Prospectus Supplement dated 28 July 2022 to the Prospectus dated 30 May 2022

Nestlé Holdings, Inc.
(incorporated in the State of Delaware with limited liability)

and

Nestlé Finance International Ltd.
(incorporated in Luxembourg with limited liability)

Debt Issuance Programme
Notes issued by Nestlé Finance International Ltd. and by Nestlé Holdings, Inc.
will be guaranteed by

Nestlé S.A.
(incorporated in Switzerland with limited liability)

This Prospectus Supplement (the "**Prospectus Supplement**"), to the Prospectus dated 30 May 2022 (the "**Prospectus**"), which comprises a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for each of Nestlé Holdings, Inc., a corporation with unlimited duration, incorporated and domiciled in Delaware, United States with its registered office at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States and registered under registration number 833330118 ("**NHI**" and the "**NHI Base Prospectus**", respectively) and Nestlé Finance International Ltd., a public limited company (*société anonyme*) organised under the laws of the Grand Duchy of Luxembourg with its registered office at 7, rue Nicolas Bové, L-1253 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-136737 ("**NFI**" and the "**NFI Base Prospectus**", respectively, and NHI and NFI together, the "**Issuers**" and each an "**Issuer**"), constitutes a prospectus supplement for the purposes of Article 23(1) of the Prospectus Regulation in relation to NHI with respect to the NHI Base Prospectus and NFI with respect to the NFI Base Prospectus, and is prepared in connection with the Debt Issuance Programme (the "**Programme**") established by the Issuers. The *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), in its capacity as competent authority under the Luxembourg Act dated 16 July 2019 on prospectuses for securities (the "**Luxembourg Prospectus Act**"), has approved this Prospectus Supplement. By approving this Prospectus Supplement, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by the Prospectus or the quality or solvency of the Issuers in accordance with Article 6(4) of the Luxembourg Prospectus Act.

The purpose of this Prospectus Supplement is to (i) incorporate by reference Nestlé S.A.'s, the ultimate parent company of the Issuers, Half-Year Report January-June 2022 into the Prospectus; (ii) update Nestlé S.A.'s no significant change statement; and (iii) update and replace the disclosure with respect to certain financial performance measures.

This Prospectus Supplement is supplemental to, and should be read in conjunction with, the Prospectus issued by the Issuers or any Issuer and Nestlé S.A. Any statement contained in the Prospectus or in a document which is incorporated by reference in the Prospectus shall be deemed to be modified or superseded for the purpose of the Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference in the Prospectus by way of a supplement (including this Prospectus Supplement) prepared in accordance with Article 23(1) of the Prospectus Regulation modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) and any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Prospectus. Terms defined in the Prospectus have the same meaning when used in this Prospectus Supplement.

To the extent that there is any inconsistency between (a) any statement in this Prospectus Supplement or any statement incorporated by reference into the Prospectus by this Prospectus Supplement and (b) any other statement in or incorporated in the Prospectus, the statements in (a) will prevail.

Except as disclosed in this Prospectus Supplement, there has been no significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus which may affect the assessment of Notes issued under the Programme since the publication of the Prospectus.

This Prospectus Supplement includes all information contained within this Prospectus Supplement together with all documents which are deemed to be incorporated by reference herein.

The Issuer and Nestlé S.A. accept responsibility for the information contained in this Prospectus Supplement together with all documents incorporated by reference herein, insofar as such information relates to itself. Each of the Issuers and Nestlé S.A. confirms that the information about itself contained in this Prospectus Supplement and in the documents which are deemed to be incorporated by reference herein is, to the best of its knowledge and belief, in accordance with the facts and makes no omission likely to affect its import.

No Dealer has separately verified all the information contained in this Prospectus Supplement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Dealer as to the accuracy or completeness of the information contained or incorporated in this Prospectus Supplement.

None of the Prospectus, this Prospectus Supplement or any Final Terms constitutes an offer of, or an invitation by or on behalf of any of the Issuers, Nestlé S.A. or any Dealer to any person to subscribe for, or purchase, any Notes.

The distribution of the Prospectus, this Prospectus Supplement and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Prospectus, this Prospectus Supplement or any Final Terms come are required by the Issuers, Nestlé S.A. and the Dealers to inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of the Prospectus, this Prospectus Supplement, any Final Terms and other information in relation to the Issuers, Nestlé S.A. and the Notes, and the offer or sale of Notes in the United States, Australia, New Zealand, the People's Republic of China (which for the purposes of this Prospectus Supplement, excludes the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), the Macao Special Administrative Region of the People's Republic of China and Taiwan), Hong Kong, Japan, Singapore, Switzerland, the European Economic Area (including Belgium, Luxembourg and the Netherlands) and the United Kingdom. For a further description of these restrictions, see "*Subscription and Sale*" in the Prospectus. The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, (see "*Subscription and Sale*" in the Prospectus).

Investors should be aware of their rights under the Prospectus Regulation. In accordance with Article 23(2) of the Prospectus Regulation, investors who have agreed to purchase or subscribe for securities before this Prospectus Supplement is published, and where such securities had not yet been delivered to the investors at the time when any significant new factor, material mistake or material inaccuracy addressed in this Prospectus Supplement arose or was noted, have the right, exercisable within three working days after the publication of this Prospectus Supplement to withdraw their acceptances. This right to withdraw will expire by close of business on 2 August 2022. Investors who wish to withdraw their acceptances should contact their broker.

This Prospectus Supplement and the document incorporated by reference by virtue of this Prospectus Supplement have been filed with the CSSF and will be available on the website of the Nestlé Group at *https://www.nestle.com/investors/bonds/investorbonds/debt-issuance-program-documents* or on the website of the Luxembourg Stock Exchange, at *http://www.bourse.lu*, as applicable.

NESTLÉ S.A. – HALF-YEAR REPORT JANUARY-JUNE 2022

On 28 July 2022, Nestlé S.A., the ultimate parent company of the Issuers, published its Half-Year Report January-June 2022 (the "**Nestlé S.A. Half-Year Report**"). By virtue of this Prospectus Supplement, the Nestlé S.A. Half-Year Report, excluding any information or statements included therein either expressly or implicitly that is or might be considered to be forward-looking, which has previously been published or is provided simultaneously with this Prospectus Supplement and has been approved by the CSSF or filed with it shall be deemed to be incorporated in, and to form part of, the Prospectus including:

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Any information which is not contained within the page numbers of the document specified above is not incorporated by reference into the Prospectus and is either not relevant to investors or is covered elsewhere in the Prospectus.

A copy of the Nestlé S.A. Half-Year Report, which is incorporated herein by reference, is available at *https://www.nestle.com/sites/default/files/2022-07/2022-half-year-report-en.pdf.*

The condensed interim consolidated financial statements included in the Nestlé S.A. Half-Year Report are unaudited.

There has been no significant change in the financial performance or financial position of Nestlé S.A. and its consolidated subsidiaries (considered as a whole) since 30 June 2022, the date of the most recently published consolidated financial statements of Nestlé S.A..

The disclosure beginning at the fifth paragraph on page 66, and all of the disclosure on pages 67-73, of the Prospectus relating to financial performance measures is replaced by the following:

"Nestlé S.A.'s Annual Review of the Nestlé group of companies ("**Nestlé Group**") for the financial year ended 31 December 2021 incorporated in, and forming part of, this Prospectus and the Nestlé S.A. Half-Year Report each contain certain financial performance measures, that are not defined by IFRS, that are used by Nestlé S.A. to assess the financial and operational performance of the Nestlé Group. Nestlé S.A. believes that these non-IFRS financial performance measures provide useful information regarding the Nestlé Group's business, and Nestlé Group's management considers these measures when analysing Nestlé Group's financial and operating performance. However, these measures should not be considered indications of, or alternatives to, corresponding measures determined in accordance with IFRS. In addition, such measures may not be comparable to similar measures presented by other companies. Such measures are disclosed, explained and/or reconciled with Nestlé S.A.'s IFRS measures (Consolidated Financial Statements and/or Condensed Interim Financial Statements) as appropriate.

"**Organic Growth**" combines Real Internal Growth and Pricing and represents the growth of the business of Nestlé Group after removing the impact of acquisitions and divestitures and other changes in the Nestlé Group's scope of activity, and exchange rate movements. This provides a "like-for-like" comparison with the previous year or previous first half-year in constant scope and constant currency, enabling a deeper understanding of the business dynamics which contributed to the Evolution of sales from one year to another or from one first half-year to another.

In order to limit the distorting effect of hyperinflation, pricing in excess of around 2 per cent. per month (the level at which hyperinflation generally occurs) are excluded from Organic Growth calculations in hyperinflationary economies, with a corresponding adjustment in changes in exchange rates.

Venezuela and, since 1 January 2022, Nestlé Russia Region businesses (Russian Federation, Belarus, and countries managed by and highly dependent on Nestlé Russia (Kazakhstan, Uzbekistan, Georgia, Armenia, Azerbaijan, Turkmenistan, Tajikistan, Kirghizstan, and Mongolia), with total sales of less than CHF 0.2 billion in 2021), are excluded from Organic Growth to remove the distorting effect on the like-for-like comparison due to limited freedom to operate in these extreme business environments. Corresponding impacts are recorded in the "effect of exchange rates" and "effect of acquisitions, divestitures and other changes in Nestlé Group scope activity".

The increases or decreases in sales of an acquired business compared to its historical baseline are included in Organic Growth immediately following the business combination, unless a reliable baseline for the 12 months prior to acquisition cannot be established, in which case all sales during the first 12 months of the acquisition are excluded from Organic Growth. Sales of a divested business are removed from comparatives for the 12 months prior to the divestiture. Sales made under supply agreements related to the divested business are included in acquisitions and divestitures during a transitory period. The pricing impact of changes in the way that a business is transacted in an entire country (for example, establishing a local operating company instead of exporting to a distributor, or vice versa) are included in acquisitions and divestitures, respectively.

The effects of changes in foreign exchange rates are calculated as the current year, or the current first half-year, sales' values converted at the current year's, or the current first half-year's, exchange rates, less the current year's, or the current first half-year's, sales converted at the prior year's, or the prior first half-year's, exchange rates, respectively.

"**Real Internal Growth**" represents the impact on sales of volume increases or decreases, weighted by the relative value per unit sold. It is calculated at the level of the individual product reference (stock-keeping unit) per distribution channel, by comparing the weighted sales (this year's, or this first half-year's, volumes valued at the prior year's, or at the prior first half-year's prices in local currency) to the prior year's sales, or the prior first half-year's sales, respectively. At the product level, it is therefore primarily driven by changes in volume, while when aggregated at Operating segments or Nestlé Group level, it embeds the impact of the evolution of the product mix.

Sales of newly launched products are included from the moment of launch which tends to increase the Real Internal Growth, while products which are discontinued have a negative impact on Real Internal Growth since the historical sales continue to be included in the prior year comparatives or the prior first half-year comparatives. This reflects in a balanced way the impacts of renovation and innovation and the impact on sales coming from ongoing product rationalisation efforts. In hyperinflationary economies, the sales of newly launched products are deflated to the price level of the prior year or the prior first half-year.

As Real Internal Growth is a component of Organic Growth, it excludes the impact of acquisitions and divestitures, and exchange rates.

"**Pricing**" is part of Organic Growth and represents the portion of sales growth caused by changes in prices over the period. It excludes the impact of Real Internal Growth, as well as the impact of acquisitions and divestitures, and exchange rates.

Analysing Pricing allows Nestlé Group's management to assess the degree to which inflationary (but not hyperinflation, see Organic Growth above) or deflationary factors have contributed to sales evolution, and the degree to which cost changes have been passed to customers.

"**Evolution of sales**" Nestlé Group uses Organic Growth (including Real Internal Growth and Pricing), exchange rate impacts, and the effects of acquisitions and divestitures in order to understand the Evolution of sales from one year or first half-year to the prior year or prior first half-year (either the increase or the decrease in the current year's, or the current first half-year's, sales compared with the prior year's, or prior first half-year's sales, respectively, expressed as a percentage).

Total Nestlé Group	**HY 2022**	**HY 2021**	**2021**	**2020**
Sales (CHF in millions)	45,580	41,755	87,088	84,343
Evolution of sales (as a percentage comparison to the prior year's / first half-year's sales)	+9.2%	+1.5%	+3.3%	-8.9%

The reconciliation between Organic Growth (including Real Internal Growth and Pricing) to the total Evolution of sales is as follows:

Total Nestlé Group	**HY 2022 vs HY 2021 (%)**	**HY 2021 vs HY 2020 (%)**	**2021 vs 2020 (%)**	**2020 vs 2019 (%)**
Real Internal Growth	+1.7	+6.8	+5.5	+3.2
Pricing	+6.5	+1.3	+2.0	+0.4
Organic Growth	**+8.1**	**+8.1**	**+7.5**	**+3.6**
Effect of exchange rates	+0.1	-3.5	-1.3	-7.9
Effect of acquisitions, divestitures and other changes in Nestlé Group scope of activity	+1.0	-3.1	-2.9	-4.6
Evolution of sales	**+9.2**	**+1.5**	**+3.3**	**-8.9**

"**Underlying Trading operating profit margin**" is when Underlying Trading operating profit is calculated as a percentage of sales. Underlying Trading operating profit is Trading operating profit before the impact of Other trading expenses and Other trading income (mainly restructuring costs, impairment of property, plant and equipment, and litigation and onerous contracts). See note 4, page 96 of the consolidated financial statements of the Nestlé Group for the financial year ended 31 December 2021 incorporated in, and forming part of, this Prospectus and/or note 5, page 27 of the Nestlé S.A. Half-Year Report for more details of Other trading expenses and Other trading income.

The exclusion of these items allows tracking and better understanding and prediction of the results due to the day-to-day trading activities under the control of the operational management in the business units. It excludes the impacts of decisions (such as factory closures, disposal of a piece of real estate, or restructuring plans) made in conjunction with Zone or GMB management, or litigations and disputes or events which distort the underlying performance due to their frequency or the unpredictability of the outcome.

The reconciliation of Underlying Trading operating profit to Trading operating profit is as follows:

Total Nestlé Group (CHF in millions, except for Underlying Trading operating profit margin)	**HY 2022**	**HY 2021**	**2021**	**2020**
Trading operating profit	6,684	6,987	12,159	14,233
Add:				

Total Nestlé Group (CHF in millions, except for Underlying Trading operating profit margin)	**HY 2022**	**HY 2021**	**2021**	**2020**
Other trading income	(67)	(145)	(171)	(238)
Other trading expenses	1,066	409	3,131	908
Underlying Trading operating profit	**7,683**	**7,251**	**15,119**	**14,903**
Sales	**45,580**	**41,755**	**87,088**	**84,343**
Underlying Trading operating profit margin	**16.9%**	**17.4%**	**17.4%**	**17.7%**

"**Trading operating profit margin**" is when Trading operating profit is calculated as a percentage of Sales. Trading operating profit is a sub-total in the Nestlé Group's consolidated income statement, appearing above Operating profit. It excludes Other operating income and Other operating expenses. The items excluded from Trading operating profit represent the results of transactions and decisions taken at Nestlé Group level that are largely out of control of management of the operating segments (such as acquisitions, disposals or strategic alliances), or the impacts of events which are irregular in nature and difficult to predict (such as wars or natural disasters).

"**Profit margins in constant currency**" such as "Underlying Trading operating profit margin in constant currency" and "Trading operating profit margin in constant currency" are calculated as the ratio between profits and Sales, adjusted to eliminate the impact of changes in exchange rates.

When comparing the year-on-year change or first-half-year-on-first-half-year change in profit margins, it is useful to eliminate the impact of changes in exchange rates in order to isolate the results generated by business operations from the effect of translation of these results into Swiss francs. This is done by converting both Sales and profits of the current year or the current first half-year at the exchange rate of the prior year or the prior first half-year, respectively. The resulting profit margins can therefore be compared with the reported profit margins of the prior year or prior first half-year, respectively, to understand fundamental business trends.

The reconciliation of profit margins in constant currency is as follows:

Total Nestlé Group (CHF in millions, except for Underlying Trading operating profit margin and Trading operating profit margin)	**HY 2022**	**HY 2021**	**2021**	**2020**
Sales	**45,580**	**41,755**	**87,088**	**84,343**
Retranslation at prior year / first half-year rates	(123)	1,230	859	6,664
Sales in constant currency	**45,457**	**42,985**	**87,947**	**91,007**
Underlying Trading operating profit	**7,683**	**7,251**	**15,119**	**14,903**
Retranslation at prior year / first half-year rates	(4)	207	154	1,278
Underlying Trading operating profit in constant currency	**7,679**	**7,458**	**15,273**	**16,181**
Underlying Trading operating profit margin (as reported)	**16.9%**	**17.4%**	**17.4%**	**17.7%**
Reported evolution (in basis points)	-50 bps	+0 bps	-30 bps	+10 bps
Underlying Trading operating profit margin in constant currency	**16.9%**	**17.4%**	**17.4%**	**17.8%**
Evolution in basis points compared to prior year / first half-year as reported Underlying Trading operating profit margin	-50 bps	+0 bps	-30 bps	+20 bps

Total Nestlé Group (CHF in millions, except for Underlying Trading operating profit margin and Trading operating profit margin)	**HY 2022**	**HY 2021**	**2021**	**2020**
Trading operating profit	**6,684**	**6,987**	**12,159**	**14,233**
Retranslation at prior year / first half-year rates	25	192	143	1,214
Trading operating profit in constant currency	**6,709**	**7,179**	**12,302**	**15,447**
Trading operating profit margin (as reported)	**14.7%**	**16.7%**	**14.0%**	**16.9%**
Reported evolution (in basis points)	-200 bps	-20 bps	-290 bps	+210 bps
Trading operating profit margin in constant currency	**14.8%**	**16.7%**	**14.0%**	**17.0%**
Evolution in basis points compared to prior year / first half-year as reported Trading operating profit margin	-190 bps	-20 bps	-290 bps	+220 bps

"**Underlying earnings per share**" is calculated by adjusting Net profit attributable to shareholders of the parent to remove the effects of Other trading income and Other trading expenses, Other operating income and Other operating expenses, and related tax effects. An adjustment is also made to eliminate Other trading income and Other trading expenses and Other operating income and Other operating expenses included in the Income from associates and joint ventures. Underlying earnings per share reflects the underlying earnings from trading operations for each share of Nestlé S.A.

"**Underlying earnings per share in constant currency**" is used when comparing the year-on-year or the first half-year-on-first-half-year change in Underlying earnings per share to eliminate the impact of changes in exchange rates in order to isolate the results generated by business operations from the effect of translation of these results into Swiss francs. This is done by converting the Underlying earnings per share of the current year or the current first half-year at the exchange rate of the prior year, or the prior first half-year, respectively. The resulting figure can therefore be compared with the Underlying earnings per share of the prior year or the prior first half-year, respectively, to understand fundamental business trends.

The reconciliation of Net profit and Underlying earnings per share to Underlying earnings per share in constant currency is as follows:

Total Nestlé Group (CHF in millions, except for data per share or number of shares and Evolution)	**HY 2022**	**HY 2021**	**2021**	**2020**
Net profit attributable to shareholders of the parent	**5,247**	**5,945**	**16,905**	**12,232**
Add:				
Restructuring costs	87	62	311	220
Impairment of property, plant and equipment, goodwill and intangible assets	741	177	2,614	711
Net result of disposal of businesses	52	(212)	(235)	(1,678)
Other adjustments in net other income/(expenses)	184	358	750	854
Adjustment for income from associates and joint ventures	82	60	(7,270)	(577)
Tax effect on above items and adjustment of one-off tax items	(16)	(259)	(684)	400

Total Nestlé Group (CHF in millions, except for data per share or number of shares and Evolution)	**HY 2022**	**HY 2021**	**2021**	**2020**
Adjustment in non-controlling interests	(13)	(50)	(57)	(179)
Underlying net profit	**6,364**	**6,081**	**12,334**	**11,983**
Retranslation at prior year / first half-year rates	45	122	87	1,007
Underlying net profit in constant currency	**6,409**	**6,203**	**12,421**	**12,990**
Weighted average number of shares outstanding (in millions of shares)	2,729	2,799	2,788	2,845
Underlying earnings per share (as reported)	**2.33**	**2.17**	**4.42**	**4.21**
Underlying earnings per share in constant currency	**2.35**	**2.22**	**4.46**	**4.57**
Evolution in % compared to prior year / first half-year as reported Underlying earnings per share (unrounded)	+7.3%	+10.5%	+5.8%	+3.5%

"**Net financial debt**" represents the net level of financial debt contracted by the Nestlé Group with external parties (for example, bonds, commercial paper) after considering cash and investments readily convertible into cash. As per the table below, it is composed of the current and non-current financial debt, derivatives hedging financial debt and liquid assets less cash and cash equivalent and short-term investments.

The composition of the Net financial debt is as follows:

Total Nestlé Group (CHF in millions)	**30 June 2022**	**30 June 2021**	**2021**	**2020**
Current financial debt	(15,535)	(12,226)	(10,092)	(12,019)
Non-current financial debt	(38,492)	(32,704)	(36,482)	(27,928)
Derivatives [a]	(680)	–	(338)	19
Cash and cash equivalents	5,364	4,868	6,988	5,235
Short-term investments	883	1,568	7,007	3,374
Net financial debt	**(48,460)**	**(38,494)**	**(32,917)**	**(31,319)**

[a] Related to Net debt and included in Derivative assets and Derivative liabilities balances of the Consolidated balance sheet.

See note 16.5, page 144 of the consolidated financial statements of the Nestlé Group for the financial year ended 31 December 2021 incorporated in, and forming part of, this Prospectus for more details on the composition of the Net financial debt and a reconciliation of the year-on-year Net financial debt evolution. See note 12.2e, page 136 of the consolidated financial statements of the Nestlé Group for the financial year ended 31 December 2021 incorporated in, and forming part of, this Prospectus for more details on the monitoring of the Net financial debt.

"**Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation**" ("**Adjusted EBITDA**") is used as a measure of the ability of the Nestlé Group to generate enough cash from earnings to repay its net financial debt. It is computed as follows:

Total Nestlé Group (CHF in millions)	**HY 2022**	**HY 2021**	**2021**	**2020**
Trading operating profit	**6,684**	**6,987**	**12,159**	**14,233**
Add:				
Net other trading income/(expenses)	999	264	2,960	670
Depreciation and amortisation	1,756	1,671	3,440	3,465
Adjusted EBITDA	**9,439**	**8,922**	**18,559**	**18,368**

When Net financial debt is divided by Adjusted EBITDA, this yields a ratio which is used to monitor the Nestlé Group's financing capacity.

"**Free cash flow**" represents the cash generating capability of the Nestlé Group to pay dividends, repay providers of capital, or carry out acquisitions, if any. As per the table below, it equals Operating cash flow less capital expenditure, expenditure on intangible assets and other investing activities.

Reconciliation of Operating cash flow to Free cash flow for the year and first half-year is as follows:

Total Nestlé Group (CHF in millions)	**HY 2022**	**HY 2021**	**2021**	**2020**
Operating cash flow	3,935	4,669	13,864	14,377
Capital expenditure	(2,372)	(1,908)	(4,880)	(4,076)
Expenditure on intangible assets	(113)	(119)	(461)	(288)
Other investing activities	22	181	192	232
Free cash flow	**1,472**	**2,823**	**8,715**	**10,245**

"**Working capital**" is the sum of trade net working capital, composed of Inventories, Trade receivables and Trade payables, and other components such as some Other receivables and Other payables, some prepayments and some accruals. The Nestlé Group monitors average Working capital to evaluate how efficient it is at managing its operating cash conversion cycle. The average of Working capital for the last five quarters is divided by sales for the 12 months preceding the reporting date to determine the average Working capital as a percentage of sales.

The average Working capital as a percentage of sales is determined as follows:

Total Nestlé Group (CHF in millions)	**30 June 2022: 5-quarters average 2022**	**30 June 2021: 5-quarters average 2021**
Trade receivables	8,777	8,258
Inventories	12,908	10,766
Trade payables	(15,191)	(13,547)
Average Trade Working capital	**6,494**	**5,477**
Other receivables	2,615	2,628
Other payables	(3,821)	(3,869)
Other elements of Working capital [(a)]	(4,064)	(3,938)

Total Nestlé Group (CHF in millions)	**30 June 2022: 5-quarters average 2022**	**30 June 2021: 5-quarters average 2021**
Average of other elements of Working capital	**(5,270)**	**(5,179)**
Average of Working capital	**1,224**	**298**
Sales on a 12 months rolling basis [(b)]	**90,913**	**84,946**
Average Working capital as a % of Sales	**1.3%**	**0.4%**

[(a)] Mainly composed of prepayments (assets) and accruals (liabilities).

[(b)] 30 June 2022: from 1 July 2021 to 30 June 2022.
30 June 2021: from 1 July 2020 to 30 June 2021.

"**Return on invested capital ("ROIC")**" is a measure of performance which integrates both measures of profitability and measures of capital efficiency. The numerator is Trading operating profit before litigation and miscellaneous trading income/(expenses), net of tax. This figure is divided by average Invested capital during the year. Invested capital is a measure of the operational assets used to generate the results of the business, excluding financing, tax and cash-management activities. Further details of the definition of Invested capital can be found in note 3, page 88 of the consolidated financial statements of the Nestlé Group for the financial year ended 31 December 2021 incorporated in, and forming part of, this Prospectus.

"**Return on invested capital before Goodwill ("GW") and Intangible Assets ("IA")**" is used to eliminate the distortions caused by the different treatments of goodwill in the past and internally and externally generated intangible assets. This removes from the analysis the impact of varying acquisition activities over time. This measure is calculated by removing the average goodwill and intangible assets value from the average invested capital (see above).

The evolution of Return on invested capital is presented only on a yearly basis as this is not relevant at the end of an interim period.

The calculation of Return on invested capital is shown below:

Total Nestlé Group (CHF in millions)	**2021**		**2020**	
	Before GW & IA	**After GW & IA**	**Before GW & IA**	**After GW & IA**
Trading operating profit..........................	**12,159**	**12,159**	**14,233**	**14,233**
Add:				
Net other trading income/(expenses) ...	2,960	2,960	670	670
Underlying Trading operating profit	**15,119**	**15,119**	**14,903**	**14,903**
Less:				
Impairment of property, plant and equipment	(344)	(344)	(302)	(302)
Restructuring costs	(311)	(311)	(220)	(220)
Impairment of intangible assets (excluding goodwill and non-commercialised intangible assets)		(1,749)		(1)

Total Nestlé Group (CHF in millions)	**2021**		**2020**	
	Before GW & IA	**After GW & IA**	**Before GW & IA**	**After GW & IA**
Impairment of goodwill and non-commercialised intangible assets.........		(521)		(408)
Trading operating profit before litigation and miscellaneous trading income/(expenses).....................................	**14,464**	**12,194**	**14,381**	**13,972**
Tax rate [(a)]...	(2,994)	(2,524)	(3,034)	(2,948)
Trading operating profit before litigation and miscellaneous trading income/(expenses), net of tax...................	**11,470**	**9,670**	**11,347**	**11,024**
Average Invested capital (Note 3.2)...........	27,484	27,484	27,585	27,585
Average goodwill and intangible assets (Note 3.2)..		51,966		47,163
Average Invested capital, goodwill and intangible assets		79,450		74,748
ROIC..	**41.7%**	**12.2%**	**41.1%**	**14.7%**

(a) Based on the Nestlé Group Underlying Tax Rate (UTR) of 20.7% (2020: 21.1%).

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