



Nestlé

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Nestlé Capital Corporation

Annual Financial Report

Management Report and Financial Statements

December 31, 2025

(With Report of the Independent Auditors thereon)

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Management Report

Nestlé Capital Corporation (“NCC” or the “Company”) incorporated in the State of Delaware, United States, is a wholly owned subsidiary of Nestlé Holdings, Inc. (“NHI”), which is an indirect wholly owned subsidiary of Nestlé S.A., incorporated in Switzerland, which is the holding company of the Nestlé group of companies (hereinafter, referred to as the “Nestlé Group”). NHI is the holding company for Nestlé S.A.’s principal operating subsidiaries in the United States. NCC’s registered office is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, United States and its principal place of business is located at 1812 North Moore Street, Arlington, Virginia 22209, United States.

The principal business activity of NCC is managing the liquidity of the ‘Nestlé USA affiliate entities’, which primarily includes the USA entities of the Nestlé Group.

(A) Performance and Development

As at December 31, 2025, a total of \$43.2 billion of loans granted to parents and affiliate entities was outstanding, compared to \$44.7 billion as at December 31, 2024. These were financed mainly through the issuance of bonds and commercial paper and loans received from parent and affiliate entities. Other assets and liabilities comprise mainly of cash and cash equivalents and derivatives. The aforementioned transactions are further detailed in the Notes to the Financial Statements of NCC for the year ended December 31, 2025.

Total assets were \$43.3 billion as of December 31, 2025, and \$45.5 billion as of December 31, 2024, reflecting a decrease primarily due to a \$1.5 billion reduction in loans to parents and affiliate entities and a \$0.6 billion decline in short-term investments.

Total liabilities were \$25.1 billion and \$27.7 billion as at December 31, 2025 and 2024, respectively. The decrease results mainly from a \$5.1 billion decrease in loans from parent and affiliate entities, partially offset by a \$2.6 billion increase in financial debt.

NCC reported net profits of \$465 million for 2025 and \$439 million for 2024, with the increase largely attributable to a \$49 million increase in net interest income from higher interest on loans to parents and affiliates, offset by a \$10 million increase in tax expense, an \$8 million rise in net fee and commission expense, and a \$5 million decrease in financial income.

Net cash decreased by \$77 million in 2025 compared to a \$123 million decrease in 2024. This was mainly driven by a \$2.1 billion decline in financing cash flows, reflecting lower net inflows from bonds, partly offset by higher net inflows

from commercial paper. Additionally, there was a \$1.2 billion increase in investing cash flows from short-term investments and a \$0.9 billion increase in operating cash flows. The increase in operating cash flows was mainly due to a \$1.1 billion net increase in loans to parents and affiliates.

Future financial performance will depend largely on the net interest margin earned on loans and investments, funded by issuances of bonds and commercial paper and loans received from parent and affiliate entities.

(B) Risks and Uncertainties

NCC is exposed to certain risks and uncertainties: credit risk, market risk, liquidity risk and risk of an increase in cost of capital, treasury operations and other risks that could have a material adverse impact on its financial condition and operating results. The detailed discussion of these risks and uncertainties and NCC’s objectives, policies and processes for managing these risks and uncertainties are disclosed in the Notes to the Financial Statements of NCC for the year ended December 31, 2025, in particular Note 8.

(C) Factors Affecting Results

NCC’s liquidity/liabilities (currency, interest rate, hedging, cost of capital, banking/commercial credit, etc.) could be impacted by a major event in the financial markets. NCC, along with its ultimate parent company, Nestlé S.A., has the appropriate risk mitigation measures in place with strong governance to actively manage exposures and long-term asset and liability outlook.

Security, political instability, legal and regulatory, fiscal, macroeconomic, foreign trade, labor, conflict and/or infrastructure risks could potentially impact NCC’s ability to do business. Regular monitoring and ad hoc business continuity plans are established to mitigate against such events.

NCC depends on accurate and timely data. Disruption impacting the reliability, security and privacy of the data, as well as the information technology infrastructure, could negatively impact NCC’s business. Contingency plans along with policies and controls are in place aiming to protect and ensure compliance on both infrastructure and data.

(D) Corporate Governance

At the Nestlé S.A. level, the Nestlé Group Enterprise Risk management (ERM) framework is designed to identify, assess, and mitigate risks in order to minimize their potential impact on the Nestlé Group, including NCC.

A top-down assessment is performed at the Nestlé Group level once a year to create a robust understanding of

the Nestlé Group's most significant risks, and to allocate ownership to drive specific actions. A bottom-up assessment occurs in parallel resulting in the aggregation of individual assessments by all Nestlé markets and globally managed businesses of the Nestlé Group. These different risk mappings allow NCC to make sound decisions on its future operations.

Risk assessments are the responsibility of the business line management; this applies equally to a business or a function, and any mitigating actions identified in the assessments are the responsibility of the individual line management. If Nestlé S.A. intervention is required, responsibility for mitigating actions will generally be determined by the Nestlé Group Executive Board.

The results of the ERM are presented annually to the Nestlé Group Executive Board, half-yearly to the Audit Committee of Nestlé S.A., and reported annually to the Board of Directors of Nestlé S.A.

Responsibility Statement

Mark Atkinson, Chief Financial Officer, confirms that to the best of their knowledge:

- (a) the Financial Statements of NCC for the annual period ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of NCC; and
- (b) the management report includes a fair review of the development and performance of the business and the position of NCC, together with a description of the principal risks and uncertainties that it faces.

February 26, 2026

Report of Independent Auditors

To the Board of Directors of Nestlé Capital Corporation:

Opinion

We have audited the financial statements of Nestlé Capital Corporation (“NCC”), which comprise the balance sheets as of December 31, 2025 and 2024, and the related income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the years then ended and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NCC at December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted for use in the European Union.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of NCC, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the 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 financial statements* section of our report, including in relation to this matter.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.



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Key audit matter	How our audit addressed the key audit matter
Measurement of expected credit losses as it relates to loans to parent and affiliates	
<p>As described in Note 2 of the financial statements, Nestle Capital Corporation (NCC) assesses whether its loans to parent and affiliates are impaired on the basis of expected credit losses. The analysis requires the identification of significant increases in the credit risk of counterparties. As disclosed in Note 8 of the financial statements, NCC has impaired certain loans to its parent and affiliates based on the expected credit loss calculation.</p> <p>The measurement of the expected credit loss is based on models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Specifically, (1) Probability of default is assessed by obtaining credit ratings for counterparties based on financial data specific to entities and each period. These credit ratings are then updated to reflect the fact that the borrower entities and NCC are under common control of the same parent entity. These updated credit ratings are then applied against default rates published by an internationally recognized rating agency as part of their Annual Global Corporate Default Study, and (2) Loss given default is based on a range of possible outcomes.</p> <p>We deemed the measurement of the expected credit losses to be a key audit matter due to the complexity and judgment in estimating the expected credit losses, specifically the assumptions of probability of default and the loss given default percentage.</p>	<p>We assessed NCC's accounting policy for the measurement of expected credit losses.</p> <p>For a sample of loans to parent and affiliates, we tested the key inputs used by NCC in the measurement of expected credit losses by validating key inputs to sources of information, including confirmations of key terms and outstanding amounts due from the counterparties, and executed legal agreements. We recalculated the expected credit loss to test the mathematical accuracy.</p> <p>With the support of our specialists, we assessed the appropriateness of NCC's methodology used in the measurement of the expected credit losses in accordance with IFRS 9. We assessed the appropriateness of key assumptions used, including each loan's probability of default based on credit-risk ratings assigned at the counterparty level and the loss given default percentage assigned at the counterparty level. We independently developed an estimate of the expected credit loss.</p> <p>We assessed the adequacy of the disclosures in Note 2 and Note 8 of the financial statements in relation to the requirements of the relevant accounting standards.</p>

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing NCC's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless management either intends to liquidate NCC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NCC's financial reporting process.

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 of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and ISAs will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NCC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause NCC to cease to continue as a going concern.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other information

Management is responsible for the other information. The other information comprises Management's Report included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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The partner in charge of the audit resulting in this report of independent auditors is Michelle Montes.

Ernst + Young LLP

February 26, 2026

Financial Statements 2025

Balance sheet as at December 31, 2025

In millions of US Dollars			
	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	4	29	106
Short-term investments	4	—	634
Loans to parents and affiliates	4/7	43 023	44 530
Total current assets		43 052	45 270
Non-current assets			
Derivative assets	4	67	—
Loans to parents and affiliates	4/7	191	191
Deferred tax assets	6	16	6
Total non-current assets		274	197
Total assets		43 326	45 467
Liabilities and equity			
Current liabilities			
Loans from parent and affiliates	4/7	16 878	19 843
Current income tax liabilities		169	191
Financial debt	4/5	2 515	692
Trade and other payables	4	105	93
Total current liabilities		19 667	20 819
Non-current liabilities			
Derivative liabilities	4	15	66
Loans from parent and affiliates	4/7	—	2 129
Financial debt	4/5	5 441	4 678
Total non-current liabilities		5 456	6 873
Total liabilities		25 123	27 692
Equity			
Share capital, \$100 par value. Authorized, issued and outstanding 10,000 shares		1	1
Additional paid-in capital		17 348	17 348
Other reserves		(53)	(16)
Retained earnings		907	442
Total equity attributable to shareholders of the parent		18 203	17 775
Total liabilities and equity		43 326	45 467

Income statement for the year ended December 31, 2025

In millions of US Dollars

	Notes	2025	2024
Interest income		1 691	1 614
Interest expense		(1 035)	(1 007)
Net interest income	3	656	607
Net fee and commission expense	3	(24)	(16)
Financial income	3	—	5
Operating profit	3	632	596
Profit before taxes		632	596
Income taxes	6	(167)	(157)
Profit for the year		465	439

Statement of comprehensive income for the year ended December 31, 2025

In millions of US Dollars

	Notes	2025	2024
Profit for the year recognized in the income statement		465	439
Changes in cash flow hedge and cost of hedge reserves, net of taxes		(37)	(16)
Items that are or may be reclassified subsequently to the income statement		(37)	(16)
Other comprehensive loss for the year		(37)	(16)
Total comprehensive income for the year		428	423

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

In millions of US Dollars

	Share capital	Additional paid-in capital	Other reserves	Retained earnings	Total equity attributable to shareholders of the parent
Equity as at December 31, 2023	1	17 348	—	3	17 352
Gains and losses					
Profit for the year	—	—	—	439	439
Other comprehensive loss for the year	—	—	(16)	—	(16)
Total comprehensive (loss)/income for the year	—	—	(16)	439	423
Equity as at December 31, 2024	1	17 348	(16)	442	17 775
Equity as at December 31, 2024	1	17 348	(16)	442	17 775
Gains and losses					
Profit for the year	—	—	—	465	465
Other comprehensive loss for the year	—	—	(37)	—	(37)
Total comprehensive (loss)/income for the year	—	—	(37)	465	428
Equity as at December 31, 2025	1	17 348	(53)	907	18 203

Cash flow statement for the year ended 31 December 2025

In millions of US Dollars

	Notes	2025	2024
Operating activities			
Operating profit		632	596
Adjustments for:			
Interest income	3	(1 691)	(1 614)
Interest expense	3	1 035	1 007
Financial income	3	—	(5)
Change in other assets and liabilities			
Loans (to)/from parents and affiliates, net	7	(3 587)	(4 664)
Interest received		1 684	1 579
Interest paid		(1 026)	(818)
Income taxes paid		(187)	(1)
Operating cash flow		(3 144)	(4 026)
Investing activities			
Inflow/(outflow) in short-term investments		641	(607)
Investing cash flow		641	(607)
Financing activities			
Outflows from short-term financial debt	5	-	(59)
Inflows from bonds and other long-term financial debt	5	599	4 743
Commercial paper issued	5	18 103	15 550
Commercial paper repaid	5	(16 276)	(15 724)
Financing cash flow		2 426	4 510
Net decrease in cash and cash equivalents		(77)	(123)
Cash and cash equivalents at beginning of year		106	229
Cash and cash equivalents at end of year	4	29	106

Notes

1. The Business

Nestlé Capital Corporation (“NCC” or the “Company”) incorporated in the State of Delaware, United States, is a wholly owned subsidiary of Nestlé Holdings, Inc. (“NHI”), which is an indirect wholly owned subsidiary of Nestlé S.A., incorporated in Switzerland, which is the holding company of the Nestlé group of companies (hereinafter, referred to as the “Nestlé Group”). NHI is the holding company for Nestlé S.A.’s principal operating subsidiaries in the United States.

The principal business activity of NCC is managing the liquidity of the ‘Nestlé USA affiliate entities’, which primarily includes the USA entities of the Nestlé Group.

2. Accounting policies

Basis of preparation

The Financial Statements for the periods presented through December 31, 2025 have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union.

They have been prepared on a historical cost basis, unless stated otherwise. These Financial Statements were authorized for issuance by NCC’s directors on February 26, 2026.

Key accounting judgments, estimates and assumptions

The preparation of the Financial Statements requires NCC’s management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities 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. Actual results and outcomes could differ from the judgements and estimates taken into account in these Financial Statements.

Those areas that involved a higher degree of judgment or uncertainty are explained further in the relevant Notes, including:

- determination of fair value of financial instruments (see Note 2 on Fair Values, Note 4 on Financial instruments and Note 5 on Debt securities); and
- determination of expected credit losses (ECL) on loans to parents and affiliates (see Note 2 on Impairment).

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgments and estimates. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. However, NCC’s expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models are considered accounting judgments. Refer to Note 2 paragraph Impairment for further details.

Foreign currencies

The functional currency of NCC is the currency of its primary economic environment which is the U.S. Dollar, which is also the presentation currency.

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

Segmental information

The financing activities of NCC are managed as one single business. Thus, there is no segmental information in the Financial Statements.

Valuation methods, presentations and definitions

Operating income

Net interest income includes the income earned on loans to parents and affiliates, cash and cash equivalents and short-term investments, as well as interest expense on borrowings from third parties and loans from parent and affiliates.

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

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

Net other operating income includes other income or expenses from Nestlé USA affiliate entities.

Financial income/(expense) includes income or expenses on financial instruments carried at fair value through the income statement.

Income taxes

NCC is included within the consolidated return filed by Nestlé US Holdco Inc. ("NUSHI", ultimate holding parent entity in the US). However, NCC also records its own tax expense and liability as if it files on a standalone basis. Taxes and fiscal risks recognized in the Financial Statements reflect NCC management's best estimate of the outcome based on the facts known at the balance sheet date. These estimates consider, among other items, changes in tax laws and interpretation thereof in the United States. 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.

Income taxes include current and deferred taxes on profit and tax adjustments relating to prior years. Income taxes are recognized in the income statement, except to the extent that they relate to items directly taken to 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 Financial Statements. They also arise on temporary differences stemming from tax losses carried forward.

Deferred taxes are calculated under the liability method at the rates of tax expected to prevail when the temporary differences reverse, subject to such rates being substantially enacted at the balance sheet date. Any changes of 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. Deferred tax assets are recognized on all deductible temporary differences provided that it is probable that future taxable income will be available.

Financial instruments

Financial assets – 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. NCC 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).

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 NCC's rights to cash flow from the financial assets have expired or have been transferred and NCC 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 re-measurement of financial assets is determined by their categorization, which is revisited at each reporting date.

Commercial paper and time deposits are held by NCC's treasury unit in a separate portfolio in order to mitigate the credit risk exposure of NCC and provide interest income. NCC 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.

Financial assets at amortized cost

This category includes the following classes of financial assets: loans to parents and affiliates and cash and cash equivalents.

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

Loans to parents and affiliates provide solely the payment of interest and principal and are held with the sole objective to collect the contractual cash flow up to maturity.

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

Financial instruments at fair value through profit and loss

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

2. Accounting policies

Investments in debt 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 as FVTPL. These investments are mainly related to liquidity management. The net gain or loss is recorded in interest income or expense.

Hedge accounting

NCC's derivatives consist of currency forwards, options and swaps, which are used to manage exposures to foreign exchange rates of the Nestlé USA affiliate entities, as well as to hedge foreign exchange and interest rate risks related to AUD and GBP bonds (Note 5). Additionally, NCC uses interest rate swaps to manage interest rate risk on certain bonds, which are subject to an interest rate and currency swap that creates a liability at fixed rates, in the currency of the issuer. NCC manages the foreign exchange derivative activity for the benefit of the Nestlé USA affiliate entities, wherein the underlying foreign exchange transactions occur. As NCC is party to the external derivative contracts, the derivative assets and liabilities are recognized on its balance sheet as undesignated derivatives through the income statement. These external derivatives are offset by affiliate derivative contracts giving rise to receivables or payables from/to the respective affiliated operating companies where the underlying foreign exchange transactions occurred, along with a related income statement cross-charge included in Financial income/(expense).

NCC uses cash flow hedges to mitigate a particular risk associated with a recognized asset or liability or highly probable forecast transactions, such as variability of expected interest payments.

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 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, 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.

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: loans from parent and affiliates, bonds, commercial paper and other financial liabilities.

Financial liabilities at amortized cost are classified as current and 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 NCC is discharged from its obligation, they expire, they are cancelled or they are replaced by a new liability with substantially modified terms.

Impairment

NCC assesses whether its financial assets carried at amortized cost are impaired on the basis of expected credit losses (ECL). The analysis requires the identification of significant increases in the credit risk of counterparties.

The measurement of the expected credit loss of a financial instrument should reflect: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The following are the inputs and assumptions for measuring the expected credit losses on NCC's loans to parents and affiliates:

NCC's exposure is related to loans it has granted to Nestlé Group affiliates. Probability of default is assessed by obtaining credit ratings for counterparties based on financial data specific to entities and each period. These credit ratings are then updated to reflect the fact that the borrower entities and NCC are under common control of the same parent entity. These updated credit ratings are then applied against default rates published by an internationally recognized rating agency as part of their Annual Global Corporate Default Study. Loss given default (LGD) is based on a range of possible outcomes, the average of which was taken which amounted to 30%, the industry standard for Global Corporates.

Default occurs when a borrower fails to pay back a debt according to the initial arrangement. In the case of most loans, this means that successive payments have been missed over the course of weeks or months.

NCC groups its loans into stage 1, stage 2 and stage 3 as defined below:

Stage 1: credit risk has not increased significantly since initial recognition. This stage is used for the normal calculation of the ECL with the methodology in place.

Stage 2: where credit risk has increased significantly since initial recognition. NCC will be informed by Nestlé Group or Treasury that a risk is higher based on the loan's performance and NCC will perform an ECL calculation based on the risk of default at the maturity date.

Stage 3: the financial asset is impaired. NCC will be informed by Nestlé Group or Nestlé Treasury that a borrower is in bankruptcy and NCC will perform an impairment test.

NCC 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 month expected credit losses. NCC 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, NCC 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses on financial assets are presented under Financial income/(expense).

Fair value hierarchy of financial instruments

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

- i) Level 1 – the fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date. Examples include financial assets such as investments in debt securities.
- ii) 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 and currency swaps are determined by discounting estimated future cash flow.
- iii) Level 3 – the fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, NCC carries such instruments at cost less impairment, if applicable.

Changes in accounting standards that may affect NCC 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. NCC 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 Financial Statements. The application of the standard will impact the level of detail presented in NCC’s income statement as well as the aggregation of expense items presented.

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. NCC is currently evaluating the effects of these new amendments; they are not expected to have a material impact on NCC’s Financial Statements in the period of initial adoption, based on the analysis so far.

3. Operating profit

Net interest income

In millions of US Dollars		
	2025	2024
Interest income from:		
Loans to parents and affiliates	1 681	1 585
Short-term investments	7	27
Cash and cash equivalents	3	2
Total interest income	1 691	1 614
Interest expense from:		
Loans from parent and affiliates	(728)	(790)
Financial debt	(258)	(177)
Commercial paper issued	(49)	(40)
Total interest expense	(1 035)	(1 007)
Total net interest income	656	607

Net fee and commission expense

In millions of US Dollars		
	2025	2024
Fee and commission expense to Nestlé Group companies	(24)	(16)
Net fee and commission expense	(24)	(16)

Financial income

In millions of US Dollars			
	Notes	2025	2024
Expected credit loss on financial assets		—	5
Financial income		—	5

4. Financial instruments

Financial assets and liabilities By class and category

In millions of US Dollars

Classes	2025				2024			
	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	29	—	—	29	39	—	—	39
Time deposits	—	—	—	—	67	—	—	67
Bonds and debt funds	—	—	—	—	—	634	—	634
Liquid assets (b) and non-current financial assets	29	—	—	29	106	634	—	740
Loans to parents and affiliates	43 214	—	—	43 214	44 721	—	—	44 721
Derivative assets (d)	—	—	67	67	—	—	—	—
Total financial assets	43 243	—	67	43 310	44 827	634	—	45 461
Trade and other payables	(105)	—	—	(105)	(93)	—	—	(93)
Financial debt (c)	(7 956)	—	—	(7 956)	(5 370)	—	—	(5 370)
Loans from parent and affiliates	(16 878)	—	—	(16 878)	(21 972)	—	—	(21 972)
Derivative liabilities (d)	—	—	(15)	(15)	—	(50)	(16)	(66)
Total financial liabilities	(24 939)	—	(15)	(24 954)	(27 435)	(50)	(16)	(27 501)
Net financial position	18 304	—	52	18 356	17 392	584	(16)	17 960
Of which at fair value (d)	—	—	52	52	—	584	(16)	568

(a) Carrying amount of these instruments is a reasonable approximation of their fair value. For bonds included in financial debt, see Note 5.

(b) Liquid assets are composed of cash and cash equivalents and short-term investments.

(c) Financial debt includes commercial paper and bonds issued (Note 5).

(d) Comprised of derivative assets and liabilities for which fair values are determined as per level 2 (Valuation techniques based on observable market data).

Fair value hierarchy of financial instruments

In millions of US Dollars

	2025	2024
Bonds and debt funds	—	634
Prices quoted in active markets (Level 1)	—	634
Derivative assets	67	—
Derivative liabilities	(15)	(66)
Valuation techniques based on observable market data (Level 2)	52	(66)
Total financial instruments at fair value	52	568

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

Contractual maturities of financial liabilities and derivatives

The tables below show the liabilities as at December 31, 2025 and 2024 by their remaining contractual maturities. The amounts disclosed in the maturity tables are undiscounted cash flows.

In millions of US Dollars

	2025					
	1st year	2nd year	3rd to 5th year	After the 5th year	Contractual amount	Carrying amount
Loan from parent and affiliates	16 878	—	—	—	16 878	16 878
Trade and other payables	105	—	—	—	105	105
Commercial paper	2 523	—	—	—	2 523	2 515
Bonds	264	264	2 693	4 705	7 926	5 441
Total financial debt	2 787	264	2 693	4 705	10 449	7 956
Financial liabilities (excluding derivatives)	19 770	264	2 693	4 705	27 432	24 939
Gross amount receivable from external currency derivatives	116	116	1 496	1 498	3 226	2 543
Gross amount payable from external currency derivatives	(113)	(113)	(1 423)	(1 422)	(3 071)	(2 491)
Net external derivatives	3	3	73	76	155	52
of which derivatives under cash flow hedges	3	3	73	76	155	52

4. Financial instruments

In millions of US Dollars

	2024					
	1st year	2nd year	3rd to 5th year	After the 5th year	Contractual amount	Carrying amount
Loan from parent and affiliates	19 843	2 129	—	—	21 972	21 972
Trade and other payables	93	—	—	—	93	93
Commercial paper	703	—	—	—	703	692
Bonds	227	227	2 235	4 450	7 139	4 678
Total financial debt	930	227	2 235	4 450	7 842	5 370
Financial liabilities (excluding derivatives)	20 866	2 356	2 235	4 450	29 907	27 435
Gross amount receivable from external currency derivatives	83	83	1 117	1 131	2 414	1 861
Gross amount payable from external currency derivatives	(90)	(90)	(1 151)	(1 163)	(2 494)	(1 927)
Net external derivatives	(7)	(7)	(34)	(32)	(80)	(66)
of which derivatives under cash flow hedges	(7)	(7)	(34)	(32)	(80)	(66)

5. Debt securities

Commercial Paper

The outstanding amounts of commercial paper at December 31, 2025 and 2024 were as follows:

In millions of US Dollars		
	2025	2024
Commercial paper	2 515	692
Total commercial paper	2 515	692
of which due within twelve months	2 515	692

The interest rates of the commercial papers in 2025 were between 3.50% and 4.84% (2024: 3.50% and 4.84%).

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

Bonds

In millions of US Dollars						
	Coupon	Effective interest rate	Years of issue/ maturity	Comments	2025	2024
USD 800	4.88%	4.92%	2024-2034		798	797
USD 650	5.10%	5.16%	2024-2054		644	644
USD 600	4.65%	4.74%	2024-2029		598	598
GBP 400	4.75%	4.80%	2024-2036	(a)	537	500
GBP 400	4.50%	4.64%	2024-2029	(a)	536	500
USD 450	4.75%	4.84%	2024-2031		448	448
AUD 600	4.60%	4.70%	2024-2029	(a)	400	371
AUD 600	5.25%	5.33%	2024-2034	(a)	399	371
AUD 400	4.55%	4.62%	2025-2030	(a)	267	—
AUD 400	5.25%	5.30%	2025-2035	(a)	266	—
USD 175	5.35%	5.37%	2024-2034		175	175
USD 175	5.26%	5.29%	2024-2031		175	175
USD 100	4.22%	4.50%	2024-2029		99	99
USD 100	4.33%	4.63%	2025-2030		99	—
Carrying amount (*) of bonds					5 441	4 678
of which due within one year					—	—
of which due after one year					5 441	4 678
Fair value (*) of bonds, based on prices quoted (level 2)					5 490	4 630

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

(a) Subject to an interest rate and currency swap that creates a liability at fixed rates in the currency of the issuer.

Several bonds are hedged by currency and/or interest derivatives. The fair value of these derivatives is shown under derivative assets for \$67 million (2024: nil) and under derivative liabilities for \$15 million (2024: \$66 million).

6. Income taxes

6.1 Components of tax expense recognized in the income statement

In millions of US Dollars

	2025	2024
Current taxes	(165)	(155)
Deferred taxes	(2)	(2)
Total taxes	(167)	(157)

6.2 Reconciliation of taxes recognized in the income statement

In millions of US Dollars

	2025	2024
Profit before taxes	632	596
Expected tax expense at average applicable tax rate	(167)	(157)
Tax expense at effective tax rate	(167)	(157)

6.3 The components of deferred tax (expense)/benefit by type are as follows:

In millions of US Dollars

	2025	2024
Income in other comprehensive income and equity	(2)	—
Income in income statement	—	(2)
Deferred tax (expense)/benefit	(2)	(2)

6.4 Reconciliation of deferred taxes by type of temporary differences recognized on the balance sheet

Deferred tax assets/(liabilities) by types of temporary differences are as follows:

In millions of US Dollars

	2025	2024
Tax effect relating to:		
Income in other comprehensive income and equity	14	6
Income in income statement	2	—
Total deferred tax assets/(liabilities)	16	6

7. Transactions with related parties

Financing of Nestlé USA affiliate entities

The principal business activity of NCC is managing the liquidity of the Nestlé USA affiliate entities, including their financing. This financing represents the majority of the transactions with related parties in quantity and in amounts. The majority of the loans are designated as in-house bank loans (IHBs) granted to parents and affiliate entities, which rollover at periodic intervals, where the interest rates are based on the average cost of funds of all external debt of NHI and its consolidated subsidiaries. To a lesser extent, NCC also grants term loans, generally but not exclusively for 3 years, at interest rates based on the Applicable Federal Rates (AFRs) prescribed by the IRS. The majority of outstanding balances with these related parties are expected to be settled in cash.

NCC also receives loans from parent and Nestlé Group affiliate entities, the terms of which are consistent with those discussed above, with the exception of specific IHBs received from its parent for which the interest rate is based on the average cost of funds of external debt of standalone NHI.

All of NCC's loans are granted to Nestlé Group affiliate entities and therefore both the lender and borrowers in these transactions are under the control of the same parent entity, Nestlé S.A. Further, the financial and solvency ratios of the Nestlé Group affiliate entity borrowers are strongly influenced by the Nestlé Group policies regarding dividend distribution, transfer pricing, royalties and cash management. Nestlé Group has an ongoing interest in sustaining the relationships of its affiliate entities.

NCC has access to ample liquidity, including short term debt capital markets, through NCC's own commercial paper program of up to a combined aggregate amount of USD 25 billion as well as through the Nestlé Group's commercial paper programs of up to a combined aggregate amount of EUR 25 billion equivalent, enjoying the benefit of issuance with Nestlé S.A.'s AA- rated guarantee. Nestlé S.A. also has revolving credit facilities of EUR 7.1 billion and of USD 6.9 billion, which serve primarily as backstop liquidity to the Nestlé Group's short-term debt.

Loans with related parties and Nestlé USA affiliate entities

In 2025, loans from parent and affiliated companies totaling \$2.1 billion (2024: loans to parents and affiliated companies totaling \$5.1 billion) were reclassified to current due to approaching maturity dates.

The following is a breakdown of loans to/from parents and affiliates split between the loan principal balance and accrued interest.

7. Transactions with related parties

In millions of US Dollars

	2025	2024
Loans to parents and affiliates:		
Loans to parents and affiliates excluding accrued interest	43 128	44 635
Accrued interest on loans to parents and affiliates	86	86
Total loans to parents and affiliates	43 214	44 721
Loans from parent and affiliates:		
Loans from parent and affiliates excluding accrued interest	16 877	21 971
Accrued interest on loans from parent and affiliates	1	1
Total loans from parent and affiliates	16 878	21 972

Grant, receipt and repayments of loans for the years ended December 31, 2025 and 2024 were as follows:

In millions of US Dollars

	2025	2024
Loans to parents:^(a)		
As at January 1	23 945	22 484
Loans granted during year	—	1 595
Loan repayments and settlements	(1 693)	(134)
As at December 31	22 252	23 945
Loans to affiliates:		
As at January 1	20 776	22 361
Loans granted during year	1 088	3 084
Loan repayments and settlements	(902)	(4 669)
As at December 31	20 962	20 776
Total loans to parents and affiliates	43 214	44 721
Of which current	43 023	44 530
Of which non-current	191	191
Loans from parent:^(b)		
As at January 1	17 458	19 962
Loan repayments and settlements	(4 582)	(2 504)
As at December 31	12 876	17 458
Loans from affiliates:		
As at January 1	4 514	6 811
Loans received during year	1 611	370
Loan repayments and settlements	(2 123)	(2 667)
As at December 31	4 002	4 514
Total loans from parent and affiliates	16 878	21 972
Of which current	16 878	19 843
Of which non-current	—	2 129

(a) Loans to Parents cover NIMCO US, Inc. (NHI Parent), and NUSHI (NIMCO Parent).

(b) Loans from NHI (NCC Parent).

8. Risks and uncertainties

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

Financial risk management is an integral part of the way Nestlé Group, including NCC, is managed. The Nestlé S.A. Board of Directors determines the financial control principles as well as the principles of financial planning.

The Chief Executive Officer of Nestlé S.A. organizes, manages, and monitors all financial risks, including asset and liability matters.

A Nestlé S.A. Asset and Liability Management Committee ("ALMC"), under the supervision of the Chief Financial Officer of Nestlé S.A., is the governing body for the establishment and subsequent execution of Nestlé S.A.'s Financial Asset and Liability Management Policy, to which NCC is subject. It ensures implementation of strategies and achievement of objectives of Nestlé S.A.'s Financial Asset and Liabilities Management Policy, which are executed by the Centre 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.

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

Capital Risk

NCC's capital risk management is driven by the level of the loan granted and the level of the risk on the loan granted. The Nestlé S.A. Board of Directors seeks to maintain a prudent balance between the risk and the capital.

NCC's commercial paper is guaranteed by Nestlé S.A, which allows NCC to borrow from third parties at lower interest rates.

Concentrations of Risk

The majority of NCC's assets represent receivables from Nestlé USA affiliate entities. This situation is reflected in the assessment of risk of default and the measurement of the allowance for expected credit loss. The risks are concentrated to Nestlé USA affiliate entities given the purpose of the Company, with primary exposure in USD and in the USA and Switzerland.

Credit Risk

Credit risk refers to the risk that an internal or external counterparty will default on its contractual obligations resulting in financial loss to the Company. The amount recognized (Note 4) in the balance sheet of NCC for financial assets (Note 7 for the loans to Nestlé USA affiliate entities) is the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations. In the case of derivative financial instruments, NCC is also exposed to credit risk, which results from the non-performance of contractual agreements on the part of the counterparty.

8. Risks and uncertainties

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

Issuances of debt instruments by NCC benefit from a guarantee given by Nestlé S.A. All international recognized rating agencies which rate the credit of Nestlé S.A. and its affiliates, including NCC, may qualify or alter such rating at any time. Downgrades or placement on review for possible downgrades could harm the Nestlé Group's, including NCC's, ability to obtain financing or increase its financing costs and could have a material adverse effect on the price of debt instruments issued by NCC and thereby significantly affect NCC's financial position.

As at the balance sheet date, NCC has impaired certain loans to parents and affiliates based on the ECL calculation discussed in Note 2. The variance between the nominal amounts disclosed herein and loans to parents and affiliates presented on the balance sheet relate to IHB loans granted for which the ECL is not material. No other financial assets were impaired.

In millions of US Dollars

	2025	2024
A- and above	—	191
BB+ and below	5 334	5 145
	5 334	5 336

Changes in NCC's ECL amounted to financial income of \$0 and \$5 million for the years ended December 31, 2025 and 2024, respectively.

Credit rating of financial assets

This includes liquid 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. NCC uses an internationally recognized credit scale to present the information. NCC deals mainly with financial institutions located in North America and the United Kingdom. These assets amounted to \$96 million and \$106 million as at December 31, 2025 and December 31, 2024, respectively, and were all rated A- and above.

Banking Credit

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

Market risk

The Company 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 Company is exposed to foreign currency risk from transactions.

Transactional exposures arise from transactions in foreign currency. They are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs through the use of currency forwards, futures, swaps and options. Refer to 'Financial instruments at fair value through profit and loss' section of Note 2 for discussion of NCC's derivatives.

Exchange differences recorded in the income statement represented a gain of \$159 million in 2025 (2024: \$47 million). They are allocated to the appropriate headings of expenses by function.

Value at Risk (VaR) based on historic data for a 250-day period and a confidence level of 95% results in no material VaR in 2025 and 2024.

The Company 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

NCC is exposed primarily to fluctuations in AUD and GBP 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 68% (2024: 87%).

Liquidity Risk

Liquidity risk is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Such risk may result from inadequate market depth or disruption or refinancing problems. NCC's objective is to manage this risk by limiting exposures in financial instruments that may be affected by liquidity problems and by maintaining sufficient back-up facilities.

See Note 4 for disclosure of contractual maturities of financial liabilities and derivatives.

Derivatives by hedged risks

In millions of US Dollars

	2025			2024		
	Contractual or notional amounts	Fair value assets	Fair value liabilities	Contractual or notional amounts	Fair value assets	Fair value liabilities
Cash flow hedges						
Foreign currency and interest rate risk on net financial debt	2 414	67	15	1 751	—	66
Total derivatives	2 414	67	15	1 751	—	66
Conditional offsets ^(a)						
Derivative assets and liabilities	—	(5)	(5)	—	—	—
Balances after conditional offsets		62	10		—	66

(a) Represent amounts that would be offset in case of default, insolvency or bankruptcy of counterparties.

Impact on the consolidated income statement of fair value and cash flow hedges

Impact on the income statement of fair value and cash flow hedges

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

In millions of US Dollars

	2025	2024
on hedged items	(160)	48
on hedging instruments	160	(48)

Ineffective results of fair value and cash flow hedges are not significant.

Risk of an increase in cost of capital

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

Treasury operations

In the course of its business, the Nestlé Group, including NCC, has substantial assets under management. Although the Nestlé Group has implemented risk management methods, including approved guidelines and financial policies to mitigate and control such risks, as a result of holding such assets, it is exposed to default risk, foreign exchange risk and credit spreads. Returns on such assets may also be affected by limited exposure to yield enhancing absolute return funds. In addition, adverse changes in the credit quality of counterparties or a general deterioration in economic conditions or arising from systemic risks in the financial systems could affect the value of those assets and thereby materially affect NCC's financial position.

9. Events after the balance sheet date

As at February 26, 2026, the Company has no subsequent events which either warrant a modification of the value of its assets and liabilities or any additional disclosures with the exception of the subsequent event described below.

In January 2026, NCC, NHI and certain affiliate entities executed intercompany loan assignment agreements, resulting in the settlement of \$6.9 billion in intercompany loan balances. This transaction resulted in a corresponding decrease in both loans provided and loans received.