# Press release

Amsterdam, 4 August 2020

## JDE Peet's reports strong half-year 2020 results

***Strong performance reflects resilience of business and brands***

- Record in-home (CPG) sales growth driven by developed markets
- CPG performance largely offsets away-from-home
- Good recovery in away-from-home starting in June
- Adjusted EBIT organic growth of 10.5% to EUR 642 million
- Underlying profit increased by 12.0%; underlying EPS of EUR 0.79[1]
- Leverage improved to 3.4x, from 4.2x at end of FY 19
- Successful completion of IPO

### A message from Casey Keller, CEO of JDE Peet's

*"JDE Peet's delivered strong performance in the first half of 2020, demonstrating the resilience of our business and brands despite the unprecedented economic and social disruption of COVID-19. Our balanced coffee and tea portfolio allowed us to quickly adapt to rapidly changing consumer habits, following the dynamic shift of cups from the away-from-home to the in-home environment. Early in the crisis, our team took proactive steps to ensure the health and safety of employees worldwide, and protect our business operations, enabling us to continue serving customers and consumers without supply disruption. Despite a volatile environment, we delivered very strong adjusted EBIT growth, reflecting our pure-play focus as well as a disciplined approach to cost management. In addition, we are well on track to meet our deleveraging goal. Starting in June, we've seen a good recovery in our away-from-home businesses as local markets begin to recover from lockdowns. Given our strong portfolio of products and channels, we are uniquely positioned to continue to gain market share as we pivot to meet the needs and opportunities of our customers and consumers around the world."*

### Outlook

In the first half of 2020, JDE Peet's was affected by the outbreak of the COVID-19 pandemic, which led to unprecedented circumstances for our company, employees, customers and suppliers. Throughout the crisis, our primary focus remained the same: the assurance of employees' health and safety and maintaining business continuity. Our company and the wider coffee and tea category continued to show strong resilience during the height of the COVID-19 crisis, despite global economic uncertainty. Our global manufacturing and supply network, combined with a large portfolio of trusted brands and our strong, diversified go-to-market approach, means we are well-placed to withstand future economic uncertainties.

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[1] *Underlying profit (per share) excludes all adjusting items (net of tax). More information can be found in the Interim Financial Statements. Per share data are based on a pro-forma average number of shares of 499 million.*

While uncertainty remains on the future implications COVID-19 may have on global markets, we have seen positive signs of improvement starting in June as markets began to reopen. Assuming this trend continues, we expect positive organic sales growth for FY 20. We also expect that our adjusted EBIT growth for FY 20 will be within our medium to long-term range of 5-8% with increased marketing and promotions in H2. We are well on track to reduce our leverage to below 3x net debt to adjusted EBITDA by the end of H1 21.

### Update on COVID-19

Since the outbreak of the COVID-19 pandemic, we have taken proactive, precautionary measures to ensure the health and safety of our employees, and to protect business continuity. Through our brands, we have also donated more than 20 million cups of coffee and tea to the health care sector and foodbanks.

The measures taken by governments around the world to reduce the outbreak have resulted in a noticeable shift in coffee and tea consumption from away-from-home to in-home, and to a significant increase in sales through e-commerce. These trends supported performance in most of our CPG businesses - most notably in the developed markets - but negatively impacted performance in our away-from-home operations. Across the business, April and May were most severely impacted. Starting in June, we have seen good recovery in our away-from-home businesses.

Our teams continue to closely monitor the evolution of the pandemic - and the related changes in consumer behaviour it triggers - to ensure that we follow customer and consumer demand and adjust our operations accordingly.

## Financial Review Half-Year 2020

| *in EUR m (unless otherwise stated)* | **Half-Year 2020** | **2019** | **change** | **Organic change** |
|---|---|---|---|---|
| **Sales** | 3,236 | 3,332 | -2.9% | -1.1% |
| **Adjusted EBIT** | 642 | 588 | 9.1% | 10.5% |
| **Underlying profit for the period** | 393 | 351 | 12.0% | - |
| **Underlying EPS[1,2] (EUR)** | 0.79 | - | - | - |
| **Reported EPS (EUR)** | 0.44 | - | - | - |

*[1] Underlying earnings (per share) excludes all adjusting items (net of tax)*
*[2] Based on a pro-forma average number of shares of 499 million*

In H1 20, total sales decreased by 1.1% on an organic basis. CPG sales continued to grow across segments, largely offsetting the impact COVID-19 has had on our away-from-home businesses, which represents ~25% of total sales. The organic sales growth reflects a volume/mix of -0.9% and -0.2% in price. Net acquisitions increased sales by 0.1% while foreign exchange had a negative impact of 1.8%. Total reported sales decreased by 2.9% to EUR 3,236 million.

Adjusted EBIT increased organically by 10.5% to EUR 642 million driven by double-digit growth in all three CPG segments and Peet's, offset by a decline in the Out-of-Home segment. Including the effects of foreign exchange and scope changes, adjusted EBIT increased by 9.1%.

Underlying profit - excluding non-recurring items - increased by 12.0% to EUR 393 million, due to a higher operating profit, which was partly offset by higher tax charges. Free cash flow of EUR 402 million included costs related to the IPO and higher levels of inventory required to maintain supply continuity during the COVID-19 crisis.

Net leverage improved to 3.4x net debt to adjusted EBITDA from 4.2x at the end of FY 19. We continue to make significant progress on our deleveraging priority and we are well on track to reduce our leverage below 3.0x by the end of H1 21.

Our liquidity position remains strong, with total liquidity of EUR 1,222 million consisting of a cash position of EUR 504 million and available committed RCF facilities of EUR 718 million.

## Financial Review Half-Year 2020 - By Segment

| *in EUR m (unless otherwise stated)* | Sales HY 20 | Organic Growth | Reported Growth | Adj. EBIT HY 20 | Organic Growth | Growth |
|---|---|---|---|---|---|---|
| **CPG Europe** | 1,652 | 4.7% | 3.7% | 558 | 16.3% | 15.8% |
| **CPG LARMEA** | 492 | 6.3% | -3.1% | 109 | 34.4% | 25.3% |
| **CPG APAC** | 308 | 0.1% | -1.1% | 69 | 74.4% | 64.3% |
| **Peet's** | 435 | -0.8% | 1.8% | 50 | 18.2% | 28.2% |
| **Out of Home** | 336 | -29.5% | -29.8% | (8) | n.a. | n.a. |
| **Total JDE Peet's[1]** | 3,236 | -1.1% | -2.9% | 642 | 10.5% | 9.1% |

*[1] Includes EUR 13 m of sales and EUR (136) m adj. EBIT that are not allocated to the segments*

### CPG – Europe
Organic growth consisted of 5.2% volume/mix growth which was partly offset by a price effect of -0.5%. This positive volume/mix effect was largely driven by the continued success of our Beans and Single Serve offerings, as well as increased in-home consumption because of changing consumer behaviour during the COVID-19 lockdowns. Reported sales increased by 3.7% to EUR 1,652 million, including a foreign exchange impact of -1.0% mainly due to the depreciation of the Norwegian krone and the Polish zloty. Adjusted EBIT increased organically by 16.3% to EUR 558 million in H1 20, driven by higher sales and lower expenses during the COVID-19 crisis.

### CPG – LARMEA
Organic growth was driven by volume/mix growth of 7.0%, which was slightly offset by a price effect of -0.8%. The volume/mix effect was driven by continued strong growth in the Single Serve and Freeze-dried instants offerings. Reported sales decreased by 3.1% to EUR 492 million, including a foreign exchange impact of -9.4% driven by the depreciation of the Brazilian real, the Russian ruble, the Turkish lira and the South African rand. Adjusted EBIT increased organically by 34.4% to EUR 109 million in H1 20, mainly driven by higher sales and lower expenses.

### CPG – APAC
Organic growth consisted of a volume/mix effect of -0.2%, offset by a positive price effect of 0.3%. Australia, New Zealand and China experienced strong in-home growth during the COVID-19 crisis. The away-from-home businesses were challenged during the COVID-19 lockdowns. Reported sales decreased by 1.1% to EUR 308 million, which included a foreign exchange impact of -1.2% related to depreciation of the Australian dollar, New Zealand dollar and Singapore dollar. Adjusted EBIT increased organically by 74.4% to EUR 69 million in H1 20 largely reflecting lower operating expenses and a soft comparable basis.

### Peet's
Organic growth consisted of a volume/mix effect of -4.1% and a price effect of 3.4%. Peet's CPG business delivered strong double-digit organic sales growth, driven by the shift to in-home consumption and the popularity of Peet's premium Beans, Ground and Single Serve offerings. Sales in the coffee stores and away-from-home business were significantly impacted by the COVID-19 lockdowns. By the end of June, most coffee stores were open with pick-up, delivery and limited inside service. Adjusted EBIT increased organically by 18.2% to EUR 50 million in H1 20, largely driven by the growth in CPG and the transition of the ready-to-drink coffee business to a licensing partnership with Keurig Dr. Pepper.

**Out-of-Home**
The organic sales decline was driven by volume/mix of -27.3% and a price effect of -2.1%. The Out-of-Home segment was significantly impacted by the COVID-19. Many customer channels were closed - including offices, education, BaReCa (Bars, Restaurants, Cafes), travel and tourism. Limited service was maintained where possible in our coffee stores with pick-up and delivery. Across the business, April and May were most severely impacted by the lockdown restrictions. However, starting in June when restrictions were gradually lifted across markets, we saw good recovery. Reported sales decreased by 29.8% to EUR 336 million, including a foreign exchange impact of -1.0% and 0.7% related to scope changes. Adjusted EBIT decreased from EUR 89 million in H1 19 to EUR (8) million in H1 20 due to declining sales. We implemented furloughs and temporary lay-offs to reduce labour and operating costs. Savings in operating expenses were offset by bad debt provisions.

## Other Information

**Successful completion of the IPO**
On 29 May 2020, the company was successfully listed on the Euronext Amsterdam stock exchange.

**Underlying profit for the period**

| *in EUR m* | H1 20 | H1 19 |
|---|---|---|
| **Adjusted EBIT** | **642** | **588** |
| Net financial income/(expenses) | (122) | (133) |
| Adjusted taxes | (127) | (103) |
| Adjusted income from associates and joint ventures | 0 | (1) |
| **Underlying profit for the period** | **393** | **351** |

## Conference call & audio webcast

Casey Keller (CEO) and Scott Gray (CFO) will host a conference call for analysts and institutional investors at 10:00 AM CET today to discuss the half-year results 2020. A live and on-demand audio webcast of the conference call will be available via JDE Peet's' Investor Relations website.

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**About JDE Peet's**
JDE Peet's is the world's largest pure-play coffee and tea group by revenue, serving approximately 130 billion cups of coffee and tea in the financial year ended 31 December 2019 ("FY") in more than 100 developed and emerging countries. With a portfolio of more than 50 leading global, regional and local coffee and tea brands, JDE Peet's offers an extensive range of high-quality and innovative coffee and tea products and solutions to serve consumer needs across markets, consumer preferences and price levels. In FY 2019, JDE Peet's generated total sales of EUR 6.9 billion and had on average 21,255 employees worldwide. The JDE Peet's global portfolio includes: Jacobs, Peet's, L'OR, Senseo, Tassimo and Ti Ora. For more information please visit www.JDEPeets.com.

## Important Information

**Market Abuse Regulation**
This press release contains information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

**Presentation**
The annual accounts of JDE Peet's N.V. (the Company) and its consolidated subsidiaries (the Group) are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). In preparing the financial information in these materials, except as otherwise described, the same accounting principles are applied as in the combined carve-out financial statements of the Group as of, and for, the year ended 31 December 2019 and the related notes thereto. All figures in these materials are unaudited. In preparing the financial information included in these materials, most numerical figures are presented in millions of euro. Certain figures in these materials, including financial data, have been rounded. In tables, negative amounts are shown in parentheses. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

**Non-IFRS Measures**
These materials contain non-IFRS financial measures (Non-IFRS Measures), which are not liquidity or performance measures under IFRS. These Non-IFRS Measures are presented in addition to the figures that are prepared in accordance with IFRS. The Group's use of Non-IFRS Measures may vary significantly from the use of other companies in its industry. The measures used should not be considered as an alternative to profit (loss), revenue or any other performance measure derived in accordance with IFRS or to net cash provided by operating activities as a measure of liquidity. For further information on Non-IFRS Measures, see "Non-IFRS Measures" in the Group's financial statements as of, and for, the six months ended 30 June 2020.

**Forward-looking Statements**
These materials contain forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995 concerning the financial condition, results of operations and businesses of the Group. These forward-looking statements and other statements contained in these materials regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. There are a number of factors that could affect the Group's future operations and could cause those results to differ materially from those expressed in the forward-looking statements including (without limitation): (a) competitive pressures and changes in consumer trends and preferences as well as consumer perceptions of its brands; (b) fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities, and its ability to secure an adequate supply of quality or sustainable coffee and tea; (c) global and regional economic and financial conditions, as well as political and business conditions or other developments; (d) interruption in the Group's manufacturing and distribution facilities; (e) its ability to successfully innovate, develop and launch new products and product extensions and on effectively marketing its existing products; (f) actual or alleged non-compliance with applicable laws or regulations and any legal claims or government investigations in respect of the Group's businesses; (g) difficulties associated with successfully completing acquisitions and integrating acquired businesses; (h) the loss of senior management and other key personnel; and (i) changes in applicable environmental laws or regulations. The forward-looking statements contained in these materials speak only as of the date of these materials. The Group is not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements to reflect events or circumstances after the date of these materials or to reflect the occurrence of unanticipated events. The Group cannot give any assurance that forward-looking statements will prove correct and investors are cautioned not to place undue reliance on any forward-looking statements. Further details of potential risks and uncertainties affecting the Group are described in the Company's filings with the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten).

**Market and Industry Data**
All references to industry forecasts, industry statistics, market data and market share in these materials comprise estimates compiled by analysts, competitors, industry professionals and organisations, of publicly available information or of the Group's own assessment of its markets and sales. Rankings are based on revenue, unless otherwise stated.

**No Offer**
These materials do not constitute an offer to sell or issue, or a solicitation of an offer to purchase or subscribe for, any securities in any jurisdiction.

## Non-IFRS Measures

This press release contains Non-IFRS financial measures (Non-IFRS Measures), which are not liquidity or performance measures under IFRS, and which the Group considers to be alternative performance measures. These Non-IFRS Measures are presented in addition to the figures that are prepared in accordance with IFRS.

**Adjusted EBITDA**
Adjusted EBITDA are defined as operating profit before depreciation and amortisation, adjusted for the same factors as listed under Adjusted EBIT.

**Adjusted taxes**
Adjusted taxes are defined as taxes adjusted for the effect of the non-recurring items mainly related to non-deductible expenses and changes in tax reserves and recognised deferred tax assets.

**Net leverage ratio**
Net leverage ratio is defined as net debt divided by Adjusted EBITDA of the last twelve months.

**Organic Adjusted EBIT**
Organic Adjusted EBIT are defined as Adjusted EBIT translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A and divestures). To determine organic Adjusted EBIT in a given year, Adjusted EBIT in that year is translated at the average foreign exchange rate of the comparable year and excludes Adjusted EBIT from acquired/divested companies until 12 months following the transaction date.

**Organic sales**
Organic sales are defined as revenue translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A and divestures). To determine organic sales in a given year, revenue in that year is translated at the average foreign exchange rate of the comparable year and excludes revenue from acquired/divested companies until 12 months following the transaction date.

**Organic sales growth**
Organic sales growth is defined as the growth in organic sales between the given and comparable year.

**Underlying profit**
Underlying Profit is defined as Adjusted EBIT for the period including Financial Income and Expenses, Adjusted Taxes and Adjusted Income from associates and joint ventures.

# Condensed Consolidated Unaudited Interim Financial Statements

For the six-month period ended 30 June 2020

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# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 30 JUNE 2019

In EUR million, unless stated otherwise

| | NOTE | 6M 2020 | 6M 2019 |
|---|---|---|---|
| Revenue | 5 | 3,236 | 3,332 |
| Cost of sales | 6 | (1,897) | (1,908) |
| Selling, general and administrative expenses | 6 | (950) | (954) |
| Operating profit | | 389 | 470 |
| Finance income | 8 | 34 | 51 |
| Finance expense | 8 | (156) | (184) |
| Share of net loss of associates | | — | (1) |
| Profit before income taxes | | 267 | 336 |
| Income tax expense | | (88) | (86) |
| **Profit for the period** | | **179** | **250** |

1/25

| ATTRIBUTABLE TO: | NOTE | 6M 2020 | 6M 2019 |
|---|---|---|---|
| Owners of the parent | | 119 | 183 |
| Non-controlling interest | | 60 | 67 |
| **Profit for the period** | | **179** | **250** |
| **Earnings per share:** | | | |
| Basic earnings per share (in EUR) | 7 | 0.44 | 38.93 |
| Diluted earnings per share (in EUR) | 7 | 0.44 | 38.53 |

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 30 JUNE 2019

In EUR million

| | 6M 2020 | 6M 2019 |
|---|---|---|
| **Profit for the period** | 179 | 250 |
| *Other comprehensive income / (loss), net of tax:* | | |
| **Items that will not be reclassified to profit or loss** | | |
| Retirement benefit obligation related items, net of tax | 58 | (31) |
| **Items that may be subsequently reclassified to profit or loss** | | |
| Foreign currency translation | (319) | 61 |
| Effective portion of cash flow hedge - foreign exchange contracts | (2) | (4) |
| Effective portion of cash flow hedge - interest rate contracts | 12 | (19) |
| **Other comprehensive income/ (loss)** | (251) | 7 |
| **Total comprehensive income/ (loss) for the period** | **(72)** | **257** |
| ***Attributable to:*** | | |
| Owners of the parent | (87) | 189 |
| Non-controlling interest | 15 | 68 |
| **Total comprehensive income/ (loss) for the period** | **(72)** | **257** |

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

## AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

In EUR million

| | NOTE | 30 June 2020 | 31 December 2019 |
|---|---|---|---|
| Non-current assets: | | | |
| Goodwill and other intangible assets | 9 | 17,027 | 17,286 |
| Property, plant and equipment | 10 | 1,623 | 1,737 |
| Deferred income tax assets | | 54 | 61 |
| Derivative financial instruments | | 3 | 5 |
| Retirement benefit asset | 13 | 352 | 306 |
| Other non-current assets | | 104 | 106 |
| | | 19,163 | 19,501 |
| Current assets: | | | |
| Inventories | | 786 | 710 |
| Trade and other receivables | | 657 | 761 |
| Income tax receivable | | 18 | 18 |
| Cash and cash equivalents | | 532 | 811 |
| Derivative financial instruments | | 8 | 23 |
| | | 2,001 | 2,323 |
| **Total assets** | | **21,164** | **21,824** |
| **Equity and liabilities** | | | |
| Equity: | | | |
| Share capital | 11 | 5 | 1 |
| Share premium | | 9,871 | 6,035 |
| Other reserves | | (484) | (190) |
| Retained earnings | | 831 | 597 |
| Equity attributable to the owners of the Company | | 10,223 | 6,443 |
| Non-controlling interest | | 148 | 2,978 |
| | | 10,371 | 9,421 |
| Non-current liabilities: | | | |
| Borrowings | 12 | 5,980 | 7,199 |
| Retirement benefit liabilities | 13 | 264 | 258 |
| Deferred income tax liabilities | | 948 | 949 |
| Income tax liabilities | | 181 | 189 |
| Derivative financial instruments | | 121 | 109 |
| Other non-current liabilities | | 80 | 80 |
| | | 7,574 | 8,784 |
| Current liabilities: | | | |
| Borrowings | 12 | 76 | 93 |
| Trade and other payables | | 2,844 | 2,971 |
| Income tax liability | | 200 | 189 |
| Derivative financial instruments | | 40 | 21 |
| Other current liabilities | | 59 | 345 |
| | | 3,219 | 3,619 |
| **Total equity and liabilities** | | **21,164** | **21,824** |

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 30 JUNE 2019

| In EUR million | Share capital | Share premium | Retirement Benefit Obligation Related Items | Curreny Translation Reserve | Cash flow hedge reserve | Total Other Comprehen-sive Income | Share-based payments reserve | Retained Earnings | Total equity attributable to the shareholders of the Company | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance — As of 31 December 2018** | **1** | **7,447** | **158** | **(359)** | **(65)** | ***(266)*** | **13** | **688** | **7,883** | **2,843** | **10,726** |
| Reclassifications | — | 27 | 4 | — | 10 | *14* | 13 | (54) | — | — | — |
| **Balance — As of 31 December 2018, after reclassifications** | **1** | **7,474** | **162** | **(359)** | **(55)** | ***(252)*** | **26** | **634** | **7,883** | **2,843** | **10,726** |
| *Profit for the period* | — | — | — | — | — | — | — | 183 | 183 | 67 | 250 |
| Retirement benefit obligation | — | — | (23) | — | — | *(23)* | — | — | (23) | (8) | (31) |
| Foreign currency translation | — | — | — | 46 | — | *46* | — | — | 46 | 15 | 61 |
| Foreign currency contracts | — | — | — | — | (3) | *(3)* | — | — | (3) | (1) | (4) |
| Interest rate contracts | — | — | — | — | (14) | *(14)* | — | — | (14) | (5) | (19) |
| *Total Comprehensive Income/ (Loss)* | — | — | (23) | 46 | (17) | *6* | — | 183 | 189 | 68 | 257 |
| Share-based payments | — | — | — | — | — | — | | — | — | (2) | (2) |
| Dividends | — | — | — | — | — | — | — | — | — | (67) | (67) |
| Purchase of shares from non-controlling shareholders | — | — | — | — | — | — | — | (5) | (5) | — | (5) |
| Issuance of shares | — | — | — | — | — | — | — | — | — | — | — |
| **Balance — As of 30 June 2019** | **1** | **7,474** | **139** | **(313)** | **(72)** | ***(246)*** | **26** | **812** | **8,067** | **2,842** | **10,909** |

| In EUR million | Share capital | Share premium | Treasury Stock | Retirement Benefit Obligation Related Items | Curreny Translation Reserve | Cash flow hedge reserve | Total Other Comprehen-sive Income | Share-based payments reserve | Retained Earnings | Total equity attributable to the shareholders of the Company | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance — As of 31 December 2019** | **1** | **6,139** | **(50)** | **74** | **(262)** | **(69)** | ***(257)*** | **41** | **569** | **6,443** | **2,978** | **9,421** |
| Reclassifications | — | (104) | 50 | 4 | — | 10 | *14* | 12 | 28 | — | — | — |
| **Balance — As of 31 December 2019, after reclassifications** | **1** | **6,035** | **—** | **78** | **(262)** | **(59)** | **(243)** | ***53*** | ***597*** | ***6,443*** | ***2,978*** | ***9,421*** |
| *Profit for the period* | — | — | — | — | — | — | — | — | 119 | 119 | 60 | 179 |
| Retirement benefit obligation | — | — | — | 28 | — | — | *28* | — | — | 28 | 30 | 58 |
| Foreign currency translation | — | — | — | — | (240) | — | *(240)* | — | — | (240) | (79) | (319) |
| Foreign currency contracts | — | — | — | — | — | (3) | *(3)* | — | — | (3) | 1 | (2) |
| Interest rate contracts | — | — | — | — | — | 9 | *9* | — | — | 9 | 3 | 12 |
| *Total Comprehensive Income/ (Loss)* | — | — | — | 28 | (240) | 6 | *(206)* | — | 119 | (87) | 15 | (72) |
| Share-based payments | — | — | — | — | — | — | — | 12 | — | 12 | 3 | 15 |
| Dividends | — | (10) | — | — | — | — | — | — | (1) | (11) | (77) | (88) |
| Capital contribution by shareholder | — | 300 | — | — | — | — | — | — | — | 300 | — | 300 |
| Proceeds IPO | 4 | 786 | — | — | — | — | — | — | — | 790 | — | 790 |
| Transactions among shareholders | — | 2,760 | — | 58 | (151) | (17) | (110) | 10 | 100 | 2,760 | (2,760) | — |
| Deconsolidation of subsidiary | — | — | — | — | — | — | — | — | — | — | 3 | 3 |
| Result of dilution | — | — | — | — | — | — | — | — | 16 | 16 | (14) | 2 |
| **Balance — As of 30 June 2020** | **5** | **9,871** | **—** | **164** | **(653)** | **(70)** | **(559)** | **75** | **831** | **10,223** | **148** | **10,371** |

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 30 JUNE 2019

In EUR million

| | NOTE | 6M 2020 | 6M 2019 |
|---|---|---|---|
| *Profit for the period* | | 179 | 250 |
| Adjustments for: | | | |
| Depreciation, amortisation and impairments | | 244 | 210 |
| Defined benefit pension expense | | 9 | 8 |
| (Gain) / loss on sale of assets | | 6 | 3 |
| Income tax expense | | 88 | 86 |
| Interest income on bank accounts and other | 8 | (33) | (48) |
| Interest expense | 8 | 113 | 123 |
| Fair value changes financial liabilities | | — | 21 |
| Provision charges | | 7 | 8 |
| Derivative financial instruments | | 89 | 11 |
| Foreign exchange (gains)/ losses | | 3 | 36 |
| Other | | 6 | 3 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (99) | (23) |
| Trade and other receivables | | 83 | 95 |
| Trade and other payables | | (70) | (103) |
| Other | | (13) | (1) |
| Defined benefit pension payments | | (6) | (5) |
| Payments of provisions | | (5) | (28) |
| Realised foreign exchange (gains)/losses | | — | (24) |
| Receipts / (payments) of derivative financial instruments | | (31) | 14 |
| Income tax payments | | (58) | (94) |
| **Net cash provided by operating activities** | | **512** | **542** |
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | | (103) | (97) |
| Purchases of intangibles | | (7) | (17) |
| Proceeds from sale of property, plant and equipment | | 3 | 1 |
| Acquisition of businesses, net of cash acquired | | — | (26) |
| Interest received | | 23 | 49 |
| Loans provided | | — | 2 |
| **Net cash used in investing activities** | | **(84)** | **(88)** |
| Cash flows from financing activities: | | | |
| Borrowing activities | 12 | (1,253) | (409) |
| Proceeds from issuing ordinary shares/ (repayment of ordinary shares) | 11 | 794 | 1 |
| Receipts from/(payments to) derivative financial instruments | | 4 | 18 |
| Dividend paid to (non-)controlling shareholders | | (88) | (67) |
| Interest paid | | (97) | (104) |
| Other financing activities | | (3) | (3) |
| **Net cash used in financing activities** | | **(643)** | **(564)** |
| Effect of exchange rate changes on cash | | (64) | 10 |
| Net increase/(decrease) in cash and cash equivalents | | (279) | (100) |
| Cash and cash equivalents – at the start of period | | 811 | 762 |
| **Cash and cash equivalents — as of 30 June [1)]** | | **532** | **662** |

[1)] Cash and cash equivalents include restricted cash of EUR 28 million at 30 June 2020 (30 June 2019: EUR 11 million).

The accompanying notes are an integral part of these condensed consolidated unaudited interim financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION

JDE Peet's N.V. ("JDE Peet's", the "Company" or together with its subsidiaries "the Group") is a public limited liability company under the laws of the Netherlands. The Company was incorporated on 21 November 2018 as a limited liability company (*Besloten Vennootschap,* B.V.) and changed into a public limited liability company (*naamloze vennootschap*, N.V.) on 1 June 2020 following the listing on Euronext Amsterdam, as described below. The Company is the holding company of JACOBS DOUWE EGBERTS B.V. ("JDE" or "JDE Group") and Peet's Coffee & Tea, Inc. ("Peet's") through a number of indirect holding companies. The Company is listed on Euronext Amsterdam. The Company's main direct shareholders are Acorn Holdings B.V. ("Acorn") (60.62%), Mondelēz Coffee Holdco B.V. ("Mondelēz") (22.91%) and publicly traded shares (16.47%).

**Basis of Preparation**

The Group has prepared these condensed consolidated unaudited interim financial statements ("condensed consolidated interim financial statements" or "interim report") in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

The basis of preparation and the accounting policies used to prepare the condensed consolidated unaudited interim financial statements are the same as those described in the combined and consolidated special purpose financial statements as at and for the fiscal year ended 31 December 2019, except for taxes on income in the interim periods which are accrued using the tax rate that would be applicable to expected total annual earnings in each tax jurisdiction.

The condensed consolidated unaudited interim financial statements for all periods have been prepared under the historical cost convention, except for certain financial instruments (including derivative instruments) and cash-settled share-based payment schemes stated at fair value. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, interim report should be read in conjunction with the combined and consolidated special purpose financial statements as at and for the fiscal year ended 31 December 2019.

On 30 December 2019, Peet's was transferred from Acorn to the Company. The acquisition of Peet's was a business combination under common control and was included in this interim report as per the acquisition date by applying the principles of the pooling of interest method. In this way, the financial information of Peet's has been included starting 1 January 2019. In relation to this transfer, a loan of EUR 1,704 million to Acorn was entered into to finance this acquisition. As pooling of interest was applied per 1 January 2019, no consideration was paid for the acquisition of Peet's until 30 December 2019. Therefore, this consideration resulted in a direct charge to equity for the amount equal to the amount recognised for the loan to Acorn (EUR 1,704 million). As part of this transaction, an Acorn loan receivable from Peet's was contributed to the Company for the notional amount of $297 million (EUR 265 million) and as such eliminated at 30 December 2019.

On 17 January 2020, the Company received a capital contribution from Acorn for an amount of EUR 300 million as share premium which offset the outstanding other current liability at 31 December 2019.

On 29 May 2020, the Company listed 71,428,571 Ordinary Shares on Euronext Amsterdam on an as-if-and-when-issued basis for an offer price of EUR 31.50 ("Offer") and transitioned to regular trading on 1 June 2020. The Offer consisted of a primary and a secondary component. The primary component related to the issuance of 22,222,222 ordinary shares, raising EUR 700 million of gross proceeds to the Company. The secondary component related to a total of 39,544,514 existing ordinary shares placed under the Offer by Acorn and 9,661,835 existing ordinary shares by Mondelēz. The secondary component amounted to EUR 1.55 billion. The shares placed in the Offer represented approximately 14.42% of the issued share capital of the Company immediately after settlement.

On 1 June 2020, 2,667,764 ordinary shares were allotted to Mondelēz and Mondelēz exchanged its shares in JDE for shares in the capital of the Company, such that, immediately following Mondelēz's exchange of shares for the Company, Mondelēz held the same percentage ownership of the Company as its percentage ownership of JDE immediately prior to such exchange. The number of shares was determined before the share split in the ratio 1:47, i.e. equivalent to 125,384,908 current shares. As a result of this exchange from JDE to the Company, Mondelēz became an owner of the Company and its shareholding no longer qualified as a non-controlling interest.

Furthermore, the over-allotment option was exercised in full against the offer price, increasing the total number of shares in the Offer with 10,714,285 to a maximum of 82,142,856, approximately 16.47% of the total issued share capital of the Company. The over-allotment option consisted of a primary component of an additional 3,333,333 ordinary shares issued by the Company with gross proceeds of EUR 105 million and a secondary component whereby 5,931,677 additional ordinary shares were sold by Acorn and 1,449,275 by Mondelēz for in total EUR 233 million.

The net proceeds of the primary components of the Offer and over-allotment option were mainly used to make repayments to Acorn on the loan.

For purposes of these condensed consolidated unaudited interim financial statements, segmentation is based on how the chief operating decision maker ("CODM") reviews the performance of the business and allocates resources, as further disclosed in the segmentation disclosure note. Historically the JDE Group and Peet's Group have not assessed the performance of the business in this way and as such the current review of the performance of the business is also applied historically.

The Group did not operate as a combined group in the past, and no material corporate overhead services were required from the Joh. A. Benckiser led investor group ("JAB"). Going forward, this is expected to continue on the same basis, and therefore, no overhead costs were allocated to the Group.

The Group does not experience any seasonality with their businesses and thus no estimates are being made in relation to this.

Certain reclassifications have been made to the comparative figures related to components within total equity for shares transactions at the level of JDE and Peet's.

**Functional and presentation currency**

These condensed consolidated unaudited interim financial statements are presented in Euros, which is the Company's functional currency. All financial information presented in Euros has been rounded to the nearest million unless stated otherwise.

**Use of estimates and judgments**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated unaudited interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the combined and consolidated special purpose financial statements as at and for the year ended 31 December 2019. Further reference to the impact of COVID-19 on the use of estimates is provided in further notes.

## 2. ACCOUNTING POLICIES

The condensed consolidated unaudited interim financial statements should be read in conjunction with the Group's combined and consolidated special purpose financial statements as at and for the fiscal year ended 31 December 2019, which were prepared in accordance with, and comply, in all material respects, with International Financial Reporting Standards as adopted by the European Union ("IFRS").

In addition to the accounting policies of the Group as stated in the Group's combined and consolidated special purpose financial statements, the costs and proceeds related to the Offer are recognised as follows in these Condensed Consolidated Unaudited Financial Statements.

The proceeds received from the issuance of new shares are recognised in Equity, whereby the nominal value of the issued shares is recognised as Share Capital and the excess over the nominal value as Share Premium, net of the underwriting fees incurred with respect to the primary component of the Offer. The Company did not recognise any proceeds from the sale of the existing shares. All other costs related to the Offer are recognised in the income statement as part of the Selling, general & administrative expenses.

## 3. FINANCIAL RISKS

The Group's activities are exposed to a variety of financial risks.

**Fair values**

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last combined and consolidated special purpose financial statements.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2020 (in EUR million):

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Derivatives: | | | | |
| – Interest rate contracts | — | 2 | — | 2 |
| – Foreign exchange contracts | — | 5 | — | 5 |
| – Commodity contracts | 2 | — | — | 2 |
| – Other | 1 | — | 1 | 2 |
| **Total assets** | **3** | **7** | **1** | **11** |
| Liabilities | | | | |
| Borrowings | — | 6,056 | — | 6,056 |
| Derivatives: | | | | |
| – Interest rate contracts | — | 119 | — | 119 |
| – Foreign exchange contracts | — | 29 | — | 29 |
| – Commodity contracts | 8 | — | — | 8 |
| – Other | 1 | — | 4 | 5 |
| **Total liabilities** | **9** | **6,204** | **4** | **6,217** |

There were no transfers between different levels during period ended 30 June 2020 and there are no changes in relation to 31 December 2019 with regards to the inputs and valuation techniques in determination of the fair values.

**COVID-19**

The outbreak of the COVID-19 virus impacted the Group in 2020. The outbreak has resulted in unprecedented and uncertain times. The outbreak has translated in the following significant impacts and measures:

- The Group is closely monitoring the outbreak, whereby multiple project teams at different levels are assessing the impact the outbreak has on its associates and contractors in a careful balance with business continuity.
- The outbreak thus far had limited impact on the Group's supply to customers, except for the Out-of-Home and Peet's segments. The Group closed 48 coffee stores globally. Uncertainty on future government measures and currency exchange rates might impact the supply to the Group and its customers as well as manufacturing of goods.
- On the demand, the Group experienced an upswing in the majority of its CPG segments which resulted in an increase in most relevant performance indicators (Revenue, Adjusted EBIT) compared to last year in the six-month period ended 30 June 2020. There is uncertainty how the demand will further develop in the upcoming months.
- The Out-of-Home segment (including coffee stores) is experiencing a decline compared to last year which is expected to continue in the upcoming months as a result of measures in place to reduce the outbreak of COVID-19. This significantly impacted the segment as many customer channels were closed - including offices, education, bars, restaurants, cafés, travel and tourism. A specific project team is in place to address the challenges this segment is facing which is also assessing whether the Group qualifies for government support in certain countries. The decline resulted in a detailed assessment of the recoverability of this segment's assets, such as accounts receivable and goodwill. For the analysis as performed on goodwill, reference is made to Note 9. The uncertainty about the depth and duration of the COVID-19 outbreak will impact the timing and level of recovery in the Out-of-Home segment.
- For the Peet's segment, the impact thus far is twofold. The coffee stores and Out-of-Home sales channels are experiencing a decline thus far, due to closures of coffee stores and channels impacted by the outbreak of COVID-19, such as offices and hotels. In relation to this decline, management performed an assessment of the profitability of underlying assets, whereby COVID-19 was one of the factors in the decision to permanently close coffee stores. For the financial impact of this, reference is made to Note 10. This is offset by an improved performance of the CPG activities of this segment.
- Continuous focus on forecasting (including liquidity needs) within the Group, whereby different scenarios are assessed.
- The Revolving Credit Facility of JDE was fully available for an amount of EUR 500 million. The first maturity date of the borrowings is November 2023. As per 30 June 2020, JDE is in compliance with its covenants. Peet's Senior Credit Facility is available until 1 December 2022 and has currently an undrawn amount of $244 million.

Measures implemented are mainly focused on maintaining cash within the Group. The financial impact on the financial performance for the Group is uncertain as is dependent on the COVID-19 virus outbreak and corresponding restrictions. Despite the circumstances disclosed above and the related uncertainties, management concludes that there are no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

## 4. SEGMENT INFORMATION

The segment information is presented for the six-month period ended 30 June (all amounts in EUR million, in line with Note 6 of the combined and consolidated special purpose financial statements as at and for the fiscal year ended 31 December 2019):

| Revenue | 6M 2020 | 6M 2019 |
|---|---|---|
| CPG Europe | 1,652 | 1,593 |
| CPG LARMEA | 492 | 508 |
| CPG APAC | 308 | 312 |
| Peet's | 435 | 426 |
| Out-of-Home | 336 | 480 |
| Unallocated | 13 | 13 |
| **Total** | **3,236** | **3,332** |

The CODM reviews segment profitability based on Adjusted EBIT. For further details on Adjusted EBIT, reference is made to Note 6 of the combined and consolidated special purpose financial statements as of and for the fiscal year ended 31 December 2019.

Adjusted EBIT is reconciled to operating profit and profit before income taxes on a consolidated basis in the tables presented below (in EUR million):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| CPG Europe | 558 | 482 |
| CPG LARMEA | 109 | 87 |
| CPG APAC | 69 | 42 |
| Peet's | 50 | 39 |
| Out-of-Home | (8) | 89 |
| Unallocated | (136) | (151) |
| Adjusted EBIT | 642 | 588 |
| ERP system implementation | (17) | (25) |
| Transformation activities and corporate actions (1) | (111) | (16) |
| Share-based payment expense | (15) | (21) |
| Mark-to-market results | (54) | 4 |
| M&A/ deal costs (2) | (56) | (60) |
| Operating profit | 389 | 470 |
| Finance income | 34 | 51 |
| Finance expense | (156) | (184) |
| Share of net loss of associates | — | (1) |
| Profit before income taxes | **267** | **336** |

(1) Transformation activities and corporate actions includes an amount of EUR 58 million of costs related to the IPO and an amount of EUR 36 million of costs related to coffee stores permanently closed (of which impairments of Property, plant and equipment of EUR 31 million as disclosed in Note 10).

(2) This consistently includes amortisation related to intangible assets recognised or re-measured as part of purchase price allocations.

*Entity-wide disclosures:*

The total revenue from external customers, broken down by the location of the selling entity is shown in the following table (in percentages of total Revenue):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| United States | 13% | 13% |
| Germany | 11% | 12% |
| France | 12% | 12% |
| Netherlands | 10% | 11% |
| Rest of World | 54% | 52% |
| **Total Revenue** | **100%** | **100%** |

There are no individual customers that amount to 10% or more of the Group's revenue.

## 5. REVENUE

The total revenue from external customers, broken down by Product is shown in the following table (in percentages of total Revenue):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| Coffee | 84% | 81% |
| Tea | 4% | 3% |
| Other food and beverage | 10% | 13% |
| Services | 2% | 3% |
| **Total** | **100%** | **100%** |

## 6. EXPENSES BY NATURE

The aggregate of cost of sales and selling, general and administrative expenses is specified by nature as follows (in EUR million):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| Cost of product (1) | 1,555 | 1,540 |
| Employee benefits expense (2) | 575 | 621 |
| Advertising and promotion | 134 | 202 |
| Depreciation, amortisation and impairment | 244 | 210 |
| Distribution expense | 89 | 83 |
| Repairs, maintenance and utilities | 81 | 89 |
| Selling expenses | 29 | 30 |
| Rental and lease costs | 18 | 11 |
| Restructuring and restructuring related expenses | 5 | 5 |
| Other (3) | 117 | 71 |
| **Total** | **2,847** | **2,862** |

(1) Cost of product consists of raw materials, conversion costs and inbound freight costs.

(2) Employee benefit expense consists of wages, salaries, pension costs, share-based payments and related social security charges.

(3) Other expenses in the table above include costs for integration, costs related to the Initial Public Offering of the Company and various other operating expenses.

## 7. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to the shareholders of the Company by the time-weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to the shareholders of the Company by the time-weighted average number of common shares outstanding during the period adjusted for the time-weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares.

Refer to Note 11 for the movement during the period relating to the time-weighted average number of shares.

The calculation of the basic and diluted earnings per share is based on the following data:

| | 6M 2020 | 6M 2019 |
|---|---|---|
| **Earnings (in EUR million):** | | |
| **Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company** | 119 | 183 |
| **Effect of dilutive potential ordinary shares on the earnings** | | |
| Effect of Share-based payment plans held at the subsidiary level | (1) | (2) |
| Earnings for the purposes of diluted earnings per share | 118 | 181 |
| **Number of shares** | | |
| Time-weighted average number of ordinary shares for the purposes of basic earnings per share | 268,731,298 | 4,700,000 |
| **Adjustments for calculations of diluted earnings per share** | | |
| Share-based payment plans | 969,576 | — |
| Time-weighted average number of ordinary shares for the purposes of diluted earnings per share | 269,700,874 | 4,700,000 |
| **Basic EPS (in EUR)** | 0.44 | 38.93 |
| **Diluted EPS (in EUR)** | 0.44 | 38.53 |

With the Company's listing at the Euronext Amsterdam, the Group's share-based payment plans were amended related to the settlement at vesting. Prior to amendment, rights over JDE and Peet's shares were granted to eligible participants, which were also settled in shares of JDE and Peet's, respectively. Following the amendment, the participants will receive listed shares in the Company upon vesting and the Company has the obligation to settle/deliver the shares. The incremental fair value granted as a result of these amendments is zero and therefore did not qualify as a modification under IFRS 2 *Share-based payments*. Subsequently, these entitlement were included in the calculation of diluted EPS.

## 8. FINANCE INCOME AND EXPENSE

Finance income consists of the following (in EUR million):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| Interest income | 33 | 48 |
| Pension finance (expense)/income: | | |
| Interest income on plan assets | 18 | 25 |
| Interest expense on defined benefit obligation | (17) | (22) |
| Total pension finance (expense)/income | 1 | 3 |
| **Finance income** | **34** | **51** |

Finance expense consists of the following (in EUR million):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| Interest on credit agreement | (52) | (67) |
| Interest on interest rate swaps | (15) | (11) |
| Interest on bank overdrafts | (8) | (26) |
| Interest on borrowings from related parties | (21) | (9) |
| Amortisation debt issuance costs | (1) | (2) |
| Commitment fees revolving credit facility | (1) | — |
| Interest on lease liability | (5) | (6) |
| Other | (10) | (2) |
| Total interest expense | (113) | (123) |
| Foreign exchange gain/(loss) | (3) | (36) |
| Change in fair value of derivative financial instruments | (40) | (25) |
| **Finance expense** | **(156)** | **(184)** |

## 9. GOODWILL AND OTHER INTANGIBLES ASSETS

During the six-month period ended 30 June 2020, the Group's goodwill and other intangible assets reduced by EUR 259 million, of which EUR 191 million from currency translation following the devaluation of many currencies in which these assets are denominated. The remainder of the variance mainly related to the straight-line amortisation of other intangibles. No disposals of assets were recognised during the period.

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life, such as trademarks and brands, are not subject to amortisation and are tested at least annually for impairment. The Group ordinarily performs its annual impairment test on the last day of the third quarter.

The CPG and Peet's segments experienced an upswing in most relevant performance indicators, despite the store closures. Management concluded that no reasonable scenario which would result in an impairment of the goodwill and indefinite-lived intangible assets in the CPG and Peet's segments. For the Out-of-Home segment, the COVID-19 outbreak was considered an event or circumstance which required the Group to reassess the recoverability of goodwill as at 30 June 2020. Updated business assumptions and detailed financial projections were made for the Out-of-Home segment as at 30 June 2020. Additional downside scenarios were prepared, which did not result in an impairment. Given the characteristics of the Out-of-Home segment and the uncertainty about the depth, duration and longer-term implications of the COVID-19 outbreak, recoverability of goodwill for the Out-of-Home segment is more sensitive to changes in business assumptions compared to previous year.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2020, the Group's property, plant and equipment assets reduced by EUR 114 million, of which a large part is related to currency translation. In the second quarter of 2020, a decision was made to permanently close 48 coffee stores globally. Subsequently, an assessment was made in relation to the recoverability of the store-based assets of coffee stores still open. This combined resulted in an impairment of non-current assets of EUR 31 million. Furthermore, other assets were impaired for an amount of EUR 7 million.

## 11. SHAREHOLDERS' EQUITY

**Reserves**

The reserves consist of translation reserve, hedging reserve and other legal reserve.

**Time-weighted average number of shares**

For the six-month period ended 30 June (in shares):

| | 6M 2020 | 6M 2019 |
|---|---|---|
| Total number of shares issued | 498,719,501 | 4,700,000 |
| Effect of own shares held | — | — |
| Time-weighted average number of basic shares | 268,731,298 | 4,700,000 |
| Dilutive effect of share based payment plan obligations | 969,576 | — |
| Time-weighted average number of diluted shares | 269,700,874 | 4,700,000 |

In February 2020, the then outstanding 1,000 ordinary shares with a nominal value of EUR 1.00 each were divided into 100,000 ordinary shares with a nominal value of EUR 0.01 each. On 24 February 2020, 7,299,554 ordinary shares were issued to Acorn and charged to the share premium reserve.

On 1 June 2020, 2,667,764 ordinary shares were allotted to Mondelēz and Mondelēz exchanged its shares in JDE for shares in the capital of the Company, such that, immediately following Mondelēz's exchange of shares for the Company, Mondelēz held the same percentage ownership of the Company as its percentage ownership of JDE immediately prior to such exchange.

On 2 June 2020, the issued ordinary shares split in a ratio 1:47 to 473,163,946 ordinary shares. The difference in the Company's share capital prior to, and following the stock split was charged to share premium. For the determination of the earnings per share, the stock split was adjusted for retrospectively to the beginning of the earliest period presented.

As part of the Offer (see Note 1), the Company issued 22,222,222 and 3,333,333 shares, respectively.

## 12. BORROWINGS

The Group's borrowing facilities through the six-month period ended 30 June 2020 are summarised in the following tables (in EUR million):

| | Currency | 1 January 2020 | Additions | Repaid | Amortisation and terminations | Recognition of lease liabilities | Unwinding discount | Currency translation | 30 June 2020 |
|---|---|---|---|---|---|---|---|---|---|
| **JDE Credit Agreement:** | | | | | | | | | |
| **- Term Loan(s) A** | EUR | 3,971 | — | — | — | — | — | — | 3,971 |
| **- Term Loan(s) B** | EUR | 401 | — | — | — | — | — | — | 401 |
| **- Term Loan(s) B** | USD | 600 | — | — | — | — | — | — | 600 |
| **JDE: Other financing** | Various | 14 | 26 [1] | (11) | — | — | — | (1) | 28 |
| **Loan from related party** | EUR | 1,704 | — | (1,204) | — | — | — | — | 500 |
| **Peet's: Senior Credit Facility** | USD | 318 | 200 | (200) | — | — | — | (1) | 317 |
| **All: Revolving credit facilities** | EUR | 35 | — | (35) | — | — | — | — | — |
| **All: Lease liabilities** | Various | 258 | — | (29) | (6) | 23 | 5 | (4) | 247 |
| **All: Unamortised discounts and costs** | | (9) | — | — | 1 | — | — | — | (8) |
| **Total borrowings** | | **7,292** | **226** | **(1,479)** | **(5)** | **23** | **5** | **(6)** | **6,056** |
| **Non-current** | | **7,199** | | | | | | | **5,980** |
| **Current** | | **93** | | | | | | | **76** |

During the six-month period ended 30 June 2020, an additional amount of $220 million (EUR 200 million) was drawn and $220 million (EUR 200 million) was repaid under Peet's Credit Facility. The Company's loan from related party - being its shareholder Acorn - of EUR 1,704 million was repaid for EUR 1,204 million. The Revolving Credit Facility which was drawn down by an indirect subsidiary of the Company (DEMB Holding B.V.) as at 1 January 2020 for an amount of EUR 35 million was repaid and the facility was assigned to Acorn and therefore no longer available to the Group. The amortisation and terminations of EUR (5) million related for EUR (6) million to termination of operating leases and EUR 1 million to amortisation of debt issuance costs. Several Group companies drew in total EUR 26 million and repaid EUR (11) million under various trade and cash management non-committed facilities.

[1] This includes the net additions of a margin financing credit facility on which daily additions and repayments can take place.

## 13. POST EMPLOYMENT AND OTHER LONG TERM EMPLOYEE BENEFIT PLANS

Following the COVID-19 outbreak and the macro-economic effects thereof, the Group performed a roll-forward as at 30 June 2020 of its largest post employment benefit plans in the United Kingdom and Germany. Also a roll-forward valuation was prepared as at 30 June 2019.

The retirement benefit asset of EUR 352 million represents the net asset of the plans in the United Kingdom. The net asset increased from EUR 306 million as at 31 December 2019 to EUR 352 million as at 30 June 2020, mainly from actuarial gains of EUR 68 million (2019: loss of EUR 1 million). The decrease of the discount and inflation rates resulted in an increase of the defined benefit obligation of EUR 76 million, whereas higher than expected return on plan assets was EUR 144 million. Furthermore, translation of the net asset position from British Pound to Euro resulted in a decrease of EUR 23 million.

The Germany plans are included in the retirement benefit liabilities and the actuarial loss amounted EUR 2 million for the first half year of 2020 (2019: actuarial loss of EUR 30 million).

The weighted-average actual assumptions used in measuring the defined benefit cost recognised in the consolidated income statement of the next fiscal year and plan obligations at the end of the reporting periods are as follows:

| | 30 June 2020 | | 31 December 2019 | | 30 June 2019 | |
|---|---|---|---|---|---|---|
| | UK | Germany | UK | Germany | UK | Germany |
| Discount rate | 1.50% | 1.00% | 1.85% | 1.00% | 2.15% | 1.30% |
| Indexation rate active participants | N/A | N/A | N/A | N/A | N/A | N/A |
| Indexation rate inactive participants - deferred | 2.15% | N/A | 2.25% | N/A | 2.20% | N/A |
| Indexation rate inactive participants - pensioners | 2.75% | 1.75% | 2.85% | 1.75% | 2.95% | 1.75% |
| Inflation rate | 2.90% | 1.75% | 3.00% | 1.75% | 3.20% | 1.75% |
| Future salary increases | 3.15% | 2.50/3.00% | 3.25% | 2.50/3.00% | 3.20% | 2.50/3.00% |

## 14. CONTINGENCIES

On 23 April 2020, the Group received notice of a potential indemnification claim pursuant to the JDE Global Contribution Agreement, resulting from on-site inspections undertaken by the European Commission at certain of Mondelēz International's European offices as part of an investigation into an alleged infringement of European Union competition law. As at the date of this interim report, no additional information is available in connection with any potential proceedings or claims relating to the investigation and any potential indemnification obligations of the Group in this respect remain uncertain. The Group may be subject to significant indemnification obligations as a result of the investigation or other claims brought pursuant to the JDE Global Contribution Agreement, which could materially adversely affect the Group's business, financial condition or results of operations.

## 15. RELATED PARTY TRANSACTIONS

The Company borne the commissions due to the underwriters for the secondary component of the Offer, representing the existing ordinary shares placed by Acorn and Mondelēz for a total amount of EUR 36 million.

## 16. SUBSEQUENT EVENTS

The EUR 500 million loan from the related party (Acorn) was fully repaid with available cash and a new Facility Agreement of EUR 450 million. The Company entered into an unsecured Facility Agreement with a small syndicate of banks, which has an ultimate maturity in July 2021 with the intention to have it fully repaid from operational cash flows. The initial interest rate for the first six months is 1.50%. The facility is not subject to financial covenants.

# OTHER INFORMATION

**Responsibilities of the Directors**

The Directors declare that, to the best of their knowledge:

- This set of condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 *Interim Financial Reporting*, give a true and fair view of the assets, liabilities, financial position and profit of JDE Peet's N.V.

**Auditor's involvement**
The content of this report has not been audited or reviewed by an external auditor.