Nestlé Good food, Good life

Nestlé Finance International Ltd.

Annual Financial Report

Management Report and Financial Statements

January 1 – December 31, 2024

(With Report of the Réviseur d'Entreprises Agréé thereon)

Registered Address:
5, Place de la Gare
L-1616, Luxembourg
Grand Duchy of Luxembourg
RCS. No B136737
Subscribed capital: EUR 440 000

Management Report

Nestlé Finance International Ltd. ("NFI" or the "Company") presents its annual financial report for the financial year ended December 31, 2024. NFI is a public limited company (société anonyme) organized under the laws of Luxembourg and is a wholly-owned subsidiary of Nestlé S.A. which is the holding company of the Nestlé Group of companies (the "Nestlé Group" or the "Group"). NFI is established for an unlimited duration. The Nestlé Group manufactures and distributes food and beverage products in the following categories: powdered and liquid beverages, water, milk, ice cream and nutrition products, prepared dishes and cooking aids, confectionery and petcare. The Nestlé Group also manufactures and distributes nutritional science products through its globally managed business Nestlé Health Science.

The principal activity of NFI is the financing of the Nestlé Group companies by sale, exchange, issue, transfer or in any other manner, of stock, bonds, debentures, notes, debt instruments or other securities or any kind of instrument and contracts thereon or relative thereto. NFI may further assist the members of the Nestlé Group, in particular by granting them loans, facilities or guarantees in any form and for any term whatsoever and provide any of them with advice and assistance in any form whatsoever.

(A) Review of the development and performance of the business during the financial year

As at December 31, 2024 a total equivalent of EUR 23 070 million of loans granted to Nestlé Group companies was outstanding, compared to EUR 19 072 million as at December 31, 2023. These were financed mainly through the issuance of bonds, commercial papers and loans received from Nestlé Group companies. Other assets and liabilities comprise mainly derivatives, cash and cash equivalents (consisting of cash balances and deposits at banks) and short-term investments. The aforementioned transactions are further detailed in the notes to the financial statements of NFI for the financial year ended December 31, 2024.

Total assets were EUR 23 756 million and EUR 19 443 million as at December 2024 and 2023, respectively. The increase results mainly from an increase in loans granted to Nestlé Group companies (by EUR 3 998 million), from an increase in cash and cash equivalents (by EUR 260 million), from an increase in derivative assets (by EUR 66 million).

Total liabilities were EUR 23 682 million and EUR 19 401 million as at December 2024 and 2023, respectively. Debt securities outstanding at December 31, 2024 (EUR 23 104 million) increased by EUR 4 104 million as compared to December 31, 2023 (EUR 19 000 million) mainly as a result of an increase in the issuance of commercial papers and bonds. Loans received from Nestlé Group companies outstanding at December 31, 2024 (EUR 395 million) increased by EUR 132 million as compared to December 31, 2023 (EUR 263 million).

Following a net loss of EUR 18 million in 2023 due to an unfavorable development of borrowing rates in the debt market, NFI recognized a net profit of EUR 33 million in 2024. Net profit before tax for the financial year ended December 31, 2024 was EUR 42 million, compared to a net loss before tax of EUR 24 million for the financial year ended December 31, 2023. The change is due to an increase in intercompany interest income (by EUR 171 million) resulting from the loans granted to Nestlé S.A. and its affiliates, partially offset by an increase in third party interest expense (by EUR 109 million) resulting from an increase in debt securities issued at higher interest rate. In addition, the profit before tax was also driven by a decrease in net fee and commission expense (by EUR 12 million) arising from the termination of foreign exchange transfer agreement between NFI and Nestlé S.A. in May 2023.

NFI's net operating cash outflow ("net cash used in operating activities") was to EUR 3 701 for the financial year ended December 31, 2024 in contrast to a net operating cash inflow of EUR 175 million for the financial year ended December 31, 2023. Additionally, NFI's net financing cash inflow was EUR 3 953 million for 2024, compared to EUR 157 million in 2023.

In 2023, the rapid and significant growth in interest rates had a negative impact on the operating result. Future financial performance will depend largely on the net interest margin earned on loans and investments, funded by issuance of bonds, commercial papers, loans received from Nestlé Group companies and results from derivative transactions. Considering recent evolutions in the intra-group financing set-up as well as the increased volatility of the financial markets, management has decided to refine the key principles of the transfer pricing policy and made updates to various components and underlying assumptions.

Management will continue to closely monitor market developments and take appropriate measures to mitigate risks associated with interest rate fluctuations. Management is confident that NFI is well-positioned to address these challenges and regain a positive financial situation in the future.

(B) Risks and uncertainties

NFI is exposed to certain risks and uncertainties: credit risk, market risk, liquidity risk and risk of an increase in cost of capital, treasury operations and other risks that could have a material adverse impact on its financial condition and operating results. The detailed description of these risks and uncertainties and NFI's objectives, policies and processes for managing these risks and uncertainties are disclosed in the notes to the financial statements of NFI for the year ended December 31, 2024, in particular in Note 12. NFI is engaged in hedging activities to limit its exposure to risk.

(C) Other items

NFI has no research and development costs nor any treasury shares or branches.

(D) Corporate governance status

Overall control environment

The Board of Directors of NFI has overall responsibility for its control environment. The Board of Directors is responsible for monitoring the internal control and risk management systems that are related to the financial reporting process on an ongoing basis.

The internal control and risk management systems are designed to mitigate, rather than eliminate, the risks identified in the financial reporting process. In particular, internal controls related to the financial reporting process are established to mitigate, detect and correct material misstatements in the financial statements.

NFI has a number of policies and procedures in key areas of financial reporting, which are derived from the Nestlé Group's Accounting Standards, Risk Management Policy, Treasury Policy, Information Security Policy and Business Ethics Policy. These policies and procedures apply to all subsidiaries of the Nestlé Group, including NFI. NFI complies with the corporate governance guidelines of the Group.

Structure of capital

The share capital of NFI is divided in 220 000 shares having a nominal amount of EUR 2 each. There is only one class of shares issued and they all provide the same rights to the shareholder. NFI does not have own shares. There are neither restrictions to the transfer of the issued shares in NFI nor any agreement issued by the shareholder which may result in restrictions on the transfer of NFI shares.

Instruments traded on a regulated market

NFI issues bonds which are admitted for trading on the London Stock Exchange's regulated market and the Luxembourg Stock Exchange. No other instruments, such as NFI's shares, are admitted to trading on any regulated market. Therefore, the disclosure requirements included in Article 10. paragraph 1. points c), d), f), h) and i) of Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 on takeover bids as required by Article 68ter. paragraph 1 letter d) of Luxembourg modified law of December 19, 2002 are not applicable.

Control activities

Nestlé Group has established minimum requirements for the conduct and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. NFI establishes and implements internal controls comprising relevant control activities for significant processes.

NFI's management is responsible for ensuring that the internal control activities are performed and documented and is required to report on their compliance with Nestlé Group's internal control policies to Nestlé Group's finance function.

In addition, the Nestlé Group has implemented a formalized financial reporting process for the budget process and monthly reporting on actual performance. The accounting information reported by NFI is reviewed both by Nestlé Group central treasury and by technical accounting specialists at Nestlé.

Information and communication

The Nestlé Group has established information and communication systems to ensure that accounting and internal control compliance procedures are established, including a finance manual and internal control requirements.

All Nestlé Group companies, including NFI, use a standardized financial reporting system.

Monitoring

The monitoring of the internal control and risk management systems related to financial reporting is performed at various levels within the Nestlé Group, such as periodic reviews of control documentation, controller visits, audits performed by Nestlé Group Internal Audit and monitoring by the Nestlé Group's Audit Committee.

Subsequent events

On January 7, 2025, NFI launched and priced a dual-tranche bond transaction totaling EUR 1.1 billion which comprised of a EUR 600 million 7-year and a EUR 500 million 20-year tenor.

As at March 20, 2025, there are no other subsequent events which either warrant a modification of the value of its assets and liabilities or any additional disclosure.

Future developments

It is expected that NFI's business activities will remain unchanged in 2025. NFI will primarily continue to provide financing to members of the Nestlé Group.

Going concern

NFI's management assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on NFI's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

As at December 31, 2024, the total current assets amount to EUR 5 052 million and the total current liabilities amount to EUR 4 972 million. NFI will be able to finance the current debt with the current assets available and the debt programs in place. NFI has access to short and medium-term capital market as well as to Nestlé Group liquidity support in place for Nestlé S.A. if there ever be an emergency. For the next year, 71% of the debts have a maturity between 3 years and more than 5 years (84% in 2023).

Based on the capital management the equity is high enough to cover the risk of default.

Building a better
working world

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Independent auditor's report

To the Shareholder of
Nestlé Finance International Ltd. S.A.
5, Place de la Gare
L-1616 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nestlé Finance International Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the 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.

Credit risk related to loans and advances to Nestlé Group entities

<u>Risk identified</u>

NFI is a financing entity granting loans and advances to entities within the Nestlé Group referred to as Nestlé Group entities.

As of 31 December 2024, the current portion of loans and advances granted to Nestlé entities amounted to EUR 4 385 350 whilst the non-current portion amounted to EUR 18 684 368 both totalling EUR 23 069 718 and representing 98.1% of the total assets of the company.

As detailed in Note 2 and Note 5 to the financial statements, loans to Nestlé Group entities are classified as debt instruments measured at amortized cost and subject to impairment.

An expected credit loss ("ECL") analysis was performed by the Management as at 31 December 2024 based on key judgements and estimates including:

- Completeness and accuracy of data used to calculate ECL.

- Allocation of assets to stage 1 (performing), 2 (non-performing), or 3 (default) using criteria in accordance with the accounting standard.

- Accuracy and adequacy of the financial statement disclosures.

Given the significance of loans granted to Nestlé entities as well as the importance of the judgments involved regarding the assessment of the impairment of these financial assets, the evaluation of the recoverability of loans receivables granted to Nestlé Companies is a key audit matter.

<u>Our answer</u>

Our audit procedures on impairment and the evaluation of the recoverability of loans receivables and advances granted to Nestlé Group entities (the "Loans") included, among others:

- We inspected legal documentation related to the Loans.

- We agreed the input data used in the ECL computation to the carrying value of the Loans reported in the financial statements and to the related parties' financial information obtained from Nestlé Group companies.

- We assessed the methods and assumptions applied by Management in their ECL analysis.

- We performed an overall assessment of the ECL provision to evaluate its reasonableness considering the Company's portfolio, risk profile, credit risk management policies and the macroeconomic environment.

- We evaluated the adequacy of the Company's disclosures in respect of the Loans as disclosed in Notes 5 and 12 of the financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the corporate governance statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

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

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

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

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

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 24th April 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

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

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2024, identified as "nestle-finance-international-ltd-fullyear-financial-report-2024.xHTML", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Olivier Lemaire

Petar Dionissiev

Luxembourg, 20th March 2025

Financial Statements 2024

Balance sheet
as at December 31, 2024

In thousands of Euro

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5	595 405	335 461
Derivative assets	4/5	70 156	4 077
Loans to Nestlé Group companies	5	4 385 350	2 448 422
Other assets	5/6	1 402	1 378
Total current assets		**5 052 313**	**2 789 338**
Non-current assets			
Loans to Nestlé Group companies	5	18 684 368	16 623 668
Deferred tax assets	6	19 269	29 845
Total non-current assets		**18 703 637**	**16 653 513**
Total assets		**23 755 950**	**19 442 851**
Liabilities			
Current liabilities			
Derivative liabilities	4/5	20	18 518
Loans from Nestlé Group companies	5	395 179	262 690
Current financial debt	5/9	4 394 626	2 451 080
Other liabilities	5/6	182 384	120 236
Total current liabilities		**4 972 209**	**2 852 524**
Non-current liabilities			
Non-current financial debt	5/9	18 709 473	16 548 628
Total non-current liabilities		**18 709 473**	**16 548 628**
Total liabilities		**23 681 682**	**19 401 152**
Equity			
Share capital	7	440	440
Share premium and other premiums	7	102 000	102 000
Hedging reserve	7	350	281
Legal reserve	7	44	44
Other reserve	7	4 955	4 955
Accumulated losses		(33 521)	(66 021)
Total equity attributable to shareholders of the company		**74 268**	**41 699**
Total liabilities and equity		**23 755 950**	**19 442 851**

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

Income statement for the year ended December 31, 2024

In thousands of Euro

	Notes	2024	2023
Interest income		518 412	347 705
Interest expense		(466 311)	(356 830)
Net interest income/(expense)	3	**52 101**	**(9 125)**
Net fee and commission income/(expense) from Nestlé Group companies		(7 001)	(19 446)
Expected credit loss on financial assets (increase)/decrease		(1 012)	180
Other operating income/(expense)	3	(35)	7 118
Operating profit/(loss)		**44 053**	**(21 273)**
Administration expense		(1 731)	(2 501)
Profit/(loss) before tax		**42 322**	**(23 774)**
Taxes	3	(9 822)	5 743
Profit/(loss) for the year attributable to shareholders of the company		**32 500**	**(18 031)**

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

Statement of comprehensive income and loss for the year ended December 31, 2024

In thousands of Euro

	2024	2023
Profit/(loss) for the year recognized in the income statement	32 500	(18 031)
Adjustments on cost of hedge reserve		
Recognized in hedging reserve	92	444
Taxes on hedging reserve	(23)	(94)
Items that are or may be reclassified subsequently to the income statement	69	350
Other comprehensive income for the year	**69**	**350**
Comprehensive income for the year attributable to shareholders of the company	**32 569**	**(17 681)**

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

Statement of changes in equity for the year ended December 31, 2024

In thousands of Euro

	Notes	Share capital	Share premium and other premiums	Hedging reserve	Legal reserve	Other reserve	Accumulated losses	**Total equity attributable to shareholders of the company**
Equity as at January 1, 2023		**440**	**102 000**	**(69)**	**44**	**4 955**	**(47 990)**	**59 380**
Loss for the year		—	—	—	—	—	(18 031)	**(18 031)**
Other comprehensive income for the year		—	—	350	—	—	—	**350**
Total comprehensive income/(loss) for the year		—	—	350	—	—	(18 031)	**(17 681)**
Equity as at December 31, 2023		**440**	**102 000**	**281**	**44**	**4 955**	**(66 021)**	**41 699**
Equity as at January 1, 2024		**440**	**102 000**	**281**	**44**	**4 955**	**(66 021)**	**41 699**
Profit for the year		—	—	—	—	—	32 500	**32 500**
Other comprehensive income for the year		—	—	69	—	—	—	**69**
Total comprehensive income/(loss) for the year		—	—	69	—	—	32 500	**32 569**
Equity as at December 31, 2024		**440**	**102 000**	**350**	**44**	**4 955**	**(33 521)**	**74 268**

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

Cash flow statement for the year ended December 31, 2024

In thousands of Euro

	Notes	2024	2023
Operating activities			
Profit/(loss) before tax		42 322	(23 774)
Adjustments for non-cash transactions:			
Foreign exchange loss for loans, debt securities and derivatives	3	35	58 301
Fair value of debt securities		—	15 384
Interest income	3	(518 412)	(346 796)
Interest expense	3	466 311	356 830
Cash flow before changes in operating assets and liabilities		**(9 744)**	**59 945**
Change in other assets	6	(24)	(626)
Change in other liabilities excluding accruals and deferred income	6	(274)	(203 234)
Inflow in short term investments		92	—
Cash flow used in operations		**(9 950)**	**(143 914)**
Net loans to Nestlé Group companies excluding intra group interest receivable	10	(3 916 711)	(137 111)
Net loans from Nestlé Group companies excluding intra group interest payable	10	132 489	262 690
Interest received net of withholding tax		463 438	316 128
Interest paid		(371 674)	(122 871)
Income tax received/(paid)		616	(37)
Operating cash flow		**(3 701 793)**	**174 885**
Financing activities			
Change in derivative assets including those recognized directly in equity		—	(2 862)
Change in derivative liabilities	5	—	(64 642)
Bonds issued	9	2 625 995	3 143 213
Commercial paper issued	9	37 679 904	47 376 921
Bonds repaid	9	(1 150 000)	(963 727)
Commercial paper repaid	9	(35 203 363)	(49 332 068)
Financing cash flow		**3 952 536**	**156 835**
Effect of the exchange rate changes on cash		9 200	1 336
Net increase in cash and cash equivalents		**259 944**	**333 055**
Net cash and cash equivalents at the beginning of the year		335 461	2 406
Net cash and cash equivalents at the end of the year		**595 405**	**335 461**
Net cash and cash equivalents as per balance sheet	5	**595 405**	**335 461**

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

Notes

1. Corporate information

Nestlé Finance International Ltd. (“NFI” or the “Company”) organized under the laws of Luxembourg, is a wholly-owned subsidiary of Nestlé S.A., incorporated in Switzerland, which is the holding company of the Nestlé Group of companies (hereinafter, referred to as the “Nestlé Group” or the “Group”). NFI is established for an unlimited duration.

NFI is principally engaged in the financing of the Nestlé Group companies by sale, exchange, issue, transfer or in any other manner, of stock, bonds, debentures, notes, debt instruments or other securities or any kind of instrument and contracts thereon or relative thereto. NFI may further assist the members of the Nestlé Group, in particular, by granting them loans, facilities or guarantees in any form and for any term whatsoever and provide any of them with advice and assistance in any form whatsoever.

The financial statements of NFI for the year ended December 31, 2024 were authorized for issue in accordance with a resolution of the directors on March 20, 2025 and are subject to approval by the Annual General Meeting on April 15, 2025.

The official version of these accounts is the ESEF version available with the Officially Appointed Mechanism (OAM) tool.

2. Accounting policies

Accounting convention and accounting standards

The financial statements comply with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with the laws and regulations in force in the Grand Duchy of Luxembourg.

They have been prepared on a historical cost basis, except for derivatives financial instruments and short-term investments that are recorded at fair value.

NFI’s financial year starts on the first day of January and ends on the last day in December. The balance sheet has been prepared in order of liquidity.

NFI prepared its financial statements on the basis of the going concern convention. NFI has access to ample liquidity, including short and medium-term capital markets, enjoying the benefit of issuance with Nestlé S.A.’s AA- rated guarantee. NFI can access the Nestlé Group liquidity support in place for Nestlé S.A. if there ever be an emergency. Refer to Note 11 for further details.

The official version of these accounts is the ESEF version available with the Officially Appointed Mechanism (OAM) tool.

Key accounting judgments, estimates and assumptions

The preparation of the financial statements requires NFI’s management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Actual result may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Those areas that involved a higher degree of judgment or uncertainty are explained further in the relevant notes, primarily regarding the determination of fair value of financial instruments (Note 2 on fair value, Note 4 on Derivative assets and liabilities, Note 5 on Financial instruments and Note 9 on Debt securities), and the determination of the expected credit losses (ECL) on loans granted to Nestlé S.A. and its affiliates.

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgements and estimates. These estimates are driven by a number of factors and changes which can result in different levels of allowance. However, NFI's expected credit losses calculation is derived from different output models with several underlying assumptions regarding the choice of variable inputs and interdependencies. Elements of the ECL model are considered accounting judgements. Refer to Note 2 paragraph impairment for further details.

Foreign currencies

The functional currency of NFI is Euro, which is the currency of its primary economic environment as well as the presentation currency.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year end rates. Any resulting exchange differences are taken to the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Segmental information

The financing activities of NFI are managed as one single business. Therefore, there is one reporting segment in the financial statements.

The economic purpose of NFI is to issue debt securities, primarily bonds and commercial papers, to provide financing to Nestlé S.A. and its affiliates. Therefore, NFI's income is mainly generated from loans granted to Nestlé Group companies. Loans are primarily granted to central companies; NFI does not grant loans to operational companies in order to limit foreign exchange risk. Refer to Note 3 for further details.

Valuation methods, presentations and definitions

Operating income

Net interest income includes the income earned on loans to Nestlé Group companies, income from short-term deposits and financial expense on borrowings from third parties and Nestlé Group companies. Net interest income also includes other financial income and expense from interest rate hedging instruments that are recognized in the income statement.

Interest income or expense is recognized using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

Net fee and commission expenses are composed of the guarantee fee that is payable to Nestlé S.A. and other fees and expenses from Nestlé Group companies.

Other operating income includes results on foreign currency, other income or expenses from Nestlé Group companies and income or expenses on financial instruments carried at fair value to income statement (abbreviated as FVTPL, fair value through profit or loss).

Taxes

NFI is subject to Luxembourg tax laws and regulations. Taxes include current taxes and deferred taxes on profit as well as actual or potential withholding taxes on current and expected transfers of income from Nestlé Group companies and tax adjustments relating to prior financial years. Income tax is recognized in the income statement, except to the extent that it relates to items directly taken to equity or other comprehensive income, in which case it is recognized against equity or other comprehensive income. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred taxes are based on temporary differences that arise when taxation authorities recognize and measure assets and liabilities with rules that differ from those of the financial statements. They also arise on temporary differences stemming from tax losses carried forward.

Deferred taxes are calculated under the liability method at the rates of tax expected to prevail when the temporary differences reverse, subject to such rates being substantially enacted at the balance sheet date. Any changes in the tax rate are recognized in the income statement unless related to items directly recognized against equity or other comprehensive income. Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized on all deductible temporary differences provided that it is probable that future taxable income will be available.

Financial instruments

Financial assets

Financial assets are initially recognized at fair value plus directly attributable transaction costs. However, when a financial asset measured at FVTPL is recognized, the transaction costs are expensed immediately. Subsequent remeasurement of financial assets is determined by their category, which is revisited at each reporting date.

The settlement date is used for initial recognition and derecognition of the financial assets as these transactions are generally under contracts whose terms require delivery within the time frame established by the regulation or convention in the market place (regular-way purchase or sale).

Financial assets are derecognized (in full or in part) when substantially all NFI's rights to cash flow from the respective assets have expired or have been transferred and NFI has transferred substantially all the risks and rewards of ownership.

NFI classifies its financial assets into the following categories: at amortized cost and at FVTPL.

Financial assets at amortized cost

This category includes the following classes of financial assets: loans to Nestlé Group companies, trade and other receivables, cash and cash equivalents.

Loans to parent and affiliates provide solely the payment of interest and principal and are held with the sole objective to collect the contractual cash flow up to maturity. Cash and cash equivalents include cash at bank and other short-term highly liquid investments with maturities of three months or less from the acquisition date.

Subsequent to initial measurement, these assets are carried at amortized cost using the effective interest rate method and are subject to impairment.

Financial instruments at fair value through profit and loss

Derivative instruments are classified as financial instruments at FVTPL. Derivatives are initially recognized at fair value at the trade date. They are subsequently remeasured at fair value on a regular basis and at each reporting date as a minimum. NFI applies hedge accounting to hedging relationships that meet the qualifying criteria.

NFI's derivatives mainly consist of currency forwards and interest rate swaps. Derivatives are mainly used to manage exposures to foreign exchange and interest rates.

Short-term investments which consist of investments in money market fund are classified at FVTPL. These investments are mainly related to liquidity management. The net gain or loss is recorded in interest income or expense.

Financial liabilities at amortized cost

Financial liabilities are initially recognized at fair value, net of transaction costs incurred.

Subsequent to initial measurement, financial liabilities are measured at amortized cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the income statement over the contractual terms using the effective interest rate method. This category includes the following classes of financial liabilities: loans and advances from Nestlé Group companies, trade and other payables, commercial papers, bonds and other non-derivative financial liabilities.

Financial liabilities at amortized cost are classified as current or non-current, depending on whether they are due within 12 months after the balance sheet date or beyond.

Financial liabilities are derecognized (in full or partly) when either NFI is discharged from its obligation, they expire, they are cancelled, or they are replaced by a new liability with substantially modified terms.

Hedge accounting

NFI designates and documents the use of certain derivatives as hedging instruments against changes in fair values of recognized assets and liabilities (fair value hedges). The effectiveness of such hedges is assessed at inception and verified at regular intervals and at least on a quarterly basis to ensure that an economic relationship exists between the hedged item and the hedging instrument.

NFI generally excludes from the designation of the hedging relationship the hedging cost element. Subsequently, this cost element impacts the income statement at the same time as the underlying hedged item.

Fair value hedges

NFI uses fair value hedges to mitigate foreign currency and interest rate risks of its recognized assets and liabilities, being financial debt.

Changes in fair values of hedging instruments designated as fair value hedges and the adjustments for the risks being hedged in the carrying amounts of the underlying transactions are recognized in the income statement.

Impairment

NFI assesses whether its financial assets carried at amortized cost are impaired based on the expected credit loss (ECL). The measurement of the expected credit loss of a financial instrument should reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Loans are granted by NFI solely to Nestlé S.A. and its affiliates. Loss given default ("LGD") has been assumed to be 30% (2023: 30%), in line with the industry standard for Global Corporates. Impairment losses related to loans to Nestlé Group companies are presented separately in the income statement.
The default occurs when a borrower fails to pay back a debt according to the initial arrangement.

NFI groups its loans into stage 1, stage 2 and stage 3 as defined below:
Stage 1: Credit risk has not increased significantly since initial recognition. This stage is used for the normal calculation of the ECL with the methodology in place.
Stage 2: Credit risk has increased significantly since initial recognition. Based on the financial figures of the Group reporting unit, NFI will be informed by Nestlé Group that a risk is higher to perform a calculation based on the risk of default at the maturity date.
Stage 3: Financial asset is impaired. NFI will be informed by Nestlé Group that a borrower is in bankruptcy to recognize an impairment.

Fair value hierarchy of financial instruments

NFI classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - the fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.
ii) Level 2 - the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flow, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and comparable arm's length transactions. For example, the fair value of forward exchange contracts, currency swaps, and interest rate swaps are determined by discounting estimated future cash flow.
iii) Level 3 - the fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, NFI carries such instruments at cost less impairment, if applicable.

Accruals and deferred income

Accruals and deferred income comprise expenses relating to the current financial year, which will not be paid until after the balance sheet date and income received in advance, relating to the following financial year.

Dividend payments

In accordance with Luxembourg law and NFI's articles of incorporation, dividend payments are treated as an appropriation of profit in the financial year in which they are ratified at the Annual General Meeting and subsequently paid.

At the meeting of the Board of Directors of NFI held on March 22, 2024, the Board did not propose any dividend payment to NFI's shareholder.

Events occurring after the balance sheet date

The values of assets and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting events warrant a modification of these values. These adjustments are made up to the date of approval of these financial statements by NFI's Board of Directors. Other non-adjusting events are disclosed in the Notes to the financial statements of NFI for the year ended December 31, 2024.

Nestlé S.A. consolidation

NFI is included in the consolidated financial statements of Nestlé S.A. being the company that is both the smallest and the largest body of undertakings that NFI forms part of. Copies of Nestlé S.A.'s consolidated financial statements are available at the registered office of Nestlé S.A., Avenue Nestlé 55, 1800 Vevey, Switzerland.

Changes in accounting standards

Amendments to IFRS Accounting Standards which apply for the first time in 2024 include Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1. This amendment, and other amendments effective for the first time in 2024, had no material impact on the financial statements.

Changes in accounting standards that may affect NFI after December 31, 2024

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard sets out requirements for the presentation and disclosure of information in financial statements. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027 and will apply retrospectively. NFI is currently evaluating the impacts this new standard will have on the presentation of the income statement and the notes to the financial statements. It is too early to assess whether this standard will have a material impact on the financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 - have been issued and will become effective on January 1, 2026. NFI is currently evaluating the effects of these new amendments; they are not expected to have a material impact on the financial statements in the period of initial adoption.

3. Operating income, expenses and taxes

Net interest income/(expenses)

In thousands of Euro

	2024	2023
Interest income from		
Cash and cash equivalents, short-term investments	21 280	2 679
Loans to Nestlé Group companies	497 132	345 026
Interest income	**518 412**	**347 705**
Interest expense from		
Loans from Nestlé Group companies	(8 913)	(17 671)
Debt securities issued	(457 398)	(339 159)
Interest expense	**(466 311)**	**(356 830)**
Net interest income/(expense)	**52 101**	**(9 125)**

Other operating income/(expenses)

In thousands of Euro

	2024	2023
Net foreign exchange gain/(loss)	(63 459)	(58 301)
Net gain/(loss) in fair value to income statement	—	(15 384)
Net gain/(loss) on hedging instruments	63 424	80 376
Others	—	427
Other operating income/(expenses)	**(35)**	**7 118**

The variation of the net foreign exchange gain is mainly due to the fluctuation of the currencies USD, GBP and JPY against EUR, refer to Note 12 for further details.

Taxes

In thousands of Euro

	2024	2023
Profit/(loss) for the year	32 500	(18 031)
Tax income/(expense)	(9 822)	5 743
Profit/(loss) before tax	**42 322**	**(23 774)**
Withholding tax on interest received	794	(4)
Profit/(loss) before income tax and after withholding tax	**43 116**	**(23 778)**
Tax income/(expense)		
Tax using NFI's domestic tax rate 24,94% (2023: 24,94%)	(10 576)	5 835
Net wealth tax	(63)	(182)
Withholding tax on interest received	794	(4)
Taxes reclassified to other comprehensive income	23	94
Total tax income/(expense)	**(9 822)**	**5 743**

Fees charged by Ernst & Young S.A. ("EY") and other member firms of the EY network during the year ended December 31, 2024 were as follows:

In thousands of Euro

	2024	2023
Legal annual audit fees	(49)	(83)
Fees charged by EY network	**(49)**	**(83)**

4. Derivative assets and liabilities

By type

In thousands of Euro

	2024	2023	2024	2023	2024	2023
	Contractual or notional amounts		Fair value assets		Fair value liabilties	
Fair value hedges on debt securities issued						
Currency forwards and swaps	2 119 382	971 126	70 156	4 077	20	18 518
Total	**2 119 382**	**971 126**	**70 156**	**4 077**	**20**	**18 518**
Conditional offsets *						
Derivative assets and liabilities			(20)	(4 077)	(20)	(4 077)
Balances after conditional offsets			**70 136**	**—**	**—**	**14 441**

* Represent amounts that would be offset in case of default, insolvency or bankruptcy of the counterparties

The majority of hedge relationships are established to ensure a hedge ratio of 1:1.

Impact on the income statement of fair value hedges

Most of the fair value hedges are related to financing activities and are presented in the other operating income and expenses.

In thousands of Euro

	2024	2023
On hedged items	(63 424)	(80 368)
On hedging instruments	63 424	76 728

Ineffective results of fair value hedges are not significant and relate to the cost of hedge.

5. Financial instruments

Financial assets and liabilities
By class and by category

In thousands of Euro

	2024			2023		
Classes	At amortized cost [a]	At fair value to income statement	**Total categories**	At amortized cost [a]	At fair value to income statement	**Total categories**
Cash at bank and in hand [a]	22 467	—	**22 467**	1 758	—	**1 758**
Time deposit [a]	572 920	18	**572 938**	333 703	—	**333 703**
Loans and receivables [a]	23 071 120	—	**23 071 120**	19 073 468	—	**19 073 468**
Liquid and non-current financial assets	23 666 507	18	**23 666 525**	19 408 928	—	**19 408 928**
Derivative assets	—	70 156	**70 156**	—	4 077	**4 077**
Total financial assets	**23 666 507**	**70 174**	**23 736 681**	**19 408 928**	**4 077**	**19 413 005**
Loans and payables [a]	(577 563)	—	**(577 563)**	(382 926)	—	**(382 926)**
Financial debt [b]	(23 104 099)	—	**(23 104 099)**	(18 999 708)	—	**(18 999 708)**
Current and non-current financial liabilities	(23 681 662)	—	**(23 681 662)**	(19 382 634)	—	**(19 382 634)**
Derivative liabilities	—	(20)	**(20)**	—	(18 518)	**(18 518)**
Total financial liabilities	**(23 681 662)**	**(20)**	**(23 681 682)**	**(19 382 634)**	**(18 518)**	**(19 401 152)**
Net financial position	**(15 155)**	**70 154**	**54 999**	**26 294**	**(14 441)**	**11 853**
of which at fair value		70 154	**70 154**		(14 441)	**(14 441)**

(a) Carrying amount is a reasonable approximation of their fair value based on observable market data
(b) Financial debt includes bonds, commercial papers and bank overdrafts (Note 9)

Fair value hierarchy of financial instruments

In thousands of Euro

	2024	2023
Derivative assets	70 156	4 077
Derivative liabilities	(20)	(18 518)
Valuation techniques based on observable market data (Level 2)	**70 136**	**(14 441)**
Total financial instruments at fair value	**70 136**	**(14 441)**

There have been no transfers between the different hierarchy levels in 2024.

There were no financial instruments within the category Level 1 (prices quoted in active markets) and Level 3 (valuation techniques based on unobservable input). All financial instruments are within Level 2 category.

The fair values categorized in Level 2 above were determined as follows: derivatives are valued based on discounted contractual cash flows using risk adjusted discount rates and relying on observable market data for interest rates and foreign exchange rates.

Contractual maturities of financial liabilities and derivatives

The tables below show the liabilities as at December 31, 2024 and December 31, 2023, categorized by their remaining contractual maturities.

The amounts disclosed in the maturity tables are undiscounted cash flows.

In thousands of Euro							2024
	Contractual amount						
	three months or less	fourth to twelfth month	in the second year	in the third to fifth year	beyond the fifth year	Contractual amount	Carrying amount
Other liabilities	**182 384**	**—**	**—**	**—**	**—**	**182 384**	**182 384**
Loans from Nestlé Group companies	**395 179**	**—**	**—**	**—**	**—**	**395 179**	**395 179**
Commercial paper	3 576 464	333 269	—	—	—	3 909 733	3 893 430
Bonds	155 375	686 538	2 591 913	5 204 863	13 598 408	22 237 097	19 210 669
Debt securities issued	**3 731 839**	**1 019 807**	**2 591 913**	**5 204 863**	**13 598 408**	**26 146 830**	**23 104 099**
Gross amount receivable from currency derivatives	1 813 964	305 417	—	—	—	2 119 381	2 106 841
Gross amount payable from currency derivatives	(1 748 441)	(293 397)	—	—	—	(2 041 838)	(2 036 705)
Net derivatives	**65 523**	**12 020**	**—**	**—**	**—**	**77 543**	**70 136**

In thousands of Euro							2023
	Contractual amount						
	three months or less	fourth to twelfth month	in the second year	in the third to fifth year	beyond the fifth year	Contractual amount	Carrying amount
Other liabilities	**120 236**	**—**	**—**	**—**	**—**	**120 236**	**120 236**
Loans and advances from Nestlé Group companies	**262 690**	**-**	**-**	**-**	**-**	**262 690**	**262 690**
Commercial paper	1 071 980	238 037	—	—	—	1 310 017	1 301 405
Bonds	571 195	827 190	760 488	5 772 902	12 218 568	20 150 343	17 698 303
Debt securities issued	**1 643 175**	**1 065 227**	**760 488**	**5 772 902**	**12 218 568**	**21 460 360**	**18 999 708**
Gross amount receivable from currency derivatives	733 089	238 037	—	—	—	971 126	962 868
Gross amount payable from currency derivatives	(738 919)	(238 545)	—	—	—	(977 464)	(977 309)
Net derivatives	**(5 830)**	**(508)**	**—**	**—**	**—**	**(6 338)**	**(14 441)**

6. Other assets and liabilities

In thousands of Euro

	2024	2023
Other financial assets		
Intra Nestlé Group other receivables	—	78
Other receivables	1 402	1 300
Total other assets	**1 402**	**1 378**
Other financial liabilities		
Intra Nestlé Group other payables	1 879	1 469
Other payables	635	1 440
Accruals and deferred income	179 870	117 327
Total other liabilities	**182 384**	**120 236**

Deferred tax assets

In thousands of Euro

	2024	2023
Opening balance	29 845	24 011
Increase/(decrease)	(10 577)	5 834
Closing balance	**19 269**	**29 845**

7. Share capital, share premium and other reserves

	2024	2023
Number of shares of nominal value EUR 2 each	220 000	220 000
In thousands of Euro	440	440

Share capital is set at EUR 440 000 represented by 220 000 shares with a nominal value of EUR 2 each and is authorized, issued and fully paid. As at December 31, 2024 the share premium is EUR 102 million.

Under Luxembourg law, NFI is allowed to deduct part of the net wealth tax from the corporate income tax of the same year, provided that a reserve is created corresponding to five times the net wealth tax deducted and that this reserve is maintained for a period of five tax years following the year of deduction.

As at December 31, 2024, the net wealth tax reserve amounts to EUR 4 955 thousand (2023: EUR 4 955 thousand) of which EUR 4 955 thousand is distributable to the shareholder (2023: EUR 2 962 thousand).

The movements in other reserve for the period ended December 31, 2024 were as follows:

In thousands of Euro	2024	2023
Opening balance	4 955	4 955
Subtraction/addition	—	—
Closing balance	**4 955**	**4 955**

Under Luxembourg law, NFI is required to appropriate annually at least 5% of its statutory net profit to a non-distributable legal reserve until the aggregate reserve reaches 10% of the subscribed capital. The reserve is fully constituted for EUR 44 thousand.

As at December 31, 2024, the hedging cost reserve net of tax is EUR 350 thousand (2023: EUR 281 thousand) associated with the fair value hedges.

8. Capital management

NFI monitors the capital using the equity at risk methodology. Equity at risk refers to the share of equity which the lender will need to use in order to cover for potential losses incurred should the borrower default on its obligations to repay the debt, to meet obligations against its own lenders and to avoid insolvency. For purpose of determining the amount of equity which the lender has at risk, the expected loss (EL) methodology attempts to estimate the loss exposure of the particular lender by assessment of the risk profile of his debt receivables, and by applying the outcome to the overall amount of debt granted. To cover fully for the potential losses, the lender should have an equity buffer equal to at least the amount of its overall exposure.

Therefore, to estimate the appropriate amount of NFI's equity which is at risk because of its financial intermediation activity, the following equation is applied:

Equity at risk = EL * Exposure at default

Therefore, the amount of equity NFI is assumed to have at risk as a result of its financial intermediation activity amounts to EUR 26 938 thousand i.e. 0.12% by EUR 23 069 718 thousand (2023: EUR 23 062 thousand i.e. 0.12% by EUR 19 072 090 thousand).

The amount of EUR 26 938 thousand represents the minimum level of equity that NFI must keep for accounting purposes to be able to bear the risks flowing from its financial activity.

As at December 31, 2024, the actual share capital, share premium and accumulated losses amount to EUR 68 919 thousand and is therefore above the minimum amount defined above (2023: EUR 36 419 thousand).

9. Debt securities

Bonds

The outstanding amounts of bonds as at December 31, 2024 and December 31, 2023 were as follows:

In thousands of Euro

	Interest rates			2024	2023
Face value	Nominal	Effective	Years of issue/maturity		
EUR 500.000	0.38%	0.54%	2017–2024	—	499 961
EUR 750.000	1.25%	1.32%	2017–2029	747 616	747 142
EUR 750.000	1.75%	1.83%	2017–2037	743 506	743 061
EUR 1.000.000	1.13%	1.27%	2020–2026	998 221	996 811
EUR 1.000.000	1.50%	1.63%	2020–2030	993 554	992 384
EUR 850.000	0.13%	0.25%	2020–2027	846 871	845 783
EUR 650.000	0.00%	0.05%	2020–2024	—	649 714
EUR 1.000.000	0.38%	0.56%	2020–2032	986 875	985 130
EUR 500.000	0.00%	(0.26%)	2020–2025	501 196	502 498
EUR 500.000	0.00%	0.16%	2020–2033	493 578	492 790
EUR 500.000	0.38%	0.40%	2020–2040	498 411	498 315
EUR 1.250.000	0.00%	0.00%	2021–2026	1 250 042	1 250 093
EUR 750.000	0.25%	0.32%	2021–2029	747 760	747 260
EUR 500.000	0.63%	0.69%	2021–2034	497 104	496 797
EUR 650.000	0.88%	1.01%	2021–2041	636 874	636 143
EUR 600.000	0.88%	0.95%	2022–2027	598 950	598 486
EUR 600.000	1.25%	1.33%	2022–2031	597 163	596 729
EUR 800.000	1.50%	1.63%	2022–2035	790 277	789 409
EUR 500.000	3.00%	3.13%	2022–2028	497 946	497 344
EUR 500.000	3.25%	3.38%	2022–2031	496 480	495 963
EUR 500.000	3.38%	3.49%	2022–2034	495 200	494 800
EUR 850.000	3.50%	3.66%	2023–2027	846 314	845 151
EUR 850.000	3.75%	3.85%	2023–2033	843 954	843 337
EUR 500.000	3.50%	3.56%	2023–2030	498 584	498 332
EUR 500.000	3.75%	3.84%	2023–2035	496 188	495 910
GBP 400.000	5.13%	5.16%	2023–2038	480 737	458 960
EUR 750.000	3.00%	3.08%	2024-2031	746 852	—
EUR 750.000	3.25%	3.40%	2024-2037	739 252	—
EUR 500.000	2.63%	2.77%	2024-2030	496 153	—
EUR 650.000	3.13%	3.20%	2024-2036	645 011	—
Total				**19 210 669**	**17 698 304**
of which due in twelve months				501 196	1 149 676
of which due in the second year				2 248 263	502 498
of which due between three to five years				2 790 081	4 536 324
of which due after five years				13 671 129	11 509 806
Fair value of bonds, based on prices quotes (level 2)				18 153 628	16 572 219

These bonds are admitted to trading on the London Stock Exchange's regulated market and the Luxembourg Stock Exchange. The fair value is defined on prices quoted at year end as published by the relevant stock exchange.

As at December 31, 2024 and 2023, NFI has no open position hedged by interest rate derivative.

Issue and repayment of bonds

Several series of bonds were issued in 2024 for EUR 2 650 000 thousand gross less the loan origination cost of EUR 24 005 thousand (2023: EUR 3 160 747 thousand gross minus the loan origination cost of EUR 17 534 thousand).

One series of bonds was repaid at maturity during the financial year ended December 31, 2024 in the amount of EUR 1 150 000 thousand (2023: EUR 963 727 thousand).

Commercial Paper

The outstanding amounts of commercial paper at December 31, 2024 were as follows:

In thousands of Euro	2024	2023
Commercial papers due within three months	3 565 379	1 068 164
Commercial papers due within nine months	328 051	233 240

The interest rates of the commercial paper are between 2.53% and 4.94% (2023: 1.05% and 5.46%).

Carrying amount of these instruments is a reasonable approximation of their fair value based on observable market data.

During the year 2024, NFI issued commercial paper in the amount of EUR 37 492 466 thousand (2023: EUR 47 376 921 thousand) and repaid in the amount of EUR 34 988 922 thousand (2023: EUR 49 332 068 thousand).

10. Transactions with related parties

Financing of the Nestlé Group companies

The principal activity of NFI is the financing of Nestlé S.A. and its affiliates. NFI assess the impairment risk based on principles and methodology disclosed in Note 2.

The transactions with Nestlé Group companies are based on arm's length prices. In 2022, NFI transferred a major part of the long-term loans granted to Nestlé Group entities to a single Nestlé Group entity. The remaining part of the loans have been transferred in 2023. In exchange, NFI grants loans denominated in EUR to this single entity.

The balances of transactions with related parties for the financial year ended December 31, 2024 are presented below:

In thousands of Euro

	2024	2023
Assets		
Loans to Nestlé Group companies excluding accrued interest	22 956 817	19 014 163
Accrued interest on loans to Nestlé Group companies	112 901	57 926
Total assets	**23 069 718**	**19 072 090**
Liabilities		
Loans from Nestlé Group companies excluding accrued interest	395 179	262 690
Other payables to Nestlé Group companies	1 879	1 469
Total liabilities	**397 058**	**264 159**
Net assets	**22 672 660**	**18 807 931**

In thousands of Euro

	2024	2023
Interest income on loans to Nestlé Group companies	497 132	345 026
Interest expense on loans from Nestlé Group companies	(8 913)	(17 671)

Grant, receipt and repayments of loans for the financial year ended December 31, 2024 were as follows:

In thousands of Euro

	2024	2023
Loans granted to Nestlé Group companies excluding accrued interest:		
Granted to the shareholder of the company	15 026 048	12 450 000
Granted to Nestlé affiliates	3 074 373	44 002 399
Repayments of loans granted to Nestlé Group companies excluding accrued interest:		
Repaid by the shareholder of the company	(10 267 000)	(10 655 000)
Repaid by Nestlé affiliates	(3 916 710)	(45 660 287)
Net loans granted/(repaid) by Nestlé Group companies	**3 916 711**	**137 111**
Loans granted by Nestlé affiliates excluding accrued interest	17	262 690
Repayments of loans received from Nestlé affiliates excluding accrued interest	(132 505)	—
Net loans received/(repaid) to Nestlé Group companies	**(132 489)**	**262 690**

The transactions included in the above tables and in Notes 3 and 7 are transactions made between the parent company, Nestlé S.A. and NFI.

These are detailed in the table below:

In thousands of Euro	2024	2023
Payables to Nestlé S.A.	1 879	1 469

In thousands of Euro	2024	2023
Other financial expenses to Nestlé S.A.	(7 001)	(19 446)

The ECL calculation is related to the loans granted to Nestlé Group companies (see Note 12) for EUR 1 928 thousand (2023: EUR 916 thousand).

11. Guarantees

Nestlé S.A. is the guarantor of NFI in respect of all debt securities issued as described in the Note 9 for both the short and long-term.

The issuance programs and guarantees applicable to NFI are: EUR 25 billion Global Commercial Paper Program (2023: EUR 25 billion), EUR 2 billion NEU CP French Commercial Paper (2023: EUR 2 billion) and Debt Issuance Program (DIP). All bonds issued are guaranteed by Nestlé S.A.

NFI itself has not provided any guarantees in favor of third parties.

12. Risks and uncertainties

NFI is exposed to certain risks and uncertainties that could have a material adverse impact on its financial condition and operating results.

Capital risk

NFI's capital management is driven by the impact on the risk on loans granted of the level of total loans granted.

Management seeks to maintain a prudent balance between the risk and the capital.

Concentrations of risk

The risks are primarily concentrated among Nestlé affiliated companies given the purpose of the Company with primary exposure in EUR following the transfer of the loans to a single Nestlé Group entity with the associated credit risk and foreign currency exposure.

The majority of NFI's assets represents receivables from other Nestlé Group companies. This situation is reflected in the assessment of risk of default and the measurement of the allowance for expected credit loss.

Credit risk

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

NFI aims to minimize the credit risk of liquid assets, non-current financial assets and derivative assets through the application of the Nestlé Group risk management policies. Credit limits are set based on each counterparty's size and risk of default. The methodology used to set the credit limit considers the counterparty's balance sheet, credit ratings, risk ratios and default probabilities. Counterparties are monitored regularly, taking into consideration the evolution of the above parameters, as well as their share prices and credit default swaps. As a result of this review, changes on credit limits and risk allocation are carried out. NFI avoids the concentration of credit risk on its liquid assets by spreading them over several institutions and sectors.

The maximum exposure to credit risk resulting from financial activities is equal to the carrying amount of NFI's financial assets (Note 10 for loans and advances to Nestlé affiliates) in case the counterparties are unable to fulfil their contractual obligations. The Company is also exposed to credit risk from derivative instruments, which results from the risk of non-performance of contractual agreements by the counterparty.

Credit risk of financial assets

As at December 31, 2024 and as at December 31, 2023, the cash and cash equivalents and the short-term investments are deals with counterparties rated A- and above. Therefore, the ECL is immaterial.

As at December 31, 2024, NFI has measured the expected credit loss (ECL) on loans to Nestlé affiliates (Note 2), no other financial assets were impaired.

In thousands of Euro

	2024		2023	
Grade	Nominal	ECL calculated	Nominal	ECL calculated
A- and above	21 421 504	1 928	16 597 790	916
Total	**21 421 504**	**1 928**	**16 597 790**	**916**

Banking credit

As part of its financing activities, NFI deals with many banks and financial institutions, thus the Company is exposed to a risk of loss in the event of non-performance by the counterparties to financial instruments. While NFI seeks to limit such risk by dealing with counterparties which have high credit ratings (A- and above), NFI cannot give any assurance that counterparties will fulfill their obligations, failure of which could materially affect NFI's financial position.

Market risk

NFI is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and future transactions.

Currency fluctuations

NFI is exposed to currency fluctuations, both in terms of its financing activities. While NFI uses short-term hedging for trading activities, the Company does not believe that it is appropriate or practicable to hedge long-term translation exposure. However, NFI seeks mitigation of such translation exposure by relating the currencies of trading cash flow to those of its debt by using broadly similar interest and currency swap contracts. If NFI experiences significant currency fluctuations or is unable to use similar interest and currency swap contracts effectively, then NFI's financial condition could be adversely affected.

In thousands of Euro

					2024
	EUR	USD	GBP	JPY	Others
Cash and cash equivalents	135 822	20 964	438 074	161	384
Derivative assets	—	38 534	—	31 623	—
Loans to Nestlé Group companies	21 418 329	822 082	17 750	811 552	—
Other financial assets	1 402	—	—	—	—
Total financial assets	**21 555 553**	**881 580**	**455 824**	**843 336**	**384**
Derivative liabilities	—	20	—	—	—
Loans from Nestlé Group companies	395 179	—	—	—	—
Debt securities issued	20 073 199	2 550 164	480 737	—	—
Other financial liabilities	182 384	—	—	—	—
Total financial liabilities	**20 650 762**	**2 550 184**	**480 737**	**—**	**—**
Net position by currency	**904 791**	**(1 668 604)**	**(24 913)**	**843 336**	**384**

In thousands of Euro

					2023
	EUR	USD	GBP	JPY	Others
Cash and cash equivalents	195 694	41 135	98 240	—	392
Derivative assets	—	4 077	—	—	—
Loans to Nestlé Group companies	17 531 586	285 092	507 631	—	747 783
Other financial assets	1 378	—	—	—	—
Total financial assets	**17 728 658**	**330 304**	**605 871**	**—**	**748 175**
Derivative liabilities	—	18 153	365	—	—
Loans from Nestlé Group companies	262 673	17	—	—	—
Debt securities issued	17 239 343	1 301 404	458 960	—	—
Current tax liabilities	115	—	—	—	—
Other financial liabilities	120 236	—	—	—	—
Total financial liabilities	**17 622 368**	**1 319 574**	**459 325**	**—**	**-**
Net position by currency	**106 290**	**(989 270)**	**146 546**	**—**	**748 175**

EUR per		2024	2023
		Year ending rates	
1 US Dollar	USD	1.041	1.107
1 Pound Sterling	GBP	0.829	0.868

Interest rate risk

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. NFI holds a substantial volume of interest rate sensitive financial assets, liabilities and derivatives for operational, financing and investment activities.

Changes in interest rates can have an adverse effect on the financial position and operating results of NFI. To mitigate the impact of interest rate risk, the Group's exposure, including NFI, is assessed on a continuous basis. Interest rate risk is managed and hedged using derivative financial instruments, such as interest rate swaps, currency swaps and forward rate agreements. When deemed appropriate, there might be unhedged positions.

NFI determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

Considering the impact of interest derivatives, the proportion of financial debt subject to fixed interest rates for a period longer than one year represents 100% (2023: 100%).

Value at Risk ("VaR")

Description of the method

The VaR is a single measure to assess market risk. The VaR estimates the size of losses given current positions and possible changes in financial markets. NFI uses simulation to calculate VaR based on the historic data for a period of 261 days.

The VaR calculation is based on a 95% confidence level and, accordingly, does not consider losses that might occur beyond this level of confidence. The VaR is calculated based on unhedged exposures outstanding at the close of business and does not necessarily reflect intra-day exposures.

Objective of the method

NFI uses the described VaR analysis to estimate the potential one-day loss in the fair value of its financial instruments. NFI cannot predict the actual future movements in market rates, therefore, the below VaR numbers neither represent actual losses nor consider the effects of favorable movements in underlying variables. Accordingly, these VaR numbers may only be considered indicative of future movements to the extent the historic market patterns repeat in the future.

VaR figures

The VaR computation includes NFI's financial assets and liabilities that are subject to foreign currency and interest rate risk.

The estimated potential one-day loss from NFI's foreign currency and interest rate risk sensitive instruments, as calculated using the above described historic VaR model, is as follows:

In thousands of Euro	2024	2023
Foreign currency	4 472	2 316
Interest rate	151	—
Foreign currency and interest rate combined	4 513	2 315

Liquidity risk
Liquidity risk is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

NFI has access to ample liquidity, including short-term and medium-term capital markets, through the Nestlé Group's Debt Issuance Program (DIP), Global Commercial Paper Program of up to a combined aggregate amount of EUR 25 billion equivalent and NEU CP French Commercial Paper of up to a combined aggregate amount of EUR 2 billion equivalent, enjoying the benefit of issuance with Nestlé S.A.'s AA- rated guarantee. All international recognized agencies rating the credit of Nestlé S.A. and its affiliates, including NFI, may qualify or alter such rating at any time. Downgrades or placement on review for possible downgrades could harm the Nestlé Group's, including NFI's, ability to obtain financing or increase its financing costs and could have a material adverse effect on the price of debt instruments issued by NFI and thereby significantly affect NFI's financial position. Therefore, NFI depends on broad access to these capital markets and investors. Changes in demand for term debt instruments on capital markets could limit the ability of NFI to fund other members of the Nestlé Group.

NFI depends on the willingness of banks to provide credit lines or loans. Due to structural changes in the banking business, the willingness of banks to provide credit lines and loans has declined over the past years. In order to reduce and minimize the dependence on banks, NFI has taken measures to maintain its access to the capital markets. For information on contractual maturities of financial liabilities and derivatives, refer to Note 5 Financial instruments.

Risk of an increase in cost of capital
NFI's capital management is driven by the impact on shareholders of the level of total capital employed. NFI's policy aims to maintain a sound capital base to support the continued development of its business. However, increases in the cost of borrowing could negatively affect the operating results of NFI. Increases in borrowing costs could arise from changes in demand for term debt instruments in the capital markets, the removal of the unconditional and irrevocable guarantee of Nestlé S.A. and a decreasing willingness of banks to provide credit lines and loans.

Treasury operations
During its business, the Nestlé Group, including NFI, has substantial assets under management. Although the Nestlé Group has implemented risk management methods, including approved guidelines and financial policies to mitigate and control such risks, because of holding such assets, it is exposed to credit risk, interest rate risk, foreign exchange risk and credit spreads. Returns on such assets may also be affected by limited

exposure to yield enhancing absolute return funds. In addition, adverse changes in the credit quality of counterparties or a general deterioration in economic conditions or arising from systemic risks in the financial systems could affect the value of those assets and thereby materially affect NFI's financial position.

13. Directors

The Board of Directors of NFI comprises five Directors. The Directors do not receive any remuneration for their mandate.

14. Staff

In Luxembourg NFI employed on average six full-time employees in 2024 and 2023. All these employees provide treasury and accounting services.

15. Events after the balance sheet date

On January 7, 2025, NFI launched and priced a dual-tranche bond transaction totaling EUR 1.1 billion which comprised of a EUR 600 million 7-year and a EUR 500 million 20-year tenor.

As at March 20, 2025, there are no other subsequent events which either warrant a modification of the value of its assets and liabilities or any additional disclosure.

Responsibility Statement

Raoul Heinen, Director, Martin Huber, Director, Patrick Yot, Director, Hermann Beythan, Director, Bruno Chazard, Director confirm that to the best of their knowledge:

(a) the financial statements of NFI for the annual period ended December 31, 2024, which have been prepared in accordance with IFRS as adopted by the European Union as well as with the laws and regulations in force in the Grand-Duchy of Luxembourg, give a true and fair view of the assets, liabilities, financial position and profit or loss of NFI; and

(b) the management report includes a fair review of the development and performance of the business and the position of NFI, together with a description of the principal risks and uncertainties that it faces.

March 20, 2025