

2021 Annual Report
of
UNILEVER FINANCE NETHERLANDS B.V.

File number at the Trade Registry of Chamber of Commerce and Industry 81003889
Registered office Weena 455, 3013 AL Rotterdam, Netherlands

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Directors' Report

Board of Directors

Executive Board Members:

Mr. Sebastiaan Pieter de Buck (Appointed 29 November 2020)

Ms. Margot Martine Fransen (Appointed 29 November 2020)

Ms. Johanna Wilhelmiina Hyttinen (Appointed 29 November 2020)

Non-Executive Board Members:

Herman Ulko Post (Appointed 10 March 2021), Audit Committee chair

Joost Folkers (Appointed 01 September 2021), Audit Committee member

Gavin Maarten Paul Arjen van Boekel (till 30 September 2021), Audit Committee chair

Unilever Finance Netherlands B.V. has one tier Board of Directors. The Board consists of 3 Executive Directors and 2 Non-Executive Directors. The Executive Directors are charged with the day-to-day management of the company. The Non-Executive Directors are charged with the governance.

Review of activities

Unilever Finance Netherlands B.V. (also referred to as the "Company") is one of the entities within the "Unilever Group" (also referred to as "Unilever"). The company was incorporated as a result of the demerger of Unilever NV on 26 November 2020. At the time of the demerger, the Company received euro bonds having a notional amount of € 10,850m including the rights, obligations and liabilities in respect of the bonds and all intra-group receivables which resulted from the on-lending of the funds received on the bonds.

Subsequently, the obligations and liabilities in respect of the bonds and intra-group receivables have been valued at fair value. The difference between the carrying value of the assets and liabilities received and their fair value has been recognised as a notional capital contribution and is therefore recorded as share premium.

In this context, Unilever Group companies are companies in which Unilever PLC, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Unilever PLC, a company incorporated in England and Wales, is the "Ultimate Parent Company" of the Unilever Group.

The purpose of the Company is to provide funding to the Unilever Group primarily through Unilever Finance International AG, a wholly owned subsidiary of Unilever PLC. The Company will raise funds by issuing debt in the form of long-term bonds and short-term money market instruments to provide funding to the Unilever Group.

Bonds issued by the Company are traded on the regulated market of the Amsterdam Stock Exchange.

All debt is passed on to Unilever Finance International AG on identical terms except for a 4-basis point mark up on the relevant bond coupon rate or relevant short term money market instrument's yield to maturity, which limits the Interest rate, currency risk and liquidity risk to the Company.

In 2021, the company was included as an issuer in Unilever's debt issuance programme, including the EMTN programme for issuing bonds, a US commercial paper (USCP) programme and a multi-currency EURO commercial paper (ECP) programme. Bonds and USCP issuance under these programmes by the company is guaranteed on joint and several basis by Unilever PLC and Unilever United States Inc. ECP issuance by the company is guaranteed by Unilever PLC.

During the year, the company repaid one bond of € 500 million on its scheduled maturity date. Also, the company raised short term debt of approximately US\$3,500 million mainly through US Dollars denominated commercial papers which were on lent to Unilever Finance International AG at mark up of 4 basis points over relevant paper's yield to maturity. The company repaid approximately US\$ 2,050 million of commercial papers on scheduled maturity dates.

2021 developments and results

The financial income of the Company amounted to €20,130 thousand (2020: € 2,011 thousand). The financial expense of the Company amounted € 20,052 thousand (2020: € 2,013 thousand). The loss for the period ended 31 December 2021 amounted to € 191 thousand (2020: € 138 thousand). Comparative profit and loss account is presented for 36 days i.e., from the date of its incorporation on 26th November 2020 to 31st December 2020.

The company has Net Assets of € 20,932 thousand (2020: € 21,123 thousand) and net current assets of € 6,018 thousand (2020: € 2,898 thousand).

Solvency and liquidity ratios do not give rise to any concerns with respect to the going concern of the company in the current year. The Company is highly dependent on the performance of the Unilever Group. The Unilever Group has provided suitable disclosures of the impact of COVID 19 virus on its business in its Annual Report for year 2021. The pandemic has limited impact on the overall business of Unilever Group. The uncertainties relating to COVID 19 virus and ongoing conflict between Russia and Ukraine did not result in any identified conditions or events that may cast significant risk to the Company.

The Company does not employ any staff. This is not expected to change in 2022.

The financing activities are fully dependent on developments and funding needs within the Unilever group. No significant change in the business of the Company has taken place during the period or is expected to in the immediately foreseeable future.

The rendering of services by the service companies of the Unilever Group to the Company will be continued as deemed necessary.

Risk management and internal controls

Within the Unilever Group a single overall control framework is in place, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and only provides reasonable and not absolute assurance against material misstatement or loss. Management of the Company is responsible for the application of, adherence to and safeguarding of internal systems for risk management.

The policy of the Company is to provide funding at fixed rates to the Unilever Group, primarily through Unilever Finance International AG on identical terms except for a 4-basis point mark up on the relevant

bond coupon rate or relevant short term money market instrument's yield to maturity, which limits the Interest rate and liquidity risk to the Company.

The Directors consider the risk appetite of the Company to be low on account of the back-to-back nature of the Company's financing activities with the Unilever Group. Further reference is made to note 11 on page 21 where the risks are discussed.

The Board is of the opinion that the risk management and internal control framework of Unilever Group has operated as intended in year 2021. In year 2021 there have not been any (fraud) risks or circumstances with a significant impact on the company. The control framework is continuously monitored and adjusted where needed.

Code of Conduct

The company adopts Unilever Group Code of Business Principles that sets non-negotiable standards of expected behaviour from anyone conducting business on behalf of the company. Assurance of compliance with Code of Business Principles is obtained on an annual basis from anyone acting on behalf of the company.

Fraud Risk Assessment

During year 2021, nothing has come to the attention of the board to suggest any material misstatement with respect to suspected or actual fraud which override the Internal controls and/ or non-compliance with laws and regulations.

Sustainable development

Sustainable development is rooted in the General Business Principles of all Unilever companies. For a detailed report on the sustainability and safety performance of Unilever Group, please refer to the Sustainability report that can be found on www.unilever.com/sustainable-living.

Research and Development

The Company does not perform research and development activities.

Information Systems Security

Since operations are increasingly dependent on IT systems, Unilever Group has a set of IT security standards to monitor and protect systems and information. Management of the Company is responsible for application of, adherence to and safeguarding of internal systems for risk management.

Diversity & Inclusion

The Company operates under the diversity and inclusion practices and policies of the Unilever Group. Unilever group is committed to contribute to a fairer, more socially inclusive world. Unilever aims to achieve an equitable and inclusive culture by eliminating any bias and discrimination in our practices and policies. Unilever believes that a completely inclusive place to work will make us a stronger, better business. Unilever takes a holistic approach making sure people feel welcome and are treated fairly at Unilever, regardless of their race, gender, gender identity, age, sexual orientation, religion or

experience. The company employs no staff but only has a management board, hence practical application of these practices and policies is limited

The Directors confirm that the financial statements provide a true and fair view of Company's position and performance. The management report provides a true and fair view and the significant risks and uncertainties to which the Company is exposed have been described.

Subsequent Events

The Board have evaluated all events and transactions subsequent to 31 December 2021 through 29 April 2022, the date these financial statements were issued. Following events or transactions were identified that require recognition or disclosure in these financial statements.

Debt Issuance

On 23 February 2022, the company issued €500 million 0.75% notes maturing in 2026 and €650 million 1.25% notes maturing in 2031. The proceeds from these issuances were on lent to Unilever Finance International AG on identical terms except for a 4-basis point mark up.

During Q1, 2022 company has issued and repaid commercial papers in normal course of business. Net outstanding commercial papers as on 31st March 2022 is € 4,152 million.

Russia Ukraine conflict

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. The management has evaluated the impact of the current situations on its financial statements and doesn't foresee any significant impact based on company's exposure in these geographies.

Outlook for 2022

Depending upon the funding requirements of the Unilever Group, the company will raise funds through long term bonds and short-term money market borrowing instruments.

On behalf of
the Board of Directors

Date: 29 April 2022

Financial Statements

Balance sheet as at 31 December 2021

(Before proposed appropriation of net result)

	Notes	<u>31/12/2021</u> €'000	<u>31/12/2020</u> €'000
Fixed Assets			
Financial fixed assets	2	10,311,702	11,194,059
Current assets			
Current receivables	3	2,153,841	580,168
Cash and cash equivalents		0	0
Total assets		<u>12,465,543</u>	<u>11,774,227</u>
Shareholder's equity	4		
Issued share capital		0	0
Share premium		21,261	21,261
Other reserves		(138)	0
Unappropriated profit/(loss)		(191)	(138)
		<u>20,932</u>	<u>21,123</u>
Provisions	10	5,243	6,120
Non-current liabilities	5	10,291,545	11,169,715
Current liabilities	6	2,147,823	577,269
Total shareholder's equity and liabilities		<u>12,465,543</u>	<u>11,774,227</u>

The notes are an integral part of these financial statements.

Profit and Loss Account for the period ended 31 December 2021

	Notes	<u>1/1/2021 – 31/12/2021</u> €'000	<u>26/11/2020 – 31/12/2020</u> €'000
Financial income	7	20,130	2,011
Financial expenses	8	(20,052)	(2,013)
Financial result		<u>78</u>	<u>(2)</u>
Operating expenses	9	<u>(149)</u>	<u>(205)</u>
Result before tax		(71)	(207)
Tax on result	10	(120)	69
Result after tax		<u>(191)</u>	<u>(138)</u>

The notes are an integral part of these financial statements.

General

Group affiliation and principal activities

Unilever Finance Netherlands B.V. (the “Company”), having its legal address in Rotterdam, Weena 445, 3013 AL Rotterdam, The Netherlands, is a private limited liability company under Dutch law and is registered as a financial holding under number 81003889 in the Trade Register.

The shares of the Company are held by Unilever PLC, having its legal address in Port Sunlight, Wirral, Merseyside CH62 4ZD, United Kingdom and is a public limited liability company under English law.

The Company is one of the companies of the Unilever Group. The term “Companies of the Unilever Group” (“Group companies”) means companies in which Unilever PLC, based in the United Kingdom, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. The financial information of the Company is incorporated in the consolidated financial statements of Unilever PLC which form part of the Annual Report and Accounts for the year ended 31 December 2021 of Unilever PLC. Unilever PLC, a company incorporated in England and Wales, is the ultimate parent company of the Unilever Group.

The Company's principal activity is to acquire funds by issuing bonds, notes or commercial papers to the public or otherwise and to make such funds available in whatever form to Unilever Finance International AG to finance the Unilever Group.

The Company will use of the exemption from the licensing requirement for banks and finance companies provided in Section 3:2 Dutch Financial Supervision Act. In connection therewith on 28 April 2021 Unilever PLC has given or (as regards future liabilities) will give an unconditional and irrevocable guarantee for all the Company's liabilities resulting from receipt by the Company of the bonds/notes and Unilever PLC ensures that the Company can at any time meet its obligations arising from the bonds/notes/Commercial Papers.

Financial reporting period

The balance sheet is presented as at 31 December 2021, while the profit and loss account is presented for the period from 1 January 2021 to 31 December 2021. Comparative profit and loss account is presented for 36 days i.e., from the date of its incorporation on 26th November 2020 to 31st December 2020. The Company does not prepare its own separate cash flow statement as an equivalent cash flow statement is included in the consolidated financial statements of Unilever Group. The Unilever Group consolidated financial statements are available on the website www.unilever.com.

Basis of preparation

The annual accounts are drawn up in accordance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code and the authoritative statements in the Dutch Accounting standards (DAS) for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The Company's financial statements were prepared on 29 April 2022.

The accompanying accounts have been prepared under the historical cost convention, unless otherwise mentioned, in accordance with generally accepted accounting principles in the Netherlands and in conformity with the provisions of Part 9, Book 2 of the Dutch Civil Code.

The financial statements are presented in EUR. The Company has an EUR functional currency, which reflects the primary economic environment in which the Company operates.

The Company was incorporated as a result of the demerger of Unilever NV on 26 November 2020. Under the demerger, the Company issued one share with a nominal value of 1 EUR and received the euro bonds including the rights, obligations and liabilities in respect of the bonds and all intra-group receivables which resulted from the on-lending of the funds received on the bonds. The assets acquired and liabilities assumed were measured at fair value on initial recognition. The net value of the assets acquired and liabilities assumed was recognised as share premium.

The balance sheet and profit and loss account include reference numbers, matching the corresponding numbers in the notes.

1. Accounting policies for the measurement of assets and liabilities and the determination of the result

1.1 Going Concern

The financial statements are prepared on a going concern basis.

1.2 Historical cost

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.

1.3 Judgments and estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates and uncertainties. If necessary, for the purposes of providing the insight required under Section 362 (1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgements, including key related assumptions, is disclosed in the notes to the financial statement items in question.

1.4 Foreign currency translation

The financial statements are prepared in EUR, the functional and presentation currency of the entity. Each entity in the Unilever Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate applying on that date (year-end rate 2021: 1 EUR= 1.13 USD; year-end rate 2020: 1 EUR= 1.23 USD). Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss account in the period in which the exchange difference arise.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions.

1.5 Financial fixed assets

Loans granted and other receivables are initially recognised at fair value and any direct attributable transaction costs and subsequently carried at amortised cost on the basis of the effective interest method, less impairment losses. The amount which represents the difference between the initially recognised at fair value and nominal value of the loans is amortised on an effective interest rate basis over the life of the loans ("Fair value premium") and taken to the profit and loss account. Impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the value date.

Gains and losses are taken to the Profit and loss account when the assets are derecognised, as well as through the amortisation process.

1.6 Impairment of assets

The Company assesses at each balance sheet date whether an asset or group of assets is impaired. If there is objective evidence of Impairment, the amount of the impairment loss is determined and recognised in the profit and loss account for all categories of assets.

The amount of impairment losses on financial assets stated at amortised cost are measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

Impairment losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the Impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the profit and loss account.

1.7 Bonds and Commercial Papers

Bonds

Bonds are initially recognised at fair value less attributable costs and subsequently recognised at amortised cost, including the corresponding discount or premium amount which represents the difference between initially recognised at fair value and the nominal value of the bonds. The discount or premium is amortised on an effective interest rate basis over the life of the debt and taken to the profit and loss account. Coupon payments are recognised on an accrual basis. Issuance and maturity of bonds are accounted for at the value date.

Commercial Papers

Commercial papers are recognised at fair value less attributable costs and subsequently recognised at amortised cost. The interest which represents the difference between initially recognised at fair value and the nominal value of the commercial paper is accrued and taken to the profit and loss account using the effective interest basis over the period till maturity of commercial papers. Issuance and maturity of commercial paper is accounted for at value date.

1.8 Current receivables

Current receivables are amounts receivable from group companies in less than twelve months.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, bank balances, notes and cheques with a maturity of less than twelve months. Cash at banks and in hand are stated at face value. The company has two-way zero balance sweep arrangement with Unilever Finance International AG. This means that on a daily basis the balance will be swept and result in a payable and/ or receivable.

1.10 Non-current liabilities

Non-current liabilities are initially recognised at fair value, less directly attributable transaction costs, in the case of financial liabilities not carried at fair value through profit and loss.

After initial measurement, liabilities are carried at amortised cost using the effective interest method. Gains and losses are taken to the Profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

1.11 Shareholder's equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. The company's share capital is denominated in EUR.

Amounts contributed by the shareholder of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of the Company.

1.12 Financial instruments

Financial instruments on the balance sheet include accounts receivable, cash and cash equivalents, derivatives and other financial fixed assets and current or non-current liabilities.

1.13 Financial Income

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest method. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received. Financial income includes amortisation related to the loans to group companies. If the effective interest is negative, it is presented based on economic substance and presented under financial expense.

1.14 Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met. Financial services performed by the Company are exempted for VAT. This exemption means the financial services provided by the Company to its customers do not have a VAT charge. As a result of this exemption, the Company cannot deduct the VAT it has paid and economically VAT is therefore a cost to the Company instead of being an exemption.

1.15 Financial expenses

Interest expense is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due. Finance expense includes amortisation related to bonds. If the effective interest is negative, it is presented based on economic substance and presented under financial income.

1.16 Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

For taxable temporary differences, a provision for deferred tax liabilities is recognised.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

1.17 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced by Unilever PLC are considered to be a related party. Also, individuals and entities which can control or significantly influence the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are carried out on an arm's length basis. Transactions with related parties are disclosed in the notes, refer to notes 2, 3, 6, 7 and 8.

1.18 Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

1.19 Derivatives

Derivatives are held in order to hedge foreign exchange exposure on certain balance sheet items. Derivatives consist of plain vanilla foreign currency forwards and swaps which are carried at fair value with changes being recognised in the income statement. No hedge accounting is applied to these derivatives.

Notes to the Financial Statement

2. Financial fixed assets

Loans to Group companies	€'000
Carrying amount at 26th November 2020 (initial recognition)	11,207,056
Amortisation	(12,997)
Loans reclassified to current receivables	0
Carrying amount at 31 December 2020	11,194,059
Amortisation	(131,765)
Loans reclassified to current receivables	(750,592)
Carrying amount at 31 December 2021	10,311,702

Loans to Group companies

Included in loans to Group Companies is an unamortised loan premium of €712 million (2020: €844 million), which will be amortised over the remaining term of the loans.

Loans to Group company represent on lending of proceeds of the corresponding bond. These loans have identical characteristics and present value calculations of corresponding bonds except for the agreed transfer pricing mark-up.

The maturity profiles, fair values and terms applicable to long term debt (as detailed in Note 5) are identical with those for financial assets except for an impact of 4 basis point mark up on the relevant bond coupon rate.

Loans to group companies bear interest between 0.42% and 1.79% (2020: 0.04% and 1.79%). The face value of loans to group companies is €10,350 million (2020: €10,850 million).

The maturity dates of the loans to group companies range from 2022 up to 2033 (2020: 2021 up to 2033). The carrying amounts of the loans to group companies can be split based on the maturity dates as follows:

- Loans maturing within 1 year: €751 million (2020: €501 million)
- Loans maturing between 1-5 years: €4,525 million (2020: €5,337 million)
- Loans maturing after 5 years: €5,787 million (2020: €5,870 million)

No allowance for bad debt has been recognised in the accounts (2020: Nil). As detailed in Note 11, credit risk is judged to be minimal given that on-lending of funds is made to Unilever Finance International AG, which is a wholly owned subsidiary of Unilever PLC with significant size and importance within the Unilever group.

3. Current receivables

	2021	2020
	€'000	€'000
Amount receivable from group companies		
• From proceeds of bonds #	750,592	501,047
• From proceeds of commercial papers	1,319,958	0
• Other receivables	3,996	0
Accrued interest income	79,295	79,121
Total	2,153,841	580,168

The fair value of the receivable approximates the book value, given the short-term character of these receivables.

This loan relates to the current portion of the loans as disclosed in note 2 and includes the unamortised portion of fair value premium on the loan amounting to €0.6 million (2020: €1 million).

4. Shareholder's Equity

Issued share capital

The Company's issued and fully paid share capital comprises 1 ordinary shares with a nominal value of €1.

Movement in individual items of equity as follows:

	Issued capital	Share premium*	Other reserves	Unappropria ted Profit / (loss)	Total Equity
	€'000	€'000	€'000	€'000	€'000
Balance at 26 November 2020	0	21,261	0	-	21,261
Loss for the period 2020	-	-	-	(138)	(138)
Balance at 31 December 2020	0	21,261	0	(138)	21,123
Appropriation of result 2020	-	-	(138)	138	0
Loss for the period 2021	-	-	-	(191)	(191)
Balance at 31 December 2021	0	21,261	(138)	(191)	(20,932)

* Share premium represent the difference between the initially recognised assets and liabilities received from Unilever NV under the demerger.

Unappropriated loss amounting to €191 thousand to be deducted from the other reserves.

5. Non-current liabilities

Payable to Bondholders	€'000
Carrying amount at 26th November 2020 (initial recognition)	11,182,302
Amortisation	(12,587)
Payables reclassified to current liabilities	0
Carrying amount at 31 December 2020	11,169,715
Amortisation	(127,605)
Payables reclassified to current liabilities	(750,565)
Carrying amount at 31 December 2021	10,291,545

Included in payable to the bond holder is an unamortised bond premium of €692 million (2020: €820 million), which will be amortised over the remaining term of the bonds.

The non-current liabilities consist of bonds/notes payable to the holders thereof. These are fully and unconditionally guaranteed by Unilever PLC and Unilever United States Inc. The non-current liabilities carry interest rates varying between 0.38% to 1.75% (2020: 0% to 1.75%).

Long-term liabilities with a remaining term of less than one year, including repayment commitments for the following year, are recognised under current liabilities.

Analysis of bonds included in non-current liabilities:

	€'000	
	2021	2020
0.375% Notes 2023 (€)	605,005	609,488
1.000% Notes 2023 (€)	509,589	516,372
0.500% Notes 2023 (€)	506,913	511,224
0.500% Notes 2024 (€)	509,852	514,116
0.875% Notes 2025 (€)	676,820	684,362
0.500% Bonds 2025 (€)	665,586	670,788
1.250% Notes 2025 (€)	1,047,234	1,061,933
1.000% Notes 2027 (€)	636,594	643,779
1.125% Bonds 2027 (€)	747,118	756,379
1.125% Bonds 2028 (€)	756,451	765,425
1.375% Notes 2029 (€)	832,593	843,526
1.375% Notes 2030 (€)	732,850	742,442
1.750% Notes 2030 (€)	1,141,185	1,158,320
1.625% Notes 2033 (€)	923,755	934,741
0.500% Notes 2022 (€)*	-	756,820
Total	10,291,545	11,169,715

*0.500% Notes 2022 (€) reclassified to current liabilities.

Payable to the bondholders:

2021 (€'000)	Due within 1 year	Due between 1- 2 years	Due between 2-3 years	Due between 3-4 years	Due between 4-5 years	Due after 5 years	Total
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Maturity at face value:

€	(750,000)	(1,600,000)	(500,000)	(2,300,000)	(0)	(5,200,000)	(10,350,000)
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Maturity at fair value:

€	(750,424)	(1,620,543)	(507,468)	(2,371,460)	(0)	(5,596,846)	(10,846,741)
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2020 (€'000)	Due within 1 year	Due between 1-2 years	Due between 2-3 years	Due between 3-4 years	Due between 4-5 years	Due after 5 years	Total
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Maturity at face value:

€	(500,000)	(750,000)	(1,600,000)	(500,000)	(2,300,000)	(5,200,000)	(10,850,000)
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Maturity at fair value:

€	(500,868)	(756,990)	(1,635,105)	(512,988)	(2,410,734)	(5,827,844)	(11,644,529)
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No loan covenants are in place in respect of the Company's debt transferred to the Company upon the demerger of Unilever NV.

6. Current liabilities

	2021 €'000	2020 €'000
Amount payable to bondholders [#]	750,565	500,931
Amount payable to commercial paper holders	1,319,958	0
Amount payable to group companies	0	16
Derivatives Liabilities	2	0
Accrued interest expense	76,287	76,095
Corporate income tax payable	866	39

Audit fee payable	145	188
Total	<u>2,147,823</u>	<u>577,269</u>

#Includes the € 750 million bond 0.50% due in Feb 2022 (2020: € 500 million bond 0.000% due July 2021) and € 0.6 million (2020: € 1 million) unamortised portion of fair value premium on bonds.

7. Financial income

2021 In €'000	Group Companies	Banks and Similar Parties	Total
Interest expense on bonds	0	(108,928)	(108,928)
Amortisation of fair value premium on bonds	0	128,535	128,535
Interest income on loans on-lent from the proceeds of Commercial Papers	523	0	523
Total	<u>523</u>	<u>19,607</u>	<u>20,130</u>

2020 In €'000	Group Companies	Banks and Similar Parties	Total
Interest expense on bonds	0	(10,735)	(10,735)
Amortisation of fair value premium on bonds	0	12,746	12,746
Other interest and similar income	0	0	0
Total	<u>0</u>	<u>2,011</u>	<u>2,011</u>

8. Financial expenses

2021 In €'000	Group Companies	Banks and Similar Parties	Others	Total
Interest income and similar income	(113,704)	0	0	(113,704)
Amortisation of fair value premium on loan to group companies	133,333	0	0	133,333
Interest Expense on Commercial Papers	0	382	19	382
Other Interest and similar expense	0	18	4	37
Currency exchange Loss	0	0	0	4
Total	<u>19,629</u>	<u>400</u>	<u>23</u>	<u>20,052</u>

2020 In €'000	Group Companies	Banks and Similar Parties	Others	Total
Interest income and similar income	(11,163)	0	0	(11,163)
Amortisation of fair value premium on loan to group companies	13,176	0	0	13,176
Interest Expense on Commercial Papers	0	0	0	0
Other Interest and similar expense	0	0	0	0
Currency exchange Loss	0	0	0	0
Total	2,013	0	0	2,013

9. Operating expenses

	2021 €'000	2020 €'000
Bank charges	4	17
Audit fees	145	188
Other expenses	0	-
Total	149	205

10. Taxation

The major components of the tax charge are as follows:

	2021 €'000	2020 €'000
Tax expense for current financial year	997	39
Movement in temporary differences	(876)	(108)
Income tax expense/ (benefit)	120	(69)

Temporary differences arising from the difference in valuations of financial fixed assets and related expenses.

The numerical reconciliation between the applicable and the effective tax rate is as follows:

	2021	2020
	€'000	€'000
Result before tax	(71)	207
Income tax using the applicable tax rate in the Netherlands	120	(69)
Tax expense / (benefit)	<u>120</u>	<u>(69)</u>

The nominal corporation tax rate in the Netherlands is 25%, with a step up of 15% on the profit up to € 245 thousand. The effective tax rate in 2021 of 170% (2020: 33%) is driven by the overall mix in current and deferred tax.

The provision for deferred tax liabilities comprises the tax effect of the taxable temporary differences between the valuation principles for financial reporting purposes and for tax purposes.

The Company has recognised a provision for deferred taxes for differences between valuation principles for financial reporting purposes and for tax purposes related to the loans to group companies and bonds

Provisions: Deferred Tax

	2021	2020
	€'000	€'000
Deferred tax liabilities on loans to group companies	(195,183)	(224,950)
Deferred tax assets on bonds	189,940	218,830
Total Provisions	<u>(5,243)</u>	<u>(6,120)</u>

11. Treasury and Risk Management

The Company's activities are exposed to a variety of financial risks, including currency risks, interest rate risk, liquidity risk and credit risk. As to these risks, Unilever Finance Netherlands B.V. has a conservative approach. A financial risk management framework is in place in the form of a Treasury policy. This policy provides guidance over all Treasury and finance related matters.

In accordance with its Treasury policy, the Company actively monitors and manages financial risks as follows:

- *Currency risk:* The Company holds financial Instruments denominated in foreign currencies and is therefore exposed to foreign currency risk. These instruments comprise of commercial paper borrowing and related loans to Unilever Finance International AG. This risk is minimized due to back-to-back nature of lending arrangements. Any residue exposure from back-to-back lending would generally be hedged through foreign exchange forward contracts. At 31st December 2021 the currency exposure to the company from holding financial instruments was Nil (2020: Nil).

The currency exposure based on the nominal amounts (EUR '000) as of 31 December 2021 is presented below:

	Assets EUR	Liabilities EUR	Hedged portion EUR	Exposure EUR
USD	1,320,511	(1,320,383)	(128)	0
Total	1,320,511	(1,320,383)	(128)	0

- *Interest rate risk:* The Company has fixed interest rate on bonds and commercial papers. These bonds and commercial papers are on lent to Unilever Finance International AG at fixed interest rate. Hence the Company is not exposed to the variability in cashflows as a result of interest rates.
- *Liquidity risk:* The Company is not significantly exposed in relation to its liquidity. The Company on-lends funds generated from issuance of bond and commercial papers to Unilever Finance International AG with complete alignment of its assets and liabilities and corresponding payment schedule which results in a limited cashflow risk.

Unilever PLC and Unilever United States Inc have fully and unconditionally guaranteed on (senior unsecured basis) the due and punctual payment of the principal of and any premium and interest on the debt securities issued by the Company to the bond/note holders. Bonds and USCP issuance under these programmes by the company is guaranteed on joint and several basis by Unilever PLC and Unilever United States Inc. ECP issuance by the company is guaranteed by Unilever PLC. There is no explicit guarantee on loans with Unilever Finance International AG. As a result, the liquidity risk is considered to be minimal.

- *Credit risk:* The Company on-lends funds generated from issuance of bonds and commercial papers to Unilever Finance International AG, which is a wholly owned subsidiary of Unilever PLC with significant size and importance within the Unilever group and exposes the Company to a significant concentration of credit risk. Unilever Finance International AG has a long and proven track record of being a reliable debtor and its suitability for future credit is monitored on an ongoing basis. Unilever Finance International AG is not separately rated by rating agencies. The current long term credit rating for the Unilever Group by Moody's is A1 and S&P is A+.

12. Related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and subsidiaries of Unilever PLC, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged.

Transactions with related parties are disclosed in the notes so far as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide the true and fair view. The related party transactions are disclosed in notes 2, 3, 6, 7 and 8 for the related party transactions.

13. Employees and salary costs

The Company employed no personnel during the period ended 31 December 2021 and therefore incurred no salary or related costs of employment. The board is not directly compensated by the Company (nor are costs allocated from the group) as they do not spend significant time on managing the entity.

14. Audit fees

The following fees were charged by KPMG Accountants N.V. to the Company, as referred to in Section 2:382a (1) and (2) of the Dutch Civil Code.

	2021	2020
	€	€
Audit of the financial statements	144,872	187,728
Other audit engagements	18,670	0
Tax-related advisory services	0	0
Other non-audit services	0	0
Total	163,542	187,728

The fees mentioned in the table for the audit of the financial statements of the period ended relate to the total audit fees for the audit of the financial statements of the said period, irrespective of whether the activities have been performed during the financial period ended. The amounts presented include VAT.

15. Subsequent events

The Board have evaluated all events and transactions subsequent to 1 January 2022 through 29 April 2022, the date these financial statements were issued. Following events or transactions were identified that require recognition or disclosure in these financial statements.

Debt Issuance:

On 23 February 2022, the company issued €500 million 0.75% notes maturing in 2026 and €650 million 1.25% notes maturing in 2031. The proceeds from these issuances were on lent to Unilever Finance International AG on identical terms except for a 4-basis point mark up on the relevant Notes coupon rate

Russia Ukraine conflict:

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. The management has evaluated the impact of the current situations on its financial statements and doesn't foresee any significant impact based on company's exposure in these Geographies.

16. Proposed appropriation of the loss for 2022

If the general meeting of shareholders accepts this proposal, the loss of € 191 thousand, will be deducted from the other reserves.

Signatories to the 2021 Annual Report

For signature of the annual accounts:

The Board of Directors

Weena 455, 3013 AL Rotterdam, Netherlands, 29 April 2022

Sebastiaan Pieter de Buck

Margot Martine Fransen

Johanna Wilhelmiina Hyttinen

Herman Ulko Post

Joost Folkers

Other information**Articles of Association provisions governing profit appropriation**

Profit is appropriated in accordance with Article 21 of the Articles of Association, which states that profits shall be at the disposal of the General Meeting of Shareholders.

Branches

The company does not have any branches.

Independent auditor's report

The next pages contain the independent auditor's report pertaining to the annual report of the Company for 2021.

Independent auditor's report

To: the General Meeting of Shareholders and the Audit Committee of Unilever Finance Netherlands B.V.

Report on the audit of the financial statements 2021 included in the Annual Report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Unilever Finance Netherlands B.V. as at 31 December 2021 and of its result for the period then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of Unilever Finance Netherlands B.V., based in Rotterdam.

The financial statements comprise:

- 1 the balance sheet as 31 December 2021;
- 2 the profit and loss account for the period ended 31 December 2021; and
- 3 the notes to the financial statements comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the Company in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

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

Audit approach

Summary

Materiality

- Materiality of EUR 100 million
- 0.8% of Total Assets

Going concern, Fraud/ Noclar

- Going concern: No significant going concern risks identified.
- Fraud & Non-compliance with laws and regulations (Noclar): In our audit we incorporated the presumed fraud risk of management override of controls, laid down in the auditing standards and the assessment of the risk of material misstatement of the financial statements due to non-compliance with laws and regulations.

Key audit matters

- Valuation of loans to Group companies

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 100 million. The materiality is determined with reference to total assets (0.8%). We consider total assets as the most appropriate benchmark as the attention of the users of the financial statements tends to be focused on total assets as the entity is a financing company.

Based on our professional judgement, we have applied a lower materiality of EUR 1 million for the interest expense on bonds, with reference to the total interest expense.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that uncorrected misstatements in excess of EUR 5 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any significant going concern risks. To assess the Board of Directors' assessment, amongst others, we have performed the following procedures:

- we considered whether the assessment of the Board of Directors of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the Directors' Report included in the Annual Report, the Board of Directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment in relation to fraud and non-compliance with laws and regulations. Our procedures included, among other things, assessing the code of conduct as applied within the Company. Furthermore, we performed relevant inquiries with the Board of Directors and the Audit Committee. As part of our audit procedures, we assessed other positions held by the board members and paid special attention to procedures and governance/compliance in view of possible conflicts of interest. In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company. We did not identify any key areas that impact the financial statements.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

We assessed the presumed fraud risk on revenue recognition as irrelevant. Given the nature of the activities of the Company, the perceived pressure and opportunity to commit fraud is limited.

Based on the above and on the auditing standards, we identified the following presumed fraud risk laid down in the auditing standards that is relevant to our audit, and responded as follows:

Management override of controls (presumed risk)

Risk

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries.
- We performed a data analysis of high-risk journal entries related to cash transactions that exceed EUR 1 million which do not relate to the payment of interest expense. Where we identified instances of high risk journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated an element of unpredictability in our audit, we evaluated potential conflicts of interest of the Board of Directors.

Our procedures to address the identified risk of fraud did not result in a key audit matter. We communicated our risk assessment, audit responses and results to the Board of Directors and the Audit Committee. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and noncompliance that are considered material for our audit.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

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.

Valuation of loans to Group companies

Description

As disclosed in notes 1 and 2, the Company has provided a significant amount of loans to Unilever Finance International AG which are valued at amortised cost less accumulated impairment losses. As at 31 December 2021, the carrying value of these loans to Unilever Finance International AG, amounted to EUR 10.3 billion.

The Company is dependent on the performance of Unilever Finance International AG for repayment of these loans to the Company and a risk exists with regard to the timely identification of objective indicators for impairment. Given the pervasive impact of the valuation of these loans as at 31 December 2021 to Group companies on the financial statements of the Company as a whole, we consider the valuation of these loans to Group companies to be a key audit matter.

Our response

The following are the primary procedures we performed to address this risk:

- We obtained an understanding of management's processes and controls implemented over the identification of objective indicators for impairment.
- We obtained and evaluated management's assessment whether there were objective indicators for impairment of the loans to Group companies.
- We analysed the financial performance and financial position of Unilever Finance International AG to determine whether Unilever Finance International AG has the ability to fulfil the contractual obligations to Unilever Finance Netherlands B.V..

Our observation

The results of our testing were satisfactory and we considered the valuation of the loans to Group companies to be acceptable.

Report on the other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Unilever Finance Netherlands B.V. on 10 February 2022, as of the audit for the year 2021.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of Board of Directors and the Audit Committee for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In that respect the Board of Directors, under supervision of the Audit Committee, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_oob_01. This description forms part of our independent auditor's report.

Amstelveen, 29 April 2022

KPMG Accountants N.V.

J. te Nijenhuis RA