

Financial Statements of

UNILEVER CARIBBEAN LIMITED

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

UNILEVER CARIBBEAN LIMITED

Contents	Page
Statement of Management Responsibilities	1
Independent Auditors' Report	2 - 7
Statement of Financial Position	8
Statement of Profit or Loss	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 75

Statement of Management Responsibilities Unilever Caribbean Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Unilever Caribbean Limited (the Company), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss, statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Jean-Marc Mouttet, Managing Director



Amit Rampersad, Financial Accounting Manager

Date: 29 March, 2023

Date: 29 March, 2023

**Independent Auditors' Report
To the Shareholders of Unilever Caribbean Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Unilever Caribbean Limited ("the Company"), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (continued)

Key Audit Matter (continued)

Measurement of the retirement benefit obligation

Assumptions and estimation uncertainty disclosure Note 3(A)(i), accounting policy disclosure Note 4(m) and accompanying Note 9 in the financial statements. The aggregated obligation of the pension plan schemes totals to \$229,707 thousand (2021: \$237,539 thousand)

The Company operates four (4) pension plan schemes as outlined below:

- Monthly-Rated Employees' Pension Fund
- Hourly-Rated Employees' Pension Plan
- Termination Lump Sum Plan (TLS)
- Supplementary Pension Scheme

The estimation of the retirement benefit obligation is based on significant assumptions and judgements that are disclosed in Note 3(A)(i) and Note 9 to the financial statements, small changes in these assumptions can have a material impact on the measurement of the retirement benefit obligation.

Of the assumptions disclosed in Note 9, the key assumption is in relation to the judgement applied by the third-party actuary around the discount rate used which has the most significant impact on the measurement of the retirement benefit obligation.

The use of significant assumptions and judgments increases the risk that the estimate of the retirement benefit obligation can be materially misstated and therefore required special audit consideration.

The quality of disclosure is also deemed an area of increased levels of audit focus. The notes to the financial statements regarding the Company's application of the accounting standard, and disclosures around sensitivity of assumptions, are key to explaining the key judgements made by management.

How our audit addressed the key audit matter

Our audit procedures comprised but was not limited to the following:

- The testing of the design and implementation of the Company's controls applicable to the basis of arriving at the estimate of the retirement benefit obligation.
- Assessing the reasonableness of the data used in the estimate by selecting a sample of the underlying data and agreeing the items back to the underlying source records.

Independent Auditors' Report (continued)

Key Audit Matter (continued)

Measurement of retirement benefit obligation (continued)

How our audit addressed the key audit matter (continued)

- Engaging our own actuarial specialists to independently evaluate the methods, assumptions and data used to develop the estimate of the pensions and post-employment benefit obligation which included but were not limited to the following:
 - Applying industry knowledge and experience to compare the methodology used against industry standard actuarial practice;
 - Assessing the appropriateness of the methodology adopted by reference to the requirements of the relevant accounting standards;
 - Challenging the mortality and discount rate assumptions utilised by management and comparing these to the actual mortality experience of the plan and relevant industry data; and
 - Evaluating the analysis of the movements in the retirement benefit obligation during the year, including consideration of whether the movements were in line with our expectations based on our knowledge of the Company and the industry in which it operates
- Determining whether the Company's accounting policies and disclosures are in compliance with the requirements of the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The 2022 Annual Report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Company's financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate treats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditors' report is Dushyant Sookram.



Chartered Accountants

Port of Spain
Trinidad and Tobago
March 29, 2023

UNILEVER CARIBBEAN LIMITED

Statement of Financial Position


December 31, 2022

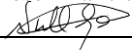
(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,285	8,943
Retirement benefit asset	9(i)	99,142	137,039
Deferred tax asset	10	14,250	6,459
		<u>117,677</u>	<u>152,441</u>
Current assets			
Inventories	11	29,250	26,808
Taxation recoverable		7,575	7,575
Trade and other receivables	12	63,988	102,948
Due from related companies	13	74,491	176,388
Cash at bank and in hand		171,778	118,132
Assets held for sale	31	-	58,146
		<u>347,082</u>	<u>489,997</u>
Total assets		464,759	642,438
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	14	26,244	26,244
Property revaluation surplus		-	36,568
Retained earnings		311,319	414,131
Total equity		<u>337,563</u>	<u>476,943</u>
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	9(ii)	3,085	6,989
Lease liabilities	27	1,979	605
Deferred tax liabilities	10	29,105	40,104
		<u>34,169</u>	<u>47,698</u>
Current liabilities			
Trade and other payables	15	72,280	63,400
Lease liabilities	27	711	4,170
Due to related companies	13	14,878	31,528
Provisions for other liabilities	16	5,158	15,750
Liabilities directly associated with the assets held for sale	31	-	2,949
		<u>93,027</u>	<u>117,797</u>
Total liabilities		<u>127,196</u>	<u>165,495</u>
Total equity and liabilities		464,759	642,438

The notes are an integral part of these financial statements.

On March 29, 2023 the Board of Directors of Unilever Caribbean Limited authorised these financial statements for issue.

 Director

 Director

UNILEVER CARIBBEAN LIMITED

Statement of Profit or Loss

Year ended December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 \$'000	2021 \$'000
Continued operations			
Revenue	17	256,146	233,186
Cost of sales		(150,897)	(127,208)
Gross profit		105,249	105,978
Expenses			
Selling and distribution costs		(60,554)	(62,936)
Administrative expenses		(16,252)	(17,615)
Impairment reversal on trade receivables		358	18
		(76,448)	(80,533)
Operating profit before restructuring costs		28,801	25,445
Restructuring cost comprising:	30		
Net gain (impairment) of property, plant and equipment		4,493	(2,145)
Manpower cost		(31,528)	-
Gain on curtailment and settlement		10,752	-
Other expenses		(14,272)	(3,423)
		(30,555)	(5,568)
Operating (loss) profit after restructuring costs		(1,754)	19,877
Finance income (expense) – net	20	101	(635)
Other income	19	7,028	5,391
Profit before tax		5,375	24,633
Taxation credit (expense)	21	4,394	(7,702)
Profit from continued operations		9,769	16,931
Profit from discontinued operations, net of tax		-	171,881
Profit for the year		9,769	188,812

The notes are an integral part of these financial statements.

UNILEVER CARIBBEAN LIMITED

Statement of Comprehensive Income

Year ended December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 \$'000	2021 \$'000
Profit for the year		9,769	188,812
Other comprehensive (loss) income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurements of retirement and termination benefit obligation	9(iv)	(51,857)	25,055
Tax on re-measurement of retirement and termination benefit obligations	10	15,557	(7,516)
Other comprehensive (loss) income for the year, net of tax		(36,300)	17,539
Total comprehensive (loss) income for the year		(26,531)	206,351
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic and diluted earnings per share			
- Continued operations		\$0.37	\$0.65
- Discontinued operations		\$0.00	\$6.54
- Basic and diluted earnings per ordinary share	22	\$0.37	\$7.19

The notes are an integral part of these financial statements.

UNILEVER CARIBBEAN LIMITED

Statement of Changes in Equity

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

	Stated Capital	Property Revaluation Surplus	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Year ended December 31, 2022				
Balance as at January 1, 2021	26,244	36,568	414,131	476,943
Profit for the year	-	-	9,769	9,769
Other comprehensive loss for the year	-	-	(36,300)	(36,300)
Total comprehensive loss for the year	-	-	(26,531)	(26,531)
Transfer	-	(36,568)	36,568	-
Transactions with the owners of the Company				
Dividends (Note 23)	-	-	(112,849)	(112,849)
Balance as at December 31, 2022	26,244	-	311,319	337,563
Year ended December 31, 2021				
Balance as at January 1, 2021	26,244	36,568	228,775	291,587
Profit for the year	-	-	188,812	188,812
Other comprehensive income for the year	-	-	17,539	17,539
Total comprehensive income for the year	-	-	206,351	206,351
Transactions with the owners of the Company				
Dividends (Note 23)	-	-	(20,995)	(20,995)
Balance as at December 31, 2021	26,244	36,568	414,131	476,943

The notes are an integral part of these financial statements.

UNILEVER CARIBBEAN LIMITED

Statement of Cash Flows

Year ended December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

	Notes	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		9,769	188,812
Adjustments for:			
Depreciation	8	4,947	5,375
Interest expense	20	450	642
(Gain) loss on disposal of and impairment losses on PPE		(4,493)	2,145
Gain on sale of discontinued operations		-	(164,423)
Net pension benefit	9	(15,269)	(1,469)
Contributions paid	9	(2,595)	(3,383)
Interest income	20	(551)	(7)
Taxation (credit) expense	21	(4,394)	10,940
		(12,136)	38,632
Changes in:			
Inventories		(2,442)	(1,051)
Trade and other receivables		38,960	(11,111)
Due from related companies		101,897	(135,280)
Trade and other payables		7,154	9,880
Provisions for other liabilities		(10,592)	3,439
Due to related companies		(16,650)	(7,867)
Cash from operating activities		106,191	(103,358)
Interest paid	20	(450)	(642)
Taxation Refund		-	1,710
Taxation paid		(1,787)	(1,713)
Net cash generated from (used in) operating activities		103,954	(104,003)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		551	7
Purchase of plant and equipment	8	(1,434)	(96)
Proceeds from sale of property, plant and equipment		67,345	2,466
Proceeds from sale of discontinued operation		-	169,846
Net cash generated from investing activities		66,462	172,223
CASH FLOWS FINANCING ACTIVITIES			
Dividends paid	23	(112,849)	(20,995)
Payment of lease liabilities	27	(3,921)	(4,477)
Net cash used in financing activities		(116,770)	(25,472)
Increase in cash and cash equivalents		53,646	42,748
Cash and cash equivalents at beginning of year		118,132	75,384
Cash and cash equivalents at end of year		171,778	118,132
Represented By: Cash at bank and in hand		171,778	118,132

The notes are an integral part of these financial statements

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

1. General Information

Unilever Caribbean Limited ('the Company') was incorporated in the Republic of Trinidad and Tobago in 1929, and its registered office is located at Albion Plaza, Third Floor, 22-24 Victoria Avenue, Port of Spain. During 2022, the Company changed its office to this new location. The Company is a public limited liability company and is listed on the Trinidad and Tobago Stock Exchange. The principal business activity is the sale of home care, personal care and food products. The Company is a subsidiary of Unilever Overseas Holdings AG (50.01% of shares held), which is a wholly owned subsidiary of Unilever PLC, a company incorporated in the United Kingdom.

2. Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified as follows:

- The revaluation of freehold properties
- Net defined benefit asset (obligation) recognised net of the fair value of plan assets, adjusted by re-measurements through other comprehensive income (OCI), less the present value of the defined benefit obligation adjusted by experience gains (losses) on revaluation, limited as explained in Note 4(m) and Note 9
- Assets held for sale are recognised at fair value less costs to sell

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet the mandatory repayment terms of its current liabilities.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

3. Use of Accounting Estimates and Judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses and contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year to amounts reported as at and for the year ended December 31, 2022, is included below:

(i) *Measurement of defined benefit obligations*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The significant assumptions used in determining the estimate include the discount rate, as well as the rate for future pension increases.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of medium-term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 9.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except if mentioned otherwise (Note 5).

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are presented in Trinidad and Tobago dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within administration expenses.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee that makes strategic decisions.

(c) Property, plant and equipment

Cost or revaluation

Freehold land and buildings are shown at fair value, based on valuations performed by external independent valuers periodically and with sufficient frequency, less subsequent depreciation for buildings. Additions to freehold land and buildings subsequent to the date of revaluation are shown at cost. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(c) *Property, plant and equipment* (continued)

Cost or revaluation (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to other comprehensive income (OCI) and shown as 'property revaluation surplus' in shareholders' equity. This reserve is non-distributable. Decreases that offset previous increases in the same asset are charged in other comprehensive income and debited against 'property revaluation surplus' directly in equity; all other decreases are charged to profit or loss. Depreciation methods, useful lives and residual values are measured at each reporting date and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount (Note 4(d)).

Assets held for sale

Non-current assets are classified as held-for sale if it is highly probable that the assets will be recovered primarily through sale rather than through continuing use. The assets are measured at the lower of their carrying amount or fair value minus cost to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated

Depreciation

Depreciation is calculated to write off the cost/valuation of items of property, plant and equipment less their estimated residual values using the straight-line method over the shorter of their estimated useful lives and lease term and is recognized in profit or loss. Land and capital work in progress are not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Freehold buildings	- 40 years
Plant and equipment	- 3 - 15 years
Motor vehicles/Warehouse/Forklifts	- Lease term

Gains and losses on disposal of property, plant and equipment are determined by reference to the proceeds and their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(d) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

(e) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(e) *Financial instruments* (continued)

(ii) *Classification* (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

On initial recognition, a financial liability is classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(e) *Financial instruments* (continued)

(iii) *Derecognition* (continued)

Financial assets (continued)

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value depending on the classification of the financial asset. The category 'trade and other receivables' would have been disclosed net of its expected credit loss as at that date with the Company's calculation of the credit loss allowance provided in Note 6(i)(b).

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a current legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Financial liabilities*

Financial instruments are classified as a financial liability if they include a contractual obligation upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(f) *Impairment of Non-Derivative financial assets*

(i) *Financial assets*

Financial instruments

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets that are carried at amortised cost are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(f) *Impairment of Non-derivative financial assets* (continued)

(i) *Financial assets* (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(ii) *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due, and an individual assessment has been performed with respect to the timing and amount of write-off. If based on the outcome of this assessment the Company expects no significant recovery from the outstanding amount, it will be written off. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term highly liquid investments with original maturities of three months or less and are carried at amortised cost.

(h) Inventories

Cost is determined on the following bases, which have been consistently applied:

- Inventories are stated at the lower of weighted average cost or net realisable value. The inventories relating to the spreads and teas businesses were derecognized and classed as other receivables, and intercompany receivables respectively.
- The cost of finished goods is determined on a weighted average cost basis.
- Engineering and general stores are valued at weighted average cost.
- Goods in transit are valued at suppliers' invoice cost.
- Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and less applicable variable selling expenses.

The goods procured by the Company in the capacity of an agent on behalf of other companies, are not controlled by the Company before they are transferred to the customer. Instead, the inventory purchased on behalf of other companies is recognised as a receivable.

(i) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables consist mainly of Value Added Tax (VAT) recoverable, prepayments and amounts receivable as part of the Reverse Master Supply Agreement related to spreads production and sale.

Trade and other receivables are carried at amortised cost, less impairment losses.

(j) Share capital

Ordinary shares are classified as equity.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables comprise outstanding statutory liabilities as well as accruals for advertising and promotion. Trade and other payables are carried at amortised cost.

(l) Taxation

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(l) *Taxation* (continued)

(ii) *Deferred tax* (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(m) *Employee benefits*

(i) *Short-term*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Post-employment benefits are accounted for as described below.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(ii) *Defined benefit plans (Post-employment)*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(m) Employee benefits (continued)

(ii) Defined benefit plans (Post-employment) (continued)

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of 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 obligation. In countries where there is no deep market in such bonds, the market rates on Government bonds are used.

The Company also operates a supplementary pension scheme. This is a closed scheme providing ex-gratia pensions for which no additional employees are expected to qualify. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out annually by independent qualified actuaries.

The funds of the Plan are administered by the trustee and are separate from the Company's assets.

The industrial agreement covering the hourly rated employees provides for a termination benefit which functions as a retirement benefit for those employees who are not in the pension plan.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. These benefits are payable in accordance with the Industrial Agreement between the Company and the Trade Union.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(m) *Employee benefits* (continued)

(iii) *Termination benefits* (continued)

The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) *Profit-sharing and bonus plans*

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(n) *Provisions*

Provisions are recognised when: The Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Company recognizes a provision for restructuring when the Company meets its constructive obligation requirements. The Company creates a valid expectation of those affected that it will carry out the plan by either starting to implement the plan or announcing its main features to those affected by it. In accordance with IAS 37 a constructive obligation is met when a formal plan is developed which specifies:

- The business or part of the business concerned;
- The principal locations affected;
- The location, function and approximate number of employees whose services will be terminated;
- The expenditures that will be undertaken; and
- When the plan will be implemented and completed.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(o) *Restructuring Expense*

Restructuring provisions and expenses primarily include the cost of compensation where manufacturing, distribution, service or selling agreements are to be terminated or significantly altered, people costs, and reversals or adjustments to impairments and provisions. (Notes 16 and 30)

(p) *Revenue recognition*

The Company's policies under IFRS 15 are as follows:

Revenue is recognized at a point in time in the amount of the price, before tax on sales, expected to be received for goods and services supplied, as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue is shown net of value-added tax, rebates and discounts. Specific revenue streams are recognised as follows:

Sales of goods

Discounts given by the Company include rebates, price reductions, incentives given to customers, promotional couponing and trade communication costs and are based on the contractual arrangements with each customer. Discounts can either be immediately deducted from the sales value on the invoice or off-invoice and settled later through credit notes when the precise amounts are known. These items are initially accrued for, and adjusted accordingly on a monthly basis.

Customer contracts generally contain a single performance obligation and sales of goods are recognised when control of the products being sold has transferred to the customer as there are no longer any unfulfilled obligations. This is generally on delivery to the customer, but depending on the terms, this can be at the time of dispatch, delivery or upon formal customer acceptance. This is considered the appropriate point where the performance obligations in the contracts are satisfied as the Company no longer has control over the inventory.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(p) Revenue recognition (continued)

Interest income

Interest income is recognised when it is determined that such income will accrue to the Company. Interest income is recognised using the effective interest method.

Other income

Other income is recognised when the right to receive payment is established. Additional information is disclosed in Note 19.

Agent transactions

For procurement and sales of goods and services by the Company on behalf of other companies, revenue is recognized as commission fees for transactions where the Company does not have control of the goods and services before their transfer to the customer. For these transactions the Company has arranged the procurement as an agent.

To determine whether or not the Company has control over goods and services before their transfer to the customer, the following aspects are considered: a) whether the Company is primarily responsible for fulfilling the promise to provide the specified good or service; b) whether the Company has inventory risk before the specified good or service is transferred to a customer, or after transfer of control to the customer; and c) whether the Company has discretion in establishing the price for the good or service.

(q) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time, in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease as set out in IFRS 16.

The cost of a leased asset is measured as the lease liability and other direct costs at inception, less any incentives granted by the lessor. When a lease liability is re-measured, the related lease asset is adjusted by the same amount. Depreciation is provided on a straight-line basis on the asset from the commencement date of the lease, to the end of the lease term.

Refer to Notes 8 and 27 for additional details.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

4. Significant Accounting Policies (continued)

(r) Discontinued Operations

A component of the business can be classified as a discontinued operation if the operation has been disposed of or meets the criteria to be classified as held-for-sale, whichever occurs first. The operation must:

- Represent a separate major line of business or geographic area of operations;
- Be part of a single coordinated plan to dispose of the line of business or area of operations.

When an operation is classified as a discontinued operation, the statement of profit or loss and OCI is presented on the face of the financials as if the operation had been discontinued from the start of the reporting period.

(s) New and revised IFRS Standards in issue but not yet effective

The following new standards, amendments and interpretations are required to be applied for annual periods beginning after January 1, 2022, and that are available for early adoption in annual periods beginning on January 1, 2022. These standards are not expected to have a significant impact on the Company's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – *January 1 2023*
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – *January 1 2024*
- IFRS 17 Insurance Contracts and Amendments to IFRS17 Insurance contracts – *1 January 2023*
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – *1 January 2023*
- Definition of Accounting Estimates (Amendments to IAS 8) – *1 January 2023*

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

5. Changes in Significant Accounting Policies

Changes in significant accounting policies

The Company has not had any changes in significant accounting policies for the twelve months ended December 31, 2022. A number of new standards are effective from January 1, 2022, but do not have a material effect on the Company's financial statements.

The following standards were new standards, amendments and interpretations requiring adoption by the Company for the first time for the financial year beginning on January 1, 2022.

- (i) Amendment to IFRS 16 COVID-19-Related Rent Concessions
- (ii) Onerous Contracts – cost of fulfilling a contract – Amendments to IAS 37
- (iii) Annual Improvements to IFRS Standards 2018-2020 – IFRS 1, IFRS 9, IFRS 16, IAS 41
- (iv) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- (v) Reference to the Conceptual Framework – Amendments to IFRS 3

None of the above listed amendments have had a significant effect on the financial statements. All other standards or amendments to standards that have been issued by the IASB, and are effective from January 1, 2022, onwards, are not applicable or material to the Company.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

6. Financial Risk Management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's management system includes activities which assist in the identification and analysis of the risks the Company faces, setting appropriate risk limits and controls, and monitoring the risks and adherence to limits by means of reliable and up-to-date information systems.

Risk management is carried out in line with policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from commercial transactions when recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

The Company monitors its exposure to fluctuations in foreign currencies and the appropriate steps are taken to minimise the risk such as purchases and sales in the same currency so as to avoid mismatch.

A 1% weakening of the TT dollar against US dollar with all other variables held constant, would have led to approximately \$990 thousand (2021: \$1,661 thousand) after tax gain in profit or loss. A 1% strengthening of the TT dollar would have led to an equal but opposite effect.

This is as a result of translation of US dollar bank accounts, trade accounts receivable and amounts due from related parties.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

6. Financial Risk Management

(i) Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The table below shows the Company's exposure to foreign exchange risk:

	2022			
	<u>USD</u>	<u>GBP</u>	<u>Euro</u>	<u>Total</u>
	\$	\$	\$	\$
Trade receivables (Note 12)	27,527	-	-	27,527
Due from related parties (Note 13)	74,491	-	-	74,491
Trade payables	(2,422)	-	(11)	(2,433)
Due to related parties (Note 13)	(14,878)	-	-	(14,878)
Net statement of financial position exposure	84,718	-	(11)	84,707

	2021			
	<u>USD</u>	<u>GBP</u>	<u>Euro</u>	<u>Total</u>
	\$	\$	\$	\$
Trade receivables (Note 12)	28,685	-	-	28,685
Due from related parties (Note 13)	176,388	-	-	176,388
Trade payables	(4,157)	-	(67)	(4,224)
Due to related parties (Note 13)	(31,260)	(24)	(244)	(31,528)
Net statement of financial position exposure	169,656	(24)	(311)	169,321

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

6. Financial Risk Management (continued)

(i) Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets and liabilities other than deposits held at banks and lease liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(iii) Price risk

The Company is not exposed to equity securities price risk since there are no investments held at fair value through profit or loss or at fair value through other comprehensive income.

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Credit risk arises primarily from credit exposures from sales to distributors and retail customers, including outstanding receivables (Notes 12 and 24(b)).

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. In light of the current global circumstances, the Company has maintained its enhanced credit control framework in order to reduce any potential increase in credit risk. Management does not expect any losses from non-performance by counterparties in excess of the provision made. The maximum exposure to credit risk at the reporting date is the fair value of cash and cash equivalents as well as each class of receivables mentioned in Note 12 and Note 24(b) and due from related parties.

Cash at bank and in hand of \$171,778 thousand (2021: \$118,132 thousand) is held with reputable financial institutions. The income in foreign currency is deposited in an intercompany interest-bearing current account managed by the Company Treasury and reported under due from related companies. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

(c) Liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

6. Financial Risk Management (continued)

(i) Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances.

	2022	2021
	\$'000	\$'000
Less than one year		
Trade and other payables	72,280	63,400
Due to related companies	14,878	31,528
Lease liabilities	711	4,170
Provisions for other liabilities	5,158	15,750
	<u>93,027</u>	<u>114,848</u>
More than one year		
Lease liabilities	<u>1,979</u>	<u>605</u>

(ii) Fair value estimation

The carrying amount of short-term financial assets and liabilities, which comprises cash at bank and in hand, due from related companies, trade and other receivables, trade and other payables, lease liabilities and due to related companies are a reasonable estimate of its fair values because of the short-term maturity of these instruments.

7. Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The Company currently has no borrowings to constitute net debt. The Company's capital structure consists of equity and lease liabilities. There are no capital requirements imposed on the Company.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

8. Property, Plant and Equipment

	Freehold Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Work in Progress \$'000	Total \$'000
Year ended December 31, 2022						
Opening net book value	-	3,499	3,788	1,143	513	8,943
Additions	-	3,028	438	-	-	3,466
Transfers	-	-	513	-	(513)	-
Disposals	-	-	(513)	-	-	(513)
Impairment	-	-	(2,664)	-	-	(2,664)
Depreciation charge	-	(3,668)	(707)	(572)	-	(4,947)
Closing net book value	-	2,859	855	571	-	4,285
At December 31, 2022						
Cost or valuation	-	10,025	5,457	4,594	-	20,076
Accumulated depreciation	-	(7,166)	(1,938)	(4,023)	-	(13,127)
Impairment	-	-	(2,664)	-	-	(2,664)
Net book value	-	2,859	855	571	-	4,285

	Freehold Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Work in Progress \$'000	Total \$'000
Year ended December 31, 2021						
Opening net book value	36,700	17,249	10,707	126	1,020	65,802
Additions	-	6,997	-	1,714	96	8,807
Transfers	-	-	603	-	(603)	-
Disposals	-	-	-	-	-	-
Held for sale (Note 31)	(36,700)	(16,982)	(4,464)	-	-	(58,146)
Impairment	-	-	(2,145)	-	-	(2,145)
Depreciation charge	-	(3,765)	(913)	(697)	-	(5,375)
Closing net book value	-	3,499	3,788	1,143	513	8,943
At December 31, 2021						
Cost or valuation	36,700	47,103	138,698	4,593	513	227,607
Accumulated depreciation	-	(26,096)	(71,143)	(3,450)	-	(100,689)
Impairment	-	(526)	(59,303)	-	-	(59,829)
Held for sale (Note 31)	(36,700)	(16,982)	(4,464)	-	-	(58,146)
Net book value	-	3,499	3,788	1,143	513	8,943

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

8. Property, Plant and Equipment (continued)

(i) Depreciation expense

Depreciation expense of \$507 thousand (2021: \$561 thousand) has been charged in cost of sales, \$4,117 thousand (2021: \$4,218 thousand) in distribution costs and \$323 thousand (2021: \$96 thousand) in administrative expenses.

(ii) Valuation

An independent valuation of land and buildings was performed by independent professional valuers on January 19, 2021, with effective date December 31, 2020. This valuation, which conforms to International Valuation Standards, was determined by reference to the most recent market transactions on an arm's length basis at the time, and formed the basis for the values reported in 2021. No further external valuation exercises were performed during 2022 related to land and buildings, as the assets were classified as Held for Sale at the end of 2021, and subsequently sold at the end of 2022. Refer to Notes 29 and 31 for further details. If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost	20,131	20,131
Accumulated depreciation	(6,477)	(6,477)
Disposal	(13,654)	-
Net book amount	<u>-</u>	<u>13,654</u>

(iii) Impairment & Assets held for sale

At the end of 2021, the Company enlisted an international sales specialist for machinery & equipment in order to map, list, promote and assist in the sale of the selected factory and warehousing equipment. As such, these assets were presented separately on the statement of financial position as assets held for sale. The reported value of the machinery held for sale was based on a valuation by the specialist's certified appraiser. During 2022, the Company continued working with the international sales specialist to sell the assets. A portion of these assets was sold to external parties, and any assets that were not sold by the end of the year were written off. Refer to Notes 29 and 31 for further details.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

8. Property, Plant and Equipment (continued)

(iv) Impairment & Assets held for sale (continued)

During the financial year 2021, the Company also engaged a real estate broker to pursue a potential sale and temporary lease-back of the land & buildings. This includes the full premises from which the Company was operating. These assets were presented separately on the statement of financial position under assets held for sale at the end of 2021. During 2022, the Company continued its efforts to secure a sale, and sold the land & buildings to an external party. The sale took place without a lease-back arrangement. Transfer of title took place in December 2022. The assets were disposed, and a gain on sale was recorded accordingly. Refer to Notes 29 and 31 for further details.

(v) Right-of-use

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment. The book value of right-of-use assets are stated below:

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
2022				
Balance at January 1	3,499	-	1,143	4,642
Additions	2,032	-	-	2,032
Depreciation charge for the year	(3,668)	-	(572)	(4,240)
Balance at December 31	1,863	-	571	2,434
	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
2021				
Balance at January 1	-	-	126	126
Additions	6,997	-	1,714	8,711
Depreciation charge for the year	(3,498)	-	(697)	(4,195)
Balance at December 31	3,499	-	1,143	4,642

During 2022 the Company extended the warehousing lease agreement by another year, and signed into a new lease agreement for its new office location. In accordance with IFRS 16, the right of use assets, as well as the lease liability have been adjusted and recognized on the books accordingly.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits

The Company contributes to defined benefit pension plans (the Pension Plans), for its monthly paid and permanent hourly paid employees, which entitles a retired employee to receive an annual pension payment. Employees may retire at age 60-65 and are entitled to receive annual payments based on a percentage of their final salary. Employees may retire earlier under certain conditions.

The Company's Pension Plans are funded by the Company and employees, the assets of the Pension Plans being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

The Company also has two other post-retirement employee benefits arrangements.

- (1) An unfunded pension plan for persons who retired prior to the establishment of the two pension plans mentioned above.
- (2) A termination lump sum plan for hourly-paid employees as part of its 2007 – 2010 Collective Labour Agreement.

All four of the Company's post-retirement employee benefits arrangements are collectively referred to as "the Plans".

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Defined benefit asset (liability)		
(i) <i>Retirement benefit asset:</i>		
Monthly paid staff (a)	<u>99,142</u>	<u>137,039</u>
(ii) <i>Retirement benefit and termination liabilities:</i>		
Hourly paid staff (b)	(1,802)	-
Supplementary pension scheme (c)	(581)	(575)
Termination benefits – lump sum plan (d)	<u>(702)</u>	<u>(6,414)</u>
	<u>(3,085)</u>	<u>(6,989)</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
(iii) Movement in net defined benefit asset:		
Retirement benefit asset	99,142	137,039
Retirement and termination benefit obligations	<u>(3,085)</u>	<u>(6,989)</u>
	<u>96,057</u>	<u>130,050</u>
Balance at January 1	130,050	100,143
Net pension benefit	15,269	1,469
Re-measurements recognised in OCI	(51,857)	25,055
Contributions paid	<u>2,595</u>	<u>3,383</u>
Balance at December 31	<u>96,057</u>	<u>130,050</u>
(iv) Total amounts recognised in OCI:		
Monthly paid staff	49,905	(23,438)
Hourly paid staff	2,026	(1,747)
Supplementary pension scheme	43	21
Termination benefits – lump sum plan	<u>(117)</u>	<u>109</u>
	<u>51,857</u>	<u>(25,055)</u>
(v) Total amounts recognised in profit or loss:		
Current service cost	3,422	4,130
Net interest on net defined benefit asset	(8,184)	(5,898)
Gains on curtailment and settlement	(10,752)	-
Administration expenses	<u>245</u>	<u>299</u>
Net pension benefit (Note 18 (b))	<u>(15,269)</u>	<u>(1,469)</u>
Net pension benefit includes:		
Monthly paid staff	(10,751)	(2,819)
Hourly paid staff	413	895
Supplementary pension scheme	32	33
Termination benefits – lump sum plan	<u>(4,963)</u>	<u>422</u>
	<u>(15,269)</u>	<u>(1,469)</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

Pension benefit of \$3,653 thousand (2021: \$(1,193) thousand) has been charged in cost of sales, \$409 thousand (2021: \$(215) thousand) in distribution costs and \$455 thousand (2021: \$(61) thousand) in administrative expenses.

(vi) *The principal assumptions are as follows:*

	Per annum 2022 %	Per annum 2021 %
Discount rate (all Plans)	6.00	6.00
Salary increases:		
- Monthly paid employees	4.50	4.50
- Weekly paid employees	0.00	4.00
- Supplementary pension	2.75	2.75
Termination/lump sum	4.00	4.00
NIS ceiling/pension increases		
- Future pension increases	2.75	2.75

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at December 31, are as follows:

	2022 Years	2021 Years
Life expectancy at age 60 for current pensioner		
- Male	21.9	21.8
- Female	26.1	26.1
Life expectancy at age 60 for current members age 40		
- Male	22.7	22.7
- Female	27.1	27.0

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

(vi) *The principal assumptions are as follows:* (continued)

The weighted average duration of the defined benefit obligation at year end is:

	<u>2022</u>	<u>2021</u>
	Years	Years
Monthly	13.3	14.0
Hourly	8.9	10.9
Termination lump sum	6.8	10.0
Supplementary pension scheme	6.2	6.5

(vii) *Sensitivity analysis*

The following table summarises how the defined benefit obligation as at December 31, 2022, would have changed as a result of a change in the other assumptions used:

	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	increase	decrease	increase	decrease
	\$'000	\$'000	\$'000	\$'000
<i>Monthly-Rated Pension Plan</i>				
Discount rate (1% movement)	(23,481)	29,456	(24,277)	30,753
Future pension increase (1% movement)	4,193	(3,622)	5,577	(4,806)
Future salary increase (1% movement)	26,707	(22,059)	24,751	(20,418)

An increase of one (1) year in the assumed life expectancies shown in (Note 9(vi)) would increase the defined benefit obligation as at December 31, 2022, by \$5,031 thousand (2021: \$4,774 thousand.)

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

Defined benefit asset (liability) (continued)

(vii) Sensitivity analysis (continued)

	2022	2022	2021	2021
	increase	decrease	increase	decrease
	\$'000	\$'000	\$'000	\$'000
<i>Hourly-Rated Pension Plan</i>				
Discount rate (1% movement)	(1,490)	1,841	(2,171)	2,968

An increase of one (1) year in the assumed life expectancies shown in (Note 9(vi)) would increase the defined benefit obligation at December 31, 2022, by \$413 thousand (2021: \$467 thousand).

	2022	2022	2021	2021
	increase	decrease	increase	decrease
	\$'000	\$'000	\$'000	\$'000
<i>Termination Lump Sum Plan</i>				
Discount rate (1% movement)	(41)	49	(531)	641
Future salary increase (1% movement)	(49)	(42)	648	(546)
<i>Supplementary Pension Plan</i>				
Discount rate (1% movement)	(32)	36	(33)	38
Future salary increase (1% movement)	40	(36)	41	(37)

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(a) Retirement benefit asset (Monthly paid staff)

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
<i>(i) Amounts recognised in the statement of financial position are as follows:</i>		
Fair value of plan assets	307,767	342,614
Present value of defined benefits obligation	<u>(208,625)</u>	<u>(205,575)</u>
Retirement benefit asset	<u>99,142</u>	<u>137,039</u>
<i>(ii) Movement in the asset recognised in the statement of financial position:</i>		
Asset as at January 1	137,039	109,505
Net pension benefit	10,751	2,819
Re-measurements recognised in OCI	(49,905)	23,438
Contributions paid	<u>1,257</u>	<u>1,277</u>
Asset as at December 31	<u>99,142</u>	<u>137,039</u>
<i>(iii) Amounts recognised in profit or loss:</i>		
Current service cost	2,961	3,359
Net interest	(8,426)	(6,364)
Gains on curtailment and settlement	(5,463)	
Administration expenses	<u>177</u>	<u>186</u>
Net pension benefit	<u>(10,751)</u>	<u>(2,819)</u>
<i>(iv) Change in plan assets</i>		
Plan assets at start of year	342,614	316,924
Return on plan assets	20,146	17,787
Interest (income) expense	(41,087)	17,939
Company contributions	1,257	1,277
Members' contributions	1,258	1,277
Benefits paid	(16,244)	(12,404)
Expenses paid	<u>(177)</u>	<u>(186)</u>
Plan assets at end of year	<u>307,767</u>	<u>342,614</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(a) Retirement benefit asset (Monthly paid staff) (continued)

(iv) Change in plan assets (continued)

Plan assets are comprised as follows:

	2022		2021	
	\$'000	%	\$'000	%
Locally listed equities	96,979	31	101,742	30
Overseas equities	68,108	22	87,168	25
TT\$ denominated bonds	77,140	25	85,256	25
US\$ denominated bonds	54,058	18	54,774	16
Property (mutual funds)	92	-	128	-
Cash and cash equivalents	11,245	4	13,395	4
Other (annuity policies)	145	-	151	-
Fair value of Plan assets	<u>307,767</u>	<u>100</u>	<u>342,614</u>	<u>100</u>

Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Investment Manager calculates the fair value of the Government bonds and Corporate bonds by discounting expected future proceeds using a constructed yield curve. The majority of the Plan's TT\$ bonds were either issued or guaranteed by the Government of Trinidad and Tobago.

The Plan's assets are invested in a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan. Refer to Note 9 ((viii) (b) (iv)) for hourly pension plan assets).

	2022	2021
	\$'000	\$'000
(v) Change in defined benefit obligation		
Defined benefit obligation at start of year	205,575	207,419
Service cost	2,961	3,359
Interest cost	11,720	11,575
Members' contribution	1,258	1,277
Gains on curtailment and settlement	(5,463)	-
Experience adjustment	8,818	1,358
Actuarial gain from change in financial assumptions	-	(7,009)
Benefits paid	<u>(16,244)</u>	<u>(12,404)</u>
Defined benefit obligation at end of year	<u>208,625</u>	<u>205,575</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(a) Retirement benefit asset (Monthly paid staff) (continued)

(vi) Funding

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay \$900 thousands to the Pension Plan during 2023.

(b) Retirement benefit obligation (Hourly paid staff)

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
<i>(i) Amounts recognised in the statement of financial position are as follows:</i>		
Fair value of plan assets	17,997	25,029
Present value of defined benefit obligation	<u>(19,799)</u>	<u>(25,029)</u>
Retirement benefit obligation	<u><u>(1,802)</u></u>	<u>-</u>
<i>(ii) Movement in the obligation recognised in the statement of financial position:</i>		
Defined benefit obligation as at January 1	-	(1,952)
Net pension cost	(413)	(895)
Remeasurements recognised in OCI	(2,026)	1,747
Contributions paid	<u>637</u>	<u>1,100</u>
Defined benefit obligation as at December 31	<u><u>(1,802)</u></u>	<u>-</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(viii) *Change in Plan assets and liabilities* (continued)

(b) **Retirement benefit obligation (Hourly paid staff)** (continued)

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
<i>(iii) Amounts recognised in profit or loss:</i>		
Current service cost	427	714
Net interest	(28)	68
Gains on curtailment and settlement	(54)	-
Administration expenses	<u>68</u>	<u>113</u>
Net pension cost	<u>413</u>	<u>895</u>
<i>(iv) Change in plan assets</i>		
Plan assets at start of year	25,029	22,680
Return on plan assets	(2,948)	1,092
Interest income	1,341	1,303
Company contributions	637	1,100
Members' contributions	337	566
Benefits paid	(6,331)	(1,599)
Expense allowance	<u>(68)</u>	<u>(113)</u>
Plan assets at end of year	<u>17,997</u>	<u>25,029</u>

Plan assets are comprised as follows:

	<u>2022</u>		<u>2021</u>	
	\$'000	%	\$'000	%
Locally listed equities	5,370	30	6,009	24
Overseas equities	4,688	26	5,926	24
TT\$ denominated bonds	5,940	33	10,162	41
US\$ denominated bonds	1,449	8	1,583	6
Cash and cash equivalents	<u>550</u>	<u>3</u>	<u>1,349</u>	<u>5</u>
Fair value of Plan assets	<u>17,997</u>	<u>100</u>	<u>25,029</u>	<u>100</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(viii) Change in Plan assets and liabilities (continued)

(b) Retirement benefit obligation (Hourly paid staff) (continued)

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
(v) <i>Change in defined benefit obligation</i>		
Defined benefit obligation at start of year	25,029	24,632
Service cost	427	714
Interest cost	1,313	1,371
Members' contribution	337	566
Gains on curtailment and settlement	(54)	-
Experience adjustments	(1,422)	(2)
Actuarial losses from changes		
Actuarial gain from changes in financial assumptions	500	(653)
Benefits paid	<u>(6,331)</u>	<u>(1,599)</u>
Defined benefit obligation at end of year	<u>19,799</u>	<u>25,029</u>

(vi) *Funding*

The Company meets the balance of the cost of funding the defined benefit Pension Plan and the Company must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Company expects to pay no matching contribution to the Pension Plan during 2023.

(c) **Supplementary pension scheme**

(i) *Amounts recognised in the statement of financial position are as follows:*

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Present value of defined benefit obligation	<u>(581)</u>	<u>(575)</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(viii) *Change in Plan assets and liabilities* (continued)

(c) **Supplementary pension scheme** (continued)

(ii) *Re-measurements recognised in OCI*

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Experience losses	43	21
(iii) <i>Amounts recognised in profit or loss:</i>		
Interest on defined benefit obligation	32	33
(iv) <i>Change in defined benefit obligation</i>		
Defined benefit obligation at start	(575)	(617)
Interest cost	(32)	(33)
Actuarial losses	(43)	(21)
Benefits paid	69	96
Defined benefit obligation at end of year	<u>(581)</u>	<u>(575)</u>

(v) *Funding*

The Company pays the pension benefits as they become due. The Company expects to pay \$27 thousand to the Pension Plan during 2023.

(d) **Termination benefits lump sum plan**

(i) *Amounts recognised in the statement of financial position are as follows:*

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Present value of defined benefit obligation	(702)	(6,414)
(ii) <i>Re-measurements recognised in OCI</i>		
Experience (gains)/losses	(117)	109

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

9. Post-Employment and Termination Benefits (continued)

(c) Termination benefits lump sum plan (continued)

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
<i>(iii) Amounts recognised in profit or loss:</i>		
Current service cost	34	57
Interest on defined benefit obligation	238	365
Gains on curtailment and settlement	<u>(5,235)</u>	-
Net pension (benefit)cost	<u><u>(4,963)</u></u>	<u><u>422</u></u>
<i>(vi) Change in defined benefit obligation:</i>		
Defined obligation at start	6,414	6,793
Current service cost	34	57
Interest cost	238	365
Gains on curtailment and settlement	(5,235)	-
Experience adjustment	(117)	258
Actuarial gain from changes in financial assumptions	-	(149)
Benefits paid	<u>(632)</u>	<u>(910)</u>
Defined benefit obligation at end of year	<u><u>702</u></u>	<u><u>6,414</u></u>
<i>(v) Funding</i>		

The Company pays the termination lump sums as they fall due. The Company expects to pay \$200 thousand to the Pension Plan during 2023.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

10. Deferred Taxation

Deferred tax assets and liabilities in the statement of financial position and the deferred tax (credit) charge in profit or loss and other comprehensive income (OCI) are attributable to the following items:

	2021	Note 21 Charge (Credit) to Profit or Loss	Charge to OCI	Note 31 Movement to Held for Sale	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities					
Accelerated tax depreciation	1,007	(369)	-	-	638
Retirement benefit asset	(41,111)	(4,189)	15,557	-	(29,743)
	(40,104)	(4,558)	15,557		(29,105)
Deferred tax asset					
Accumulated tax losses	3,202	9,235	-	-	12,437
Retirement benefit obligation	2,096	(1,171)	-	-	925
IFRS 9	656	(310)	-	-	346
Net lease liability	40	37	-	-	77
Legal provision	465	-	-	-	465
	6,459	7,791			14,250
Net deferred tax liability	(33,645)	3,233	15,557		(14,855)
	2020	Note 21 Charge (Credit) to Profit or Loss	Charge to OCI	Note 31 Movement to Held for Sale	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities					
Accelerated tax depreciation	517	490	-	-	1,007
Retirement benefit asset	(32,852)	(743)	(7,516)	-	(41,111)
Property revaluation surplus	(2,949)	-	-	2,949	-
	(35,284)	(253)	(7,516)	2,949	(40,104)
Deferred tax asset					
Accumulated tax losses	11,704	(8,502)	-	-	3,202
Retirement benefit obligation	2,808	(712)	-	-	2,096
IFRS 9	641	15	-	-	656
Net lease liability	3	37	-	-	40
Legal provision	-	465	-	-	465
	15,156	(8,697)	-	-	6,459
Net deferred tax liability	(20,128)	(8,950)	(7,516)	2,949	(33,645)

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

11. Inventories

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Finished goods	31,992	22,075
Goods in transit (finished goods)	2,230	5,425
	<u>34,222</u>	<u>27,500</u>
Impairment allowance	(4,972)	(692)
	<u>29,250</u>	<u>26,808</u>

Analysis of movements of impairment allowance is as follows:

At January 1	692	491
Impairment charge for the year	6,632	1,948
Write-offs	(2,352)	(1,747)
At December 31	<u>4,972</u>	<u>692</u>

The cost of inventories recognised as an expense and included in cost of sales of continued operations amounted to \$159,476 thousand (2021: \$120,244 thousand).

12. Trade and Other Receivables

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	43,630	43,000
Allowance for expected credit losses	(1,154)	(2,188)
Trade receivables - net	42,476	40,812
Value added tax recoverable	3,502	7,543
Other receivables and prepayments	18,010	54,593
	<u>63,988</u>	<u>102,948</u>

The Company does not consider the fair values of trade and other current receivables to be significantly different from their carrying values. Concentrations of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. The historical experience of collecting receivables, supported by the level of default, is that credit risk is low across regions and so trade receivables are considered to be a single class of financial assets. Impairment for trade receivables are calculated for specific receivables with known or anticipated issues affecting the likelihood of recovery and for balances past due with a probability of default based on historical data as well as relevant forward-looking information.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

12. Trade and Other Receivables (continued)

Other Receivables consist of \$15,234 thousand (2021: \$50,085 thousand), which is resulting from the Reverse Master Supply Agreement between the Company and the Spreads business, effective October 1, 2019. This agreement has come to an end per July 1, 2022, but there are still some amounts outstanding in relation to the agreement.

On October 1, 2021, the Company transferred its tea business, and signed a Strategic Management Agreement in relation to the tea business. The company holds inventories of the tea business as a result of this agreement, which is derecognised from inventory, and recognised instead as a receivable.

The \$63,988 thousand of gross trade and other receivables consist of \$59,620 thousand that is impacted by the ECL model and a remaining balance of \$4,368 thousand that is not subject to ECL. Trade receivables (excluding VAT receivable) analysed by loss allowance is stated below:

	Weighted average Loss rate	Gross Carrying Amount	Expected Loss Allowance	Credit Impaired
December 31, 2022				
\$'000				
Current (not past due)	0.5%	51,501	(202)	No
Overdue by less than 3 months	2.4%	7,044	(172)	No
Overdue by less than 3 to 6 months	11.1%	282	(31)	No
Overdue by less than 6 to 12 months	30.0%	46	(14)	No
Overdue by greater than 12 months	75.0%	747	(735)	Yes
		59,620	(1,154)	

	Weighted average Loss rate	Gross Carrying Amount	Expected Loss Allowance	Credit Impaired
December 31, 2021				
\$'000				
Current (not past due)	0.5%	65,818	(329)	No
Overdue by less than 3 months	3.6%	6,047	(220)	No
Overdue by less than 3 to 6 months	15.0%	256	(38)	No
Overdue by less than 6 to 12 months	30.0%	273	(82)	No
Overdue by greater than 12 months	96.7%	1,566	(1,519)	Yes
		73,960	(2,188)	

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

12. Trade and Other Receivables (continued)

Analysis of movements in allowance for expected credit losses is as follows:

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at January 1	2,188	2,137
Impairment		
Net remeasurement of loss allowance	(358)	51
Amounts written off	(676)	-
	<hr/>	<hr/>
Balance at December 31	<u>1,154</u>	<u>2,188</u>

The carrying amounts of trade and other receivables are denominated in the following currencies:

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Trinidad and Tobago dollars	36,461	74,263
United States dollars	27,527	28,685
	<hr/>	<hr/>
	<u>63,988</u>	<u>102,948</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

13. Related Party Transactions and Balances

A related party is a person or entity that is related to the Company. These include both people and entities that have, or are subject to, the influence or control of the Company. The following transactions were carried out with related parties:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
(i) Purchases from related companies	184,137	149,113
(ii) Royalties and service fees (Note 18)	14,046	15,040
(iii) Related party shared services (Note 18)	5,284	5,443
(iv) Key management compensation:		
- Short-term employee benefits	5,646	4,852
- Post-employment benefits	267	251

(i): The Company purchases Finished Products from companies within the Unilever Group across the Globe.

(ii): The Intellectual property rights of the brands are owned by the Unilever Group. The Company pays a Royalty fee to the related party IP holder for the license to use the IP rights.

(iii): The Company pays a shared service charge for Enterprise & Technology services, which are provided to the Company by other entities within the Unilever Group.

(iv): Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (Note 9).

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Income:		
(v) Intercompany Transfer of Tea Business	-	169,846
(vi) Strategic Management Agreement Tea Business	2,655	1,374

(v) and (vi): On October 1, 2021, the Company transferred its tea business via an intercompany sale to a newly incorporated global Unilever tea holding company, and signed into the Strategic Management Agreement. This was originally a related party, but as per July 1st 2022, Unilever globally completed the sale of the tea business, and as such it is now no longer a related party. The strategic management agreement is still in place, but treated as a third party agreement.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

13. Related Party Transactions and Balances (continued)

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Balances:		
(vii) Year end balances arising from sales/purchases of goods/services, royalties and service fees		
Due from related companies	74,491	176,388
Due to related companies	14,878	31,528

The amounts due from related companies included \$74,338 thousand which is held in the Unilever Group Treasury account. No expense has been recognised in the current year or prior year for expected credit losses in respect of amounts due from related parties. The amounts due to related companies have no fixed repayment terms and represent normal trading activities.

14. Stated Capital

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Authorised		
An unlimited number of ordinary shares of no-par value		
Issued and fully paid		
26,243,832 ordinary shares of no-par value	26,244	26,244

15. Trade and Other Payables

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Trade payables	17,793	25,191
Other payables and accruals	54,487	38,209
	<u>72,280</u>	<u>63,400</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

16. Provisions for Other Liabilities

	Legal	Restructuring	Other	Total
	\$'000	\$'000	\$'000	\$'000
Balance at December 31, 2021	1,850	2,944	10,956	15,750
Additional provisions	179	38,146	2,584	40,909
Unused amounts reversed	(150)	-	(542)	(692)
Used during the year	-	(41,090)	(9,719)	(50,809)
Balance at December 31, 2022	1,879	-	3,279	5,158

These items relate to legal, and other employee related provisions such as variable employee compensation and outstanding paid leave. The Company expects these provisions to be substantially utilised within the next twelve months. The provisions hold a certain level of estimation uncertainty, as assumption are used to estimate them, such as legal risk, and expected performance outcomes.

17. Revenue

	Continued Operations		Discontinued Operations		Total Revenue	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Third Party Sales	256,146	233,186	-	30,150	256,146	263,336

The Company only sells products to third parties.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

18. Expenses

	2022	2021
(a) Expenses by nature	\$'000	\$'000
Continued Operations		
Cost of imported goods sold	133,710	98,061
Employee benefit expense (Note 18 (b))	30,613	41,223
Royalties and service fees (Note 13)	14,046	13,180
Shared services (Note 13)	5,284	5,443
Advertising and promotional costs	8,547	11,063
Distribution costs	10,891	13,272
Human resources costs	1,096	2,415
Depreciation (Note 8)	4,947	5,375
Information technology costs	644	501
Marketing and sales	7,784	9,039
Merchandising expenses	5,233	4,501
Other expenses	4,550	3,668
Restructuring costs (Note 30)	30,555	5,568
Total cost of sales, selling and distribution costs administrative expenses and one-off restructuring	257,900	213,309
Discontinued Operations		
Cost of imported goods sold	-	13,578
Royalties and service fees (Note 13)	-	1,860
Advertising and promotional costs	-	742
Distribution costs	-	2,215
Marketing and sales	-	69
Merchandising expenses	-	899
Other expenses	-	91
Total cost of sales, selling and distribution costs administrative expenses and one-off restructuring	-	19,454

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

18. Expenses (continued)

	<u>2022</u>	<u>2021</u>
(b) Employee benefit expense	\$'000	\$'000
Wages and salaries	33,632	40,569
National insurance	1,498	2,123
Pension benefit	(4,517)	(1,469)
	<u>30,613</u>	<u>41,223</u>
Pension expense before curtailment	(4,517)	-
Gain on curtailment and settlement	(10,752)	-
Net Pension benefit (Note 9(v))	<u>(15,269)</u>	-

19. Other Income

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Other Income	<u>7,028</u>	<u>5,391</u>

On April 26, 2018, the Company agreed to the sale of its Spreads Business. Unilever is providing certain services to the Spreads Business for a transitional period as part of the Reverse Master Supply Agreement. The income generated through this agreement is recorded under other income. As per July 1st 2022, this agreement has expired.

Subsequent to the disposal of the tea business in 2021 the Company signed a Strategic Management Agreement in order to facilitate the transition of the tea business. Under the agreement, the Company provides certain activities related to the tea business. The income generated through this agreement is recorded under other income.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

20. Net Finance Expense

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Interest Income	551	7
Interest Expense	(450)	(642)
Net finance income (expense)	<u>101</u>	<u>(635)</u>

The interest expense is mainly in relation to leases recognized under IFRS 16 whereas the interest income, is income generated from an interest-bearing account managed by the Unilever Group Treasury.

21. Taxation Expense

(a) *Taxation (credit) expense comprises:*

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Current tax	1,787	1,713
Change in estimates related to prior years	-	277
	<u>1,787</u>	<u>1,990</u>
Origination and reversal of temporary differences (Note 10)	(3,233)	8,950
Reversal of deferred tax	(2,948)	-
	<u>(4,394)</u>	<u>10,940</u>
Continued Operations	(4,394)	7,702
Discontinued Operations	-	3,238
Taxation (credit) expense	<u>(4,394)</u>	<u>10,940</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

21. Taxation Expense (continued)

(b) Reconciliation of effective tax rate:

The Company's effective tax rate varies from the statutory rate of 30% as a result of the differences shown below:

	2022		2021	
	\$'000	%	\$'000	%
Profit before tax	5,375	100.00	199,752	100.00
Tax using the Company's tax rate	1,612	30.00	59,925	30.00
Tax effects of:				
Income exempt of tax	(5,234)	(97.38)	(50,964)	(25.51)
Reversal of deferred tax	(2,948)	(54.85)	-	-
Expenses not deductible for tax purposes	(40)	(0.74)	(11)	(0.01)
Business levy	1,787	33.25	1,713	0.86
Changes in estimates related to prior years	429	7.98	277	0.14
Taxation (credit) expense	(4,394)	(81.74)	10,940	5.48

(c) Amounts recognised in OCI:

2022	Before Tax	Tax Expense	After Tax
	\$'000	\$'000	\$'000
Remeasurements of defined benefit asset/ liability (Note 9 (iv))	(51,857)	15,557	(36,300)

2021	Before Tax	Tax Expense	After Tax
	\$'000	\$'000	\$'000
Remeasurements of defined benefit asset/ liability (Note 9 (iv))	25,055	(7,516)	17,539

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

22. Earnings Per Share – Basic and Diluted

Basic earnings per ordinary share is calculated by dividing the profit or loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit attributable to equity holders (\$'000)	9,769	188,812
Weighted average # of ordinary shares in issue ('000) (Note 14)	26,244	26,244
Basic and diluted earnings per share (\$)	0.37	7.19

23. Dividends

On March 29, 2023, the Board of Directors declared a final dividend of \$2.80, bringing the total dividend in respect of 2022 to \$2.80 per share (2021: \$4.50 per share). These financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending December 31, 2023.

Dividends accounted for as an appropriation of retained earnings are as follows:

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Final dividend for 2021 – \$4.30 per share (2020 - \$0.60 per share)	112,849	15,746
Interim dividend for 2022 – \$0.00 per share (2021 - \$0.20 per share)	-	5,249
	<u>112,849</u>	<u>20,995</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

24. Financial Instruments

Financial instruments carried on the statement of financial position include cash at bank, lease liabilities, trade and other payables, trade and other receivables and due to and from related companies.

Classification and measurement of financial instruments

This classification of financial assets comprises the following captions:

- Cash and cash equivalents.
- Trade receivables and other current accounts receivable (excluding statutory receivables). Due to their short-term nature, the Company initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

The Company's financial liabilities include accounts payable and accruals and finance lease liabilities which are recognised initially at fair value and present value of future lease payments respectively.

Impairment losses of financial assets, including trade accounts receivable, are recognized using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

(a) *Financial instruments by category*

The accounting policies for financial instruments have been applied to the line items below:

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Receivables at amortised cost:		
<i>Assets as per statement of financial position</i>		
Trade and other receivables	63,988	102,948
Cash at bank and in hand	171,778	118,132
Due from related parties	74,491	176,388
	<u>310,257</u>	<u>397,468</u>
Financial liabilities at amortised cost:		
<i>Liabilities as per statement of financial position</i>		
Trade and other payables	72,280	63,400
Lease liabilities	2,690	4,775
Due to related parties	14,878	31,528
	<u>89,848</u>	<u>99,703</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

24. Financial Instruments (continued)

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Trade receivables		
<i>Counterparties without external credit rating</i>		
Company 1 - new customers	921	1,105
Company 2 - existing customers with no default in the past year.	41,555	39,707
Company 3 - existing customers with some defaults in the past year.	-	-
	<hr/>	<hr/>
Total unimpaired trade receivables (Note 12)	<u>42,476</u>	<u>40,812</u>
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Cash and cash equivalents		
<i>Reputable financial institutions:</i>		
Cash at bank	<u>171,778</u>	<u>118,132</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

25. Unsecured Bank Facilities

The Company has facilities with the following financial institutions:

- RBC Royal Bank (Trinidad and Tobago) Limited – overdraft facilities to a maximum of TT\$20 million (2021: TT\$20 million) on its TTD denominated accounts, with interest at the commercial prime rate of 7.5% (2021: 7.5%).
- Citibank (Trinidad and Tobago) Limited
 - Trade financing facility to a maximum of \$5 million (2021: US\$5 million).
 - Working capital financing facility to a maximum of US\$1.25 million (2021: US\$1.25 million).
 - Overdraft temporary cash US\$1.25 million (2021: US\$1.25 million)

26. Contingent Liabilities

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Custom bonds and other guarantees	<u>106</u>	<u>3,766</u>

These consist of bonds required to be kept by the Company in order to meet legal requirements with the Government of Trinidad and Tobago. The probability of this bond being utilised is remote.

The Company is a defendant in various Industrial Relations matters at the reporting date. Management expects a favourable outcome from the matters.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

27. Lease Commitments

The Company recognises short term and low value lease payments as an expense to the statement of profit or loss on a straight-line basis over the lease term.

2022 lease payments recognised directly in profit or loss for short term and low value leases under IFRS 16 amount to \$1,183 thousand. Interest on leases amount to \$221 thousand, and depreciation expenses amount to \$4,239 thousand (Note 8). Total lease payments amount to \$3,921 thousand.

2021 lease payments recognised directly in profit or loss for short term and low value leases under IFRS 16 amount to \$1,150 thousand. Interest on leases amount to \$404 thousand, and depreciation expenses amount to \$4,194 thousand (Note 8). Total lease payments amount to \$4,477 thousand.

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Less than one year	711	4,170
More than one year, but no more than five years	1,979	605
	<u>2,690</u>	<u>4,775</u>

The future aggregate minimum lease payments under the terms of non-cancellable operating leases are as follows:

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Less than one year	551	1,183
More than one year, but no more than five years	179	341
	<u>730</u>	<u>1,524</u>

During 2022, the Company extended the warehousing lease agreement by another year, and signed into a new lease agreement for its new office location. In accordance with IFRS 16, the right of use assets, as well as the lease liability have been adjusted and recognized on the books accordingly

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

28. Operating Segments

(a) Basis for segmentation

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker, which is the management committee, that are used to make strategic decisions.

The Company is organised into three main business segments:

- Home care - sale of a range of laundry detergents and other household products. This is related primarily to the sales of fabrics cleaning and conditioners as well as dish wash and a wide range of general household cleaning products.
- Beauty and Personal care - sale of a range of skin cleansing (soap, shower), hair care (shampoo, conditioner), skin care (face, hand & body moisturisers) and deodorants products.
- Foods and Refreshments – primarily ice-cream and dressings.

Discontinued operations reflect the sales related to the tea category up until September 30, 2021. The tea category was originally reflected under the Foods & Refreshments business segment. There are no sales or other transactions between the business segments.

(b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(i) Business

	Home Care		Beauty & Personal Care		Foods & Refreshments		Discontinued Operations		Total Continued Operations	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	128,208	107,046	101,937	103,485	26,001	22,655	-	30,150	256,146	233,186
Operating Profit before restructuring cost	12,270	7,713	15,215	14,717	1,316	3,015	-	10,696	28,801	25,445

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

28. Operating Segments (continued)

(b) Information about reportable segments

(ii) Geographical - Continued Operations

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Revenue		
Trinidad and Tobago	166,786	138,955
Other	89,360	94,231
	<u>256,146</u>	<u>233,186</u>
Operating profit before restructuring cost		
Trinidad and Tobago	20,282	15,776
Other	8,519	9,669
	<u>28,801</u>	<u>25,445</u>
Total Assets		
Trinidad and Tobago	437,237	613,753
Other	27,522	28,685
	<u>464,759</u>	<u>642,438</u>

The “other” segment includes revenue and receivables from sales to other Caribbean countries including CARICOM and the Dutch Caribbean.

29. Determination of Fair Values

(a) Valuation models

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

29. Determination of Fair Values (continued)

(a) *Valuation models* (continued)

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(b) *Non-financial instruments measured at fair value*

(i) *Methodology*

Freehold Land and Buildings

For freehold land and buildings that are not leased by the Company, a recurring fair value approach was used, where the value is based on valuations performed by external independent valuers periodically and with sufficient frequency, less any subsequent depreciation for the buildings. Additions to freehold land and buildings that occur after the date of revaluation are shown at cost. Additions related to leases of land & buildings are treated separately. The Company's freehold land and buildings were last valued on January 19, 2021, by an independent professional valuator. The valuation surveyors used the Investment Method to determine the value of land and buildings, i.e., the capitalisation of the estimated net income realizable for the property. The highest and best use of the property is determined as light industrial/warehousing, which is the basis of the valuation. When these assets were classified as held for sale during quarter 4 2021, the company made an assessment of the prior valuation performed in January 2021 and deemed it to still provide a fair reflection of the value of the assets, minus additional depreciation, past the valuation date. The fair value for land and buildings was classified as Level 3 in the fair value hierarchy. The inputs were based on the prices paid for comparable properties in the open market at the time. The full value (excluding leases) of this asset class is classified under assets held for sale. For 2022, no valuation methodology was required, as the land & buildings were sold to an external party in December. The movement in land and buildings – Level 3 hierarchy is disclosed in Note 8. Further details on assets held for sale is disclosed in Note 31.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

29. Determination of Fair Values (continued)

(b) *Non-financial instruments measured at fair value* (continued)

(i) *Methodology* (continued)

Machinery Held for Sale

Property plant and equipment is originally reported under the historical cost convention, however for the specific machinery related to the restructuring that were classified as held for sale in 2021, a non-recurring fair value measurement was performed, and these assets were recorded at their fair value less costs to sell. The independent valuation of the specified machinery was performed by an international professional valuator. This non-recurring fair value measurement was triggered by the events mentioned in Note 8 (iv) and Note 31. The fair value has been classified as Level 3 in the fair value hierarchy. The valutors used a fair market value-removed methodology. The inputs are based on an analysis of the Global and Regional market prices for comparable machinery. The movement of the assets is disclosed in Note 8.

For 2022, this methodology was not repeated, as the held for sale assets were either sold during the year, or disposed of if a sale was not achieved by end of year when the Company vacated the premises. See Note 31 for further details.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

(ii) *Significant unobservable inputs used in measuring fair value*

The table below sets out information about significant unobservable inputs used in measuring items categorised as Level 3 in the fair value hierarchy. There were no items categorised as Level 1 or 2.

Description	December 31, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring Fair Value Measurements				
Land		-	-	-
Buildings		-	-	-
Total		-	-	-
Held for sale Equipment				
Total		-	-	-

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

29. Determination of Fair Values (continued)

(b) *Non-financial instruments measured at fair value* (continued)

(ii) *Significant unobservable inputs used in measuring fair value* (continued)

Description	December 31, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring Fair Value Measurements				
Land	\$36.7m	-	-	\$36.7m
Buildings	\$17.0m	-	-	\$17.0m
Total	\$53.7m	-	-	\$53.7m
Non-Recurring Fair Value Measurements				
Held for sale Equipment	\$4.5m	-	-	\$4.5m
Total	\$4.5m	-	-	\$4.5m

Reconciliation of the Recurring Fair Value Measurement, categorised within Level 3

Description	Carrying Amount January 1	Additions/ (Transfers)/ (Disposals)	(Depreciation)/ (Impairment)/ (Retirement)	Revaluation Gain/(Loss)	Carrying Amount December 31
2022					
Land	\$36.7m	\$(36.7)m	-	-	\$0m
Buildings	\$17.0m	\$(17.0)m	-	-	\$0m
Total	\$53.7m	-	-	-	\$0m
2021					
Land	\$36.7m	-	-	-	\$36.7m
Buildings	\$17.2m	-	\$(0.2)m	-	\$17.0m
Total	\$53.9m	-	\$(0.2)m	-	\$53.7m

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

29. Determination of Fair Values (continued)

(b) *Non-financial instruments measured at fair value* (continued)

(ii) *Significant unobservable inputs used in measuring fair value* (continued)

Valuation Techniques and Significant Unobservable Inputs

Description	Level 3 Fair Value	Valuation Technique	Significant Unobservable Inputs
December 31, 2022			
Land	\$ -	Not applicable	Not applicable
Buildings	\$ -	Not applicable	Not applicable
Held for Sale Equipment	\$ -	Not applicable	Not applicable
December 31, 2021			
Land	\$36.7 million	Investment Method	- Gross monthly rental value (\$5.5m) - Perpetuity rate (10%)
Buildings	\$17.0 million	Investment Method	- Outgoings - Perpetuity rate
Held for Sale Equipment	\$4.5 million	Market Value Removed	- Condition - Market data Comparability - Cost to sell - Depreciation rate

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

29. Determination of Fair Values (continued)

(b) *Non-financial instruments measured at fair value* (continued)

(ii) *Significant unobservable inputs used in measuring fair value* (continued)

Sensitivities to changes in unobservable inputs for recurring fair value measurement

	<u>1% pa increase</u>	<u>1% pa decrease</u>
	\$'000	\$'000
2022		
Land & Building		
Gross monthly rental value	-	-
Outgoings	-	-
Perpetuity Rate	-	-
2021		
Land & Building		
Gross monthly rental value	720	(720)
Outgoings	17	(17)
Perpetuity Rate	550	(550)

(c) *Financial instruments not measured at fair value*

The financial instruments not measured at FVTPL include cash and cash equivalents, accounts receivable, due from related companies, trade and other payables and due to related companies and finance lease liabilities. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value because of their short-term nature and the high credit quality of counterparties.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

30. Restructuring

During 2022, the Board of Directors approved the restructuring of the Spreads manufacturing plant operations at its site, as a result of the expiration of the Spreads supply agreement, and the consequent cessation of local manufacturing, production, and warehousing activities. As well, the Board of Directors approved the sale of the land & buildings, and the relocation to the new office. For 2022, expenses were recorded in relation to Manpower, dismantling work, fixed asset disposals and sales, as well as consultancy fees.

In 2021, expenses were recorded under restructuring for the dismantling work of the plant assets and the impairment from the revaluation exercise on the saleable machinery (refer to Notes 29 and 31).

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Restructuring costs		
Gain on sale of fixed assets	(7,155)	-
Impairment of property, plant and equipment (Note 8)	2,664	2,145
Dismantling cost, cleaning, repairs	11,081	3,178
Manpower cost	31,528	-
Consultancy cost	891	-
Other expenses	2,298	245
Restructuring cost	41,307	5,568
Pension gains on curtailment/settlement	(10,752)	-
Net restructuring cost	<u>30,555</u>	<u>-</u>

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

31. Assets Held For Sale

In quarter 4 of 2021, the Company committed to a plan to sell the impaired factory and warehousing equipment and enlisted a sales specialist for machinery & equipment in order to map, list, promote and assist in the sale of the selected equipment. The cumulative value of the equipment reported on the financial statements as held for sale was equal to \$4.5 million. The Company determined that the aforementioned equipment met the required criteria for classification as held for sale. A multitude of items were identified to have a potential resale value and during 2022, the Company managed to sell approximately half of the items. Unfortunately, the Company was not able to sell the rest of the equipment. All remaining items were disposed of at the end of the year.

In quarter 4 of 2021, the Company also committed to a plan to sell the land and buildings from which it performed its operations. The location was surplus to the future needs of the organisation, so the Company engaged a real estate broker to pursue a sale and intends to move to a location better suited for the organisation. The cumulative value of these land and building reported on the financial statements was equal to \$53.7 million. Significant interest in the property was received from interested parties. The land and buildings were classified as held for sale at year end on the basis that the Board of Directors expected to be able to sell these assets with a three- month lease available to complete its production agreements. The Company pursued the interest received in the property, and in December 2022, the Company successfully completed the sale, for \$65.0 million. After subtracting the commission and other costs to sell, the recorded proceeds were equal to \$63.1 million.

a) Impairment losses related to the assets held for sale

The equipment, land and buildings were reflected at the lower of their carrying amount and its fair value minus cost to sell, based on a certified valuation of the equipment performed by the sales specialist. An impairment loss of \$2,100 thousand was recorded in 2021. Land and buildings were already represented on the balance sheet at fair value through the revaluation method, and were sold in 2022. The detailed disclosures can be found in Note 29. The Equipment held for sale that was not sold at the end of December 2022 was disposed of, with an impairment of \$2.7 million.

b) Assets and liabilities held for sale

As at December 31, 2021, the assets held for sale represented equipment related to the shut-down home care factory and the exited warehouse, as well the land & buildings of the premises. At December 31, 2021, the disposal group was stated at fair value less costs to sell, and comprised the following assets and liabilities. At December 31, 2022, the values for both assets and liabilities are zero, as the land and buildings assets were sold and the liabilities were settled.

UNILEVER CARIBBEAN LIMITED

Notes to the Financial Statements

December 31, 2022

(Expressed in Trinidad and Tobago Dollars)

31. Assets Held For Sale (continued)

b) Assets and liabilities held for sale (continued)

	2022	2021
	\$'000	\$'000
Equipment	-	4,464
Land and Buildings	-	53,682
<i>Assets Held for Sale</i>	-	58,146
Deferred tax liabilities	-	2,949
<i>Liabilities Held for Sale</i>	-	2,949

c) Cumulative income or expenses included in OCI

There were no cumulative income or expenses included in OCI relating to the disposal groups.

d) Fair value hierarchy

The fair value measurement for the assets has been categorised as a Level 3 fair value based on the inputs of the valuation techniques used (refer to Note 29).