## Press release

Amsterdam, 9 March 2021

# JDE Peet's reports full-year results 2020

***H2 back to growth with better underlying momentum***

### Key items[1]

- Pure-play focus and powerful portfolio drove record In-Home organic sales growth of 9.1% in FY 20
- Total organic sales growth accelerated from -1.1% in H1 to 0.7% in H2, with In-Home at 9.8% and Away-from-Home at -29.8% due to new lockdowns in Q4
- Progress across all sustainability commitments, with notable increase in share of third-party certified/ verified coffee; 87% of packaging designed to be reusable, recyclable or compostable
- Organic adjusted EBIT growth of 6.2% to EUR 1,278 million in FY 20
- Free cash flow of EUR 877 million, after one-off tax and IPO payments of EUR 277 million
- Leverage improved to 3.2x, from 4.2x at the end of FY 19
- Proposal to pay a total cash dividend of EUR 0.70 per share in two equal instalments
- FY 21 outlook: organic sales growth of 3 to 5%, with a catch-up on the marketing investment level, will result in a low single-digit organic increase in adjusted EBIT

### A message from Fabien Simon, CEO of JDE Peet's

*"In an unprecedented year, JDE Peet's employees and partners worked tirelessly to serve our loved coffee and tea brands to consumers across the six continents. I would like to thank the teams who rallied together, supported communities with initiatives across 30 countries, while ensuring the health and safety of our employees.*

*JDE Peet's delivered a strong performance in 2020, demonstrating once again the resilience of the category we participate in, as well as the strengths and agility of our capabilities built over the last 268 years. As the world's largest coffee and tea pure player, we have become more relevant than ever before. We are evolving our portfolio and channel capabilities towards the fastest growing and more premium In-Home propositions through our unique set of global and local brands. Our strategic choices and investments supported a record In-Home organic growth of 9.1% in 2020, with increasing momentum in the second part of the year on sales growth, pricing and in-market performance.*

*We improved our leverage, and reduced net debt by another EUR 462 million in the second half of 2020. Our confidence in sustained strong free cash flow generation enables us to propose a cash dividend of EUR 0.70 per share.*

*2021 is expected to be another uncertain year and the long-lasting impacts of the pandemic are unclear and will need to be assessed, in particular the implications for the Away-from-Home channel. We therefore consider it appropriate to adjust our medium- to long-term targets. We are very confident of our growth opportunities to support 3 to 5% organic sales growth and mid-single-digit organic adjusted EBIT growth with quality margins, further deleveraging, and funding inorganic growth from our strong cash flow generation. These medium- to long-term targets point to the 2021 outlook of organic sales growth of 3 to 5%, combined with a low single-digit organic increase in adjusted EBIT, delivered in a quality way, with A&P trending back towards the FY 19 level."*

[1] *This press release contains certain non-IFRS financial measures and ratios, which are not recognised measures of financial performance or liquidity under IFRS. For a reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures, see page 7 of this press release.*

## Corporate Responsibility

JDE Peet's' Corporate Responsibility strategy is built on three pillars: **Common Grounds**, addressing the priority issues in our supply chain; **Minimised Footprint**, aimed at reducing our environmental impact; and **Connected People**, engaging our employees and our communities.

In 2020, we made good progress on our Corporate Responsibility Programme. Under our Common Grounds programme, we increased the share of responsibly sourced coffee, and significantly increased the number of smallholders we reach through our collaborative programmes, despite the pandemic. In 2020, 87% of our primary and secondary packaging was either reusable, recyclable or compostable, while 33% of our packaging came from recycled materials, which is restricted by current regulations limiting the use of recycled content within packaging which is in direct food contact. We successfully relaunched our leading Senseo brand, with an industry-first compostable coffee pad containing 100% certified coffee and low-environmental impact appliances to create a truly sustainable offering for our consumers. Most recently, we partnered with Nestlé in the UK to launch Podback, enabling consumers to return our Tassimo T-discs and L'OR coffee capsules more easily through a variety of methods.

## Outlook 2021

While uncertainty remains regarding the future implications COVID-19 may have on global markets, we believe that vaccination programmes around the world will lead to a gradual lifting of lockdown measures in the course of 2021.

Within this context, we expect organic sales growth of 3 to 5% in FY 21, assuming a moderate recovery in Away-from-Home. To fully capture the growth opportunities we see in the coming years, we will step up our investments for growth in 2021, notably in marketing and innovation support. With these investments in growth, we expect organic adjusted EBIT growth to be in the low single-digit range in FY 21.

We remain committed to reducing our leverage to below 3x net debt to adjusted EBITDA.

## Medium- to Long-Term Targets

Following the unprecedented developments related to the COVID pandemic and the long-lasting changes the company expects they will have on consumer behaviour, the company has reviewed its strategy in recent months.

While management has concluded that the company's strategy will not be subject to any material changes, we are further encouraged by the future growth opportunities the team has identified. Consistent with JDE Peet's commitment to focus on the quality and sustainability of its organic sales growth and profitability, the company has decided to link its profitability target more closely to its organic sales growth target.

As a result, the company targets for the medium- to long-term to deliver organic sales growth of 3 to 5% and mid-single-digit organic adjusted EBIT growth with quality margins. In addition, the company continues to target a Free Cash Flow conversion of approximately 70%.

More information about the company's strategy and future growth opportunities will be shared with institutional investors and equity research analysts during a virtual Strategic Update meeting on Thursday 31 March 2021.

## Dividend

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to FY 20. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 16 July 2021, with the ex-dividend date on Monday 12 July 2021 and the record date on Tuesday 13 July 2021. The second payment date will be on Friday 28 January 2022, with the ex-dividend date on Monday 24 January 2022 and the record date on Tuesday 25 January 2022. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 17 June 2021.

## Financial Review Full-Year 2020

| *in EUR m (unless otherwise stated)* | FY 20 | FY 19 | Organic change | Reported change |
|---|---|---|---|---|
| **Sales** | 6,651 | 6,945 | -0.2% | -4.2% |
| **Adjusted EBIT** | 1,278 | 1,255 | 6.2% | 1.9% |
| **Underlying profit for the period** | 787 | 801 | - | - |
| **Underlying EPS[1,2] (EUR)** | 1.57 | - | - | - |
| **Reported EPS (EUR)** | 0.80 | - | - | - |

*[1] Underlying earnings (per share) excludes all adjusting items (net of tax)*

*[2] Based on a pro-forma average number of shares of 499,709,030*

In FY 20, total sales decreased by 0.2% on an organic basis. Our In-Home businesses delivered record-high organic sales growth of 9.1% as lockdown measures shifted a significant part of Away-from-Home consumption to In-Home. The Away-from-Home activities showed a relatively stable organic sales performance in H2 versus H1, despite a wave of new lockdown measures in Q4, resulting in a full-year organic sales decline of -30.0%.

Total organic sales growth reflects a volume/mix effect of -1.0% and 0.8% in price. Changes in scope and other changes decreased sales by 0.4% while foreign exchange had a negative impact of 3.6%. Total reported sales decreased by 4.2% to EUR 6,651 million.

Adjusted EBIT increased organically by 6.2% to EUR 1,278 million driven by strong double-digit growth in all three CPG segments and Peet's, partially offset by a decline in the Away-from-Home businesses. Including the effects of foreign exchange and scope changes, adjusted EBIT increased by 1.9%.

Underlying profit - excluding non-recurring items - decreased by 1.7% to EUR 787 million as a higher operating profit was offset by greater adjusted net financial expenses.

Free cash flow of EUR 877 million included EUR 84 million of payments related to the IPO and EUR 193 million of future tax payments brought forward.

Net leverage improved to 3.2x 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 positioned to reduce our leverage to below 3x. On 11 November 2020, Fitch assigned an investment grade rating to JDE Peet's underscoring our operating strength, strong financial discipline, and continued progress on deleveraging.

Our liquidity position remains strong, with total liquidity of EUR 1,064 million consisting of a cash position of EUR 389 million and available committed RCF facilities of EUR 675 million.

## Financial Review Full-Year 2020 - By Segment

| *in EUR m* (unless otherwise stated) | Sales FY 20 | Reported Growth | Organic Growth | Adj. EBIT FY 20 | Reported Growth | Organic Growth |
|---|---|---|---|---|---|---|
| **CPG Europe** | 3,475 | 6.3% | 7.0% | 1,096 | 14.9% | 15.0% |
| **CPG LARMEA** | 985 | -11.3% | 5.3% | 219 | 5.8% | 21.6% |
| **CPG APAC** | 659 | -3.6% | -0.7% | 155 | 33.8% | 36.6% |
| **Peet's** | 838 | -4.6% | -1.4% | 98 | 25.5% | 17.0% |
| **Out-of-Home** | 666 | -31.8% | -29.3% | 4 | -97.7% | -91.5% |
| **Total JDE Peet's**[1] | 6,651 | -4.2% | -0.2% | 1,278 | 1.9% | 6.2% |

*[1] Includes EUR 28m of sales and EUR (294) m adj. EBIT that are not allocated to the segments*

### CPG Europe
Organic growth consisted of 6.7% volume/mix growth and 0.3% price. 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 6.3% to EUR 3,475 million, including a foreign exchange impact of -0.7% mainly due to the depreciation of the Norwegian krone and the British pound. Adjusted EBIT increased organically by 15.0% to EUR 1,096 million in FY 20, driven by higher sales and lower expenses.

### CPG LARMEA
Organic growth was driven by volume/mix growth of 4.5% and 0.9% price. The volume/mix effect was driven by continued strong growth in Single Serve and Premium Instants offerings. Reported sales decreased by -11.3% to EUR 985 million, including a foreign exchange impact of -16.7% mainly driven by the depreciation of the Brazilian real and the Russian ruble. Adjusted EBIT increased organically by 21.6% to EUR 219 million in FY 20, mainly driven by higher sales and lower expenses.

### CPG APAC
Organic growth consisted of a volume/mix effect of -1.2% and a positive price effect of 0.4%. 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 -3.6% to EUR 659 million, which included a foreign exchange impact of -2.9% mainly related to depreciation of the Thai baht and the Australian dollar. Adjusted EBIT increased organically by 36.6% to EUR 155 million in FY 20 largely reflecting lower operating expenses and a soft comparable basis.

### Peet’s
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. Organic growth consisted of a volume/mix effect of -5.6% and a price effect of 4.2%. Reported sales decreased by -4.6% to EUR 838 million, which included a foreign exchange impact of -1.7% and a scope effect of -1.4% related to the divestiture of non-core assets. Adjusted EBIT increased organically by 17.0% to EUR 98 million in FY 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 -29.1% and a price effect of -0.3%. The Out-of-Home segment was significantly impacted by the COVID-19 pandemic. Many customer channels were (partially) closed during a significant part of the year - including offices, education, BaReCa, travel and tourism. Limited service was maintained where possible in our coffee stores through alternative business models including, among other things, take-away and pick-up & delivery. In the second half of the year, activity levels were more resilient as customers, consumers and our teams adjusted faster to subsequent lockdown measures. Reported sales decreased by -31.8% to EUR 666 million, including a foreign exchange impact of -0.8% and -1.7% related to scope and other changes. Adjusted EBIT decreased from EUR 179 million in FY 19 to EUR 4 million in FY 20 due to declining sales. We implemented a range of temporary and structural measures to reduce labour and operating costs.

## Other Information

### Underlying profit for the period

| *in EUR m* | FY 20 | FY 19 |
|---|---|---|
| **Adjusted EBIT** | **1,278** | **1,255** |
| Net financial income/(expenses) | -246 | -201 |
| Adjusted income tax expense | -240 | -251 |
| Adjusted for minorities | -5 | -2 |
| **Underlying profit for the period** | **787** | **801** |

## Conference call & audio webcast

Fabien Simon (CEO) and Scott Gray (CFO) will host a conference call for analysts and institutional investors at 10:00 AM CET today to discuss the full-year 2020 results. 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 company by revenue and served approximately 4,500 cups of coffee or tea every second in 2020. JDE Peet's unleashes the possibilities of coffee and tea in more than 100 developed and emerging markets through a portfolio of over 50 brands that collectively cover the entire category landscape led by household names such as L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona. In 2020, JDE Peet's generated total sales of EUR 6.7 billion and employed a global workforce of more than 19,000 employees. Read more about our journey towards a coffee and tea for every cup at 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 condensed consolidated unaudited financial statements 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 consolidated special purpose 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.*

***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.*

## 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 below the definitions and adjusted EBIT as described in segment information in the condensed consolidated unaudited financial statements.

### IFRS reconciliation

| *in EUR m* | Reported sales | Adjusting items | Reported sales | FX impact | Scope & other | Organic sales |
|---|---|---|---|---|---|---|
| **Sales** | 6,651 | - | 6,651 | 251 | 29 | 6,930 |

| *in EUR m* | Operating profit | Adjusting items | Adjusted EBIT | FX impact | Scope & other | Organic adjusted EBIT |
|---|---|---|---|---|---|---|
| **Operating profit to adj. EBIT** | 933 | (346) | 1,278 | 47 | 7 | 1,332 |

| *in EUR m* | Operating profit | Adjusting items | Adjusted EBIT | Adjusted D&A | Adjusted EBITDA |
|---|---|---|---|---|---|
| **Operating profit to adj. EBITDA** | 933 | (346) | 1,278 | 297 | 1,575 |

| *in EUR m* | **FY 20** |
|---|---|
| **Adjusted EBIT** | **1,278** |
| ERP system implementation | -28 |
| Transformation activities and corporate actions | -156 |
| Share-based payment expense | -33 |
| Mark-to-market results | 1 |
| M&A/ deal costs | -129 |
| **Operating profit** | **933** |

### Definitions

**Adjusted depreciation and amortisation (adjusted D&A)**
Adjusted depreciation and amortisation is defined as depreciation and amortisation, adjusted for the depreciation and amortisation already included in the adjusting items as included in adjusted EBIT.

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

**Adjusted income tax expense**
Adjusted income tax expense is defined as income tax expense adjusted for the effect of tax rate changes on deferred tax assets/liabilities and the non-recurring items, such as tax reserves and tax audit adjustments.

**Adjusted financial income and expenses**
Adjusted financial income and expenses is defined as financial income and expense, adjusted for the effect of non-recurring items such as the costs related to refinancing activities. No adjustments were made in 2019 and 2020.

**Away-from-Home**
Coffee & tea products purchased for consumption outside of the home at offices, hotels, bars, restaurants etc. as well as in coffee stores.

**In-Home**
Packaged coffee & tea products purchased for consumption at home

**Free cash flow**
Free cash flow is defined as net cash provided by operating activities less capital expenditure.

**Net debt**
Net debt is defined as total borrowings less cash and cash equivalents, excluding cash not at the free disposal of.

**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 is defined as adjusted EBIT translated at the prior year average foreign exchange rate and adjusted for scope changes (a.o. M&A and divestitures) and other items. 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. In 2020 there was an adjustment of EUR 6 million related to an ERP implementation in the Out-of-Home segment.

**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 divestitures) and other items. 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. In 2020 there was a sales adjustment of EUR 10 million related to an ERP implementation in the Out-of-Home segment.

**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 adjusted financial income and expenses, adjusted income tax expense and income from associates and joint ventures, adjusted for minority shareholders.

# Condensed Consolidated Unaudited Financial Statements

For the year ended 31 December 2020

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# CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

## FOR THE YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

In EUR million, unless stated otherwise

| | 2020 | 2019 |
|---|---|---|
| Revenue | 6,651 | 6,945 |
| Cost of sales | (3,818) | (3,935) |
| Selling, general and administrative expenses | (1,900) | (1,967) |
| Operating profit | 933 | 1,043 |
| Finance income | 44 | 101 |
| Finance expense | (290) | (302) |
| Share of net loss of associates | — | (1) |
| Profit before income taxes | 687 | 841 |
| Income tax expense | (320) | (256) |
| **Profit for the period** | **367** | **585** |

| ATTRIBUTABLE TO: | 2020 | 2019 |
|---|---|---|
| Owners of the parent | 308 | 424 |
| Non-controlling interest | 59 | 161 |
| **Profit for the period** | **367** | **585** |
| **Earnings per share:** | | |
| Basic earnings per share (in EUR) | 0.80 | 90.14 |
| Diluted earnings per share (in EUR) | 0.79 | 89.63 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

## AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

in EUR million

| | 2020 | 2019 |
|---|---|---|
| **Assets** | | |
| Non-current assets: | | |
| Goodwill and other intangible assets | 16,825 | 17,286 |
| Property, plant and equipment | 1,600 | 1,737 |
| Deferred income tax assets | 77 | 61 |
| Derivative financial instruments | 4 | 5 |
| Retirement benefit asset | 287 | 306 |
| Other non-current assets | 124 | 106 |
| | 18,917 | 19,501 |
| Current assets: | | |
| Inventories | 732 | 710 |
| Trade and other receivables | 646 | 761 |
| Derivative financial instruments | 18 | 23 |
| Income tax receivable | 9 | 18 |
| Cash and cash equivalents | 414 | 811 |
| | 1,819 | 2,323 |
| **Total assets** | **20,736** | **21,824** |
| **Equity and liabilities** | | |
| Equity: | | |
| Share capital | 5 | 1 |
| Share premium | 9,907 | 6,139 |
| Treasury stock | — | (50) |
| Other reserves | (694) | (216) |
| Retained earnings | 984 | 569 |
| Equity attributable to the owners of the Company | 10,202 | 6,443 |
| Non-controlling interest | 129 | 2,978 |
| | 10,331 | 9,421 |
| Non-current liabilities: | | |
| Borrowings | 5,405 | 7,199 |
| Retirement benefit liabilities | 269 | 258 |
| Deferred income tax liabilities | 1,086 | 949 |
| Income tax liabilities | — | 189 |
| Derivative financial instruments | 134 | 109 |
| Provisions | 20 | 21 |
| Other non-current liabilities | 159 | 59 |
| | 7,073 | 8,784 |
| Current liabilities: | | |
| Borrowings | 75 | 93 |
| Trade and other payables | 2,955 | 2,971 |
| Income tax liability | 168 | 189 |
| Provisions | 70 | 45 |
| Other current liabilities | 64 | 321 |
| | 3,332 | 3,619 |
| **Total equity and liabilities** | **20,736** | **21,824** |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

### FOR THE YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

| In EUR million | 2020 | 2019 |
|---|---|---|
| Profit for the period | 367 | 585 |
| Adjustments for: | | |
| Depreciation, amortisation and impairments | 450 | 419 |
| Defined benefit pension expense | 17 | 12 |
| Share-based payments | 46 | 25 |
| (Gain) / loss on sale of property, plant and equipment | 24 | 14 |
| Loss on disposal of subsidiary | 12 | — |
| Income tax expense | 320 | 257 |
| Interest income on bank accounts and other | (43) | (98) |
| Interest expense | 180 | 235 |
| Fair value changes financial liabilities | — | 21 |
| Provision charges | 44 | 21 |
| Derivative financial instruments | 210 | (53) |
| Foreign exchange (gains)/ losses | (114) | 85 |
| Other | (7) | (15) |
| Changes in operating assets and liabilities: | | |
| Inventories | (62) | (11) |
| Trade and other receivables | 85 | 27 |
| Trade and other payables | 41 | 145 |
| Other | (3) | (11) |
| Pension payments | (13) | (12) |
| Payments of provisions | (20) | (48) |
| Realised foreign exchange (gains)/losses | 66 | (67) |
| Receipts / (payments) of derivative financial instruments | (107) | 70 |
| Income tax payments | (364) | (142) |
| **Net cash provided by operating activities** | **1,129** | **1,459** |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (229) | (241) |
| Purchases of intangibles | (23) | (40) |
| Proceeds from sale of property, plant and equipment | 1 | 8 |
| Acquisition of businesses, net of cash acquired | (5) | (23) |
| Loans provided | (8) | (247) |
| Interest received | 32 | 96 |
| Other investing activities | 2 | 2 |
| **Net cash used in investing activities** | **(230)** | **(445)** |
| Cash flows from financing activities: | | |
| Additions to borrowings | 677 | 89 |
| Repayments from borrowings | (2,456) | (789) |
| Proceeds from/(repayments to) issuing ordinary shares | 785 | (2) |
| Receipts from/(payments to) derivative financial instruments | (4) | 17 |
| Dividend paid to shareholders | (89) | (68) |
| Interest paid | (159) | (217) |
| Investments/(divestments) by non-controlling shareholders | 39 | (24) |
| Other financing | (15) | — |
| **Net cash used in financing activities** | **(1,222)** | **(994)** |
| Effect of exchange rate changes on cash | (74) | 29 |
| Net increase/(decrease) in cash and cash equivalents | (397) | 49 |
| Cash and cash equivalents – at the start of period | 811 | 762 |
| Cash and cash equivalents — as of 31 December [1)] | **414** | **811** |

1) Cash and cash equivalents include restricted cash of EUR 25 million at 31 December 2020 (2019:EUR 16 million).

## Description of Business

JDE Peet’s N.V. (the “Company” or together with its subsidiaries “JDE Peet's”) is a public limited liability company under the laws of the Netherlands. The Company was incorporated on 21 November 2018 as a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid, B.V.) and converted into a public company (naamloze vennootschap, N.V.) after listing on 29 May 2020. The Company is the holding company of JACOBS DOUWE EGBERTS B.V. (“JDE” or “JDE Group”) and Peet’s Coffee & Tea, Inc. (“Peet’s” or "Peet's Group") through a number of indirect holding companies. The Company's main direct shareholders are Acorn Holdings B.V. ("Acorn") (60.50%), Mondelēz Coffee Holdco B.V. ("Mondelēz") (22.87%) and free float (16.63%). Acorn is fully owned by a Joh. A. Benckiser led investor group (“JAB”).

The Company is headquartered in the Netherlands, the registered office of the Company is Oosterdoksstraat 80, 1011 DK in Amsterdam, the Netherlands (Company registration number: 73160377).

The condensed consolidated unaudited financial statements for the year ended 31 December 2020 include the financial information of the Company and its subsidiaries.

### Activities of JDE Peet's

JDE Peet's is the world's largest pure-play coffee & tea group, serving cups of coffee & tea in 2020 in more than 100 countries in the developed and emerging markets. Through its more than 50 leading global, regional and local coffee & tea brands, it offers an extensive range of high-quality and innovative coffee & tea products to serve consumer needs across markets, consumer preferences and price levels.

### Basis of Preparation

The Company prepared these condensed consolidated unaudited financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in conformity with the Dutch Civil Code. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.

For purposes of these condensed consolidated unaudited financial statements, segmentation is based on how the chief operating decision maker ("CODM") reviews the performance of the business and allocates resources. JDE Peet’s is in the process of further formalising reporting and evaluating routines in the new segment structure.

## Critical accounting estimates and judgements

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that effect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## COVID-19 Disclosure

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

- JDE Peet's is closely monitoring the outbreak and related containment measures, whereby multiple project teams at different levels are assessing the impact the outbreak and related containment measures has on its associates and contractors in a careful balance with business continuity.
- The outbreak and related containment measures thus far had limited impact on JDE Peet's supply to customers, except for the Out-of-Home and Peet's segments. 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, JDE Peet's experienced an upswing in the majority of its CPG segments but did experience unfavourable currency exchange rates in the majority of the markets. Despite these currency devaluations adjusted EBIT improved in these segments The future uncertainty for JDE Peet's is difficult to estimate since the relative market shares differs across markets, as do the severity of lockdowns and impact on expected future behaviour of consumers.
- The Out-of-Home segment (including coffee stores) experienced a decline compared to 2019. This significantly impacted the segment as many customer channels were closed - including offices, education, bars, restaurants, cafés, travel and tourism. The decline resulted in a detailed assessment of the recoverability of this segment's assets, such as accounts receivable and goodwill. The length and severity of lockdowns related to COVID-19 remain uncertain at this point of time, especially taking into account the possibility of new mutants of the virus.
- For the Peet's segment, the impact thus far is twofold. The Away-from-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 strategic initiative to review the profitability of these underlying assets. Ultimately a decision is made to permanently close a number of coffee stores. This is offset by an improved performance of the CPG activities of this segment. In this segment, uncertainty is difficult to estimate given the different activities as included within the segment and whether the CPG activities are able to compensate in full for possible decline in Away-from-Home sales.

## SEGMENT INFORMATION

The CODM reviews segment profitability based on adjusted EBIT. JDE Peet's defined adjusted EBIT as profit for the period, adding back finance income, finance expense, share of net profit of associates and income tax expense, adjusted for the following factors:

1. ERP system implementation expenses, which represent costs to implement and upgrade to a new ERP system, including order, billing, payroll and financial systems. Overhead costs incurred in the normal course of business are not allocated to ERP implementation projects; rather, only incremental costs incurred in direct connection with the implementation of the ERP project are added back in calculating adjusted EBIT.
2. Transformation activities and corporate actions include costs from restructuring and organisational redesign projects, results from corporate actions and costs from strategic initiatives:
    i. Restructuring and organisational redesign costs arise from strategic projects that are related to business optimisation or cost-saving initiatives. These strategic projects include the closure of factories or significant changes to the manufacturing footprint or restructuring of retail overhead. Due to the fact that most restructuring projects or organisational redesign activities span multiple years, management does not consider or describe these costs as "non-recurring" in nature. However, the specific projects or overarching initiatives themselves are important events to understand the operating performance. JDE Peet's therefore adds back these costs in calculating adjusted EBIT.

ii. Results from corporate actions arise from activities that are not considered by JDE Peet's to be part of daily business operations. Such results include items such as fees incurred in relation to refinancing activities, listing at the stock exchange, executive's severance, pension curtailments and amendments. Such actions generally result from market forces that are difficult to predict and are not entirely within the control of JDE Peet's. Therefore, costs are added back or gains removed in calculating adjusted EBIT.

iii. Strategic initiatives are broken down and defined as the costs related to evaluating strategic alternatives, entering into new markets, or launching new strategic initiatives, or other business development costs, to the extent not considered by JDE Peet's as part of the normal operating costs of its business. Such costs relate to Peet's refrigerated ready-to-drink coffee beverages, which was discontinued and replaced with several shelf-stable ready-to-drink coffee beverages. Therefore, costs are added back in calculating adjusted EBIT.

3. Share-based payment expense, which is an operating expense JDE Peet's incurs and is considered a form of compensation, varies in amount from period to period, and is affected by market forces, including volatility and other factors, such as forfeitures of awards, that are difficult to predict. Therefore, costs are added back in calculating adjusted EBIT.

4. Mark-to-market results consist of economic hedges of certain future risks related to the cost of goods sold. Mark-to-market adjustments include adjustments for unrealised and realised gains/losses on commodity futures. Unrealised mark-to-market adjustments relate to results on green coffee futures for which JDE Peet's has not yet sold the underlying commodity. These results are excluded when calculating adjusted EBIT. Upon the subsequent sale of the underlying commodity to customers, the realised mark-to-market adjustments are recognised in adjusted EBIT. JDE Peet's believes that such results create volatility in the current period trends, because mark-to-market amounts vary from period to period and are affected by market forces that are difficult to predict and not within the control of management.

5. Merger & Acquisitions/business combination results include: a) acquisition-related costs including legal, due diligence, professional consulting, and other costs incurred as a result of its acquisitions process; b) amortisation related to intangible assets recognised or re-measured as part of purchase price allocations; c) costs associated with the integration of acquired businesses, such as directly attributable integration-related labour costs, legal fees and consulting fees; d) derecognition of the step-up in fair value of inventories resulting from purchase price allocations; e) fair value changes in contingent consideration obligations; and f) sale results and other costs incurred as a result of divestments. JDE Peet's does not consider these costs as part of the normal operating costs of its business. Therefore, costs are added back in calculating adjusted EBIT.

Segment information (in EUR million):

| Revenue | 2020 | 2019 |
|---|---|---|
| CPG Europe | 3,475 | 3,269 |
| CPG LARMEA | 985 | 1,111 |
| CPG APAC | 659 | 684 |
| Peet's | 838 | 878 |
| Out-of-Home | 666 | 977 |
| Unallocated | 28 | 26 |
| **Total** | **6,651** | **6,945** |

Reconciliation of adjusted EBIT to most directly comparable GAAP measure (in EUR million):

| | 2020 | 2019 |
|---|---|---|
| CPG Europe | 1,096 | 954 |
| CPG LARMEA | 219 | 207 |
| CPG APAC | 155 | 116 |
| Peet's | 98 | 78 |
| Out-of-Home | 4 | 179 |
| Unallocated | (294) | (279) |
| Adjusted EBIT | 1,278 | 1,255 |
| ERP system implementation | (28) | (40) |
| Transformation activities and corporate actions (1) | (156) | (57) |
| Share-based payment expense | (33) | (27) |
| Mark-to-market results | 1 | 34 |
| M&A/ deal costs (2) | (129) | (122) |
| Operating profit | 933 | 1,043 |
| Finance income | 44 | 101 |
| Finance expense | (290) | (302) |
| Share of net loss of associates | — | (1) |
| Profit before income taxes | **687** | **841** |

(1) Transformation activities and corporate actions includes an amount of EUR 59 million of costs related to the listing of the Company and an amount of EUR 35 million of costs related to coffee stores permanently closed (which includes impairments of property, plant and equipment of EUR 33 million) in 2020 (2019: EUR 5 million). Furthermore, in 2020 an amount of EUR 30 million restructuring expense is included related to the Out-of-Home segment.

(2) This consistently includes amortisation related to intangible assets recognised or re-measured as part of purchase price allocations. Furthermore, the result of disposal (EUR 17 million) of the Revive business is included.

*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):

| | 2020 | 2019 |
|---|---|---|
| United States | 13% | 13% |
| Germany | 12% | 12% |
| France | 12% | 12% |
| Netherlands | 10% | 10% |
| Rest of World | 53% | 53% |
| **Total Revenue** | **100%** | **100%** |

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

## IMPAIRMENT OF NON-CURRENT ASSETS

As described in 'COVID-19 disclosure' the CPG segments were not adversely impacted by the COVID-19 pandemic, whereas the Out-of-Home segment was impacted by the measures as many customer channels were closed - including offices, education, bars, restaurants, cafés, travel and tourism.

CPG

For the CPG segments, management performed sensitivity analyses around the key assumptions. Management believes that no reasonable possible changes in key assumptions would cause, in isolation, the recoverable amount of the significant cash generating units to be less than the carrying value.

Out of Home

For the Out-of-Home segment, the base case projecting cash flows for the next 5 years reflects the risks caused by the pandemic with recovery assumptions of the different customer channels within the segment to pre-Covid levels. These assumptions were made using as much as possible third party observable data. After the 5-year period a terminal growth rate was used equal to the expected inflation rate.

Management assumed that the recovery of the business will start in the second half of 2021 when easing of lockdown measures are expected following the roll-out of the vaccination programs. The recovery was assessed by customer channel, taking into account the estimated temporary or more structural effects of changes in behaviour around working-from-home, travelling and visiting hotels, restaurants, bars and cafés, etc.

Next to the recoverability, management estimated the value creation from commercial and cost saving initiatives approved as per the measurement date. Given the uncertainty surrounding the cash flow projections, management ensured risk-adjustments were made.

The impairment test performed did not result in an indication of impairment. However, realisation of goodwill is critically dependent on the (pace of) recovery of the relevant markets and on the effectiveness of management's initiatives.

## REVENUE

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

| | 2020 | 2019 |
|---|---|---|
| Coffee | 85 % | 81 % |
| Tea | 3 % | 3 % |
| Other food and beverage | 10 % | 13 % |
| Services | 2 % | 3 % |
| **Total** | 100 % | 100 % |

## EXPENSES BY NATURE

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

| | 2020 | 2019 |
|---|---|---|
| Cost of product [1] | 3,111 | 3,145 |
| Employee benefits expense [2] | 1,138 | 1,228 |
| Advertising and promotion | 323 | 446 |
| Depreciation, amortisation and impairment | 450 | 419 |
| Distribution expense | 182 | 178 |
| Repairs, maintenance and utilities | 165 | 181 |
| Selling expenses | 53 | 59 |
| Rental and lease costs | 21 | 24 |
| Restructuring and restructuring related expenses | 40 | 22 |
| Other [3] | 235 | 200 |
| **Total** | **5,718** | **5,902** |

(1) Cost of product consists of raw materials (74%, 2019: 74%), conversion costs (20%, 2019: 20%) and inbound freight costs (6%, 2019: 6%).

(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.

## EARNINGS PER SHARE

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

| | 2020 | 2019 *Restated |
|---|---|---|
| **Earnings (in EUR million):** | | |
| **Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company** | 308 | 424 |
| **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 | 307 | 422 |
| **Number of shares** | | |
| Time-weighted average number of ordinary shares for the purposes of basic earnings per share | 384,615,728 | 4,700,000 |
| **Adjustments for calculations of diluted earnings per share** | | |
| Share-based payment plans | 2,594,843 | — |
| Time-weighted average number of ordinary shares for the purposes of diluted earnings per share | 387,210,571 | 4,700,000 |
| **Basic EPS (in EUR)** | 0.80 | 90.14 |
| **Diluted EPS (in EUR)** | 0.79 | 89.63 |

*2019 number of shares had been restated due to the two share splits that occurred during the year.

## SHAREHOLDERS' EQUITY

Movements in ordinary shares in EUR millions, except for number of shares:

| | Number of issued shares | Nominal value | Share premium | Total |
|---|---|---|---|---|
| **Opening balance 1 January 2019** | **1,000** | **1** | **7,447** | **7,448** |
| Purchase of shares from non-controlling shareholders | — | — | 9 | 9 |
| Purchase of shares | — | — | (4) | (4) |
| Capital transactions with related parties | — | — | (1,439) | (1,439) |
| Reallocation Peet's equity plans | — | — | 126 | 126 |
| Reclassification | — | — | (104) | (104) |
| **Balance as of 31 December 2019** | **1,000** | **1** | **6,035** | **6,036** |
| Dividends | — | — | (10) | (10) |
| Capital contribution by shareholder | — | — | 300 | 300 |
| Proceeds IPO | 25,555,555 | 4 | 786 | 790 |
| Transaction among shareholders | 468,463,946 | — | 2,760 | 2,760 |
| Share splits | 4,699,000 | — | 0 | 0 |
| Issuance of shares | 989,529 | — | 36 | 36 |
| **Balance as of 31 December 2020** | **499,709,030** | **5** | **9,907** | **9,912** |

## FINANCE INCOME AND EXPENSE

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

| | 2020 | 2019 |
|---|---|---|
| Interest income | 43 | 97 |
| Pension finance (expense)/income: | | |
| Interest income on plan assets | 35 | 49 |
| Interest expense on defined benefit obligation | (34) | (45) |
| Total pension finance (expense)/income | 1 | 4 |
| **Finance income** | **44** | **101** |

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

| | 2020 | 2019 |
|---|---|---|
| Interest on credit agreement | (100) | (125) |
| Amortisation debt issuance costs | (3) | (4) |
| Commitment fees revolving credit facility | (4) | (3) |
| Interest on interest rate swaps | (33) | (21) |
| Interest on bank overdrafts | (12) | (49) |
| Interest on borrowings from related parties | (12) | (17) |
| Interest on lease liability | (11) | (12) |
| Other | (5) | (4) |
| Total interest expense | (180) | (235) |
| Foreign exchange gain/(loss) | 114 | (85) |
| Change in fair value of derivative financial instruments | (210) | 39 |
| Fair value changes financial liabilities | (14) | (21) |
| **Finance expense** | **(290)** | **(302)** |

## BORROWINGS

The Group's borrowing facilities through 2020 is summarised in the following table (in EUR million):

| | Currency | 31 December 2019 | Unwinding discount | Additions | Repaid | Remea-surement | Amortisation | Recognition of lease liability | Currency translation | 31 December 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 | — | — | — | — | — | — | (49) | 551 |
| **JDE: Other financing** | Various | 14 | — | 8 | (1) | — | — | — | (2) | 19 |
| **Loan from related party** | **EUR** | 1,704 | — | — | (1,704) | — | — | — | — | — |
| **Bridge financing** | EUR | — | — | 450 | (450) | — | — | — | — | — |
| **Peet's: Senior Credit Facility** | **USD** | 318 | — | 220 | (193) | — | — | — | (28) | 317 |
| **All: Revolving credit facilities** | **EUR** | 35 | — | — | (35) | — | — | — | — | — |
| **Leases** | | 258 | 11 | — | (73) | (28) | — | 76 | (16) | 228 |
| **Unamortised discounts and costs** | | (9) | — | (1) | — | — | 3 | — | — | (7) |
| **Total borrowings** | | **7,292** | **11** | **677** | **(2,456)** | **(28)** | **3** | **76** | **(95)** | **5,480** |
| **Non-current** | | **7,199** | | | | | | | | **5,405** |
| **Current** | | **93** | | | | | | | | **75** |