



Unilever

Annual Report 2023

Unilever Nigeria Plc

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Our Purpose



Our Values

INTEGRITY
RESPECT
RESPONSIBILITY
PIONEERING

Unilever Nigeria Plc - Purpose-Led, Future-fit

Unilever Nigeria Plc was established in 1923 as a soap manufacturing company – West Africa Soap Company– by Lord Leverhulme. It later became known as Lever Brothers Nigeria Plc Today, Unilever Nigeria Plc is the longest serving manufacturing organization in Nigeria and celebrated its centenary anniversary in 2023.

After a series of mergers and acquisitions, the Company diversified into manufacturing and marketing of foods, home care, beauty and personal care products. These mergers and acquisitions resulted in the absorption of Lipton Nigeria Limited in 1985, Cheesebrough Industries Limited in 1988 and Unilever Nigeria Limited in 1996. The Company changed its name to Unilever Nigeria Plc in 2001 in line with the global strategic direction of the business.

The Company was quoted on the Nigerian Stock Exchange in 1973 and is a truly multi-local, multinational organization with international and local brands in her portfolio. The international brands include Close-Up, Pepsodent, and Rexona in the Beauty & Well-being and Personal Care Business group of the business, Knorr in the Foods Business group. Other Regional and local jewels include Annarpurna and Royco. The Company provides sources of income to millions of Nigerians who are shareholders, distributors, suppliers, service providers, employees, and other stakeholders.

Unilever Nigeria Plc is a member of the Unilever Group, one of the world's leading consumer goods companies. One in three people around the world use Unilever brands every day. With this reach comes responsibility and opportunity. That's why we've made it our purpose to make 'Sustainable living commonplace'. To help people live well within the limits of the planet. This isn't just something we say – it steers our decisions and shapes our actions, at every level of the organization.

Unilever's focus on purpose goes back to our history and it remains integral to our future. Accordingly, we want all our brands to drive purpose, take a stand, and act on the big social and environmental issues facing the world.

To truly make sustainable living commonplace, we are focused on taking strides that enable us to be fit for the future. We seek to anticipate the significant changes which are shaping our industry, drive increased digitization, lower cost, speed and agility while using our scale and influence to create positive change well beyond Unilever. We are actively driving for competitive, consistent, profitable and sustainable growth with quality products that are good for both people and the planet and within the reach of Nigerian mainstream consumers. We will continue to attract the very best people into a diverse, inclusive, exciting, agile and flexible working culture.

Unilever Nigeria's confidence in Nigeria remains tenacious and we are committed to continued investments, capability development and innovation with brands that are tailored to delight and satisfy the Nigerian mainstream consumers' needs and preferences.

Board of Directors, Officers and Other Corporate Information

Directors

His Majesty Nnaemeka A. Achebe CFR, Obi of Onitsha	- Chairman (Resigned w.e.f 31 December 2023)
Mr. Carl Cruz	- Managing Director (Resigned w.e.f. 20 April 2023)
Mr. Tim Kleinebenne	- Managing Director (Appointed w.e.f. 5 May 2023)
Mrs. Abidemi Ademola	- Executive Director (Appointed w.e.f 16 March 2023) (Resigned w.e.f 31 May 2023)
Mr. Jaime Aguilera	- Non Executive Director (Resigned w.e.f 18 January 2024)
Mr. Ben Langat	- Non Executive Director (Appointed w.e.f 18 January 2024)
Mrs. Abiola Alabi	- Non-Executive Director
Madam Ammuna Lawan Ali, OON	- Independent Non-Executive Director
Mr Michael Ikpoki	- Independent Non-Executive Director
Mr. Chika Nwobi	- Non-Executive Director
Mrs. Folake Ogundipe	- Executive Director
Mr. Obinna Emenyonu	- Executive Director (Appointed w.e.f 18 January 2024)
Mr. Mutiu Sunmonu CON, FNSE	- Independent Non-Executive Director

Senior Counsel and Company Secretary

Mrs. Afolasade Olowe

Registered Office

1 Billings Way
Oregun
Ikeja, Lagos
Tel: +234 1 279 3000 & +234 803 906 6000
[Email: consumercare.nigeria@unilever.com](mailto:consumercare.nigeria@unilever.com)
[Website: www.unilevernigeria.com](http://www.unilevernigeria.com)

Company Registration Number

RC 113

Tax Identification Number (TIN)

01056346-0001

Independent Auditors

KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island
Lagos.

Registrar and Transfer Office

Greenwich Registrars and Data Solutions Ltd.
274, Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: +234 01 279 3161- 2 & +234 01 813 1925
info@gtlregistrars.com

Bankers

Access Bank	Guaranty Trust Bank
Citi Bank	Rand Merchant Bank
Coronation Bank	Stanbic IBTC Bank
Globus Bank	Standard Chartered Bank
First Bank	Sterling Bank
First City Monument Bank	United Bank for Africa
Ecobank Nigeria	Zenith Bank

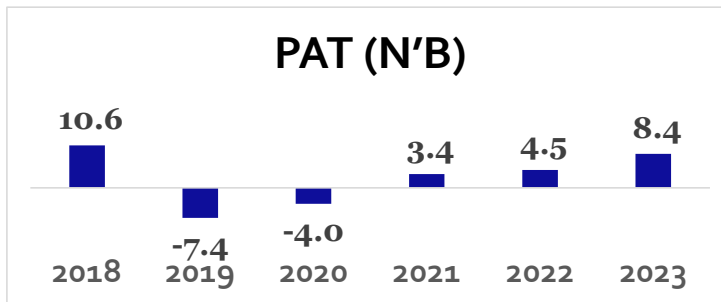
Results at a glance

	2023	2022
	₦'000	₦'000
Revenue	<u>103,879,730</u>	<u>68,637,363</u>
Operating profit	20,259,990	8,449,729
Profit before taxation	21,891,792	8,723,339
Taxation	(5,477,382)	(3,344,820)
Profit from continuing operations	16,414,410	5,378,519
Loss from discontinued operation (net of tax)	(7,974,515)	(911,434)
Profit for the year	<u><u>8,439,895</u></u>	<u><u>4,467,085</u></u>
Total Equity	74,509,103	67,564,716
Capital expenditure	2,245,874	1,559,536
Depreciation of property, plant and equipment	2,809,131	2,420,298
Cash and cash equivalents	<u><u>56,698,640</u></u>	<u><u>66,317,783</u></u>
Earnings per share (Naira)	1.47	0.78
Net Assets per share (Naira)	12.97	11.76
NSE share price at 31 December	<u><u>14.80</u></u>	<u><u>11.60</u></u>
Ratio % Revenue		
Operating costs	-15%	-26%
Operating profit	20%	12%
Profit from continuing operations	16%	8%

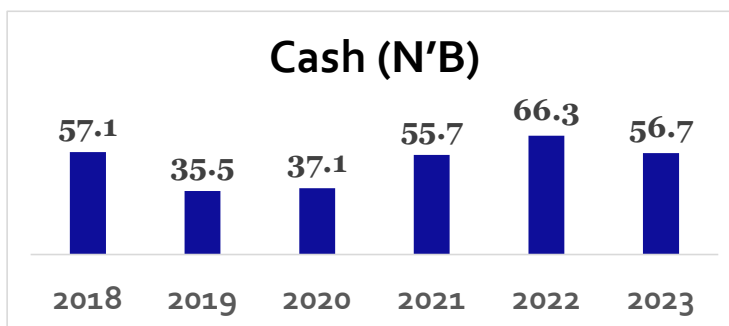
Results at a glance (continued)

Key Performance Indicators trend

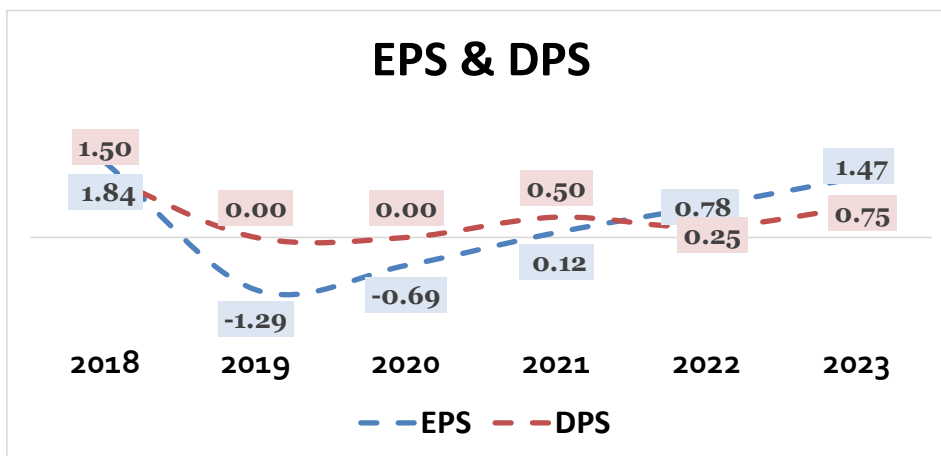
(i) Profit after tax



(ii) Cash and cash equivalents



(iii) Earnings per share and dividend per share



Board profile

HIS MAJESTY NNAEMEKA A. ACHEBE CFR, – Chairman/Non-Executive Director

His Majesty Nnaemeka A. Achebe, Obi of Onitsha, had a 30-year career with the Royal Dutch Shell Petroleum Group of Companies in Nigeria and overseas. He is the past Chairman of Diamond Bank PLC, past Chairman of Intafact Beverages Ltd. (subsidiary of SAB Miller Plc) and past Chancellor of Kogi State University. He is the Chairman of the Board of International Breweries Plc (a subsidiary of AB-InBev, the global leading brewer of beer and other beverages), OMAK Maritime Limited, and Tishona Limited. He is also the Chairman of Anambra State Traditional Rulers Council, a trustee of the National Council of Traditional Rulers of Nigeria, and Chancellor Ahmadu Bello University, Zaria.

He was educated at Stanford and Columbia Universities in the U.S.A. and also attended the National Institute for Policy and Strategic Studies, Kuru.

He resigned from the Board of Unilever Nigeria Plc effective 31st December 2023.

MR MICHAEL IKPOKI – Interim Chairman / Independent Non-Executive Director

Michael Ikpoki is an accomplished Multinational Business Executive and leader with over twenty-five (25) years experience across regulatory, commercial, operational, leadership and consulting/advisory roles in the African telecom Industry. Michael has proven experience in successfully managing and growing telecom/consumer businesses in the largest economies in Africa. Key roles held in his 14-year career in MTN Group include Sales Director in MTN Nigeria, Chief Executive Officer of MTN Ghana and Chief Executive Officer of MTN Nigeria (in addition to being a member of the MTN Group Executive Committee). Since 2016, he founded and now leads Africa Context Advisory Partners in consulting on Telecom/ICT in Africa; serving as a Senior Resource/Adviser to significant local/pan-African investors/businesses in Nigeria/West Africa across ICT/Fintech and other consumer-related industries. Areas of expertise include market insights & analysis, business strategy development, commercial due diligence, Growth and business operations oversight, policy & regulatory advice, and Board Advisory support. In this vein, he is presently an Adviser to ONAFRIQ which is the largest Pan-African Digital Payments hub primarily to support their growth and expansion in West Africa.

He is the Chairman of the Boards of Capricorn Digital Limited (a digital distribution company in Nigeria owned by Onafriq) and Amplitude Telecoms Africa Limited (an African infrastructure management company). He also sits on the Advisory Board of TERRAGRAN, a UK company creating sustainable, biodiversity compliant Bamboo forests in Africa. He also serves as a Board Adviser to some progressive Nigerian-owned businesses in the Marketing, Hospitality, Fintech and Investment sectors.

He was appointed to the Board of Unilever Nigeria Plc in February 2021.

MR. CARL CRUZ (FILIPINO) – Managing Director

Mr Carl Raymond R. Cruz. was the immediate past Managing Director of Unilever Nigeria Plc He holds a Bachelor of Science degree in Marketing from De La Salle University, Philippines. Carl had an extensive career in Unilever D & E Markets in Asia (Philippines, Thailand, India and Sri Lanka). Over Carl's 30 years' experience in Unilever, he worked in Customer Development, and in Marketing roles across Home Care, Beauty & Personal Care and Foods. In addition, as Chairman of Unilever Sri Lanka, Carl successfully steered the business to a sustainable and competitive growth trajectory. He did not only establish Unilever Sri Lanka as a market leader across key categories but also as the most admired employer, despite some very challenging conditions, including the Horana Fire in 2016 and the Easter Sunday Attacks in 2019.

Up until his resignation, Carl focused on business transformation and growth. Carl was also a non-executive director of Unilever Ghana Plc

He resigned from the Board of Unilever Nigeria Plc effective 5th May 2023.

Board Profile (continued)

TIM KLEINEBENNE (GERMAN) – Managing Director

Mr. Tim Kleinebenne graduated in Business Economics at the University of Hamburg in Germany and has 31 years of international experience in the Fast-Moving Consumer Goods industry across three continents at Unilever. This includes senior sales and marketing roles as well as over 10 successful years as Managing Director of Unilever businesses, two of which were publicly listed.

Mr Kleinebenne successfully led Unilever Caribbean Limited before moving to Ethiopia in 2016, where he established the Unilever business and made it become the leading business in this emerging market. In 2021, he moved to West Africa where he became the Managing Director of Unilever Côte d'Ivoire in 2022 and delivered a most successful business turnaround. Since May 2023, he leads Unilever Nigeria Plc

Mr. Tim Kleinebenne is a purpose driven leader, delivering high performance year after year through clear business strategies, operational excellence and building inclusive & talented teams.

He was appointed to the Board of Unilever Nigeria Plc in May 2023.

MR. JAIME AGUILERA (SPANISH) – Non-Executive Director & President Africa

Jaime is a well-rounded business professional with broad leadership and operational expertise gained working for top FMCG companies internationally in a range of general management, sales and marketing roles. His corporate experience spans Unilever, Coca-Cola, Nestlé and Procter & Gamble and he is currently the President for Unilever in Africa since January 2020. Before this, he was leading Unilever's Eastern Europe region after joining the company in 2009 as Chairman of Unilever Spain. He has extensive global experience, having been responsible for businesses across Europe, the Americas, Asia and more recently Africa.

Jaime is Spanish by origin but has also lived in Brazil, Greece, Mexico, Switzerland and Poland. He graduated from the Universidad Pontificia de Comillas- ICADE in Madrid where he majored in Economic Sciences, Management & Business Administration.

He resigned from the Board of Unilver Nigeria Plc effective 18th January 2024.

MR. BEN LANGAT (KENYAN) – Non-Executive Director & Executive Vice President Africa

Mr. Benard Langat assumed the position of Executive Vice President of Unilever East and West Africa region on 1st January 2024 and was appointed to the Board of Unilever Nigeria Plc on 18th January 2024.

He has over 30 years' experience from holding different capacities in multinationals across Africa. He started his career at Unilever Tea Kenya in 1993 and later Unilever Malawi before rising to the position of Finance Director in Kenya and Ghana. In 2009 he moved to be CFO at Coca Cola Hellenic Nigeria, where he was subsequently appointed MD in 2012. In 2017 he joined Friesland Campina where he became the MD of FrieslandCampina WAMCO Nigeria Plc and was promoted in 2021 to Managing Director FrieslandCampina Sub-Saharan Africa Cluster, a position he held till December 2023 when he resigned to rejoin Unilever.

He has extensive experience across African markets where he has consistently led businesses to accelerate performance and build long term growth strategies. He has overseen the businesses to deliver strong results during volatile times. He has a strong legacy of talent development and continuously seeks to bring the best out of people.

He is past Vice President of the Association of Foods Beverage and Tobacco Employers of Nigeria (AFBTE) and an active member of several industry advocacy groups.

Mr. Langat holds a Bachelor of Commerce Degree from the University of Nairobi, Master of Business Administration from Edinburgh Business School – Heriot Watt University, Scotland UK and is a certified Public-Accountant of Kenya CPA (K). He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is an alumnus of Harvard Business School Advance Management Program AMP191, Boston USA, the London Business School as well as IMD Lausanne Switzerland.

He was appointed to the Board of Unilever Nigeria Plc in January 2024.

Board Profile (continued)

MRS. ABIOLA ALABI – Non-Executive Director

Mrs. Abiola Alabi is a Partner at Acasia Ventures, a Venture Capital fund focused on providing early-stage capital to innovative African founders solving local, regional, and global problems. She is an active angel investor and advisor to African technology and media companies. She has been involved in myriad start-ups as a board member, advisor, and investor. True to her reputation as a leader in the community, and fuelled by her passion to support up-and-coming talent, Biola is also the founder of Grooming for Greatness (G4G), a fellowship and mentorship program aimed at cultivating leadership skills in young, aspiring professionals and entrepreneurs. She is an award-winning executive producer, and founder of Biola Alabi Media – a pan-African media and technology advisory firm that has worked extensively with local and global companies, governments, and development agencies in the Telcom, Media, and Technology (TMT) space.

As Managing Director of M-Net Africa, Biola transformed the broadcasting, and film industry on the continent, launching seven Africa Magic channels, and the Africa Magic Viewers' Choice Awards, widely regarded as the "African Oscars". Biola graduated from the University of Cincinnati with a degree in Public and Community Health and has completed executive education programs at Harvard University's Kennedy School of Government, Yale University's Jackson Institute of Global Affairs, and Saïd Business School, University of Oxford.

She was appointed to the Board of Unilever Nigeria Plc in December 2015.

MRS. AMMUNA LAWANI ALI, OON – Independent Non-Executive Director

Mrs. Ammuna Lawan Ali, a retired Federal Permanent Secretary, commenced her Civil Service career in 1977 as a Planning Officer in the Borno State Ministry of Lands and Survey, Maiduguri, where she rose to the position of Permanent Secretary. In 1995, Ammuna Lawan Ali transferred her services to the Federal Civil Service as a director and served in the Ministry of Women Affairs and Social Development and Finance. In January 2001, Ammuna Lawan Ali was appointed a Permanent Secretary and served in various Ministries, including those of Commerce, Petroleum Resources, Transportation, Works, Environment, Housing and Urban Development, amongst others. She retired from service in December 2009. Ammuna Lawan Ali is a proud recipient of a national honour, Order of the Niger (OON) and a member of the National Institute of Policy and Strategic Studies (NIPSS) Kuru. She holds a BA (Hons) and Master's Degree in Public Administration. She is the Chairman of Synapse Services Ltd., the Patron of Women in Energy Network, (WIEN) Nigeria, and Chairperson Board of Trustees of African Women Entrepreneurship Programme (AWEP), Nigeria.

She was appointed to the Board of Unilever Nigeria Plc in December 2015.

MR. CHIKA NWOBI – Non-Executive Director

Mr. Chika Nwobi is the founder and CEO of Decagon where brilliant young Nigerians are trained to be world-class software engineers then connected to local and global opportunities. Before Decagon, Chika has been involved in incubating over 20 startups including Babybliss - Nigeria's top omni-channel platform for mom and baby, Jobberman and Cheki. Chika was the founder of MTech where he launched Nigeria's first mobile internet service with MTN Nigeria in 2001 and helped pioneer the Mobile VAS industry. Chika has also led consulting engagements for Ford Foundation and IFC. Chika is also venture partner in Rise Capital, an emerging-markets focused venture capital firm. Chika has a BA in Economics and a B.Sc. in Computer Science and is in the MSc Software Engineering program at University of Oxford. He also completed the Stanford University SEED transformation program. Chika is passionate about education and developing young people and has been invited to speak at Wharton, NYU and Lagos Business School. He has also served as judge and mentor for entrepreneurship programs of the Federal Government of Nigeria and the World Bank XL startup program.

He was appointed to the Board of Unilever Nigeria Plc in January 2019.

Board Profile (continued)

MRS ABIDEMI ADEMOLA – Executive Director & General Counsel West Africa

Mrs. Abidemi Ademola is a highly skilled and experienced Corporate Counsel, Governance Professional and Executive Business Leader with over 27 years of Commercial Law and Corporate Governance practice in Nigeria and West Africa. Passionately driven by a personal purpose to build a lasting legacy by shaping capability in Governance, Risk and Compliance, her forte is to proactively identify legal, regulatory, compliance and corporate governance risks to business and develop innovative mitigation to enable seamless business operations and sustainability. Abidemi has been instrumental in building strong legal teams and delivering several epic legal transactions and projects across West Africa. She has supported the Unilever Nigeria Board for over 10 years to implement world class Corporate Governance practices and processes with positive impact on Board effectiveness.

Abidemi holds a Bachelor of Laws from the Obafemi Awolowo University, Ile-Ife., a Master of Laws from the University of Lagos, Akoka and an MBA Leadership from Walden University, United States. She is a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN) and a Governing Council member of the Institute. She is also a Fellow of the WIMBOARD Institute, a WIMBIZ/IE University, Madrid Executive Education Programme for Women on Boards.

Bidemi is an active member of the Nigerian Bar Association, the Society for Corporate Governance and the Institute of Directors, Nigeria. Abidemi was the pioneer chairperson of the Corporate Counsel Committee of the NBA Section on Business Law and is currently an Officer of the Corporate Counsel Committee of the NBA Women Forum.

She resigned from the Board of Unilever Nigeria Plc effective 31st May 2023.

MRS. FOLAKE OGUNDIPE – Executive Director, Finance

Mrs. Folake Ogundipe currently serves as Executive Director and National Finance Director of Unilever Nigeria Plc She has vast knowledge and experience in leading finance functions to deliver corporate objectives that maximize stakeholders value. She possesses hands-on experience as Chief Finance Officer with remarkable leadership skills and strong accounting capabilities including IFRS, and GAAP with proven knowledge of delivering end-to-end financial procedures, designing effective and efficient controls, improving regulatory compliance, reporting, and minimizing risks. She is adept at steering and establishing robust financial management capability as well as formulating effective strategies to drive strong financial governance. In her career, she has proven to be a strong leader who is enthusiastic and result driven.

Mrs. Ogundipe holds a B.Sc. Accounting from Obafemi Awolowo University, Ile-Ife, Nigeria and M.Sc. Management from University of Leicester, UK. She is a Fellow of the Institute of chartered Accountants of Nigeria (ICAN) and an Associate member of the Chartered Institute of Management Accountants, UK (CIMA). She has built a formidable career working in various organizations both in Nigeria and the United Kingdom. Prior to joining Unilever Nigeria Plc, she was the Chief Financial Officer for PES (Pivot Energy Services) Group - A Honeywell Company based in Lagos, Nigeria, and Financial Controller for Nigerdock Nigeria Ltd. She has other experience working at Subsea7 S.A UK, Phillips Consulting Ltd and Investment Banking & Trust Company (IBTC) Limited.

She was appointed to the Board of Unilever Plc in April 2022.

MR. MUTIU SUNMONU CON, FNSE – Independent Non-Executive Director

Mr. Mutiu Sunmonu, CON graduated from the University of Lagos in 1977 with a first-class degree in Mathematics and Computer Sciences. He joined Shell Petroleum Development Company of Nigeria Limited (SPDC) in August 1978 and served in various capacities in Nigeria, UK and the Netherlands. After 36 years of meritorious service, Mr. Mutiu Sunmonu retired from Shell as the Managing Director of SPDC, and Country Chair of Shell Companies in Nigeria. Since his retirement, he continues to be active in the Oil and Gas Industry. He is currently the chairman of Petralon Energy Nigeria and the chairman of San Leon Energy UK. He is the Chairman of Julius Berger Nigeria Plc and the Chairman of Imperial Homes Mortgage Bank.

He was appointed to the Board of Unilever Nigeria Plc in December 2015.

Board Profile (continued)

MR. OBINNA EMENYONU – Executive Director, Procurement

Mr. Obinna Emenyonu is a seasoned Procurement and Supply Chain professional with an impressive 22-year track record in management and leadership. He has consistently delivered successful margin improvement initiatives, showcasing expertise in strategic planning, business process reengineering, budget management, Forex Neutrality, P&L Impact, Contract Manufacturing, Aggregation Models, Restructuring, Cost Savings Initiatives, human resources, and working capital improvement.

As the Procurement Director of the Unilever West Africa region since September 1, 2019, he oversees Nigeria, Ghana, and Ivory Coast, driving excellence in Execution & Budget Planning, Supplier Engagement, Negotiation, Risk Management, Contract Management, Customer Client Management, and Procurement Process management. His leadership is marked by a strong focus on team building and execution.

With a background in reputable multinationals across Africa, Mr. Emenyonu previously served as the Head of Procurement at Lafarge Africa Plc and PZ Cussons. At PZ Cussons, he rose through the ranks from Head of Procurement Nigeria to eventually becoming the Head of Procurement for Africa, overseeing operations in Nigeria, Ghana, and Kenya.

His extensive hands-on experience in various senior management positions across African markets, including Kenya, Ivory Coast, Ghana, and Nigeria, has consistently yielded remarkable results. Mr. Emenyonu's commitment to excellence is evident in his ability to navigate and succeed in diverse and challenging business environments.

He holds a Bachelor of Manufacturing Engineering Degree from the University of Salford, Manchester, United Kingdom, and a Post Graduate Certificate from Warwick University. He is a member of the Chartered Institute of Purchasing and Supply and the Institute of Electrical and Electronics Engineers (UK).

He was appointed to the Board of Unilever Nigeria Plc in January 2024.

MRS. AFOLASADE OLOWE – Senior Counsel and Company Secretary

Mrs. Afolasade Olowe is a seasoned corporate counsel with over two decades of experience in corporate commercial law and governance practice. Her expertise cuts across different aspects of law including Corporate Law and Governance, Regulatory Advisory and Compliance, Labour & Employment, Mergers & acquisitions, etc.

Prior to joining Unilever Nigeria Plc, Afolasade gained her legal experience in two of Nigeria's leading full-service commercial law firms where she developed first-hand skills in her areas of expertise especially Company Secretarial & Corporate Governance practice where she represented her law firm on the board of clients in diverse sectors. Whilst in practice she had been recognised by the global Who's Who Legal in Corporate Immigration.

She is an Associate of the Institute of Chartered Secretaries and Administrators of Nigeria as well as the Society for Corporate Governance. She is a member of the Nigerian Bar Association and holds an MBA from the Henley Business School, University of Reading, United Kingdom.

Afolasade is passionate about the girl child and her personal goal is to assist the girl child to achieve their full potential through mentoring.

She was appointed as Company Secretary in March 2023.

Report of the directors

The Directors hereby present their Report together with the audited financial statements for the year ended 31 December 2023.

Legal Status

Unilever Nigeria Plc is incorporated in Nigeria as a public limited liability company under the Companies and Allied Matters Act 2020 (CAMA 2020) and is domiciled in Nigeria. The company's shares are listed on the Nigerian Exchange Ltd. (NGX).

Principal Activities

The Company is principally involved in the manufacture and marketing of Nutrition, Beauty & Wellbeing and Personal Care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State.

Results

The results for the year are summarized as follows:

	2023	2022
	₦'000	₦'000
Revenue	103,879,730	68,637,363
Operating profit	20,259,990	8,449,729
Profit before taxation	21,891,792	8,723,339
Taxation	(5,477,382)	(3,344,820)
Profit after tax from continuing operations	16,414,410	5,378,519
Other comprehensive (loss)/income	(59,257)	208,468
Loss from discontinued operations	(7,974,515)	(911,434)
Proposed dividend	75k per share	25k per share

Dividend

The Directors recommend to the shareholders the payment of a dividend in respect of the year ended 31 December 2023 of N4,308,753,750 (Four Billion, Three hundred and Eight Million, Seven hundred and Fifty Three thousand, Seven Hundred and Fifty Naira) that is 75kobo gross per share which is payable on Friday 10 May, 2024 subject to the deduction of appropriate withholding tax.

Corporate Governance Report

Framework

Unilever Nigeria Plc operates within a Corporate Governance framework established on the provisions of the following governance documents:

- 1 Companies and Allied Matters Act 2020
- 2 The Rule Book of the Nigerian Exchange for the time being in force
- 3 The Investment and Securities Act 2007
- 4 Securities and Exchange Commission (SEC) Rules for the time being in force
- 5 The Nigerian Code of Corporate Governance 2021
- 6 Securities and Exchange Commission (SEC) Corporate Governance Guideline 2021
- 7 The Memorandum and Articles of Association of Unilever Nigeria Plc
- 8 The Board Charter
- 9 The Unilever Code of Business Principles and Code Policies
- 10 Subsidiary Governance of Unilever document

From the above, the Corporate Governance Policy of Unilever Nigeria Plc can be summed up as follows:

- a. Unilever conducts its operations with integrity, openness and respect for human rights and the legitimate interests of its employees, business partners and stakeholders.
- b. As a Unilever Group company, it strives to comply with the laws and regulations of the countries in which it operates.
- c. Unilever focuses on the long-term sustainability of its business for the benefit of multiple stakeholders. The Company is committed to building trust and transparency across all its operations with stakeholders.
- d. Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. The Company will provide timely, regular and reliable information on its activities, structure, financial situation and performance to its shareholders and other stakeholders.

Compliance with the above principles is a critical element of our business success and all Unilever employees and business partners are mandated to comply with these principles.

Report of the directors (continued)

During the year 2023, Unilever Nigeria Plc continued to embed the principles of good corporate governance encapsulated in the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission Corporate Governance Guideline 2020 and global best practices.

Board composition

The Directors who held office during the year 2023 and up to the date of this report are:

His Majesty Nnaemeka A. Achebe, CFR, MNI Obi of Onitsha	-	Non-executive Director and Chairman (Resigned w.e.f. 31 December 2023)
Mr. Carl Cruz	-	Managing Director (Resigned w.e.f. 5 May 2023)
Mr. Tim Kleinebenne	-	Managing Director (Appointed w.e.f. 5 May 2023)
Mrs. Abidemi Ademola	-	General Counsel and Executive Director (Resigned w.e.f. 31 May 2023)
Mr. Jaime Aguilera	-	Non- Executive Director (Resigned w.e.f. 17 January 2024)
Mr. Ben Langat	-	Non-Executive Director (Appointed w.e.f. 18 January 2024)
Mrs Abiola Alabi	-	Non-Executive Director
Madam Ammuna Lawan Ali, OON	-	Independent Non-Executive Director
Mr. Michael Ikpoki	-	Independent Non-Executive Director
Mr. Chika Nwobi	-	Non-Executive Director
Mrs. Folake Ogundipe	-	Executive Director
Mr. Obinna Emenyonu	-	Executive Director (Appointed w.e.f. 18 January 2024)
Mr. Mutiu Sunmonu, CON	-	Independent Non-Executive Director

Board responsibilities

The Board has the apex responsibility for leadership, direction and performance of the company and has the powers, authority and duties vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Unilever Nigeria Plc. The Board has oversight responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the company.

The Board has delegated to the Managing Director all its powers, authority and discretions which relate to the day-to-day operations of Unilever Nigeria Plc.

The powers, authority and discretions exclusively within the remit of the Board and which currently have not been delegated include making or approving the following:

- 1 Structural and constitutional powers
 - a. Alteration of Articles of Association
 - b. Alteration of the capital of the company
 - c. Significant asset disposal
- 2 Governance
 - a. Convening of meetings of the shareholders of Unilever Nigeria Plc and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place.
 - b. Presentation of the annual report and financial statements to shareholders.
 - c. Reviewing and approving proposals from the Governance, Remuneration and Risk Management Committee.
 - d. Proposals to the general meetings of shareholders of Unilever Nigeria Plc on the Board remuneration policy within the authority set by the general meeting of shareholders.
 - e. The review of the functioning of the Board and its committees.
 - f. Overall responsibility for compliance with all relevant laws, regulations and Code of Corporate Governance.
 - g. The Operating Framework.

Report of the directors (continued)

Board Appointment, Evaluation & Training

Unilever Nigeria Plc appoints Directors in line with its Board recruitment process. The basic principle underlining the process of recruitment of Directors in Unilever Nigeria Plc are the qualifications, ability and skills required for the role and the ability to make visible and independent contribution to the governance of Unilever Nigeria Plc in accordance with Unilever global, regional and local strategy, Unilever Diversity and Inclusion principles and the relevant local legal requirements.

The governance process in Unilever Nigeria Plc entails robust induction and training of Directors. Accordingly, Directors are taken through relevant and apposite training programmes to equip and empower them for the role on an ongoing basis. In 2022, the Unilever Business Integrity Director, Africa facilitated a Board Knowledge session on 'Unilever Code of Business Principles and Code Policies' to reinforce Unilever values and the standard of conduct expected of all Unilever employees, Board members and business partners. Some members of the Board also went through relevant trainings to sharpen their Corporate Governance knowledge, skills and capabilities.

Unilever Nigeria Plc provides the right atmosphere for its Directors to demonstrate leadership and enhance their experiences. It further provides relevant governance information to its Directors and facilitates circulation of essential governance documents to the Board from time to time to keep them abreast of all relevant legal, regulatory and corporate governance developments and trends.

The Board of Directors of Unilever Nigeria Plc is evaluated locally and at the Unilever Africa Cluster level on an annual basis. The Board and individual Directors are benchmarked against the requirements of the Unilever Code of Business Principles, the Code Policies, the laws and regulations of Nigeria, the Nigerian Code of Corporate Governance, the SEC Corporate Governance Guideline and other relevant governance provisions. The scope of evaluation covers diversity and inclusion, leadership, compliance, contribution to the Board agenda for the year, attendance at meetings, quality of discussions at Board meetings, level of engagement with government and the community, business performance and entrepreneurial acumen.

In line with the Unilever Governance standards and in compliance with the Nigerian Code of Corporate Governance, the SEC Corporate Governance Guideline, the Board of Unilever Nigeria Plc conducted an external evaluation exercise in respect of the period ended 31 December 2023 to review the performance of the Board, individual Directors, and Board Committees together with the Corporate Governance framework of Unilever Nigeria Plc. The Board and Corporate Governance Evaluation Report shows that Unilever's governance procedures and practices during the year ended 31 December 2023 were essentially in compliance with the provisions of applicable laws, regulations, corporate governance Code and international best practices. Actions points from the Evaluation will be addressed in the course of 2024.

Directors Retiring by Rotation

In accordance with Article 90 of the company's Articles of Association Mr. Mutiu Sunmonu, Mr. Michael Ikpoki and Ms. Biola Alabi will retire by rotation and being eligible, offer themselves for re-election.

In addition, the following directors Mr. Ben Langat and Mr. Obinna Emenyonu, who were appointed since the last Annual General Meeting will retire at this meeting and being eligible offer themselves for re-election.

The profiles of all the five (5) Directors standing for re-election are contained on pages 8 - 12 of this Annual Report and Financial Statements.

Report of the directors (continued)

Board committees

In line with the Code of Corporate Governance, the Board of Directors operates through the following committees/Teams:

a. Executive Committee (Exco)

The Exco is a sub-committee of the Board, and it is empowered by the Board to take decisions on its behalf which are necessary for the smooth day to day operations of the company. The Committee is composed of the Executive Directors of the company. The following are currently members of the committee:

- | | | |
|---------------------------|---|---|
| i. Mr. Tim Kleinebenne | - | Managing Director |
| ii. Mrs. Abidemi Ademola* | - | Executive Director & General Counsel, West Africa |
| iii. Folake Ogundipe | - | Executive Director, Finance |
| iv. Mr. Obinna Emenyonu | - | Executive Director, Procurement |

* Mrs. Abidemi Ademola, Executive Director resigned w.e.f. 31 May 2023

b. Leadership Team (LT)

The Leadership Team comprises of the Executive Directors and Senior Executives who occupy strategic roles in the organization. The Leadership Team is responsible for delivering the corporate targets of the company, establishing priorities, allocating resources, and seeing to the operations of the company on a day-to-day basis. The Leadership Team is chaired by the Managing Director/Chief Executive Officer of the company. Current members of the leadership team are as follows:

- | | | |
|-------------------------------|---|---|
| i. Mr. Tim Kleinebenne | - | Managing Director |
| ii. Mrs. Folake Ogundipe | - | National Finance Director |
| iii. Mr. Obinna Emenyonu | - | Head of Procurement, West Africa |
| iv. Mrs. Afolasade Olowe | - | Senior Counsel and Company Secretary |
| v. Mr. Michael Ubeh | - | Customer Development Director, Nigeria |
| vi. Mr. Tobi Adeniyi | - | Customer Operations Director, West Africa |
| vii. Mr. Abayomi Alli | - | Manufacturing Director, Nigeria |
| viii. Mr. Ola Ehinmoro | - | Human Resources Director West Africa |
| ix. Mrs Bolanle Kehinde-Lawal | - | West Africa Nutrition Business Lead |
| x. Mrs Oiza Gyang | - | Nigeria BW & PC Business Lead |
| xi. Mr Uchenna Nwakanma | - | Personal Care R & D Head of Africa |
| xii. Mr. Peter Dada | - | Senior Counsel Brand Protection West Africa |
| xiii. Mr. Chidobem Mgbachi | - | IT Manager, West Africa |
| xiv. Mr. Godfrey Adejumo | - | Communication and Sustainability Manager, Nigeria |

c. The Audit Committee

The Audit Committee, established in accordance with the provisions of Section 404(2) of the Companies and Allied Matters Act 2020, comprises of three (3) shareholders' representatives and two (2) Directors' representatives (both of whom are non-executive Directors). The Chairman of the Audit committee is a shareholders' representative. During the year under review, the committee met five (5) times.

The functions of the Audit Committee are governed by the provisions of Section 404(7) of the Companies and Allied Matters Act 2020. The Members of the Audit Committee and the Report of the Audit Committee to the members are contained on page 37.

d. The Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee comprises solely of Non-Executive Directors. The Committee's Terms of Reference are in line with the Nigerian Code of Corporate Governance 2018. Members of the Committee during the period ended 31 December 2023 were:

- i. Mr Mutiu Sunmonu, CON - Chair
- ii. Madam Ammuna Lawan Ali, OON
- iii. Mr Jaime Aguilera
- iv. Mr Michael Ikpoki

In 2023, all the above Committees discharged their roles effectively and in line with their terms of reference.

Report of the directors (continued)

Board meetings

During 2023, the Board held five (5) meetings. The record of Directors' attendance is presented below:

Name	Meeting date	Meeting date	Meeting date	Meeting date	Meeting date	Total attendance
	19 January 2023	16 March 2023	20 April 2023	20 July 2023	19 October 2023	
His Majesty N.A Achebe	√	√	√	√	√	5 meetings
Mr. Carl Cruz	√	√	√	NLB	NLB	3 meetings
Mr. Tim Kleinebenne	NYA	NYA	NYA	√	√	2 meetings
Mr. Jaime Aguilera	√	√	√	√	x	4 meetings
Mrs Abiola Alabi	√	√	√	√	√	5 meetings
Ammuna Lawan Ali	√	√	√	√	√	5 meetings
Mrs. Abidemi Ademola	NYA	NYA	√	NLB	NLB	1 meeting
Mr Michael Ikpoki	√	√	√	√	√	5 meetings
Mr Chika Nwobi	√	√	√	√	√	5 meetings
Folake Ogundipe	√	√	√	√	√	5 meetings
Mr Mutiu Sunmonu	√	√	√	√	√	5 meetings

√: Present; X -Absent with apologies; NYA -Not yet appointed; NLB -No longer on the Board

Governance, Remuneration and Risk Management Committee

The Governance, Remuneration and Risk Management Committee held five (5) meetings in 2023. The record of members' attendance is presented below:

Name	Meeting date	Meeting date	Meeting date	Meeting date	Meeting date	Total attendance
	19 January 2023	16 March 2023	20 April 2023	20 July 2023	19 October 2023	
Mr Mutiu Sunmonu	√	√	√	√	√	5 meetings
Mrs Ammuna Lawan Ali	√	√	√	√	√	5 meetings
Mr. Jaime Aguilera	√	√	√	√	x	4 meetings
Mr Michael Ikpoki	√	√	√	√	√	5 meetings

√: Present; X -Absent with apologies

Audit Committee meetings

The Audit Committee held five (5) meetings in 2023. The record of members' attendance is presented below:

Name	Meeting date	Meeting date	Meeting date	Meeting date	Meeting date	Total attendance
	18 January 2023	15 March 2023	19 April 2023	19 July 2023	18 October 2023	
Mr David Oguntoye	√	√	√	√	√	5 Meetings
Alhaji W. Ajani	√	√	√	√	√	5 Meetings
Mr Kolawole Durojaiye	√	√	√	√	√	5 Meetings
Mrs Abiola Alabi	√	√	√	√	√	5 Meetings
Mr Chika Nwobi	√	√	√	√	√	5 Meetings

√ Present

Record of Directors' attendance at Board meetings

The record of the Directors' attendance at meetings during 2023 as listed above is available for inspection at the Annual General Meeting.

Report of the directors (continued)

Directors' interests in contracts

No Director notified the company for the purpose of section 303 of the Companies and Allied Matters Act 2020, of their direct or indirect interest in contracts or proposed contracts with the company during the year.

In accordance with the requirements of Section 383 of the Companies and Allied Matters Act, 2020 under Part I, Third Schedule, it is hereby disclosed that Mr. Chika Nwobi, a non-Executive Director in Unilever Nigeria Plc reported his interest in a transaction regarding intercompany receivables due to Unilever Nigeria Plc from Unilever Cote D'Ivoire Plc and Unilever Ghana Plc. To facilitate the recovery of the receivables, all three entities entered into an invoice factoring arrangement with an invoice factoring agent. Obsidian Archernar Sarl (Obsidian) bought receivables from CDI and Ghana in local currencies and settled Nigeria in USD for an agreed commission.

Although, Mr. Nwobi does not own equity in Obsidian, L5 Digital Limited (L5 Digital), a company in which he has significant shareholding, has a business development partnership with Obsidian and benefited from the business that Obsidian does with Unilever to the tune of \$336,545 (three hundred and thirty-six thousand, five hundred and forty-five dollars). Mr. Nwobi has confirmed that although Obsidian has paid L5 Digital for services rendered, L5 Digital has not paid Mr. Nwobi for services rendered. Revenue received from Obsidian is treated as regular revenue of L5 Digital .

Directors' shareholding

In accordance with Section 301 of the Companies and Allied Matters Act 2020, the Register of Directors' interests in the share capital of the company will be open for inspection at the Annual General Meeting.

The direct and indirect interest of Directors in the issued share capital of the company as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purposes of sections 301 and 302 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Exchange Ltd. are as follows:

Director	Number of shares held as at 31 December 2023 & up to 31 March 2024	Number of shares held at 31 December 2022
*His Majesty Nnaemeka A.	55,976	55,976
*Mr. Carl Cruz	Nil	Nil
Mr. Tim Kleinebenne	Nil	Nil
*Mr. Jaime Aguilera	Nil	Nil
*Mrs. Abidemi Ademola	Nil	Nil
Mr. Ben Langat	Nil	Nil
Mrs. Abiola Alabi	Nil	Nil
Mr. Michael Ikpoki	Nil	Nil
Madam Ammuna Lawan Ali	Nil	Nil
Mr. Obinna Emenyonu	Nil	Nil
Mr. Chika Nwobi	Nil	Nil
Mrs. Folake Ogundipe	Nil	Nil
Mr. Mutiu Sunmonu	Nil	Nil

*These Directors resigned between 1-Jan-2023 and 31-Mar-2024

Other Shareholdings

According to the register of members at 31 December 2023, the following shareholders of the Company held more than 5% of the issued share capital of the company. Except as disclosed below, no other shareholder holds 5% and above of the Company's shares.

Shareholder	Number of shares	Percentage held %
Unilever Overseas Holdings BV	4,364,161,812	75.96

Immediate and Ultimate Parent Companies

The parent company of Unilever Nigeria Plc is Unilever Overseas Holdings B.V. registered in the Netherlands, while the ultimate parent company is Unilever Plc, registered in the United Kingdom

Report of the directors (continued)

Share Dealing Policy

In accordance with the Post-Listings Rules of the Nigerian Stock Exchange, Unilever Nigeria Plc has a share dealing policy which regulates securities transactions by its Directors, Employees and other Insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods are communicated periodically to drive compliance. In respect of the year ended 31 December 2023, the Directors of Unilever Nigeria Plc hereby confirm that:

- i). A code of conduct regarding securities transactions by all Directors has been adopted by the Company.
- ii). Specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Exchange Ltd, and Unilever Nigeria's code of conduct, regarding securities transactions by Directors.

Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") 2019, Unilever Nigeria Plc continues to strengthen its complaints management procedure. The Company has a formal Complaints Management Policy by which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered, promptly resolved and quarterly submission of same is made to the Nigerian Exchange Regulation Ltd.

Unilever Code of Business Principles

Unilever Nigeria Plc has zero tolerance for illegality, corruption and unethical practices. Accordingly, the Company mandates its employees and business partners to adhere to all applicable laws and regulations, the Unilever Code of Business Principles and Code Policies. Unilever Code of Business Principles (COBP) prescribes a uniform standard of conduct expected of every Unilever operating company, employee and business partner. This helps us put our core values of integrity, respect, responsibility and pioneering into practice.

The COBP covers matters such as Obeying the law, Conflict of interest, Business integrity, Business partners, Shareholders and public activities, Fair Competition, Data Protection and Responsibility to our consumers. In addition to the COBP, there are 24 supporting Code Policies which provide a framework of simple 'Musts' and 'Must Nots' designed to be readily applied by employees in their day-to-day work.

Employees of Unilever Nigeria Plc go through regular mandatory trainings, Annual Declarations and focused discussions to reinforce the COBP and Code Policies standards and drive compliance. Compliance with the COBP and Code Policies is mandatory and monitored at the highest level of the organization. Internal and external confidential reporting platforms are available to encourage reporting of breaches, and sanctions are consistently applied for these breaches. Unilever has a dedicated Business Integrity (BI) organization which focuses on Code compliance and related matters. The BI organization provides an effective framework which includes clear policies, guidelines and related learning materials, as well as robust procedures and controls to prevent, detect and respond to any inappropriate behaviour. Unilever also makes it mandatory for all its business partners to sign up to compliance with its Responsible Partner Policy or to ethical standards no less than those provided in the Policy.

Employment policy

At Unilever Nigeria, we strongly believe that in order to win in marketplace, we must win with people and through people. This unwavering premise continues to guide us in the way we work and culminates in our policies and practices at every stage of our employment cycle. Thus, we strive to remain an equal opportunity employer who is passionate about diversity and inclusivity, mutual respect as well as encouraging vibrant communication and consultation between employees and the leadership team.

Our core values and Code of Business Principles define what we stand for and the framework in which we do business. These are values hinged on professional integrity, attaining and maintaining a pioneering mindset of innovation and continuous improvement, a responsibility to make a positive impact in the society in which we operate, and respect for all our stakeholders. These non-negotiables together with our standards of leadership define the kind of people that drive our business; people with Purpose and Service, Personal Mastery, Agility, a Passion for High Performance, Consumer Love with Business Acumen and those who have the ability to be Talent Catalyst.

Report of the directors (continued)

Talent Development

With the dynamic changes in these uncertain times, it has become increasingly imperative that we continue to leverage on the technology and expertise available to us, to equip our business and employees with all that is needed to win and to grow. We have intensified efforts to empower more agile & flexible employees that prioritise, execute, and learn at speed not only to bring our Purpose-Led, Future-Fit Compass to life, but to deliver on our growth agenda.

Preparing employees for the Future of Work continued to be at the heart of our learning agenda in 2023. We focused on accelerating skill building across the business and ensured all our people understand the skills they need to focus on to ensure they are future fit. Through our 'Shape Your Own Adventure' program, we drove the novel approach to learning where employees have a personalised development plan embedding their purpose, wellbeing focus areas and the requisite skills they need to be fully effective in their current role and help them to be more prepared for what the future will bring by clarifying skills, experiences, performance and leadership capability they need to develop to access the transparent global career opportunities available within the Unilever ecosystem and elsewhere. This allows employees to take ownership of their personal development both now and in the future.

We have continued to utilise our robust technology enabled systems to help them develop better leadership, professional and general skills to enhance engagement and productivity. In addition to our focus on being Future Fit we continue to drive experiential development through on-the-job deliverables as we implement various initiatives to complement other traditional learning methodologies, with our business leaders being at the forefront of this drive. Thus, the Learning Hour where we dedicate one hour weekly for employees to upskill themselves, remains a key enabler. In this hour, employees participate in live Masterclasses led by experts, on topics that focus on the priority skills such as Agile delivery, Digital Capability, Ecommerce among other skills. These and other capability building sessions and related activities continue to create the platform for our business leaders to engage with employees and share their experiences, while also giving career coaching and mentoring to younger employees within the organization.

During the year 2023, we activated participation of our Functional Directors in a bespoke Africa Leadership Acceleration program (ALAP) to help prepare and refresh our leaders for the VUCA business environment and supported our line leaders with various coaching, mentoring and conscious business cultural program to prepare our extended leadership team drive more intensity for personal effectiveness and business performance.

Diversity & Inclusion

Unilever Nigeria is committed to fostering a work environment that champions diversity, inclusion, ongoing learning, and equal opportunities for individuals from diverse backgrounds. We are dedicated to ensuring that our employees thrive in a setting that values diversity and upholds principles such as mutual trust, respect for human rights, fair treatment, and equal opportunities, with no tolerance for any form of unlawful discrimination or victimization.

We ensure that everyone is treated with fairness and equity, regardless of factors such as race, age, gender, ethnicity, religion, disability, and more. This commitment extends to all aspects of employment, including recruitment, promotion, training, and retirement, where decisions are based solely on merit.

Our efforts to eliminate barriers encompass various actions, including providing reasonable accommodations to enhance accessibility as needed, ensuring equal pay for equal work, conducting training sessions for employees and line managers on bias and discrimination, targeting the recruitment of underrepresented groups, offering parental support, implementing mentoring and sponsorship programs, fostering an environment where employees feel encouraged to speak up and have a sense of belonging, and organizing events that celebrate diversity.

We have set ambitious goals for ourselves in various aspects of diversity. Regarding gender diversity, we have a commitment to achieving and maintaining a 50% representation of both genders at the management level. To ensure accountability, we have established a mechanism that reports progress to the Executive Committee (EXCO) and Regional Leadership. In 2023, we conducted a thorough review of our Maternity and Paternity Support (MAPS) framework, aimed at aiding employees returning from parental leave to seamlessly reintegrate into work and contribute equally. Additionally, we introduced a Menstrual Leave Policy, granting female employees one day off per month to prioritize their health, separate from their annual leave entitlement, thereby supporting their overall wellbeing. As of the end of 2023, female representation stood at 43% across our business and 41% at the management level. With the continued implementation of our strategies, we are confident in reaching our 50% target by the close of 2025.

Report of the directors (continued)

In our efforts toward disability inclusion, we have established a target of achieving a 5% representation of persons with disabilities (PWDs) by 2025. To pursue this objective, we employ targeted communication strategies on our recruitment portals and platforms, encouraging applications from PWDs for roles at various levels within the company. Presently, our PWD representation stands at 1.3% across different functions, with individuals receiving appropriate reasonable accommodations. We maintain a focus on fostering relationships and partnerships with state and social agencies involved in advancing PWD inclusion in Nigeria's workforce. These partnerships facilitate the recruitment of interns from PWD backgrounds, with the potential for permanent employment based on performance evaluations.

Industrial Relations

Unilever Nigeria Plc placed a strong emphasis on fostering positive industrial practices within the workplace as a key aspect of its industrial relations goals. This involved close collaboration with accredited representatives of the registered trade union, which actively championed and supported the interests of the company's employees.

In the face of persistent macro-economic risks affecting businesses across the country, Unilever Nigeria Plc acknowledged the substantial impact of global factors on its operations – volatile oil prices, forex scarcity, and unfavourable fiscal policies, particularly in the Fast-Moving Consumer Goods (FMCG) industry in Nigeria, where organizations were significantly affected. The disruptions in the global supply chain, coupled with material cost inflation and increased operational expenses, led to reduced competitiveness and profitability in the market space. These economic challenges exposed the business to the risk of losing market share and profitability, thereby weakening its competitive strengths, with certain categories experiencing a dilution in profitability.

In response to these challenges, Unilever Nigeria Plc strategically repurposed its portfolio to ensure sustained, competitive, and profitable growth. This was facilitated by the implementation of a simple, agile, and digitally enabled system aimed at improving efficiency and mitigating the impact of economic turbulence on the business. Every aspect of the company's operations, including organizational restructuring which saw the business exiting the Home Care Category. Outplacement support was extended to impacted employees for smooth exit transition.

Despite the economic headwinds, management at Unilever Nigeria Plc successfully maintained a peaceful industrial climate in 2023, credited to a cooperative partnership with union leadership, advocating for employees and supporting measures addressing economic impact. This underscores a commitment to navigate challenges while safeguarding both the workforce and business interests.

Since the inception of the Central Working Committee (CWC) comprising of the Chairmen, we've prioritized and resolved employee matters, fostering industrial harmony. Joint Consultative Committee (JCC) meetings address Blue-Collar issues promptly, maintaining a peaceful workplace. Open communication channels between management and the union ensure a cooperative environment.

To boost leadership capabilities, executives attended the 2023 Industrial Relations Conference, representing Unilever and networking with industry peers. These efforts were well-received, evident in positive engagements with the union executives.

Employee Engagement

'People First' remains the focus of our proposition to employees since 2020. We create a working environment for employees to feel valued by being informed and engaged. Despite the hybrid working structure which involves employees working from home 3 days a week, we deliver people engagements experiences that are interactive, inclusive, and impactful.

Engagement Highlights of 2023

- * 2023 was Unilever Nigeria's 100th year of doing business in Nigeria. We deployed centenary engagements with shareholders, employees and business partners with activities that showcased our rich history and strong relationships over the past century. We commemorated the anniversary with an in-office celebration for our employees where they were treated to a festive atmosphere and incentives as a token of appreciation for their contributions. We also organized an external event with and our business partners and used the opportunity to fortify relations with the Nigerian government.
- * The wellbeing engagements for 2023 were the monthly SHE Talks on health and Safety, the Mental Health Week and most importantly Healthier-U which replaced the lamplighter initiative of previous years used to engage employees with an annual physical health assessment.
- * In the spirit of diversity and inclusion, the International Women's Day "#EquityIs" drove consideration for women which resulted in the formalization of Menstrual Leave for women effective 2024 and International Men's Day to create awareness on actions that support men's mental health across the business. We leveraged our partnership with SightSavers to educate our employees on how we as individuals and an organization contribute to making the workplace inclusive on the International Day of People with Disabilities.

Report of the directors (continued)

- * Other employee engagements held during the year are; Valentine's Day Celebration; our annual People Week hosted by the Human Resources Function with sessions like the Shape Your Own Career Adventure to drive career development clinics for employees, team bonding and fitness session.
- * 'Connect Moments' were setup for employees across the business as IDAN Bonding Moments. Idan Transformation is the transformation culture initiative deployed to enable Unilever Nigeria to achieve its purpose of enhancing Nigerian lives, delivering sustainable brands into every home. The 'Connect Moment' is a bi-weekly meeting where employees gather to discuss business issues, updates, and wins.
- * Univoice, our annual employee assessment of the business is an engagement we roll out to ensure that the business gets a true look of how employees feel and perceive all aspects of the business from strategy to business management. Employees use this engagement as an opportunity to speak up and advise the leadership of the business.

'Our People' continue to be the core of Unilever, we are committed to creating workplace experiences that ensure their wellbeing, drive motivation, and inspire pioneering behaviours at Unilever.

Employer Branding

As part of our Future of Work commitment, Unilever globally committed to preparing 10 million Youth (15-24) across the globe for a meaningful career from 2022 to 2030 through provision of work opportunities, volunteering opportunities and learning/upskilling opportunities. Employer Branding has a key role to play in delivering this ambition, given we are at the forefront of engaging young talent externally, and already attract talent into work opportunities. Moreover, we are in the unique position to combine the engagement of young talent which already takes place, with providing them with learning/upskilling opportunities.

As part of our youth commitment, the Future-X Unilever Campus Ambassadors Program (FUCAP) was launched in partnership with UNICEF to reach 3 million Nigerian youth and equip 700,000 of them between the ages of 16 and 24 with the requisite skills to succeed in the workplace of the future by 2026. The FUCAP initiative was launched on UNICEF's Yoma and U-Report Platforms, a youth-centered platform, to ensure an extensive reach of young people in universities and other institutions of higher learning across Nigeria.

To remain an organization for top talents amongst mid-career recruit, we put out campaigns that continue to showcase why Unilever is a great place to work. These initiatives were "Power of U Campaign" which showcases how our employees live their purpose at work every day, People Behind the Brands Campaign which highlights how a job role powers our brands and brings them to life as well as impact the business.

Unilever Nigeria was recognized as a **Top Employer in Nigeria** for the eighth time in a row, awarded by the Global Top Employers Institute.

We remain committed to attracting top talent, championing youth employability initiatives that equip the youth, retaining big bet talents and ensuring recognition for best-in-class practices as an employer.

Safety, Health and Environmental Care (SHE)

At Unilever, our unwavering commitment to the safety, health, and well-being of our employees, contractors, and visitors is fundamental to our business. It is our firm belief that everyone within our organization should have the privilege to work in an environment devoid of risks to their safety and health. As such, safety remains a non-negotiable commitment that resonates across every facet of our operations.

Report of the directors (continued)

Safety Highlights

Our manufacturing sites, (Oregon and Agbara) operate in strict compliance with global Safety, Health, and Environment Standards. We proudly maintain adherence to all applicable SHE regulatory and statutory requirements, demonstrating our accountability to both governmental bodies and the communities we serve. Notably, in the year 2023, we achieved an exceptional milestone - zero fatalities or injuries were recorded across our operations. This remarkable achievement underscores our relentless efforts towards accident prevention and our steadfast dedication to the well-being of our workforce.

Through the implementation of an excellent management systems and a culture of continuous improvement, we ensure total employee engagement, visible leadership, behavioural safety observations, Safe travel management and deep compliance audits. Our weekly Value Life, Value Safety (VLVS) {SHE Talks} serve as a cornerstone in fostering safety awareness, while periodic safety campaigns, such as World Safety Day and World Environment Day initiatives, further reinforce our commitment to proactive risk mitigation.

Collaboration with regulatory agencies, including the Federal Road Safety Corps (FRSC) and federal and state fire services, enables us to enhance our safety training programs and emergency response preparedness. By leveraging external expertise and resources, we continually strive to elevate our safety standards and uphold our commitment to safeguarding lives.

Health Highlights

Still talking about our safety initiatives, we prioritize the health and well-being of our employees through adherence to vital technical standards in Process Safety, Electrical Safety, Fire Safety, Construction Safety, Machinery Safety, and Risk Assessment. Regular audits of our SHE management system against internationally recognized standards, including ISO 14001:2015 and ISO 45001:2018 compliance, validate our unwavering commitment to excellence in occupational health and safety.

The establishment of Incident Management Teams (IMT), comprising representatives from various departments, shows our proactive approach to incident management and business continuity planning. Thorough incident investigations, coupled with the swift implementation of corrective actions, ensure the prevention of recurrence and further reinforce our commitment to employee welfare.

Environmental Highlights

Unilever recognizes the importance of minimizing its environmental footprint. To this end, we maintain a steadfast drive towards waste reduction, recycling, energy and water consumption reduction, and the pursuit of "Zero Non-Hazardous Waste to Landfill" initiatives. Our commitment to environmental sustainability is further reinforced by the active involvement of our leadership team in driving sustainability initiatives and ensuring alignment with the principles of our corporate Compass.

Conclusion

In conclusion, the year 2023 stands as a testament to our unyielding commitment to safety, health, and environmental stewardship at Unilever. We acknowledge that working safely is not merely a priority but a fundamental condition of employment for every individual associated with our organization. Through continuous improvement, collaboration, and unwavering dedication, we remain steadfast in our pursuit of creating a safer, healthier, and more sustainable future for all.

Report of the directors (continued)

Quality Report

Recognizing the present macro and micro economic realities indicated by increase in exchange rates, high inflation figures, price variations in goods and services, declining buy power, an ever-competitive market environment and an increasingly boisterous social media space, our resolute commitment to delivering products of superior quality remains a topmost priority.

In 2023, we once again sustained over six years' record of zero marketplace and regulatory incident, an indication of our commitment to quality and dedication to strengthening systems and processes that ensure failures are eliminated. In the bid to further strengthen our manufacturing controls and ensure our sites deliver products that are globally certified safe, we passed the second Food Safety System Certification (FSSC 22000) surveillance audit for the Agbara nutrition factory.

Recognizing the role that our partners play in ensuring we deliver safe and superior products; we continue to provide technical support to our partners and ensure robust training and capability development programme is top of mind and efficiently executed. As a result, we achieved 33% reduction in supplier incidents and 100% compliance score for our manufacturing partners.

The maintenance of product quality in the marketplace remains non-negotiable and we acknowledge that key distributors are pivotal to achieving this. Hence, we audited selected KDs across all regions in Nigeria, worked assiduously with them to improve warehousing and storage condition, ensuring product availability and timely resolution of their complaints.

We continue to leverage our digital platforms to drive seamless and effective processes across all key aspects of our quality operations. This has ensured the availability of real-time data for better analytics and decision making. We have further extended the adoption of digital solutions into other areas hitherto not covered.

The annual World Quality Week celebration was successfully held in November as part of the global activities scheduled to mark the auspicious event. The event, which afforded us the opportunity to have the CEO of Nord motors as a guest during a fire side chat, provided a platform for the exchange of knowledge and insights. The quality golden rules were launched, reinforcing a business-wide commitment to quality. Also, the event featured participation from a cross-section of our global leaders, each taking time to resonate the importance of quality and why everyone must play a part.

Looking onwards to the year 2024 and in the face of the myriads of challenges to be surmounted, we remain resolute and determined in our drive to continuously deliver products with unmissable quality, ensuring we delight our customers and consumers always whilst also making positive impact on lives within Nigeria.

Corporate Social Responsibility

	2023	2022
	₦'000	₦'000
Unilever Secondary school scholarship programme	10,500	11,547
Nigerian Bar Association	-	1,500
Ogun State Government - COVID-19 Test Kits and Isolation centre	-	99,684
Ogun State Government - Children's foundation support and Ministry of Commerce and Industry	1,498	-
UN Global Compact Network of Nigeria	2,500	-
Manufacturers Association of Nigeria	1,350	-
Others	9,840	19,077
	25,688	131,808

Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors

Region	Distributor Name
Lagos	Itura Ventures Limited
Lagos	J A Onabowale Lagos
Lagos	Lobic Global Merchantile Company
Lagos	Maquahm Nigeria Limited
Lagos	Mutkeem Concept
Lagos	Renuzi Ventures
Lagos	Renuzi Ventures -Lekki
Lagos	Salsbury Worldwide Enterprises
Lagos	Sam And Martha Investment Limited
Lagos	Suara & Company
Lagos	Vancrest Ebute-Metta
Lagos	Vancrest Global Ventures
Lagos	Wharton Business Solutions
Middle Belt	Adebiyi Pharma Nigeria Limited
Middle Belt	Alakass Nigeria Enterprises
Middle Belt	Anchad Integrated Limited
Middle Belt	E.C Ezue Global Enterprise
Middle Belt	Iduh Integrated Services Nig Limited
Middle Belt	Iduh Integrated Services Nig Limited
Middle Belt	Ifjane Nigeria Limited
Middle Belt	J A Onabowale And Sons Limited
Middle Belt	J J Nnoli And Sons
Middle Belt	Lasun Dan Mama Nigeria Limited
Middle Belt	Muabsa Integrated Services
Middle Belt	Olayiwola Gbadamosi Company Nigeria
Middle Belt	Olonaasunde Ventures
Middle Belt	Rickmen Healthcare Limited
Middle Belt	Sidi And Sons Business Solutions Nigeria
Middle Belt	A D Basharu And Sons (Nig) Limited
North	Al-Babello Gasau
North	Al-Babello Trading Company Limited
North	Albabello Trading Co. Limited Kebbi
North	Babagana Aima Enterprise
North	Gami Ekanguru Global Concepts Limited
North	Naheem Heights Limited
North	Nahuwa General Enterprise
North	Qubah Global Ventures
North	S C Okafor Nigeria Limited
North	Sanda Tireda Limited
North	Water Valley General Merchandise
North	Yuhaz Merchants Company Limited
South Central	Blessed Iyke Stores
South Central	Burnae Ventures
South Central	Buttings And Towers Limited
South Central	Charles Aman Nigeria Limited
South Central	Chybyke Ventures Limited
South Central	Humphrey Okechukwu Nwoji Enterprise
South Central	Ibokies Nigeria Company
South Central	Jwon Co. General Merchant Nig Limited
South Central	Meljo Int'l Resources Limited
South Central	Mouna Frances
South Central	Paxson Nig Company Limited Onitsha
South Central	Rickafe Services Limited
South Central	Steve Sylver Nigeria Limited
South Central	Sylika Global Resources Enterprises
South Central	Tivo Corporate Services Int'l Limited Warri
South Central	Tivo Corporate Services Int'l Limited Portharcourt
South Central	Urusulasam Ventures
South Central	Willymama Investment Limited

Report of the directors (continued)

Unilever Nigeria Distribution Partners & Key Distributors

Region	Distributor Name
South East	Ag Global Resources Services
South East	B N Igwe And Sons
South East	Buffalo Works
South East	G.N Chukwu & Sons Enterprises
South East	Isangette Enterprises
South East	Jackadex Limited
South East	Jancy Integrated Services
South East	Joota Universal Services Limited
South East	Kaima Integrated Network Ventures Limited
South East	Necessity Global Resources Limited
South East	P O Konyeha And Sons
South East	Paxson Nig Company Limited Portharcourt
South East	Theo And Powell Services Limited
South East	Tomiesha Pro Resources Limited
South East	White Horse Integrated Project Co. Limited
South East	Willvine Resources Nig Limited
South East	Lyg Enterprise - Supermarket
West	Ajoke Dominion Services Limited
West	Debby Mega Merchants Limited
West	Estfrans Ventures Limited
West	It Is The Lord Doing Ventures
West	Marzab Multiventures
West	Niji Global Concept Limited
West	R S Abimbola (Nigeria) Enterprises
West	R.S. Abimbola Enterprises (Osogbo)
West	Soft Caress Consult Nigeria Limited
West	Tsq Alayo & Sons Nigeria Limited
West	Unniversal Agri-Business Summit Limited
North, Middle Belt and West	Care Global Consumer Limited - Modern Trade
National	Care Global Consumer Limited - General Trade

Independent auditor

Messrs. KPMG Professional Services (KPMG) acted as the Company's Independent Auditor during the year under review. KPMG has indicated their willingness to continue in office as Independent Auditor in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020. Having acted as independent auditor for the Company for 10 years, The Company has obtained approval from the Financial Reporting Council of Nigeria to extend KPMG's tenure for another year to afford the Company sufficient time to transition to a new external auditor. KPMG will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By order of the Board



Mrs. Afolasade Olowe

Senior Legal Counsel & Company Secretary

FRC/2013/NBA/00000003320

14 March, 2024

Sustainability Report

About the report

Welcome to our centenary year sustainability report. Unilever Nigeria is proud of the positive impact it has had on people and the planet, and its contributions to creating a fairer and more socially inclusive world. The theme for this year's report is **Impact, Partnerships and Building a Brighter Future**. In keeping with this, this 2023 report takes a deeper look into the impact stories, partnerships, and lives that Unilever Nigeria has positively impacted in reaching this 100-year milestone.

This report is an abridged version of our standalone 2023 sustainability report, and it outlines our 2023 materiality assessment process; the stakeholder engagement and management process; the Unilever Nigeria sustainability and impact focus areas; and some impact stories and data around the focus areas. We have continued to make progress toward our sustainability ambition. Within Unilever Nigeria, we have further distilled sustainability and impact focus areas to include localisation, Shakti, Plastics, and FUCAP (Future-X Unilever Campus Ambassadors Program). These focus areas will define how we position our brands to create growth opportunities and build resilience in the coming years.

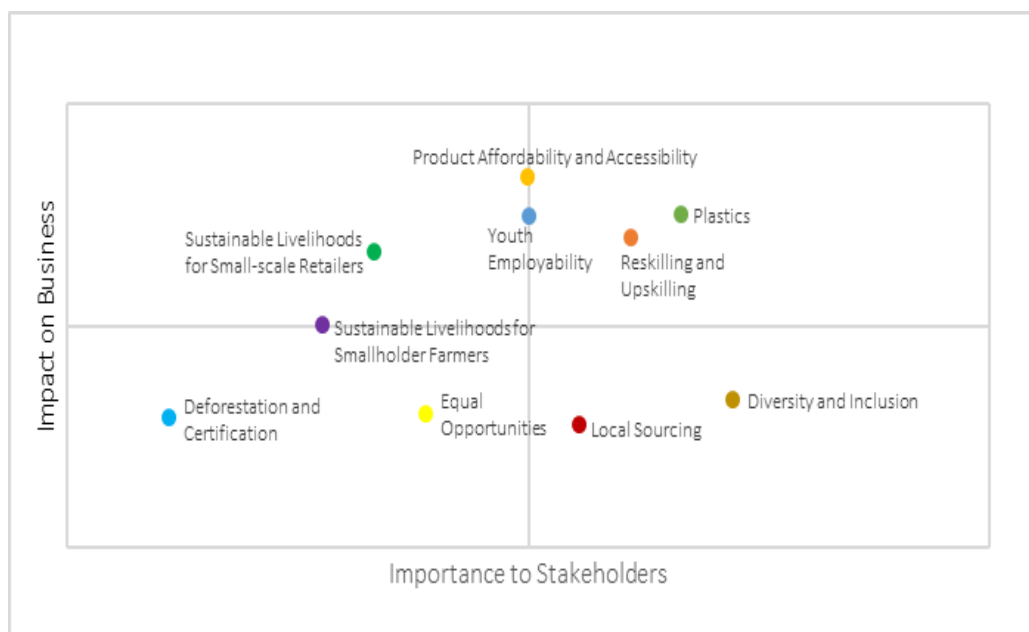
Materiality Assessment Process

Materiality remains a key aspect of our sustainability activity. An issue is considered material to Unilever Nigeria if it could impact our business performance and is important to our key stakeholders. Annually, we review and realign our materiality topics, as part of our sustainability materiality assessment process. In 2023, we analysed insights from our key stakeholders to ensure that we are focusing on the most important sustainability issues and to inform our reporting.

Materiality identification, Ranking and Prioritisation

Following multiple engagement sessions, 16 issues were identified as the initial list of material topics. These issues were considered material to our business and stakeholders and are aligned with Unilever Nigeria's strategic sustainability priorities for the year 2023. Upon further assessment, six of these were further classified as subsets of the identified material issues.

All the issues were extensively reviewed, prioritised, and ranked by our stakeholders to determine the impact on the business and the level of importance to stakeholders. The 10 identified material issues were scaled based on 'Importance to Stakeholders' and 'Impact on the Business' and the issues were ranked based on relevance on a scale of 1 - 5. For the ranking, "one" represents the least relevant, and "five" represents the most relevant issue. The material issues identified and ranked are indicated in the matrix below and five of the material issues, Product affordability and accessibility, Youth employability, Plastics, Reskilling and upskilling, and Sustainable livelihoods for small-scale retailers were ranked as having high importance to stakeholders and impact on the business.



Sustainability Report (continued)

Material Topic	What it is about	Key Actions
Sustainable livelihood for smallholder farmers	Supporting and empowering smallholder farmers who supply some of our most important crops to earn a living wage or income.	Empower farmers and smallholders to protect and regenerate farm environments for cassava starch and food ingredients. Conduct training twice a year for farmers within our value chain on regenerative agriculture.
Local sourcing	Building on our long-term commitment to sustainable sourcing by focusing on sourcing our agricultural crops locally.	100% sustainable sourcing of our agricultural crops - Palm, Turmeric, Garlic, and Onion. Obtain SUSO team certification and evidence of sustainable sourcing.
Deforestation and certification	Working within our business and with external partners to ensure a deforestation-free supply chain and increase the traceability and transparency of our supply chain.	Deforestation-free supply chain in palm oil, paper, board, tea, soy, and cocoa by 2023. Ensure all paper and board have FSC certification.
Sustainable livelihoods for small-scale retailers	Creating income opportunities, and providing access to skills, finance, and technology to empower our network of retailers – all while they're helping us reach consumers	100% compliance with living wage compensation. Empower thousands of women through Shakti to start or grow their business by 2025.
Product affordability and accessibility	Ensuring we offer healthier options that are affordable and accessible to all in every part of the nation including remote areas.	Introduce various sizes of Unilever products to increase affordability by consumers. Strategically advertise our product to create awareness in open markets, local markets, and rural areas.
Equal opportunities	Ensuring everyone has equal opportunities to develop and expand their business through our value chain.	Ensure 30% of our supplier pool in Nigeria is female-owned or female-led businesses.
Plastics	Rethinking our approach to packaging to use less, better, or no plastic, and transitioning towards a circular economy.	Collect 50% of our plastic footprint in Nigeria by 2025. Achieve 5% recycled plastics in our packaging by 2025 through PCR inclusion. Achieve total virgin plastic reduction by 400 tons by 2025.
Reskilling and upskilling	Helping our people adapt to changes in the workplace and the changing nature of work through upskilling and reskilling.	Pioneer new models to provide our employees with flexible employment options by 2030. Reskill or upskill our employees with future-fit skills by 2025.
Diversity and inclusion	Ensuring that everyone is represented equally at all levels in society and our organisation.	Attained gender diversity of 41.3% by Q4 2023 at management level. Achieved 48% female diversity with new joiners by Q4 2023.

Sustainability Report (continued)

Material Topic	What it is about	Key Actions
Youth employability	Helping young people develop the skills they need to find meaningful work and encouraging them to take a purposeful approach to their future.	Reach 3m young people across Nigeria by 2025 (within three years from 2023). Equip 700,000 students with employability knowledge and skills by 2025. Provide internship opportunities for 450 by 2025.

Stakeholder Engagement and Management

At Unilever Nigeria Plc, we believe that we have an important role to play in creating the systemic change required to develop a more inclusive and sustainable economy. Leveraging collaborations and partnerships are proven pathways to achieve this scale of action needed for systemic change and impact. Additionally, we operate a business and operational model that requires the extensive utilisation of stakeholders. Therefore, we must work closely with a wide range of internal and external stakeholders who directly and indirectly affect or are affected by our operations including employees, consumers, shareholders, investors, business partners, suppliers, regulators, government, and the communities where we operate. We use their valued perspectives to learn, improve, and inform our approach toward creating a more inclusive and sustainable economy.

In all our engagements with stakeholders, we are committed to upholding the principles of transparency, responsibility, respect, accountability, and integrity. The table below shows a summary of how we engaged with various stakeholders in the year under review and the issues raised by these stakeholders during our engagement.

Stakeholder Group	How We Engaged	Issues Discussed
Government & trade associations	<ul style="list-style-type: none"> Formal engagements on key policy or regulatory issues 	<ul style="list-style-type: none"> Foreign currency transactions Tax payment Regulatory compliance Operational running cost Rising cases of insecurity Support for development efforts by the government
Suppliers	<ul style="list-style-type: none"> Informal one-on-one engagement sessions Project planning Training of suppliers Virtual meetings 	<ul style="list-style-type: none"> Supplier assessment Sustainable sourcing practices Supplier training Prompt payment for goods/services rendered
Customers	<ul style="list-style-type: none"> One-on-one visits to the sales partners to identify areas for improving operations 	<ul style="list-style-type: none"> Adaptability to the evolving business environment Production of quality products Effective customer support services
Consumers	<ul style="list-style-type: none"> Consumer immersion activities Consumer quality reviews Brand communications and campaigns 	<ul style="list-style-type: none"> Product affordability and accessibility Product awareness
Shareholders	<ul style="list-style-type: none"> Engagements with Shareholders via the Registrars and the Company Secretary's office Annual General Meeting 	<ul style="list-style-type: none"> Business results/performance Unclaimed dividends Update of shareholder records Transparency and communication

Sustainability Report (continued)

Stakeholder Engagement and Management

Stakeholder Group	How We Engaged	Issues Discussed
Employees	<ul style="list-style-type: none"> • Quarterly business town halls • Functional engagements with employees for the Leadership team • Focus group discussions • Employee surveys • Safety, Health, and Environment (SHE) talks • Virtual meetings 	<ul style="list-style-type: none"> • Physical safety • Psychological safety • Financial security and inflationary pressure • Employee engagement • Upskilling and reskilling • Compensation and benefits • Employee health, safety and wellbeing
Planet	<ul style="list-style-type: none"> • Environmental stewardship plans • Environmental responsibility awareness 	<ul style="list-style-type: none"> • Climate risk assessment and mitigation • Climate action through plastics management and circularity • Environmental performance monitoring • Participation in environmental responsibility dialogues • Participation in environmental policy formulation

Unilever Nigeria Sustainability and Impact Focus Areas

The reporting year 2023 was transformative for Unilever Nigeria as we focused on four priority areas for sustainable impact. These areas are aligned with the prevailing realities in our local environment and would define most of our impact activities in the coming years. We also went a step further and mapped our material topics to these identified sustainability focus areas. Our focus areas were Localisation, Shakti, Plastics, and FUCAP.

Localisation – Ensuring the social, environmental, and economic sustainability of key agricultural raw ingredients and non-agricultural materials in our supply chain. Promoting local content through the support of local entrepreneurs and integrating gender-based sourcing in our procurement practices.

Shakti – Ensuring everyone who depends on Unilever has enough to provide for their basic needs and have a decent standard of living. We are determined to raise living standards throughout our value chain because when everyone prospers, we prosper.

Plastics – Reducing the environmental impact of packaging and waste and transitioning towards a circular economy. We want to change the way we use plastic by treating waste as a valuable resource. We are cutting plastic waste by using less plastic, better plastic, or no plastic at all.












FUCAP – Helping our youth to adapt to changes in the workplace and the changing nature of work through upskilling and reskilling. We are helping young people develop the skills they need to find meaningful work. When we look after our youth, we look after our tomorrow.

Unilever Nigeria Sustainability and Impact Focus Area	Material Topics
Localisation (Sustainable Sourcing)	Sustainable livelihoods for smallholder farmers Local sourcing Deforestation and certification
Shakti (Living Standard)	Sustainable livelihoods for small-scale retailers Product affordability and accessibility Equal opportunities
Plastics (Packaging and Waste)	Plastics
FUCAP (Future of Work)	Reskilling and upskilling Diversity and inclusion Youth employability

Sustainability Report (continued)

Alignment to the UN SDGs



Unilever Nigeria Sustainability and Impact Focus Areas	SDG Alignment
Localisation (Sustainable Sourcing)	 
Shakti (Living Standard)	   
Plastics (Packaging and Waste)	
FUCAP (Future of Work)	   

A Focus on Localisation with Cassava-based Sorbitol

Certain events in the last half a decade such as the COVID-19 pandemic and the Russia and Ukraine conflicts have necessitated businesses to localise their supply chain. Localisation is beneficial to companies as it helps corporates to reduce costs, achieve faster delivery times, shield against supply chain risks, reduce their dependence on overseas suppliers, and build a self-sufficient local ecosystem.

As part of our localisation initiative, we have increased our locally sourced agricultural materials to over 50% between 2019 – 2023. We are focusing first on our main crops, such as palm oil, cassava, turmeric, garlic, and onion. We also plan to put a stop to deforestation and to help fight climate change which are damaging to farming communities.

Additionally, as consumer preferences continue to shift towards healthier alternatives, businesses such as ours are looking to meet needs of consumers in a way that promotes responsible production and consumption. At Unilever Nigeria, we have continued to adapt to industry changes to meet the needs of health-conscious consumers without compromising on taste. Although this change is not as prominent within the shores of Nigeria in comparison to other developed countries, we have taken it upon ourselves to influence the shift in behaviour of Nigerians toward consuming healthier and more nutritious meal options in ways that can be supported by our local production.

With many studies reinforcing the debilitating impact of high quantities of sugar in the diets of consumers, we have pivoted to utilising sorbitol, a sweetener with remarkable sweetening properties and minimal caloric impact in select products. This innovation is being implemented by Psaltry International Company Limited which has 35,000 metric tons capacity to produce diverse products including cassava, starch, flour, sorbitol, and glucose. This innovation is the first of its kind in Nigeria and Africa, and the second in the world. To promote the activities of Psaltry, Unilever Nigeria supported the company by signing an offtake agreement. This support enhanced Psaltry’s ability to increase job creation to about 1000 across its value chain, diversify its product range to include sorbitol and glucose, and increase opportunities that are beneficial to farmers.

Our work with Psaltry also helps us to champion smallholder farmers, supporting them to increase productivity and produce enough food that supports in addressing the food crisis challenge. Wherever possible, we would continue to seek opportunities to drive local innovations and solutions that are capable of yielding high economic value with positive social and environmental impact. Through our localization initiative we have achieved:

- 70% local content
- 400 direct employees supported
- 600 indirect employees supported
- 10,000 smallholder farmers supported

Sustainability Report (continued)

Raising Living Standards through Shakti

We recognise that our business operates in a country with significant wealth but vast social inequality. More recently, this condition has been further intensified by inflation. Living wages and living incomes are integral to human rights and essential to reducing inequality and eradicating poverty. We understand that the income and wages earned by a significant number of families are often insufficient to ensure they have an adequate living standard.

Additionally, we are aware that this is a structural issue linked to many other factors that we cannot change alone. However, we envision a world where all families and communities have the resources they need to determine and realise their dreams. Therefore, we have chosen to act on this by implementing a livelihood programme that supports small scale women entrepreneurs within our value chain. Our emphasis on women is because of the gender disparity in the earning potential of women that has been aggravated by illiteracy, and other social and economic factors over the years.

Unilever believes that empowering women and providing them with autonomy can facilitate long-lasting change in the improvement of their political, social, and economic health status, and assist in building a sustainable economy. We launched the Shakti program in 2014, a women empowerment initiative that adopts a door-to-door sales model that employs vulnerable and underserved women, or 'Shakti ladies' to distribute and sell Unilever products within their community as a way of improving their livelihood, earning prospects and ultimately achieve financial freedom.

We continue to push towards our goal of helping five million small and mid-sized enterprises grow their businesses by 2025. Over the years, many women have been admitted into the programme, undergone capacity development training, and collected grants to fast-track their businesses with the support from Unilever. Through the programme we have been able to:

- Establish over 13,000 entrepreneurs since 2014
- Recruit 3,040 Shakti entrepreneurs in 2023
- Provide benefit in 22 states in Nigeria.
- Create 340 jobs

Action on Plastics Through our Partnership with Wecyclers

Addressing climate change and eliminating plastic waste are two of our highest-priority environmental issues at Unilever. Throughout its entire lifecycle, plastic contributes significantly to our overall environmental footprint. At Unilever, we also believe that creating a circular economy for our packaging materials is essential to reduce the effect of climate change and ensure that society can move from a linear to a circular operating model in many economic endeavours.

At Unilever, we have set ambitious commitments and targets in line with our sustainability strategy. We are working to design all our plastic packaging to be recyclable by 2025. To hasten the speed at which we tackle plastic waste in Nigeria we have partnered with organisations such as Wecyclers to achieve our goals and targets. We have been in partnership with Wecyclers since 2014. Wecyclers is a for-profit social enterprise that promotes environmental sustainability, socioeconomic development, and community health by providing recycling services in densely populated urban neighborhoods in developing countries.

Wecyclers operates on crowdsourced incentive-based recycling for households and organisations, where subscribers are registered for recyclables collection services. These recyclables are collected from subscribers weekly and incentives are provided. A large percentage, about 80% of Wecyclers subscribers are women, who rely on the incentives provided to buffer their household expenses. The average subscriber can earn above minimum wage from the funds earned through recycling, these funds can be redeemed through cash or a prepaid card through a partnership with United Bank for Africa. In furtherance of its support for Wecyclers, in 2023, Unilever Nigeria in partnership with Bridges Outcomes agreed to a \$2 million US partnership to help Wecyclers expand plastic waste collection in Nigeria.

We are investing in the research of recyclable packaging solutions and collaborating with our partners to invent and scale new recycling solutions to help catalyse waste management infrastructure to improve access to collection.

Sustainability Report (continued)

Since the inception of the partnership with Wecyclers, Unilever has provided cash and in-kind support across different programmes to increase waste collection volumes. Some of the programmes supported by Unilever include Kiosk Collection; Franchise Expansion; and Development Impact Bond.

In addition, through this partnership we have:

- Launched 10 kiosks
- Supported the acquisition of 2 state of the art mini compactor trucks
- Collected +2000 tons of recyclables
- Diverted +10,000 tons of recyclables from oceans and landfills
- Created +300 jobs thus far with an additional 780 in the future.
- Diverted +15,000 tons of waste from landfills annually

Development Impact Bond

In 2023, Unilever Nigeria and Bridges Outcomes Partnerships agreed a 2M USD partnership to help social enterprise Wecyclers expand plastic waste collection in Nigeria. The initiative was created to increase the PET collection capacity, sorting, and recycling capabilities. The initiative also seeks to create new employment opportunities by supporting Wecyclers through the Bridges Outcomes Partnerships. Wecyclers engaged the services of the informal and semi-formal sector to bolster the quantity of plastic waste collected, this includes dumpsite waste pickers, waste consumers, and waste workers. We enhanced the collection capacity of the workers by providing good working conditions and a high and stable price for plastic waste collected.

Wecyclers processes the plastic waste received from the waste collectors to high-quality recycled plastic supply that are supplied to Unilever based on offtake agreements with specified volumes and prices provided to support the social sector. The project aims to collect over 33K tons by 2028 and create over 780 jobs mostly for women. On the economic side, the salaries earned by our workers are 25% above the minimum wage in Nigeria.

Unilever Flexible Packaging Concept

To enable the expansion of specific packaging products utilised by Unilever, Wecyclers introduced mini kiosks in high-density locations to collect packaging materials for Unilever. Incentives are provided when Unilever-specific products are collected at the mini kiosks. These materials are then routed to designated recycling centers owned by Wecyclers and once processed these recycled materials are reintroduced into Unilever's supply chain. The project resulted in the successful production of Unilever product packaging with 20% inclusion of Wecyclers sourced Post-consumer recycled content (PCR). Through the initiative we have:

- Removed 500 tons of low-density polyethylene (LDPE) waste from the environment.
- Paid out ₦ 3,000,000 in incentives
- Created 12 additional jobs based on additional volumes of plastic received
- Employed 100% women

Youth Empowerment through FUCAP

Young people today face extraordinary economic, social and cultural challenges and need a wide variety of skills to thrive in work and life. Some of this include basic literacy, numeracy, digital and interpersonal skills. According to a 2022 report by the Education Commission and UNICEF, three-quarters of young people aged between 15 and 24 are off-track to gain the skills needed for employment. Furthermore, one in three young women are not learning, training or working.

One way Unilever Nigeria is helping to address these challenges is through a collaboration with UNICEF. On the 14th of July 2023, the Future-X Campus Ambassadors Program (FUCAP) was launched. FUCAP aligns with the Unilever Compass commitments to equip 10 million young people worldwide with essential skills to prepare them for job opportunities by 2030. Additionally, the FUCAP initiative was launched on UNICEF's Yoma and U-Report Platforms, a youth-centered platform, to ensure an extensive reach of young people in universities and other institutions of higher learning across Nigeria.

Sustainability Report (continued)

Unilever is also collaborating with UNICEF on its Generation Unlimited Nigeria initiative – a public-private-youth partnership aimed to support 20 million young Nigerians by 2030 with skills and opportunities to transition from learning to earning, through shared-value partnerships around digital skills development, workforce readiness programmes, and young people engagement.

“FUCAP is targeted at students in Universities and Polytechnics across Nigeria. This is part of our commitment to helping young people in Nigeria reach their full potential and contribute to the development of Nigeria.”

– Tim Kleinebenne (Managing Director, Unilever Nigeria).

“UNICEF is happy to partner with Unilever Nigeria on this important initiative that focuses on developing critical 21st-century skills for young people. We look forward to seeing the positive impact this program will have on the lives of youths across Nigeria in helping them succeed in the workplace and contribute to the economic growth of their communities.”

– Cristian Munduate (UNICEF Nigeria Representative).

- Approx. 5,125,00 young persons reached from July 2023 till date.
- 35(YTD 2023) graduate internship placements through FUCAP.



Scholarship Case Study

Education unlocks opportunity, enables social mobility, and is fundamental to reducing inequality. It is key to breaking the cycle of poverty and fostering tolerance, leading to healthy and progressive societies. Unfortunately, Nigeria still has some educational related setbacks. According to UNICEF, one in every five out-of-school children is in Nigeria. Also, only 66.8% of male children and a mere 53% of female students completed secondary school in Nigeria in 2020 (Statistica).

On the backdrop of the importance Unilever Nigeria has invested heavily in improving educational outcomes in the country. Over 30 years ago, the Unilever Nigeria Scholarship Scheme was established to reward academically high-performing children of its blue-collar employees (non-management) and thereby support them in completing their secondary school education. The Unilever Nigeria Scholarship Program is run as a merit scholarship program and offered to students who qualify through an aptitude test organised and reviewed by an independent examination body – the West Africa Examination Council (WAEC). Each year, a maximum of 25 entrance scholarships are made available to wards and children of blue-collar employees of Unilever Nigeria who are students in Junior Secondary School (JSS1) of their secondary education. 'Some notable highlights from the scheme includes:

- 25 beneficiaries each year win scholarships valued at N100,000 each yearly.
- More than 1,200 beneficiaries over the years
- 50 employees benefitting yearly

These scholarships, valued at 100,000 naira are paid in arrears (as the students commence in Junior Secondary School Year 2 – JSS2) and are tenable for one academic year. Scholarships are awarded in Year 2 of Junior Secondary School (JSS2) and remain renewable by Unilever until Year 3 of Senior Secondary School (SSS3) subject to satisfactory annual reviews. The final tranche for the Year 3 of Senior Secondary School for this Scholarship Award is paid upon successfully passing a recognised Senior Secondary School Final Examination (WAEC, NECO, or GCE) on the first attempt.

The following are the requirements for new applicants:

- Must be among the top 25 applicants with a minimum of 50% score in the scholarship's aptitude tests.

Existing awardee requirements:

- Must earn a minimum of 50% of the total average score in final examinations for each succeeding school year.
- Must obtain a minimum of 5 credits (including Mathematics and English Language) on the first attempt in the Secondary School Final Examination.

The annual scholarship scheme testifies to the company's commitment to the wellbeing of its employees and to promoting childhood education.

A full version of our standalone 2023 Sustainability Report can be found on the Unilever Nigeria Plc website.

Statement of Directors' responsibilities for the year ended 31 December 2023

The Directors accept responsibility for the preparation of the annual Financial Statements that give a true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council (FRC) of Nigeria (Amendment) Act, 2023.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA) 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mr. Michael Ikpoki
Interim Chairman
FRC/2014/NBA/00000005740

14 March, 2024



Mr. Tim Kleinebenne
Managing Director
FRC/2024/PRO/DIR/008/723464

14 March, 2024



Folake Ogundipe (Mrs)
Finance Director
FRC/2019/ICAN/00000019604

14 March, 2024

Report of the Audit Committee to the members of Unilever Nigeria Plc

In accordance with the provisions of Section 404 (4) & (7) of the Companies and Allied Matters Act 2020, the members of the Statutory Audit Committee of Unilever Nigeria Plc hereby report as follows:

We have exercised our statutory functions under Section 404(7) of the Companies and Allied Matters Act 2020, and we acknowledge the cooperation of management and staff in the conduct of these responsibilities.

We confirm that:

1. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. We have considered the independent auditors' post-audit report in respect of year ended 31 December 2023 and management responses thereon, and are satisfied thereto.

Members of the Audit Committee are:

- | | | | |
|----|--|---|---|
| 1. | Mr David Oguntoye
FRC/2013/ANAN/00000002787 | - | Chairman & Shareholders' Representative |
| 2. | Alhaji Wahab A. Ajani
FRC/2022/002/00000023641 | - | Shareholders' Representative |
| 3. | Mr Kolawole Durojaiye
FRC/2019/ICAN/00000019789 | - | Shareholders' Representative |
| 4. | Mrs Abiola Alabi
FRC/2022/003/00000023136 | - | Non-Executive Director |
| 5. | Mr Chika Nwobi
FRC/2022/003/00000023137 | - | Non-Executive Director |

Dated this 13 March, 2024



Mr David Oguntoye
Chairman
FRC/2013/ANAN/00000002787

Corporate Responsibility For Financial Reports for the year ended 31 December 2023

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, We hereby certify that we have reviewed the audited financial statements for year ended 31 December 2023 and based on our knowledge:

- i. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made and
- ii. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements:

We further certify that the Officers who signed the financial statements:

- i. are responsible for establishing and maintaining the internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officers by other officers of the companies, particularly during the period in which the audited financial statement report is being prepared;
- ii. have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements; and
- iii. certify that the company's internal controls are effective as of that date;

In addition, we certify that the officers who signed the audited financial statements have disclosed the following information to the Company's Independent Auditors and Audit Committee that:

- i. there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and we have not identified for the Company's independent auditors any material weaknesses in internal controls; and
- ii. there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

SIGNED BY:



Tim Kleinebenne
Managing Director
FRC/2024/PRO/DIR/008/723464
14 March, 2024



Folake Ogundipe
Finance Director
FRC/2019/ICAN/0000019604
14 March, 2024

Management's report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023

The management of Unilever Nigeria Plc ('the Company') is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Securities and Exchange (SEC) Act, 2007 and the Financial Reporting Council (Amendment) Act, 2023.

The management of Unilever Nigeria Plc assessed the effectiveness of our internal control over financial reporting of the Company as of 31 December 2023 in line with the Committee of Sponsoring Organizations of the Treadway ("the COSO Framework") and Control Objectives for Information and Related Technologies (COBIT) framework in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of December 31, 2023, the management of Unilever Nigeria Plc did not identify any material weakness in its assessment of the internal control over financial reporting. As a result, management has concluded that, as of 31 December, 2023, the Company's internal control over financial reporting was effective.

The Company's independent auditor, KPMG Professional Services, who audited the financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Company's internal control over financial reporting as of 31 December 2023 based on the limited assurance engagement performed by them. KPMG Professional Services' limited assurance report appears on pages 45 - 46 of the Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Company's internal control over financial reporting.



Tim Kleinebenne
Managing Director
FRC/2024/PRO/DIR/008/723464

14 March, 2024



Folake Ogundipe
Finance Director
FRC/2019/ICAN/00000019604

14 March, 2024

Certification of Management's Assessment of Internal Control Over Financial Reporting

We, the Managing Director and Finance Director certify that:

- a) We have reviewed the 2023 Annual Financial Statements of Unilever Nigeria Plc ('the Company')
- b) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of 31 December 2023, presented in this report;
- d) Unilever Nigeria Plc certifying officers:
- are responsible for establishing and maintaining internal controls;
 - have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of 31 December 2023 covered by this report based on such evaluation.
- e) Unilever Nigeria Plc certifying officers and we have disclosed, based on our most recent evaluation of internal control system, to the company's auditors (KPMG Professional Services) and the audit committee that:
- i) There were no significant deficiencies in the design or operation of the internal control system which could reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - ii) There was no fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
- f) Unilever Nigeria Plc certifying officers have identified, in the report that there were no significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to deficiencies noted.



Tim Kleinebenne
Managing Director
FRC/2024/PRO/DIR/008/723464

14 March, 2024



Folake Ogundipe
Finance Director
FRC/2019/ICAN/0000019604

14 March, 2024



KPMG Professional Services

KPMG Tower
Bishop Aboyade Cole Street
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Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Unilever Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unilever Nigeria Plc (the Company), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 Nigeria 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 Matters

Key audit matters are those matters that, in our professional judgment, were 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.

Exit from Home care and Skin cleansing business categories

Refer to summary of material accounting policies (Note 2.3), critical accounting estimates and judgements (Note 3) and discontinued operations note (Note 34) of these financial statements.



The key audit matter	How the matter was addressed in our audit
<p>In March 2023, the Company announced changes in its business model and committed to a plan to exit the Home care and Skin cleansing business categories in Nigeria following approval by the Board of Directors on 16 March 2023.</p> <p>The exit from the two business categories has been evaluated separately by the Company to determine if these categories meet the requirements to be accounted for as discontinued operations. This evaluation involves judgement to determine if the exit meets the criteria to be reported as a discontinued operation.</p> <p>This is considered a key audit matter as a result of its significance to the business as well as the critical accounting and audit considerations arising from the transaction.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Obtaining and inspecting the board approval for the exit of home care and skin cleansing. • Evaluating management’s assessment of whether home care segment and skin cleansing sub-segment meets the criteria to be classified as discontinued operations as well as judgements applied. • Evaluating the appropriateness of management’s treatment of the income and expenses relating to the exited product lines. • Evaluating the calculations and relevant adjustments relating to the discontinued operations for accuracy and appropriateness. • Challenging management’s assumptions used as the basis for allocating costs between discontinued operations and the continuing operations and verifying the appropriateness of the allocation. • Evaluating the adequacy and appropriateness of financial statements disclosures, including disclosures of key judgments in line with the relevant accounting standards.

Other Information

The Directors are responsible for the other information. The other information comprises the Unilever Purpose and Values, Corporate Profile, Board of Directors, Officers and other Corporate Information, Results at a glance, Board Profile, Report of the Directors including Corporate Governance Report, Abridged 2023 Sustainability Report, Statement of directors' responsibilities in relation to the financial statements for the year ended 31 December 2023, Report of the Audit Committee to the members of Unilever Nigeria Plc, Statement of Corporate Responsibility For Financial Reports for year ended 31 December 2023, Certification of Management's Assessment of Internal Control over Financial Reporting, Management’s Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023 and Other National Disclosures which we obtained prior to the date of this auditor’s report, but does not include the financial statements and our auditor’s report thereon.

Other information also includes the Notice of Annual General Meeting, Chairman’s Statement and Shareholder’s Information, together the “Outstanding Reports”, which are expected to be made available to us after that date.

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

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



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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 judgment and maintain professional skepticism 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 the directors.
- Conclude on the appropriateness of directors' 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.
- 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 the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 threats or safeguards applied.

From the matters communicated with the Audit Committee, 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 2 April 2024. That report is included on pages 45 and 46 of the annual report.

Signed:

Uzodinma G. Nwankwo, ACA
FRC/2013/ICAN/00000000803
For: KPMG Professional Services
Chartered Accountants
2 April 2024
Lagos, Nigeria





KPMG Professional Services
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Independent Auditor's Limited Assurance Report

To the Shareholders of Unilever Nigeria Plc

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Unilever Nigeria Plc ("the Company") as of 31 December 2023 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's internal control over financial reporting as of 31 December 2023 is not effective, in all material respects, in accordance with the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other matter

We have audited the financial statements of Unilever Nigeria Plc in accordance with the International Standards on Auditing, and our report dated 2 April 2024 expressed an unmodified opinion of those financial statements. Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Directors of Unilever Nigeria Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report. Our responsibility is to express a conclusion on the Company's internal control over financial reporting based on our assurance engagement.

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registered in Nigeria No BN 986925

A list of partners is available for inspection at the firm's address.



Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting (“the Guidance”) requires that we plan and perform the assurance engagement and provide a limited assurance report on the Company's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Signed:

Uzodinma G. Nwankwo, ACA
FRC/2013/ICAN/0000000803
For: KPMG Professional Services
Chartered Accountants
2 April 2024
Lagos, Nigeria



Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Note	2023 ₦'000	2022** ₦'000
Continuing Operations			
Revenue	4.1	103,879,730	68,637,363
Cost of sales	5	(67,855,455)	(42,036,756)
Gross profit		<u>36,024,275</u>	<u>26,600,607</u>
Selling and distribution expenses	5	(4,088,063)	(2,873,090)
Marketing and administrative expenses	9	(16,036,206)	(14,914,388)
Impairment reversals/(loss) on trade & other receivables	18 (vi)	3,426,719	(441,303)
Other income	6	<u>933,265</u>	<u>77,903</u>
Operating profit		20,259,990	8,449,729
Finance income	10	4,674,027	1,421,616
Finance costs	11	(3,042,225)	(1,148,007)
Net finance income		<u>1,631,802</u>	<u>273,609</u>
Profit before taxation		21,891,792	8,723,338
Income tax expense	12(i)	(5,477,382)	(3,344,820)
Profit from continuing operations		16,414,410	5,378,518
Discontinued operations			
Loss from discontinued operation (net of tax)	34.1	(7,974,515)	(911,434)
Profit for the year		<u>8,439,895</u>	<u>4,467,084</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	26(vi)	(88,444)	308,841
Related tax	12(ii)	29,187	(100,373)
Other comprehensive (loss)/ income, net of tax		<u>(59,257)</u>	<u>208,468</u>
Total comprehensive income		<u>8,380,638</u>	<u>4,675,552</u>
Profit attributable to:			
Owners of the Company		8,439,895	4,467,084
		<u>8,439,895</u>	<u>4,467,084</u>
Total comprehensive income attributable to:			
Owners of the Company		8,380,638	4,675,552
		<u>8,380,638</u>	<u>4,675,552</u>
Earnings per share for profit attributable to equity holders:			
Basic and diluted earnings per share (Naira)	13.1	<u>1.47</u>	<u>0.78</u>
Basic and diluted earnings per share (Naira) - continuing operations	13.1	<u>2.86</u>	<u>0.94</u>

The accompanying notes form an integral part of these financial statements.

**Comparative information for the profit or loss and the related notes have been re-presented to separately disclose the profit/loss from discontinued operation (Note 34).

Statement of financial position

As at 31 December

	Note	2023 ₦'000	2022 ₦'000
Assets			
Non-current assets			
Property, plant and equipment	14	18,770,920	21,490,568
Investment property	14.1	209,257	-
Intangible assets	16	2,696	3,081
Other financial assets	15	1,240,056	-
		<u>20,222,929</u>	<u>21,493,649</u>
Current assets			
Inventories	17	13,021,361	16,331,854
Trade and other receivables	18	12,284,377	10,034,726
Advances and prepayments	19	14,030,577	11,211,880
Cash and cash equivalents	20	56,698,640	66,317,783
Other financial assets	15	44,460	-
		<u>96,079,415</u>	<u>103,896,243</u>
Total assets		<u>116,302,344</u>	<u>125,389,892</u>
Liabilities			
Current liabilities			
Current tax liabilities	12 (iii)	1,493,572	2,972,361
Trade and other payables	22	32,075,796	51,962,483
Deferred income	23	227,678	442,313
		<u>33,797,046</u>	<u>55,377,157</u>
Non-current liabilities			
Loans and borrowings	24.1	1,539,968	-
Unfunded retirement benefit obligations	26(iv)	380,449	363,826
Retirement benefit deficit	26(v)	425,988	291,205
Long service award obligations	26(iv)	558,955	319,548
Deferred Income	23	216,056	-
Deferred tax liabilities	25	4,874,779	1,473,440
		<u>7,996,195</u>	<u>2,448,019</u>
Total liabilities		<u>41,793,241</u>	<u>57,825,176</u>
Equity			
Ordinary share capital	33	2,872,503	2,872,503
Share premium	33	56,812,810	56,812,810
Retained earnings		14,823,790	7,879,403
Total equity		<u>74,509,103</u>	<u>67,564,716</u>
Total equity and liabilities		<u>116,302,344</u>	<u>125,389,892</u>

The financial statements were approved for issue by the Board of Directors on 14 March 2024 and signed on its behalf by:



Mr. Michael Ikpoki
Interim Chairman
FRC/2014/NBA/00000005740



Tim Kleinebenne
Managing Director
FRC/2024/PRO/DIR/008/723464



Folake Ogundipe
National Finance Director
FRC/2019/ICAN/00000019604

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
For the Year ended 31 December 2023

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000
Balance at 1 January 2022	2,872,503	56,812,810	6,076,355	65,761,668
Total comprehensive income for the year				
Profit for the year	-	-	4,467,084	4,467,084
Other comprehensive income				
Remeasurement of post employment benefit obligations (Note 26(vi))	-	-	308,841	308,841
Related tax (Note 12(ii))	-	-	(100,374)	(100,374)
Other comprehensive income, net of tax	-	-	208,467	208,467
Total comprehensive income	-	-	4,675,551	4,675,551
Transactions with owners				
Contributions and distributions				
Dividend declared (Note 22 (ii))	-	-	(2,872,503)	(2,872,503)
Total transactions with owners of the company			(2,872,503)	(2,872,503)
At 31 December 2022	2,872,503	56,812,810	7,879,403	67,564,716
Balance at 1 January 2023	2,872,503	56,812,810	7,879,403	67,564,716
Total comprehensive income for the year				
Profit for the year	-	-	8,439,895	8,439,895
Other comprehensive income				
Remeasurement of post employment benefit obligations (Note 26(vi))	-	-	(88,444)	(88,444)
Related tax (Note 12(ii))	-	-	29,187	29,187
Other comprehensive income, net of tax	-	-	(59,257)	(59,257)
Total comprehensive income	-	-	8,380,638	8,380,638
Transactions with owners of the company				
Contributions and distributions				
Dividend declared (Note 22 (ii))	-	-	(1,436,251)	(1,436,251)
Total transactions with owners of the company	-	-	(1,436,251)	(1,436,251)
At 31 December 2023	2,872,503	56,812,810	14,823,790	74,509,103

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December

	Note	2023 N'000	2022 N'000
Cash generated from operations	28	(153,780)	12,892,574
Retirement benefits paid	26(iv)	(294,554)	(276,518)
Long service award obligations paid	26(iv)	(49,534)	(72,048)
Tax paid	12(iii)	(3,286,661)	(519,211)
Net cash (used in)/generated from operating activities		<u>(3,784,529)</u>	<u>12,024,797</u>
Cash flows generated from investing activities			
Interest received - continuing operation	10	3,761,403	1,421,616
Purchase of property, plant and equipment	14(i)	(2,245,874)	(1,559,536)
Proceeds from disposal of assets held for sale	21	-	387,000
Proceeds from disposal of property, plant and equipment	14 (ix)	26,647	7,487
Net cash generated from investing activities		<u>1,542,176</u>	<u>256,567</u>
Cash flows generated from financing activities			
Interest payment on employee benefits	11	(149,632)	(90,136)
Interest payment on trade obligations with banks - continuing operations	11	(2,892,593)	(694,525)
Interest payment on trade obligations with banks - discontinued operations	34	(668,625)	-
Cash received from loans and borrowing	24.2	1,539,968	-
Cash received from finance lease	15.1	39,000	-
Dividend paid	22(ii)	(6,135,987)	(623,767)
Net cash used in financing activities		<u>(8,267,868)</u>	<u>(1,408,428)</u>
Net (decrease)/increase in cash and cash equivalents		(10,510,221)	10,872,935
Cash and cash equivalents at the beginning of the year		66,317,782	55,697,536
Effect of movement in exchange rate on cash held		891,079	(252,690)
Cash and cash equivalents at the end of the year	20	<u><u>56,698,640</u></u>	<u><u>66,317,782</u></u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1 Basis of preparation

1.1 Reporting Entity

Unilever Nigeria Plc (the Company) is incorporated in Nigeria as a public limited liability company under the Companies and Allied Matters Act 2020 (CAMA2020) and is domiciled in Nigeria. The parent company of Unilever Nigeria Plc is Unilever Overseas Holdings B.V which holds 75.96% of the share capital of the company.

The Company is principally involved in the manufacture and marketing of Foods, Home care and Beauty and personal care products. It has manufacturing sites in Oregun, Lagos State and Agbara, Ogun State.

1.1 a Statement of compliance

The financial statements of Unilever Nigeria Plc ("Unilever" or "the Company") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council (FRC) of Nigeria (Amendment) Act, 2023.

These financial statements were authorised for issue by the Company's board of directors on 14 March 2024.

1.1 b Basis of measurements

The financial statements have been prepared under the historical cost basis, except for the following items which are measured on an alternative basis on each reporting date:

Items		Measurement basis
Inventories	-	Lower of cost and net realisable value
Non-derivative financial instruments	-	Initially at fair value and subsequently at amortised cost using effective interest rate
Defined benefit obligation	-	Present value of the obligation
Plan asset of defined benefit obligation	-	Fair value

1.2 Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency, rounded to the nearest thousand (N'000), unless otherwise indicated.

1.3 Going concern

The financial statements have been prepared on the basis of going concern.

1.4 Composition of the financial statements

The financial statements consist of the following:

- (i) Statement of profit or loss and other comprehensive statement
- (ii) Statement of financial position
- (iii) Statement of changes in equity
- (iv) Statement of cash flows
- (v) Notes, comprising material accounting policies and other explanatory information

1.5 Standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

1.5 a Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants.

The amendments apply for annual reporting periods beginning on or after 1 January 2024.

1.5 b Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

Notes to the financial statements (continued)

1.5 Standards and interpretations issued but not yet effective (continued)

1.5 c Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company's financial statements:

- i Lease liability in a Sale and Leaseback (Amendments to IFRS 16)
- ii Lack of exchangeability (Amendments to IAS 21)

1.6 Changes in material accounting policies

1.6 a Material accounting policy information

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

2 Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

Certain comparative amounts in the statement of profit or loss and OCI have been restated, reclassified or re-presented, as a result of an operation discontinued during the current year (see Note 34).

2.1 Property, plant and equipment

(i) Recognition, derecognition and measurement

The cost of an item of property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are measured by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in the statement of profit or loss.

The carrying amount of an item of PPE must be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of PPE are included in the income statement when the item is derecognised.

(ii) Subsequent costs

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. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

(iii) Depreciation

The estimated depreciation rates of property, plant and equipment for current and comparative periods are as follows:

Land	-	Nil
Buildings	-	2.5%
Plant and machinery	-	7%
Furniture and equipment	-	7% - 25%
Motor vehicles	-	25%

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the statement of profit or loss.

The capital work-in-progress represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management. These are depreciated only when they become available for use in accordance with the depreciation policy of the relevant asset class.

Depreciation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

2.2 Intangible assets

(i) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.2 Intangible assets (continued)

- it is technically and commercially feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product are available;
- and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised on a straight line basis in the income statement over their estimated useful lives, which does not exceed eight and a half years. These costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised when it increases the economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Amortisation method, assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

2.2.a Disposal of intangible assets

The carrying amount of intangible assets disposed or written off is derecognised. An item of intangible asset is derecognised on disposal or when no future economic benefit is expected from its use. Any gain or loss on sale of an intangible asset is recognised in profit or loss.

2.3 Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cashflows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate line of business or geographic areas of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of the disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

2.4 Investment property

Investment property is measured initially at cost, including transaction cost. Subsequent to initial recognition, investment property is stated at historical cost less accumulated depreciation and impairment. The depreciation method used is straight line method to determine the charge for the year.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold.

Rental income from investment property is recognised as other income on a straight line basis over the term of the lease. Lease incentives granted are treated as an integral part of the total rental income, over the term of the lease.

Transfers are made to (or from) investment property only when there is a change in use (such as an inception of an operating lease to a third party). For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Subsequent to initial recognition, the company continues to apply the subsequent recognition policy in accordance with the policy stated under property, plant and equipment

Notes to the financial statements (continued)

2.5 Impairment of non-financial assets

At each reporting period, the Company reviews the carrying amount of its non-financial assets (other than investment property, inventories) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognised for non-financial assets when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the estimated future cashflows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset or the CGU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets not yet available for use are tested for impairment annually. Impairment losses are recognized in the income statement. All other non-financial assets are assessed for indicators of impairment at the end of each reporting period.

2.6 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution 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, and any equity-accounted investee is no longer equity accounted.

2.7 Financial instruments

2.7.1 Recognition and initial measurement

Financial instruments (i.e. financial assets and liabilities) are recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.7.2 Classification and subsequent measurement

Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

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 cashflows; and
- its contractual Terms give rise on specified dates to cashflows that are solely Payments of principal and interest on the principal amount outstanding.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.7.2 Classification and subsequent measurement

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains & losses including any interest or dividend income are recognised in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the statement of profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

(ii) *Derivative financial instruments*

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.

(iii) *Financial Liabilities - Classification, Subsequent measurement and Gains and Losses*

Financial Liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under 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.

2.7.3 **Derecognition**

- Financial assets

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset or 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.

- Financial liabilities

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cashflows 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 the statement of profit or loss.

2.7.4 **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.8 Impairment of financial assets

Non- derivative financial assets

The Company recognises loss allowances for Expected Credit Loss (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for other debt securities and bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12 month ECL.

The ECL for trade and other receivables are estimated using a provision matrix that is based on the Company's historical credit loss experience adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both current as well as forecast direction of conditions as at reporting date.

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 and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower 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 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial asset.

The Company considers intercompany receivables to have a lower credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present 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 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.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL in the financial statements

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. An impairment loss is recognised if the gross carrying amount of the assets exceeds its estimated recoverable amounts. Impairment losses are recognised in profit or loss.

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 individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, 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.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.9 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.10 Inventories

Inventories are measured at the lower of cost and estimated net realisable value less allowance for obsolete and damaged inventories. A detailed review of slow moving and obsolete stocks is carried out on a monthly basis and an allowance is booked based on a realistic estimate. Cost is based on moving average price that comprises direct materials and where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Cost of raw materials, work in progress, cost of finished goods, engineering spares and other items of inventories is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of selling expenses.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods and the right to recover returned goods is included in inventory (see note 17). The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

2.11 Prepayment and Advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognised when the Company expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

2.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position include cash at bank and in hand plus short-term deposits less overdrafts and short-term working capital loans. Short-term deposits have a maturity of three months or less from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of statement of cashflows.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.13 Provision, Contingent liabilities and Contingent assets

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The present value is derived by discounting the expected future cashflows at a pre-tax rate. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arise from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

A contingent asset is a potential economic benefit that is dependent on some future event(s) largely out of a company's control.

2.14 Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax, Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(i) Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to 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 and is assessed as follows;

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under Company Income Tax Act is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(ii) Deferred tax

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

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.14 Income tax- continued

(ii) *Deferred tax- continued*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

(iii) *Minimum tax*

The Company is subject to the Finance Act 2020 as enacted, which amends the Company Income Tax Act (CITA). Total amount of tax payable under this is determined based on the higher of two components; Company Income Tax Act on taxable income (or loss) for the year, and minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit are treated as income tax in line with IAS 12, whereas minimum tax based on gross amount is outside the scope of IAS 12 and therefore not presented as tax expense in the statement of profit or loss.

The minimum liability is recognised under trade and other payables in the statement of financial position.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

2.15 Employee benefits

(a) *Post-employment benefit plans*

The Company operates a defined contribution benefit scheme, an unfunded defined benefit service gratuity scheme for its employees, and a funded post-employment benefit plan.

(i) *Defined contribution scheme*

The Company operates a defined contribution plan in line with the Pension Reform Act 2014. The contributions are recognised as employee benefit expenses as services are provided by employees, employee contributions are funded through payroll deductions. The Company has no further payment obligation once the contributions have been paid. The contribution made towards securing the future benefits in the scheme is as follows:

Staff	Management staff	Non-management
Employer	10%	10%
Employee	8%	10%

(ii) *Defined benefit plans*

The Company also operates a funded benefit plan. The level of benefit provided is based on the length of service and terminal salary of the person entitled. The defined benefit plan surplus or deficit in the statement of financial position comprises the total of the fair value of plan assets less the present value of the defined benefit obligation (using a discount rate based on federal government bonds in issue as at the reporting date).

The cost of defined benefit plans is determined using the projected unit credit method. The pension liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the market yield on government bonds at the calculation date and reflects the duration of the liabilities of the benefit plan.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the income statement in subsequent periods. Current service cost, the recognized element of any past service cost and the net interest cost arising on the pension liability are included in the same line items in the income statement as the related compensation cost.

(b) *Other long term employee benefits*

The Company measures long term employee benefits (long service awards) using the same accounting policies for defined benefit plans except for remeasurements which are recognised in income statement in the period in which they arise. The Company grants long service awards to employees who have served continuously well and loyally. Depending on the length of service, employees are granted both monetary and non monetary awards. Qualified employees have the option of monetising the non monetary awards.

The Company's net obligation in respect of the long term employee benefit is the future benefits that employees have earned in return for their service in the current and prior periods.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

(c) *Share-based payment transaction - Cash-settled transactions*

The cost of cash-settled transactions is measured initially at fair value at the grant date using a pricing model similar to the 'projected unit credit method'. The fair value of the amount payable is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

(d) *Short term employee benefits*

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 services provided by the employee and the obligation can be estimated reliably.

(e) *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.16 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue at a point in time when it transfers control over a product to a customer. The Company's net revenue is recognised as gross sales value net of rebates and discounts.

The Company principally generates revenue from the sale and delivery of its products. The sale and delivery of products are identified as one performance obligation and are not separately identifiable. The Company recognises revenue when the customer takes possession of the goods. This usually occurs when the customer signs the invoice/delivery note. The amount of revenue is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods assets are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in deferred income (Note 23) and the right to receive returned goods is included in inventory (Note 17).

The Company reviews its estimates of expected returns at each reporting date and updates the amounts of assets and liability accordingly.

See note 30 for details of revenue disaggregated by business category and geographical location.

2.17 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.17 Leases (continued)

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.19 Finance income and finance costs

Finance income and finance costs are recognised using the effective interest rate method.

Finance income includes interest received or receivable on balances and deposits with banks, exchange differences (excluding differences on payables to foreign suppliers which has been included in cost of sales).

Finance cost includes interest on borrowings, interest charge related to defined benefit plans, gains or losses arising on the early settlement of debt, exchange difference on non-derivative financial assets and liabilities (excluding differences on payables to foreign suppliers and service related intercompany receivables which has been included in cost of sales), derivative losses on derivative financial liabilities and marketing and administrative expenses respectively.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.20 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, and income taxes.

2.21 Foreign currency translations

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the Company is Nigerian Naira. The presentation currency of the Company is the Nigerian Naira.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company by applying the exchange rate at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.22 Earnings per share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

2.23 Statement of Cashflows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated for the purpose of preparing the statement.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

The cash flows from investing and financing activities are determined by using the direct method.

2.24 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over their par value is recorded in the share premium reserve.

3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

Judgements

Lease term: Whether the Company is reasonably certain to exercise extension options (Note 2.17)

Assets held for sale and discontinued operations: Whether the exit of Homecare and skin cleansing line meets the criteria to be classified as Held for Sale. Home care meets the criteria to be classified as discontinued operations as its assets or disposal group which has been abandoned represents a separate major line of business and has been presented as discontinued operations as at the date it was abandoned. Skin cleansing does not meet the requirement for a disposal group or held for sale as the Company does not own the non-current assets used in the production of its products as the products are manufactured by a third party manufacturer (see note 34).

Property lease classification - Company as lessor: The Company has entered into lease of its factory building to earn rental income. The Company has determined, based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a major part of the economic life of the factory building and the present value of the minimum lease payments not amounting to substantially all of the fair value of the factory building, that it retains substantially all of the risks and rewards incidental to ownership of this factory building and accounts for the contract as operating leases.

Estimates

(i) Retirement benefit and long service award obligations

The cost of retirement benefit and long service award obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit

obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the rates published in the A67/70 tables published jointly by the Institute and Faculty of Actuaries in the UK.

Future salary increases are based on expected future inflation rates in Nigeria. Further details about the assumptions are given in Note 26.

(ii) Provision for Right of Return on Revenue (Note 4c)

(iii) Measurement of ECL allowance of trade & other receivables and intercompany receivables (Note 18 (iii), (vi) and (vi))

(iv) Allowance for slow moving, obsolete and damaged inventory (Note 17)

(v) Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (Note 35).

Notes to the financial statements (continued)

4 Revenue

In the following table, revenue from contracts with customers (including revenue related to a discontinued operation) is disaggregated by primary geographical market, major product/ service lines and timing of revenue recognition.

4.1 Disaggregation of revenue from contracts with customers

	Continuing operations		Discontinued operation (see Note 34)		Total	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000	2023 N'000	2022 N'000
(a) Revenue for the year which arose from sales of goods comprise:						
Domestic (within Nigeria)	102,067,793	67,652,145	9,618,656	19,827,054	111,686,449	87,479,199
Export (outside Nigeria)	1,811,937	985,218	865,964	106,408	2,677,901	1,091,627
	<u>103,879,730</u>	<u>68,637,363</u>	<u>10,484,620</u>	<u>19,933,462</u>	<u>114,364,350</u>	<u>88,570,826</u>
(b) Major products/service lines:						
Nutrition	63,253,352	43,360,939	-	-	63,253,352	43,360,939
Home Care	-	-	10,484,620	19,933,462	10,484,620	19,933,462
Personal Care	33,119,251	23,455,534	-	-	33,119,251	23,455,534
Beauty & Wellbeing	7,507,127	1,820,891	-	-	7,507,127	1,820,891
	<u>103,879,730</u>	<u>68,637,363</u>	<u>10,484,620</u>	<u>19,933,462</u>	<u>114,364,350</u>	<u>88,570,826</u>

The Company recognises revenue at a point in time when it transfers control over a product to a customer.

In the year 2023, the Company had 90 key distributors that contributed to gross sales value; however 88 are active key distributors, 2 exited during the course of the year. Key Distributors contribution to Gross Sales Value was 95% (including modern trade). The highest contribution per Key Distributor is 5% of total company's Gross Sales Value.

(c) Right of Return

A refund liability of N 204 million (2022: N 442 million) has been recognized for the right to return goods sold. Management has made an estimate based on the historical trend of likely sales returns by customers subsequent to year-end. The amount of revenue recognized is adjusted for expected returns. A refund liability (Note 23.2) and the right to recover returned goods assets N 162 million (2022: N 351 million) have been recognized (Note 17).

Notes to the financial statements (continued)

5 Expenses by nature

The following items have been charged in arriving at profit before tax:

	2023	2022
	₦'000	₦'000
Raw materials and consumables (Note 5.1)	49,616,577	30,413,653
Bought in products	3,142,612	1,885,115
Depreciation of property, plant and equipment (Note 14(i))	2,809,131	2,420,298
Amortisation of intangible assets (Note 16)	385	386
Employee costs (Note 8)	10,067,042	8,771,608
Net exchange loss on translation of foreign currency denominated balances (Note 5.4)	5,464,244	1,288,311
Brand and marketing (Note 9)	7,432,342	5,046,924
Royalties and Service Fees (Note 9)	1,848	1,945,801
Handling charges	43,394	362,575
Auditors' remuneration	56,534	45,721
Professional service fees (Note 5.2)	971,828	109,847
Utilities	2,629,546	2,851,386
Business travel	863,981	572,549
IT costs	524,841	347,669
Consumer market research	463,325	364,867
Other third party services	447,808	135,243
Repairs and maintenance cost	2,454,590	2,506,445
Insurance	197,502	140,687
Donations & Gift	57,327	32,029
Trainings and meals	642,053	554,090
Impairment (reversal)/loss on trade and other receivables (Note 18 (vi))	(3,426,719)	441,303
Office materials	92,813	29,029
Total cost of sales, selling and distribution, marketing and administrative expenses and impairment losses	84,553,005	60,265,537
Analysed as:		
Cost of sales	67,855,455	42,036,756
Selling and distribution expenses	4,088,063	2,873,090
Impairment (reversal)/loss on trade and other receivables (Note 18 (vi))	(3,426,719)	441,303
Marketing and administrative expenses	16,036,206	14,914,388
	84,553,005	60,265,537

5.1 Movement in raw materials and consumables is driven by material cost inflation, depreciation of the naira and restructuring cost from Home care exit.

5.2 Movement in professional fee is driven by legal fees and land title perfection cost.

5.3 The total amount of non-audit services fee paid to KPMG Professional Services is N20 million (2022:Nil). This is in respect of assurance services provided in connection with attestation of the internal control over financial reporting.

5.4 Net exchange (gain)/loss on translation of foreign currency denominated balances (Note 5.4)

	2023	2022
	₦'000	₦'000
Included in cost of sales	7,464,907	1,374,302
Included in marketing and administrative expenses	(2,000,663)	(85,991)
	5,464,244	1,288,311

5.5 Profit before tax

	2023	2022
	₦'000	₦'000
Profit before taxation	21,891,792	8,723,339
Depreciation of property plant and equipment (Note 14(i))	2,809,131	2,420,298
Amortisation of intangible assets (Note 16)	385	386
Impairment (reversal)/loss on trade and other receivables (Note 18 (vi))	(3,426,719)	441,303
Directors Remuneration (Note 7(i))	788,803	700,141
Audit fees (Note 5)	56,534	45,721
Royalties and Service Fees (Note 9)	1,848	1,945,801
Foreign exchange loss	4,583,851	1,651,478
Interest income on short term deposits (Note 10)	3,761,403	1,421,616
Interest expense on import finance facility (Note 11)	2,892,593	694,525

Notes to the financial statements (continued)

6 Other income

	2023	2022
	₦'000	₦'000
Transitional Service Agreement income (Note 6.1)	138,398	77,903
Promissory note on export expansion grant (Note 6.2)	616,105	-
Rental income derived from investment properties (Note 14.1)	31,000	-
Others (Note 6.3)	147,762	-
	<u>933,265</u>	<u>77,903</u>

6.1 Subsequent to the disposal of the Tea business in October 2021, Unilever Nigeria entered into a Transitional Service Agreement ("the Agreement") with the new owner (Ekaterra Plant based Ltd) until June 2023. Effective 1st July, 2023, Unilever Nigeria entered into a Manufacturing Services Agreement for production of tea with Ekaterra Plant based Ltd in exchange for a fee. The amount reported represents fee earned on production of tea for Ekaterra Plant based Ltd.

6.2 Included under other income is the income derived from discounting promissory note issued by the Federal Government of Nigeria, pertaining to prior-period Export Expansion Grants (EEG). A total amount of N616 million was received on the transaction in 2023.

6.3 Included under others are rental income from Ekaterra Plant based Ltd and proceed from other non-trade receivables.

7 Compensation of key management personnel and directors

(i) Directors Remuneration

Remuneration paid to executive directors and highest paid director were as follows;

	2023	2022
	₦'000	₦'000
The emoluments of the Chairman of Board of Directors	28,933	19,959
The emoluments of the highest paid director	312,731	198,008
Executive directors	370,661	408,817
Non executive directors	76,478	73,357
	<u>788,803</u>	<u>700,141</u>

The number of executive directors (excluding the highest paid director), who received emoluments, were within the following range.

	2023	2022
	₦'000	₦'000
N50,000,0000 - N100,000,000	2	2
N101,000,000 - N200,000,000	2	2
	<u>4</u>	<u>4</u>

(ii) Transaction to key management personnel was as follows

Key management personnel compensation comprised the following:

	2023	2022
	₦'000	₦'000
Short-term employee benefits:		
Members of the Leadership team (excluding executive directors)	751,285	688,840
Directors	788,803	700,141
	<u>1,540,088</u>	<u>1,388,981</u>
Long-term employee benefits:		
Post-employment benefit	292,996	67,267
	<u>1,833,084</u>	<u>1,456,248</u>

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan and defined contribution plan.

8 Employee costs

	2023	2022
	₦'000	₦'000
Salaries and wages	5,806,536	4,986,796
Pension contribution	773,285	919,858
Current service charge for unfunded retirement benefit obligation and long service awards (Note 26(vi))	34,640	126
Other employee allowances (Note 8.1)	3,452,581	2,864,828
	<u>10,067,042</u>	<u>8,771,608</u>

8.1 Other employee allowances include incentives, medical allowances, product packs and other benefits which are consistent with industry practice.

The average number of persons, excluding executive directors, employed by Unilever Nigeria during the year was as follows:

	2023	2022
	Number	Number
Administration	65	77
Technical and production	461	596
Sales and marketing	84	113
	<u>610</u>	<u>786</u>

Notes to the financial statements (continued)

8 Employee costs (continued)

The table below shows the number of direct employees of Unilever excluding executive directors, other than employees who discharged their duties wholly or mainly outside Nigeria and which fell within the bands stated.

	₦	₦	2023 Number	2022 Number
Below 1,750,000			6	13
1,750,001 -	-	2,000,000	1	3
2,000,001 -	-	2,250,000	0	2
2,250,001 -	-	2,500,000	2	6
2,500,001 -	-	2,750,000	0	3
2,750,001 -	-	5,000,000	164	469
5,000,001 -	-	10,000,000	291	141
10,000,001 -	-	15,000,000	46	64
15,000,001 -	-	20,000,000	36	20
20,000,001 -	-	30,000,000	25	32
30,000,001 -	-	40,000,000	13	15
40,000,001 -	-	60,000,000	18	6
60,000,001 -	-	80,000,000	3	5
Above 80,000,000			5	7
			610	786

9 Marketing and administrative expenses

This is analysed as follows:

	2023 ₦'000	2022 ₦'000
Brand and marketing	7,432,342	5,046,924
Administrative expenses	8,602,016	7,921,663
Royalties and Service Fees (Notes 9.2)	1,848	1,945,801
	16,036,206	14,914,388

9.1 Included in marketing and administrative expenses is N2.0bn revaluation gains on foreign currency denominated receivables (Note 5.4)

9.2 In previous years, Unilever Nigeria Plc had agreements with Unilever Plc United Kingdom for Technology and Trade Mark licences. In consideration of this, a royalty of 2% of net sales value and 0.5% of net sales value was payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom for Technology and Trade Mark licenses respectively. Effective February 2023, the exclusive intellectual property (IP) rights for Trademark and Technology licenses, previously held by Unilever Plc, are now vested in Unilever Global IP Limited and Unilever IP Holdings B.V. The new agreements executed with Unilever Global IP Limited and Unilever IP Holdings B.V. are pending approval by the National Office for Technology Acquisition and Promotion (NOTAP).

Also, Unilever Nigeria has a central support and management services agreement with Unilever Europe Business Centre B.V for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters. In consideration of this, a fee of 2% of profit before tax is payable as service fees. The agreement expired on 31 December 2022 and is yet to be renewed.

Unilever Nigeria Plc was granted an exemption for the year and did not receive any invoice or charges for Trademark and Technology licenses and management service fees from the respective counter parties due to pending renewals and approvals by NOTAP.

Accordingly, no charge was recognised in the books for the year and the N1.8 million reported in 2023 is a true-up from 2022 royalty and service fees due.

10 Finance income

	2023 ₦'000	2022 ₦'000
Interest on call deposits and bank accounts	3,761,403	1,421,616
Net exchange gain on translation of foreign currency denominated balances	880,393	-
Interest income on lease receivables (Note 15.1)	13,213	-
Interest income on loan receivables (Note 15.2)	19,018	-
	4,674,027	1,421,616

11 Finance costs

	2023 ₦'000	2022 ₦'000
Interest expense on lease liabilities	-	179
Interest expense on import finance facility	2,892,593	694,525
Interest charge on employee benefits	149,632	90,136
Net exchange loss on translation of foreign currency denominated balances	-	363,167
	3,042,225	1,148,007

Notes to the financial statements (continued)

12 Taxation

(i) Income statement	2023 ₦'000	2022 ₦'000
Current income tax	1,594,545	2,600,581
Capital Gains tax	(336,227)	8,579
Tertiary education tax	234,558	349,061
Nigeria Police trust fund	696	391
Prior year under provision- current income tax	553,284	76,547
	<u>2,046,856</u>	<u>3,035,159</u>
Origination and reversal of temporary difference (Note 25)	<u>3,430,526</u>	<u>309,661</u>
Tax charge to income statement - Continuing operations	<u>5,477,382</u>	<u>3,344,820</u>

During the year, the Company abandoned the manufacturing and sale of its product lines under the home care segment and presented it as a discontinued operation. The home care segment generated tax losses during the year. However, prior experience with the tax authorities indicates that the performance of the Company has always been assessed as a whole and not based on operating segment results due to the complexities arising from the appropriate allocation of income taxes across the various segments. On this basis, the Company has recognised income taxes on the performance of the Company as a whole, in which the tax losses from the discontinued operation have been utilised on its taxable profits from its continuing operations.

(ii) Other comprehensive income	2023 ₦'000	2022 ₦'000
Deferred tax on temporary differences	<u>(29,187)</u>	<u>100,374</u>

Tertiary education tax charge is at 3% of assessable profits in accordance with Finance Act 2023.

(iii) The movement in current income tax liabilities is as follows:

	2023 ₦'000	2022 ₦'000
At 1 January:		
- Current income tax	2,972,361	478,615
Prior year under provision	553,284	76,547
Charge for the year - continuing operations:		
- Current income tax	1,594,545	2,600,581
- Tertiary education tax	234,558	349,061
- Capital Gains tax	(336,227)	8,579
Nigeria Police trust fund	696	391
Charge for the year - discontinuing operations:		
- Current income tax	-	-
Tax paid:		
Cash	(3,286,661)	(519,211)
Withholding tax credit note	(238,984)	(22,202)
At 31 December	<u>1,493,572</u>	<u>2,972,361</u>

Notes to the financial statements (continued)

12 Income tax (continued)

		2023		2022
		₦'000		₦'000
(iv) Reconciliation of effective tax to the statutory tax				
Profit before tax - continuing operations		<u>21,891,792</u>		<u>8,723,338</u>
		<u>21,891,792</u>		<u>8,723,338</u>
Tax calculated at the applicable statutory rate.	30%	6,567,538	30%	2,617,002
Tertiary education tax at 3%	3%	656,754	3%	218,083
Tax effects of expenses not deductible for tax purposes	3%	745,218	9%	742,864
Tax effects on tax incentives	-0.4%	(77,595)	-0.2%	(13,460)
Utilisation of tax losses from discontinued operation	-12%	(2,631,590)	-3%	(296,216)
Prior year underprovision	3%	553,284	1%	76,548
Tax effects of Capital gains tax	-2%	(336,227)	0%	-
Tax charge in income statement	25%	<u><u>5,477,382</u></u>	38%	<u><u>3,344,821</u></u>

13 Earnings per share

13.1 Basic earnings per share

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares.

(i) Profit attributable to ordinary shareholders (basic)

	2023			2022		
	Continuing operations	Discontinued operations	Total	Continuing operations (restated)*	Discontinued operations (restated)*	Total
Profit/(loss)for the year, attributable to the owners of the company	16,414,410	(7,974,515)	8,439,895	5,378,519	(911,434)	4,467,085
Profit/ (loss) for the year, attributable to ordinary shareholders (basic)	16,414,410	(7,974,515)	8,439,895	5,378,519	(911,434)	4,467,085

(ii) Weighted-average number of ordinary shares (basic)

	2023	2022
<i>in thousands of shares</i>		
Issued ordinary shares at 1 January	<u>5,745,005</u>	<u>5,745,005</u>
Number of ordinary shares at 31 December	5,745,005	5,745,005
Basic earnings per share (Naira)	<u><u>2.86</u></u>	<u><u>(1.39)</u></u>
	<u><u>1.47</u></u>	<u><u>0.94</u></u>
	<u><u>(0.16)</u></u>	<u><u>0.78</u></u>

Notes to the financial statements (continued)

13.2 Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(i) Profit attributable to ordinary shareholders (diluted)

	Continuing operations	Discontinued operation	Total	Continuing operations (restated)*	Discontinued operations (restated)*	Total
Profit/(loss) for the year, attributable to the owners of the company	16,414,410	(7,974,515)	8,439,895	5,378,519	(911,434)	4,467,085
Profit for the year, attributable to ordinary shareholders	16,414,410	(7,974,515)	8,439,895	5,378,519	(911,434)	4,467,085

(ii) Weighted-average number of ordinary shares (diluted)

	2023		2022			
<i>in thousands of shares</i>						
Weighted average number of ordinary shares (basic)		5,745,005		5,745,005		
Effect of conversion of convertible notes		-		-		
Effect of share options on issue		-		-		
Weighted average number of ordinary shares (diluted)		5,745,005		5,745,005		
Diluted earnings per share (Naira)	2.86	(1.39)	1.47	0.94	(0.16)	0.78

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements.

Notes to the financial statements (continued)

14 Property, plant and equipment (PPE)

The movement in the Property Plant and Equipment account is as follows:

	Capital work-in-progress	Leasehold land	Buildings	Plant and machinery	Furniture and equipment	Motor vehicles	Total
(i) Cost	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
1 January 2022	955,640	433,640	12,757,446	27,599,939	1,437,201	1,503,790	44,687,655
Additions	1,559,536	-	-	-	-	-	1,559,536
Disposals	-	-	(36,298)	(2,122,554)	(32,375)	(160,514)	(2,351,740)
Transfers	(735,548)	-	231,593	431,706	31,915	40,334	-
Transfer between classes	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
At 31 December 2022	1,779,628	433,640	12,952,741	25,909,091	1,436,741	1,383,610	43,895,452
At 1 January 2023	1,779,628	433,640	12,952,741	25,909,091	1,436,741	1,383,610	43,895,452
Additions	2,209,979	-	-	35,895	-	-	2,245,874
Disposals	-	-	-	(85,499)	(118,219)	(115,819)	(319,537)
Transfer between classes	(2,223,703)	-	184,642	830,362	403,256	805,443	-
Reclassification to investment properties (Note 14 (v))	-	-	(326,318)	-	-	-	(326,318)
Reclassification to lease receivables	-	-	-	(2,599,280)	(144,075)	-	(2,743,355)
At 31 December 2023	1,765,905	433,640	12,811,065	24,090,569	1,577,703	2,073,234	42,752,116
Accumulated Depreciation / impairment							
1 January 2022	-	3,190	3,809,215	16,609,454	1,035,057	854,453	22,311,369
Depreciation charge for the year	-	-	373,465	1,639,099	160,153	247,582	2,420,298
Disposals	-	-	(35,807)	(2,116,788)	(18,878)	(155,310)	(2,326,784)
At 31 December 2022	-	3,190	4,146,872	16,131,765	1,176,331	946,725	22,404,883
At 1 January 2023	-	3,190	4,146,872	16,131,765	1,176,331	946,725	22,404,883
Depreciation charge for the year	-	49,095	369,499	1,753,740	371,189	265,608	2,809,131
Disposals	-	-	-	(85,428)	(118,040)	(115,522)	(318,990)
Impairment (Note 14 (vi))	-	-	24,099	1,348,977	4,818	1,520	1,379,414
Transfer between classes	-	4,461	(4,461)	-	-	-	-
Reclassification to investment properties (Note 14(v))	-	-	(115,797)	-	-	-	(115,797)
Reclassification to lease receivables (Note 14 (vii))	-	-	-	(2,033,370)	(144,075)	-	(2,177,445)
At 31 December 2023	-	56,746	4,420,213	17,115,684	1,290,224	1,098,330	23,981,197
Net book value:							
At 1 January 2022	955,640	430,450	8,948,231	10,990,485	402,143	649,338	22,376,286
At 31 December 2022	1,779,628	430,450	8,805,869	9,777,326	260,410	436,886	21,490,568
At 31 December 2023	1,765,905	376,894	8,390,852	6,974,886	287,479	974,904	18,770,920

Notes to the financial statements (continued)

14 Property, plant and equipment (PPE)

(ii) *Security*

As at 31 December 2023, no item of property, plant and equipment was pledged as security for liabilities (2022: nil).

(iii) *Capital work-in-progress*

The capital work-in-progress of N1.8 billion (2022: N1.8 billion) represents buildings and plant and machinery under construction and other property, plant and equipment not

31, December 2023

	Land & Building	Plant & Machinery	Furniture and equipment	Motor vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Capital work-in-progress	86,065	1,498,092	116,227	65,521	1,765,905

31, December 2022

	Land & Building	Plant & Machinery	Furniture and equipment	Motor vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Capital work-in-progress	988,105	791,523			1,779,628

(iv) *Capital commitments*

Contractual commitments with respect to property, plant and equipment contracted for at the reporting date but not recognised in the financial statements:

	2,023	2,022
	₦'000	₦'000
Capital commitments	1,031,331	465,246

(v) *Reclassification of investment property*

During the year, the Company exited its Home Care (HC) segment and PPE (building) was transferred to investment property (see note (note 14.1) because it was no longer in use by the Company and it was decided that the building would be leased out to a third party.

	2023	2022
	₦'000	₦'000
Cost	326,318	-
Reclassification to investment property	(115,797)	-
	210,521	-

(vi) *Impairment of property, plant and equipment*

Management has recognized an impairment loss of N1.37 billion relating to plant and equipment as a result of decommissioning sites and idle assets across its Agbara and Oregun factories; in order to reflect the recoverability of the assets recognized in its books

(vii) *Lease receivable*

The Company leased some of its assets (Plant and Machinery) to third party when it exited the home care business segment under finance lease. The below shows the carrying amount of the amount transferred to Lease receivables (See Note 15.1).

	2023	2022
	₦'000	₦'000
Cost	2,743,355	-
Accumulated depreciation	(2,177,445)	-
	565,910	-

(viii) *Temporary idle Property, plant and equipment*

As at 31 December 2023, plant and equipment with a carrying amount of N75 million were temporarily idle, but the Company plans to operate the asset in 2024.

(ix) *Disposal of plant, property and equipment*

	2023	2022
	₦'000	₦'000
Proceeds from disposal of plant, property and equipment	26,647	7,487
Carrying amount of plant, property & equipment disposed	(547)	(24,956)
Gain/(loss) on disposal of plant, property & equipment	26,100	(17,469)

Notes to the financial statements (continued)

14.1 Investment property

	Factory Building	Total
	N'000	N'000
Cost		
1, January 2023		
Reclassification from property, plant and equipment (See note (14 (v)))	326,318	326,318
At 31 December 2023	326,318	326,318
Accumulated depreciation and impairment		
1, January 2023	-	-
Reclassification from property, plant and equipment (See note (14 (v)))	(115,797)	(115,797)
Charge for the year	(1,264)	(1,264)
As at 31 December 2023	(117,061)	(117,061)
Carrying amount:		
At 31 December 2022	-	-
At 31 December 2023	209,257	209,257

Investment Property primarily comprises factory buildings owned by the Unilever Nigeria Plc, which were utilized for the Home Care category now discontinued. (see note (34.1))

Subsequent to the company's exit from the Home Care category, the factory buildings have been leased to a third party for a duration of 10 years, with annual rental payments.

Income from operating leases, where the company serves as the lessor, are recognized in the income statement using a straight-line basis over the entire lease term. Rental income recognised by the Company in 2023 was N31 million (2022:Nil) and was included in other income (Note 6).

The depreciation method used is straight line method to determine the charge for the year, with carrying amount of N209 million (Note 14.1).

Determining the fair value of the building proves challenging given its age surpassing 10 years. Engaging a professional valuer becomes necessary for this assessment. However, based on initial surveys, establishing a prospective fair value proves impractical due to the building's integration within the company's existing manufacturing facilities for other product categories, making finding a lessee highly improbable.

The table below sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2023	2022
	N'000	N'000
Less than one year	35,340	-
One to two years	39,900	-
Two to three years	45,600	-
Three to four years	52,440	-
Four to five years	59,280	-
More than five years	336,300	-
Total	568,860	-

15 Other financial assets

	2023	2022
	N'000	N'000
Non-Current		
Loan receivable from Wecyclers (See note 15.2)	755,511	-
Less impairment (See note 18(vi))	(93,610)	-
	661,901	-
Financial assets at amortised cost (See note 15.1)	362,099	-
Promissory note on export expansion grant (See note 15.3)	216,056	-
	1,240,056	-
Current		
Financial assets at amortised cost (See note 15.1)	44,460	-
	1,284,516	-

Notes to the financial statements (continued)

15.1 Financial assets at amortised cost

Finance lease receivables

Following the discontinuation of the Home Care business category, the company leased the plant and machinery to a third party. These plants and machineries were previously used in the Home Care business category.

The lease has been accounted for as a finance lease in line with the provisions of IFRS 16. The lease term is for a period of 10 years after which ownership transfers to the lessee (Note 3).

Set out below is the carrying amount of the net investment in lease and the movements during the year:

	2023 ₦'000	2022 ₦'000
<u>Finance lease receivables</u>		
At 1 January 2023	-	-
Net investment of the lease	432,346	-
Interest income (Note 10)	13,213	-
Lease receipts	(39,000)	-
At 31 December 2023	406,559	-
At 31 December 2023		
Non-current	362,099	-
Current	44,460	-
	406,559	-
<u>Selling profit/(loss) on finance lease assets</u>		
PV of finance leased assets	432,346	-
Carrying amount of PPE	(565,910)	-
	(133,564)	-

The table below sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2023 ₦'000	2022 ₦'000
Less than one year	44,460	-
One to two years	50,684	-
Two to three years	57,780	-
Three to four years	65,869	-
Four to five years	75,091	-
More than five years	570,269	-
Total undiscounted lease receivable	864,155	-
Unearned finance income	(457,596)	-
Net investment in the lease	406,559	-

15.2 Loan receivables from Wecyclers

In March 2023, Unilever Nigeria Plc in line with its sustainability strategy entered into a collaborative agreement with Wecyclers Nigeria Ltd. (a for-profit social enterprise that promotes environmental sustainability, socioeconomic development, and community health by providing recycling services in densely populated urban neighborhoods in developing countries) to improve the community environment and health/well-being through effective waste collection and management.

The Company provided Wecyclers with an outcome-based loan and grant aimed at promoting waste recovery and recycling rates across several states in Nigeria.

The loan is for a period of five (5) years with a single repayment of principal of the loan and interest at the end of maturity i.e. five (5) years.

The carrying amount of the loan and the movements during the period is as set out below:

	2023 ₦'000	2022 ₦'000
At 1 January	-	-
*Additions - Loan receivables	708,067	-
Loss on initial recognition (Day 1 loss)	(45,777)	-
Accrued interest income	19,018	-
Foreign exchange gain	74,203	-
	755,512	-
Less: Allowance for expected credit losses	(93,610)	-
At 31 December	661,902	-

Included in the loan receivables is a N168 million relating to proposed grant which will only be granted if some certain conditions embedded in the contract are met.

15.3 In February 2023, the Federal Government of Nigeria (FGN) through its Debt Management Office (DMO) issued Unilever Nigeria Plc two (2) promissory notes with a value of N416,056,192 each and maturity date of 7th February 2025 and 7th February 2026 respectively. The promissory note is in full settlement of the Export Expansion Grant (EEG) claim for 2006 - 2016.

In June 2023, the promissory notes were discounted/ traded and it is currently being carried at the discounted value.

Notes to the financial statements (continued)

16 Intangible assets

Intangible assets comprise computer software

	2023	2022
	₦'000	₦'000
Cost:		
At 1 January	2,192,460	2,192,460
At 31 December	<u>2,192,460</u>	<u>2,192,460</u>
Amortisation:		
At 1 January	2,189,379	2,188,993
Charge for the year	385	386
At 31 December	<u>2,189,764</u>	<u>2,189,379</u>
Net book value as at 31 December	<u><u>2,696</u></u>	<u><u>3,081</u></u>

Intangible assets represent the Company's computer software and the amortisation charge for the year has been included in administrative expenses.

17 Inventories

	2023	2022
	₦'000	₦'000
Raw and packaging materials (Note 17.1)	9,663,241	12,422,867
Work in progress	193,391	546,310
Finished goods (Note 17.2)	2,173,688	2,029,402
Engineering spares and other inventories	829,238	981,820
Right to recover returned goods (Note 17.3)	161,803	351,455
	<u>13,021,361</u>	<u>16,331,854</u>

The cost of inventories recognised as an expense during the year and included in cost of sales was N49.6 billion (2022: N30.4 billion) as disclosed in Note 5. Included in inventory is a write off of N3 billion due to the discontinuation of Home Care (HC) business category product line on discontinued operations.

Furthermore, the Company makes estimate with respect to allowance for obsolete inventories. Total allowance recorded for inventory amounted to N603million (2022: N1.5 billion).

- 17.1 Included in raw and packaging materials are write offs due to exit from home care segment and skin cleansing subsegment.

	2023
	₦'000
Raw materials and packaging materials written off	
Raw materials	2,544,353
Packaging materials	452,746
Semi finished goods	344,775
Slobs written off	<u>3,484</u>
Total RMPM written off	3,345,358
Attributable to Home Care (HC)	3,075,546
Attributable to Skin Cleansing (SC)	<u>269,812</u>
	<u><u>3,345,358</u></u>

Total raw material and packaging materials write off attributable to skin cleansing is N270 million. Skin cleansing does not meet the requirement for a disposal group or held for sale as the Company does not own the non-current assets used in the production of its products as the products are manufactured by a third party manufacturer.

- 17.2 Included in the finished goods inventory is a write down to Net Realisable Value (NRV) of N170 million (2022: N85 million). This has been included in cost of sales.

- 17.3 The right to recover returned goods represents the Company's right to recover products from customers where customers exercise their right of return under the Company's returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a year using expected value method. Refund liabilities for the right to recover returned goods is disclosed in Note 23.

18 Trade and other receivables

	2023	2022
	₦'000	₦'000
(i) Trade and other receivables account is analysed as follows:		
Trade receivables: gross	8,309,456	5,243,534
Less: rebate accruals	(707,697)	(580,948)
Less: impairment	<u>(1,258,856)</u>	<u>(1,424,010)</u>
Trade receivables: net	6,342,903	3,238,576
Unclaimed dividend held with registrar	419,455	529,497
Interest receivable	304,552	225,880
Other receivables	452,446	4,068,199
Due from related parties (Note 31 (iv))	<u>4,765,021</u>	<u>1,972,574</u>
	<u><u>12,284,377</u></u>	<u><u>10,034,726</u></u>

Reconciliation of changes in trade and other receivables in the statement of cashflows:

	2023	2022
	₦'000	₦'000
Movement in trade and other receivables	(2,249,651)	3,078,986
Movement in advance and prepayment	(2,818,697)	(9,332,937)
Net impairment charge on receivables (Note 18(vi))	3,426,719	(441,303)
Withholding tax credit utilised (Note 12(iii))	<u>(238,984)</u>	<u>-</u>
Movement in trade and other receivables and advance and prepayments per statement of cashflows	<u><u>(1,880,614)</u></u>	<u><u>(6,695,254)</u></u>

Notes to the financial statements (continued)

18 Trade and other receivables (continued)

	2023	2022
	₦'000	₦'000
(ii) Analysis for trade receivables:		
Carrying amount not past due	5,954,481	3,090,235
Carrying amount past due less than 3 months	388,422	43,334
Carrying amount past due 3 - 6 months	-	97,799
Carrying amount past due 6 months & above	-	7,208
	<u>6,342,903</u>	<u>3,238,576</u>
	2023	2022
	₦'000	₦'000
(iii) Movement in allowance for trade receivables:		
At 1 January	1,424,010	1,284,069
Impairment loss (18 (vi))	43,955	188,254
Bad debt written off	(209,109)	(48,313)
At 31 December	<u>1,258,856</u>	<u>1,424,010</u>
	2023	2022
	₦'000	₦'000
(iv) Movement in allowance for related parties receivables:		
At 1 January	4,356,284	4,103,235
Impairment loss (18 (vi))	(3,564,284)	253,049
	<u>792,000</u>	<u>4,356,284</u>
	2023	2022
	₦'000	₦'000
(v) Analysis of related parties receivables:		
Carrying amount not past due	576,207	197,664
Carrying amount past due less than 3 months	565,874	160,184
Carrying amount past due 3 - 6 months	3,115,697	559,948
Carrying amount past due 6 months & above	507,244	1,054,778
	<u>4,765,022</u>	<u>1,972,574</u>

Related party receivables arose from export sales, and exchange of services which are payable within 90 days.

Receivables have been subjected to impairment assessment in line with IFRS 9 and the appropriate impairment loss recognised in the statement of profit or loss. Information about the Company's exposure to credit risk and impairment losses for intercompany receivables is included in (Note 31).

	2023	2022
	₦'000	₦'000
(vi) Impairment loss on trade, intercompany and other receivables recognised in profit or loss		
	₦'000	₦'000
Trade receivables (18 (iii))	43,955	188,254
Other receivables	93,610	-
Total impairment loss on trade receivables	<u>137,565</u>	<u>188,254</u>
Impairment (write back) / loss on Intercompany receivables (18 (iv))	(3,564,284)	253,049
Total impairment (write back) / loss recognised in profit or loss (Note 5)	<u>(3,426,719)</u>	<u>441,303</u>
	2023	2022
	₦'000	₦'000
(vii) Movement in rebate accruals		
Opening balance	580,948	1,019,156
Accrued in the year	5,344,299	4,823,185
Payout in the year	(4,803,831)	(4,928,418)
Excess reversed to income statement	(413,719)	(332,974)
Closing balance	<u>707,607</u>	<u>580,948</u>

Information about the Company's exposure to credit risk and impairment losses for trade receivables is included in note 29.1(b).

Notes to the financial statements (continued)

19 Advance and prepayments

	2023	2022
	₦'000	₦'000
Advances and prepayments (Note 19 (i))	12,524,790	9,673,972
Deposit for imports (Note 19 (ii))	1,505,787	1,537,908
	<u>14,030,577</u>	<u>11,211,880</u>

- (i) An amount of N12.5 billion is included in advances and prepayments, representing advance payments made to suppliers. This aims to leverage favorable pricing opportunities for raw and packaging materials.
- (ii) Deposit for imports represents naira amount deposited for foreign currencies to be used for funding letter of credits in respect of imported raw materials which were yet to be paid to suppliers as at year end.

20 Cash and cash equivalents

	2023	2022
	₦'000	₦'000
Cash at bank	25,609,620	26,138,254
Fixed deposit	27,810,497	36,678,488
Restricted cash	3,278,523	3,501,041
	<u>56,698,640</u>	<u>66,317,783</u>

20.1 Restricted cash

As at year end, cash and cash equivalents comprised of restricted cash which represents unclaimed dividend held in a separate bank account amounting to N3.3 billion (2022: N3.5 billion). The N3.3bn was invested by the Company's registrar in line with SEC rules on dividend investment (2022: N3.5bn).

20.2 Cash and cash equivalents in the statement of cash flows

	2023	0
	₦'000	₦'000
Cash at bank	25,609,620	26,138,254
Fixed deposit	27,810,497	36,678,488
Cash and cash equivalents in the statement of cash flows	<u>53,420,117</u>	<u>62,816,742</u>

Information about the Company's exposure to credit risk and impairment losses for trade receivables is included in note 29.1(b).

21 Assets held for sale & Disposal of property, plant and equipment

In 2021, management committed to a plan to sell part of its manufacturing facility within the Home and Personal Care segment. Accordingly, part of that facility is presented as assets held for sale at the carrying amount of N262 million. This asset was classified as held for sale in 2021 while the sales proceed was received in 2022.

- (i) Asset held for sale

	2023	2022
	₦'000	₦'000
Proceed from disposal of Asset held for sale	-	387,000
Carrying amount of Asset held for sale	-	(262,258)
Gain on disposal of asset held for sale	<u>-</u>	<u>124,742</u>

22 Trade and other payables

	2023	2022
	₦'000	₦'000
Trade payables	12,037,626	14,757,595
Trade obligations with banks (Note 22(i))	2,022,651	13,556,275
Amount due to related companies (Note 31 (iv))	4,986,002	6,276,585
Dividend payable (Note 22(ii))	3,689,039	8,543,165
Accrued liabilities	5,044,027	4,982,890
Accrued brand and marketing expenses	1,062,994	686,708
Accrued shipping and freight charges	736,513	1,103,981
Non trade payables	1,048,411	641,088
Statutory deductions	1,448,533	1,414,196
Total trade and other payables	<u>32,075,796</u>	<u>51,962,483</u>

Notes to the financial statements (continued)

22 Trade and other payables (continued)

Reconciliation of changes in trade and other payables in the statement of cashflows:

	2023	2022
	₦'000	₦'000
Movement in trade and other payables	(19,886,687)	12,665,721
Dividend declared net of withholding tax	(1,321,028)	(2,642,193)
Dividend paid (Note 22 (ii))	6,135,987	623,767
Movement in trade and other payables per statement of cashflows (Note 28)	<u>(15,071,728)</u>	<u>10,647,295</u>

(i) The Company is involved in trade financing arrangements with some local banks where the banks agree to pay amounts to foreign vendors in respect of invoices owed by the Company and receives settlement from the Company at a later date. The principal purpose of the arrangement is to facilitate efficient payment processing to foreign vendors in view of the challenges being experienced with sourcing foreign currency in the Nigerian market. The arrangement enables the Company settle its foreign obligations in a timely manner to facilitate receipt of key input materials required in the production of finished goods.

(ii) Dividend payable

	2023	2022
	₦'000	₦'000
As at 1 January	8,543,166	6,413,241
Dividend paid	(6,135,987)	(623,767)
Withholding tax payable	(115,223)	(230,310)
Cash paid to registrar in maintaining statutory minimum balance (Note 22(iii))	(208,811)	(61,410)
Dividend unclaimed by shareholders	169,644	172,909
Dividend declared	1,436,251	2,872,503
As at 31 December	<u>3,689,040</u>	<u>8,543,166</u>

For the period ended 31 December 2023, the directors have proposed a dividend 75k per share (2022: 25k per share).

Unclaimed dividend returned by the registrar is invested in a portfolio managed by a fund manager (Stanbic IBTC Asset Management Limited). In line with SEC rules, this unclaimed dividend is not available to be used by the Company for its own business.

Included in dividend payable is ₦4.8bn (2022: ₦4.8bn) due to Unilever Overseas Holding (Note (28(v))).

As at 31 December 2023, ₦419.5 million (2022: ₦529.5 million) of the total dividend was held with the Company's Registrar, GTL Registrars Limited.

(iii) Balance represents a refund to the Company of N208m which represents excess cash held with registrar.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 30.1.

23 Deferred Income

	2023	2022
	₦'000	₦'000
Non-Current		
Promissory note (See note 15.3)	216,056	-
	<u>216,056</u>	<u>-</u>
Current		
Deferred rental income (see note 23.1)	23,460	-
Refund liabilities (see note 23.2)	204,218	442,313
	<u>227,678</u>	<u>442,313</u>

23.1 Deferred rental income comprises of advance rental income.

23.2 A refund liability of N204 million (2022: 442 million) has been recognised as deferred income.

Notes to the financial statements (continued)

24 Loans and Borrowings

In March 2023, Unilever Nigeria Plc entered into a collaborative agreement with Wecyclers Outcomes Partnership Limited, United Kingdom for provision of funds in form of loan, which will be extended to Wecyclers Nigeria Limited to facilitate one of its sustainability goal of increasing waste recovery and recycling rates across several states in Nigeria.

The Principal amount of the loan is USD 1,615,500 which is repayable on outcome achieved.

The repayment (or prepayment, as applicable) shall include repayment of the original principal amount and be made with accrued interest at 5% per annum for the period 2023 to 2028. Each payment of an outcomes payment under the loan agreement shall be treated as a payment of principal (and not interest) until outcomes payments in an amount at least equal to the principal of the loan have been paid.

The carrying amount of the loan and the movements during the year is as set out below:

24.1	2,023 ₦'000	2,022 ₦'000
Non-Current	1,539,968	-
Total Loans and borrowings	<u>1,539,968</u>	<u>-</u>

24.2 Movements in Loans and borrowings

	2023 ₦'000	2022 ₦'000
As at 1 January	-	-
Drawdown	1,242,481	-
Interest accrued	74,532	-
Foreign exchange loss	222,956	-
As at 31 December	<u>1,539,968</u>	<u>-</u>

Notes to the financial statements (continued)

25 Deferred tax liabilities

Deferred tax is calculated using the statutory income tax rate of 33% (2022: 32%). The movement on the deferred tax balance is as follows:

The movement in deferred tax is as follows:

	2023	2022
	N'000	N'000
Deferred tax (assets)/ liabilities:		
At start of year	1,473,440	1,063,406
Changes during the year:		
- Charge to income statement (Note 12(i))	3,430,526	309,661
- (Credit)/charge to other comprehensive income	(29,187)	100,373
At end of year	<u>4,874,779</u>	<u>1,473,440</u>

The movement in the deferred tax balance is as follows:

Deferred tax liabilities/(assets)	Property, plant and equipment N'000	Employee benefit obligations N'000	Other temporary differences* N'000	Leases N'000	Exchange difference N'000	Total N'000
At 1 January 2022	3,427,566	(404,876)	(2,362,173)	13,812	389,077	1,063,406
Charge/(credit) to income statement	1,178,939	100,374	(186,446)	(13,814)	(669,018)	410,034
Charge to other comprehensive income	-	-	-	-	-	-
At 31 December 2022 / 1 January 2023	<u>4,606,505</u>	<u>(304,502)</u>	<u>(2,548,619)</u>	<u>(2)</u>	<u>(279,941)</u>	<u>1,473,440</u>
Charge/(credit) to income statement	(530,941)	(116,890)	1,264,269	2	2,814,086	3,430,526
Charge to other comprehensive income	-	(29,187)	-	-	-	(29,187)
At 31 December 2023	<u>4,075,564</u>	<u>(450,579)</u>	<u>(1,284,350)</u>	<u>-</u>	<u>2,534,145</u>	<u>4,874,779</u>

*Other temporary differences comprises provisions for trade receivables, inventories, restructuring and unrelieved loss.

Notes to the financial statements (continued)

26 Retirement benefit obligation

(i) Retirement benefit obligation

Unilever operates a funded benefit scheme for retired employees. The funded benefit scheme is for retirees who have received pension. With effect from 1 January 2013, only employees who were employed prior to January 2006 and who had not opted out of the Unilever savings scheme are permitted entry into the funded benefit scheme. The plan asset of the scheme is funded by contributions from the retired employees. In addition, Unilever provides medical and soap pack benefits to retired employees.

(ii) Long service obligation

The Company grants long service awards to employees who have served continuously well and loyally. Depending on the length of service, employees are granted both monetary and non monetary awards. Qualified employees have the option of monetising the non monetary awards.

(iii) Summary of retirement benefits and long service award obligations

	2023	2022
	₦'000	₦'000
Funded retirement benefit obligation (Note 26(iv))	(1,561,320)	(1,810,481)
Fair value of plan assets (Note 26(v))	1,135,332	1,519,276
Retirement benefit deficit	(425,988)	(291,205)
Unfunded retirement benefit obligations (Note 26(iv))	(380,449)	(363,826)
Long service award obligations (Note 26(iv))	(558,955)	(319,548)
	<u>(1,365,392)</u>	<u>(974,579)</u>

Notes to the financial statements (continued)

26 Retirement benefit obligations (continued)

(iv) Reconciliation of change in liabilities

The movement in the obligations over the year is as follows:

	Funded Retirement Benefit Obligations		Unfunded Retirement Benefit Obligations		Long Service Award Obligations	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
At 1 January	(1,810,481)	(1,867,087)	(363,826)	(454,713)	(319,548)	(369,770)
Included in income statement						
<i>Plan asset</i>			-	-	-	
Current service charge	-	-	(62)	(126)	(34,578)	-
Self contribution						
Expected Return						
Interest cost	(201,906)	(219,913)	(50,000)	(55,326)	(28,049)	(24,206)
Actuarial gain – change in assumptions	282,650	-	-	21,510	-	-
Transfer to Ekaterra						2,380
Actuarial losses – experience	-	-	-	-	(226,314)	
	(1,729,737)	(2,087,000)	(413,888)	(488,655)	(608,488)	(391,596)
Included in OCI						
Remeasurement (loss)/gain						
Actuarial (losses)/gain – change in assumptions	(99,678)	-	6,980	124,829	-	-
Actuarial gain	(99,678)	-	6,980	124,829	-	-
Others						
Benefits paid - plan asset						
Benefits paid - retirement benefit obligations	268,095	276,518	26,459	-	49,534	72,048
	268,095	276,518	26,459		49,534	72,048
At 31 December	(1,561,320)	(1,810,481)	(380,449)	(363,826)	(558,955)	(319,548)

Notes to the financial statements (continued)

(v) *Reconciliation of change in assets*

The plan assets relate to the funded retirement benefit obligation. The movement in the fair value of plan assets for the year is as follows:

	2023	2022
	₦'000	₦'000
At January 1	1,519,277	1,445,796
<i>Included in income statement</i>		
Self contribution	2,865	-
Change in assumptions	(282,650)	-
Interest income on plan assets	159,681	165,987
<i>Included in OCI</i>		
Remeasurements - actuarial gains	4,254	184,012
<i>Others</i>		
Employer contributions	-	-
Benefits paid	(268,095)	(276,518)
	<u>(268,095)</u>	<u>(276,518)</u>
At December 31	1,135,332	1,519,277
Less: funded retirement benefit obligations (Note 26(iv))	<u>(1,561,320)</u>	<u>(1,810,481)</u>
Retirement benefit deficit	<u>(425,988)</u>	<u>(291,204)</u>

Notes to the financial statements (continued)

26 Retirement benefit obligations (continued)

(vi) Summary of items recognised in income statement and other comprehensive income

	2023			2022		
	Income Statement		OCI	Income Statement		OCI
	Current service charge*	Net interest cost	Actuarial losses	Current service charge*	Net interest cost	Actuarial losses
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Funded retirement benefit obligations	-	201,906	(99,678)	-	219,913	-
Plan assets interest income	-	(159,681)	4,254	-	(165,987)	184,012
Unfunded retirement benefit obligations	62	50,000	6,980	126	55,326	124,829
Long service award obligations	34,578	254,363	-	-	21,826	-
	34,640	346,588	(88,444)	126	131,078	308,841

*Current service charge disclosed above includes actuarial gains/(losses) on long service award obligations charged to profit or loss.

(vii) Actuarial assumptions

The principal actuarial assumptions were as follows:

	Funded Retirement Benefit Obligation		Long Service Award and Unfunded Retirement Benefit Obligation	
	2023	2022	2023	2022
Discount rate	14.9%	12.8%	15.5%	12.7%/ 13%
Inflation rate	14.5%	14.6%	14.5%	12%
Interest income rate	14.0%	13.0%	-	-
Future salary/pension increases	-	13.0%	14.5%	12%

Assumptions on mortality rate for the funded retirement benefit obligation is based on the rates published in the A67/70 tables, published jointly by the Institute and Faculty of Actuaries, United Kingdom while that of the unfunded retirement benefit obligation and long service award obligation is based on the publications in the A67/70 Tables and PA (90)-1 Male table (UK annuitant table), published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk. To achieve this, investment are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Notes to the financial statements (continued)

26 Retirement benefit obligations (continued)

For risk management purposes on the funded retirement benefit obligation, the obligations are funded by investments in liability matching assets. The assets are managed by external independent pension fund administrators. The plan assets comprised the following:

	2023	2022
	₦'000	₦'000
<u>Government Securities:</u>		
FGN Bonds	540,669	403,635
Treasury bills	554,458	832,991
	<u>1,095,127</u>	<u>1,236,626</u>
<u>Fixed deposits/strict calls:</u>		
Uninvested Cash/Money on Call	40,203	6,649
Fixed deposits	-	287,997
	<u>40,203</u>	<u>294,646</u>
Net Asset Values	<u>1,135,330</u>	<u>1,531,272</u>

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on government securities and quoted securities reflect long-term real rates of return experienced in the respective markets.

(viii) *Sensitivity analysis on liability as at 31 December 2023*

A 1% change in assumed rates will result in the following balances to the retirement benefit scheme.

Notes to the financial statements (continued)

26 Retirement benefit obligations (continued)

Sensitivity analysis on liability as at 31 December 2023

	Unfunded retirement benefit obligations		Funded Retirement Benefit Obligations	
	₦'000	Impact (%)	₦'000	Impact (%)
Base figures	380,449	-	1,561,320	-
Discount rate (-1%)	402,406	-	1,634,849	-
Discount rate (+1%)	360,796	15%	1,494,262	14.5%
Salary/pension increase rate (-1%)	306,179	-	-	7%
Salary/pension increase rate (+1%)	333,962	-	-	-
Price escalation rate (-1%)	357,498	-	-	-
Price escalation rate (+1%)	405,840	13%	-	13%
Mortality experience (-1 year)	354,642	7%	1,495,926	-4%
Mortality experience (+1 year)	407,384	-7%	1,626,140	4%

Sensitivity analysis on liability as at 31 December 2022

	Unfunded retirement benefit obligations		Funded Retirement Benefit Obligations	
	₦'000	Impact (%)	₦'000	Impact (%)
Base figures	363,826	-	1,810,481	-
Discount rate (-1%)	305,174	-	1,966,310	-
Discount rate (+1%)	335,234	15%	1,777,439	14.5%
Salary/pension increase rate (-1%)	306,179	-	-	7%
Salary/pension increase rate (+1%)	333,962	-	-	-
Price escalation rate (-1%)	318,113	-	-	-
Price escalation rate (+1%)	321,024	13%	-	13%
Mortality experience (-1 year)	318,815	12%	1,790,762	-1%
Mortality experience (+1 year)	320,201	12%	1,942,987	7%

Notes to the financial statements (continued)

26 Retirement benefit obligations (continued)

	Long Service Award Obligations -2023		Long Service Award Obligations - 2022	
	₦'000	Impact (%)	₦'000	Impact (%)
Base figures	558,954	0%	319,548	
Discount Rate (-1%)	594,271	-6%	305,174	-5%
Discount Rate (+1%)	527,007	6%	335,234	5%
Salary increase rate (-1%)	532,798	5%	306,179	4%
Salary increase rate (+1%)	587,543	-5%	333,962	-5%
Price escalation rate (-1%)	549,806	2%	318,113	0%
Price escalation rate (+1%)	568,904	-2%	321,024	0%
Mortality experience (-1 year)	556,819	0%	318,815	0%
Mortality experience (+1 year)	560,881	0%	320,201	0%

Assumptions for sensitivity analysis

	Base rates 2023	Base rates 2022
Discount rate (unfunded retirement benefit obligation)	14.5%	13.5%
Discount rate (funded retirement benefit obligation)	14.9%	13.0%
Discount rate (unfunded obligation)	18.0%	13.0%
Salary increase rate	14.5%	13%
Product/benefit inflation rate	14.0%	6.5%

The base figures used for the sensitivity analysis on liability is the funded retirement benefit obligation as of 31 December 2023 while the base figure for sensitivity analysis on service and interest cost is the projected net period benefit cost for 2023.

The retirement benefits and long service award obligations are based upon independent actuarial valuation conducted by Ernst and Young (Miller Kingsley FRC/2012/NAS/0000002392).

27 Leases

The Company leases office building, residential apartment and warehouses. The leases typically run for a period of 2 to 3 years, with renewal to be determined by both parties on or before expiration date.

Information about leases for which the Company is a lessee is presented below

i Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

ii leases of low value asset and short term

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with the leases as an expense on a straight-line basis over the leases term.

Notes to the financial statements (continued)

28 Cash flows from operating activities

	2023	2022
	₦'000	₦'000
Profit before tax - continuing operation	21,891,792	8,723,339
Profit before tax - discontinued operations (Note 34.1)	(7,974,515)	(911,434)
Adjustment for non-cash items:		
- Depreciation of property plant and equipment (Note 14(i))	2,809,131	2,420,298
- Loss /(gain) on disposal of property, plant and equipment (Note 14 (ix))	(26,100)	17,469
- Amortisation of intangible assets (Note 16)	385	386
- Depreciation of Investment properties (Note 14.1)	1,264	-
- Gain on disposal of assets held for sales (Note 21)	-	(124,742)
- Impairment (reversal)/loss on trade and other receivables (Note 18 (vi))	(3,426,719)	441,303
- Impairment losses on property, plant and equipment (Note 14(vi))	1,379,414	0
- Interest income (Note 10)	(3,761,403)	(1,421,616)
- Interest expense on employee benefits (Note 11)	149,632	90,136
- Interest expense on trade obligation with banks (Note 11)	2,892,593	694,525
- Interest on lease liabilities (Note 32)	-	179
- Net charge on retirement benefit obligations	357,517	364,386
- Foreign exchange loss on loan and borrowing (Note 24.2)	222,956	-
- Selling loss on finance lease asset (Note 15.1)	133,564	-
- Long service award obligations	(189,874)	21,826
	<u>14,459,636</u>	<u>10,316,056</u>
Changes in working capital:		
- Increase in trade and other receivables and advance and prepayments (Note 18 (i))	(1,880,614)	(6,695,254)
- Increase in other financial assets	(971,567)	-
- Decrease / (increase) in inventories	3,310,493	(1,375,523)
- (Decrease)/increase in trade and other payables (Note 22)	(15,071,728)	10,647,295
	<u>(15,071,728)</u>	<u>10,647,295</u>
Cash flows (used in)/generated from operating activities	<u>(153,780)</u>	<u>12,892,574</u>

Notes to the financial statements (continued)

29 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- (i) Market risk;
- (ii) Credit risk; and
- (iii) Liquidity risk

29.1 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

Unilever's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Unilever's financial performance.

Risk management is carried out by a Treasury Department under policies approved by Board of Directors. Unilever's Treasury Department identifies, evaluates and manages financial risks in close co-operation with Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. These policies are mostly Unilever Global Policies adopted for local use.

29.1 Financial risk factors

(a) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices. It affects the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk - Transactions in foreign currency

Unilever is exposed to foreign exchange risk arising from various currency exposures. The currencies in which these transactions are primarily denominated are US dollars, Pound sterling, Euro and Rand. The currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

During the year, the Company explored foreign currency official instruments available in the market to settle obligations denominated in foreign currencies and to manage foreign currency volatility. These include: Central Bank of Nigeria (CBN) forwards and CBN interventions in the interbank market.

As a result, the Company's transactions were settled at a range of rates during the year. As at year end, the assets and liabilities were translated using the NAFEM rate which represented the rate at which the future cash flows represented by the balances could have been settled if those cash flows had occurred at year end.

The Company's exposure to currency risk as at 31 December 2023 is as follows;

Notes to the financial statements (continued)

29 Financial risk management (continued)

29.1 Financial risk factors (continued)

(a) Market risk (continued)

2023

In thousands of

Financial Assets

Trade and other receivables
Cash and cash equivalents
Other financial assets

	Euro	GBP	USD	ZAR
Trade and other receivables	4,814	-	56	-
Cash and cash equivalents	4,859	5	6,409	-
Other financial assets	-	-	509	-
	9,673	5	6,974	-

Financial Liabilities

Trade and other payables
Loans and borrowings

Trade and other payables	(2,721)	(1,155)	(2,469)	(373)
Loans and borrowings	-	-	(1,616)	-
	(2,721)	(1,155)	(4,085)	(373)

Net exposure

	6,952	(1,150)	2,889	(373)
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2022

In thousand of

Financial Assets

Trade and other receivables
Cash and cash equivalents

	Euro	GBP	USD	ZAR
Trade and other receivables	10,668	23	2,328	-
Cash and cash equivalents	6,510	5	3,533	-
	17,178	28	5,861	-

Financial Liability

Trade and other payables

Trade and other payables	(12,460)	(971)	(21,512)	(164)
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Net exposure

	4,718	(943)	(15,651)	(164)
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The following significant exchange rates have been applied.

<i>NGN</i>	Average rate		Year-end spot rate	
	2023	2022	2023	2022
EURO 1	697	456	1,003	493
GBP 1	511	514	1,154	555
USD 1	649	427	907	461
ZAR 1	35	25	49	27

(ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, US dollar, sterling and rand against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases

<i>Effect in thousand of NGN</i>	Profit or Loss	
	Strengthening	Weakening
31, December 2023		
EURO (29% movement)	2,022,088	(2,022,088)
GBP (29% movement)	384,853	(384,853)
USD (29% movement)	760,109	(760,109)
ZAR (29% movement)	5331	(5,331)
31, December 2022		
EURO (8% movement)	186203	(186,203)
GBP (8% movement)	41,880	(41,880)
USD (8% movement)	576,583	(576,583)
ZAR (8% movement)	357	(357)

Notes to the financial statements (continued)

29 Financial risk management (continued)

29.1 Financial risk factors (continued)

(iii) Interest rate risk

Cash flow and fair value interest rate risk

Unilever's interest rate risk arises from bank overdrafts and import facilities. Overdrafts issued at variable rates expose Unilever to cash flow interest rate risk.

Unilever analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, Unilever calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The average interest rate on local short-term borrowings in 2023 was 21% (2022: 21%)

Exposure to interest rate

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

In thousand of NGN	Nominal Amount	
	2023	2022
Fixed rate instruments		
Financial assets	1,284,516	-
Financial liabilities	(1,539,968)	-
	<u>(255,452)</u>	<u>-</u>
Variable rate instrument		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, related parties receivable and other counter parties

The carrying amounts of financial assets and contract assets represent the maximum credit exposure

Impairment (reversal)/loss on financial assets recognised in the income statement were as follows:

	2023	2022
	₦'000	₦'000
Impairment loss on trade receivables (Note 18(vi))	43,955	188,254
Impairment loss on other receivables (Note 18(vi))	93,610	-
Impairment (reversal)/loss on intercompany receivables (Note 18(vi))	(3,564,284)	253,049
	<u>(3,426,719)</u>	<u>441,303</u>

Notes to the financial statements (continued)

29 Financial risk management (continued)

29.1 Financial risk factors (continued)

(b) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	₦'000	₦'000
Trade receivables (Note 18 (i))	6,342,903	3,238,576
Other receivables (Note 18(i))	452,446	4,068,199
Interest receivable (Note 18(i))	304,552	225,880
Unclaimed dividend held with registrar (Note 18(i))	419,455	529,497
Other financial assets (15)	1,284,516	-
Cash and cash equivalents (Note 20)	56,698,640	66,317,783
Intercompany receivable (Note 31 (iv))	4,765,021	1,972,574
	<u>70,267,533</u>	<u>76,352,509</u>

All financial assets are exclusive of statutory receivable such as VAT receivable and WHT receivable.

(i) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company's risk management committee has established a credit policy under which each new customer is placed on a 3 month probation. Sales are made to these customers on a cash and carry basis during this period after which each customer is analysed individually for credit worthiness before the Company's standard credit and delivery terms are offered. The Company's review includes available financial information, industry information and bank references. Credit limits are established for each customer and reviewed quarterly.

Concentration of credit risk with respect to trade receivables is limited, due to the Company's customer base being diverse. Credit terms for customers are determined on individual basis. Credit risk relating to trade receivables is managed by reference to the customers' credit limit, inventory balance, cash position and secondary sales to final consumers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, distribution channel, geographic location and trading history.

The Company does not require collateral in respect of trade and other receivables and does not have trade receivables for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for customers

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are calculated using a historical default method based on the probability of a receivable progressing through stages of delinquency to write-off. The historical default rates are calculated separately for exposures from the two classes of customers (General and Modern Trade) based on their credit risk characteristics.

Notes to the financial statements (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from General Trade customers as at 31 December.

	2023				2022			
	Weighted average loss rate	Gross carrying amount ₦'000	Loss allowance ₦'000	Credit impaired	Weighted average loss rate	Gross carrying amount ₦'000	Loss allowance ₦'000	Credit impaired
Current (not past due)	2%	3,700,464	(87,115)	No	8%	3,487,719	(270,377)	No
Less than 3 months past due	0%	-	-	No	35%	117,799	(40,880)	No
3 - 6 months past due	18%	328	(59)	No	50%	73,119	(36,560)	No
More than 6 months past due	100%	411,173	(411,173)	Yes	100%	377,569	(377,569)	Yes
		4,111,965	(498,347)			4,056,206	(725,386)	

Loss rates are based on actual credit loss experience over the past three years

The following table provides information about the exposure to credit risk and ECLs for trade receivables from Modern Trade customers as at 31 December.

	2023				2022			
	Weighted average loss rate	Gross carrying amount ₦'000	Loss allowance ₦'000	Credit impaired	Weighted average loss rate	Gross carrying amount ₦'000	Loss allowance ₦'000	Credit impaired
Current (not past due)	0%	-	-	No	0%	-	-	No
Less than 3 months past due	0%	-	-	No	0%	-	-	No
3 - 6 months past due	0%	-	-	No	0%	-	-	No
More than 6 months past due	100%	510,370	(510,370)	Yes	100%	558,683	(558,683)	Yes
		510,370	(510,370)			558,683	(558,683)	

Loss rates are based on actual credit loss experience over the past three years

The following table provides information about the exposure to credit risk and ECLs for other receivable as at 31 December.

	2023				2022			
	Weighted average loss rate	Gross carrying amount ₦'000	Loss allowance ₦'000	Credit impaired	Weighted average loss rate	Gross carrying amount ₦'000	Loss allowance ₦'000	Credit impaired
Current (not past due)	7%	3,597,135	(238,972)	No	0%	-	-	No
Less than 3 months past due	12%	89,966	(11,124)	No	0%	-	-	No
3 - 6 months past due		-	-		0%	-	-	No
More than 6 months past due		-	-		100%	-	-	Yes
		3,687,101	(250,096)			-	-	

Loss rates are based on actual credit loss experience over the past three years

Notes to the financial statements (continued)

Movements in the allowance for the impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2023	2022
	₦'000	₦'000
Balance at 1 January	1,424,010	1,284,069
Charged to income statement (18 (iii))	43,955	188,254
Bad debt written off (Note 18(iii))	(209,109)	(48,313)
Balance at 31 December	<u>1,258,856</u>	<u>1,424,010</u>

(ii) Other receivables

Other receivables comprise unclaimed dividend held with registrar, prepayments and advance payments to local vendors, interest receivable on fixed deposits and deposit for imports. Prepayments and advance payments to local vendors and deposit for imports (deposit with foreign vendors for goods) and other receivables are non-financial assets while interest receivables on fixed deposits held with reputable financial institutions and with good credit ratings. The Company assessed the credit risk as low, hence, the expected credit loss is immaterial.

The unclaimed dividend held with registrar represents the Company's maximum credit exposure to the financial assets. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines. The Company's registrar is GTL Registrars Limited, which is a reputable company. The Company has assessed the credit risk as low and the expected credit loss is immaterial.

(iii) Intercompany receivables

Intercompany receivables arise from export sales to and settlement of transactions on behalf of related entities. Related entities are entities within the Unilever Group. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

Expected credit loss assessment for related entities

The Company has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including audited financial statements, cashflow projections) and applying experienced judgement and historical default rates.

Lifetime probabilities of default are determined based on available data which reflects the loss rate of the related party.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Movements in the allowance for the impairment in respect of intercompany receivables

	2023	2022
	₦'000	₦'000
Balance at 1 January	4,356,284	4,103,235
Impairment (writeback)/loss	(3,564,284)	253,049
Balance at 31 December	<u>792,000</u>	<u>4,356,284</u>

(iv) Loan receivable

Expected credit loss assessment for loan receivables

The company has also applied the general loss model in the computation of the expected credit loss on the loan receivable from Wecyclers Nigeria Ltd. The below shows the movement in the allowance for the impairment on loan receivable:

	2023	2022
	₦'000	₦'000
Balance at 1 January	-	-
Impairment loss (Note 18(vi))	93,610	-
Balance at 31 December	<u>93,610</u>	<u>-</u>

Notes to the financial statements (continued)

(iv) Cash and cash equivalents

The Company held cash and cash equivalents of ₦56.6bn as at 31 December 2023 (2022: ₦66.3bn). The cash and cash equivalents are held with banks and financial institutions. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects short term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The expected credit loss has been assessed as immaterial.

Credit Quality

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. The Company mitigates its credit risk of its bank balance and derivative financial assets by selecting and transacting with reputable banks with good credit ratings and a history of strong financial performance.

Bank ratings are based on fitch national long term rating (2023). The credit ratings of the banks with the bank balances are shown below:

Cash at bank	2023	2022
	₦'000	₦'000
AAA	14,501,239	2,019,737
AA	67,746	174,113
A+	2,574,204	2,744,844
Bbb+	12,336	352,729
B-	11,732,616	24,347,870
CC	<u>2</u>	<u>2</u>
	28,888,143	29,639,295
Others* (Note 20)	<u>27,810,497</u>	<u>36,678,488</u>
Cash and cash	<u>56,698,640</u>	<u>66,317,783</u>

*Others include short term deposit within 3 months and scholarship deposits which are not assessed for credit risk

AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

Employee receivables

Employees are not considered a credit risk as amounts due from employees are deductible monthly from gross pay and upon resignation, deducted from final entitlements.

(c) Liquidity risk

Liquidity risk is the risk that Unilever will face difficulty in meeting its obligations associated with its financial liabilities. Unilever's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine Unilever's credibility, impair investor confidence and also restrict Unilever's ability to raise funds.

Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis. Unilever seeks to manage its liquidity requirements by maintaining relationships with different financial institutions through short-term and long-term credit facilities.

Cash flow forecasting is performed in Unilever. Unilever's finance team monitors rolling forecasts of Unilever's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that Unilever does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration Unilever's debt financing plans, covenant compliance and compliance with gearing ratios.

Where current liabilities exceed current assets, the Company seeks to manage its liquidity requirements by maintaining access to bank lending which are renewable annually.

At the reporting date, Unilever held cash in bank of ₦25.5 billion (2022: ₦26.1 billion). Unilever also had Nil overdraft (2022: Nil) and undrawn facilities of ₦11.8 billion (2022: ₦25 billion). The facilities are unsecured and do not attract any cost if they are not utilised. The bank overdraft facilities are subject to annual renewal.

	2023	2022
The average interest rates on bank overdrafts at the year end is as follows:	<u>19%</u>	<u>21%</u>

(i) Maturity of financial liabilities

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements. The Company has disclosed a contractual maturity analysis for its financial liabilities, which is the minimum disclosure under IFRS 7 in respect of liquidity risk. Because IFRS 7 does not mandate the number of time bands to be used in the analysis, the Company has applied judgement to determine an appropriate number of time bands.

	Carrying amount	Contractual maturity amount	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
2023								
Non - derivative financial instrument								
Trade and other payables* (Note 21)	30,627,263	30,627,263	30,627,263	-	-	-	-	30,627,263
Loans and borrowings (Note 24.1)	1,539,968	1,831,573	-	-	1,163,235	668,338	-	1,831,573

	Carrying amount	Contractual maturity amount	Less than 3 months N'000	Between 3 months and 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
2022								
Non - derivative financial instrument								
Trade and other payables*	50,548,287	50,548,287	50,548,287	-	-	-	-	50,548,287

At amortised cost

	2023 N'000	2022 N'000
Liabilities as per statement of financial position		
Trade and other payables (Note 22)*	30,627,263	50,320,849
Loans and borrowings (Note 24.1)	1,539,968	-
	<u>32,167,231</u>	<u>50,320,849</u>

*This analysis is required only for financial instruments. Accordingly, trade and other payables excludes statutory liabilities and refund liabilities.

Notes to the financial statements (continued)

29 Financial risk management (continued)

29.1 Capital risk management

Unilever's objectives when managing capital are to safeguard Unilever's 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.

In order to maintain or adjust the capital structure, Unilever may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Unilever monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets), based on balances reported in the statement of financial position.

The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023	2022
	₦'000	₦'000
Loans and borrowings	1,539,968	-
Equity	74,509,103	67,564,716
Gearing ratio (%)	<u>2%</u>	<u>0%</u>

29.2 Fair Value Measurement

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

At the reporting date, the directors believe that the book value of the financial assets and liabilities except borrowings are not materially different from the fair value.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements (continued)

29 Financial risk management (continued)

	Carrying amount		Fair Value	
	Amortized Cost	Total	Fair Value	Total
31, December 2023				
Financial assets				
Trade and other receivables	12,284,377	12,284,377	12,284,377	12,284,377
Other financial assets				
Current and non current	1,284,516	1,284,516	1,284,516	1,284,516
Cash and cash equivalents	56,698,640	56,698,640	56,698,640	56,698,640
	70,267,533	70,267,533	70,267,533	70,267,533
Financial liabilities				
Trade and other payables*	30,627,263	30,627,263	30,627,263	30,627,263
Loans and borrowings	1,539,968	1,539,968	1,539,968	1,539,968
	32,167,231	32,167,231	32,167,231	32,167,231
	Carrying amount		Fair Value	
	Amortized Cost	Total	Fair Value	Total
31, December 2022				
Financial Assets				
Trade and other receivables	10,034,726	10,034,726	10,034,726	10,034,726
Cash and cash equivalents	66,317,783	66,317,783	66,317,783	66,317,783
	76,352,509	76,352,509	76,352,509	76,352,509
Financial liabilities				
Trade and other payables*	50,548,287	50,548,287	50,548,287	50,548,287
	50,548,287	50,548,287	50,548,287	50,548,287

*Trade and other payables excludes statutory liabilities.

Financial instruments in level 1 include the fair value of financial instruments that are traded in an active market for identical assets and liabilities.

Except for the long term financial instruments which will be received 12 months after the reporting date, trade and other receivables and trade and other payables are the Company's short term instruments. Accordingly, management believes that the fair values of these short term financial instruments are not expected to be materially different from their carrying values. Accordingly, no further disclosures have been made on these. The future cashflows are based on contractual amounts and considers the probability of occurrence of the cash flows. There are no significant unobservable inputs. The fair values were determined on the same basis in prior year and there have been no transfers between levels during the year.

30 Segment reporting

The Chief Operating decision-maker has been identified as the Leadership Team (LT) of Unilever Nigeria Plc. The Leadership Team reviews Unilever's monthly financial and operational information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Leadership Team consider the business from a product category perspective. Unilever is segmented into Food Products (FP), Beauty & Wellbeing (B&W) and Personal Care (PC) and Home Care (HC).

Foods – including sales of savoury products

Beauty & Wellbeing and Personal Care - Includes sale of skin care, oral care and skin cleansing products.

Home Care – includes sale of fabric care and household cleaning products.

There are no intersegmental sales and Nigeria is the Company's primary geographical segment as it comprises 98% of the Company's sales.

The Leadership Team assesses the performance based on operating profits for each operating segment that is reviewed. Total financing (including interest income and expense), income taxes and retirement benefit obligations are managed on an entity-wide basis and are not allocated to operating segments.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total assets on the Statement of financial position.

2023	Food Products ₦'000	Beauty & Wellbeing and Personal Care ₦'000	Home Care	Total ₦'000
Revenue (Note 4)	63,253,352	40,626,378	10,484,620	114,364,350
Depreciation and amortisation	(1,554,603)	(998,491)	(257,685)	(2,810,779)
Segmental operating profit/ (loss)	12,336,500	7,923,490	(7,815,703)	12,444,287
Finance income (Note 10)	2,846,059	1,827,968	509,813	5,183,840
Finance cost (Note 11)	(1,852,440)	(1,189,785)	(668,625)	(3,710,850)
Profit/(loss) before taxation	13,330,120	8,561,672	(7,974,515)	13,917,277

Notes to the financial statements (continued)

30 Segment reporting (continued)

2023	Food	Beauty & Wellbeing and Personal	Home Care	Total
	Products ₦'000	Care ₦'000	₦'000	₦'000
Property, plant and equipment (Note 14)	10,381,938	6,668,114	1,720,868	18,770,920
Inventories (Note 17)	7,201,936	4,625,661	1,193,764	13,021,361
	<u>17,583,874</u>	<u>11,293,775</u>	<u>2,914,632</u>	<u>31,792,281</u>
Other non-current assets				1,242,752
Investment property				209,257
Cash and bank balances (Note 20)				56,698,640
Other current assets				26,359,414
Trade and other payables (Note 22)				(32,075,796)
Other short term payables				(227,678)
Income tax (Note 12(iii))				(1,493,572)
Other long term payable				(216,056)
Loans and borrowings (Note 24)				(1,539,968)
Deferred tax liabilities (Note 25)				(4,874,779)
Retirement benefit obligations (Note 26(iii))				(380,449)
Retirement benefit deficit (Note 26(iii))				(425,988)
Long service obligations (Note 26(iii))				(558,955)
Net assets				<u>74,509,103</u>
Capital expenditure	<u>1,242,162</u>	<u>1,003,712</u>	-	<u>2,245,874</u>
2022	Food	Beauty & Wellbeing and Personal	Home Care	Total
	Products ₦'000	Care ₦'000	₦'000	₦'000
Revenue (Note 4)	43,360,939	25,276,425	19,933,462	88,570,826
Depreciation and amortisation	(1,185,076)	(690,817)	(544,791)	(2,420,684)
Segmental operating profit/ (loss)	5,338,028	3,111,701	(904,888)	7,544,841
Finance income (Note 10)	898,091	523,525	412,862	1,834,478
Finance cost (Note 11)	(725,242)	(422,765)	(419,409)	(1,567,416)
Profit/(loss) before taxation	<u>5,510,877</u>	<u>3,212,461</u>	<u>(911,435)</u>	<u>7,811,902</u>

Notes to the financial statements (continued)
30 Segment reporting (continued)

2022	Food Products ₦'000	Beauty & Wellbeing and Personal Care ₦'000	Home Care ₦'000	Total ₦'000
Property, plant and equipment (Note 14)	10,344,368	9,245,679	1,900,521	21,490,568
Inventories (Note 16)	7,861,249	4,108,323	4,362,282	16,331,854
	<u>18,205,617</u>	<u>13,354,002</u>	<u>6,262,803</u>	<u>37,822,422</u>
Other non-current assets				3,081
Cash and bank balances (Note 20)				66,317,783
Other current assets				21,246,605
Trade and other payables (Note 22)				(51,962,483)
Other short term payables				(442,313)
Income tax (Note 12)				(2,972,361)
Other long term payable				-
Loans and borrowings (Note 24)				-
Deferred tax liabilities				(1,473,440)
Deferred tax assets (Note 25)				-
Retirement benefit obligations (Note 26(iii))				(363,826)
Retirement benefit deficit (Note 26(iii))				(291,204)
Long service obligations (Note 26(iii))				(319,548)
Net assets				<u>67,564,716</u>
Capital expenditure	<u>750,674</u>	<u>808,862</u>	<u>-</u>	<u>1,559,536</u>

Notes to the financial statements (continued)

31 Related party transactions

Unilever Nigeria Plc is controlled by Unilever Plc incorporated in the United Kingdom which is the ultimate party and controlling party of Unilever Nigeria Plc. There are other companies that are related to Unilever Nigeria Plc by virtue of their relationship to Unilever Plc (subsidiary) who is the ultimate controlling party.

The following transactions were carried out with related parties:

(i) Trade mark and technology licences

In previous years, Unilever Nigeria Plc had agreements with Unilever Plc United Kingdom for Technology and Trade Mark licences. In consideration of this, a royalty of 2% of net sales value and 0.5% of net sales value was payable by Unilever Nigeria Plc to Unilever Plc, United Kingdom for Technology and Trade Mark licenses respectively. Effective February 2023, the exclusive intellectual property (IP) rights for Trademark and Technology licenses, previously held by Unilever Plc, are now vested in Unilever Global IP Limited and Unilever IP Holdings B.V. The new agreements executed with Unilever Global IP Limited and Unilever IP Holdings B.V. are pending approval by the National Office for Technology Acquisition and Promotion (NOTAP).

Also, Unilever Nigeria has a central support and management services agreement with Unilever Europe Business Centre B.V for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters. In consideration of this, a fee of 2% of profit before tax is payable as service fees. The agreement expired on 31 December 2022 and is yet to be renewed.

Unilever Nigeria Plc was granted an exemption for the year and did not receive any invoice or charges for Trademark and Technology licenses and management service fees from the respective counter parties due to pending renewals and approvals by NOTAP.

Accordingly, no charge was recognised in the books for the year and the N1.8 million reported in 2023 is a true-up from 2022 royalty and service fees due. Total transactions during the year 2023 is nil (2022: N2.9billion). Amount due to the entities as at year end 2023 is nil (2022: 3.9billion).

(ii) Central support and management services

Unilever Nigeria Plc has a Management Services Agreement with Unilever Plc, United Kingdom for the provision of corporate strategic direction, and expert advice/support on legal, tax, finance, human resources and information technology matters.

Effective 1 June 2018, after an internal arrangement, the service provider was changed from Unilever Plc to Unilever Europe Business Centre B.V.

In consideration of this agreement, a fee of 2% of profit before tax is payable by Unilever Nigeria Plc to Unilever Plc/Unilever Europe Business Center B.V.

(iii) Sale of finished goods to related parties

	2023	2022
	₦'000	₦'000
Unilever Cote D'Ivoire	2,605,597	871,267
Unilever Ghana Ltd	-	220,360
Unilever Asia Private Ltd	72,305	-
	<u>2,677,902</u>	<u>1,091,627</u>

iv) Outstanding related party balances as at 31 December were:

	2023	2022
	₦'000	₦'000
<i>Receivables from related parties:</i>		
Unilever Cote D'Ivoire	4,380,711	3,119,662
Unilever Ghana Limited	189,761	1,258,195
Unilever U.K. Central Resources Limited	-	1,937,641
Unilever South Africa	34,858	-
Unilever Asia Private Limited	327,815	10,960
Unilever Europe Business Center BV	543,249	-
West Africa Popular Foods Nigeria Limited	2,400	2,400
Unilever Ethiopia Plc	78,227	-
Gross receivables	<u>5,557,021</u>	<u>6,328,858</u>
Less impairment	<u>(792,000)</u>	<u>(4,356,284)</u>
	<u>4,765,021</u>	<u>1,972,574</u>

Notes to the financial statements (continued)

iv) Outstanding related party balances as at 31 December (continued)

	2023	2022
	₦'000	₦'000
<i>Payables to related parties:</i>		
Unilever UK Plc	1,314,425	3,958,242
Unilever Europe Business Center BV	2,166,837	1,201,596
Unilever Asia Private Limited	-	42
Unilever Cote D'Ivoire	945,443	526,963
Unilever Ghana Limited	33,669	201,166
Unilever Kenya	13,005	9,549
Unilever South Africa	14,099	7,708
Unilever Supply Chain Company AG	4,998	150,750
Unilever Industries Private Ltd.	79,205	42,425
Unilever Europe IT Services	351,639	160,755
Unilever Global Services, Inc.	62,682	17,389
Amount due to related companies (see (note 20))	<u>4,986,002</u>	<u>6,276,585</u>
Unilever Overseas Holding	-	4,814,959
Total amount due to related parties	<u>4,986,002</u>	<u>11,091,544</u>

Key management personnel

Aside compensation paid to key management personnel which has been disclosed in Note 7, there were no other transactions between the Company and its key management personnel during the year.

(v) Related party relationship

The nature of related party relationships and transactions with Unilever Nigeria Plc is as follows:

Related Party	Nature of relationship	Nature of Service
Unilever UK Plc	Ultimate parent and controlling party	Service
Unilever Cote D'Ivoire	Fellow subsidiary	Trade and Service
Unilever Ghana Limited	Fellow subsidiary	Trade and Service
Unilever Asia Private Limited	Fellow subsidiary	Service
West Africa Popular Foods Nigeria Limited	Fellow subsidiary	Service
Unilever Ethiopia Plc	Fellow subsidiary	Service
Unilever Europe Business Center BV	Fellow subsidiary	Service
Unilever Kenya	Fellow subsidiary	Service
Unilever Supply Chain Company AG	Fellow subsidiary	Service
Unilever Industries Private Ltd.	Fellow subsidiary	Service
Unilever Europe IT Services	Fellow subsidiary	Service
Unilever Global Services, Inc.	Fellow subsidiary	Service
Unilever Finance International AG	Fellow subsidiary	Service
Unilever NV	Immediate Parent	Service
Unilever Market Development (Pty) Limited	Fellow subsidiary	Service
Unilever South Africa (Pty) Limited	Fellow subsidiary	Service
Unilever Gulf Free Zone Establishment	Fellow subsidiary	Service

(vi) Related party Transactions during the year

The related party transactions with Unilever Nigeria Plc during the year are shown below:

Related Party	Receivables	Payables
Unilever UK Plc	-	(693,401)
Unilever Cote D'Ivoire	4,572,161	(271,390)
Unilever Ghana Limited	249,983	(33,307)
Unilever Asia Private Limited	226,397	-
Unilever Ethiopia Plc	77,995	-
Unilever Europe Business Center BV	403,714	(798,437)
Unilever Kenya	36,828	(72,029)
Unilever Supply Chain Company AG	-	(107,880)
Unilever U.K. Central Resources Limited	148,772	(63,524)
Unilever Industries Private Ltd.	-	(112,674)
Unilever Europe IT Services	-	(550,515)
Unilever South Africa (Pty) Limited	34,754	(27,784)
	<u>5,750,604</u>	<u>(2,730,942)</u>

There were no transactions in the year for other related parties not included above.

Notes to the financial statements (continued)

32 Lease liabilities

Lease liabilities relate to the present value of future lease payment on the Company's rented properties. The movement in the lease liability during the year is as follows:

	2023 ₦'000	2022 ₦'000
Opening balance	-	-
Interest on lease liability (Note (11))	-	179
Lease payment (Note (27iii))	-	(179)
Closing balance	<u>-</u>	<u>-</u>

Some office building and warehouse leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period.

The Company has assessed the current lease to be low-value assets and short-term leases. The Company recognises the lease payments associated with the leases as an expense on a straight-line basis over the leases term.

33 Share capital and share premium

	Number of '000	Ordinary shares ₦'000	Share premium ₦'000
Balance as at 31 December 2022	<u>5,745,005</u>	<u>2,872,503</u>	<u>56,812,810</u>
Balance as at 31 December 2023	<u>5,745,005</u>	<u>2,872,503</u>	<u>56,812,810</u>

The share capital of the Company is Two Billion, Eight Hundred and Seventy-Two Million, Five Hundred and Two Thousand, Seven Hundred and Eight Naira, Fifty Kobo (₦2,872,502,708.50) divided into Five Billion, Seven Hundred and Forty-Five Million, Five Thousand, Four Hundred and Seventeen (5,745,005,417) Ordinary shares of 50 Kobo each

34 Discontinued Operations

On the 17th of March, 2023, Unilever Nigeria Plc announced its intention to exit the Home care business categories in Nigeria. The Company exited homecare business category in September 2023. All production of Home Care products ceased in June 2023 and sales ceased in September 2023 following a strategic decision to place greater focus on the Company's margin accretive products.

The business categories have been evaluated by management for reporting in line with IFRS 5, *Non current assets held for Sale and Discontinued Operations*.

The Home care segment does not meet the requirement for a disposal group or held for sale, as the assets were not sold but leased out. However, it represents a separate major line of business and has been reported as discontinued operations.

The home care segment was not previously classified as a discontinued operation. The comparative statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations. The financial information relating to the discontinued operations for the year ended 31st December 2023 is set out below:

34.1 Results of discontinued operation Income Statement

	2023 ₦'000	2022 ₦'000
Revenue	10,484,620	19,933,462
Cost of sales	<u>(15,893,530)</u>	<u>(15,357,543)</u>
Gross profit	(5,408,910)	4,575,919
Selling and distribution expenses	(1,019,658)	(1,924,373)
Marketing and administrative expenses	(1,393,659)	(3,602,214)
Other income	6,524	45,780
Operating profit	<u>(7,815,703)</u>	<u>(904,888)</u>
Finance income	509,813	412,862
Finance cost	(668,625)	(419,409)
Loss before minimum taxation	<u>(7,974,514)</u>	<u>(911,434)</u>
Minimum tax	-	-
Loss before taxation	<u>(7,974,515)</u>	<u>(911,434)</u>
Taxation	-	-
Loss for the year from discontinued operations (net of tax)	<u>(7,974,515)</u>	<u>(911,434)</u>
Earnings per share for profit attributable to equity holders:		
Basic and diluted earnings per share (Naira) - discontinued operations	13	<u>(1.39)</u> <u>(0.16)</u>

Notes to the financial statements (continued)

35 Contingent Liabilities

35.1 Pending litigation and claims

As at 31 December 2023, the company is engaged in several litigations that have arisen in the normal course of business. As at 31 December 2023, the Company had a contingent liability of N412 million with respect to a pending litigation (2022: 194.4 million). In the opinion of the directors, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

35.2 Letters of credits

As at 31 December 2023, the Company had letters of credits amounting to ₦833 Million. These represent letters of credits which have been opened but shipment of items has not been initiated and as such the risks and rewards have not been transferred to the Company as at year end.

35.3 Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of company, have been taken into consideration in the preparation of these financial statements.

Summary of contingent liabilities

	2023	2022
Unilever Nigeria Plc	₦'000	₦'000
Various Litigations and Claims	412,058	-
Letters of Credit	833,840	-
	<u>1,245,898</u>	<u>-</u>

36 Events after the reporting date

There are no events after the reporting date, which could have had a material effect on the state of affairs of the Company as at 31st December 2023 that have not been adequately provided for or disclosed in the financial statements.

Other National Disclosures

Other national disclosures

Value added statement

	2023	%	2022	%
	₦'000		₦'000	
Revenue - continued operations	103,879,730		68,637,363	
Revenue - discontinued operations	10,484,620		19,933,462	
Bought in materials and services:				
- local	(26,339,735)		(23,939,593)	
- imported	(63,643,560)		(46,017,782)	
	<u>24,381,056</u>		<u>18,613,450</u>	
Other income	939,789		123,683	
Interest income (Note 10)	<u>5,183,840</u>		<u>1,834,478</u>	
Value added	<u><u>30,504,685</u></u>	<u>100</u>	<u><u>20,571,612</u></u>	<u>100</u>

Applied as follows:

To Government:

Income taxes (Note 12(iv)) *	5,477,382	18	3,344,820	16
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To Employees:

Employee costs (Note 8)	10,067,042	33	8,771,608	43
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To Providers of Finance:

Finance costs (Note 11)	3,710,850	12	1,567,416	8
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Retained in the Business:

Depreciation and amortisation	2,809,516	9	2,420,684	12
To augment reserves	<u>8,439,895</u>	<u>28</u>	<u>4,467,084</u>	<u>22</u>
	<u><u>30,504,685</u></u>	<u>100</u>	<u><u>20,571,612</u></u>	<u>100</u>

* includes deferred taxes for the period

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and employees' efforts.

Other national disclosures

Five year financial summary

	2023 * N'000	2022 * N'000	2021 * N'000	2020 * N'000	2019 N'000
Financial performance					
Revenue (Note 4)	103,879,730	68,637,363	70,523,695	61,959,678	60,486,835
Gross profit	36,024,275	26,600,607	20,361,911	11,074,422	4,749,825
Operating expenses	(16,697,550)	(18,228,781)	(19,269,879)	(16,795,983)	(16,599,343)
Other income	933,265	77,903	37,352	66,013	86,299
Net finance income	1,631,802	273,609	931,468	1,250,435	2,008,946
Minimum tax expense (Note12(iv))	-	-	(182,169)	(131,940)	(317,670)
Profit/ (loss) before taxation	21,891,793	8,723,338	1,878,683	(4,537,053)	(10,071,943)
Income tax (expenses)/credit (Note12(i))	(5,477,382)	(3,344,820)	(1,190,417)	779,163	2,652,269
Profit/ (loss) after tax	16,414,411	5,378,518	688,267	(3,757,890)	(7,419,674)
(Loss)/profit from discontinued operation	(7,974,515)	(911,434)	2,720,908	(208,031)	-
Other comprehensive income	(59,258)	208,468	223,374	(493,380)	(224,011)
Total comprehensive income	8,380,637	4,675,553	3,632,548	(4,459,301)	(7,643,685)
Earnings per share					
Continuing operation (basic and diluted) - Naira	2.86	0.94	0.59	(0.69)	(1.29)
Capital employed					
Share capital (Note 33)	2,872,503	2,872,503	2,872,503	2,872,503	2,872,503
Share premium (Note 33)	56,812,810	56,812,810	56,812,810	56,812,810	56,812,810
Retained earnings	14,823,790	7,879,403	6,076,355	2,443,807	6,843,037
Shareholders' funds	74,509,103	67,564,716	65,761,668	62,129,120	66,528,350
Employment of capital					
Non-current assets	20,222,929	21,493,649	2,872,503	27,537,560	32,218,645
Net current assets	62,282,369	48,519,086	56,812,810	36,181,121	36,650,790
Non-current liabilities	(7,996,195)	(2,448,018)	6,076,355	(1,589,561)	(2,341,085)
	74,509,103	67,564,717	65,761,668	62,129,120	66,528,350
Net assets per share (Naira)	12.97	11.76	11.45	10.81	11.58

* Includes continued and discontinued operations