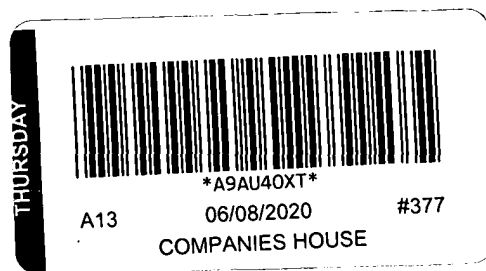


Registered number: 2334804

NESTLÉ WATERS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



**NESTLÉ WATERS UK LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	R. Shaw M. Beneventi C. Roberts
<b>Registered number</b>	2334804
<b>Registered office</b>	1 City Place Gatwick Surrey RH6 0PA
<b>Independent auditor</b>	KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square London, E14 5GL

**NESTLÉ WATERS UK LIMITED**

**CONTENTS**

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Directors' Responsibilities Statement</b>	5
<b>Independent Auditor's Report</b>	6 - 7
<b>Profit and Loss Account</b>	8
<b>Statement of Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11 - 12
<b>Notes to the Financial Statements</b>	13 - 29

# NESTLÉ WATERS UK LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

### Introduction

The directors present the Strategic Report for the year ended 31 December 2019.

### Business review

The Company reported a decrease in sales of 10.4% compared with 2018. This was largely due to the 2019 decline in the Plain Water category in the UK which impacted all suppliers, supported by a poor summer season in comparison to a very strong 2018 season. The decrease was also due to the competitiveness within the UK Carbonated Soft Drinks category which also impacted the business results. These points could not be fully offset by growth delivered from existing customers and also new distribution gained in the UK waters category during 2019. Improvements in production and supply chain continued to be delivered to supported the overall business performance growth.

The Company's operating profit percentage was 3.1 %.

### Principal risks and uncertainties

Future results of the Company could be affected by the following business and market risks:

- Further trade consolidation and intense competition putting additional pressure on sales value
- Future growth or decline in value of the UK Waters Category
- Price of key materials used within the UK Waters Category
- Material variations in Exchange Rates impacting the UK business

The current COVID-19 pandemic has affected Nestlé globally. During this unprecedented time, our purpose of enhancing quality of life and contributing to a healthier future is now more important than ever. From our supply chain, to our factories, and right through to your homes, the company as part of the Nestlé Group is working around the clock to ensure that we continue to meet the nutritional needs of your families during this difficult time.

## NESTLÉ WATERS UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 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.

Nestlé stands for Good food, Good life. Quality of food and quality of life go together. What and how we eat and drink is fundamental to our health and wellness, today and for the future. Our Nutrition, Health and Wellness journey is guided by our Creating Shared Value approach to business. We live by our purpose and responsibilities to our shareholders, the communities in which we operate and the planet on which we live. We aim to be trusted and dependable. That means responsibly manufacturing our products and managing our supply chain, bringing meaningful innovations to market, and building brands that delight and do good. We do this in a way that is true to the values that our company has been built on for more than 150 years. Because Good food and Good life are good business. Creating Shared Value is fundamental to how we do business at Nestlé. We believe that our Company can only be successful in the long term by creating value both for our shareholders and for society. Our activities and products should make a positive difference to society while contributing to Nestlé's ongoing success.

In order to achieve these ambitions, Nestlé as a group have formulated a series of public commitments that we operationalize across our business. These commitments are central to this company's strategy and Nestlé Group reports on our progress every year. Particular emphasis is on global initiatives to promote healthier lives for children, help young people access economic opportunities and demonstrate our protection of water resources. We also act decisively to tackle the current plastic pollution challenge and are working to become carbon neutral.

The 2019 Nestlé SA Annual Review gives further details of how the Nestlé Group of companies enhances the quality of life and contributes to a healthier future in the following areas:

- for individuals and families - enabling healthier and happier lives
- for our communities - helping develop thriving, resilient communities
- for the planet - stewarding resources and the environment

Further information can be found on the Nestle SA website.  
<https://www.nestle.com/>

This report was approved by the board on 22 May 2020 and signed on its behalf.

**M. Beneventi**  
Director



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## NESTLÉ WATERS UK LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

#### Principal activity

The principal activity of the Company is the manufacture, sale and distribution of bottled water.

#### Results and dividends

The profit for the year, after taxation, amounted to £3,631,000 (2018 - £11,813,000 ).

The directors recommend the payment of a dividend on Ordinary shares of £3,600,000 (2018- £13,000,000).

#### Directors

The directors who served during the year were:

R. Shaw

M. Beneventi (appointed 1 September 2017)

C. Roberts (appointed 17 November 2017)

#### Impact of Brexit

In 2019 the main focus of Nestlé UK & Ireland's Brexit work was on preparing for a potential "no deal" exit scenario. This included putting plans in place to build import and export stocks for a period around the expected exit dates (initially 29 March 2019 and then 12 April 2019, 31 October 2019 and finally 31 January 2020), as well as preparations for using alternative supply routes into the UK to avoid anticipated congestion at the port of Dover. This work has been coordinated by a Nestlé UK & Ireland Brexit Steering Group, headed by the CEO and involving all of the key functions and business units.

The UK having left the EU with a deal on 31 January 2020, the focus of the steering group's work has now shifted to preparations for the end of the transition period on 31 December 2020. Again, uncertainty remains about the scenario the country will face at that point, so mitigation plans remain ready for activation should they be needed if the transition period ends without a free trade agreement with the EU in place.

#### Impact of COVID-19

The COVID-19 (Coronavirus) public health emergency continues to evolve. Nestlé UK & Ireland has a COVID-19 Committee in place, to coordinate local actions to safeguard employee health and initiate Business Continuity Plans (see note 23). Despite this health emergency, at the signing date, the Company continues to maintain a strong position and performance financially.

#### Environmental matters

The Company seeks to develop business practices and behaviour, which 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.

Under the Packaging Waste Regulations the Company is obliged to ensure recovery and recycling of over one quarter of all the packaging placed on the UK market. This was successfully achieved through the membership of Valpak who on behalf of the Company discharged the recovery and recycling obligations.

Compliance with environmental regulatory requirements was met and the Company continued with the training programme for those responsible for environmental management.

## NESTLÉ WATERS UK LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### Engagement with employees

The Company fully supports the rights of individuals to seek, obtain and hold employment without discrimination on the grounds of race, colour, religion, origin, sex, sexual orientation, disability or marital status. The Company seeks to provide a working environment free of any harassment or intimidation.

Policies relating to training, career development and succession are applied equally to disabled and able bodied employees. Employees who become disabled are retained, where possible, through redeployment and retraining, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Occupational Health and Safety continued to receive the same high profile in the year with a commitment across all areas of the business to sustain the continual improvement in performance.

#### 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.

#### Corporate governance

Corporate governance arrangements are in place at Group level which are adopted by the Company instead of specific compliance with the Code in the Companies (Miscellaneous Reporting) Regulations 2018. Nestlé S.A. has a diverse Board of Directors who oversee Corporate Governance across the Nestlé Group. This includes a Nomination and Sustainability Committee which assesses candidates for nomination to the Board. Importantly, this Committee also reviews all aspects of our environmental and social sustainability including our responses to climate change. Our Compensation Committee sets our remuneration principles. Our Audit Committee oversees internal and external audit, financial reporting, compliance and risk management. We recognize that for our company to be successful over time and create sustainable value for shareholders, we must also create value for society. We see governance as a framework to align the interests of all our stakeholders behind our purpose of enhancing quality of life and contributing to a healthier future.

#### Matters covered in the strategic report

The business review and principal risks and uncertainties for the company are disclosed in the strategic report.

#### 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

As a result of a tender exercise completed in 2019 by the Company's parent company, Nestlé S.A., KPMG LLP will resign after issuing the 2019 independent auditor's report and will be replaced by EY LLP, who will fill the vacancy. This report was approved by the board on 22 May 2020 and signed on its behalf.

M. Beneventi  
Director



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## NESTLÉ WATERS UK LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## NESTLÉ WATERS UK LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESTLÉ WATERS UK LIMITED

#### Opinion

We have audited the financial statements of Nestlé Waters UK Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### Other information

The directors are responsible for the other information, which comprises the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

NESTLÉ WATERS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESTLÉ WATERS UK LIMITED

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

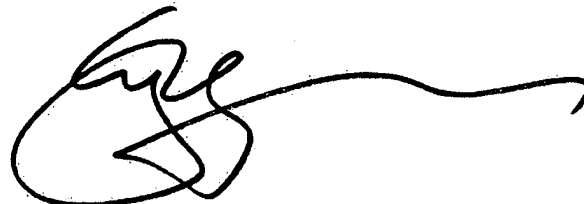
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.

Hugh Green (Senior Statutory Auditor)  
for and on behalf of  
KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London, E14 5GL  
22 May 2020



22 May 2020

NESTLÉ WATERS UK LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover	2	128,062	142,995
Cost of sales		(96,378)	(97,303)
<b>Gross profit</b>		<b>31,684</b>	<b>45,692</b>
Distribution costs		(22,291)	(24,816)
Administrative expenses		(5,410)	(6,164)
<b>Operating profit</b>	3	<b>3,983</b>	<b>14,712</b>
Interest receivable and similar income	7	24	13
Interest payable and similar expenses	8	(180)	(42)
<b>Profit before tax</b>		<b>3,827</b>	<b>14,683</b>
Tax on profit	9	(196)	(2,870)
<b>Profit for the financial year</b>		<b>3,631</b>	<b>11,813</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

The notes on pages 13 to 29 form part of these financial statements.

NESTLÉ WATERS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Profit for the financial year		3,631	11,813
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Effective portion of changes in fair value of cash flow hedges		(328)	130
Tax on changes in fair value of cash flow hedges		(52)	32
		<u>(380)</u>	<u>162</u>
<b>Total comprehensive income for the year</b>		<u><u>3,251</u></u>	<u><u>11,975</u></u>

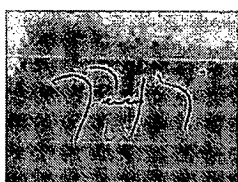
**NESTLÉ WATERS UK LIMITED**  
**REGISTERED NUMBER: 2334804**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	11	5,770	5,770
Tangible assets	12	65,524	52,688
		71,294	58,458
<b>Current assets</b>			
Stocks	13	9,914	8,460
Debtors: amounts falling due within one year	14	14,200	21,870
Cash at bank and in hand	15	225	11
		24,339	30,341
Creditors: amounts falling due within one year	16	(80,017)	(72,989)
<b>Net current liabilities</b>		(55,678)	(42,648)
<b>Total assets less current liabilities</b>		15,616	15,810
Creditors: amounts falling due after more than one year	17	(9,620)	(547)
		5,996	15,263
<b>Provisions for liabilities</b>			
Deferred taxation	18	(2,500)	(1,499)
Other provisions	19	(172)	(691)
		(2,672)	(2,190)
<b>Net assets</b>		3,324	13,073
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Other reserves		(315)	65
Profit and loss account		3,638	13,007
		3,324	13,073

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 May 2020.

M. Beneventi  
 Director



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The notes on pages 13 to 29 form part of these financial statements.

NESTLÉ WATERS UK LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	1	65	13,007	13,073
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,631	3,631
Taxation in respect of items of other comprehensive income	-	(52)	-	(52)
Effective portion of changes in fair value of cash flow hedges	-	(328)	-	(328)
<b>Other comprehensive income for the year</b>	-	(380)	-	(380)
<b>Total comprehensive income for the year</b>	-	(380)	3,631	3,251
Dividends: Equity capital	-	-	(13,000)	(13,000)
<b>Total transactions with owners</b>	-	-	(13,000)	(13,000)
<b>At 31 December 2019</b>	<b>1</b>	<b>(315)</b>	<b>3,638</b>	<b>3,324</b>

NESTLÉ WATERS UK LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018 (as previously stated)	1	(97)	6,802	6,706
Prior year adjustment	-	-	132	132
At 1 January 2018 (as restated)	1	(97)	6,934	6,838
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	11,813	11,813
Tax on changes in fair value of cash flow hedges	-	32	-	32
Effective portion of changes in fair value of cash flowhedges	-	130	-	130
<b>Other comprehensive income for the year</b>	-	162	-	162
<b>Total comprehensive income for the year</b>	-	162	11,813	11,975
Dividends: Equity capital	-	-	(5,740)	(5,740)
<b>Total transactions with owners</b>	-	-	(5,740)	(5,740)
<b>At 31 December 2018</b>	<b>1</b>	<b>65</b>	<b>13,007</b>	<b>13,073</b>

The notes on pages 13 to 29 form part of these financial statements.

## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

Nestlé Waters UK Limited. (the "Company") is a company incorporated and domiciled in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2015 and effective immediately have been applied.

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.

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

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;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- 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.



## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.3 Going concern

The Company currently has net current liabilities of £55,678,000 (2018 - £42,648,000), including amounts owed to other Nestlé S.A. group undertakings of £45,873,000 (2018 - £39,707,000). Nestlé UK Ltd., the immediate parent company, has provided an undertaking that for at least twelve months from the date of approval of these financial statements, 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 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 directors of Nestlé UK Ltd. have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 1.4 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.

##### 1.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

##### 1.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.6 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2-4%
S/Term Leasehold Property	- 3-5 Years (20-33% per annum)
Plant & machinery	- 6.66-33.33%
Office equipment	- 3-5 Years (20-33% per annum)
Computer equipment	- 5 years(20% per annum)

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 the Profit and Loss Account.

##### 1.7 Leases: the Company as 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 "Current financial debt" and "Non-current financial debt".

##### 1.8 Impairment of fixed assets and goodwill

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 (CGU) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value 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 (CGU's). 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.

## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.9 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.

##### 1.10 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.

##### 1.11 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.

##### 1.12 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.

##### 1.13 Hedge accounting

The Company has entered into hedging contracts through the group companies to manage its exposure to foreign currencies. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.14 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 the Profit and Loss Account 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 the Profit and Loss Account within 'other operating income'.

##### 1.15 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

##### 1.16 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.

##### 1.17 Share based payments

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

At the end of each year the Company calculates the liability in respect equity-settled share-based transactions with the movement in the liability being recognised as a charge or credit to the Profit and Loss Account.

##### 1.18 Pensions

###### Group pension plan

Where the risks of a defined pension plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the group entity that is legally responsible for the plan and all other group entities recognise a cost equal to their contribution payable for the period.

## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.19 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

##### 1.20 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

##### 1.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 1.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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 timing 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 is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date

**NESTLÉ WATERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Turnover**

Analysis of turnover by country of destination:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	128,054	142,986
Rest of Europe	8	9
	<b>128,062</b>	<b>142,995</b>
	<b>128,062</b>	<b>142,995</b>

**3. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	3,677	4,680
Loss/(profit) on sale of fixed assets	(1,313)	58
	<b>(1,313)</b>	<b>58</b>
	<b>(1,313)</b>	<b>58</b>

**4. Auditor's remuneration**

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Fees for the audit of the Company	31	32
	<b>31</b>	<b>32</b>
	<b>31</b>	<b>32</b>

**NESTLÉ WATERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. Employees**

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

	2019 £000	2018 £000
Wages and salaries	11,997	11,851
Social security costs	1,196	998
Cost of defined benefit scheme	1,120	841
Cost of defined contribution scheme	222	218
	<u>14,535</u>	<u>13,908</u>

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

	2019 No.	2018 No.
Production	134	141
Office and Management	136	133
	<u>270</u>	<u>274</u>

**6. Directors' remuneration**

	2019 £000	2018 £000
Directors' emoluments	696	724
Directors pension costs - defined benefit schemes	47	45
Directors national insurance	104	97
	<u>847</u>	<u>866</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £459,000 (2018 - £489,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £19,000).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £20,000 (2018 - £NIL).

During the year 1 director received shares under the long term incentive schemes (2018- 1).

The highest paid director received 1,285 shares awarded by Nestlé S.A. (2018 -1,407) under a long term incentive scheme.

NESTLÉ WATERS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Interest receivable and similar income**

	2019 £000	2018 £000
Interest receivable from group companies	1	5
Other interest receivable	23	8
	24	13
	24	13

**8. Interest payable and similar expenses**

	2019 £000	2018 £000
Loans from group undertakings	168	30
Finance leases and hire purchase contracts	12	12
	180	42
	180	42

**9. Taxation**

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(445)	2,613
Adjustments in respect of previous periods	(308)	95
	(753)	2,708
	(753)	2,708
<b>Total current tax</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,044	297
Effect of decrease in tax rate	(244)	(193)
Relating to prior years	149	58
	949	162
	949	162
<b>Taxation on profit on ordinary activities</b>		
	196	2,870



**NESTLÉ WATERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	<u>3,827</u>	<u>14,683</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	727	2,790
<b>Effects of:</b>		
Expenses not deductible for tax purposes	121	120
Income not taxable	(250)	-
Adjustments to tax charge in respect of prior periods	(158)	153
Effect of changes in tax rate	(244)	(193)
<b>Total tax charge/(credit) for the year</b>	<u><u>196</u></u>	<u><u>2,870</u></u>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

The company has an unrecognised temporary difference in respect of unrealised/inherent capital losses of £1,357,000 (2018 - £1,445,000). These losses have not been recognised as there is considered insufficient evidence of future capital profits against which the losses can be offset and the asset to which they relate is not being held for sale.

**10. Dividends**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Dividends paid to members	<u>13,000</u>	<u>5,740</u>
	<u><u>13,000</u></u>	<u><u>5,740</u></u>

NESTLÉ WATERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Intangible assets

	Rights to carry out water extraction £000	System development costs £000	Total £000
<b>Cost</b>			
At 1 January 2019	5,770	2,888	8,658
At 31 December 2019	<u>5,770</u>	<u>2,888</u>	<u>8,658</u>
<b>Amortisation</b>			
At 1 January 2019	-	2,888	2,888
At 31 December 2019	<u>-</u>	<u>2,888</u>	<u>2,888</u>
<b>Net book value</b>			
At 31 December 2019	<u>5,770</u>	<u>-</u>	<u>5,770</u>
At 31 December 2018	<u>5,770</u>	<u>-</u>	<u>5,770</u>

NESTLÉ WATERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Freehold property £000	Leased Plant & machinery £000	Plant & machinery £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2019	30,214	2,214	47,590	80,018
Additions	5,007	667	11,298	16,972
Disposals	(245)	(1,076)	(95)	(1,416)
Transfers between classes	(868)	(15)	883	-
At 31 December 2019	<u>34,108</u>	<u>1,790</u>	<u>59,676</u>	<u>95,574</u>
<b>Depreciation</b>				
At 1 January 2019	3,368	1,364	22,598	27,330
Charge for the year on owned assets	686	-	2,627	3,313
Charge for the year on right-of-use assets	-	364	-	364
Disposals	-	(909)	(48)	(957)
Transfers between classes	387	(16)	(371)	-
At 31 December 2019	<u>4,441</u>	<u>803</u>	<u>24,806</u>	<u>30,050</u>
<b>Net book value</b>				
At 31 December 2019	<u>29,667</u>	<u>987</u>	<u>34,870</u>	<u>65,524</u>
At 31 December 2018	<u>26,846</u>	<u>850</u>	<u>24,992</u>	<u>52,688</u>

Included within Freehold Property is land which is not depreciated amounting to £5,288,000 (2018 - £5,270,000)

**NESTLÉ WATERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Stocks**

	2019 £000	2018 £000
Raw materials and consumables	6,490	2,648
Finished goods and goods for resale	3,424	5,812
	9,914	8,460

**14. Debtors**

	2019 £000	2018 £000
Amounts owed by group undertakings	10,876	19,378
Other debtors	2,723	2,342
Prepayments and accrued income	156	150
Tax recoverable	445	-
	14,200	21,870

Amounts owed by group undertakings include £73,000 (2018 - £77,000 ) in respect of cash pooling arrangement which can be recovered on request.

**15. Cash and cash equivalents**

	2019 £000	2018 £000
Bank & cash balances	225	11
	225	11

**16. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	9,134	10,336
Amounts owed to group undertakings	45,873	39,707
Corporation tax	-	2,708
Lease liabilities	368	312
Other creditors	9,491	3,382
Accruals and deferred income	15,151	16,544
	80,017	72,989

Amounts owed to group undertakings include £18,160,000 (2018 - £12,166,00) in respect of cash pooling arrangement.

NESTLÉ WATERS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019 £000	2018 £000
Amounts owed to group undertakings	9,000	-
Lease liabilities	620	547
	<u>9,620</u>	<u>547</u>

The amount owed to group undertaking is repayable before May 2022, with an automatic renewal for a further period of three years. The current interest rate is three months Libor plus a margin of 116 basis points.

18. Deferred taxation

	2019 £000
At beginning of year	(1,499)
Charged to profit or loss	(949)
Charged to other comprehensive income	(52)
<b>At end of year</b>	<u><u>(2,500)</u></u>

The provision for deferred taxation is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(2,516)	(1,668)
Capitalised leased assets (IFRS 16)	-	2
Other timing differences	16	167
	<u>(2,500)</u>	<u>(1,499)</u>

**NESTLÉ WATERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**19. Provisions**

	<b>Provision for redundancy and restructuring £000</b>
At 1 January 2019	691
Charged to profit or loss	(103)
Utilised in year	(416)
<b>At 31 December 2019</b>	<b>172</b>

Balance represents the redundancy cost provision created in the past years to restructure the factory and office.

**20. Share capital**

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
640 (2018 - 640) Ordinary shares of £1.00 each	1	1

**21. Pension commitments**

Nestlé Waters UK Ltd participates in the Nestlé UK Pension Fund, which includes a defined benefit section and a defined contribution section. Nestlé Waters UK Ltd made contributions totalling £1,120,000 to the fund during 2018 (2018 - £841,000).

Nestlé Waters UK Ltd 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 update of the whole fund was prepared at 31 December 2019 by an independent qualified actuary for the purposes of IAS19. At that date the liabilities exceeded the assets by £5,808,000 (2018 - £3,554,000). The full liability has been disclosed in the accounts of Nestlé UK Ltd.

There were no outstanding or prepaid contributions at the beginning or end of the financial year (2018 - £NIL).

**22. 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 Nestlé Waters UK Ltd, all charges for equity compensation plans are accrued in creditors due within one year and the share value is subsequently invoiced to Nestlé Waters UK Ltd by Nestlé S.A.

**NESTLÉ WATERS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**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. There were no RSU granted in 2017

	2019	2018
<b>Number of RSU in units</b>		
Outstanding at 1 January	1,665	-
Granted	2,173	1,665
Settled and transfers in from, or (out to) other Group companies	-	-
<b>Outstanding at 31 December</b>	<b>3,838</b>	<b>1,665</b>

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 PSU granted in 2019 is CHF 81.14 (2018 -CHF 59.96).

**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 in 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 & 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.

	2019	2018
<b>Number of PSU in units</b>		
Outstanding at 1 January	3,388	4,763
Granted/ Performance Grant	457	-
Settled and transfers in from, or (out to) other Group companies	(2,145)	(1,169)
Forfeited	-	(206)
<b>Outstanding at 31 December</b>	<b>1,700</b>	<b>3,388</b>

The fair value of the equity-settled PSU is determined using a valuation model which reflects the probability of overachievement or underachievement on the Total Shareholder Return measure, which is a market condition, and based on five-year historical data. The other inputs incorporated into the valuation model comprise 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 PSU granted in 2019 is CHF 81.14 (2018: CHF 59.96).

## NESTLÉ WATERS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 23. Post balance sheet events

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

There have been no other significant events affecting the Company since the year end.

#### 24. Controlling party

The company is a wholly owned subsidiary of Nestlé UK Ltd., a company incorporated in the United Kingdom. Nestlé S.A. heads the largest and smallest group for which the consolidated financial statements are prepared in which results of the company are included. The consolidated financial statements of Nestlé S.A. are available to the public and may be obtained from Nestlé Headquarters, CH 1800, Vevey, Switzerland.