

Registered number: 00156925

NESPRESSO UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



NESPRESSO UK LTD

COMPANY INFORMATION

Directors

G. Chesneau (resigned 1 July 2022)
L. Pasquier (resigned 31 March 2022)
M. Weber
A. S. R. Lundstrom (appointed 1 August 2022)
G. Kahlown (appointed 1 June 2022)

Registered number

00156925

Registered office

1 City Place
Beehive Ring Road
Gatwick
RH6 0PA

Independent auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

NESPRESSO UK LTD

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NESPRESSO UK LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their strategic report for the year ended 31 December 2022.

Business review and key performance indicators

2022 saw a continuation of growth in sales with overall sales increasing by 7% supported by the come back post COVID of the B2B channel (sales in out of home channel). B2C saw the launch of the new Vertuo Pop machine with its bright colours and compact size, the coffee range was also dynamic with various limited editions. The year also saw the beginning of our journey as a certified B Corporation meeting high standards of social and environmental performance joining a global movement of like-minded corporations that are using business as a force for good. The business faced external challenges with increased commodity prices, inflation, and customers having less disposable income.

The performance achieved during the period is set out in the Profit and Loss Account on page 10.

The results of the Company show a pre-tax profit of £13.4m (2021 - £12.2m) for the year and turnover of £329.9m (2021 - £308.2m).

The Company has net assets of £11.6m (2021 - £10.4m).

Nespresso UK had an average of 692 employees in 2022 (2021 – 684 employees).

Principal risks and uncertainties

The management of the business of the Company and the execution of its strategy are subject to a number of risks and uncertainties, including a difficult economic environment, a strong competitive environment, currency fluctuations, further trade consolidation, product innovation, employee retention and volatility in input costs. For additional information regarding principal risks and uncertainties please refer to the Nestlé group accounts that are available at www.nestle.com/investors/annual-report

The implications of the war in Ukraine for the Company and the global economy, as well as potential escalations are highly uncertain and remain difficult to predict or quantify.

Pressure from increased commodity prices, inflation, and the new normal post-COVID will continue to be challenges faced by the business.

NESPRESSO UK LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Stakeholder review

Under section 172 of the UK Companies Act 2006 ('Section 172') directors must act in the way that they consider, in good faith, would be most likely to promote the success of their company. In doing so, our directors must have regard to stakeholders and the other matters set out in Section 172. The following section is our Section 172 statement, which describes how the directors of this Company have had regard to these matters when performing their duty.

The Company has considered Sections 172(1) (a) to (f) listed below:

(a) the likely consequences of any decision in the long term

The Nestlé Group takes a long-term view and makes decisions in order to continue to provide good food, good life and continue our quality and competitiveness for consumers of Nestlé (UK) and its subsidiaries for now and the future. New products have been introduced and for current products, there is innovation, whilst maintaining the quality.

Logistics automation has reached a new level with the Digital Distribution Warehouse of the Future fully operational, in order to deliver fast, efficient distribution of Nestlé products, including KitKat, Maggi and Nescafé.

(b) the interests of the Company's employees

As a business, Nestlé is guided by its values which are rooted in respect for ourselves, for each other, respect for diversity and respect for the future. Nestlé is firmly committed to having a diverse workforce that is reflective of society and its consumer base as well as having an open dialogue and collaborative approach with all our employees. We promote a speak up culture and we provide opportunities for employees to provide feedback on areas that they would like to see further development and improvement. Learning and development is integral to our employees' growth and this is reflected by our Professional Development standards.

(c) the need to foster the Company's business relationships with suppliers, customers and others

As part of promoting a culture of inclusion, among other activities, we have embedded diversity and inclusion (D&I) in our supply chain by changing the procurement buyer mindset, spreading awareness of supplier diversity importance with our suppliers, and recognising the impact we can have on D&I within our Supply chain. We have also engaged with the UK Government on activity to address obesity with collaboration and education and to explore models to support a more sustainable and circular packaging infrastructure.

(d) the impact of the Company's operations on the community and the environment

Nestlé in the UK is proud to acquire 100% of the Company's grid supplied electricity from renewable sources provided by two Wind Farms. This is in line with our Road to Net Zero. As part of our Climate Change Roadmap, we plan to have 100% of our packaging recyclable or re-usable by 2025. Nestlé took part in COP26 to meet with key stakeholders to address the issue of climate change. 2023 sees the 20-year anniversary of Nespresso' AAA program, created to ensure the delivery of the high-quality coffee consumers love, while enhancing the livelihoods of partner farmers and protecting the environment.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct

Nespresso UK Ltd, as part of Nestlé S.A., prides itself on strong corporate business principles which ensures that the Company maintains standards in line with and above local regulations.

(f) the need to act fairly between members of the Company

We are a diverse, global business that does not tolerate racism, harassment, or discrimination of any kind. We have established a network of colleagues from across Nestlé UK & Ireland focused on eradicating racism and to attract and hire more ethnically diverse colleagues to work with us and ensure everyone is treated fairly and with respect. This network have also led learning events and inform further Nestlé's diversity approach.

To help us learn and understand more about disability we have our employees share their experience with living and working with disabilities with our Disability Network NestAbility.

Through gender pay gap reporting, we can see where we need to take action to drive equity in our workforce.

NESPRESSO UK LTD


**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

With focus on Wellbeing, we are constantly covering topics such as mental health awareness and the support available. Nestlé UK has a strong LGBT+ network, now in its 6th year, which has brought great representation across our business. These are key across our business with our ongoing commitment to give everyone the chance to be the best they can be. Ethics is an important part of our culture and we make sure that everyone is up to date with our values.

Nespresso's commitment to people's wellbeing and the planet's preservation began over 30 years ago, fuelled by the belief that coffee can be a force for good. In April 2022, Nespresso became a Certified B Corporation. To certify as a B Corp, businesses must meet high standards across five areas: Governance, Workers, Community, Environment and Customers. Nespresso scores are published transparently at bcorporation.net and sustainability.nespresso.com/b-corp-score.

Further information on how the Nestlé Group of companies addresses the above topics and enhances the quality of life can be found on the Nestle SA website <https://www.nestle.com/investors/annual-report>. and in our 2022 Creating Shared Value Report: <https://www.nestle.com/sites/default/files/2022-03/creating-shared-value-sustainability-report-2022-en.pdf>

This report was approved by the board on 10 May 2023 and signed on its behalf on 10 May 2023.

DocuSigned by:

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A. S. R. Lundstrom
Director

NESPRESSO UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £11.0m (2021 - £9.8m).

The directors proposed and paid a final dividend of £9.8m in 2022 (2021 - £8.7m). The directors recommend the payment of a final dividend on ordinary shares of £11.0m (2021 - £9.8m).

Going concern

The Company currently has net current assets of £4,103,000 (2021 - £1,240,000), including amounts owed to other Nestlé S.A. group undertakings of £37,545,000 (2021 - £25,725,000).

Nestlé S.A. has provided an undertaking that until 10 May 2024, it will continue to provide financial and other support to enable the Company to continue in operational existence for the foreseeable future and that repayment of its liabilities and loans will not be sought if it would impede the Company's ability to meet its obligations to third parties and operate as a going concern.

The directors, having assessed the responses of the representatives of the Company's ultimate parent, Nestlé S.A. to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements until 10 May 2024.

On the basis of their assessment of the Company's financial position and performance, and of enquiries made to Nestlé S.A., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Directors

The directors who served during the period until the financial statements were signed were:

G. Chesneau (resigned 1 July 2022)
L. Pasquier (resigned 31 March 2022)
M. Weber
A. S. R. Lundstrom (appointed 1 August 2022)
G. Kahlow (appointed 1 June 2022)

Environmental matters

The Company seeks to develop business practices and behaviours that meet the highest standards of responsibility towards the environment. The Company sees conservation and development as mutually reinforcing each other in pursuit of sustainable growth. The Company seeks to go beyond mere compliance with the law, which it willingly embraces, to achieve, in particular, savings of energy and resources, and the reduction of waste and effluent in all its forms.

Employee involvement

Employees are recognised as key assets of the Company and their quality and motivation are essential for the Company to compete successfully in its markets. To help achieve corporate aims and objectives, the Company maintains and develops formal and informal systems of communication with its employees to discuss matters of mutual interest. Information on matters of concern to employees is given through bulletins, meetings, reports and newsletters, and includes information to enable them to gain awareness of financial and economic factors affecting the Company.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business relationship engagement

The Company seeks to develop business practices and behaviour that meet the highest standards of responsibility towards all stakeholders.

Our global stakeholder network includes investors, multilateral organizations, governments, NGOs, academia, local communities, suppliers, consumers and customers. One way we engage with our stakeholders is through regular convenings, providing opportunities to highlight issues that are important to them. The outcomes of these convenings are then communicated to senior management so actions can be taken to address concerns. These actions are cascaded to the Nestle companies in the UK & Ireland.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Nestlé Group is committed to reduce its impact on the environment and the Company has taken steps to switch to renewable energy and to reduce air emissions. The Company shares offices with Nestlé UK and since May 2020 100% of the grid supplied electricity now comes from renewable sources.

The Company's energy usage in our direct locationally managed boutique network for 2022 was 3,334 GJ (2021 – 4,607 GJ) sourced from 100% renewable sources resulting in zero tCO₂ (2021 – zero tCO₂). The remaining boutiques are part of large retail sites and are currently under review. In 2022, 91% of the energy used in the boutique network came from 100% renewable sources (2021 – 89% of the energy used in the boutique network came from 100% renewable sources).

Figures are given in the Nestle UK accounts for energy usage and greenhouse gas emissions. Nespresso is a small part of this bigger amount.

The Company has a policy document to enable it to be able to calculate energy usage and CO₂ emissions. Energy usage is obtained from a variety of sources including external invoices and external information.

Disclosure of information to auditor


Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 May 2023 and signed on its behalf.

DocuSigned by:

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A. S. R. Lundstrom
Director

NESPRESSO UK LTD

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESPRESSO UK LTD

Opinion

We have audited the financial statements of Nespresso UK Ltd for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- given true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended ;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 10 May 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESPRESSO UK LTD

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 directors either intend to liquidate the Company or to cease operations, or have 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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework FRS 101 "Reduced Disclosure Framework", the Companies Act 2006 and the relevant UK tax compliance regulations. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, food safety, employees, pensions, data protection and anti-bribery and corruption.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESPRESSO UK LTD

- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We identified a risk in relation to improper revenue recognition due to management override through manual journal entries, as revenue drives management's remuneration. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation, ensuring appropriate authorisation of the transactions. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included testing journals identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst & Young LLP

Kester Rogers (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
London

16 May 2023

NESPRESSO UK LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	2	329,919	308,225
Cost of sales		(247,852)	(224,146)
Gross profit		82,067	84,079
Distribution costs		(53,756)	(56,074)
Administrative expenses		(15,359)	(15,430)
Operating profit	3	12,952	12,575
Interest receivable and similar income	8	589	148
Interest payable and similar expenses	9	(147)	(513)
Profit before tax		13,394	12,210
Tax on profit	10	(2,365)	(2,372)
Profit for the financial year		11,029	9,838

There are no items of other comprehensive income for 2022 or 2021 other than the profit for the year. As a result, no separate Statement of Comprehensive Income has been presented.

The notes on pages 13 to 30 form part of these financial statements.

NESPRESSO UK LTD
REGISTERED NUMBER:00156925

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	12	17,110	21,646
		<u>17,110</u>	<u>21,646</u>
Current assets			
Stocks	13	43,992	30,907
Debtors: amounts falling due within one year	14	62,312	57,403
Cash at bank and in hand		-	3
		<u>106,304</u>	<u>88,313</u>
Creditors: amounts falling due within one year	15	(102,201)	(87,073)
Net current assets		<u>4,103</u>	1,240
Total assets less current liabilities		<u>21,213</u>	<u>22,886</u>
Creditors: amounts falling due after more than one year	16	(9,606)	(12,503)
Net assets		<u><u>11,607</u></u>	<u><u>10,383</u></u>
Capital and reserves			
Called up share capital	19	275	275
Profit and loss account		11,332	10,108
		<u>11,607</u>	<u>10,383</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 May 2023.

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A. S. R. Lundstrom
 Director

The notes on pages 13 to 30 form part of these financial statements.

NESPRESSO UK LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	275	9,000	9,275
Comprehensive income for the year			
Profit for the year	-	9,838	9,838
Dividends paid	-	(8,730)	(8,730)
Total transactions with owners	-	(8,730)	(8,730)
At 1 January 2022	275	10,108	10,383
Comprehensive income for the year			
Profit for the year	-	11,029	11,029
Dividends paid	-	(9,805)	(9,805)
Total transactions with owners	-	(9,805)	(9,805)
At 31 December 2022	275	11,332	11,607

The notes on pages 13 to 30 form part of these financial statements.

NESPRESSO UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies

1.1 Basis of preparation of financial statements

Nespresso UK Ltd (the "Company") is a company incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company's ultimate parent undertaking, Nestlé S.A includes the Company in its consolidated financial statements. The consolidated financial statements of Nestlé S.A are prepared in accordance with International Financial Reporting Standards and are available to the public.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Nestlé S.A as at 31 December 2022 and these financial statements may be obtained from <https://www.nestle.com/investors/annual-report>.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

NESPRESSO UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.3 Going concern

The Company currently has net current assets of £4,103,000 (2021 - £1,240,000), including amounts owed to other Nestlé S.A. group undertakings of £37,545,000 (2021 - £25,725,000).

Nestlé S.A. has provided an undertaking that until 10 May 2024, it will continue to provide financial and other support to enable the Company to continue in operational existence for the foreseeable future and that repayment of its liabilities and loans will not be sought if it would impede the Company's ability to meet its obligations to third parties and operate as a going concern.

The directors, having assessed the responses of the representatives of the Company's ultimate parent, Nestlé S.A. to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements until 10 May 2024.

On the basis of their assessment of the Company's financial position and performance, and of enquiries made to Nestlé S.A., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

1.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised when control is transferred to a customer. Factors that may indicate the point in time at which control is transferred include, but are not limited to:

- the Company has a present right to payment for the asset;
- the customer has legal title to the asset;
- the Company has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset; and
- the customer has accepted the asset.

Revenue is measured as the amount of consideration which the Company 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.

1.6 Leases: the Company as a lessee

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

The Company recognises a right-of-use (ROU) asset and lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the Profit and Loss account 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.

At inception, the ROU asset comprises the initial lease liability, initial indirect costs and the obligations 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 "Long term leasehold property" and the lease liability is included in the headings "Leases".

1.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.9 Pensions

The Company participates in the Nestlé UK Pension Fund which is a defined benefit scheme and provides benefits based on career averaged pensionable pay. The assets of the scheme are held separately from those of the company.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS19 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Profit and Loss account represents the contributions paid to the scheme in respect of the accounting period.

For additional information regarding the Nestlé UK Pension Fund please refer to note 20.

1.10 Share-based payments

The Company has equity-settled share-based payments transactions. The share-based transactions are settled with shares or with reference to shares of Nestlé S.A. and not Nespresso UK Ltd.

Equity-settled share-based transactions are recognised in the Profit and Loss account over the vesting period. They are fair valued at grant date and measured using generally accepted pricing models. The cost of equity settled share-based payment transactions is adjusted annually by the expectations of vesting, for the forfeitures of the participants' rights that no longer satisfy the plan conditions as well as for early vesting.

Nestlé S.A. recharges Nespresso on an annual basis based on its yearly capital contribution to the Company's share-based payment arrangement. Per IFRS 2, the existence of a recharge arrangement between Nestlé S.A. and the Company does not change the character of the share-based payment transaction (equity-settled), as Nestlé S.A. is still obliged to settle the transaction by the issuance of shares at the vesting date. However, the Company recognises a recharge liability for the expected charge from Nestlé S.A. in respect of the share-based payments, instead of a usual share-based payment reserve.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

1.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets on the following basis per annum:

L/Term Leasehold Property	- 10.00% - 20.00% or over the life of the lease
Plant & machinery	- 20.00% - 33.33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NESPRESSO UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.14 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

In line with IFRS9, the Company has made considerations for expected credit losses. These are reflected in a provision made for the impairment of trade and other debtors which is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

1.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.18 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**2. Turnover**

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	299,670	279,068
Rest of Europe	30,249	29,157
	329,919	308,225

3. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible fixed assets	7,368	9,913
Impairment of tangible fixed assets	1,392	3,403
Loss/(gain) on disposal of tangible fixed assets	8	(493)
Restructuring costs	366	42
Net foreign exchange (gain)/loss	(90)	58
Defined contribution pension cost	1,736	1,568
Defined benefit pension cost	822	5,509
Cost of stocks recognised as an expense	173,349	149,735

4. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2022	2021
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	31	30

NESPRESSO UK LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****5. Employees**

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£000	£000
Wages and salaries	21,748	21,708
Social security costs	2,446	2,318
Cost of defined benefit scheme	822	5,509
Cost of defined contribution scheme	1,736	1,569
	26,752	31,104

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Administration, distribution and sales	692	684

6. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	700	617
	700	617

During the year 3 directors received shares under the long-term incentive schemes (2021 - 1)

The highest paid director received remuneration of £311,500 (2021 - £414,000).

The highest paid director was granted 493 shares awarded by Nestlé S.A. (2021 - 547) under a long-term incentive scheme. In the year 536 shares were exercised (2021 - 287).

7. Equity compensation plan

Certain employees are eligible to receive long-term incentives in the form of equity compensation plans. Each unit granted gives the right to one Nestlé S.A. share.

Equity compensation plans are settled either by remittance of Nestlé S.A. shares (accounted for as equity-settled share based payment transactions) or by the payment of an equivalent amount in cash (accounted for as cash settled share-based payment transactions). As the shares are in Nestlé S.A. and not Nespresso UK Ltd., all charges for equity compensation plans are accrued in 'creditors due within one year' and the share value is subsequently invoiced to Nespresso UK Ltd. by Nestlé S.A.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Equity compensation plan (continued)

	2022 £000	2021 £000
Cost of equity compensation plans		
Charged to profit or loss	47	46
	<u>47</u>	<u>46</u>

The cost of equity-settled share based payments included in the above figures was £46,708 (2021 - £45,893).

Restricted Stock Unit Plan (RSUP)

Members of senior management are awarded Restricted Stock Units (RSU) that entitle participants to receive freely disposable Nestlé S.A. shares (accounted for as equity-settled share-based payment transactions) or an equivalent amount in cash (accounted for as cash-settled share-based payment transactions) at the end of a three year restriction period subject to service conditions.

	2022 Number	2021 Number
Number of RSU in units		
Outstanding at the beginning of the year	1,534	1,274
Granted during the year	234	547
Settled	(536)	(287)
Transfers in from, or (out to) other Group companies	1,021	-
Forfeited	-	-
Outstanding at the end of the year	<u>2,253</u>	<u>1,534</u>

The fair value of equity-settled RSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, discounted at a risk-free interest rate and adjusted for the dividends that participants are not entitled to receive during the restricted period of three years. The weighted average fair value of the equity-settled RSU granted in 2022 is CHF 118.59 (2021 - CHF 97.20).

The range of exercise prices is from CHF97.20 to CHF118.59 (2021 - CHF97.20 to CHF107.10). The weighted average remaining contractual life is 2.0 years (2021 - 2.0 years)

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Equity compensation plan (continued)

Performance Share Unit Plan (PSUP)

As from 2014, members of senior management are awarded Performance Share Units (PSU) that entitle participants to receive freely disposable Nestlé S.A. shares (accounted for as equity-settled share based payment transactions) or an equivalent amount of cash (accounted for as cash-settled share based payment transactions) at the end of a three year restriction period.

Upon vesting, the number of shares to be delivered will range from 0% to 200% of the initial grant and be determined by the degree by which the performance measures of the PSUP have been met. These measures are the relative Total Shareholder Return of the Nestlé S.A. share in relation to the STOXX Global 1800 Food and Beverage Net Return Index; and the growth of the underlying earnings per share in constant currencies. Each of the two measures has equal weighting in determining the vesting level of the initial PSU award.

	2022 Number	2021 Number
Outstanding at the beginning of the year	-	-
Granted	493	-
Settled	-	-
Transfers in from, or (out to) other Group companies	(493)	-
Forfeited	-	-
Outstanding at the end of the year	-	-

The fair value of the equity-settled PSU is determined using a valuation model which reflects the probability of over-achievement or under-achievement on the Total Shareholder Return measure, which is a market condition, and based on historical data. The other inputs incorporated into the valuation model comprise the market price of Nestlé S.A. shares at the grant date, discounted at a risk-free interest rate and adjusted for the dividends that participants are not entitled to receive during the restricted period of three years.

No equity settled PSU granted in 2022 or in 2021.

8. Interest Receivable and Similar Income

	2022 £000	2021 £000
Interest receivable from group companies	589	147
Other interest receivable	-	1
	589	148

Of which a total of £431,000 (2021 - £Nil) is wholly in respect of group cash pooling arrangements.

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Interest payable and similar expenses

	2022 £000	2021 £000
Loans from group undertakings	-	272
Finance leases and hire purchase contracts	147	241
	<u>147</u>	<u>513</u>

10. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	2,004	2,338
Adjustments in respect of previous periods	612	-
	<u>2,616</u>	<u>2,338</u>
Foreign tax		
Foreign tax on income for the year	54	83
Foreign tax in respect of prior periods	(28)	-
	<u>2,642</u>	<u>2,421</u>
Deferred tax		
Origination and reversal of timing differences	382	238
Changes to tax rates	(666)	(263)
Deferred tax relating to prior periods	7	(24)
	<u>(277)</u>	<u>(49)</u>
	<u>2,365</u>	<u>2,372</u>
Taxation on profit on ordinary activities		

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>13,394</u>	<u>12,210</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	2,545	2,320
Effects of:		
Expenses non deductible for tax purposes and permanent fixed asset differences	(69)	338
Adjustments to tax charge in respect of prior periods - deferred tax	7	(24)
Adjustments to tax charge in respect of previous periods	584	-
Non-taxable income	(35)	-
Change in tax rate	(667)	(262)
Total tax charge for the year	<u><u>2,365</u></u>	<u><u>2,372</u></u>

Factors that may affect future tax charges

The main rate of UK corporation tax is 19%, effective since 1 April 2017. Legislation to increase the main rate of corporation tax from 19% to 25% with effect from 1 April 2023 was included in Finance Act 2021. The effect of the tax rate increase has been considered in calculating the deferred tax balances as at 31 December 2021 and 2022.

11. Dividends

	2022 £000	2021 £000
Dividends paid on equity capital	<u>9,805</u>	<u>8,730</u>
	<u><u>9,805</u></u>	<u><u>8,730</u></u>

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

	L/Term Leasehold Property £000	Plant & machinery £000	Total £000
Cost or valuation			
At 1 January 2022	56,511	24,722	81,233
Additions	3,246	3,918	7,164
Disposals	(11,913)	(1,981)	(13,894)
Revaluations	(2,806)	-	(2,806)
At 31 December 2022	<u>45,038</u>	<u>26,659</u>	<u>71,697</u>
Accumulated depreciation			
At 1 January 2022	39,668	19,919	59,587
Charge for the year on owned assets	4,690	2,678	7,368
Disposals	(11,913)	(1,847)	(13,760)
Impairment charge	1,219	173	1,392
At 31 December 2022	<u>33,664</u>	<u>20,923</u>	<u>54,587</u>
Net book value			
At 31 December 2022	<u>11,374</u>	<u>5,736</u>	<u>17,110</u>
At 31 December 2021	<u>16,843</u>	<u>4,803</u>	<u>21,646</u>

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	43,992	30,907
	<u>43,992</u>	<u>30,907</u>

14. Debtors

	2022 £000	2021 £000
Trade debtors	8,800	5,363
Amounts owed by group undertakings	40,940	45,308
Other debtors	3,330	3,754
Prepayments and accrued income	7,823	1,836
Deferred taxation	1,419	1,142
	<u>62,312</u>	<u>57,403</u>

Amounts owed by group undertakings include £36,700,000 (2021 - £41,330,000) in respect of group cash pooling arrangements.

15. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	10,999	14,667
Amounts owed to group undertakings	37,545	25,725
Corporation tax	2,133	2,325
Lease liabilities	2,243	4,331
Other creditors	15,363	12,127
Accruals and deferred income	33,918	27,898
	<u>102,201</u>	<u>87,073</u>

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Lease liabilities	7,772	10,152
Other creditors	1,834	2,351
	<u>9,606</u>	<u>12,503</u>

17. Deferred taxation

	2022 £000	2021 £000
At beginning of year	1,142	1,093
Charged to the profit or loss	277	49
At end of year	<u>1,419</u>	<u>1,142</u>

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Assets qualifying for capital allowances	464	798
Capitalised leased assets (IFRS 16)	148	182
Short term temporary differences	807	162
	<u>1,419</u>	<u>1,142</u>

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Leases

Company as a lessee

Nespresso holds leases on its Nespresso boutiques.

Lease liabilities are due as follows:

	2022 £000	2021 £000
Within one year	2,243	4,331
Between 2-5 years	6,208	7,272
More than 5 years	1,564	2,880
	<u>10,015</u>	<u>14,483</u>

The following amounts are the carrying amounts of lease liabilities and the movement during the period:

	2022 £000	2021 £000
At beginning of year	14,483	24,868
Additions	2,673	3,456
Accretion of interest	147	241
Payment	(4,334)	(6,184)
Liability modifications	(2,954)	(7,898)
Outstanding at 31 December	<u>10,015</u>	<u>14,483</u>

The following are amounts recognised in profit and loss:

	2022 £000	2021 £000
Depreciation expense of right-of-use assets	3,325	5,074
Interest expense on lease liabilities	147	241
Impairment loss	862	1,560
	<u>4,334</u>	<u>6,875</u>

19. Share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid		
275,000 (2021 - 275,000) Ordinary shares of £1.00 each	<u>275</u>	<u>275</u>

NESPRESSO UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Pension commitments

The Company participates in the Nestlé UK Pension Fund, which includes a defined benefit section and a defined contribution section. The Company made contributions totalling £2,558,000 to the fund during 2022 (2021 - £7,077,000). Contributions in 2023 are currently forecast to be nearly 50% higher than 2022. Based on pensionable pay, Nespresso represents just under 2% of total contributions to the scheme.

The Company is unable to identify its share of the underlying assets and liabilities of the Fund, as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the Fund. Contributions to the scheme have therefore been accounted for as if it were a defined contribution scheme. An updated valuation of the entire scheme was prepared at 31 December 2022 by an independent qualified actuary for the purpose of IAS 19. At that date the assets exceeded the liabilities of the scheme by £641,827,000 (2021 - £1,088,369,000). The full asset has been disclosed in the accounts of Nestlé UK Ltd.

21. Post Balance Sheet Events

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

22. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Nestlé UK Ltd., a Company incorporated in the United Kingdom with domestic ultimate parent company Nestlé Holdings (U.K.) PLC.

Nestlé S.A. heads the largest and smallest group in which results of the company are included in the consolidated financial statements. The consolidated financial statements of Nestlé S.A. are available to the public and may be obtained from Nestlé Headquarters, CH1800, Vevey, Switzerland.