnover.

The main revenue types are:

- Conformity assessment; this relates to revenue for testing and/or certification services that will result in the customer receiving a certification issued by UL.
- Annual certification fees; fees for maintaining client files.
- Site inspection fees; inspection visits to the customer's facility which are typically performed on a periodic basis to ensure the client is producing the product in compliance with the original standards tested.
- Product labels; UL provides its customers authorization to apply labels to customers products that display the UL certification markings. Customers are charged for the manufacturing, purchase and application of these labels.
- Sample testing services; required for certain product categories to assure continued compliance with the safety requirements.

The Company and its subsidiaries also generate revenue from selling safety training materials, seminars and through license income.

UL S.à r.l.**Notes to the Consolidated Financial Statements****4 Intangible fixed assets**

The movements for the year ended December 31, 2020 are as follows:

	US IP rights	Concessions, licences, intellectual property and similar rights and assets	Goodwill	Total
	kUSD	kUSD	kUSD	kUSD
Gross book value – opening balance	183,008	657,436	671,225	1,511,669
• Additions	-	11,860	9	11,869
• Disposal	-183,008	-2,880	-841	-186,729
• Impairment	-	-	-5,780	-5,780
• Exchange rate translation	-	7,848	11,465	19,313
Gross book value – closing balance	-	674,264	676,078	1,350,342
Accumulated value adjustment – opening balance	-73,203	-341,875	-262,051	-677,129
• Amortisation	-9,151	-47,712	-35,683	-92,546
• Disposal	82,354	174	307	82,835
• Impairment	-	-	1,481	1,481
• Exchange rate translation	-	-4,683	-4,858	-9,541
Accumulated value adjustment – closing balance	-	-394,096	-300,804	-694,900
Net book value closing balance	-	280,168	375,274	655,442
Net book value opening balance	109,805	315,561	409,174	834,540

The exchange rate translation is the difference between the subsidiaries ending balances converted at the December 31, 2020 and December 31, 2019 year end rate.

Concessions, licences, intellectual property and similar rights and assets are presented in the balance sheet as intangible fixed assets under the section: “Concessions, patents, licences, trademarks and similar rights and assets if they were acquired for valuable consideration and need not to be shown under C.I.3”.

Value of intangibles fixed assets have been determined based on economic conditions that existed (including Covid-19's effect).

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Notes to the Consolidated Financial Statements

Impairment Goodwill

Based on the result of 2020 annual impairment test, it was determined that the fair value of one of the Company's business units was less than the carrying value, and therefore, the Company was required to record a goodwill impairment charge based on the amount by which the carrying amount exceeds the business unit's fair value. The impairment charge was due to a revision of projections for future years. This calculation resulting in the Company recognizing impairment charges of USD 4.3 million in 2020. Such charges are recorded in the Consolidated profit and loss account.

US IP Rights

On December 31, 2020 the Company has entered into a distribution agreement with its sole shareholder whereby the Company has distributed its US IP rights as repayment of share premium to its shareholder. The gain (USD 2.0 million) that arose from this transaction has been recorded to other operating income in the profit and loss account (note 18).

UL S.à r.l.**Notes to the Consolidated Financial Statements****5 Tangible fixed assets**

The movements for the year ended December 31, 2020 are as follows:

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on accounts and tangible fixed assets under development	Total
	kUSD	kUSD	kUSD	kUSD	kUSD
Gross book value – opening balance	123,879	165,437	24,478	17,604	331,398
• Additions	36,026	26,540	6,998	5,928	75,492
• Disposals	-3,431	-3,234	-5,789	-12,821	-25,275
• Exchange rate translation	8,266	11,684	2,215	229	22,394
Gross book value – closing balance	164,740	200,427	27,902	10,940	404,009
Accumulated value adjustment – opening balance	-40,165	-90,287	-12,703	-	-143,155
• Depreciation	-9,798	-20,864	-4,927	-	-35,589
• Disposals	190	928	2,882	-	4,000
• Impairment	-	-	-	-	-
• Exchange rate translation	-3,843	-6,759	-1,604	-	-12,206
Accumulated value adjustment –closing balance	-53,616	-116,982	-16,352	-	-186,950
Net book value closing balance	111,124	83,445	11,550	10,940	217,059
Net book value opening balance	83,714	75,150	11,775	17,604	188,243

The exchange rate translation is the difference between the subsidiaries ending balances converted at the December 31, 2020 and December 31, 2019 year end rate.

Additions

The additions to the tangible fixed assets primarily relate to the continuous investments the Group makes in laboratories and plant and machineries to meet the customers demand.

Payments on account and tangible fixed assets under development

This mainly relates to (new) laboratories which are under construction and not yet in service.

UL S.à r.l.**Notes to the Consolidated Financial Statements****6 Financial fixed assets**

The movements for the year ended December 31, 2020 are as follows:

	Shares in associates	Loans to undertakings with which the company is linked by virtue of participating interest	Capitalised loans and receivables	Total
	kUSD	kUSD	kUSD	kUSD
Gross book value – opening balance	14,409	3,129	11,455	28,993
• Result of the year	2,661	-	-	2,661
• Dividend	-2,608	-	-	-2,608
• Addition	-	2,082	912	2,994
• Reclassification to current assets	-	-2,082	-	-2,082
• Repayment	-	-	-35	-35
• Exchange rate translation	1,399	306	340	2,045
Gross book value – closing balance	15,861	3,435	12,672	31,968

Shares in associates

The associates relate to investments in the following non-consolidated entity:

- a 27.78% ownership in DQS, a company located in Germany

The aforementioned entity is not consolidated as the Group does not exercise control through direct or indirect shareholding of more than one half of the voting rights. This entity is accounted for using the equity method.

Loans to undertakings with which the company is linked by virtue of participating interest

This relates to several long term receivables on legal entities within the UL Group but not within the consolidation group of UL S.à r.l. The loans are due and payable in 2022 or 2024. The interest is fixed at EURIBOR + mark-up. No underlying securities have been issued.

For the purpose of the valuation of each investment held as of 31 December 2020, the Management has considered in its valuations' assumptions the effect of the Covid-19. As of December 31, 2020, Management is of the opinion that the Fair Value of each investment is above the book value and hence didn't record any impairment.

UL S.à r.l.**Notes to the Consolidated Financial Statements****7 Deferred tax assets**

The movements for the year are as follows:

	2020	2019
	kUSD	kUSD
Gross book value – opening balance	29,303	32,853
• Additions	29,154	3,201
• Utilized	-2,312	-6,751
	<hr/>	<hr/>
Gross book value – closing	56,145	29,303
Balance	<hr/>	<hr/>

The additions and utilization include foreign exchange rates impact. Deferred tax assets and deferred tax liabilities are netted by taxing jurisdictions as in that individual tax-paying entities of the company all deferred tax liabilities and assets are offset within each particular tax jurisdiction. Amounts in different tax jurisdictions cannot be offset against each other

8 Inventories

The inventories primarily relate to unbilled services for completed projects.

9 Debtors*Receivables*

The receivables that fall due in less than one year are USD 271.3 million (December 31, 2019: USD 294.2 million) and the receivables due to more than one year are USD 31.3 million (December 31, 2019: USD 45.2 million). The fair value of the receivables approximates the book value.

Trade receivables

The trade receivables at December 31, 2020 and December 31, 2019 include provisions for obsolescence in the amount of USD 5.7 million and USD 5.7 million, respectively.

Other receivables

The other receivables primarily relate to prepayments such as property taxes, rent, pension etc. for an amount of USD 24.4 million (2019: USD 19.2 million) and VAT receivable for USD 13.7 million (2019: USD 14.5 million).

10 Transferable securities

Transferable securities are mainly composed of term deposits all having maturities of up to 6 months.

11 Cash at bank

Cash and cash equivalents are stated at face value. The cash is at the Group's free disposal.

UL S.à r.l.**Notes to the Consolidated Financial Statements****12 Equity**

	Subscribed capital	Share premium account	Revaluation reserves	Result brought forward	Result for the financial year	Total capital and reserves/ share of the Group	Minority interest
	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD	kUSD
As at December 31, 2019	314	699,022	-25,064	114,711	100,436	889,419	1,127
Allocation prior year result	-	-	-	100,436	-100,436	-	-
Reduction of share premium	-	-102,615	-	-	-	-102,615	-
Profit or loss of the year	-	-	-	-	117,919	117,919	81
Foreign exchange translation	-	-	35,936	-	-	35,936	-
As at December 31, 2020	314	596,407	10,872	215,147	117,919	940,659	1,208

UL S.à r.l.**Notes to the Consolidated Financial Statements****12.1 Subscribed capital and share premium**

The total share capital of the Company is USD 314,359 divided into 314,359 ordinary shares with a nominal value of USD 1.0 all of which are fully paid.

On December 31, 2020 the Company has entered into a distribution agreement with its sole shareholder whereby the Company has distributed its US IP rights as repayment of share premium to its shareholder. The gain (USD 2.0 million) that arose from this transaction has been recorded to other operating income in the profit and loss account (note 18).

12.2 Revaluation reserve

The revaluation reserve relates to the result of subsidiaries that have their net assets and results of operations converted to the reporting currency of the Company.

12.3 Legal reserve

Under Luxembourg law, the Company must appropriate to the legal reserve a minimum of 5% of the net profit, until such reserve reaches 10% of the share capital. Distribution of the legal reserve is restricted. As at December 31, 2020 the legal reserve is nil (December 31, 2019: nil).

13 Minority interest and other reserve

The minority interest is as follows:

	2020 kUSD	2019 kUSD
Gross book value – opening balance	1,127	1,064
Minority share of the net result of the year	81	63
	<hr/>	<hr/>
Gross book value – closing balance	1,208	1,127
	<hr/>	<hr/>

14 Provisions

Provisions are made up as follows:

	2020 kUSD	2019 kUSD
Provisions for pensions and similar obligations	130,515	114,831
Provisions for taxation	18,354	3,512
Other provisions	13,912	15,487
	<hr/>	<hr/>
Total	162,781	133,830
	<hr/>	<hr/>

UL S.à r.l.**Notes to the Consolidated Financial Statements****14.1 Provisions for pensions and similar obligations**

The Group has set up defined benefit pension plans for its employees. The reserve created at the end of the year amounts to USD 130.5million (2019: USD 114.8 million). The amount of the contributions for the period recorded in the profit and loss amounts to USD 19.7 million (2019: USD 20.6 million). The increase is driven by the change in discount rate which also resulted in the projected benefit obligation exceeding the fair value of the plan assets.

The weighted average assumptions used in the measurement of the benefit and costs and obligations at December 31, 2020 and 2019, are as follows:

	2020	2019
Discount rate for expenses	0.10 – 3.10%	0.60 – 3.90%
Discount rate for obligations	0.10 – 3.10%	0.70 – 3.10%
Long-term rate of return of plan assets	0.00 – 5.25%	0.00 – 5.50%
Rate of compensation increase	0.00 – 4.00%	0.00 – 4.00%

14.2 Provisions for taxation

Provisions for taxation are made up as follows:

	Current tax 2020 kUSD	Deferred tax 2020 kUSD	Total 2020 kUSD
Current and deferred taxes provisions – Opening balance	312	3,200	3,512
Additions	92	20,008	20,100
Utilized	-235	-5,023	-5,258
Current and deferred taxes provisions – Closing balance	169	18,185	18,354

The provision for deferred income tax liabilities was formed based upon the income tax consequences of temporary differences between financial reporting and income tax reporting by applying enacted statutory income tax rates applicable to future years to differences between the financial statement carrying amounts and the income tax basis of existing liabilities.

The main difference relates to accrued pension costs and amortization of intangible fixed assets which are not tax deductible.

14.3 Other provisions

The Italian National Labour Contract states that it is mandatory to have a leaving indemnity reserve. As a consequence a provision of USD 5.8 million (2019: USD 4.7 million), solely related to Italian employees that are legally working for an Italian company, was formed.

There is an asset retirement obligation of USD 5.0 million for restoring the leasehold as of December 31, 2020.

The remainder of the other provision is primarily composed of various individual non-significant provisions.

UL S.à r.l.**Notes to the Consolidated Financial Statements****15 Non-subordinated debts**

The non-subordinated debts are as follows:

	Within one year	After one year and within five years	After more than five years	Total 2020	Total 2019
	kUSD	kUSD	kUSD	kUSD	kUSD
Trade creditors	37,617	175	54	37,846	30,889
Amounts owed to affiliated undertakings	84,415	13,048	136,147	233,610	500,852
Tax and social security debts	47,292	-	483	47,775	39,191
Other creditors	111,303	2,550	-	113,853	110,609
Total	280,627	15,773	136,684	433,084	681,541

Amounts owed to affiliated undertakings

On January 31, 2017 the Company entered into a loan agreement of USD 750.0 million, with a fixed interest rate at 1.97% per annum and for which repayment was due on or before January 21, 2026. On June 15, 2020 the Company agreed with the Holder to amend the loan agreement. The fixed interest rate at 1.97% per annum has been replaced with a fixed interest rate at 2.27% per annum and the repayment is now due on or before January 21, 2027.

During 2020 the group settled another USD 300.2 million (of which a total amount of USD 37.0 million was netted with the trade receivables), bringing the outstanding balance down to USD 136.1 million.

Other creditors

The other creditors are composed as follows:

	2020 kUSD	2019 kUSD
Bonus	60,425	49,663
Payroll	6,044	7,415
Vacation	15,047	13,353
Audit fees	1,771	1,784
Cash settled parent company shared-based compensation	13,568	21,132
Other	16,998	17,262
Total	113,853	110,609

UL S.à r.l.**Notes to the Consolidated Financial Statements****Cash settled parent company shared-based compensation**

In 2012, UL Inc. established a Cash-settled Stock Appreciation Rights ("CSAR") plan. This plan is intended for certain employees of UL Inc and its subsidiaries (the Group) to maximize their contribution to the long-term success of the Group and encourage them to remain in the employ of the Group through awards of CSARs. Eligible participants receive CSAR awards annually that entitle the employee to receive the appreciation in the value of a share as determined by the Board of Directors of UL Inc. from the date of grant up to a specified date or dates. Benefits paid under this plan are made in cash, not common stock, beginning at the end of the three-year cliff vesting period from the original grant date up to the termination date which is five to seven years from the grant date. Due to the cash settlement at the end of the performance period, the awards are classified as a liability and are remeasured at December 31st of each year.

Liabilities related to employees of the Company that are CSAR plan participants were USD 13.6 million and USD 21.1 million at 12/31/20 and 12/31/19, respectively, of which USD 11.6 million and USD 17.9 million, respectively, falls within one year and USD 1.9 million and USD 3.2 million, respectively, between one and 5 years.

The value of a CSAR award is estimated using a Black-Scholes-Merton model that uses various assumptions including the estimated value of the underlying UL Inc. share price, the expected stock price volatility, the risk-free interest rate and the expected term of the CSAR. Compensation expense recognized is net of estimated forfeitures, Forfeitures are estimated based on an analysis of historical share forfeitures.

Compensation expense is recognized ratably over the vesting period and, in addition, following the vesting period to reflect adjustments to the value of the awards. The Company recognized compensation expense related to the CSAR plan of USD 3.4 million for the year ended December 31, 2020 within wages and salaries in the Consolidated profit and loss account (December 31, 2019: USD 2.3 million).

16**Deferred income**

Accruals and deferred income are mainly composed of deposits received from clients for which the Group still needs to perform services in the amount of USD 32.0 million (2019: USD 34.6 million) and deferred revenue of USD 16.1 million (2019: USD 16.6 million).

UL S.à r.l.**Notes to the Consolidated Financial Statements****17 Net turnover**

The net turnover is broken down as follows:

	2020	2019
	kUSD	kUSD
Revenue per Business Unit		
Connected technologies	780,057	761,961
Retail & Industry	471,488	484,025
	<u>1,251,545</u>	<u>1,245,986</u>
Revenue per region		
Europe	784,494	826,926
Asia Pacific	413,469	362,889
North America	38,894	37,906
South America	14,688	18,265
	<u>1,251,545</u>	<u>1,245,986</u>

18 Other operating income

The other operating income mainly relates to royalty income as the Group has licensed the rights to use its intellectual property to UL LLC which is within the UL Group and the gain that arose on the distribution of the US IP rights as repayment of share premium to its shareholder (see note 4).

19 Raw materials and consumables

This represents raw materials and consumables directly attributable to revenue.

20 Other external charges

	2020	2019
	kUSD	kUSD
Rent and service charges	51,047	48,386
Consulting & Outside Service fees	29,514	37,459
Traveling and entertainment	13,475	37,956
Materials and supplies	23,458	22,714
Subcontracting, maintenance and repairs	36,433	32,263
IT Communications	3,443	3,291
Employee training and recruitment	4,551	8,152
Other miscellaneous external charges	23,613	34,844
	<u>185,534</u>	<u>225,065</u>
Total	185,534	225,065

UL S.à r.l.**Notes to the Consolidated Financial Statements****21 Staff**

The average number of staff employed by the group during the year is as follows:

	2020	2019
	FTE	FTE
Europe	2,312	2,400
Asia pacific	4,622	4,660
North America	330	284
South America	181	245
Total	<u>7,445</u>	<u>7,589</u>

22 Value adjustments

	2020	2019
	kUSD	kUSD
Amortisation of goodwill (note 4)	35,683	35,063
Impairment of goodwill (note 4)	4,299	-
Amortisation of US IP Rights (note 4)	9,151	9,151
Amortisation of other intangibles (note 4)	47,712	44,297
Depreciation of tangible fixed assets (note 5)	35,589	32,159
Total	<u>132,434</u>	<u>120,670</u>

23 Other operating charges

	2020	2019
	kUSD	kUSD
Management fees	205,736	209,163
Expenses with affiliated undertakings	83,155	88,155
Other miscellaneous operating charges	29,507	28,934
Total	<u>318,398</u>	<u>326,252</u>

Management fees

The management fees solely relate to transactions with related parties within the UL Group and covers amongst others costs for treasury, legal, tax, IT and HR.

Expenses with affiliated undertakings

The expenses with affiliated undertakings relate to other legal entities within the UL Group.

UL S.à r.l.**Notes to the Consolidated Financial Statements****24 Share of profit or loss of undertakings accounted for under the equity method**

This relates to the results of a non-consolidated undertakings in which the Group holds at least 20% share capital.

This entity is accounted for using the equity method. The result of the year, respectively the closing balance is equal to the share of UL S.à r.l. in the result of this entity in 2020, respectively in the net equity of this entity as at December 31, 2020.

25 Value adjustments in respect of financial assets and of investments held as current assets

The Group has no open derivative instruments as of December 31, 2020 or 2019.

26 Interest and other financial charges

Interest and other financial charges are mainly composed of interest charges USD 6.8 million (2019: USD 9.2 million) relating to the loan of USD 750.0 million raised in 2017.

In addition, there was a strong increase in translation losses on foreign exchanges currencies.

27 Income taxes

The income tax expense is broken down as follows:

	2020	2019
	kUSD	kUSD
Tax expenses on ordinary activities for the financial year	28,320	31,790
Foreign tax expenses for the financial year	2,361	2,441
Deferred tax expense (benefit) related to the financial year	-88	-3,575
Total	30,593	30,656

The activities of the Group are subjected to taxable income in various countries with different legal tax rates.

28 Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

No remuneration was paid to members of the management and supervisory bodies of UL S.à r.l. in 2020 (2019: nil). No advances nor loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee.

UL S.à r.l.**Notes to the Consolidated Financial Statements****29 Related parties transactions**

The transactions with related parties that occurred during the year are related to financing activities, rental income and services charges with other legal entities within the UL Group. The majority of the transactions have been with UL LLC.

On December 31, 2020 the Company has entered into a distribution agreement with its sole shareholder whereby the Company has distributed its US IP rights as repayment of share premium to its shareholder

30 Auditor's fees

The total auditor's fees are presented as follows:

	2020 kUSD	2019 kUSD
Audit fees	1,604	1,544
Tax related fees	86	101
Accounting fees	520	165
Total	<u>2,210</u>	<u>1,810</u>

31 Off-balance sheet commitments*General*

The financial off balance sheet commitments of the Group are as follows:

	Office rent kUSD	Equipment kUSD	Total kUSD
2021	30,208	2,862	33,070
2022	19,287	2,028	21,315
2023	15,312	1,109	16,421
2024	11,472	364	11,836
2025 and thereafter	19,003	12	19,015
Total	<u>95,282</u>	<u>6,375</u>	<u>101,657</u>

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Notes to the Consolidated Financial Statements

32 Guarantees

General

In the normal course of business, the Group enters into agreements that meet the definition of a guarantee. The Group's primary guarantees are as follows:

The Group has provided an indemnity under a lease agreement for the use of its operating facilities. Under the terms of the agreement the Group agrees to indemnify the landlord for various items including, but not limited to, losses, claims and damages. The maximum amount of any potential future payment cannot be reasonably estimated.

Indemnity has been provided to all directors and/or officers of the Group for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Group, subject to certain restrictions. The Group has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any future payment cannot be reasonably estimated.

In the normal course of business, the Group has entered into agreements that include indemnities in favour of third parties, such as engagement letters with advisors, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Group to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation or as a result of litigation claims or statutory sanctions that may be suffered by the counterparties as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

Audit exemption UK entities

The Company has given a guarantee for the following entities:

- UL International (UK) Limited;
- UL VS Ltd.;
- CR Edit 360 Global Limited;
- CR Edit 360 Limited;
- Safeware Investors Ltd;
- Safeware Quasar Ltd;
- Dokimi Group Ltd;
- UL Telford UK Ltd; and
- Pangolin Properties Ltd..

These entities are exempt from audit under section 479A of the UK Companies Act 2006 because the Company has given a guarantee in respect of all the outstanding liabilities and obligations of these entities as at the year-end date.

33 Covid-19

Management has assessed the impact of Covid-19 on the Company's market, credit and liquidity risks and concluded that there was no significant impact to the Company's performance.

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Notes to the Consolidated Financial Statements

34 Subsequent events

The Group has evaluated subsequent events after the balance sheet date through July 28, 2021, which is the date the consolidated financial statements were available to be issued.

The Group determined that there were no subsequent events or transactions that required recognition of disclosure in the consolidated financial statements.