Nestlé Good food, Good life

Financial Statements 2025

Consolidated Financial Statements of the Nestlé Group 2025

159th Financial Statements of Nestlé S.A.

Consolidated Financial Statements of the Nestlé Group 2025

Principal exchange rates

CHF per		2025	2024	2025	2024
		Year-end rates		Average annual rates	
1 US Dollar	USD	0.793	0.904	0.831	0.880
1 Euro	EUR	0.931	0.941	0.937	0.952
100 Chinese Yuan Renminbi	CNY	11.344	12.380	11.562	12.234
100 Brazilian Reais	BRL	14.415	14.594	14.869	16.351
100 Mexican Pesos	MXN	4.407	4.370	4.324	4.804
1 Pound Sterling	GBP	1.068	1.135	1.094	1.125
100 Philippine Pesos	PHP	1.346	1.563	1.446	1.537
100 Indian Rupee	INR	0.882	1.055	0.955	1.052

Consolidated income statement for the year ended December 31, 2025

In millions of CHF

	Notes	2025	2024
Sales	3	**89 490**	**91 354**
Other revenue		395	366
Cost of goods sold		(48 694)	(48 670)
Distribution expenses		(7 306)	(7 567)
Marketing and administration expenses		(17 883)	(18 112)
Research and development costs		(1 613)	(1 667)
Other trading income	4	135	124
Other trading expenses	4	(1 849)	(1 195)
Trading operating profit	3	**12 675**	**14 633**
Other operating income	4	253	474
Other operating expenses	4	(651)	(383)
Operating profit		**12 277**	**14 724**
Financial income	5	300	358
Financial expense	5	(1 826)	(1 843)
Profit before taxes, associates and joint ventures		**10 751**	**13 239**
Taxes	13	(2 640)	(3 314)
Income from associates and joint ventures	14	1 143	1 249
Profit for the year		**9 254**	**11 174**
of which attributable to non-controlling interests		221	290
of which attributable to shareholders of the parent (Net profit)		9 033	10 884
As percentages of sales			
Trading operating profit		14.2%	16.0%
Profit for the year attributable to shareholders of the parent (Net profit)		10.1%	11.9%
Earnings per share (in CHF)			
Basic earnings per share	15	3.51	4.19
Diluted earnings per share	15	3.51	4.19

Consolidated statement of comprehensive income for the year ended December 31, 2025

In millions of CHF

	Notes	2025	2024
Profit for the year recognized in the income statement		**9 254**	**11 174**
Currency retranslations, net of taxes	17	(3 198)	798
Changes in cash flow hedge and cost of hedge reserves, net of taxes		(540)	895
Share of other comprehensive income of associates and joint ventures	14/17	(264)	14
Items that are or may be reclassified subsequently to the income statement		(4 002)	1 707
Remeasurement of defined benefit plans, net of taxes	10/17	(178)	318
Fair value changes of equity instruments, net of taxes	17	112	33
Share of other comprehensive income of associates and joint ventures	14/17	114	225
Items that will never be reclassified to the income statement		48	576
Other comprehensive income for the year	17	**(3 954)**	**2 283**
Total comprehensive income for the year		**5 300**	**13 457**
of which attributable to non-controlling interests		179	307
of which attributable to shareholders of the parent		5 121	13 150

Consolidated balance sheet as at December 31, 2025

before appropriations

In millions of CHF

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	12/16	4 579	5 556
Short-term investments	12	1 651	2 315
Inventories	6	12 813	13 260
Trade and other receivables	7/12	10 561	11 251
Prepayments		479	543
Derivative assets	12	295	792
Current income tax assets		1 383	1 334
Assets held for sale		208	137
Total current assets		**31 969**	**35 188**
Non-current assets			
Property, plant and equipment	8	32 549	33 706
Goodwill	9	27 636	30 595
Intangible assets	9	16 673	19 245
Investments in associates and joint ventures	14	12 096	14 326
Financial assets	12	3 641	3 650
Derivative assets	12	229	84
Employee benefits assets and reimbursement rights	10	1 412	1 475
Deferred tax assets	13	946	995
Total non-current assets		**95 182**	**104 076**
Total assets		**127 151**	**139 264**

In millions of CHF

	Notes	2025	2024
Liabilities and equity			
Current liabilities			
Financial debt	12	11 606	11 863
Derivative liabilities	12	202	408
Trade and other payables	7/12	20 023	21 807
Accruals		5 575	5 466
Provisions	11	850	865
Current income tax liabilities		2 338	2 435
Liabilities directly associated with assets held for sale		100	19
Total current liabilities		**40 694**	**42 863**
Non-current liabilities			
Financial debt	12	46 246	51 697
Derivative liabilities	12	144	307
Employee benefits liabilities	10	2 299	2 629
Provisions	11	980	1 086
Deferred tax liabilities	13	3 554	3 767
Other payables	12	176	222
Total non-current liabilities		**53 399**	**59 708**
Total liabilities		**94 093**	**102 571**
Equity	17		
Share capital		258	262
Treasury shares		(388)	(4 283)
Translation reserve		(29 944)	(26 788)
Other reserves		(667)	363
Retained earnings		63 551	66 363
Total equity attributable to shareholders of the parent		**32 810**	**35 917**
Non-controlling interests		248	776
Total equity		**33 058**	**36 693**
Total liabilities and equity		**127 151**	**139 264**

Consolidated cash flow statement for the year ended December 31, 2025

In millions of CHF

	Notes	2025	2024
Operating activities			
Operating profit	16	12 277	14 724
Depreciation and amortization	16	3 633	3 582
Impairment	16	923	580
Net result on disposal of businesses	4	237	62
Other non-cash items of income and expense	16	110	(229)
Cash flow before changes in operating assets and liabilities		**17 180**	**18 719**
Decrease/(increase) in working capital	16	488	1 208
Variation of other operating assets and liabilities	16	(807)	(334)
Cash generated from operations		**16 861**	**19 593**
Interest paid		(1 618)	(1 539)
Interest and dividends received		205	273
Taxes paid		(2 298)	(2 411)
Dividends, other distributions and interest from associates and joint ventures	14	2 754	759
Operating cash flow		**15 904**	**16 675**
Investing activities			
Capital expenditure	8	(4 527)	(5 638)
Expenditure on intangible assets	9	(384)	(325)
Acquisition of businesses, net of cash acquired	2	(75)	(809)
Disposal of businesses, net of cash disposed of	2	(81)	(23)
(Investments)/divestments, net, in associates and joint ventures	14	208	(532)
Inflows/(outflows) from treasury investments		424	(1 251)
Acquisition (net of disposal) in long-term investments	16	(70)	—
Other investing activities		138	(46)
Investing cash flow		**(4 367)**	**(8 624)**
Financing activities			
Dividend paid to shareholders of the parent	17	(7 849)	(7 816)
Dividends paid to non-controlling interests		(172)	(174)
Acquisition (net of disposal) of non-controlling interests	2	(1 190)	(27)
Purchase of treasury shares [(a)]		(213)	(4 678)
Inflows from bonds and other long-term financial debt	12	2 803	7 992
Outflows from bonds, lease liabilities and other long-term financial debt	12	(4 408)	(5 055)
Inflows/(outflows) from short-term financial debt	12	(1 036)	2 396
Financing cash flow		**(12 065)**	**(7 362)**
Currency retranslations		(435)	53
Increase/(decrease) in cash and cash equivalents		**(963)**	**742**
Cash and cash equivalents at beginning of year		5 558	4 816
Cash and cash equivalents at end of year		**4 595**	**5 558**
Cash and cash equivalents classified as held for sale		(16)	(2)
Cash and cash equivalents as per balance sheet	16	**4 579**	**5 556**

(a) In 2024, mostly relates to a share buyback program launched in 2022 and completed in 2024.

Consolidated statement of changes in equity for the year ended December 31, 2025

In millions of CHF

	Share capital	Treasury shares	Translation reserve	Other reserves	Retained earnings	**Total equity attributable to shareholders of the parent**	Non-controlling interests	**Total equity**
Equity as at January 1, 2024	**267**	**(5 155)**	**(27 581)**	**(50)**	**68 261**	**35 742**	**645**	**36 387**
Profit for the year	—	—	—	—	10 884	**10 884**	290	**11 174**
Other comprehensive income for the year	—	—	793	894	579	**2 266**	17	**2 283**
Total comprehensive income for the year	—	—	793	894	11 463	**13 150**	307	**13 457**
Dividends	—	—	—	—	(7 816)	**(7 816)**	(174)	**(7 990)**
Movement of treasury shares	—	(4 544)	—	—	(15)	**(4 559)**	—	**(4 559)**
Equity compensation plans	—	151	—	—	(19)	**132**	—	**132**
Changes in non-controlling interests [(a)]	—	—	—	—	(181)	**(181)**	(3)	**(184)**
Reduction in share capital [(b)]	(5)	5 265	—	—	(5 260)	**—**	—	**—**
Total transactions with owners	(5)	872	—	—	(13 291)	**(12 424)**	(177)	**(12 601)**
Other movements [(c)]	—	—	—	(481)	(70)	**(551)**	1	**(550)**
Equity as at December 31, 2024	**262**	**(4 283)**	**(26 788)**	**363**	**66 363**	**35 917**	**776**	**36 693**
Equity as at January 1, 2025	**262**	**(4 283)**	**(26 788)**	**363**	**66 363**	**35 917**	**776**	**36 693**
Profit for the year	—	—	—	—	9 033	**9 033**	221	**9 254**
Other comprehensive income for the year	—	—	(3 156)	(805)	49	**(3 912)**	(42)	**(3 954)**
Total comprehensive income for the year	—	—	(3 156)	(805)	9 082	**5 121**	179	**5 300**
Dividends	—	—	—	—	(7 849)	**(7 849)**	(172)	**(8 021)**
Movement of treasury shares	—	(128)	—	—	(15)	**(143)**	—	**(143)**
Equity compensation plans	—	113	—	—	30	**143**	—	**143**
Changes in non-controlling interests [(a)]	—	—	—	—	(141)	**(141)**	(535)	**(676)**
Reduction in share capital [(b)]	(4)	3 910	—	—	(3 906)	**—**	—	**—**
Total transactions with owners	(4)	3 895	—	—	(11 881)	**(7 990)**	(707)	**(8 697)**
Other movements [(c)]	—	—	—	(225)	(13)	**(238)**	—	**(238)**
Equity as at December 31, 2025	**258**	**(388)**	**(29 944)**	**(667)**	**63 551**	**32 810**	**248**	**33 058**

(a) Movements reported under retained earnings include put options for the acquisition of non-controlling interests, see Note 2.3.
(b) Reduction in share capital, see Note 17.1.
(c) Other movements in Other reserves relate to cash flow hedge transactions. Other movements in Retained earnings relate mainly to other equity movements in associates and joint ventures explained further in Note 14 in the table of movement of carrying amount of associates and joint ventures.

Notes

1. Accounting policies

Accounting convention and accounting standards
The Consolidated Financial Statements comply with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and with Swiss law.

They have been prepared on a historical cost basis, unless stated otherwise. All significant consolidated companies, joint arrangements and associates have a December 31 accounting year-end.

The Consolidated Financial Statements 2025 were approved for issue by the Board of Directors on February 18, 2026, and are subject to approval by the Annual General Meeting on April 16, 2026.

Accounting policies
Accounting policies are included in the relevant Notes to the Consolidated Financial Statements and are presented as text highlighted with a grey background. The accounting policies below are applied throughout the Consolidated Financial Statements.

Key accounting judgments, estimates and assumptions
The preparation of the Consolidated Financial Statements requires Group Management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities as well as disclosures. Estimated climate impacts, current and probable stated regulatory changes and Nestlé's environmental commitments have been taken into account. 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. Information about potential impacts under alternative scenarios (including, among others, the policies aligned with the Paris ambition and Nestlé's environmental commitments) on the medium and long term, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), has been considered. Management believes that the Financial Statements as at December 31, 2025, reflect the most reasonable view of the value of the assets and liabilities at this date. The implications for the Group and the global economy of the war in Ukraine (described in Note 2) as well as potential escalations are highly uncertain, and remain difficult to predict or quantify. Actual results and outcomes could differ from the judgments and estimates taken into account in these Consolidated Financial Statements.

Those areas that involved a higher degree of judgment or uncertainty are explained further in the relevant Notes, including:
- assessment of control (see Note 2);
- recognition and estimation of revenue (see Note 3);
- presentation of additional line items and subtotals in the income statement (see Note 4);
- identification of leases and determination of lease term (see Note 8);
- identification of cash generating units (CGUs) and estimation of recoverable amount for impairment tests (see Note 9);
- assessment of useful lives of intangible assets, including assessment as finite or indefinite (see Note 9);
- measurement of employee benefit obligations (see Note 10);
- recognition and measurement of provisions (see Note 11); and
- estimation of current and deferred taxes, including uncertain tax positions (see Note 13).

Foreign currencies
The functional currency of the Group's entities is the currency of their primary economic environment.

In individual companies, 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.

On consolidation, assets and liabilities of foreign operations reported in their functional currencies are translated into Swiss Francs, the Group's presentation currency, at year-end exchange rates. Income and expense are translated into Swiss Francs at the annual average rates of exchange or at the rate on the date of the transaction for significant items.

Differences arising from the retranslation of opening net assets of foreign operations, together with differences arising from the translation of the net results for the year of foreign operations, are recognized in other comprehensive income.

When there is a loss of control or partial disposal of a foreign operation, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on disposal.

When the functional currency of a subsidiary is not convertible into foreign currency for the purpose of realizing the Group's investment in that country, the Group estimates the exchange rate to be applied. This may involve reference to exchange rates available for other purposes, or the use of other estimation techniques.

Hyperinflationary economies
Several factors are considered when evaluating whether an economy is hyperinflationary, including the cumulative three-year inflation, and the degree to which the population's behaviors and government policies are consistent with such a condition.

The balance sheet and results of subsidiaries operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using official indices at the balance sheet date, before translation into Swiss Francs and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The hyperinflationary economies in which the Group operates are listed in Note 20.

Other revenue
Other revenue are primarily sales-based royalties and license fees from third parties (including associates and joint ventures) which have been earned during the period.

Expenses
Operating expenses are presented in the income statement using the function of expense method, as this is the method used by management to analyze performance and is commonly used in the consumer goods industry, and thus provides more relevant information.

Cost of goods sold is determined on the basis of the cost of purchase or of production (comprised of the costs of raw and packaging material, direct labor, energy, manufacturing overheads and depreciation of factory assets, which are allocated to products using activity-based drivers), adjusted for the variation of inventories. It includes the cost of royalties due to third-party licensors for the use of their intellectual property, which are accrued in accordance with the respective agreement. Cost of goods sold also includes amortization of intangible assets related to acquired licenses to sell products or to use technology, as well as maintenance and depreciation of equipment used in the sales process like coffee machines and water coolers.

All other expenses, including those in respect of advertising and promotions, are recognized when the Group receives the risks and rewards of ownership of the goods or when it receives the services. Government grants that are not related to assets are credited to the income statement as a deduction of the related expense when they are received, if there is reasonable assurance that the terms of the grant will be met.

Distribution expenses encompass the costs of storing products and transporting products between factories, warehouses and customer locations. It includes the costs of outsourced transportation services, salaries and wages of drivers, warehouse employees and customer service staff, as well as depreciation and running costs of warehouses and related storage, transportation and handling equipment.

Marketing and administration expenses include the costs of advertising and consumer promotion activities, merchandising, sales teams and head office functions such as finance, human resources, legal, information technology, supply chain and general management. It is primarily comprised of salaries, depreciation and maintenance of real estate, and the costs of third-party services.

Additional details of research and development, other trading income and expenses and other operating income and expenses are provided in the respective Notes.

Changes in IFRS Accounting Standards

In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21), which requires entities to estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency. The Amendments to IAS 21 are effective for reporting periods beginning on or after January 1, 2025. The initial application of this amendment did not have a material impact on the Group's Financial Statements.

Changes in IFRS Accounting Standards that may affect the Group after December 31, 2025

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. The Group is currently evaluating all impacts this new standard will have on the presentation of the income statement, cash flow statement and the Notes to the consolidated financial statements. The application of the standard will impact the level of detail presented in the Group Income Statement as well as the aggregation of expense items presented. Additional disclosures will be made about Management-Defined Performance Measures such as Underlying trading operating profit, similar to those already made in the document "Alternative Performance Measures" published by Nestlé. Interest income and dividend income will be presented as part of cash flows from investing activities.

The following amendments have been issued and will become effective after December 31, 2025: Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7, Annual Improvements to IFRS Accounting Standards – Volume 11, Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7. The Group is currently evaluating the effects of these new amendments; they are not expected to have a material impact on the Group's Financial Statements in the period of initial adoption, based on the analysis so far.

2. Scope of consolidation, acquisitions of businesses and acquisitions of non-controlling interests

Scope of consolidation
The Consolidated Financial Statements comprise those of Nestlé S.A. and of its subsidiaries (the Group).

Companies which the Group controls are fully consolidated from the date at which the Group obtains control. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Though the Group generally holds a majority of voting rights in the companies which are controlled, this applies irrespective of the percentage of interest in the share capital if control is obtained through agreements with other shareholders.

The war in Ukraine and the related sanctions imposed on Russia, Belarus and certain regions in Ukraine still continue to limit the freedom of Nestlé Russia Region businesses to operate. In accordance with the accounting policy described above, the Group has re-assessed and confirmed that the changes in the legal and operating environment of Russia and Ukraine have not impacted the ability to exercise control over the Group entities in these countries.

As part of the Consolidated Financial Statements, the list of the principal subsidiaries is provided in the section Companies of the Nestlé Group, joint arrangements and associates after Note 21.

2.1 Change of scope of consolidation

Acquisitions
There were no significant acquisitions in 2025 nor in 2024.

In 2024, among several other non-significant acquisitions, in March, the Group closed the acquisition of Grupo CRM, a premium chocolate player in Brazil, and end of September the acquisition of the global rights of the VOWST business from Seres Therapeutics, Inc. Previously, Nestlé Health Science held the rights to the commercialization of the VOWST business in the USA under a license with Seres Therapeutics, Inc., accounted for as an operating right intangible asset, which has been subsumed following the acquisition of the global rights to the full VOWST business.

Disposals
There were no significant disposals in 2025 nor in 2024.

Cash flows related to disposals in 2025 and 2024 are related to non-significant disposals.

2.2 Acquisitions of businesses

The major classes of assets acquired and liabilities assumed at the acquisition date are:

In millions of CHF	2025	2024
Inventories	5	93
Other assets	—	64
Property, plant and equipment	2	93
Intangible assets (a)/(b)	4	289
Financial debt	(1)	(100)
Other liabilities	—	(97)
Fair value of identifiable net assets/(liabilities) (b)	**10**	**342**

(a) In 2024, mainly intellectual property rights, customer lists, trademarks and trade names as well as franchise relationships, composed of CHF 152 million of finite life, and of CHF 137 million of indefinite life intangible assets.
(b) In 2025, mainly adjustments of provisional amounts of businesses acquired in the last 12 months.

The goodwill arising on acquisitions and the cash outflow are:

In millions of CHF	2025	2024
Fair value of consideration transferred	17	1 043
Fair value of identifiable net (assets)/liabilities	(10)	(342)
Goodwill	**7**	**701**

In millions of CHF	2025	2024
Fair value of consideration transferred	17	1 043
Cash and cash equivalents acquired	—	(29)
Consideration payable	(7)	(229)
Payment of consideration payable on prior-year acquisitions	65	24
Cash outflow on acquisitions	**75**	**809**

The consideration transferred consists of payments made in cash with some consideration remaining payable.

2.3 Acquisitions of non-controlling interests

Acquisitions and disposals of non-controlling interests
The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity holders in their capacity as equity holders. For purchases of shares from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. The same principle is applied to disposals of shares to non-controlling interests.

In 2025, the Group increased its ownership interests in certain subsidiaries, primarily in Hsu Fu Chi (full acquisition of the non-controlling interests) and Orgain (partial acquisition of the non-controlling interests) leading to a decrease of non-controlling interests amounting to CHF 463 million. The consideration to non-controlling interests was in the form of cash of CHF 1206 million. Part of the consideration was recorded as a liability in previous years for CHF 686 million. With other movements of CHF 84 million including mainly reassessment of put option for the acquisition of non-controlling interests, the equity attributable to shareholders of the parent was negatively impacted by CHF 141 million.

In 2024, there was no significant transaction with non-controlling interests.

3. Analyses by segment

Nestlé is organized into three geographic Zones as well as Globally Managed Businesses. The Company manufactures and distributes food and beverage products in the following categories: powdered and liquid beverages, water, milk products and ice cream, nutrition products, prepared dishes and cooking aids, confectionery and petcare. Nestlé also manufactures and distributes nutritional science products through its globally managed business Nestlé Health Science. The Group has factories in 75 countries and sales in 185 countries and employs around 271 000 people.

Segment reporting

Basis for segmentation

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker (CODM), which is defined as the Executive Board.

The CODM considers the business from both a geographic and product perspective, through geographic Zones as well as Globally Managed Businesses (GMB). Zones and GMBs that meet the quantitative threshold of 10% of total sales, trading operating profit or assets for all operating segments are presented on a stand-alone basis as reportable segments. Even though it does not meet the reporting threshold, Nespresso and Nestlé Waters & Premium Beverages are voluntarily reported separately considering their financial contribution to the Group.

As of January 1, 2025, the Group is organized into three geographical Zones following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone Asia, Oceania and Africa, and three significant Globally Managed Businesses with Nestlé Waters & Premium Beverages becoming a GMB and therefore from that date, the Group's reportable segments are:
- Zone Americas (AMS);
- Zone Asia, Oceania and Africa (AOA);
- Zone Europe (EUR);
- Nestlé Health Science;
- Nespresso; and
- Nestlé Waters & Premium Beverages (NW&PB).

Other business activities and operating segments are combined and presented in Other businesses.

As most operating segments represent geographic Zones, information by product is also disclosed. The seven product groups that are disclosed represent the highest categories of products that are followed internally.

Revenue and results by segment

Segment results (Trading operating profit) represent the contribution of the different segments to central overheads, unallocated research and development costs and the trading operating profit of the Group. Specific corporate expenses are allocated to the corresponding segments. In addition to the Trading operating profit, Underlying trading operating profit is shown on a voluntary basis because it is one of the key metrics used by Group Management to monitor the performance of the Group.

Depreciation and amortization include depreciation of property, plant and equipment (including right-of-use assets under leases) and amortization of intangible assets.

Invested capital and other information by segment

No segment assets and liabilities are regularly provided to the CODM to assess segment performance or to allocate resources, and therefore segment assets and liabilities are not disclosed. However, the Group discloses the invested capital, goodwill and intangible assets by segment and by product on a voluntary basis, and uses the assets directly allocated to the segments to determine if a segment is reportable.

Invested capital comprises property, plant and equipment, trade receivables and some other receivables, assets held for sale, inventories, prepayments, less trade payables, accruals and some other payables, liabilities directly associated with assets held for sale and non-current other payables.

Goodwill and intangible assets are not included in invested capital since the amounts recognized are not comparable between segments due to differences in the intensity of acquisition activity and changes in the accounting standards that were applicable at various points in time when the Group undertook significant acquisitions. Nevertheless, allocations of goodwill and intangible assets by segment and product and the related impairment expenses are provided.

Inter-segment eliminations represent inter-company balances between the different segments.

Invested capital and goodwill and intangible assets by segment represent the situation at the end of the year, while the figures by product represent the annual average, as this provides a better indication of the level of invested capital.

Capital additions represent the total cost incurred to acquire property, plant and equipment (including right-of-use assets under leases), intangible assets and goodwill, including those arising from business combinations.

Unallocated items

Unallocated items represent items whose allocation to a segment or product would be arbitrary. They mainly comprise:

- corporate expenses and related assets/liabilities;
- research and development costs and related assets/liabilities; and
- some goodwill and intangible assets.

Revenue

Sales represent amounts received and receivable from third parties for goods supplied to the customers and for services rendered. Sales are recognized when control of the goods has transferred to the customer, which is mainly upon arrival at the customer.

Revenue is measured as the amount of consideration which the Group expects to receive, based on the list price applicable to a given distribution channel after deduction of returns, sales taxes, pricing allowances, other trade discounts and couponing and price promotions to consumers. The level of discounts, allowances and promotional rebates is recognized as a deduction from revenue at the time that the related sales are recognized or when the rebate is offered to the customer (or consumer if applicable). They are estimated using judgments based on historical experience and the specific terms of the agreements with the customers. Payments made to customers for commercial services received are expensed. The Group has a range of credit terms which are typically short term, in line with market practice and without any financing component.

The Group does not generally accept sales returns, except in limited cases, mainly in the Infant Nutrition business. Historical experience is used to estimate such returns at the time of sale. No asset is recognized for products to be recoverable from these returns, as they are not anticipated to be resold.

Trade assets (mainly coffee machines and water coolers) may be sold or leased separately to customers.

Arrangements where the Group transfers substantially all the risks and rewards incidental to ownership to the customer are treated as finance lease arrangements. Operating lease revenue is recognized on a straight-line basis over the lease term.

Sales are disaggregated by product group and geography in Notes 3.2 and 3.4.

3.1 Operating segments
Revenue and results

In millions of CHF

2025

	Sales (a)	Underlying trading operating profit (b)	Trading operating profit	Net other trading income/(expenses) (c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortization
Zone AMS	34 482	7 118	6 474	(644)	(259)	(52)	(1 258)
Zone AOA	20 553	4 254	3 985	(269)	(16)	(106)	(594)
Zone EUR	17 581	2 834	2 600	(234)	(82)	(98)	(776)
Nestlé Health Science	6 551	1 056	709	(347)	(1)	(4)	(296)
Nespresso	6 481	1 160	1 136	(24)	(11)	(11)	(292)
NW&PB	3 548	322	199	(123)	(69)	(1)	(157)
Other businesses (d)	294	6	(15)	(21)	(1)	—	(36)
Unallocated items (e)	—	(2 361)	(2 413)	(52)	(4)	(34)	(224)
Total	**89 490**	**14 389**	**12 675**	**(1 714)**	**(443)**	**(306)**	**(3 633)**

In millions of CHF

2024 *

	Sales (a)	Underlying trading operating profit (b)	Trading operating profit	Net other trading income/(expenses) (c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortization
Zone AMS	36 135	7 918	7 738	(180)	(59)	(66)	(1 178)
Zone AOA	21 177	4 658	4 506	(152)	(74)	(60)	(601)
Zone EUR	17 082	3 063	2 760	(303)	(86)	(140)	(732)
Nestlé Health Science	6 739	943	794	(149)	(23)	(17)	(322)
Nespresso	6 378	1 278	1 081	(197)	(180)	(2)	(283)
NW&PB	3 551	323	286	(37)	(3)	(8)	(156)
Other businesses (d)	292	(13)	(24)	(11)	(8)	—	(34)
Unallocated items (e)	—	(2 466)	(2 508)	(42)	(3)	(18)	(276)
Total	**91 354**	**15 704**	**14 633**	**(1 071)**	**(436)**	**(311)**	**(3 582)**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as well as Nestlé Waters & Premium Beverages becoming a Globally Managed Business, as of January 1, 2025.

(a) Inter-segment sales are not significant.
(b) Trading operating profit before Net other trading income/(expenses).
(c) Included in Trading operating profit.
(d) Composed of businesses not under the direct control of the Zones or GMBs and Group procurement activities.
(e) Refer to the Segment reporting accounting policies above for the definition of unallocated items.

Invested capital and other information

In millions of CHF

					2025
	Invested capital	Goodwill and intangible assets (c)	Impairment of non-commercialized intangible assets (d)	Impairment of intangible assets (e)	Capital additions
Zone AMS	14 977	18 655	—	(150)	2 360
Zone AOA	4 152	7 750	—	—	881
Zone EUR	8 195	4 018	—	—	978
Nestlé Health Science	2 430	11 646	—	(326)	234
Nespresso	1 526	597	—	(4)	357
NW&PB	1 214	1 001	—	—	163
Other businesses (a)	(2 125)	51	—	—	35
Unallocated items (b) and inter-segment eliminations	1 381	598	—	—	343
Total	**31 750**	**44 316**	**—**	**(480)**	**5 351**

In millions of CHF

					2024 *
	Invested capital	Goodwill and intangible assets (c)	Impairment of non-commercialized intangible assets (d)	Impairment of intangible assets (e)	Capital additions
Zone AMS	15 531	21 126	—	—	3 924
Zone AOA	4 754	8 700	—	—	957
Zone EUR	7 617	4 055	—	(42)	1 345
Nestlé Health Science	2 827	13 672	(32)	(48)	522
Nespresso	1 322	600	—	—	448
NW&PB	1 482	1 114	—	(22)	156
Other businesses (a)	(1 858)	98	—	—	30
Unallocated items (b) and inter-segment eliminations	1 434	506	—	—	303
Total	**33 109**	**49 871**	**(32)**	**(112)**	**7 685**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as well as Nestlé Waters & Premium Beverages becoming a Globally Managed Business, as of January 1, 2025.

(a) Composed of businesses not under the direct control of the Zones or GMBs and Group procurement activities.
(b) Refer to the Segment reporting accounting policies above for the definition of unallocated items.
(c) Refer to Note 3.3b for the reconciliation of the total goodwill and intangible assets with the balance sheet.
(d) Included in Operating profit.
(e) Included in Trading operating profit.

3.2 Products
Revenue and results

In millions of CHF

						2025
	Sales	Underlying trading operating profit (a)	Trading operating profit	Net other trading income/(expenses) (b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	25 144	4 324	4 183	(141)	(34)	(61)
Water	3 128	288	166	(122)	(69)	(1)
Milk products and Ice cream	9 698	2 229	2 154	(75)	(9)	(22)
Nutrition and Health Science	14 304	2 825	1 922	(903)	(142)	(74)
Prepared dishes and cooking aids	10 114	1 977	1 850	(127)	(59)	(56)
Confectionery	8 696	1 107	1 005	(102)	(19)	(33)
PetCare	18 406	4 000	3 808	(192)	(107)	(25)
Unallocated items (c)	—	(2 361)	(2 413)	(52)	(4)	(34)
Total	**89 490**	**14 389**	**12 675**	**(1 714)**	**(443)**	**(306)**

In millions of CHF

						2024 *
	Sales	Underlying trading operating profit (a)	Trading operating profit	Net other trading income/(expenses) (b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	24 598	4 920	4 499	(421)	(285)	(71)
Water	3 180	279	241	(38)	(3)	(8)
Milk products and Ice cream	10 397	2 442	2 393	(49)	(5)	(20)
Nutrition and Health Science	15 137	3 006	2 771	(235)	(26)	(62)
Prepared dishes and cooking aids	10 711	2 137	2 000	(137)	(63)	(54)
Confectionery	8 449	1 299	1 190	(109)	(25)	(46)
PetCare	18 882	4 087	4 047	(40)	(26)	(32)
Unallocated items (c)	—	(2 466)	(2 508)	(42)	(3)	(18)
Total	**91 354**	**15 704**	**14 633**	**(1 071)**	**(436)**	**(311)**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as well as Nestlé Waters & Premium Beverages becoming a Globally Managed Business, as of January 1, 2025.

(a) Trading operating profit before Net other trading income/(expenses).
(b) Included in Trading operating profit.
(c) Refer to the Segment reporting accounting policies above for the definition of unallocated items.

Invested capital and other information

In millions of CHF

				2025
	Invested capital	Goodwill and intangible assets	Impairment of non-commercialized intangible assets (b)	Impairment of intangible assets (c)
Powdered and Liquid Beverages	6 176	6 099	—	(4)
Water	1 253	1 039	—	—
Milk products and Ice cream	3 370	1 144	—	—
Nutrition and Health Science	5 601	21 728	—	(476)
Prepared dishes and cooking aids	3 146	4 997	—	—
Confectionery	2 613	1 213	—	—
PetCare	10 173	8 755	—	—
Unallocated items (a) and intra-group eliminations	1 494	1 634	—	—
Total	**33 826**	**46 609**	**—**	**(480)**

In millions of CHF

				2024 *
	Invested capital	Goodwill and intangible assets	Impairment of non-commercialized intangible assets (b)	Impairment of intangible assets (c)
Powdered and Liquid Beverages	6 280	6 398	—	—
Water	1 365	1 075	—	(22)
Milk products and Ice cream	3 052	1 171	—	—
Nutrition and Health Science	5 668	23 085	(32)	(90)
Prepared dishes and cooking aids	3 034	5 304	—	—
Confectionery	2 618	1 180	—	—
PetCare	9 753	9 170	—	—
Unallocated items (a) and intra-group eliminations	1 483	1 602	—	—
Total	**33 253**	**48 985**	**(32)**	**(112)**

* The new management organization as of January 1, 2025 had no impact on the above table.

(a) Refer to the Segment reporting accounting policies above for the definition of unallocated items.
(b) Included in Operating profit.
(c) Included in Trading operating profit.

3.3a Reconciliation from Underlying trading operating profit to Profit before taxes, associates and joint ventures

In millions of CHF

	2025	2024
Underlying trading operating profit [a] as per Note 3.1	**14 389**	**15 704**
Net other trading income/(expenses) as per Note 4.1	(1 714)	(1 071)
Trading operating profit as per Note 3.1	**12 675**	**14 633**
Impairment of non-commercialized intangible assets	—	(32)
Net other operating income/(expenses) excluding impairment of non-commercialized intangible assets	(398)	123
Operating profit	**12 277**	**14 724**
Net financial income/(expense)	(1 526)	(1 485)
Profit before taxes, associates and joint ventures	**10 751**	**13 239**

(a) Trading operating profit before Net other trading income/(expenses).

3.3b Reconciliation from invested capital and goodwill and intangible assets to total assets

In millions of CHF

	2025	2024
Invested capital as per Note 3.1	31 750	33 109
Liabilities included in invested capital	24 822	25 750
Subtotal	56 572	58 859
Intangible assets and goodwill as per Note 3.1 [a]	44 316	49 871
Other assets	26 263	30 534
Total assets	**127 151**	**139 264**

(a) Including Intangible assets and goodwill classified as assets held for sale of CHF 7 million (2024: CHF 31 million).

3.4 Disaggregation of sales by geographic area (country and type of market)

The Group disaggregates revenue from the sale of goods by major product group as shown in Note 3.2. Disaggregation of sales by geographic area is based on customer location and is therefore not a view by management responsibility as disclosed by operating segments in Note 3.1.

In millions of CHF

	2025	2024
AMS	**42 958**	**44 656**
United States	28 605	29 682
Brazil	3 983	4 040
Mexico	3 576	3 839
Other markets of geographic area	6 794	7 095
AOA	**23 989**	**24 612**
Greater China	4 876	5 432
Philippines	2 608	2 674
India	2 007	2 013
Other markets of geographic area	14 498	14 493
EUR	**22 543**	**22 086**
United Kingdom	3 598	3 617
France	3 398	3 437
Germany	1 921	2 008
Other markets of geographic area	13 626	13 024
of which Switzerland	1 020	1 062
Total sales	**89 490**	**91 354**
of which developed markets	53 178	54 462
of which emerging markets	36 312	36 892

3.5 Geography

Sales and non-current assets in Switzerland and countries which individually represent at least 10% of Group sales or 10% of Group non-current assets are disclosed separately.

The analysis of sales is stated by customer location.

Non-current assets relate to property, plant and equipment (including right-of-use assets under leases), intangible assets and goodwill. Property, plant and equipment and intangible assets are attributed to the country of their legal owner. Goodwill is attributed to the countries generating the cash flows supporting the goodwill.

In millions of CHF

	2025		2024	
	Sales	Non-current assets	Sales	Non-current assets
United States	28 605	29 580	29 682	33 807
Switzerland	1 020	15 712	1 062	17 604
Rest of the world	59 865	31 566	60 610	32 135
Total	**89 490**	**76 858**	**91 354**	**83 546**

3.6 Customers

There is no single customer accounting for 10% or more of Group revenues.

4. Net other trading and operating income/(expenses)

Other trading income/(expenses)

These comprise restructuring costs, impairment of property, plant and equipment and intangible assets (other than goodwill and non-commercialized intangible assets), litigations and onerous contracts, results on disposals of property, plant and equipment, and specific other income and expenses that fall within the control of operating segments.

Restructuring costs are restricted to dismissal indemnities and employee benefits paid to terminated employees upon the reorganization of a business or function.

Other operating income/(expenses)

These comprise impairment of goodwill and non-commercialized intangible assets, results on disposals of businesses (including impairment and subsequent remeasurement of businesses classified as held-for-sale, as well as other directly related disposal costs like restructuring costs directly linked to businesses disposed of and legal, advisory and other professional fees), acquisition-related costs, the effect of hyperinflation accounting, and income and expenses that fall beyond the control of operating segments or relate to events such as wars and natural disasters including extreme weather events linked to climate change, as well as expropriation of assets.

4.1 Net other trading income/(expenses)

In millions of CHF

	Notes	2025	2024
Other trading income		**135**	**124**
Restructuring costs		(306)	(311)
Impairment of property, plant and equipment [(a)] and intangible assets [(b)]	8/9	(923)	(548)
Litigations and onerous contracts		(363)	(193)
Miscellaneous trading expenses [(c)]		(257)	(143)
Other trading expenses		**(1 849)**	**(1 195)**
Total net other trading income/(expenses)		**(1 714)**	**(1 071)**

(a) Including impairment of assets held for sale.
(b) Excluding impairment of non-commercialized intangible assets. Regarding impairment of intangible assets amounting to CHF 480 million (2024: CHF 112 million), see Note 9.1.1.
(c) In 2025 includes allowance for write-off on inventory (to be returned by customers and on-hand at end of December 2025) linked to the recall of Infant formula products initiated in December 2025 and expanded in January 2026.

4.2 Net other operating income/(expenses)

In millions of CHF

	Notes	2025	2024
Profit on disposal of businesses		36	33
Miscellaneous operating income [(a)]		217	441
Other operating income		**253**	**474**
Loss on disposal of businesses [(b)]		(273)	(95)
Impairment of non-commercialized intangible assets	9	—	(32)
Miscellaneous operating expenses [(c)]		(378)	(256)
Other operating expenses		**(651)**	**(383)**
Total net other operating income/(expenses)		**(398)**	**91**

(a) Including CHF 125 million (2024: CHF 257 million) of hyperinflation adjustments.
(b) Including impairment of businesses upon classification as held-for-sale.
(c) Miscellaneous operating expenses include, among others, expenses of transitional services provided to disposed businesses and natural disasters.

5. Net financial income/(expense)

Net financial income/(expense) includes net financing cost of net financial debt and net interest income/(expense) on defined benefit plans.

Net financing cost comprises the interest income earned on cash and cash equivalents and short-term investments, as well as the interest expense on financial debt (including leases), collectively termed “net financial debt” (see Note 16.5). These headings also include other income and expenses such as exchange differences on net financial debt and results on related foreign currency and interest rate hedging instruments. Certain borrowing costs are capitalized as explained in the Note on Property, plant and equipment (see Note 8).

In millions of CHF

	Notes	2025	2024
Interest income		200	269
Interest expense		(1 683)	(1 700)
Net financing cost of net financial debt		**(1 483)**	**(1 431)**
Interest income on defined benefit plans		100	89
Interest expense on defined benefit plans		(140)	(141)
Net interest income/(expense) on defined benefit plans	10	**(40)**	**(52)**
Other financial income/(expense)		(3)	(2)
Net financial income/(expense)		**(1 526)**	**(1 485)**

6. Inventories

Raw materials are valued at the lower of purchase cost calculated using the FIFO (first-in, first-out) method and net realizable value. Work in progress, sundry supplies and finished goods are valued at the lower of their weighted average cost (including an allocation of factory overheads and depreciation) and net realizable value. The cost of inventories includes the gains/losses on cash flow hedges for the purchase of raw materials and finished goods.

In millions of CHF

	2025	2024
Raw materials, work in progress and sundry supplies	6 453	6 557
Finished goods	6 752	7 103
Allowance for write-down to net realizable value	(392)	(400)
	12 813	**13 260**

Inventories amounting to CHF 271 million (2024: CHF 299 million) are pledged as security for financial liabilities.

Inventories amounting to CHF 46 588 million (2024: CHF 46 295 million) were recognized as an expense during the year and included in Cost of goods sold.

7. Trade and other receivables/payables

7.1 Trade and other receivables

Recognition and measurement
Trade and other receivables are recognized initially at their transaction price and subsequently measured at amortized cost less loss allowances. Other receivables are comprised mainly of receivables for indirect taxes.

Expected credit losses
The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables, adjusted for forward-looking information where relevant (such as a significant deterioration in the economic environment). The Group's credit loss experience has shown that aging of receivable balances is primarily due to negotiations about variable consideration.

The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:
- significant financial difficulty of the customer; or
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization.

Impairment losses related to trade and other receivables are not presented separately in the consolidated income statement but are reported under the heading Marketing and administration expenses.

In millions of CHF

			2025			2024
	Gross carrying amount	Expected credit loss allowance	**Total**	Gross carrying amount	Expected credit loss allowance	**Total**
Trade receivables (not credit impaired)	8 844	(100)	**8 744**	9 514	(100)	**9 414**
Other receivables (not credit impaired)	1 817	(5)	**1 812**	1 838	(6)	**1 832**
Credit impaired trade and other receivables	180	(175)	**5**	188	(183)	**5**
Total	**10 841**	**(280)**	**10 561**	**11 540**	**(289)**	**11 251**

The top five major customers represent 14% (2024: 16%) of trade and other receivables, none of them individually exceeding 5% (2024: 7%).

Based on the historic trend and expected performance of the customers, the Group believes that the above expected credit loss allowance sufficiently covers the risk of default.

7.2 Trade and other payables

Recognition and measurement
Trade and other payables are recognized initially at their transaction price and subsequently measured at amortized cost.

Supplier finance arrangements
The Group participates in supplier finance arrangements (SFA) with the following standard terms and conditions:
- The Group enters into invoice processing services and paying agency agreements with financial institutions or technology providers for the settlement of some trade and other payables to suppliers.
- By virtue of commercial agreements with suppliers, the Group remains obligated to settle invoices at the contractually agreed payment terms. The invoice processing services and paying agency agreements do not change these contractual obligations.
- No extension of payment terms beyond those agreed with suppliers is offered to the Group by the financial institutions or technology providers, nor is such extension sought by the Group.
- Only received and approved invoices for goods or services are eligible for settlement through supplier finance arrangements. Where goods or services have been received without an invoice, the resulting liability is not eligible for settlement through supplier finance arrangements until the invoice is received and approved.
- The suppliers may elect to join the arrangements and at their discretion can enter into receivable purchase programs or equivalent with the providers of supplier finance arrangements. The Group is not a party to these receivable purchase programs and does not control nor have ongoing/systematic visibility on the timing of any receivable purchases. The commercial terms and conditions negotiated between the suppliers, who are part of supplier finance arrangements, and Nestlé are not impacted by whether or not the suppliers decide to obtain early financing from the financial institutions. There is no recharge from the financial institutions to Nestlé in case the suppliers obtain early financing.
- No collateral or other securities are deposited or pledged for the benefit of the financial institutions or technology providers.

The arrangements avoid concentration and liquidity risk, since:
- Supplier finance arrangements are implemented by Nestlé affiliates with a large number of financial institutions located in more than 50 geographies. The largest Group affiliates operate supplier finance arrangements with multiple financial institutions.
- None of the arrangements with financial institutions include conditions that would force Nestlé to prepay some aggregated amount earlier than the maturity dates of each individual invoice loaded to the programs.
- The Group's commercial contracts with suppliers take into account several factors when determining payment terms. These include market conditions, suppliers' financials, origins of sourcing, and the ability of the suppliers to obtain early financing, for example through supplier finance arrangements or direct arrangements with financial institutions. These factors lead to a diversity of payment terms throughout the Group, avoiding concentration of payment terms. These terms are compliant with the applicable regulations. They remain consistent with the normal operating cycle of Nestlé business, which exceeds 120 days from acquisition of goods to realization in cash through finished goods sales, reflecting long supply chains.

The Group presents invoices to be settled through these programs as Trade and other payables, considering that the original liability is neither legally released nor substantially modified on entering into such arrangements. Related payments are included within operating cash flows because they remain operational in nature. There were no significant non-cash changes in the carrying amount of the trade payables included in the Group's supplier finance arrangements. These arrangements are not used for the settlement of transactions with employees, authorities, or M&A transactions.

In millions of CHF

	2025	2024
Due within one year		
Trade payables	16 097	16 685
Social security and sundry taxes and levies	1 514	1 692
Other payables	2 412	3 430
	20 023	**21 807**
Of which invoices from suppliers of goods and services in Supplier finance arrangements (a)	5 930	6 211

(a) Includes approximately CHF 4616 million for which suppliers have already received payment from the financial institutions as of December 31, 2025 (2024: CHF 4817 million) according to information communicated by the financial institutions with limited liability and disclaimer provisions. The Group is not party to the decisions, including timing, about whether suppliers are paid before the due date of the invoice and does not systematically receive this information for operational purposes.

The ranges of contractually agreed payment terms for invoices from suppliers in supplier finance arrangements and comparable suppliers not in supplier finance arrangements are the following:

In millions of CHF

	2025		2024	
Ranges of contractually agreed payment terms	Invoices from suppliers in SFA (a)	Invoices from suppliers not in SFA	Invoices from suppliers in SFA (a)	Invoices from suppliers not in SFA
Less than 60 days	321	3 481	228	3 573
From 61 to 120 days	2 318	3 376	2 593	3 392
From 121 to 180 days	3 208	130	3 300	73
More than 180 days	83	55	90	74
	5 930	**7 042**	**6 211**	**7 112**

(a) The amount of unsettled invoices with suppliers in SFA outstanding for more than 90 days as at December 31, 2025 is estimated at CHF 1.5 billion (2024: CHF 1.5 billion).

8. Property, plant and equipment

Property, plant and equipment comprise owned and leased assets.

In millions of CHF

	Notes	2025	2024
Property, plant and equipment – owned	8.1	30 182	31 083
Right-of-use assets – leased	8.2b	2 367	2 623
		32 549	**33 706**

8.1 Owned assets

Owned property, plant and equipment are shown on the balance sheet at their historical cost.

Depreciation is assessed on components that have homogeneous useful lives by using the straight-line method to depreciate the initial cost down to the residual value over the estimated useful lives. The residual values are 30% on head offices and nil for all other asset types. The useful lives are as follows:

Buildings	20–40 years
Machinery and equipment	10–25 years
Tools, furniture, information technology and sundry equipment	3–15 years
Vehicles	3–10 years

Land is not depreciated.

Useful lives, components and residual amounts are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use, including but not limited to the closure of facilities, the evolution of technology and competitive pressures.

Depreciation of property, plant and equipment is allocated to the appropriate headings of expenses by function in the income statement.

Borrowing costs incurred during the course of construction are capitalized if the assets under construction are significant and if their construction requires a substantial period to complete (typically more than one year). The capitalization rate is determined on the basis of the short-term borrowing rate for the period of construction.

Government grants are recognized as deferred income which is released to the income statement over the useful life of the related assets.

In millions of CHF

	Land and buildings	Machinery and equipment	Tools, furniture and other equipment	Vehicles	Assets under construction and advance payments	**Total**
Net carrying amount						
As at January 1, 2025	10 639	11 102	1 852	213	7 277	**31 083**
Additions [a]	512	882	456	8	2 469	**4 327**
Acquisitions through business combinations	—	—	1	—	—	**1**
Reclassification from assets under construction	1 380	1 823	305	5	(3 513)	**—**
Depreciation	(519)	(1 423)	(634)	(27)	—	**(2 603)**
Impairments	(24)	(372)	(12)	(1)	—	**(409)**
Disposals	(30)	(26)	(13)	—	(5)	**(74)**
Classification (to)/from held-for-sale and disposals of businesses	(50)	(49)	(8)	—	(4)	**(111)**
Currency retranslations and others	(577)	(794)	(48)	(24)	(589)	**(2 032)**
As at December 31, 2025	**11 331**	**11 143**	**1 899**	**174**	**5 635**	**30 182**
Gross value	18 058	29 469	6 898	331	5 635	**60 391**
Accumulated depreciation and impairments	(6 727)	(18 326)	(4 999)	(157)	—	**(30 209)**
Net carrying amount						
As at January 1, 2024	8 995	9 632	1 681	116	7 464	**27 888**
Additions [a]	488	999	478	95	3 424	**5 484**
Acquisitions through business combinations	33	25	8	—	6	**72**
Reclassification from assets under construction	1 283	2 202	272	48	(3 805)	**—**
Depreciation	(450)	(1 367)	(604)	(29)	—	**(2 450)**
Impairments	(92)	(262)	(35)	2	—	**(387)**
Disposals	(11)	(43)	(16)	(25)	(4)	**(99)**
Classification (to)/from held-for-sale and disposals of businesses	(44)	(35)	(4)	—	(5)	**(88)**
Currency retranslations and others	437	(49)	72	6	197	**663**
As at December 31, 2024	**10 639**	**11 102**	**1 852**	**213**	**7 277**	**31 083**
Gross value	17 240	29 650	6 880	380	7 277	**61 427**
Accumulated depreciation and impairments	(6 601)	(18 548)	(5 028)	(167)	—	**(30 344)**

(a) Including borrowing costs.

As at December 31, 2025, net property, plant and equipment of CHF 80 million are pledged as security for financial liabilities (2024: CHF 92 million).

As at December 31, 2025, the Group was committed to expenditure amounting to CHF 1237 million (2024: CHF 2107 million).

Impairment of property, plant and equipment
Reviews of the carrying amount of the Group's property, plant and equipment are performed when there is an indication of impairment. An indicator could be technological obsolescence, unfavorable development of a business under competitive pressures or severe economic slowdown in a given market as well as reorganization of the operations to leverage their scale. Earlier than planned retirement of property, plant and equipment due to a transition to a low carbon economy, Nestlé's commitments regarding recyclable or reusable packaging, reduction of virgin plastic and Nestlé's Net Zero Roadmap on greenhouse gas emissions are also considered as triggers for impairment.

In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money and the risks specific to the country where the assets are located. The risks specific to the asset are included in the determination of the cash flows.

Impairment of property, plant and equipment arises mainly from plans to optimize industrial manufacturing capacities by closing or selling inefficient production facilities and underperforming businesses. The majority of Nestlé's emissions are classified as Scope 3 (i.e. indirect emissions that occur across Nestlé's value chain and outside of Nestlé's direct control), and the property, plant and equipment are geographically widespread. Therefore, property, plant and equipment are not materially exposed to climate transition risks nor to physical climate risks, and no significant climate-related triggers for impairment have been identified.

8.2 Leases – Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to the direct use of the asset.

The Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less, which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, and extension option payments or purchase options which the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate, or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligation to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading Property, plant and equipment, and the lease liability is included in the headings current and non-current financial debt.

8.2a Description of lease activities

Real estate leases

The Group leases land and buildings for its office and warehouse space and retail stores. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 5–15 years and may include extension options which provide operational flexibility. If the Group exercised all extension options not currently included in the lease liability, the additional payments would amount to CHF 1.1 billion (undiscounted) as at December 31, 2025 (2024: CHF 0.9 billion (undiscounted)).

Vehicle leases

The Group leases trucks for distribution in specific businesses and cars for management and sales functions. The average contract duration is 6 years for trucks and 3 years for cars.

Other leases

The Group also leases machinery and equipment, and tools, furniture and other equipment that are each insignificant to the total leased asset portfolio.

8.2b Right-of-use assets

In millions of CHF

	Land and buildings	Vehicles	Other	**Total**
Net carrying amount				
As at January 1, 2025	2 057	221	345	**2 623**
Additions	419	92	117	**628**
Depreciation	(450)	(94)	(108)	**(652)**
Impairments	(10)	—	(4)	**(14)**
Classification (to)/from held-for-sale and change of scope of consolidation, net	(56)	(1)	—	**(57)**
Currency retranslations and others	(121)	(10)	(30)	**(161)**
As at December 31, 2025	**1 839**	**208**	**320**	**2 367**
Net carrying amount				
As at January 1, 2024	2 095	179	305	**2 579**
Additions	471	132	190	**793**
Depreciation	(463)	(90)	(107)	**(660)**
Impairments	6	—	(38)	**(32)**
Classification (to)/from held-for-sale and change of scope of consolidation, net	20	—	(12)	**8**
Currency retranslations and others	(72)	—	7	**(65)**
As at December 31, 2024	**2 057**	**221**	**345**	**2 623**

8.2c Other lease disclosures

A maturity analysis of lease liabilities is shown in Note 12.2b.

The Group incurred interest expense on lease liabilities of CHF 103 million (2024: CHF 99 million). The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is not significant. The total cash outflow for leases amounted to CHF 985 million (2024: CHF 1057 million).

There are no significant lease commitments for leases not commenced at year-end.

9. Goodwill and intangible assets

Goodwill

Goodwill is initially recognized during a business combination (see Note 2). Subsequently it is measured at cost less impairment.

Intangible assets

This heading includes intangible assets that are internally generated or acquired, either separately or in a business combination, when they are identifiable and can be reliably measured. Internally generated intangible assets (mainly management information system software) are capitalized, provided that there is an identifiable asset that will be useful in generating future benefits in terms of savings, economies of scale, etc. Payments made to third parties in order to in-license or acquire intellectual property rights, compounds and products are capitalized as non-commercialized intangible assets, as they are separately identifiable and are expected to generate future benefits.

Non-commercialized intangible assets are not amortized, but tested for impairment (see Impairment of goodwill and intangible assets below). Any impairment charge is recorded in the consolidated income statement under Other operating expenses. They are reclassified as commercialized intangible assets once development is complete, usually when approval for sales has been granted by the relevant regulatory authority.

Commercialized indefinite life intangible assets mainly comprise certain brands, trademarks, operating rights and intellectual property rights which can be renewed without significant cost and are supported by ongoing marketing activities. They are not amortized but are tested for impairment annually or more frequently if an impairment indicator is present. Any impairment charge is recorded in the consolidated income statement under Other trading expenses. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Finite life intangible assets are amortized over the shorter of their contractual or useful economic lives. They comprise mainly management information systems and commercialized patents and rights to carry on an activity (e.g. exclusive rights to sell products or to perform a supply activity). They are amortized assuming a zero residual value on a straight-line basis. Useful lives are as follows: management information systems over 3 to 8 years; other finite intangible assets over the shorter of the estimated useful life or the related contractual period, from 5 to 25 years. Useful lives and residual values are reviewed annually. Amortization of finite life intangible assets starts when they are available for use and is allocated to the appropriate headings of expenses by function in the income statement. Any impairment charge is recorded in the consolidated income statement under Other trading expenses.

Research and development

Internal research costs are charged to the income statement in the year in which they are incurred. Development costs are only recognized as assets on the balance sheet if all the recognition criteria set by IAS 38 – Intangible Assets are met before the products are launched on the market. Development costs are generally charged to the income statement in the year in which they are incurred due to uncertainties inherent in the development of new products because the expected future economic benefits cannot be reliably determined. As long as the products have not reached the market place (or obtained regulatory approval if necessary), there is no reliable evidence that positive future cash flows would be obtained.

Capitalized development costs are subsequently accounted for as described in the section Intangible assets above.

In millions of CHF

	Goodwill	Brands and intellectual property rights	Operating rights and others	Management information systems	Total intangible assets	of which internally generated
Net carrying amount						
As at January 1, 2025	**30 595**	12 782	5 597	866	**19 245**	825
Expenditure	**—**	7	4	373	**384**	361
Acquisitions through business combinations	**7**	2	2	—	**4**	—
Amortization	**—**	(50)	(93)	(235)	**(378)**	(225)
Impairments	**—**	(355)	(120)	(5)	**(480)**	(5)
Disposals	**—**	—	(1)	(3)	**(4)**	(3)
Classification (to)/from held-for-sale and disposals of businesses	**(26)**	(70)	(5)	(3)	**(78)**	(2)
Currency retranslations	**(2 940)**	(1 348)	(639)	(33)	**(2 020)**	(28)
As at December 31, 2025	**27 636**	**10 968**	**4 745**	**960**	**16 673**	**923**
of which indefinite useful life [b]	**—**	10 723	3 793	—	**14 516**	—
of which non-commercialized intangible assets	**—**	19	2	—	**21**	—
As at December 31, 2025						
Gross value	**30 561**	13 110	5 747	5 709	**24 567**	5 352
Accumulated amortization and impairments	**(2 925)**	(2 142)	(1 002)	(4 749)	**(7 894)**	(4 429)
Net carrying amount						
As at January 1, 2024	**28 693**	11 900	5 455	870	**18 225**	822
Expenditure	**—**	6	4	315	**325**	310
Acquisitions through business combinations	**701**	130	157	2	**289**	—
Amortization	**—**	(42)	(112)	(318)	**(472)**	(303)
Impairments [a]	**—**	(121)	(18)	(5)	**(144)**	(4)
Disposals	**—**	—	(1)	—	**(1)**	—
Classification (to)/from held-for-sale and disposals of businesses	**(27)**	(21)	(3)	—	**(24)**	—
Currency retranslations and other [c]	**1 228**	930	115	2	**1 047**	—
As at December 31, 2024	**30 595**	**12 782**	**5 597**	**866**	**19 245**	**825**
of which indefinite useful life [b]	**—**	12 454	4 292	—	**16 746**	—
of which non-commercialized intangible assets	**—**	21	2	—	**23**	—
As at December 31, 2024						
Gross value	**34 119**	14 740	6 466	5 578	**26 784**	5 223
Accumulated amortization and impairments	**(3 524)**	(1 958)	(869)	(4 712)	**(7 539)**	(4 398)

(a) In 2024, CHF 32 million of non-commercialized intangible assets.
(b) Of which CHF 3779 million (2024: CHF 4277 million) are perpetual rights to market, sell and distribute certain Starbucks consumer and food service products globally, classified under the caption Operating rights and others.
(c) Of which, in 2024, CHF 241 million reclassified from Operating rights and others to Brands and intellectual property rights related to the legacy VOWST license which has been subsumed following the acquisition of the full VOWST business (see Note 2.1).

Impairment of goodwill and intangible assets (including non-commercialized intangible assets)

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment. Finite life intangible assets are tested when there is an indication of impairment.

The annual impairment tests are performed at the same time each year and at the cash generating unit (CGU) level. The Group defines its groups of CGUs for goodwill impairment testing based on the way that it monitors and derives economic benefits from the acquired goodwill. The CGUs are generally defined at the level of a grouping of product categories per Zone, or at the level of the GMB if the products are managed on a global basis.

For indefinite life intangible assets, the Group performs the test at the level of the smallest identifiable assets or group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Finally, non-commercialized intangible assets are tested at the level of the intangible asset itself.

The impairment tests are performed by comparing the carrying amount of the assets of these CGUs with their recoverable amount, usually based on their fair value less costs of disposal, but occasionally on their value in use.

An impairment loss in respect of goodwill is never subsequently reversed.

9.1 Impairment

9.1.1 Impairment charge during the year

The 2025 and 2024 impairment charges relate to various impairments of intangible assets. The impairment charges in 2025 predominantly relate to Nutrition in Zone AMS and in The Bountiful Company business in Nestlé Health Science (see Note 9.1.2 under sensitivity analyses section for related discussion on goodwill sensitivity). None of the impairment charges are individually significant.

9.1.2 Annual impairment tests

Goodwill impairment reviews have been conducted for more than 30 CGUs. Impairment reviews on intangible assets with indefinite useful life "IAIUL" were performed at the level of the smallest identifiable assets or group of assets.

The following table sets out the key assumptions for CGUs that have significant goodwill or IAIUL allocated to them.

	Goodwill carrying amount (a)	IAIUL carrying amount (a)	Period of cash flow projections	Average annual sales growth	Annual margin evolution	Terminal growth rate	Discount rate
2025 *							
CGU							
PetCare Zone AMS	6 379	188	5 years	3.6%	Stable	2.2%	7.5%
Nutrition Zone AOA	4 251	2 020	5 years	3.2%	Stable	3.3%	9.7%
Food Zone AMS	2 852	1 390	5 years	3.0%	Improvement	2.4%	8.3%
Nestlé Health Science	5 625	4 875	5 years	4.8%	Improvement	2.1%	7.0%
Coffee Zone AMS	1 055	3 582	5 years	4.5%	Stable	2.2%	7.9%
Subtotal	20 162	12 055					
Other CGUs	7 474	2 461					
Total	**27 636**	**14 516**					
2024							
CGU							
PetCare Zone NA	6 867	209	5 years	4.5%	Stable	2.1%	7.3%
Nutrition Zone AOA	4 846	1 133	5 years	3.8%	Stable	3.6%	10.7%
Food Zone NA	2 842	1 553	5 years	1.8%	Improvement	2.1%	7.2%
Nestlé Health Science	6 355	5 761	5 years	5.9%	Improvement	2.0%	6.9%
Coffee Zone NA	922	4 004	5 years	4.8%	Stable	2.0%	7.1%
Subtotal	21 832	12 660					
Other CGUs	8 763	4 086					
Total	**30 595**	**16 746**					

* As of January 1, 2025, the Group is organized into three Zones and three significant GMBs (see Note 3). As a result, the Group reviewed the CGUs identified for testing goodwill to re-align them with the new management structure.

(a) In millions of CHF

For each significant CGU, the recoverable amount is higher than its carrying amount. The recoverable amount has been determined based upon a fair value less costs of disposal calculation. Generally, no directly observable market inputs are available to assess the fair value less costs of disposal. Therefore, the calculation is based on net present value techniques (fair value measurements categorized within Level 3 of the fair value hierarchy). Cash flows are projected over 5 years. They are extrapolated using a steady or declining terminal growth rate.

Finally, the following are taken into account in the impairment tests:
- The cash flows are discounted at post-tax weighted average rates. The discount rates are computed based on external sources of information and reflect the time value of money and country-specific risk.
- The cash flows are based upon financial plans approved by Group Management which are consistent with the Group's approved strategy for this period. They are based on past performance and current initiatives. The business risk is included in the determination of the cash flows.
- Climate change risks, including transition and physical risks, over the medium to longer term are taken into account in assessing the risks of the cash flows. Impacts on the underlying assumptions on future forecasts of CGUs and their portfolio strategy are considered. Sales growth, margin evolution and terminal growth are adjusted if necessary, considering the resilience of the CGUs to climate change risks as well as Nestlé's commitments to tackle climate change (including the Group's "Net Zero Roadmap"). In addition, the headroom of the CGUs is compared to information obtained from Nestlé's climate scenario modeling prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The outcomes of the scenarios analyzed (selected high, intermediate and low emissions scenarios) are probability weighted and proportionally allocated and compared to the headroom of each CGU. The process did not lead to any impairment charges.
- The terminal growth rates are determined to reflect the long-term view of the nominal evolution of the business taking into account the latest outlook for long-term inflation.
- The cash flows, discount rates and terminal growth rates include inflation.

The Group assesses the uncertainty of these estimates by performing sensitivity analyses. Management believes that no reasonably possible change in any of the above key assumptions would cause the CGU's recoverable amount to fall below its carrying amount except for the CGU Nestlé Health Science, mainly related to the performance of The Bountiful Company (TBCo) business. For this CGU, changes in the key assumptions greater than the amounts below (most likely for the average annual sales growth and/or for the annual margin evolution) would lead to the fair value less costs of disposal being less than the carrying amount:

	Nestlé Health Science Sensitivity
Average annual sales growth	Decrease by 290 basis points
Annual margin evolution	Decrease by 180 basis points
Terminal growth rate	Decrease by 80 basis points
Discount rate	Increase by 70 basis points

10. Employee benefits

10.1 Employee remuneration

The Group's salary expenses of CHF 10 021 million (2024: CHF 10 368 million) and welfare expenses of CHF 4088 million (2024: CHF 4085 million) represent a total of CHF 14 109 million (2024: CHF 14 453 million). In addition, certain Group employees are eligible for long-term incentives in the form of equity compensation plans, for which the cost amounts to CHF 211 million (2024: CHF 147 million). Employee remuneration is allocated to the appropriate headings of expenses by function (see Note 1, section Expenses).

10.2 Post-employment benefits

The liabilities of the Group arising from defined benefit obligations, and the related current service cost, are determined using the projected unit credit method. Actuarial advice is provided both by external consultants and by actuaries employed by the Group. The actuarial assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the country in which the plan is located. Such plans are either funded or unfunded. The deficit or excess of the fair value of plan assets over the present value of the defined benefit obligations is recognized as a liability or an asset on the balance sheet.

Pension costs charged to the income statement consist of service cost (current and past service cost, gains and losses arising from curtailment and settlement) and administration costs (other than costs of managing plan assets), which are allocated to the appropriate heading by function, and net interest expense or income, which is presented as part of net financial income/(expense). The actual return less interest income on plan assets, changes in actuarial assumptions, and differences between actuarial assumptions and what has actually occurred are reported in other comprehensive income. Some benefits are also provided by defined contribution plans. Contributions to such plans are charged to the income statement as incurred.

Certain disclosures are presented by geographic area. The three regions disclosed are Europe (EUR), Americas (AMS), and Asia, Oceania and Africa (AOA). Each region includes the corresponding Zones as well as the portion of the GMB activity in that region.

Pensions and retirement benefits

Apart from legally required social security arrangements, the majority of Group employees are eligible for benefits through pension plans in case of retirement, death in service, disability and resignation. Those plans are either defined contribution plans or defined benefit plans based on pensionable remuneration and length of service.

The Group manages its pension plans by geographic area and the major plans, classified as defined benefit plans under IAS 19, are located in EUR (Switzerland, United Kingdom and Germany) and in AMS (USA). In accordance with applicable legal frameworks, these plans have governing bodies which have a fiduciary responsibility to oversee the management of the plans. The Group oversees the pension plans through the Group Corporate Pension Board.

In Switzerland, Nestlé's pension plan is a cash balance plan where contributions are expressed as a percentage of the pensionable salary. The pension plan guarantees the amount accrued on members' savings accounts, as well as a minimum interest on those savings accounts. At retirement date, the savings accounts are converted into pensions. However, members may opt to receive part of the pension as a lump sum. Increases of pensions in payment are granted on a discretionary basis by the Board of Trustees, subject to the financial situation of the plan. Following a decrease in conversion rates applicable since July 1, 2018, the Group has committed to make additional contributions and has contributed CHF 266 million as at December 31, 2025. CHF 28 million is still expected to be paid until 2038.

In the United Kingdom, Nestlé's pension plan is a hybrid arrangement combining a defined benefit career average section plus a defined contribution section. The defined benefit section was closed to new entrants during 2016. In the defined benefit section, from August 2017 onwards, members accrue a pension defined on their capped salary each year, plus defined contribution provision above the capped salary. Accrued pensions are automatically revalued according to inflation, subject to caps. Similarly, pensions in payment are increased annually in line with inflation, subject to caps as applicable. At retirement, there is a lump sum option. Finally, the funding of the Nestlé UK Pension Fund is defined on the basis of a triennial independent actuarial valuation in accordance with local regulations. Based on the last triennial valuation as at December 31, 2024, no deficit contributions are payable under the current schedule of contributions.

In Germany, there are cash balance plans, where members benefit from a guarantee on their savings accounts. Contributions to the plans are expressed as a percentage of the pensionable salary. Increases to pensions in payment are granted in accordance with legal requirements. There is also a heritage plan, based on final pensionable salary, which has been closed to new entrants since 2006.

In the USA, Nestlé's primary pension plan is a pension equity design, under which members earn pension credits each year based on a schedule related to the sum of their age and service with Nestlé. A member's benefit is the sum of the annual pension credits earned, multiplied by an average earning payable as a lump sum. However, in lieu of the lump sum, members have the option of converting the benefit to a monthly pension annuity. The plan does not provide for automatic pension increases and members do not contribute to the plan. This plan was closed to new entrants at the end of 2015 and replaced by a defined contribution scheme. In October 2025, a buyout transaction with a third-party insurance company was completed and USD 453 million (equivalent CHF 377 million) of defined benefit obligations were removed from the Group balance sheet. This transaction did not change the pension benefits provided to pensioners.

Post-employment medical benefits and other employee benefits

Subsidiaries, principally in AMS, maintain medical benefit plans, classified as defined benefit plans under IAS 19, which cover eligible retired employees. The obligations for other employee benefits consist mainly of end-of-service indemnities, which do not have the character of pensions.

Risks related to defined benefit plans

The main risks to which the Group is exposed in relation to operating defined benefit plans are:

- market and liquidity risks: these are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimize the risks, the structure of the portfolios is reviewed and asset-liability matching analyses are performed on a regular basis when relevant.
- mortality risk: the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would generally result in greater payments from the plans and consequent increases in the plans' liabilities. In order to minimize this risk, mortality assumptions are reviewed on a regular basis.

As certain of the Group's pension arrangements permit benefits to be adjusted in the case that downside risks emerge, the Group does not always have full exposure to the risks described above.

Plan amendments and restructuring events

Plans within the Group are regularly reviewed as to whether they are aligned with market practice in the local context. Should a review indicate that a plan needs to be changed, prior agreement with the local governing body, the regulator and, if applicable, the members is sought before implementing plan changes.

In 2025, as in 2024, there were plan amendments and restructuring activities (among others, risk transfer transactions related to medical and retirement liabilities of pensioners) leading to curtailments and settlements, individually not significant, amounting to a net income of CHF 2 million (2024: CHF 1 million net income).

Asset-liability management and funding arrangement

Governing bodies are responsible for determining the mix of asset classes and target allocations of Nestlé's plans with the support of investment advisors and/or local asset management firms. Periodic reviews of the asset mix are made by external parties to assess the adequacy of the portfolio's structure. Such analyses aim at dynamically comparing the fair value of the assets and liabilities in order to determine the most adequate strategic asset allocation.

The overall investment policy and strategy for the Group's funded defined benefit plans are guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. To the extent possible, the risks are shared equally among the different stakeholders. As those risks evolve with the development of capital markets and asset management activities, the Group addresses the assessment and control process of the major investment pension risks. In order to protect the Group's defined benefit plans funding ratio and to mitigate the financial risks, protective measures on the investment strategies are in force. Risks pertaining to sustainability, social and climate factors are also taken into consideration. The Group has a policy guiding the pension plan governing bodies to review the impact of climate risk on their investment portfolios and apply TCFD recommendations in case it is required by local pension legislation.

10.2a Reconciliation of assets and liabilities recognized in the balance sheet

In millions of CHF

	2025			2024		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
Present value of funded obligations	15 973	307	**16 280**	17 321	350	**17 671**
Fair value of plan assets	(18 150)	(123)	**(18 273)**	(18 700)	(138)	**(18 838)**
Excess of liabilities/(assets) over funded obligations	(2 177)	184	**(1 993)**	(1 379)	212	**(1 167)**
Present value of unfunded obligations	654	674	**1 328**	740	671	**1 411**
Unrecognized assets [(a)]	1 107	—	**1 107**	450	—	**450**
Net defined benefit liabilities/(assets)	**(416)**	**858**	**442**	**(189)**	**883**	**694**
Reimbursement rights			**(96)**			**(124)**
Other employee benefit liabilities			**541**			**584**
Net liabilities			**887**			**1 154**
Reflected in the balance sheet as follows:						
Employee benefit assets and reimbursement rights			**(1 412)**			**(1 475)**
Employee benefit liabilities			**2 299**			**2 629**
Net liabilities			**887**			**1 154**

(a) Primarily from Swiss and German pension plans for which the net assets is limited to an amount totaling CHF 186 million as at December 31, 2025 and CHF nil as at December 31, 2024 based on economic benefits allowing an asset to be recognized.

10.2b Funding situation by geographic area of defined benefit plans [(a)]

In millions of CHF

	2025				2024 *			
	EUR	AMS	AOA	**Total**	EUR	AMS	AOA	**Total**
Present value of funded obligations	13 375	2 332	573	**16 280**	14 124	2 921	626	**17 671**
Fair value of plan assets	(15 432)	(2 129)	(712)	**(18 273)**	(15 540)	(2 564)	(734)	**(18 838)**
Excess of liabilities/(assets) over funded obligations	(2 057)	203	(139)	**(1 993)**	(1 416)	357	(108)	**(1 167)**
Present value of unfunded obligations	159	782	387	**1 328**	172	791	448	**1 411**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as of January 1, 2025 (see Note 3).

(a) Before asset ceiling.

10.2c Movement in the present value of defined benefit obligations

In millions of CHF

	2025			2024		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
As at January 1	18 061	1 021	**19 082**	17 797	1 052	**18 849**
of which funded defined benefit plans	17 321	350	**17 671**	17 063	342	**17 405**
of which unfunded defined benefit plans	740	671	**1 411**	734	710	**1 444**
Currency retranslations	(642)	(86)	**(728)**	378	2	**380**
Service cost	343	24	**367**	340	23	**363**
of which current service cost	345	24	**369**	339	25	**364**
of which past service cost and (gains)/losses arising from settlements	(2)	—	**(2)**	1	(2)	**(1)**
Interest expense	541	67	**608**	577	64	**641**
Actuarial (gains)/losses	(346)	62	**(284)**	152	(2)	**150**
Employee contributions	109	—	**109**	110	—	**110**
Benefits paid on funded defined benefit plans	(1 370)	(30)	**(1 400)**	(1 194)	(34)	**(1 228)**
Benefits paid on unfunded defined benefit plans	(59)	(77)	**(136)**	(94)	(84)	**(178)**
Classification (to)/from held-for-sale and change of scope of consolidation, net	(8)	—	**(8)**	(1)	—	**(1)**
Transfer from/(to) defined contribution plans	(2)	—	**(2)**	(4)	—	**(4)**
As at December 31	**16 627**	**981**	**17 608**	**18 061**	**1 021**	**19 082**
of which funded defined benefit plans	15 973	307	**16 280**	17 321	350	**17 671**
of which unfunded defined benefit plans	654	674	**1 328**	740	671	**1 411**

10.2d Movement in fair value of defined benefit plan assets

In millions of CHF

	2025			2024		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
As at January 1	(18 700)	(138)	**(18 838)**	(18 158)	(129)	**(18 287)**
Currency retranslations	586	14	**600**	(374)	(8)	**(382)**
Interest income	(579)	(6)	**(585)**	(603)	(7)	**(610)**
Actual return on plan assets, excluding interest income	(183)	(3)	**(186)**	(178)	—	**(178)**
Employee contributions	(109)	—	**(109)**	(110)	—	**(110)**
Employer contributions	(556)	(20)	**(576)**	(490)	(28)	**(518)**
Benefits paid on funded defined benefit plans	1 370	30	**1 400**	1 194	34	**1 228**
Administration expenses	19	—	**19**	19	—	**19**
Classification (to)/from held-for-sale and change of scope of consolidation, net	2	—	**2**	—	—	**—**
As at December 31	**(18 150)**	**(123)**	**(18 273)**	**(18 700)**	**(138)**	**(18 838)**

The major classes of plan assets as a percentage of total plan assets of the Group's defined benefit plans are as follows:

	2025	2024
Equities (a)	21%	21%
of which US equities	4%	4%
of which European equities	14%	13%
of which other equities	3%	4%
Debts	55%	55%
of which government debts (a)	35%	34%
of which corporate debts (b)	20%	21%
Real estate (b)	12%	13%
Alternative investments (b)	9%	9%
of which hedge funds	2%	2%
of which private equities	5%	6%
of which infrastructure	2%	1%
Cash/deposits	3%	2%

(a) Almost all have a quoted market price in an active market.
(b) Almost all are either not quoted or are quoted in a market which is not active.

Equities and government debts represent 56% (2024: 55%) of the plan assets. Almost all of them are quoted in an active market. Corporate debts, real estate, hedge funds, private equities and infrastructure represent 41% (2024: 43%) of the plan assets. Almost all of them are either not quoted or quoted in a market which is not active.

In 2025, the plan assets of funded defined benefit plans do not include property occupied by subsidiaries (2024: fair value of CHF 3 million). Furthermore, funded defined benefit plans may invest in Nestlé S.A. (or related) shares. The Group's investment management principles allow such investment only when the position in Nestlé S.A. (or related) shares is passive, i.e. in line with the weighting in the underlying benchmark. There was no direct active investment as at the end of 2025 and 2024.

The Group expects to contribute CHF 188 million to its funded defined benefit plans in 2026.

10.2e Unrecognized assets

Movements of unrecognized assets and fair value of plan assets including asset ceiling are as follows:

In millions of CHF

			2025			2024
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
As at January 1	450	—	**450**	765	3	**768**
Currency retranslations	(9)	—	**(9)**	4	—	**4**
Limitation of interest income	17	—	**17**	21	—	**21**
Changes due to asset ceiling	649	—	**649**	(340)	(3)	**(343)**
As at December 31	**1 107**	**—**	**1 107**	**450**	**—**	**450**

The maximum economic benefit available was determined in the form of both refunds and reduction in future contributions.

In millions of CHF

			2025			2024
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
Fair value of plan assets as at December 31						
Excluding limit on asset recognition	(18 150)	(123)	**(18 273)**	(18 700)	(138)	**(18 838)**
Asset ceiling	1 107	—	**1 107**	450	—	**450**
Including limit on asset recognition	**(17 043)**	**(123)**	**(17 166)**	**(18 250)**	**(138)**	**(18 388)**

10.2f Expenses recognized in the income statement

In millions of CHF

	2025			2024		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
Service cost	343	24	**367**	340	23	**363**
Net interest (income)/expenses	(21)	61	**40**	(5)	57	**52**
Administration expenses	19	—	**19**	19	—	**19**
Defined benefit expenses	**341**	**85**	**426**	**354**	**80**	**434**
Defined contribution expenses			**412**			**405**
Total			**838**			**839**

10.2g Remeasurement of defined benefit plans reported in other comprehensive income

In millions of CHF

	2025			2024		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**	Defined benefit retirement plans	Post-employment medical benefits and other benefits	**Total**
Actual return on plan assets, excluding interest income	183	3	**186**	178	—	**178**
Experience adjustments on plan liabilities	(225)	(52)	**(277)**	(373)	(67)	**(440)**
Change in demographic assumptions on plan liabilities	(36)	(2)	**(38)**	79	(11)	**68**
Change in financial assumptions on plan liabilities	607	(8)	**599**	142	80	**222**
Transfer from/(to) unrecognized assets and other	(649)	—	**(649)**	340	3	**343**
Remeasurement of defined benefit plans – actuarial gains/(losses)	**(120)**	**(59)**	**(179)**	**366**	**5**	**371**

10.2h Principal financial actuarial assumptions

The principal financial actuarial assumptions are presented by geographic area. Each item is a weighted average in relation to the relevant underlying component.

				2025				2024 *
	EUR	AMS	AOA	**Total**	EUR	AMS	AOA	**Total**
Discount rates	2.8%	6.4%	5.6%	**3.6%**	2.5%	6.3%	5.6%	**3.4%**
Expected rates of salary increases	1.9%	3.9%	4.6%	**2.5%**	2.0%	3.6%	4.6%	**2.6%**
Expected rates of pension adjustments	0.9%	0.4%	1.5%	**0.8%**	1.0%	0.3%	1.6%	**0.9%**
Medical cost trend rates (a)		6.7%		**6.6%**		6.7%		**6.7%**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as of January 1, 2025 (see Note 3).

(a) Medical cost trend rates represent the expected medical cost trend rates for next year for AMS. The main plans are in USA where the medical cost trend rate is assumed to decrease to 4.5% by 2036, and in Brazil with an estimated long-term average increase of 6.6%. Some non-material post-employment medical plans in EUR and AOA have only been included in the Total.

10.2i Mortality tables and life expectancies by geographic area for the Group's major defined benefit pension plans

Expressed in years

		2025	2024	2025	2024
Country	Mortality table		Life expectancy at age 65 for a male member currently aged 65		Life expectancy at age 65 for a female member currently aged 65
EUR					
Switzerland	LPP 2020	22.0	21.9	23.8	23.7
United Kingdom	S4PA	21.3	20.6	23.4	22.4
Germany	Heubeck Richttafeln 2018	21.7	21.6	24.0	23.9
AMS					
USA	Pri-2012	20.8	20.7	22.8	22.7

Life expectancy is reflected in the defined benefit obligations by using the best estimate of the mortality of plan members. When appropriate, base tables are adjusted to take into consideration expected changes in mortality, e.g. allowing for future longevity improvements.

10.2j Sensitivity analyses on present value of defined benefit obligations by geographic area

The table below gives the present value of the defined benefit obligations when major assumptions are changed.

In millions of CHF

		EUR	AMS	AOA	Total
2025	As reported	13 534	3 114	960	**17 608**
	Discount rates				
	Increase of 50 basis points	12 747	2 975	928	**16 650**
	Decrease of 50 basis points	14 412	3 267	995	**18 674**
	Expected rates of salary increases				
	Increase of 50 basis points	13 586	3 145	981	**17 712**
	Decrease of 50 basis points	13 485	3 085	940	**17 510**
	Expected rates of pension adjustments				
	Increase of 50 basis points	14 119	3 129	976	**18 224**
	Decrease of 50 basis points	13 332	3 108	946	**17 386**
	Medical cost trend rates				
	Increase of 50 basis points	13 534	3 128	961	**17 623**
	Decrease of 50 basis points	13 534	3 101	959	**17 594**
	Mortality assumption				
	Setting forward the tables by 1 year	13 103	3 075	948	**17 126**
	Setting back the tables by 1 year	13 965	3 152	972	**18 089**
2024 *	As reported	14 296	3 712	1 074	**19 082**
	Discount rates				
	Increase of 50 basis points	13 435	3 555	1 038	**18 028**
	Decrease of 50 basis points	15 263	3 880	1 112	**20 255**
	Expected rates of salary increases				
	Increase of 50 basis points	14 358	3 740	1 097	**19 195**
	Decrease of 50 basis points	14 240	3 686	1 052	**18 978**
	Expected rates of pension adjustments				
	Increase of 50 basis points	14 929	3 743	1 093	**19 765**
	Decrease of 50 basis points	14 091	3 706	1 056	**18 853**
	Medical cost trend rates				
	Increase of 50 basis points	14 298	3 725	1 075	**19 098**
	Decrease of 50 basis points	14 296	3 700	1 072	**19 068**
	Mortality assumption				
	Setting forward the tables by 1 year	13 824	3 662	1 059	**18 545**
	Setting back the tables by 1 year	14 772	3 762	1 086	**19 620**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as of January 1, 2025 (see Note 3).

All sensitivities are calculated using the same actuarial method as for the disclosed present value of the defined benefit obligations at year-end.

10.2k Weighted average duration of defined benefit obligations by geographic area

Expressed in years

	2025				2024 *			
	EUR	AMS	AOA	**Total**	EUR	AMS	AOA	**Total**
As at December 31	12.6	9.9	9.0	**12.0**	13.1	9.3	9.2	**12.1**

* 2024 figures restated following the combination of Zone North America and Zone Latin America to form Zone Americas and Zone Greater China becoming part of Zone AOA, as of January 1, 2025 (see Note 3).

11. Provisions and contingencies

Provisions

Provisions comprise liabilities of uncertain timing or amount that arise from restructuring plans, environmental, litigation and other risks. Provisions are recognized when a legal or constructive obligation stemming from a past event exists and when the future cash outflows can be reliably estimated. Provisions are measured at the present value of the expenditures unless the impact of discounting is immaterial. Obligations arising from restructuring plans are recognized when detailed formal plans have been established and when there is a valid expectation that such plans will be carried out by either starting to implement them or announcing their main features. Obligations under litigation reflect Group Management's best estimate of the outcome based on the facts known at the balance sheet date.

Contingent assets and liabilities

Contingent assets and liabilities are possible rights and obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Group.

11.1 Provisions

In millions of CHF

	Restructuring	Environmental	Legal and indirect tax	Other	Total
As at January 1, 2025	665	67	819	400	**1 951**
Currency retranslations	(17)	(3)	(40)	(21)	**(81)**
Provisions made during the year [(a)]	308	31	281	193	**813**
Amounts used	(258)	(6)	(164)	(59)	**(487)**
Reversal of unused amounts	(112)	(16)	(152)	(86)	**(366)**
Change of scope of consolidation	—	—	—	—	**—**
As at December 31, 2025	**586**	**73**	**744**	**427**	**1 830**
of which expected to be settled within 12 months					**850**
As at January 1, 2024	669	60	807	442	**1 978**
Currency retranslations	15	—	(59)	7	**(37)**
Provisions made during the year [(a)]	334	16	311	186	**847**
Amounts used	(304)	(6)	(129)	(137)	**(576)**
Reversal of unused amounts	(49)	(3)	(111)	(160)	**(323)**
Change of scope of consolidation	—	—	—	62	**62**
As at December 31, 2024	**665**	**67**	**819**	**400**	**1 951**
of which expected to be settled within 12 months					**865**

(a) Including discounting of provisions.

Restructuring

Restructuring provisions arise from a number of projects across the Group. These include plans to optimize production, sales and administration structures, mainly allocated to Zone EUR and Zone AOA. Restructuring provisions are expected to result in future cash outflows when implementing the plans (usually over one to three years).

Legal and indirect tax

Legal provisions have been established to cover legal and administrative settlements that arise in the course of business. Indirect tax provisions include disputes and uncertainties on non-income taxes (mainly VAT and sales taxes). They cover numerous separate cases whose detailed disclosure could be detrimental to the Group's interests. The Group does not believe that any of these cases will have a material adverse impact on its financial position. The timing of outflows is uncertain as it depends upon the outcome of the cases. Group Management does not believe it is possible to make assumptions on the evolution of these cases beyond the balance sheet date.

Other

Other provisions are mainly constituted by onerous contracts and various damage claims that occurred during the year but were not covered by insurance companies. Onerous contracts result from the termination of contracts or supply agreements above market prices in which the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received or for which no benefits are expected to be received.

11.2 Contingencies

The Group is exposed to contingent liabilities amounting to a maximum possible payment of CHF 2507 million (2024: CHF 2195 million), representing possible payments for litigations of CHF 2506 million (2024: CHF 2194 million) and payments for other items of CHF 1 million (2024: CHF 1 million). Possible payments for litigations relate mainly to various investigations as well as labor, civil and tax litigations in Latin America.

With food safety as a primary goal, operating practices at some of Nestlé's natural mineral water production sites may not be in line with the applicable regulatory framework. The Group continues to engage with the relevant authorities to ensure that its operating practices are fully compliant. The Group has not identified material liabilities as at the balance sheet date related to these practices. In this context, no material provisions were recognized nor were material contingent liabilities identified, as it is not possible to quantify any potential future liabilities related to these events.

Contingent assets for litigation claims in favor of the Group amount to a probable recoverable amount of CHF 45 million (2024: CHF 18 million), mainly in Latin America.

12. Financial instruments

Financial assets – classes and categories
The classification of financial assets is generally based on the business model in which a financial asset is managed as well as its contractual cash flow characteristics. The Group classifies financial assets in the following categories:
- measured at amortized cost;
- measured at fair value through the income statement (abbreviated as FVTPL, fair value through profit or loss); and
- measured at fair value through Other comprehensive income (abbreviated as FVOCI).

For an equity investment that is not held for trading, the Group may irrevocably elect to classify it as measured at FVOCI. This election is made at initial recognition on an investment by investment basis.

Financial assets – recognition and derecognition
The settlement date is used for initial recognition and derecognition of financial assets, as these transactions are generally under contracts whose terms require delivery within the time frame established by regulation or convention in the market place (regular-way purchase or sale). Financial assets are derecognized when substantially all of the Group's rights to cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets – measurement
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.

Commercial paper and time deposits are held by the Group's treasury unit in a separate portfolio in order to mitigate the credit risk exposure of the Group and provide interest income. The Group considers that these investments are held within a business model whose objective is achieved by collecting contractual cash flows. The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as measured at amortized cost.

Investments in equities, debt funds, equity funds as well as other financial assets not giving rise on specified dates to cash flows that are solely payments of principal and interest are classified at FVTPL. These investments are mainly related to liquidity management and self-insurance activities.

Financial assets – impairment
The Group assesses whether its financial assets carried at amortized cost and FVOCI are impaired on the basis of expected credit losses (ECL). This analysis requires the identification of significant increases in the credit risk of the counterparties. Considering that the majority of the Group's financial assets are trade receivables, the analysis also integrates statistical data reflecting the past experience of losses incurred due to default, as well as any relevant forward-looking information. See Note 7.1 for impairments related to trade receivables.

The Group measures loss allowances for investments in debt securities and time deposits that are determined to have low credit risk at the reporting date at an amount equal to 12 months' expected credit losses. The Group considers a debt security to have low credit risk when the credit rating is 'investment grade' according to internationally recognized rating agencies.

To assess whether there is a significant increase in credit risk since initial recognition, the Group considers available reasonable and supportive information, such as changes in the credit rating of the counterparty. If there is a significant increase in credit risk, the loss allowance is measured at an amount equal to lifetime expected losses.

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in Other comprehensive income, instead of reducing the carrying amount of the asset.

Impairment losses on other financial assets related to treasury activities are presented under Financial expenses.

The model and some of the assumptions used in calculating these ECLs are key sources of estimation uncertainty.

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 recognized 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 term, using the effective interest rate method. This category includes the following classes of financial liabilities: trade and other payables, commercial papers, bonds, lease liabilities and other 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 the Group is discharged from its obligation, they expire, they are cancelled or they are replaced by a new liability with substantially modified terms.

12.1 Financial assets and liabilities

12.1a By class and by category

In millions of CHF

	2025				2024			
Classes	At amortized cost [a]	At fair value to income statement	At fair value to other comprehensive income	**Total categories**	At amortized cost [a]	At fair value to income statement	At fair value to other comprehensive income	**Total categories**
Cash at bank and in hand	1 634	—	—	**1 634**	2 055	—	—	**2 055**
Commercial paper	2 243	—	—	**2 243**	2 548	—	—	**2 548**
Time deposits	1 279	—	—	**1 279**	1 518	—	—	**1 518**
Bonds and debt funds	—	1 314	1	**1 315**	—	1 916	2	**1 918**
Equity and equity funds	—	342	983	**1 325**	—	426	823	**1 249**
Other financial assets	1 538	537	—	**2 075**	1 586	647	—	**2 233**
Liquid assets [b] and non-current financial assets	6 694	2 193	984	**9 871**	7 707	2 989	825	**11 521**
Trade and other receivables	10 561	—	—	**10 561**	11 251	—	—	**11 251**
Derivative assets [c]	—	524	—	**524**	—	876	—	**876**
Total financial assets	**17 255**	**2 717**	**984**	**20 956**	**18 958**	**3 865**	**825**	**23 648**
Trade and other payables	(20 199)	—	—	**(20 199)**	(22 029)	—	—	**(22 029)**
Financial debt	(57 852)	—	—	**(57 852)**	(63 560)	—	—	**(63 560)**
Derivative liabilities [c]	—	(346)	—	**(346)**	—	(715)	—	**(715)**
Total financial liabilities	**(78 051)**	**(346)**	**—**	**(78 397)**	**(85 589)**	**(715)**	**—**	**(86 304)**
Net financial position	**(60 796)**	**2 371**	**984**	**(57 441)**	**(66 631)**	**3 150**	**825**	**(62 656)**
of which at fair value	—	2 371	984	**3 355**	—	3 150	825	**3 975**

(a) Carrying amount of these instruments is a reasonable approximation of their fair value. For bonds included in financial debt, see Note 12.1d.
(b) Liquid assets are composed of cash and cash equivalents and short-term investments.
(c) Include derivatives held in hedge relationships and those that are undesignated, see Note 12.2d.

12.1b Fair value hierarchy of financial instruments

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

- Level 1: the fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date. Examples include exchange-traded commodity derivatives and financial assets such as investments in equity and debt securities.
- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable market data. Such valuation techniques include discounted cash flows, 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 is determined by discounting estimated future cash flows.
- 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, the Group carries such instruments at cost less impairment, if applicable.

In millions of CHF	2025	2024
Derivative assets	29	446
Bonds and debt funds	838	1 392
Equity and equity funds	169	144
Other financial assets	33	35
Derivative liabilities	(114)	(50)
Prices quoted in active markets (Level 1)	**955**	**1 967**
Derivative assets	484	417
Bonds and debt funds	441	467
Equity and equity funds	951	931
Other financial assets	501	611
Derivative liabilities	(232)	(665)
Valuation techniques based on observable market data (Level 2)	**2 145**	**1 761**
Financial assets	255	247
Valuation techniques based on unobservable input (Level 3)	**255**	**247**
Total financial instruments at fair value	**3 355**	**3 975**

There have been no significant transfers between the different hierarchy levels in 2025 and in 2024.

12.1c Changes in liabilities arising from financing activities

In millions of CHF	2025	2024
As at January 1	(63 876)	(55 489)
Currency retranslations and exchange differences	4 246	(2 184)
Changes in fair value	196	155
Changes arising from acquisition and disposal of businesses and classification to/(from) held-for-sale	85	(87)
Interest (inflows)/outflows on derivatives	(284)	(167)
Increase in lease liabilities	(620)	(771)
Inflows from bonds and other long-term financial debt	(2 803)	(7 992)
Outflows from bonds, lease liabilities and other long-term financial debt	4 408	5 055
(Inflows)/outflows from short-term financial debt	1 036	(2 396)
As at December 31	**(57 612)**	**(63 876)**
of which current financial debt	(11 606)	(11 863)
of which non-current financial debt	(46 246)	(51 697)
of which derivatives hedging financial debt	240	(316)

12.1d Bonds

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	Comments	2025	2024
Nestlé Capital Markets S.A., Switzerland [a]	CHF	600	0.75%	0.69%	2018–2028		601	601
	CHF	675	1.63%	1.65%	2022–2026		675	675
	CHF	475	2.13%	2.15%	2022–2030		474	474
	CHF	350	2.50%	2.46%	2022–2034		351	351
	CHF	360	1.63%	1.67%	2022–2025		—	360
	CHF	260	2.63%	2.57%	2022–2035		261	261
	CHF	310	2.25%	2.18%	2022–2029		311	311
	CHF	300	1.88%	1.87%	2023–2029		300	301
	CHF	450	2.00%	2.01%	2023–2033		450	450
	CHF	400	2.13%	2.06%	2023–2038		403	403
	CHF	155	1.63%	1.65%	2023–2027		155	155
	CHF	215	1.88%	1.83%	2023–2031		216	216
	CHF	210	2.00%	2.01%	2023–2036		210	210
	CHF	200	1.38%	1.41%	2024–2028		200	200
	CHF	225	1.50%	1.51%	2024–2031		225	225
	CHF	480	1.63%	1.60%	2024–2034		481	481
	CHF	330	1.75%	1.72%	2024–2040		331	331
Nestlé Capital Corporation, USA	USD	600	4.65%	4.74%	2024–2029	(c)	475	540
	USD	450	4.75%	4.84%	2024–2031	(c)	355	405
	USD	800	4.88%	4.92%	2024–2034	(c)	633	721
	USD	650	5.10%	5.16%	2024–2054	(c)	511	582
	GBP	400	4.50%	4.64%	2024–2029	(b)	425	451
	GBP	400	4.75%	4.80%	2024–2036	(b)	426	452
	AUD	600	4.60%	4.70%	2024–2029	(b)	317	336
	AUD	600	5.25%	5.33%	2024–2034	(b)	316	335
	USD	175	5.35%	5.37%	2024–2034		139	158
	USD	175	5.26%	5.29%	2024–2031		139	158
	USD	100	4.22%	4.50%	2024–2029		79	89
	USD	100	4.33%	4.63%	2025–2030		78	—
	AUD	400	4.55%	4.62%	2025–2030	(b)	212	—
	AUD	400	5.25%	5.30%	2025–2035	(b)	211	—
Nestlé Holdings, Inc., USA	EUR	850	0.88%	0.92%	2017–2025	(b)	—	800
	CHF	550	0.25%	0.24%	2017–2027	(b)	550	550
	CHF	150	0.55%	0.54%	2017–2032	(b)	150	150
	USD	900	3.50%	3.59%	2018–2025	(c)	—	813
	USD	1 250	3.63%	3.72%	2018–2028	(c)	989	1 126
Subtotal							11 649	13 671

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	Comments	2025	2024
Subtotal from previous page							11 649	13 671
	USD	1 250	3.90%	4.01%	2018–2038	(c)	980	1 116
	USD	2 100	4.00%	4.11%	2018–2048	(c)	1 638	1 865
	USD	750	0.63%	0.77%	2020–2026	(c)	595	677
	USD	1 100	1.00%	1.06%	2020–2027	(c)	871	992
	USD	1 000	1.25%	1.37%	2020–2030	(c)	789	898
	GBP	600	0.63%	0.75%	2021–2025	(b)	—	680
	GBP	400	1.38%	1.46%	2021–2033	(b)	424	450
	USD	300	1.13%	1.19%	2021–2026		238	271
	USD	1 000	1.50%	1.58%	2021–2028	(c)	791	901
	USD	1 000	1.88%	1.91%	2021–2031	(c)	792	902
	USD	500	2.50%	2.55%	2021–2041	(c)	394	449
	USD	500	1.15%	1.22%	2021–2027	(c)	396	451
	USD	500	2.63%	2.69%	2021–2051	(c)	392	446
	CAD	2 000	2.19%	2.23%	2021–2029	(b)	1 157	1 257
	GBP	300	2.13%	2.25%	2022–2027	(b)	320	339
	GBP	600	2.50%	2.53%	2022–2032	(b)	640	679
	USD	750	4.00%	4.07%	2022–2025	(c)	—	677
	USD	500	4.13%	4.20%	2022–2027	(c)	396	451
	USD	500	4.25%	4.31%	2022–2029	(c)	396	451
	USD	1 250	4.30%	4.38%	2022–2032	(c)	987	1 124
	USD	1 000	4.70%	4.76%	2022–2053	(c)	786	895
	USD	1 000	5.25%	5.32%	2023–2026	(c)	793	903
	USD	850	5.00%	5.06%	2023–2028	(c)	673	767
	USD	500	4.95%	5.01%	2023–2030	(c)	396	451
	USD	650	4.85%	4.90%	2023–2033	(c)	514	585
	USD	500	5.00%	5.06%	2023–2028	(c)	396	451
	USD	500	5.00%	5.10%	2023–2030	(c)	395	450
	USD	500	5.00%	5.09%	2023–2033	(c)	394	449
	GBP	400	5.25%	5.39%	2023–2026	(b)	427	453
	GBP	400	5.13%	5.28%	2023–2032	(b)	424	450
Nestlé Finance International Ltd., Luxembourg	EUR	750	1.25%	1.32%	2017–2029		696	703
	EUR	750	1.75%	1.83%	2017–2037		693	699
	EUR	1 000	1.13%	1.27%	2020–2026		931	939
	EUR	1 000	1.50%	1.63%	2020–2030		926	935
	EUR	850	0.13%	0.25%	2020–2027		789	797
Subtotal							33 078	38 674

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	Comments	2025	2024
Subtotal from previous page							33 078	38 674
	EUR	1 000	0.38%	0.56%	2020–2032		920	928
	EUR	500	0.00%	(0.26%)	2020–2025		—	472
	EUR	500	0.00%	0.16%	2020–2033		460	464
	EUR	500	0.38%	0.40%	2020–2040		464	469
	EUR	1 250	0.00%	(0.00%)	2021–2026		1 163	1 176
	EUR	750	0.25%	0.32%	2021–2029		697	704
	EUR	500	0.63%	0.69%	2021–2034		463	468
	EUR	650	0.88%	1.01%	2021–2041		594	599
	EUR	600	0.88%	0.95%	2022–2027		558	564
	EUR	600	1.25%	1.33%	2022–2031		556	562
	EUR	800	1.50%	1.63%	2022–2035		737	743
	EUR	500	3.00%	3.13%	2022–2028		464	468
	EUR	500	3.25%	3.38%	2022–2031		463	467
	EUR	500	3.38%	3.49%	2022–2034		461	466
	EUR	850	3.50%	3.66%	2023–2027		789	796
	EUR	850	3.75%	3.85%	2023–2033		786	794
	EUR	500	3.50%	3.56%	2023–2030		464	469
	EUR	500	3.75%	3.84%	2023–2035		462	467
	GBP	400	5.13%	5.16%	2023–2038		426	452
	EUR	750	3.00%	3.08%	2024–2031		696	703
	EUR	750	3.25%	3.40%	2024–2037		689	695
	EUR	500	2.63%	2.77%	2024–2030		462	467
	EUR	650	3.13%	3.20%	2024–2036		601	607
	EUR	600	2.88%	3.01%	2025–2032		554	—
	EUR	500	3.50%	3.65%	2025–2045		456	—
	CNY	2 000	2.80%	2.82%	2025–2035	(b)	227	—
	EUR	600	3.00%	3.13%	2025–2033		554	—
	EUR	500	3.50%	3.59%	2025–2038		461	—
Nestlé Hungária Kft., Hungary	HUF	115 000	1.75%	1.53%	2021–2028		279	265
Other bonds							1	49
Total carrying amount (*)							**48 985**	**52 988**
of which due within one year							4 823	3 848
of which due after one year							44 162	49 140
Fair value (*) of bonds, based on prices quoted (level 2)							47 250	50 511

(*) Carrying amount and fair value of bonds exclude accrued interest.

(a) During 2025, bonds issued by Nestlé S.A. have been transferred to Nestlé Capital Markets S.A,. an indirect fully owned subsidiary of Nestlé S.A.
(b) Subject to an interest rate and currency swap that creates a liability at fixed rates in the currency of the issuer.
(c) Sold in the United States only to qualified institutional buyers and outside the United States to non-US persons.

Several bonds are hedged by currency and/or interest derivatives. The fair value of these derivatives is shown under derivative assets for CHF 266 million (2024: CHF 84 million) and under derivative liabilities for CHF 144 million (2024: CHF 484 million).

12.2 Financial risks

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk, commodity price risk and equity price risk). This Note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors determines the financial control principles as well as the principles of financial planning. The Chief Executive Officer organizes, manages and monitors all financial risks, including asset and liability matters.

The Asset and Liability Management Committee (ALMC) chaired by the Chief Financial Officer, is the governing body for the establishment and subsequent execution of the Nestlé Group's Financial Asset and Liability Management Policy. It ensures implementation of strategies and achievement of objectives of the Group's financial asset and liabilities management, which are executed by the Center Treasury, the Regional Treasury Centers and, in specific local circumstances, by the subsidiaries. Approved treasury management guidelines define and classify risks as well as determine, by category of transaction, specific approval, execution and monitoring procedures. The activities of the Center Treasury and of the Regional Treasury Centers are monitored by an independent Middle Office, which verifies the compliance of the strategies and/or operations with the approved guidelines and decisions taken by the ALMC.

12.2a 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 Group. Credit risk arises on financial assets (liquid, non-current and derivatives) and on trade and other receivables.

The Group aims to minimize the credit risk of liquid assets, non-current financial assets and derivative assets through the application of 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. The Group avoids the concentration of credit risk on its liquid assets by spreading them over several institutions and sectors.

Trade receivables are subject to credit limits, control and approval procedures in all the subsidiaries. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables (see Note 7.1). Nevertheless, commercial counterparties are constantly monitored in accordance with the same methodology used for financial counterparties.

The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking into account any collateral held or other credit enhancements, is equal to the carrying amount of the Group's financial assets.

Credit rating of financial assets

This includes liquid assets, non-current financial assets and derivative assets. The credit risk of the financial assets is assessed based on the risk of the counterparties, including the associated country risk. The Group uses an internationally recognized credit scale to present the information. The Group deals mainly with financial institutions located in Switzerland, the European Union and North America.

In millions of CHF

	2025	2024
A– and above	6 402	8 559
BBB+, BBB and BBB–	582	583
BB+ and below	1 339	1 268
Not rated [(a)]	2 072	1 987
	10 395	**12 397**

(a) Mainly equity securities and other investments for which no credit rating is available.

12.2b Liquidity risk

Liquidity risk management

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. Such risk may result from inadequate market depth or disruption or refinancing problems. The Group's objective is to manage this risk by limiting exposures to financial instruments that may be affected by liquidity problems and by maintaining sufficient back-up facilities. The Group does not expect any refinancing issues and in October 2025 successfully increased by EUR 2.4 billion and extended the term of both its revolving credit facilities:

- A USD 4.8 billion and EUR 4.9 billion revolving credit facility with an initial maturity date of October 2026. The Group has the ability to convert the facility into a one-year term loan.
- A USD 2.1 billion and EUR 2.2 billion revolving credit facility with a new maturity date of October 2030.

The facilities serve primarily as a backstop to the Group's short-term debt.

Contractual maturities of financial liabilities and derivatives (including interest)

In millions of CHF

	In the first year	In the second year	In the third to the fifth years	After the fifth year	Contractual amount	Carrying amount
2025						
Trade and other payables	**(20 023)**	**(133)**	**(14)**	**(29)**	**(20 199)**	**(20 199)**
Commercial paper [a]	(3 492)	—	—	—	(3 492)	(3 482)
Bonds [a]	(6 118)	(6 054)	(16 483)	(31 795)	(60 450)	(48 985)
Lease liabilities	(674)	(558)	(1 042)	(693)	(2 967)	(2 603)
Other financial debt	(3 073)	(42)	(62)	(7)	(3 184)	(2 782)
Total financial debt	**(13 357)**	**(6 654)**	**(17 587)**	**(32 495)**	**(70 093)**	**(57 852)**
Financial liabilities (excluding derivatives)	**(33 380)**	**(6 787)**	**(17 601)**	**(32 524)**	**(90 292)**	**(78 051)**
Non-currency derivative assets	29	3	6	2	40	40
Non-currency derivative liabilities	(113)	(1)	—	—	(114)	(114)
Gross amount receivable from currency derivatives	29 726	1 047	2 535	3 185	36 493	35 243
Gross amount payable from currency derivatives	(29 482)	(957)	(2 628)	(3 083)	(36 150)	(34 991)
Net derivatives	**160**	**92**	**(87)**	**104**	**269**	**178**
of which derivatives under cash flow hedges [b]	(69)	(1)	—	—	(70)	(70)
2024						
Trade and other payables	**(21 807)**	**(142)**	**(44)**	**(33)**	**(22 026)**	**(22 029)**
Commercial paper [a]	(4 625)	—	—	—	(4 625)	(4 600)
Bonds [a]	(5 246)	(6 397)	(18 362)	(35 816)	(65 821)	(52 988)
Lease liabilities	(1 087)	(977)	(1 770)	(898)	(4 732)	(2 962)
Other financial debt	(2 871)	(139)	(149)	(86)	(3 245)	(3 010)
Total financial debt	**(13 829)**	**(7 513)**	**(20 281)**	**(36 800)**	**(78 423)**	**(63 560)**
Financial liabilities (excluding derivatives)	**(35 636)**	**(7 655)**	**(20 325)**	**(36 833)**	**(100 449)**	**(85 589)**
Non-currency derivative assets	446	3	7	—	456	456
Non-currency derivative liabilities	(50)	—	—	—	(50)	(50)
Gross amount receivable from currency derivatives	28 307	637	3 376	2 909	35 229	33 817
Gross amount payable from currency derivatives	(28 281)	(666)	(3 638)	(3 042)	(35 627)	(34 062)
Net derivatives	**422**	**(26)**	**(255)**	**(133)**	**8**	**161**
of which derivatives under cash flow hedges [b]	465	—	—	—	465	465

(a) Commercial paper of CHF 3470 million (2024: CHF 3958 million) and bonds of CHF 1893 million (2024: CHF 531 million) have maturities of less than three months.
(b) The periods when the cash flow hedges affect the income statement do not differ significantly from the maturities disclosed above.

12.2c Market risk

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

Foreign currency risk

The Group is exposed to foreign currency risk from transactions and translation.

Transactional exposures arise from transactions in foreign currency. They are managed within a prudent and systematic hedging policy in accordance with the Group's specific business needs through the use of currency forwards, futures, swaps and options.

Exchange differences recorded in the income statement represented a loss of CHF 250 million in 2025 (2024: loss of CHF 198 million). They are allocated to the appropriate headings of expenses by function.

Translation exposure arises from the consolidation of the financial statements of foreign operations in Swiss Francs, which can be subject to hedge.

Value at Risk (VaR) based on historic data for a 250-day period and a confidence level of 95% results in a potential one-day loss for currency risk of less than CHF 12 million in 2025 (2024: less than CHF 2 million).

The Group cannot predict future movements in exchange rates, therefore the above VaR neither represents actual losses nor considers the effects of favorable movements in underlying variables. Accordingly, the VaR may only be considered indicative of future movements to the extent that historic market patterns repeat in the future.

Interest rate risk

The Group is exposed primarily to fluctuations in USD and EUR interest rates. Interest rate risk on financial debt is managed based on duration and interest management targets set by the ALMC through the use of fixed-rate debt and interest rate swaps.

Taking into account the impact of interest derivatives, the proportion of financial debt subject to fixed interest rates for a period longer than one year represents 80% (2024: 81%).

Based on the level of Liquid assets and Debt exposed to floating interest rates at year-end, an increase in interest rates of 100 basis points would cause an increase in Net financing cost of CHF 17 million on an annualized basis (2024: an increase in Net financing cost of CHF 18 million).

Price risk

Commodity price risk

Commodity price risk arises from transactions on the world commodity markets to secure supplies of green coffee, cocoa beans, cereals and grains and other commodities necessary for the manufacture of some of the Group's products.

The Group's objective is to minimize the impact of commodity price fluctuations, and this exposure is hedged in accordance with the Nestlé Group's policy on commodity price risk management. The Global Procurement Organization is responsible for managing commodity price risk based on internal directives and centrally determined limits, generally using exchange-traded commodity derivatives. The commodity price risk exposure of future purchases is managed using a combination of derivatives (mainly futures and options) and executory contracts. This activity is monitored by an independent Middle Office. Given the short product business cycle of the Group, the majority of the anticipated future raw material transactions outstanding at the balance sheet date are expected to occur in the next year.

Equity price risk

The Group is exposed to equity price risk on investments. To manage the price risk arising from these investments, the Group diversifies its portfolios in accordance with the guidelines set by the Board of Directors.

12.2d Derivative assets and liabilities and hedge accounting

Derivative financial instruments

The Group's derivatives mainly consist of currency forwards, options and swaps; commodity futures and options and interest rate swaps. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk as described in Note 12.2c Market risk.

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. The Group applies hedge accounting to hedging relationships that meet the qualifying criteria.

Hedge accounting

The Group designates and documents the use of certain derivatives and other financial assets or financial liabilities as hedging instruments against changes in fair value of recognized assets and liabilities (fair value hedges) and highly probable forecast transactions (cash flow hedges), and against the effects of the translation of net investments in foreign operations (net investment 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.

The Group 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.

For the designation of hedging relationships on commodities, the Group applies the component hedging model when the hedged item is separately identifiable and measurable in the contract to purchase the materials.

Fair value hedges

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

Changes in fair value 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.

Cash flow hedges

The Group uses cash flow hedges to mitigate a particular risk associated with a recognized asset or liability or highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and goods, as well as the variability of expected interest payments and receipts.

The effective part of the changes in fair value of hedging instruments is recognized in Other comprehensive income, while any ineffective part is recognized immediately in the income statement. Ineffectiveness for hedges of foreign currency and commodity price risk may result from changes in the timing of the forecast transactions. When the hedged item results in the recognition of a non-financial asset or liability, including acquired businesses, the gains or losses previously recognized in Other comprehensive income are included in the measurement of the cost of the asset or of the liability. Otherwise the gains or losses previously recognized in Other comprehensive income are recognized in the income statement at the same time as the hedged transaction.

Net investment hedges

The Group uses net investment hedges to mitigate translation exposure on its net investments in subsidiaries.

The effective changes in fair values of hedging instruments are transferred directly to other comprehensive income together with gains or losses on the foreign currency translation of the hedged net investments in the foreign operations. The effective results of net investment hedges are recycled to the income statement when the hedged foreign operation is disposed of.

Undesignated derivatives

Derivatives which are not designated in a hedging relationship are classified as undesignated derivatives. They are used in the framework of approved risk management policies.

Derivatives by hedged risks

In millions of CHF

	2025			2024		
	Contractual or notional amounts	Fair value assets	Fair value liabilities	Contractual or notional amounts	Fair value assets	Fair value liabilities
Fair value hedges [(a)]						
Foreign currency and interest rate risk on net financial debt	20 516	386	153	20 225	213	527
Cash flow hedges						
Foreign currency risk on future purchases or sales	11 185	83	68	10 938	194	125
Commodity price risk on future purchases	2 066	29	114	2 340	446	50
Designated in a hedging relationship	**33 767**	**498**	**335**	**33 503**	**853**	**702**
Undesignated derivatives		26	11		23	13
Total derivatives		**524**	**346**		**876**	**715**
Conditional offsets [(b)]						
Derivative assets and liabilities		(92)	(92)		(170)	(170)
Use of cash collateral received or deposited		—	(176)		(233)	(196)
Balances after conditional offsets		432	78		473	349

(a) The carrying amount of the hedged item recognized in the statement of financial position is approximately equal to the notional amounts of the hedging instruments.
(b) Represent amounts that would be offset in case of default, insolvency or bankruptcy of counterparties.

A description of the types of hedging instruments by risk category is included in Note 12.2c Market risk.

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

Impact on the income statement of fair value hedges

The majority of fair value hedges are related to financing activities and are included in Net financing cost.

In millions of CHF

	2025	2024
on hedged items	(158)	314
on hedging instruments	159	(314)

Ineffective results of cash flow and net investment hedges are not significant.

12.2e Capital risk management

The Group's capital risk management is driven by the impact on shareholders of the level of total capital employed. It is the Group's policy to maintain a sound capital base to support the continued development of its business.

The Board of Directors seeks to maintain a prudent balance between different components of the Group's capital. The ALMC monitors the capital structure and net financial debt by currency (see Note 16.5 for the definition of net financial debt).

The operating cash flow-to-net financial debt ratio highlights the ability of a business to repay its debts. As at December 31, 2025, the ratio was 31.0% (2024: 29.8%). The Group's subsidiaries have complied with local statutory capital requirements as appropriate.

13. Taxes

The Group is subject to taxes in different countries all over the world. Taxes and fiscal risks recognized in the Consolidated Financial Statements reflect Group Management's best estimate of the outcome based on the facts known at the balance sheet date in each individual country. These estimates consider, among other items, changes in tax laws and interpretation thereof in the various jurisdictions where the Group operates. Any differences between tax estimates and final tax assessments are charged to the income statement, other comprehensive income statement or equity if appropriate, in the period in which the final assessment is determined.

Taxes include current and deferred taxes on profit as well as actual or potential withholding taxes on current and expected transfers of income from subsidiaries and tax adjustments relating to prior 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.

Deferred taxes are based on the temporary differences that arise when taxation authorities recognize and measure assets and liabilities with rules that differ from the principles of the Consolidated Financial Statements. They also arise on temporary differences stemming from tax losses carried forward and tax credits.

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 rates 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 excluding non-deductible goodwill. Deferred tax assets are recognized on all deductible temporary differences provided that it is probable that future taxable income will be available. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

13.1 Components of taxes recognized in the income statement

In millions of CHF

	2025	2024
Current taxes [(a)]	(2 187)	(2 627)
Deferred taxes	(175)	(809)
Taxes reclassified to other comprehensive income	(221)	234
Taxes reclassified to equity	(57)	(112)
Total taxes	**(2 640)**	**(3 314)**

(a) Current taxes relating to prior years include a tax income of CHF 69 million (2024: tax income of CHF 120 million).

13.2 Reconciliation of taxes recognized in the income statement

In millions of CHF

		2025		2024
Profit before taxes		**10 751**		**13 239**
Expected tax expense at average applicable tax rate [(a)]	19.9%	(2 142)	19.6%	(2 601)
Tax effect of permanent differences	(0.5%)	54	(0.5%)	67
Prior-year taxes	(0.6%)	67	(0.5%)	71
Transfers to unrecognized deferred tax assets	3.4%	(365)	2.6%	(348)
Transfers from unrecognized deferred tax assets	(1.6%)	177	(0.2%)	27
Changes in tax rate and similar on deferred taxes	(0.3%)	29	0.1%	(15)
Withholding tax on transfers of income	3.6%	(385)	3.5%	(461)
Other	0.7%	(75)	0.4%	(54)
Tax expense at effective tax rate	**24.6%**	**(2 640)**	**25.0%**	**(3 314)**

(a) The weighted average applicable tax rate in 2025 increased compared to 2024 as a result of a change in the geographical mix of profits.

The expected tax expense at the weighted average applicable tax rate is the result from applying the domestic statutory tax rates to profits before taxes of each entity in the country in which it operates. For the Group, the weighted average applicable tax rate varies from one year to the other depending on the relative weight of the profit of each individual entity in the Group's profit as well as changes to the statutory tax rates.

13.3 Reconciliation of deferred taxes by type of temporary differences recognized in the balance sheet

In millions of CHF

	Property, plant and equipment	Goodwill and intangible assets	Employee benefits	Working capital, provisions and other	Unused tax losses and unused tax credits	**Total**
As at January 1, 2025	(1 399)	(2 541)	286	634	248	**(2 772)**
Currency retranslations	140	332	(38)	(65)	(8)	**361**
(Expense)/income in income statement	(123)	(282)	(17)	77	(46)	**(391)**
(Expense)/income in other comprehensive income and equity	(7)	—	1	222	—	**216**
Classification (to)/from held-for-sale and change of scope of consolidation	—	1	(1)	(1)	(21)	**(22)**
As at December 31, 2025	**(1 389)**	**(2 490)**	**231**	**867**	**173**	**(2 608)**
As at January 1, 2024	(1 215)	(1 888)	265	820	313	**(1 705)**
Currency retranslations	(60)	(162)	11	(45)	(3)	**(259)**
(Expense)/income in income statement	(88)	(488)	62	(60)	(64)	**(638)**
(Expense)/income in other comprehensive income and equity	(36)	—	(52)	(83)	—	**(171)**
Classification (to)/from held-for-sale and change of scope of consolidation	—	(3)	—	2	2	**1**
As at December 31, 2024	**(1 399)**	**(2 541)**	**286**	**634**	**248**	**(2 772)**

In millions of CHF

	2025	2024
Reflected in the balance sheet as follows:		
Deferred tax assets	946	995
Deferred tax liabilities	(3 554)	(3 767)
Net assets/(liabilities)	**(2 608)**	**(2 772)**

13.4 Unrecognized deferred taxes

As at December 31, 2025, the unrecognized deferred tax assets amount to CHF 1252 million (2024: CHF 1273 million).

The deductible temporary differences as well as the unused tax losses and tax credits for which no deferred tax assets are recognized expire as follows:

In millions of CHF	2025	2024
Within one year	78	81
Between one and five years	516	429
More than five years	4 107	4 277
	4 701	**4 787**

In addition, the Group has unremitted earnings that are either considered indefinitely reinvested in foreign subsidiaries or not. For the component of unremitted earnings which is expected to be repatriated in the foreseeable future and which is subject to withholding and other taxes on remittance, a deferred tax liability has been recorded. The unrecognized deferred tax liability on unremitted earnings that are considered indefinitely reinvested is not significant for the Group as the major part of these earnings is not subject to withholding and other taxes on remittance.

13.5 Developments in international taxation

The Organisation for Economic Co-operation and Development (OECD) initiative to combat base erosion and profit shifting (BEPS) has led to the development of a number of measures which countries have already introduced or plan to introduce. These include the Pillar Two initiative, focused on the introduction of a minimum corporate tax rate, with the possibility of top-up taxes being introduced in cases where jurisdictions do not have the minimum tax rate. Pillar Two legislation has been enacted or substantively enacted in Switzerland and in other jurisdictions where the Group operates. The legislation came into effect for the Group's fiscal year commencing on January 1, 2024.

The assessment of Pillar Two income taxes is based on the latest available information concerning the financial performance of the constituent entities within the Nestlé Group. Based on this assessment, the Pillar Two effective tax rates in the majority of the relevant jurisdictions in which the Group operates exceeds 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply and the Pillar Two effective tax rate is projected to be below 15%. The jurisdictions where the anticipated Pillar Two effective tax rate falls below the minimum rate of 15% are not material for the Group and related top-up taxes had no material impact on the Group.

14. Associates and joint ventures

Associates are companies where the Group has the power to exercise a significant influence but does not exercise control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, and the determination of whether the Group has significant influence requires the exercise of judgment. It may be evidenced when the Group has 20% or more of the voting rights in the investee or has obtained representation on the Board of Directors or otherwise participates in the policy-making process of the investee.

Joint ventures are contractual arrangements over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method. The interest in the associate or joint venture also includes loans which are in substance extensions of the Group's investment in the associate or joint venture. Share of results includes the interest income related to those loans. The net assets and results are adjusted to comply with the Group's accounting policies. The carrying amount of goodwill arising from the acquisition of associates and joint ventures is included in the carrying amount of investments in associates and joint ventures.

In millions of CHF

				2025				2024
	L'Oréal	Other associates	Joint ventures	**Total**	L'Oréal	Other associates	Joint ventures	**Total**
As at January 1	8 701	3 394	2 231	**14 326**	7 840	3 278	1 970	**13 088**
Currency retranslations	(92)	(155)	(39)	**(286)**	87	149	6	**242**
Investments and reclassifications	—	15	140	**155**	—	605	24	**629**
Divestments and reclassifications	—	(378)	(122)	**(500)**	—	(441)	(4)	**(445)**
Share of results and other gains (a)	1 158	(150)	399	**1 407**	1 234	2	264	**1 500**
Impairment	—	(67)	(16)	**(83)**	—	(98)	(1)	**(99)**
Share of other comprehensive income	(64)	1	(87)	**(150)**	270	(35)	4	**239**
Dividends, other distributions and interest received	(710)	(31)	(2 013)	**(2 754)**	(692)	(33)	(34)	**(759)**
Other (b)	(30)	7	4	**(19)**	(38)	(33)	2	**(69)**
As at December 31	**8 963**	**2 636**	**497**	**12 096**	**8 701**	**3 394**	**2 231**	**14 326**

(a) In 2025, includes the excess of the distribution by Froneri over the carrying amount of the investment, for an amount of CHF 281 million.

(b) Other movements of carrying amount of associates and joint ventures relate mainly to the Group's share in other movements included in the associates and joint ventures statement of changes in equity.

In 2025, the dividends, other distributions and interest received in Joint ventures are mainly related to a distribution of CHF 1977 million in cash by Froneri. This exceptional distribution was linked to a corporate debt and equity reorganization. The transaction led to an immaterial increase in the percentage of shares held by Nestlé and joint control was unchanged. The amount of CHF 281 million by which the cash received exceeded the carrying value of the investment was credited to Income from associates and joint ventures (see above). The decrease in Other associates is mainly related to the sale of the participation in Herta (cold cuts and meat–based products in Europe).

In 2024, the increase in investments of Other associates is mainly related to participation in fund raising of IVC Evidensia of CHF 271 million, and to investment into solar energy related partnership in the USA of CHF 161 million. In 2024, the decrease of investments in Other associates relates mainly to reclassifications of participations in associates to financial investments, and non-cash distributions of assets by an associate.

As part of the carrying amount of the investment, the value for Associates and joint ventures as at December 31, 2025 includes loans granted by the Group to Associates and joint ventures of CHF 1657 million (2024: CHF 1699 million). In addition, as at December 31, 2025, the Group has potential commitments to acquire other parties' ownership interests in some associates through put mechanisms, which are exercisable in the future and, in one case, dependent on certain performance conditions.

Income from associates and joint ventures

In millions of CHF

	2025	2024
Share of results and other gains	1 407	1 500
Impairment, net of reversal	(83)	(99)
Profit/(loss) on disposal [(a)]	(181)	(152)
	1 143	**1 249**

(a) In 2024, mainly recycling of cumulative currency translation loss.

14.1 Associate – L'Oréal

The Group holds 107 621 021 shares in L'Oréal (whose ultimate parent company is domiciled in France), the world leader in cosmetics, representing a 20.2% participation in its equity (2024: 107 621 021 shares representing a 20.1% participation).

As at December 31, 2025, the market value of the shares held amounts to CHF 36.7 billion (2024: CHF 34.6 billion).

Summarized financial information of L’Oréal

In billions of CHF

	2025	2024
Total current assets	20.7	15.5
Total non-current assets	36.9	37.5
Total assets	**57.6**	**53.0**
Total current liabilities	14.3	13.8
Total non-current liabilities	10.7	8.0
Total liabilities	**25.0**	**21.8**
Total equity	**32.6**	**31.2**
Total sales	**41.3**	**41.4**
Profit from continuing operations	5.7	6.1
Other comprehensive income	(0.3)	1.3
Total comprehensive income	**5.4**	**7.4**

Reconciliation of the carrying amount

In billions of CHF

	2025	2024
Share held by the Group in the equity of L’Oréal	6.6	6.3
Goodwill and other adjustments	2.4	2.4
Carrying amount of L’Oréal	**9.0**	**8.7**

14.2 Other associates

The Group holds a number of other associates that are individually not significant, the main ones being IVC Evidensia (veterinary services provider in Europe and North America), Lactalis Nestlé Produits Frais (chilled dairy business in Europe) and Sous Chef (fresh food products in North America).

14.3 Joint ventures

The Group holds participations in a number of joint ventures operating in the food and beverage sectors. These joint ventures are individually not significant to the Group, the main ones being Froneri, Cereal Partners Worldwide and European Pizza Group.

14.4 Other information

In 2025, the Group earned CHF 269 million (2024: CHF 270 million) in royalties from joint ventures and associates (see Note 18.2) for the use of its brands, trademarks and other intellectual property.

A list of the principal joint ventures and associates is provided in the section Companies of the Nestlé Group, joint arrangements and associates.

15. Earnings per share

	2025	2024
Basic earnings per share (in CHF)	3.51	4.19
Net profit (in millions of CHF)	9 033	10 884
Weighted average number of shares outstanding (in millions of units)	2 573	2 596
Diluted earnings per share (in CHF)	3.51	4.19
Net profit, net of effects of dilutive potential ordinary shares (in millions of CHF)	9 033	10 884
Weighted average number of shares outstanding, net of effects of dilutive potential ordinary shares (in millions of units)	2 576	2 599
Reconciliation of weighted average number of shares outstanding (in millions of units)		
Weighted average number of shares outstanding used to calculate basic earnings per share	2 573	2 596
Adjustment for share-based payment schemes, where dilutive	3	3
Weighted average number of shares outstanding used to calculate diluted earnings per share	2 576	2 599

16. Cash flow statement

16.1 Operating profit

In millions of CHF

	2025	2024
Profit for the year	9 254	11 174
Income from associates and joint ventures	(1 143)	(1 249)
Taxes	2 640	3 314
Financial income	(300)	(358)
Financial expense	1 826	1 843
	12 277	**14 724**

16.2 Non-cash items of income and expense

In millions of CHF

	2025	2024
Depreciation of property, plant and equipment	3 255	3 110
Impairment of property, plant and equipment	443	436
Amortization of intangible assets	378	472
Impairment of intangible assets	480	144
Net result on disposal of businesses	237	62
Net result on disposal of assets	(35)	(5)
Non-cash items in financial assets and liabilities	135	(82)
Equity compensation plans	134	116
Hyperinflation adjustments and other	(124)	(258)
	4 903	**3 995**

16.3 Decrease/(increase) in working capital

In millions of CHF	2025	2024
Inventories	(605)	(1 256)
Trade and other receivables	20	(355)
Prepayments and accrued income	(30)	(20)
Trade and other payables	664	2 676
Accruals	439	163
	488	**1 208**

16.4 Variation of other operating assets and liabilities

In millions of CHF	2025	2024
Variation of employee benefits assets and liabilities	(271)	(322)
Variation of provisions	(42)	(61)
Other [(a)]	(494)	49
	(807)	**(334)**

(a) Mainly relates to the variation of commodities derivatives settled but not allocated to inventories as these were recognized only after the closing date.

16.5 Reconciliation of free cash flow and net financial debt

In millions of CHF	2025	2024
Operating cash flow	15 904	16 675
Capital expenditure	(4 527)	(5 638)
Expenditure on intangible assets	(384)	(325)
Other investing activities [a]	138	(46)
Exclusion of exceptional distribution by joint venture [b]	(1 977)	—
Free cash flow	**9 154**	**10 666**
Acquisition of businesses	(75)	(809)
Financial liabilities and short-term investments acquired in business combinations	(1)	(100)
Disposal of businesses	(81)	(23)
Financial liabilities and short-term investments transferred on disposal of businesses and reclassification to/(from) held-for-sale	86	13
Acquisition (net of disposal) of non-controlling interests	(1 190)	(27)
(Investments)/divestments, net, in associates and joint ventures	208	(532)
Acquisition (net of disposal) in long-term investments	(70)	—
Dividend paid to shareholders of the parent	(7 849)	(7 816)
Dividend paid to non-controlling interests	(172)	(174)
Purchase (net of sale) of treasury shares	(213)	(4 678)
Increase in lease liabilities	(620)	(771)
Currency retranslations and exchange differences	3 574	(2 111)
Other movements	(105)	(5)
Add back of exceptional distribution by joint venture [b]	1 977	—
(Increase)/decrease of net financial debt	**4 623**	**(6 367)**
Net financial debt at beginning of year	(56 005)	(49 638)
Net financial debt at end of year	**(51 382)**	**(56 005)**
of which		
Current financial debt	(11 606)	(11 863)
Non-current financial debt	(46 246)	(51 697)
Cash and cash equivalents	4 579	5 556
Short-term investments	1 651	2 315
Derivatives [c]	240	(316)

(a) As from 2025, the cash flows related to long-term investments recognized as Financial assets are reported on a new line in the cash flow statement called Acquisition (net of disposal) in long-term investments. In 2024, the movements were included in the line Other investing activities.
(b) The Froneri distribution is not considered part of the free cash flow of the year considering its exceptional nature (see Note 14).
(c) Related to derivatives hedging financial debt included in Derivative assets and Derivative liabilities balances of the Consolidated balance sheet.

16.6 Cash and cash equivalents at end of year

Cash and cash equivalents include cash at bank and in hand and other short-term highly liquid investments with maturities of three months or less from the initial recognition.

In millions of CHF	2025	2024
Cash at bank and in hand	1 634	2 055
Time deposits	1 130	1 404
Commercial paper	1 815	2 097
Cash and cash equivalents as per balance sheet [a]	**4 579**	**5 556**

(a) of which approximately CHF 0.3 billion (2024: CHF 0.3 billion) of cash and cash equivalents in countries where there is limited availability of foreign currency or other legal restrictions resulting in limitations on remittances. These balances remain available for use locally.

17. Equity

17.1 Share capital issued

The ordinary share capital of Nestlé S.A. issued and fully paid is composed of 2 576 520 000 registered shares with a nominal value of CHF 0.10 each (2024: 2 620 000 000 registered shares). Each share confers the right to one vote. No shareholder may be registered with the right to vote for shares which it holds, directly or indirectly, in excess of 5% of the share capital. Shareholders have the right to receive dividends.

The most recent share buyback program of CHF 20 billion started on January 3, 2022 and was completed on December 23, 2024. The share capital changed in 2025 and 2024 as a consequence of this share buyback program. The cancellations of shares were approved at the Annual General Meetings on April 16, 2025 and April 18, 2024. The share capital was reduced by 43 480 000 shares from CHF 262 million to CHF 258 million in 2025 and by 50 000 000 shares from CHF 267 million to CHF 262 million in 2024.

17.2 Conditional share capital

The conditional capital of Nestlé S.A. amounts to CHF 10 million, as in the preceding year. It confers the right to increase the ordinary share capital, through the exercise of conversion or option rights granted in connection with convertible debentures or debentures with option rights or other financial market instruments, by the issue of a maximum of 100 000 000 registered shares with a nominal value of CHF 0.10 each. Thus, the Board of Directors has at its disposal a flexible instrument enabling it, if necessary, to finance the activities of the Company through convertible debentures.

17.3 Treasury shares

Number of shares in millions of units

	2025	2024
Purpose of holding		
Share buyback program	—	43.5
Long-term incentive plans	4.3	3.8
	4.3	**47.3**

As at December 31, 2025, the treasury shares held by the Group represent 0.2% of the share capital (2024: 1.8%). Their market value amounts to CHF 338 million (2024: CHF 3541 million).

17.4 Number of shares outstanding

Number of shares in millions of units

	Shares issued	Treasury shares	**Outstanding shares**
As at January 1, 2025	2 620.0	(47.3)	**2 572.7**
Purchase of treasury shares	—	(1.8)	**(1.8)**
Treasury shares delivered in respect of equity compensation plans	—	1.3	**1.3**
Treasury shares cancelled	(43.5)	43.5	**—**
As at December 31, 2025	**2 576.5**	**(4.3)**	**2 572.2**
As at January 1, 2024	2 670.0	(48.7)	**2 621.3**
Purchase of treasury shares	—	(50.2)	**(50.2)**
Treasury shares delivered in respect of equity compensation plans	—	1.6	**1.6**
Treasury shares cancelled	(50.0)	50.0	**—**
As at December 31, 2024	**2 620.0**	**(47.3)**	**2 572.7**

17.5 Translation reserve and other reserves

The translation reserve and other reserves represent the cumulative amount attributable to shareholders of the parent of items that may be subsequently reclassified to the income statement.

The translation reserve comprises the cumulative gains and losses arising from translating the financial statements of foreign operations that use functional currencies other than Swiss Francs. It also includes the changes in the fair value of hedging instruments used for net investments in foreign operations.

The other reserves mainly comprise the Group's share in the items that may be reclassified subsequently to the income statement by the associates and joint ventures (equity reserves accounted for).

The other reserves also comprise the hedging reserve of the subsidiaries. The hedging reserve consists of the effective portion of the gains and losses on hedging instruments related to hedged transactions that have not yet occurred.

17.6 Retained earnings

Retained earnings represent the cumulative profits as well as remeasurement of defined benefit plans attributable to shareholders of the parent.

17.7 Non-controlling interests

The non-controlling interests comprise the portion of equity of subsidiaries that are not owned, directly or indirectly, by Nestlé S.A. These non-controlling interests are individually not material for the Group.

17.8 Other comprehensive income

In millions of CHF

	Translation reserve	Hedging reserves	Reserves of associates and joint ventures	Retained earnings	**Total equity attributable to shareholders of the parent**	Non-controlling interests	**Total equity**
Currency retranslations							
– Recognized	(3 283)	(1)	—	—	**(3 284)**	(37)	**(3 321)**
– Reclassified to income statement	100	—	—	—	**100**	—	**100**
– Taxes	27	—	—	—	**27**	(4)	**23**
	(3 156)	(1)	—	—	**(3 157)**	(41)	**(3 198)**
Fair value changes on equity instruments							
– Recognized	—	—	—	66	**66**	—	**66**
– Taxes	—	—	—	46	**46**	—	**46**
	—	—	—	112	**112**	—	**112**
Changes in cash flow hedges and cost of hedge reserves							
– Recognized	—	(558)	—	—	**(558)**	—	**(558)**
– Reclassified to income statement	—	(133)	—	—	**(133)**	—	**(133)**
– Taxes	—	151	—	—	**151**	—	**151**
	—	(540)	—	—	**(540)**	—	**(540)**
Remeasurement of defined benefit plans							
– Recognized	—	—	—	(178)	**(178)**	(1)	**(179)**
– Taxes	—	—	—	1	**1**	—	**1**
	—	—	—	(177)	**(177)**	(1)	**(178)**
Share of other comprehensive income of associates and joint ventures							
– Recognized	—	—	(264)	114	**(150)**	—	**(150)**
– Reclassified to income statement	—	—	—	—	**—**	—	**—**
	—	—	(264)	114	**(150)**	—	**(150)**
Other comprehensive income for the year	**(3 156)**	**(541)**	**(264)**	**49**	**(3 912)**	**(42)**	**(3 954)**

In millions of CHF

2024

	Translation reserve	Hedging reserves	Reserves of associates and joint ventures	Retained earnings	**Total equity attributable to shareholders of the parent**	Non-controlling interests	**Total equity**
Currency retranslations							
– Recognized [(a)]	523	(16)	—	—	**507**	10	**517**
– Reclassified to income statement	176	—	—	—	**176**	—	**176**
– Taxes	94	—	—	—	**94**	11	**105**
	793	(16)	—	—	**777**	21	**798**
Fair value changes on equity instruments							
– Recognized	—	—	—	38	**38**	—	**38**
– Taxes	—	—	—	(5)	**(5)**	—	**(5)**
	—	—	—	33	**33**	—	**33**
Changes in cash flow hedges and cost of hedge reserves							
– Recognized	—	1 163	—	—	**1 163**	(1)	**1 162**
– Reclassified to income statement	—	13	—	—	**13**	—	**13**
– Taxes	—	(280)	—	—	**(280)**	—	**(280)**
	—	896	—	—	**896**	(1)	**895**
Remeasurement of defined benefit plans							
– Recognized	—	—	—	374	**374**	(3)	**371**
– Taxes	—	—	—	(53)	**(53)**	—	**(53)**
	—	—	—	321	**321**	(3)	**318**
Share of other comprehensive income of associates and joint ventures							
– Recognized	—	—	14	225	**239**	—	**239**
– Reclassified to income statement	—	—	—	—	**—**	—	**—**
	—	—	14	225	**239**	—	**239**
Other comprehensive income for the year	**793**	**880**	**14**	**579**	**2 266**	**17**	**2 283**

(a) Includes CHF 28 million of effective result of net investment hedges.

17.9 Reconciliation of the other reserves

In millions of CHF

	Hedging reserves	Reserves of associates and joint ventures	**Total**
As at January 1, 2025	598	(235)	**363**
Other comprehensive income for the year	(541)	(264)	**(805)**
Other movements	(225)	—	**(225)**
As at December 31, 2025	**(168)**	**(499)**	**(667)**
As at January 1, 2024	199	(249)	**(50)**
Other comprehensive income for the year	880	14	**894**
Other movements	(481)	—	**(481)**
As at December 31, 2024	**598**	**(235)**	**363**

17.10 Dividend

In accordance with Swiss law, the dividend is treated as an appropriation of profit in the year in which it is approved at the Annual General Meeting and subsequently paid.

The dividend relating to 2024 was paid on April 24, 2025, in accordance with the decision taken at the Annual General Meeting on April 16, 2025. Shareholders approved the proposed dividend of CHF 3.05 per share, resulting in a total dividend of CHF 7849 million.

Dividend payable is not accounted for until it has been ratified at the Annual General Meeting. At the Annual General Meeting on April 16, 2026, a dividend of CHF 3.10 per share will be proposed, resulting in an estimated total dividend of CHF 7987 million. For further details, refer to the Financial Statements of Nestlé S.A.

The Consolidated Financial Statements for the year ended December 31, 2025, do not reflect this proposed distribution, which will be treated as an appropriation of profit in the year ending December 31, 2026.

18. Transactions with related parties

18.1 Compensation of the Board of Directors and the Executive Board

Board of Directors

Members of the Board of Directors receive an annual compensation that varies with the Board and the Committee responsibilities as follows:

- Board members: CHF 280 000;
- members of the Chair's and Corporate Governance Committee: additional CHF 200 000 (Chair: CHF 300 000);
- members of the Compensation Committee, the Nomination Committee and the Sustainability Committee: additional CHF 70 000 (Chair: CHF 150 000); and
- members of the Audit Committee: additional CHF 100 000 (Chair: CHF 150 000).

The fees for the Chair of the Board and the CEO are included in their total compensation.

Half of the compensation is paid through the granting of Nestlé S.A. shares at the ex-dividend closing price. These shares are subject to a three-year blocking period. The full compensation is paid in arrears.

With the exception of the Chair and the CEO, members of the Board of Directors also receive an annual expense allowance of CHF 15 000 each. This allowance covers travel and hotel accommodation in Switzerland, as well as sundry out-of-pocket expenses. For Board members from outside Europe, the Company reimburses additionally their airline tickets. When the Board meets outside of Switzerland, all expenses are borne and paid directly by the Company.

The Chair of the Board is entitled to Nestlé S.A. shares which are blocked for three years.

In millions of CHF

	2025	2024
Chair's compensation	3	3
Other Board members		
Remuneration – cash	3	3
Shares	3	3
Total (a)	**9**	**9**

(a) For the detailed disclosures regarding the remunerations of the Board of Directors that are required by Swiss law, refer to the Compensation Report of Nestlé S.A. with the audited sections highlighted with a blue bar.

Executive Board

The total annual remuneration of the members of the Executive Board comprises a salary, a bonus (based on the achievement of the Group's objectives, the business and functional objectives as well as the Environmental, Social and Governance (ESG) objectives), equity compensation and other benefits. Members of the Executive Board can choose to receive part or all of their bonus in Nestlé S.A. shares* at the average closing price of the last ten trading days of January of the year of the payment of the bonus. The CEO has to take a minimum of 50% in shares. These shares are subject to a three-year blocking period.

In millions of CHF	2025	2024
Remuneration – cash	16	20
Bonus – cash	12	15
Bonus – shares *	2	2
Equity compensation plans (a)	12	28
Pension	3	4
Total (b)	**45**	**69**

(a) Equity compensation plans are equity-settled share-based payment transactions whose cost is recognized over the vesting period as required by IFRS 2 and for 2024 include replacement grants.
(b) For the detailed disclosures regarding the remunerations of the Executive Board that are required by Swiss law, refer to the Compensation Report of Nestlé S.A. with the audited sections highlighted with a blue bar.

* or, in 2024, American Depositary Receipts.

18.2 Transactions with associates and joint ventures

The main transactions with associates and joint ventures are:
- royalties received on brand licensing (see Note 14.4);
- dividends, other distributions and interest received as well as loans granted (see Note 14);
- purchases and sales of finished and unfinished goods.

18.3 Other transactions

- Group's pension plans considered as related parties, refer to Note 10 Employee benefits;
- Directors of the Group: no personal interest in any transaction of significance for the business of the Group.

19. Guarantees

As at December 31, 2025 and December 31, 2024, the Group has no significant guarantees given to third parties.

20. Effects of hyperinflation

The 2025 and 2024 figures include the following countries considered as hyperinflationary economies:
- Argentina;
- Iran;
- Lebanon;
- Türkiye;
- Venezuela;
- Zimbabwe; and
- Ghana and Syria in 2024 only.

None of them has a significant impact on the Group accounts as a result of the application of hyperinflation accounting.

21. Events 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 the Consolidated Financial Statements by the Board of Directors.

At February 18, 2026, the date of approval for issue of the Consolidated Financial Statements by the Board of Directors, the Group has no subsequent events which either warrant a modification of the value of its assets and liabilities, or any additional disclosures.

During the Board of Directors meeting of February 18, 2026, the Board approved the integration of the Nestlé Health Science Globally Managed Business into the Nutrition business of the three geographic Zones. In addition, the disclosure of the analysis by products in the Consolidated Financial Statements will consist of four main categories: Coffee, PetCare, Nutrition, Food & Snacks, with Water & Premium Beverages disclosed separately. Those changes are applicable as from January 1, 2026. They will be reflected in the 2026 Consolidated Financial Statements, and the 2025 comparative figures in Note 3.1 and Note 3.2 will be restated to reflect the new organization.

The Group also initiated discussions early January 2026 with Froneri for the sale of its remaining ice cream businesses.

Companies of the Nestlé Group, joint arrangements and associates

In the context of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the principal affiliated companies are disclosed if they meet at least two of the following three disclosure criteria:

1) The amount exceeds **CHF 40 million or equivalent** on:
   – total sales/services for operating companies;
   – financial/property income for sub-holding, financial and property companies;
   – the share held by the Group in their profit for joint ventures and associates; and/or
2) The amount exceeds **CHF 20 million or equivalent** on:
   – the total balance sheet for affiliated companies;
   – the Group's investment for joint ventures and associates; and/or
3) The average number of employees during the financial year is **equal or greater than 250 FTE.**

Entities directly held by Nestlé S.A. that fall below the disclosure criteria are listed with a °.
A main operating entity in a given country that falls below the disclosure criteria is listed with a [NiM].

All companies listed below are fully consolidated except for:
1) Joint ventures accounted for using the equity method;
2) Joint operations accounted for in proportion to the Nestlé contractual specified share (usually 50%);
3) Associates accounted for using the equity method.

Countries within the continents are listed according to the alphabetical order of the country names.
The percentage of capital shareholding corresponds to voting powers unless stated otherwise.
Δ Companies listed on the stock exchange
◊ Sub-holding, financial and property companies

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Europe						
Austria						
Nespresso Österreich GmbH & Co. OHG		Wien		100%	EUR	35 000
Nestlé Österreich GmbH		Wien		100%	EUR	7 270 000
Azerbaijan						
Nestlé Azerbaijan LLC	°	Baku	<0.1%	100%	USD	200 020
Belarus						
LLC Nestlé Bel	°	Minsk	<0.1%	100%	BYN	410 000
Belgium						
Nespresso Belgique S.A.		Bruxelles		100%	EUR	550 000
Nestlé Belgilux S.A.		Bruxelles		100%	EUR	3 818 140
Bosnia and Herzegovina						
Nestlé Adriatic BH d.o.o.	°	Sarajevo	9.4%	100%	BAM	21 359
Bulgaria						
Nestlé Bulgaria EAD		Sofia		100%	BGN	10 232 418

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Croatia						
Nestlé Adriatic d.o.o.		Zagreb		100%	EUR	1 949 100
Czech Republic						
Nestlé Cesko s.r.o.		Praha		100%	CZK	300 000 000
Tivall CZ, s.r.o.		Krupka		100%	CZK	400 000 000
Denmark						
Nestlé Danmark A/S		Copenhagen		100%	DKK	44 000 000
Finland						
Suomen Nestlé Oy		Espoo		100%	EUR	6 000 000
France						
Centres de Recherche et Développement Nestlé S.A.S.		Issy-les-Moulineaux		100%	EUR	3 138 230
Nespresso France S.A.S.		Paris		100%	EUR	1 360 000
Nestlé Excellence Supports France S.A.S.		Issy-les-Moulineaux		100%	EUR	1 356 796
Nestlé France S.A.S.		Issy-les-Moulineaux		100%	EUR	130 925 520
Nestlé Health Science France S.A.S.		Issy-les-Moulineaux		100%	EUR	57 943 072
Nestlé Holding France S.A.S.	◊	Issy-les-Moulineaux		100%	EUR	2 251 548 192
Nestlé Purina PetCare Commercial Operations France S.A.S.		Issy-les-Moulineaux		100%	EUR	48 666 450
Nestlé Purina PetCare France S.A.S.		Issy-les-Moulineaux		100%	EUR	21 091 872
Nestlé Waters S.A.S.	◊	Issy-les-Moulineaux		100%	EUR	254 825 042
Nestlé Waters EMENA S.A.S.	◊	Issy-les-Moulineaux		100%	EUR	891 145 740
Nestlé Waters Management & Technology S.A.S.		Issy-les-Moulineaux		100%	EUR	10 538 113
Nestlé Waters Marketing & Distribution S.A.S.		Issy-les-Moulineaux		100%	EUR	106 536 520
Nestlé Waters Supply Est S.A.S.		Issy-les-Moulineaux		100%	EUR	159 539 660
Nestlé Waters Supply Sud S.A.S.		Issy-les-Moulineaux		100%	EUR	257 309 106
Cereal Partners France SNC	1)	Issy-les-Moulineaux		50%	EUR	3 000 000
L'Oréal S.A.	Δ3)	Paris		20.2%	EUR	106 756 606
Listed on the Paris stock exchange, market capitalization EUR 195.7 billion, quotation code (ISIN) FR0000120321						
Lactalis Nestlé Produits Frais S.A.S.	3)	Laval		40%	EUR	69 208 832
Georgia						
Nestlé Georgia LLC	NiM	Tbilisi		100%	CHF	700 000
Germany						
Nestlé Deutschland AG		Frankfurt am Main		100%	EUR	214 266 628
Nestlé Product Technology Centre Lebensmittelforschung GmbH		Freiburg i. Br.		100%	EUR	52 000
Nestlé Purina PetCare Deutschland GmbH		Bonn		100%	EUR	30 000
Nestlé Unternehmungen Deutschland GmbH	◊	Frankfurt am Main	15%	100%	EUR	60 000 000
Nestlé Waters Deutschland GmbH		Frankfurt am Main		100%	EUR	10 566 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Greece						
Nestlé Hellas Single Member SA		Maroussi		100%	EUR	5 269 765
Hungary						
Nestlé Hungária Kft.		Budapest		100%	HUF	6 000 000 000
Ireland (Republic of)						
Nestlé (Ireland) Ltd	NiM	Dublin		100%	EUR	180 001 269
Wyeth Nutritionals Ireland Ltd		Askeaton		100%	EUR	8 741 001
Italy						
Nespresso Italiana S.p.A. – Societa Benefit		Assago		100%	EUR	250 000
Nestlé Italiana S.p.A.		Assago		100%	EUR	25 582 492
Nestlé Purina Commerciale Srl		Assago		100%	EUR	1 000 000
Sanpellegrino S.p.A.		San Pellegrino Terme		100%	EUR	58 742 145
Kazakhstan						
Nestlé Food Kazakhstan LLP		Almaty	<0.1%	100%	KZT	91 900
Lithuania						
UAB Nestlé Baltics		Vilnius		100%	EUR	31 856
Luxembourg						
Compagnie Financière du Haut-Rhin Sàrl	◊	Luxembourg		100%	EUR	36 363 636
Nestle Equity Holdings Ltd	°◊	Luxembourg	0.1%	100%	EUR	81 783
Nestlé Finance International Ltd	◊	Luxembourg	100%	100%	EUR	440 000
Nestlé Treasury International S.A.	°◊	Luxembourg	100%	100%	EUR	1 000 000
European Pizza Group Topco Sàrl [(a)]	1)	Luxembourg		44.4%	EUR	1 162 000
Froneri Holdco Sàrl [(a)]	1)	Luxembourg		48.2%	EUR	6 419 798 554
Islay New Group Holding S.A. [(b)]	3)	Luxembourg		21%	GBP	125 211 543
Macedonia						
Nestlé Adriatik Makedonija d.o.o.e.l.	NiM	Skopje-Karpos		100%	MKD	31 060 400
Malta						
Nestlé Malta Ltd	NiM	Lija		100%	EUR	116 470
Moldova						
LLC Nestlé	°	Chișinău	100%	100%	MDL	18 615
Montenegro						
Nestle Adriatic Crna Gora d.o.o.	NiM	Podgorica		100%	EUR	5 307

(a) Voting powers amount to 50%
(b) Voting powers amount to 22.3%

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Netherlands						
MCO Health B.V.		Almere		100%	EUR	418 000
Nespresso Nederland B.V.		Amsterdam		100%	EUR	680 670
Nestlé Nederland B.V.		Amsterdam		100%	EUR	11 346 000
Norway						
AS Nestlé Norge		Bærum		100%	NOK	10 010 000
Poland						
Nestlé Polska S.A.		Warszawa		100%	PLN	42 459 600
Nestlé Purina Manufacturing Operations Poland Sp. Z o.o.		Nowa Wieś Wroclawska		100%	PLN	1 270 923 700
Cereal Partners Poland Torun-Pacific Sp. Z o.o.	1)	Toruń		50%	PLN	14 572 838
Portugal						
Nestlé Global Services Portugal, S.A.		Oeiras		100%	EUR	50 000
Nestlé Portugal, Unipessoal, Lda.		Oeiras		100%	EUR	30 000 000
Romania						
Nestlé Romania S.R.L.		Bucharest		100%	RON	132 906 800
Russia						
Nestlé Kuban LLC		Timashevsk		100%	RUB	21 041 793
Nestlé Rossiya LLC		Moscow		100%	RUB	880 154 115
Serbia (Republic of)						
Nestlé Adriatic S d.o.o., Beograd-Surcin		Beograd-Surcin		100%	RSD	3 413 568 644
Slovak Republic						
Nestlé Slovensko s.r.o.		Prievidza		100%	EUR	13 277 568
Slovenia						
Nestlé Adriatic Trgovina d.o.o.	NiM	Ljubljana		100%	EUR	8 763
Spain						
Nestlé España S.A.		Esplugues de Llobregat		100%	EUR	100 000 000
Nestlé Global Services Spain, S.L.		Esplugues de Llobregat		100%	EUR	3 000
Sweden						
Nestlé Sverige AB		Helsingborg		100%	SEK	20 000 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Switzerland						
Intercona Re AG	◊	Vevey		100%	CHF	35 000 000
Maggi-Unternehmungen AG	◊	Vevey	100%	100%	CHF	100 000
Nestlé Capital Markets SA	◊	Cham		100%	CHF	30 000 000
Nestlé Enterprises SA		Vevey		100%	CHF	3 514 000
Nestlé Nespresso SA		Vevey		100%	CHF	2 000 000
Nestlé Operational Services Worldwide SA		Vevey		100%	CHF	100 000
Nestlé Orange Holdings GmbH	°◊	Cham	100%	100%	CHF	20 000
Nestlé Suisse S.A.	NiM	Vevey		100%	CHF	250 000
Nestlé Waters (Suisse) SA		Henniez		100%	CHF	5 000 000
Nestrade SA		La Tour-de-Peilz		100%	CHF	6 500 000
NTC-Europe S.A.	◊	Vevey		100%	EUR	3 565 000
Nutrition-Wellness Venture SA	°◊	Vevey	100%	100%	CHF	100 000
Société des Produits Nestlé S.A.		Vevey	100%	100%	CHF	8 900 000
Sofinol S.A.		Manno		100%	CHF	3 000 000
CPW Operations S.à r.l.	°1)	La Tour-de-Peilz	50%	50%	CHF	40 000
Türkiye						
Erikli Su ve Mesrubat Sanayi ve Ticaret A.S.		Bursa		100%	TRY	4 320 700 000
Nespresso Turkey Gida Ticaret A.S.		Istanbul		100%	TRY	50 000
Nestlé Türkiye Gida Sanayi A.S.		Istanbul		100%	TRY	5 875 000 000
Ukraine						
LLC Nestlé Ukraine		Kyiv		100%	UAH	6 054 738 025
LLC Technocom		Kharkiv	1%	100%	UAH	845 344 100
United Kingdom						
Lily's Kitchen Ltd		London		100%	GBP	1 164
Mindful Chef Ltd		London		100%	GBP	534
Nespresso UK Ltd		York		100%	GBP	275 000
Nestlé Holdings (UK) PLC	◊	York		100%	GBP	77 940 003
Nestlé Purina UK Commercial Operations Ltd		York		100%	GBP	10 001
Nestlé Purina UK Manufacturing Operations Ltd		York		100%	GBP	44 000 000
Nestlé UK Ltd		York		100%	GBP	129 972 342
Nestlé Waters UK Ltd		York		100%	GBP	642
Tailsco Ltd		London		100%	GBP	17
Vitaflo (International) Ltd		Liverpool		100%	GBP	625 379
Cereal Partners UK	1)	Hertsfordshire		50%	GBP	—

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Africa						
Algeria						
Nestlé Algérie SpA	°	Alger	<0.1%	100%	DZD	650 000 000
Nestlé Industrie Algérie SpA	°	Alger	70%	100%	DZD	769 999 000
Angola						
Nestlé Angola Lda	NiM	Luanda		100%	AOA	1 791 870 000
Burkina Faso						
Nestlé Burkina Faso S.A.		Ouagadougou		100%	XOF	50 000 000
Cameroon						
Nestlé Cameroun S.A.		Douala		100%	XAF	4 323 960 000
Côte d'Ivoire						
Nestlé Côte d'Ivoire S.A.	Δ	Abidjan		88.1%	XOF	5 517 600 000
Listed on the Abidjan stock exchange, market capitalization XOF 235.1 billion, quotation code (ISIN) CI0009240728						
Egypt						
Nestlé Egypt S.A.E.		Giza	100%	100%	EGP	80 722 000
Nestlé Waters Egypt S.A.E.		Cairo		99.8%	EGP	90 140 000
Gabon						
Nestlé Gabon, S.A.	NiM	Libreville		90%	XAF	344 000 000
Ghana						
Nestlé Central and West Africa Ltd		Accra		100%	GHS	733 746 000
Nestlé Ghana Ltd		Accra		76%	GHS	20 100 000
Kenya						
Nestlé Equatorial African Region Ltd	°	Nairobi	100%	100%	KES	132 000 000
Nestlé Kenya Ltd		Nairobi		100%	KES	226 100 400
Mauritius						
Nestlé's Products (Mauritius) Ltd	NiM	Port Louis		100%	MUR	2 488 071
Morocco						
Nestlé Maroc S.A.		El Jadida		94.6%	MAD	156 933 000
Mozambique						
Nestlé Mocambique Lda	°	Maputo	<0.1%	100%	MZN	2 631 711 700
Nigeria						
Nestlé Nigeria Plc	Δ	Ilupeju		70.8%	NGN	396 328 126
Listed on the Nigerian Stock Exchange, market capitalization NGN 1552.0 billion, quotation code (ISIN) NGNESTLE0006						

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Senegal						
Nestlé Sénégal S.A.		Dakar		100%	XOF	1 620 000 000
South Africa						
Nestlé (South Africa) (Pty) Ltd		Johannesburg		100%	ZAR	759 735 000
Zambia						
Nestlé Zambia Trading Ltd	°	Lusaka	0.2%	100%	ZMW	2 317 500
Zimbabwe						
Nestlé Zimbabwe (Private) Ltd		Harare		100%	ZWG	1 005 849 885

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Americas						
Argentina						
Eco de Los Andes S.A.		Buenos Aires		50.9%	ARS	92 524 285
Enzimas S.A.	°	Buenos Aires	0.1%	100%	ARS	50 000 000
Nestlé Argentina S.A.		Buenos Aires	42.8%	100%	ARS	21 833 922 000
Bolivia						
Industrias Alimentícias Fagal S.R.L.		Santa Cruz	0.7%	100%	BOB	256 276 000
Nestlé Bolivia S.A.	NiM	Santa Cruz	<0.1%	100%	BOB	39 863 900
Brazil						
Chocolates Garoto Ltda		Vila Velha		100%	BRL	575 615 927
CRM Industria e Comércio de Alimentos Ltda		Extrema		100%	BRL	239 855 435
Nestlé Brasil Ltda		São Paulo	26.1%	100%	BRL	7 992 916 907
Nestlé Nordeste Alimentos e Bebidas Ltda		Feira de Santana	15.8%	100%	BRL	1 674 270 610
NIBS Participações S.A.		Extrema		100%	BRL	226 812 618
Tradal Brazil Comércio, Importações e Exportações Ltda		São Paulo		100%	BRL	40 375 941
Canada						
Nestlé Canada Inc.		Toronto (Ontario)		100%	CAD	580 001
Cayman Islands						
Hsu Fu Chi International Limited	◊	Grand Cayman		100%	SGD	7 950 000
Chile						
Chocolates del Mundo SpA		Quilicura		99.8%	CLP	8 001 000 000
Nestlé Chile S.A.		Santiago de Chile	99.8%	99.8%	CLP	11 832 926 000
Aguas CCU – Nestlé Chile S.A.	3)	Santiago de Chile		49.8%	CLP	49 799 375 321
Colombia						
Comestibles La Rosa S.A.		Bogotá	<0.1%	100%	COP	126 397 400
Dairy Partners Americas Manufacturing Colombia Ltda		Bogotá		100%	COP	200 000 000
Nestlé de Colombia S.A.		Bogotá	5.5%	100%	COP	1 366 460 300
Nestlé Purina PetCare de Colombia S.A.		Bogotá	<0.1%	100%	COP	17 030 000 000
Costa Rica						
Compañía Nestlé Costa Rica S.A.		Heredia		100%	CRC	18 000 000
Cuba						
Nescor, S.A.	NiM	Artemisa		50.9%	USD	32 200 000
Dominican Republic						
Nestlé Dominicana S.A.		Santo Domingo		99.9%	DOP	1 657 445 000
Silsa Dominicana S.A.	°	Santo Domingo	6%	99.9%	USD	50 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Ecuador						
Industrial Surindu S.A.		Quito	<0.1%	100%	USD	3 000 000
Nestlé Ecuador S.A.		Quito	<0.1%	100%	USD	1 776 760
El Salvador						
Nestlé El Salvador, S.A. de C.V.		San Salvador	<0.1%	100%	USD	4 457 200
Guatemala						
Genoveva, S.A.	°	Ciudad de Guatemala	<0.1%	100%	GTQ	5 264 700
Nestlé Guatemala S.A.		Ciudad de Guatemala	<0.1%	100%	GTQ	123 540 600
Honduras						
Malher de Honduras, S.A. de C.V.	°	Tegucigalpa	0.4%	100%	HNL	25 000
Nestlé Hondureña S.A.		Tegucigalpa		100%	HNL	400 000
Jamaica						
Nestlé Jamaica Ltd		Kingston		100%	JMD	49 200 000
Mexico						
Marcas Nestlé, S.A. de C.V.		Ciudad de México		100%	MXN	500 051 000
Nespresso México, S.A. de C.V.		Ciudad de México		100%	MXN	210 050 000
Nestlé México, S.A. de C.V.		Ciudad de México		100%	MXN	24 721 767 730
Nicaragua						
Compañía Centroamericana de Productos Lácteos, S.A.		Managua		92.6%	NIO	10 293 527
Nestlé Nicaragua, S.A.		Managua		100%	NIO	555 000
Panama						
Nestlé Centroamerica, S.A.		Ciudad de Panamá		100%	PAB	10 588 706
Nestlé Panamá, S.A.		Ciudad de Panamá		100%	PAB	7 911 294
Paraguay						
Nestlé Paraguay S.A.	NiM	Asunción		100%	PYG	100 000 000
Peru						
Nestlé Marcas Perú, S.A.C.		Lima	50%	100%	PEN	5 536 832
Nestlé Perú, S.A.		Lima	99.5%	99.5%	PEN	88 961 741
Puerto Rico						
Swirl, Corp.	NiM	Guaynabo		100%	USD	100
Trinidad and Tobago						
Nestlé Caribbean, Inc.		Valsayn		100%	USD	100 000
Nestlé Trinidad and Tobago Ltd		Valsayn		100%	TTD	35 540 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
United States						
Aimmune Therapeutics, Inc.		Wilmington (Delaware)		100%	USD	1
Blue Bottle Coffee, LLC		Wilmington (Delaware)		100%	USD	0
Essentia Sub, LLC		Wilmington (Delaware)		100%	USD	—
Garden of Life LLC		Wilmington (Delaware)		100%	USD	—
Gerber Products Company		Fremont (Michigan)		100%	USD	1 000
Honey Buyer LLC		Wilmington (Delaware)		100%	USD	—
Malher, Inc.		Stafford (Texas)		100%	USD	1 000
Nespresso USA, Inc.		Wilmington (Delaware)		100%	USD	1 000
Nestlé Capital Corporation	◊	Wilmington (Delaware)		100%	USD	1 000 000
Nestlé HealthCare Nutrition, Inc.		Wilmington (Delaware)		100%	USD	50 000
Nestlé Holdings, Inc.	◊	Wilmington (Delaware)		100%	USD	100 000
Nestlé Nutrition R&D Centers, Inc.		Wilmington (Delaware)		100%	USD	10 000
Nestlé Purina PetCare Company		St. Louis (Missouri)		100%	USD	1 000
Nestlé Purina PetCare Global Resources, Inc.		Wilmington (Delaware)		100%	USD	0
Nestlé R&D Center, Inc.		Wilmington (Delaware)		100%	USD	10 000
Nestlé Regional GLOBE Office North America, Inc.		Wilmington (Delaware)		100%	USD	1 000
Nestlé USA, Inc.		Wilmington (Delaware)		100%	USD	1 000
NHS U.S., LLC		Wilmington (Delaware)		100%	USD	—
Orgain, LLC		Wilmington (Delaware)		91.1%	USD	—
Pure Encapsulations, LLC		Wilmington (Delaware)		100%	USD	—
Vital Proteins LLC		Wilmington (Delaware)		100%	USD	1 000
Vitality Foodservice, Inc.		Dover (Delaware)		100%	USD	1 240
JustFoodForDogs, Inc.	3)	Irvine (California)		28.6%	USD	1 277
Sous Chef TopCo, L.P.	3)	Greenwich (Connecticut)		45.5%	USD	0
Uruguay						
Nestlé del Uruguay S.A.		Montevideo		100%	UYU	375 426 189
Venezuela						
Nestlé Venezuela, S.A.		Caracas	<0.1%	100%	VES	133 274 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Asia						
Afghanistan						
Nestlé Afghanistan Ltd	°	Kabul	100%	100%	USD	1 000 000
Bahrain						
Nestlé Bahrain Trading WLL	NiM	Manama		49%	BHD	200 000
Bangladesh						
Nestlé Bangladesh PLC		Dhaka	99.4%	100%	BDT	100 000 000
Greater China						
Dongguan Hsu Chi Food Co., Limited		Dongguan		100%	HKD	700 000 000
Guangzhou Refrigerated Foods Limited		Guangzhou		95.5%	CNY	390 000 000
Nestlé (China) Limited	◊	Beijing		100%	CNY	3 525 353 500
Nestlé Dongguan Limited		Dongguan		100%	CNY	536 000 000
Nestlé Health Science (China) Limited		Taizhou City		100%	USD	67 240 000
Nestlé Hong Kong Limited		Hong Kong		100%	HKD	250 000 000
Nestlé Nespresso Beijing Limited		Beijing		100%	CNY	7 000 000
Nestlé Purina PetCare Tianjin Limited		Tianjin		100%	CNY	240 000 000
Nestlé Qingdao Limited		Laixi		100%	CNY	930 000 000
Nestlé Shanghai Limited		Shanghai		95%	CNY	200 000 000
Nestlé Shuangcheng Limited		Shuangcheng		97%	CNY	435 000 000
Nestlé Taiwan Limited		Taipei		100%	TWD	100 000 000
Nestlé Tianjin Limited		Tianjin		100%	CNY	785 000 000
Shanghai Nestlé Product Services Limited		Shanghai		100%	CNY	83 000 000
Shanghai Totole First Food Limited		Shanghai		100%	CNY	72 000 000
Shanghai Totole Food Limited		Shanghai		100%	USD	7 800 000
Sichuan Haoji Food Co., Limited		Puge		80%	CNY	80 000 000
Suzhou Hexing Food Co., Limited		Suzhou		100%	CNY	40 000 000
Wyeth (Shanghai) Trading Co., Limited		Shanghai		100%	CNY	15 316 450
Wyeth Nutritional (China) Co., Limited		Suzhou		100%	CNY	900 000 000
India						
Nestlé India Ltd	Δ	New Delhi	34.3%	62.8%	INR	1 928 314 320
Listed on the National Stock Exchange, market capitalization INR 2483.7 billion, quotation code (ISIN) INE239A01024						
Nestlé R&D Centre India Private Ltd		New Delhi	<0.1%	100%	INR	2 101 380 000
Dr. Reddy's and Nestlé Health Science Limited	3)	Hyderabad		30.8%	INR	14 400 000 000
Indonesia						
P.T. Nestlé Indonesia		Jakarta		91.7%	KIDR	152 753 440
P.T. Wyeth Nutrition Sduaenam		Jakarta		91.7%	KIDR	2 500 000
Iran						
Nestlé Iran (Private Joint Stock Company)		Tehrān		95.9%	KIRR	358 538 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Israel						
Materna Industries Limited Partnership		Shoham		100%	ILS	10 000
Nespresso Israel Ltd		Petah Tikva		100%	ILS	1 000
OSEM Nestlé Israel Ltd		Shoham		100%	ILS	110 644 443
Japan						
Blue Bottle Coffee Japan, G.K.		Tokyo	25%	100%	JPY	10 000 000
Nestlé Japan Ltd		Kōbe		100%	JPY	4 000 000 000
Nestlé Nespresso K.K.		Kōbe		100%	JPY	10 000 000
Jordan						
Nestlé Jordan Trading Company Ltd		Amman		87%	JOD	410 000
Korea (Republic of)						
Blue Bottle Coffee Korea Ltd	°	Seoul	25%	100%	KRW	1 785 540 000
Nestlé Korea Yuhan Chaegim Hoesa		Seoul		100%	KRW	15 594 500 000
LOTTE-Nestlé (Korea) Co., Ltd	1)	Cheongju		50%	KRW	100 000 000
Kuwait						
Nestlé Kuwait General Trading Company WLL		Safat	49%	49%	KWD	300 000
Lebanon						
Société pour l'Exportation des Produits Nestlé S.A.		Baabda	100%	100%	CHF	1 750 000
Malaysia						
Nestlé (Malaysia) Bhd.	Δ◊	Petaling Jaya		72.6%	MYR	267 500 000
Listed on the Kuala Lumpur stock exchange, market capitalization MYR 26.7 billion, quotation code (ISIN) MYL4707OO005						
Nestlé Asean (Malaysia) Sdn. Bhd.		Petaling Jaya		72.6%	MYR	42 000 000
Nestlé Manufacturing (Malaysia) Sdn. Bhd.		Petaling Jaya		72.6%	MYR	132 500 000
Nestlé Products Sdn. Bhd.		Petaling Jaya		72.6%	MYR	28 500 000
Myanmar						
Nestlé Myanmar Limited	NiM	Yangon		98.6%	USD	41 082 730
Oman						
Nestlé Oman Trading LLC		Muscat		49%	OMR	300 000
Pakistan						
Nestlé Pakistan Ltd	Δ	Lahore		61.6%	PKR	453 495 840
Listed on the Pakistan Stock Exchange, market capitalization PKR 360.6 billion, quotation code (ISIN) PK0025101012						
Palestinian Territories						
Nestlé Trading Private Limited Company	°	Bethlehem	97.5%	97.5%	JOD	200 000

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Philippines						
Nestlé Integrated Business Services AOA, Inc.	°	Bulacan		100%	PHP	70 000 000
Nestlé Philippines, Inc.		Cabuyao		100%	PHP	2 300 927 400
Wyeth Philippines, Inc.		Makati City		100%	PHP	743 134 900
Qatar						
Nestlé Qatar Trading LLC		Doha	49%	49%	QAR	1 680 000
Saudi Arabia						
Al Manhal Water Factory Co. Ltd		Riyadh		90%	SAR	10 213 000
Nestlé Central Arabia Regional Headquarters		Jeddah	100%	100%	SAR	100 000
Nestlé Saudi Arabia LLC		Jeddah		75%	SAR	27 000 000
Singapore						
Nestlé Singapore (Pte) Ltd		Singapore		100%	SGD	1 000 000
Nestlé TC Asia Pacific Pte Ltd	◊	Singapore		100%	JPY	10 000 000 000
					SGD	2
Wyeth Nutritionals (Singapore) Pte Ltd		Singapore		100%	SGD	120 506 420
Sri Lanka						
Nestlé Lanka Limited		Colombo	100%	100%	LKR	537 254 630
Syria						
Nestlé Syria S.A.	NiM	Damascus		100%	SYP	800 000 000
Thailand						
Nestlé (Thai) Ltd		Bangkok	<0.1%	100%	THB	940 000 000
Nestlé Roh (Thailand) Ltd	°	Bangkok	<0.1%	100%	THB	250 000 000
Perrier Vittel (Thailand) Ltd		Bangkok		100%	THB	235 000 000
United Arab Emirates						
Nespresso Nul LLC		Dubai		100%	AED	300 000
Nestlé Dubai Manufacturing LLC		Dubai		100%	AED	300 000
Nestlé Middle East FZE		Dubai		100%	AED	3 000 000
Nestlé Middle East Manufacturing LLC		Dubai		100%	AED	300 000
Nestlé Treasury Centre-Middle East & Africa Ltd	◊	Dubai		100%	USD	2 997 343 684
Nestlé UAE LLC		Dubai		49%	AED	2 000 000
Nestlé Waters Factory H&O LLC		Dubai		51%	AED	71 886 000
Uzbekistan						
Nestlé Food MChJ XK		Tashkent	<0.1%	100%	UZS	12 922 977 969
Vietnam						
La Vie Limited Liability Company		Tay Ninh		65%	USD	2 663 400
Nestlé Vietnam Ltd		Bien Hoa	100%	100%	KVND	1 261 151 498

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Oceania						
Australia						
Nestlé Australia Ltd		Sydney		100%	AUD	274 000 000
Cereal Partners Australia Pty Ltd	1)	Sydney		50%	AUD	107 800 000
Fiji						
Nestlé (Fiji) Pte Ltd	NiM	Lami		100%	FJD	3 677 000
French Polynesia						
Nestlé Polynésie S.A.S.	NiM	Papeete		100%	XPF	5 000 000
New Caledonia						
Nestlé Nouvelle-Calédonie S.A.S.	NiM	Nouméa		100%	XPF	64 000 000
New Zealand						
Nestlé New Zealand Limited		Auckland		100%	NZD	59 800 000
Papua New Guinea						
Nestlé (PNG) Ltd		Lae		100%	PGK	11 850 000

Technical assistance, research and development units

All scientific research and technological development is undertaken in a number of dedicated centres, specialized as follows:

Technical Assistance centre	TA
Development centres	D
Research centres	R
Research & Development centres	R&D
Product Technology centres	PTC

The Technical Assistance centre is Société des Produits Nestlé S.A. (SPN), a technical, scientific, commercial and business assistance company. The units of SPN, specialized in all areas of the business, supply permanent know-how and assistance to operating companies in the Group within the framework of licence and equivalent contracts. SPN is also responsible for all scientific research and technological development, which it undertakes itself or through affiliated companies.
The centres involved are listed below:

	City of operations	
Switzerland		
Nestlé Research	Ecublens	R
Nestlé Product Technology Centre Coffee	Orbe	PTC
Nestlé Product Technology Centre Nutrition	Konolfingen	PTC
Nestlé Product Technology Centre Nestlé Professional	Orbe	PTC
Nestlé Research	Lausanne	R
Nestlé System Technology Centre	Orbe	R and PTC
Société des Produits Nestlé S.A.	Vevey	TA
Chile		
Nestlé Development Centre	Santiago de Chile	D
Côte d’Ivoire		
Nestlé R&D Centre	Abidjan	R&D
France		
Nestlé Development Centre	Lisieux	D
Nestlé Product Technology Centre Waters	Vittel	PTC
Nestlé R&D Centre	Aubigny	D
Nestlé Research	Tours	R
Germany		
Nestlé Product Technology Centre Food	Singen	PTC
Greater China		
Nestlé R&D Centre	Beijing	R&D

		City of operations				
India						
Nestlé Development Centre		Gurgaon			D	
Singapore						
Nestlé R&D Centre		Singapore			R&D	
United Kingdom						
Nestlé Product Technology Centre Confectionery		York			PTC	
United States						
Nestlé Development Centre		Fremont (Michigan)			D	
Nestlé Development Centre		Marysville (Ohio)			D	
Nestlé Development Centre		Solon (Ohio)			D	
Nestlé Product Technology Centre Nestlé Health Science		Bridgewater (New Jersey)			PTC	
Nestlé Product Technology Centre PetCare		St. Louis (Missouri)			PTC	
Nestlé R&D Centre		St. Joseph (Missouri)			R&D	

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To the General Meeting of
Nestlé S.A., Cham & Vevey

Lausanne, 18 February 2026

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Nestlé S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 80 to 180) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Measurement of revenue as it relates to trade spend

Risk	As described in Notes 1 and 3 of the consolidated financial statements, revenue from the sale of goods is recognized when control of the goods has transferred to the customer and is measured net of discounts, allowances and promotional rebates (collectively ‘trade spend’). For certain trade spend arrangements settled retrospectively, management estimates the level of trade spend using judgments based on historical experience and the specific terms of the agreements with the customers. The measurement of revenue, therefore, involves estimates related to various arrangements with a broad customer base across different countries. Organic growth, which represents sales growth after removing the impact of acquisitions and divestitures and exchange rate movements, is an important component in the determination of measurable financial objectives linked to management incentive schemes. There is a risk of revenue being misstated, through error, misinterpretation or misapplication of accounting standards and policies or intentional manipulation, as a result of the pressure that local management may feel to achieve organic growth targets. The nature of the misstatements may include management bias in determining the estimated accrual and related income statement impact and unrecorded accruals resulting in understatement of liability/expense. We deemed the measurement of trade spend to be a key audit matter due to the materiality and complexity in estimating the amount of trade spend that is ultimately claimed by customers. The estimates require the use of assumptions that are complex, given the high volume and diversity of trade spend arrangements

as well as the uncertainty related to future outcomes, including changes in buying patterns resulting from the current economic environment.

Our audit response	Our audit procedures included the following: **Accounting policies:** We assessed the Group's revenue recognition accounting policies, including the recognition and classification criteria for trade spend. **Processes and controls:** We gained an understanding of the types of arrangements, processes, systems and internal controls related to trade spend. **Data analytics:** We evaluated quarterly trends of sales and trade spend. We performed relationship analysis focused on the change in trade spend as a percentage of sales to assess the level of trade spend by category, and by customer, in the context of the local markets. For a sample of trade spend, we considered if those items were classified according to the Group's accounting policies. **Test of details:** For a sample of trade spend arrangements, we reconciled key inputs and assumptions used in the estimates with internal and external sources of information, such as the contracts with the relevant customers or other third-party support. We recalculated the accrual and income statement amounts to test mathematical accuracy. We reviewed manual journal entries impacting trade spend to identify significant or unusual items and obtained underlying documentation. We assessed the ageing of trade spend accruals. We tested transactions with customers recorded after the reporting date to assess the completeness of accruals and whether recorded in the correct period. **Assessing disclosure:** We assessed the disclosure provided in Note 1 and Note 3 of the consolidated financial statements in relation to the relevant accounting standards.

Our results: Our audit procedures did not lead to any reservations concerning the trade spend accrual and related net revenue recognized.

Carrying value of goodwill and indefinite useful life intangibles assets	
Risk	As described in Notes 1 and 9 of the consolidated financial statements, the Company has CHF 27.6 billion of goodwill and CHF 14.5 billion of indefinite useful life intangible assets, the sum of which represents 33% of total assets and 128% of equity. For all cash generating units (CGUs) with goodwill and for indefinite useful life intangible assets, indicators of impairment are assessed at each reporting date and an impairment test is performed at least annually. In 2025, due to increased sensitivity, management has placed additional focus on the Nestlé Health Science CGU, mainly related to the performance of The Bountiful Company (TBCo) business. The sensitivity analysis is disclosed in Note 9 of the consolidated financial statements. The assessment of indicators of impairment and impairment testing are subjective in nature. The recoverability of goodwill and indefinite useful life intangible assets is assessed using forecasted financial information within a discounted cash flow model. The recoverable amount is sensitive to changes in key assumptions, including sales growth, operating margins, discount and terminal growth rates. The inputs, including the impacts that climate risks and environmental commitments may have on future cashflows, as well as allocation of assets to CGUs, are subject to management judgment.

Our audit response Our audit procedures included the following:

Determination of cash generating units (CGUs): We gained an understanding of management's judgements with respect to the determination of CGUs, including the changes to the CGUs caused by the re-organization of the geographical zones and creation of the new Nestlé Waters & Premium Beverages Globally Managed Business, which were effective 1 January 2025. We gained an understanding of the judgements and inputs applied in the allocation of assets to CGUs and recalculated key inputs. We assessed the determination of CGUs and the allocation of assets to those CGUs.

Process and controls: We gained an understanding of the impairment process and confirmed the existence of key controls.

Historical comparisons and current context: We obtained an understanding of the current macro-economic context on forecasted financial information and the outlook for each CGU through both external research and discussions with selected stakeholders within the Group. We compared the forecasted financial information (sales growth and operating margins) with historical data. Where the forecasted financial information differed from our expectations given the current context and historical data, we obtained supporting explanations.

We obtained an understanding of how management considered climate change risks, including transition and physical risks, in the future cashflows of its CGUs. With assistance from our sustainability specialists, we challenged management's assessment and the consistency of potential climate risks across the CGUs as it related to sales growth and operating margin evolution. We evaluated any adjustments made to sales growth, annual operating margin evolution, and terminal growth rates in the impairment models and performed additional sensitivities over these assumptions where needed. Additionally, we gained an understanding of how management used information prepared in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) framework (as described in Note 9). We assessed the consistency of information used, including the scenario analyzed and the probability weighting used and recalculated the allocation of the potential climate transition risk.

Personnel interviews: Forecasted financial information (sales growth and operating margins) is forecasted bottom-up and reviewed centrally. We compared judgments made and information obtained both at the local level and at Group level for consistency. We assessed and challenged assumptions with reference to information from market research and perspectives from product category, Zone and Globally Managed Business leadership.

Assessment of methodology: With the assistance of our valuation specialists, we replicated management's impairment models and tested the mathematical accuracy. Further, we assessed the appropriateness of the methodology used and the consistent application thereof to the CGUs tested.

Evaluation of technical parameters: We independently derived a range of weighted average cost of capital (WACC) and terminal growth rates, with the assistance of our valuation specialists, compared these to those calculated by the Group and identified differences in assumptions between the two calculations. We challenged the Group on such differences and assessed the discount rates in relation to other key inputs, including whether the uncertainty with respect to future cashflows is adequately considered.

Sensitivity analysis: Using data analytics, we performed sensitivity analysis around the key assumptions such as sales growth rate, operating margin, terminal growth rate, and WACC. We focused on those assumptions and CGUs that were most sensitive and judgmental.

Assessing indicators of impairment: We obtained management's assessment regarding indicators of impairment and challenged selected indicators based on our knowledge of internal and external factors.

Assessing disclosure: We assessed the adequacy of the disclosure provided in Note 1 and Note 9 of the consolidated financial statements in relation to the relevant accounting standards.

Our results: Our audit procedures did not lead to any reservations concerning the valuation, presentation and disclosure of goodwill or indefinite useful life intangible assets.

Completeness and valuation of uncertain tax positions

Risk	Nestlé's global footprint results in significant complexity as its worldwide operations are subject to a diversity of international tax regulations. The cross-border activity and scrutiny of the transfer pricing applied to intercompany transactions vary by tax jurisdiction. In addition to the complexity of its tax environment, there is a level of unpredictability of tax authority's assessment of Nestlé's tax filings, which inherently results in the application of management judgment in ascertaining reasonable estimates, which may lead to liabilities for uncertain tax positions being understated or overstated. The identification and valuation of uncertain tax positions is a key audit matter because of the significant level of judgment and expertise required to interpret local country tax legislation and corresponding risks. Nestlé's policy on uncertain tax position can be found in Notes 1 and 13 of the consolidated financial statements.
Our audit response	Our audit procedures included the following: **Processes and controls:** We gained an understanding of the processes for identifying, measuring, and recognizing uncertain tax positions both centrally and locally, and confirmed the existence of controls in the process. **Historical comparisons and current context:** We obtained an understanding of the current macro-economic context that may affect uncertain tax positions which are recognized or unrecognized. We validated our understanding of the current environment in relation to other key areas of the audit. Furthermore, our tax specialists, including transfer pricing specialists, considered impacts of changes in tax legislation or business operations in the identification, measurement and recognition of uncertain tax positions. We reviewed available information related to significant on-going tax audits. We reviewed the recognized and unrecognized positions in comparison to tax audits' outcomes, when available, and gained an understanding if there were any deviations in the outcome compared to amounts recognized. **Personnel interviews:** Through interviews in the local markets and at Group level, we compared judgments made and information obtained for consistency.

Methodology implementation: We assessed the application of the relevant standards, including but not limited to IFRIC 23, Uncertainty over Income Tax Treatments, in the identification, measurement and recognition of uncertain tax positions. With the assistance of our tax specialists, including transfer pricing specialists, we assessed the intercompany transfer pricing models for compliance with applicable laws, regulations and transfer pricing guidelines and evaluated management's judgment regarding tax risks. We reperformed management's calculations of uncertain tax positions.

Key assumptions: In reviewing the calculations, we identified the key assumptions of identified risk provisions, whether recognized or unrecognized, and tested the validity of these assumptions with our tax specialists. The key assumptions include, but are not limited to, number of years for which the risk occurs, use of generally accepted benchmarks, business models within the Group and availability of mutual agreement procedures in the case of disputes related to profit allocation across the Group to reduce double taxation. We focused our attention on those assumptions and inputs that were most sensitive and judgmental.

Our results: Our audit procedures did not lead to any reservations concerning the completeness and valuation of uncertain tax positions.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the Compensation Report and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Jeanne Boillet	André Schaub
Licensed audit expert (Auditor in charge)	Licensed audit expert

Financial information – 5-year review

In millions of CHF (except for data per share and employees)

	2025		2024
Results			
Sales	89 490		91 354
Underlying trading operating profit [(a)]	14 389		15 704
as % of sales	16.1%		17.2%
Trading operating profit [(a)]	12 675		14 633
as % of sales	14.2%		16.0%
Taxes	2 640		3 314
Profit for the year attributable to shareholders of the parent (Net profit)	9 033		10 884
as % of sales	10.1%		11.9%
Total amount of dividend	7 987	(c)	7 849
Depreciation of property, plant and equipment	3 255		3 110
Balance sheet and cash flow statement			
Current assets	31 969		35 188
Non-current assets	95 182		104 076
Total assets	127 151		139 264
Current liabilities	40 694		42 863
Non-current liabilities	53 399		59 708
Total equity	33 058		36 693
Net financial debt [(a)]	51 382		56 005
Ratio of net financial debt to total equity (gearing)	155.4%		152.6%
Operating cash flow	15 904		16 675
as % of net financial debt	31.0%		29.8%
Free cash flow [(a)]	9 154		10 666
Capital additions	5 351		7 685
as % of sales	6.0%		8.4%
Data per share			
Weighted average number of shares outstanding (in millions of units)	2 573		2 596
Basic earnings per share	3.51		4.19
Underlying earnings per share [(a)]	4.42		4.77
Dividend	3.10	(c)	3.05
Payout ratio based on basic earnings per share	88.3%	(c)	72.7%
Stock prices (high)	91.68		100.06
Stock prices (low)	71.00		73.98
Yield [(b)]	3.4/4.4	(c)	3.0/4.1
Market capitalization	**202 537**		**192 645**
Number of employees (in thousands) [(d)]	**271**		**277**

(a) Certain financial performance measures, that are not defined by IFRS Accounting Standards, are used by management to assess the financial and operational performance of the Group. The "Alternative Performance Measures" document published under https://www.nestle.com/investors/publications provides the definition of these non-IFRS Accounting Standards financial performance measures.
(b) Calculated on the basis of the dividend for the year concerned, which is paid in the following year, and on high/low stock prices.
(c) As proposed by the Board of Directors of Nestlé S.A.
(d) Based on headcount, except 2022 and 2021 based on full-time equivalent.

	2023	2022	2021	
				Results
	92 998	94 424	87 088	Sales
	16 053	16 103	15 119	Underlying trading operating profit [a]
	17.3%	17.1%	17.4%	as % of sales
	14 520	13 195	12 159	Trading operating profit [a]
	15.6%	14.0%	14.0%	as % of sales
	2 314	2 730	2 261	Taxes
	11 209	9 270	16 905	Profit for the year attributable to shareholders of the parent (Net profit)
	12.1%	9.8%	19.4%	as % of sales
	7 816	7 829	7 618	Total amount of dividend
	2 993	3 097	3 056	Depreciation of property, plant and equipment
				Balance sheet and cash flow statement
	30 857	35 062	39 257	Current assets
	95 693	100 120	99 885	Non-current assets
	126 550	135 182	139 142	Total assets
	37 084	39 976	40 020	Current liabilities
	53 079	52 414	45 395	Non-current liabilities
	36 387	42 792	53 727	Total equity
	49 638	48 159	32 917	Net financial debt [a]
	136.4%	112.5%	61.3%	Ratio of net financial debt to total equity (gearing)
	15 941	11 907	13 864	Operating cash flow
	32.1%	24.7%	42.1%	as % of net financial debt
	10 403	6 570	8 715	Free cash flow [a]
	7 159	8 264	12 977	Capital additions
	7.7%	8.8%	14.9%	as % of sales
				Data per share
	2 646	2 707	2 788	Weighted average number of shares outstanding (in millions of units)
	4.24	3.42	6.06	Basic earnings per share
	4.80	4.80	4.42	Underlying earnings per share [a]
	3.00	2.95	2.80	Dividend
	70.8%	86.3%	46.2%	Payout ratio based on basic earnings per share
	116.46	129.50	128.90	Stock prices (high)
	96.57	104.98	95.00	Stock prices (low)
	2.6/3.1	2.3/2.8	2.2/2.9	Yield [b]
	255 604	**285 865**	**351 682**	**Market capitalization**
	275	**275**	**276**	**Number of employees (in thousands)** [d]

159th Financial Statements of Nestlé S.A.

Income statement
for the year ended December 31, 2025

In millions of CHF

	Notes	2025	2024
Income from Group companies	2	1 199	10 705
Profit on disposal and revaluation of assets	3	37 873	7
Other income		6	8
Financial income	4	506	639
Total income		**39 584**	**11 359**
Personnel expenses		(104)	(125)
Other expenses		(53)	(52)
Impairments and reversals of impairments of shareholdings and loans		255	(116)
Financial expenses	5	(388)	(380)
Taxes	6	(36)	(90)
Total expenses		**(326)**	**(763)**
Profit for the year		**39 258**	**10 596**

Balance sheet as at December 31, 2025

before appropriations

In millions of CHF

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	7	140	142
Other current receivables	8	83	144
Prepayments and accrued income		62	73
Total current assets		**285**	**359**
Non-current assets			
Financial assets	9	25 755	23 754
Shareholdings and associates	10	42 576	12 934
Property, plant and equipment		1	1
Total non-current assets		**68 332**	**36 689**
Total assets		**68 617**	**37 048**
Liabilities			
Current liabilities			
Interest-bearing liabilities	11	4 087	4 865
Other current liabilities	12	109	183
Accruals and deferred income		55	142
Provisions	13	401	326
Total current liabilities		**4 652**	**5 516**
Non-current liabilities			
Interest-bearing liabilities	11	14 204	13 172
Provisions	13	12	11
Total non-current liabilities		**14 216**	**13 183**
Total liabilities		**18 868**	**18 699**
Equity			
Share capital	14 /15	258	262
Legal retained earnings	15	1 977	1 973
Voluntary retained earnings			
– Special reserve	15	2 859	2 859
Profit brought forward	15	5 785	6 942
Profit for the year	15	39 258	10 596
Treasury shares	15/16	(388)	(4 283)
Total equity		**49 749**	**18 349**
Total liabilities and equity		**68 617**	**37 048**

Notes to the annual accounts

1. Accounting policies

General
Nestlé S.A. (the Company) is the ultimate holding company of the Nestlé Group, domiciled in Cham and Vevey, which comprises subsidiaries, associated companies and joint ventures throughout the world.

The accounts are prepared in accordance with accounting principles required by Swiss law (32nd chapter of the Swiss Code of Obligations). They are prepared under the historical cost convention and on an accrual basis. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Foreign currency translation
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward contract. Non-monetary assets and liabilities are carried at historical rates. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are included in the respective income statement captions depending upon the nature of the underlying transactions. The aggregate unrealized exchange difference is calculated by reference to original transaction date exchange rates and includes hedging transactions. Where this gives rise to a net loss, it is charged to the income statement whilst a net gain is deferred.

Hedging
The Company can use forward foreign exchange contracts, options and currency swaps to hedge foreign currency flows and positions. Unrealized foreign exchange differences on hedging instruments are matched and accounted for with those on the underlying asset or liability. Long-term loans, in foreign currencies, used to finance investments in shareholdings are generally not hedged.

The Company also uses interest rate swaps to manage interest rate risk. The swaps are accounted for at fair value at each balance sheet date and changes in the market price are recorded in the income statement.

The positive fair values of forward exchange contracts and interest rate swaps are included in prepayments and accrued income. The negative fair values of forward exchange contracts and interest rate swaps are included in accruals and deferred income.

Income statement
In accordance with Swiss law dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting rather than as an appropriation of profit in the year to which they relate.

Financial assets and shareholdings
The carrying amount of financial assets and shareholdings comprises the cost of investment, excluding the incidental costs of acquisition, less any write-downs.

Financial assets and shareholdings are written down on a conservative basis, taking into account the profitability of the company concerned.

Property, plant and equipment
The Company owns land and buildings which have been depreciated in the past. Office furniture and equipment are fully depreciated on acquisition.

Provisions
Provisions include present obligations as well as contingencies. Provisions for Swiss taxes are made on the basis of the Company's taxable capital, reserves and profit for the year.

Additional information
The Company is integrated within the operations of the Nestlé Group, which presents its consolidated financial statements under IFRS Accounting Standards. In line with art. 961d of the Swiss Code of Obligations, the Company decided to forego presenting the additional information in the notes, the cash flow statement and the management report.

2. Income from Group companies

This represents dividends and other income from Group companies.

3. Profit on disposal and revaluation of assets

This represents mainly the net gains realized on the sale of shareholdings and financial assets.
In 2025, Nestlé S.A. realized a gain of CHF 37.9 billion related to the sale of all its shares of L'Oréal to a fully owned subsidiary of Nestlé S.A.

4. Financial income

In millions of CHF

	2025	2024
Income on loans to Group companies	506	639
	506	**639**

5. Financial expenses

In millions of CHF

	2025	2024
Expenses related to loans from Group companies	(287)	(257)
Other financial expenses	(101)	(123)
	(388)	**(380)**

6. Taxes

In millions of CHF

	2025	2024
Direct taxes	(60)	(46)
Prior-year adjustments	39	(10)
Withholding taxes on income from foreign sources	(15)	(34)
	(36)	**(90)**

7. Cash and cash equivalents

Cash and cash equivalents include deposits with maturities of less than three months.

8. Other current receivables

In millions of CHF

	2025	2024
Amounts owed by Group companies (current accounts)	62	108
Other receivables	21	36
	83	**144**

9. Financial assets

In millions of CHF

	2025	2024
Loans to Group companies	25 680	23 722
Other investments	75	32
	25 755	**23 754**

10. Shareholdings and associates

In millions of CHF

	2025	2024
As at January 1	12 934	13 005
Net increase/(decrease)	29 503	(75)
Revaluation/(write-down)	139	4
As at December 31	**42 576**	**12 934**

A list of direct and significant indirect Group companies held by Nestlé S.A. with the percentage of the capital controlled is included in the Consolidated Financial Statements of the Nestlé Group. In 2025, Nestlé S.A. sold or contributed shareholdings with a net carrying amount of CHF 29 857 million (2024: CHF 3539 million) to its subsidiary Société des Produits Nestlé S.A.

11. Interest-bearing liabilities

Current interest-bearing liabilities include amounts owed to Group companies (CHF 4087 million). Non-current interest-bearing liabilities include amounts owed to Group companies (CHF 14 204 million). In 2024, current and non-current interest-bearing liabilities included seventeen bonds issued by Nestlé S.A. In 2025, those bonds were transferred to a fully owned subsidiary of Nestlé S.A.

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	2024
Nestlé S.A., Switzerland	CHF	600	0.75%	0.69%	2018–2028	601
	CHF	675	1.63%	1.65%	2022–2026	675
	CHF	475	2.13%	2.15%	2022–2030	474
	CHF	350	2.50%	2.46%	2022–2034	351
	CHF	360	1.63%	1.67%	2022–2025	360
	CHF	260	2.63%	2.57%	2022–2035	261
	CHF	310	2.25%	2.18%	2022–2029	311
	CHF	300	1.88%	1.87%	2023–2029	301
	CHF	450	2.00%	2.01%	2023–2033	450
	CHF	400	2.13%	2.06%	2023–2038	403
	CHF	155	1.63%	1.65%	2023–2027	155
	CHF	215	1.88%	1.83%	2023–2031	216
	CHF	210	2.00%	2.01%	2023–2036	210
	CHF	200	1.38%	1.41%	2024–2028	200
	CHF	225	1.50%	1.51%	2024–2031	225
	CHF	480	1.63%	1.60%	2024–2034	481
	CHF	330	1.75%	1.72%	2024–2040	331
Total carrying amount						**6 005**

12. Other current liabilities

In millions of CHF

	2025	2024
Amounts owed to Group companies	98	86
Other liabilities	11	97
	109	**183**

13. Provisions

In millions of CHF

			2025	2024
	Swiss and foreign taxes	Other	**Total**	**Total**
As at January 1	58	279	**337**	**221**
Provisions made in the period	63	83	**146**	**245**
Amounts used	(13)	(4)	**(17)**	**(113)**
Unused amounts reversed	(41)	(12)	**(53)**	**(16)**
As at December 31	**67**	**346**	**413**	**337**
of which expected to be settled within 12 months			**401**	**326**

14. Share capital

	2025	2024
Number of registered shares with nominal value CHF 0.10 each	2 576 520 000	2 620 000 000
In millions of CHF	258	262

15. Changes in equity

In millions of CHF

	Share capital	Legal retained earnings	Special reserve	Profit brought forward	Profit for the year	Treasury shares	**Total**
As at January 1, 2025	262	1 973	2 859	17 538	—	(4 283)	**18 349**
Cancellation of 43 480 000 shares (share buyback program)	(4)	4	—	(3 910)	—	3 910	**—**
Profit for the year	—	—	—		39 258	—	**39 258**
Dividend for 2024	—	—	—	(7 849)	—	—	**(7 849)**
Undistributed dividends	—	—	—	6	—	—	**6**
Movement of treasury shares	—	—	—	—	—	(15)	**(15)**
As at December 31, 2025	**258**	**1 977**	**2 859**	**5 785**	**39 258**	**(388)**	**49 749**

16. Treasury shares

In millions of CHF

	2025		2024	
	Number	Amount	Number	Amount
Share buyback programs	—	—	43 480 000	3 910
Long-term incentive plans	4 295 185	388	3 804 961	373
	4 295 185	**388**	**47 284 961**	**4 283**

The share capital has been reduced by 43 480 000 shares from CHF 262 million to CHF 258 million through the cancellation of shares purchased as part of the share buyback program. The purchase value of those cancelled shares amounts to CHF 3910 million.

The Company held 4 295 185 shares to cover long-term incentive plans. During the year, 1 333 453 shares were delivered as part of the Nestlé Group remuneration plans for a total value of CHF 113 million. All treasury shares are valued at acquisition cost.

The total of own shares of 4 295 185 held by Nestlé S.A. as at December 31, 2025 represents 0.2% of the Nestlé S.A. share capital (47 284 961 own shares held as at December 31, 2024 by Nestlé S.A. representing 1.8% of the Nestlé S.A. share capital).

17. Contingencies

As at December 31, 2025, the total of the guarantees mainly for credit facilities granted to Group companies, bonds and commercial paper programs, together with the buyback agreements relating to notes issued, amounted to a maximum of CHF 101 325 million (2024: CHF 102 464 million).

18. Performance Share Units, Restricted Stock Units, Phantom Shares and Shares granted

In millions of CHF

	2025		2024	
	Number	Amount	Number	Amount
Performance Share Units, Restricted Stock Units and Phantom Shares granted to Nestlé S.A. employees [a]	154 789	12	288 827	27
Share plan for short-term bonus Executive Board [b]	26 970	2	94 057	9
Share plan for Board members [c]	—	6	—	6
	181 759	**20**	**382 884**	**42**

(a) Performance Shares and Restricted Stock Units are valued at the average closing price of the first ten trading days, after the publication of the annual results (for the Grant in March) and of the last ten trading days of September (for the Grant in October), corresponding to CHF 84.53 (Grant in March) and CHF 71.77 (Grant in October). Includes 103 877 Performance Share Units granted to Executive Board by Nestlé S.A. (2024: 252 530) and 7890 Phantom Shares (2024: 6958). Note that Performance Share Units and Phantom Shares allocated and revoked in the same year are not disclosed.
(b) Nestlé S.A. shares received as part of the short-term bonus are valued at the average closing price of the last ten trading days of January. For 2024 this amount included replacement grants with an allocation price of CHF 91.76.
(c) The Board is paid in arrears (25% in October 2025 and 75% in April 2026). The Nestlé S.A. shares equivalent to 50% of the annual remuneration will be delivered at the end of the Board year in April 2026. They will be valued at the closing price of the share on the SIX Swiss Exchange on the ex-dividend date 2026. The actual number of shares delivered will be published in the Nestlé S.A. 2026 Financial Statements. In 2025, 72 819 shares were delivered to the Board.

19. Full-time equivalents

For Nestlé S.A., the annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 250.

20. Events after the balance sheet date

There are no subsequent events which either warrant a modification of the value of the assets and liabilities or any additional disclosure.

Proposed appropriation of available earnings

In CHF	2025	2024
Retained earnings		
Profit brought forward	9 546 926 229	12 012 895 538
Undistributed dividends [(a)]	148 497 510	193 602 975
Cancellation of 43 480 000 shares (share buyback program) (2024: cancellation of 50 000 000 shares)	(3 909 741 246)	(5 264 652 067)
Profit for the year	39 258 193 811	10 596 079 783
	45 043 876 304	**17 537 926 229**
We propose the following appropriation:		
Dividend for 2025, CHF 3.10 per share on 2 576 520 000 shares [(b)] (2024: CHF 3.05 on 2 620 000 000 shares)	7 987 212 000	7 991 000 000
	7 987 212 000	**7 991 000 000**
Retained earnings to be carried forward	**37 056 664 304**	**9 546 926 229**

(a) Including undistributed dividends for 2024 on 46 697 991 treasury shares held by the Nestlé Group at the dividend payment date and unclaimed dividends for which the right of payment has expired.
(b) Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (April 17, 2026). No dividend is paid on treasury shares held by the Nestlé Group.

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting, the gross dividend will amount to CHF 3.10 per share, representing a net amount of CHF 2.015 per share after payment of Swiss withholding tax of 35%.
The last trading day with entitlement to receive the dividend is April 17, 2026. The shares will be traded ex-dividend as of April 20, 2026. The net dividend will be payable as from April 22, 2026.

The Board of Directors

Cham and Vevey, February 18, 2026

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To the General Meeting of
Nestlé S.A., Cham & Vevey

Lausanne, 18 February 2026

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nestlé S.A. (the Company), which comprise the balance sheet as at 31 December 2025, the income statement for the year then ended, and notes to the annual accounts (pages 197 to 205), including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of association.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these 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. We have determined that there are no key audit matters to be communicated in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the Compensation Report and our auditor's reports thereon.

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

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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 that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, 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.

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.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

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Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Jeanne Boillet	André Schaub
Licensed audit expert (Auditor in charge)	Licensed audit expert

Notes

Notes