20240529090881

Årsredovisning för

JOBmeal Group AB

559046-8764

Räkenskapsåret

2023-01-01 - 2023-12-31

Innehållsförteckning: **Sida**

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Fastställelseintyg

Undertecknad styrelseledamot i JOBmeal Group AB intygar härmed dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2024-04-29. Stämman beslutade också att godkänna styrelsens förslag till resultatdisposition.

Ort och datum Stockholm 2024/04/29

Johan Luddström
Styrelseledamot

20240529090882

Förvaltningsberättelse

Styrelsen och verkställande direktören för JOBmeal Group AB, 559046-8764, med säte i Stockholm, får härmed avge årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31.

Allmänt om verksamheten

Företaget utför främst tjänster inom områdena inköp, finansiering och administration åt dotterbolagen.

Dotterbolagens huvudsakliga verksamhet är att distribuera kaffeupplevelser till kunder inom privat och offentlig sektor, via automatiserade lösningar.

Företaget har sitt säte i Stockholm

Utveckling av företagets verksamhet, resultat och ställning

Belopp i kr

	2023-12-31	*2022-12-31*	*2021-12-31*	*2020-12-31*	*2019-12-31*
Nettoomsättning	14 389 690	12 856 489	12 320 765	8 227 714	8 227 703
Res. efter finansiella poster	-11 010 408	-17 105 335	-14 090 891	-13 071 320	-23 790 598
Soliditet %	83	85,1	89,7	98	83
Definitioner: se not					

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser har inträffat under året

Eget kapital

	Aktiekapital, nyemission under reg	*Fritt eget kapital*
Vid årets början	3 616 903	516 772 604
Disposition enl årsstämmobeslut		
Årets resultat		-401 408
Vid årets slut	**3 616 903**	**516 371 196**

Ovillkorrat aktieägartillskott uppgår till 319 344 163 kr (319 344 163 kr)

Förslag till disposition av företagets vinst eller förlust

Styrelsen föreslår att fritt eget kapital, kronor 516 371 196, disponeras enligt följande:

	Belopp i kr
Balanseras i ny räkning	516 371 196
Summa	**516 371 196**

Vad beträffar resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkning med tillhörande noter

20240529090983

Resultaträkning

Belopp i kr	*Not*	*2023-01-01-2023-12-31*	*2022-01-01-2022-12-31*
Nettoomsättning		14 389 690	12 856 522
Övriga rörelseintäkter		11 843	-
		14 401 533	12 856 522
Rörelsens kostnader			
Övriga externa kostnader		-12 650 616	-13 912 545
Personalkostnader	2	-12 470 281	-14 448 646
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar	2	-957 708	-856 272
Rörelseresultat		-11 677 072	-16 360 941
Resultat från finansiella poster			
Ränteintäkter och liknande resultatposter	3	897 696	164 493
Räntekostnader och liknande resultatposter	4	-322 032	-908 887
Resultat efter finansiella poster		-11 101 408	-17 105 335
Bokslutsdispositioner		10 700 000	15 500 000
Resultat före skatt		-401 408	-1 605 335
Årets resultat		**-401 408**	**-1 605 335**

20240529090884

Balansräkning

Belopp i kr	*Not*	*2023-12-31*	*2022-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	5	1 040 775	1 998 483
		1 040 775	1 998 483
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6	500 234 310	500 234 310
		500 234 310	500 234 310
Summa anläggningstillgångar		501 275 085	502 232 793
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		-	451 627
Fordringar hos koncernföretag		120 048 858	106 567 001
Aktuell skattefordran		1 634 887	1 643 101
Övriga fordringar		384 715	11 982
Förutbetalda kostnader och upplupna intäkter		3 321 694	501 950
		125 390 154	109 175 661
Summa omsättningstillgångar		125 390 154	109 175 661
SUMMA TILLGÅNGAR		626 665 239	611 408 454

20240529090885

Balansräkning

Belopp i kr	*Not*	*2023-12-31*	*2022-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		3 616 903	3 616 903
		3 616 903	3 616 903
Fritt eget kapital			
Fri överkursfond		174 778 247	174 778 247
Balanserad vinst eller förlust		341 994 357	343 599 692
Årets resultat		-401 408	-1 605 335
		516 371 196	516 772 604
Summa eget kapital		519 988 099	520 389 507
Kortfristiga skulder			
Checkräkningskredit		96 328 214	81 934 224
Leverantörsskulder		721 139	1 174 292
Övriga kortfristiga skulder		481 261	431 974
Upplupna kostnader och förutbetalda intäkter		9 146 526	7 478 457
		106 677 140	91 018 947
SUMMA EGET KAPITAL OCH SKULDER		626 665 239	611 408 454

20240529090886

Noter

Not 1 Redovisningsprinciper

Belopp i kr om inget annat anges

Allmänna redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Värderingsprinciper m m

Tillgångar, avsättningar och skulder har värderats utifrån anskaffningsvärden om inget annat anges nedan.

Immateriella anläggningstillgångar

Övriga immateriella anläggningstillgångar

Övriga immateriella tillgångar som förvärvats av företaget är redovisade till anskaffningsvärde minus ackumulerade avskrivningar och nedskrivningar. Utgifter för internt genererad goodwill och varumärken redovisas i resultaträkningen som kostnad då de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.

Immateriella anläggningstillgångar	*År*
Balanserade utgifter för utveckling och liknande arbeten	3

Andelar i dotterföretag, intresseföretag, gemensamt styrda företag och företag med ägarintresse i

Andelar i dotterföretag, intresseföretag, gemensamt styrda företag och företag det finns ägarintresse i redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Intäkter

Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

20240529090837

Not 2 Anställda och personalkostnader

Medelantalet anställda

	2023-01-01-2023-12-31	*Varav män*	*2022-01-01-2022-12-31*	*Varav män*
Sverige	4	4	5	5
Totalt	**4**	**4**	**5**	**5**

Löner och andra ersättningar samt sociala kostnader, inklusive pensionskostnader

	2023-01-01-2023-12-31	*2022-01-01-2022-12-31*
Löner och andra ersättningar:	7 755 098	9 873 000
Sociala kostnader	4 187 553	4 122 110
(varav pensionskostnader)	1 596 009	1 555 853

Not 3 Ränteintäkter och liknande resultatposter

	2023-01-01-2023-12-31	*2022-01-01-2022-12-31*
Ränteintäkter, koncernföretag	218 162	7 134
Ränteintäkter, övriga	679 534	157 359
Summa	**897 696**	**164 493**

Not 4 Räntekostnader och liknande resultatposter

	2023-01-01-2023-12-31	*2022-01-01-2022-12-31*
Räntekostnader, övriga	-322 032	-908 887
Summa	**-322 032**	**-908 887**

Not 5 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2023-12-31	*2022-12-31*
Ackumulerade anskaffningsvärden		
-Vid årets början	2 849 398	2 514 643
-Övriga investeringar	-	334 755
Vid årets slut	2 849 398	2 849 398
Ackumulerade avskrivningar		
-Vid årets början	-850 915	-
-Årets avskrivning	-957 708	-850 915
Vid årets slut	-1 808 623	-850 915
Redovisat värde vid årets slut	**1 040 775**	**1 998 483**

Not 6 Andelar i koncernföretag

	2023-12-31	*2022-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	500 234 310	500 234 310
Redovisat värde vid årets slut	**500 234 310**	**500 234 310**

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Not 7 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter

	2023-12-31	*2022-12-31*
Fastighetsinteckningar	-	-
Summa ställda säkerheter	**-**	**-**

Eventualförpliktelser

Inga eventualförpliktelser finns

Not 8 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser har ägt rum efter räkenskapsårets slut

Not 9 Koncernuppgifter

Moderföretag i den största koncernen som JOBmeal Group AB är dotterföretag till är JDE Peet's N.V., org.nr. 73160377, med säte i Amsterdam. Det utländska moderföretagets koncernredovisning kan erhållas ifrån:

JDE Peet's N.V.
Oosterdoksstraat 80,
1011 DK Amsterdam,
Nederländerna

Ingen koncernredovisning har upprättats med stöd av Årsredovisningslagen 7 kap. 2§ punkt 1.

Not 10 Nyckeltalsdefinitioner

Balansomslutning:
Totala tillgångar.

Soliditet:
(Totalt eget kapital + (100 % - aktuell bolagsskattesats av obeskattade reserver)) / Totala tillgångar.

20240529090889

Underskrifter

Stockholm, den 2024-04-29

Fredrik Mossberg
Verkställande direktör

Johan Lundström
Styrelseledamot

Davy Jos I Pilet
Styrelseledamot

Min revisionsberättelse har lämnats den 2024-04-29

Nicklas Kullberg
Auktoriserad revisor

20240529090800

Revisionsberättelse

Till bolagsstämman i JOBmeal Group AB, org.nr 559046-8764

Rapport om årsredovisningen

Uttalanden

Jag har utfört en revision av årsredovisningen för JOBmeal Group AB för år 2023.

Enligt min uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av JOBmeal Group ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Jag tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för JOBmeal Group AB.

Grund för uttalanden

Jag har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Mitt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Jag är oberoende i förhållande till JOBmeal Group AB enligt god revisorssed i Sverige och har i övrigt fullgjort mitt yrkesetiska ansvar enligt dessa krav.

Jag anser att de revisionsbevis jag har inhämtat är tillräckliga och ändamålsenliga som grund för mina uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Mina mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller mina uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av mitt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver min revision av årsredovisningen har jag även utfört en revision av styrelsens och verkställande direktörens förvaltning för JOBmeal Group AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Jag tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Jag har utfört revisionen enligt god revisionssed i Sverige. Mitt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Jag är oberoende i förhållande till JOBmeal Group AB enligt god revisorssed i Sverige och har i övrigt fullgjort mitt yrkesetiska ansvar enligt dessa krav.

Jag anser att de revisionsbevis jag har inhämtat är tillräckliga och ändamålsenliga som grund för mina uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Mitt mål beträffande revisionen av förvaltningen, och därmed mitt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Mitt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed mitt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av mitt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 29 april 2024

Nicklas Kullberg
Auktoriserad revisor

20240529090891

CONSOLIDATED FINANCIAL STATEMENTS



2024073009050

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2024073009051

CONSOLIDATED INCOME STATEMENT

For the years ended 31 December 2023 and 31 December 2022

In EUR million, unless stated otherwise

	Note	2023	2022
Revenue	2.2	8,191	8,151
Cost of sales	2.3	(5,173)	(5,146)
Selling, general and administrative expenses	2.3	(2,333)	(2,056)
Operating profit		**685**	**949**
Finance income	5.4	104	68
Finance expense	5.4	(247)	1
Share of net profit / (loss) of associates		(5)	—
Profit before income taxes		**537**	**1,018**
Income tax expense	6	(173)	(257)
Profit for the period		**364**	**761**

ATTRIBUTABLE TO:	Note	2023	2022
Owners of the parent		367	771
Non-controlling interest		(3)	(10)
Profit for the period		**364**	**761**
Earnings per share:			
Basic earnings per share (in EUR)	2.4	0.76	1.57
Diluted earnings per share (in EUR)	2.4	0.75	1.55

The accompanying notes are an integral part of these financial statements.

2024073009052

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Profit for the period		**364**	**761**
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	9.1	(28)	10
Items that may be subsequently reclassified to profit or loss			
– Foreign currency translation		(95)	52
– Net investment hedge		14	(27)
– Effective portion of cash flow hedge - foreign exchange contracts	6	31	(46)
Other comprehensive income/(loss)		**(78)**	**(11)**
Total comprehensive income/(loss) for the period		**286**	**750**
Attributable to:			
Owners of the parent		281	770
Non-controlling interest	5.1	5	(20)
Total comprehensive income/(loss) for the period		**286**	**750**

The accompanying notes are an integral part of these financial statements.

2024073009053

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Assets			
Non-current assets:			
– Goodwill and other intangible assets	3.2	16,717	17,084
– Property, plant and equipment	3.4	1,719	1,740
– Deferred income tax assets	8	49	35
– Derivative financial instruments	6.7	16	46
– Retirement benefit asset	9.1	432	413
– Other non-current assets	9.3	72	86
		19,005	**19,404**
Current assets:			
– Inventories	4.1	1,248	1,356
– Trade and other receivables	4.2	729	828
– Derivative financial instruments	6.7	57	28
– *Income tax receivable*		36	24
– Net assets held-for-sale		18	19
– Cash and cash equivalents	5.3	2,048	967
		4,136	**3,222**
Total assets		**23,141**	**22,626**

	Note	2023	2022
Equity and liabilities			
Equity:			
– Share capital	5.1	5	5
– Share premium		9,585	9,997
– Treasury stock		(38)	(471)
– Other reserves / (deficits)		(375)	(313)
– Retained earnings		1,858	1,834
– **Equity attributable to the owners of the Company**		**11,035**	**11,052**
– Non-controlling interest		80	80
		11,115	**11,132**
Non-current liabilities:			
– Borrowings	5.2	5,388	4,888
– Retirement benefit liabilities	9.1	170	149
– Deferred income tax liabilities	8	1,226	1,265
– Derivative financial instruments	6.7	41	–
– Provisions	9.2	36	33
– Other non-current liabilities	9.4	107	110
		6,968	**6,445**
Current liabilities:			
– Borrowings	5.2	527	79
– Trade and other payables	4.3	4,225	4,704
– Income tax liability		81	88
– Provisions	9.2	68	39
– Derivative financial instruments	6.7	157	139
		5,058	**5,049**
Total equity and liabilities		**23,141**	**22,626**

The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Share capital	Share premium	Treasury stock	Retirement benefit obligation related items	Currency translation reserve	Cash flow hedge reserve	Total other comprehensive income	Share-based payments reserve	Retained earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2021	5	9,975	–	280	(684)	25	(379)	39	1,383	11,023	138	11,161
Application of hyperinflationary accounting	–	–	–	–	–	–	–	–	31	31	11	42
Balance at 1 January 2022	5	9,975	–	280	(684)	25	(379)	39	1,414	11,054	149	11,203
– Profit for the period	–	–	–	–	–	–	–	–	771	771	(10)	761
– Retirement benefit obligation	–	–	–	10	–	–	10	–	–	10	–	10
– Foreign currency translation	–	–	–	(14)	76	–	62	–	–	62	(10)	52
– Foreign currency contracts	–	–	–	–	–	(46)	(46)	–	–	(46)	–	(46)
– Net investment hedge	–	–	–	–	(27)	–	(27)	–	–	(27)	–	(27)
Total Comprehensive Income/(Loss)	–	–	–	(4)	49	(46)	(1)	–	771	770	(20)	750
– Share-based payment transactions	–	–	–	–	–	–	–	28	–	28	–	28
– Dividends	–	–	–	–	–	–	–	–	(339)	(339)	(1)	(340)
– Share buyback transaction	–	–	(500)	–	–	–	–	–	–	(500)	–	(500)
– Issuance of shares	–	22	29	–	–	–	–	–	–	51	–	51
– *Other transactions with shareholders*	–	–	–	–	–	–	–	–	(12)	(12)	(48)	(60)
Balance at 31 December 2022	5	9,997	(471)	276	(635)	(21)	(380)	67	1,834	11,052	80	11,132

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In EUR million

	Share capital	Share premium	Treasury stock	Retirement benefit obligation related items	Currency translation reserve	Cash flow hedge reserve	Total other comprehensive income	Share-based payments reserve	Retained earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**276**	**(635)**	**(21)**	**(380)**	**67**	**1,834**	**11,052**	**80**	**11,132**
Application of hyperinflationary accounting	–	–	–	–	–	–	–	–	(2)	(2)	–	(2)
Balance at 1 January 2023	**5**	**9,997**	**(471)**	**276**	**(635)**	**(21)**	**(380)**	**67**	**1,832**	**11,050**	**80**	**11,130**
– Profit for the period	–	–	–	–	–	–	–	–	367	367	(3)	364
– Retirement benefit obligation	–	–	–	(28)	–	–	(28)	–	–	(28)	–	(28)
– Foreign currency translation	–	–	–	6	(109)	–	(103)	–	–	(103)	8	(95)
– Foreign currency contracts	–	–	–	–	–	31	31	–	–	31	–	31
– Net investment hedge	–	–	–	–	14	–	14	–	–	14	–	14
Total Comprehensive Income/(Loss)	**–**	**–**	**–**	**(22)**	**(95)**	**31**	**(86)**	**–**	**367**	**281**	**5**	**286**
– Share-based payment transactions	–	–	–	–	–	–	–	24	–	24	–	24
– Dividends	–	–	–	–	–	–	–	–	(339)	(339)	(2)	(341)
– Issuance of shares	–	–	21	–	–	–	–	–	–	21	–	21
– Cancellation of treasury shares	–	(412)	412	–	–	–	–	–	–	–	–	–
– Other transactions with shareholders	–	–	–	–	–	–	–	–	(2)	(2)	(3)	(5)
Balance at 31 December 2023	**5**	**9,585**	**(38)**	**254**	**(730)**	**10**	**(466)**	**91**	**1,858**	**11,035**	**80**	**11,115**

During the Annual General Meeting of Shareholders on 25 May 2023, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 14 July 2023 and 26 January 2024. The dividend payable at 31 December 2023 amounted to EUR 170 million, which was recognised within Trade and other payables.

The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Profit for the period		364	761
Adjustments for:			
– Depreciation, amortisation and impairments	3.4, 3.2	638	417
– Defined benefit pension expense	9.1	(19)	5
– Share-based payments	7.1	43	33
– (Gain) / loss on sale of property, plant, equipment and intangible assets		6	23
– Income tax expense	8	173	257
– Interest income on bank accounts and other	5.4	(91)	(64)
– Interest expense	5.4	94	85
– Provision charges	9.2	57	28
– Derivative financial instruments		125	(332)
– Foreign exchange (gains) / losses	5.4	(45)	263
– Other		1	13
Changes in operating assets and liabilities:			
– Inventories	4.1	79	(470)
– Trade and other receivables	4.2	116	(142)
– Trade and other payables	4.3	(478)	985
Pension payments	9.1	(9)	(8)
Payments of provisions	9.2	(26)	(13)
Realised foreign exchange (gains) / losses		67	(249)
Receipts from / (payments to) derivative financial instruments		(53)	252
Income tax payments		(219)	(238)
Net cash provided by operating activities		**823**	**1,606**

	Note	2023	2022
Cash flows from investing activities:			
Purchases of property, plant and equipment	3.4	(272)	(239)
Purchases of intangibles	3.2	(29)	(9)
Proceeds from sale of property, plant, equipment and other assets		2	10
Acquisition of businesses, net of cash acquired	3.1	(6)	(127)
Loans provided	7.2	(2)	5
Interest received		84	64
Other investing activities		(3)	3
Net cash used in investing activities		**(226)**	**(293)**
Cash flows from financing activities:			
Additions to borrowings	5.2	989	171
Repayments from borrowings	5.2	(89)	(295)
Share buyback transaction		—	(500)
Receipts from / (payments to) derivative financial instruments	6.7	(1)	69
Dividend paid to shareholders	5.1	(341)	(345)
Interest paid		(66)	(68)
Investments / (divestments) by non-controlling shareholders		13	(33)
Other financing		(14)	(19)
Net cash used in financing activities		**491**	**(1,020)**
Effect of exchange rate changes on cash		(7)	11
Net increase/(decrease) in cash and cash equivalents		**1,081**	**304**
Cash and cash equivalents – at the start of period		967	662
Adjustment for hyperinflationary accounting		—	1
Cash and cash equivalents – as of 31 December[71]	5.3	**2,048**	**967**

The accompanying notes are an integral part of these financial statements.

[71] Cash and cash equivalents include restricted cash of EUR 23 million at 31 December 2023 (31 December 2022: EUR 50 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 31 December 2023 and 31 December 2022

1. DESCRIPTION OF BUSINESS

Taking into account the characteristics of JDE Peet's' business and business model, the notes to the financial statements have been grouped into nine thematic sections rather than in a consecutive order based on line-items in the Consolidated primary statements. Each note in a section starts with material accounting policies, if applicable, as well as the critical accounting estimates and judgements made.

This section contains the disclosures relevant for understanding the basis of preparation of the Consolidated financial statements:

1. Reporting entity
2. Use of critical accounting estimates and judgements
3. Changes in accounting standards
4. Basis of consolidation
5. Material policy information, not attributable to a specific section
6. Update on the war in Ukraine

1.1 REPORTING ENTITY

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 and is a public company (naamloze vennootschap, N.V.) listed on Euronext Amsterdam. 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"), a Dutch subsidiary of Mondelēz International Inc ("Mondelēz holding") and free float. Acorn is fully owned by a Joh. A. Benckiser led investor group ("JAB").

All holders of a capital and/or voting interest of three per cent or more are disclosed to the Netherlands Authority for the Financial Markets ("AFM"). The AFM processes these disclosures in its publicly available register, which can be found at www.afm.nl.

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 consolidated financial statements for the year ended 31 December 2023 include the financial information of the Company and its subsidiaries.

These consolidated financial statements were authorised for issuance on 7 March 2024 by the Board of Directors of the Company.

Activities of JDE Peet's

JDE Peet's is the world's leading pure-play coffee & tea company, serving approximately 4,100 cups of coffee or tea per second. JDE Peet's unleashes the possibilities of coffee & tea in more than 100 markets with a portfolio of over 50 brands including L'OR, Peet's, Jacobs, Senseo, Tassimo, Douwe Egberts, OldTown, Super, Pickwick and Moccona. In 2023, JDE Peet's generated total sales of EUR 8.2 billion and employed a global workforce of 21,196 employees. Read more about our journey towards a coffee & tea for every cup at www.jdepeets.com.

JDE Peet's has a long, rich tradition in the coffee & tea industry, developing its portfolio of over 50 trusted coffee & tea brands with a deeply rooted heritage. Its established brand portfolio is the largest in the coffee & tea industry, comprising Global Brands (L'OR and Peet's), Regional Brands (including Jacobs, Douwe Egberts, Tassimo, Senseo, Moccona, Super and OldTown), Local Jewel Brands (including Marcilla, Gevalia, Friele, Bravo and Pilão) and Local Brands (including Paloma, Café Pelé, Owl and Cafax).

It sells its full range of products through a multi-channel distribution model across the CPG, Out-of-Home, retail and online channels to meet customer and consumer needs, as follows:

- CPG[72]–JDE Peet's principal products are multi-serve coffee, roast and ground single-serve and double-shot coffee capsules, whole beans, pads and pods, instant pure and instant mixes, a variety of tea products and ready-to-drink coffee beverages. JDE Peet's sells these products primarily to supermarkets and, in certain markets, through retail buying groups comprised of supermarket retailers or shared-services supply chain centres.

[72] CPG is an abbreviation for Consumer Packaged Goods

- Out-Of-Home–It offers a full range of professional solutions: coffee, tea and complementary coffee systems, including proprietary liquid coffee concentrate technology; multi-serve coffee; roast and ground single-serve coffee capsules and pads; whole beans; instant coffee; and ready-to-drink coffee. Its customers include businesses, such as hotels, hospitals, restaurants, cruise liners and retirement homes, as well as distributors for distribution to the customer.
- Retail–JDE Peet's operates coffee stores through which it sells whole bean coffee, tea and other beverages and related items, such as pastries. At 31 December 2023, JDE Peet's operated Peet's coffee stores primarily located across the United States but also in China, OldTown coffee stores located in Malaysia, Singapore, Indonesia and Hong Kong, 12Oz coffee stores located in Italy and Campos stores located in Australia. Through its coffee stores, JDE Peet's seeks to facilitate the sale of fresh whole bean coffee and to encourage customer trial of its coffee through coffee beverages.
- Online–JDE Peet's sells its coffee & tea online through its own e-commerce marketplaces, such as the L'OR and Peet's marketplaces, and third-party e-commerce marketplaces.

Basis of Preparation

The Company prepared these consolidated 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. Management concluded that there are no material uncertainties that may cast significant doubt upon JDE Peet's' ability to continue as a going concern. For the purpose of these financial statements, the results and financial position of JDE Peet's are measured in Euro, its presentation currency.

Segmentation

For purposes of these consolidated 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.

1.2 USE OF 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.

Critical Accounting Estimates, Judgements and Assumptions—The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the reported amounts of revenues and expenses during the reporting period.

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Reference	Particular area involving significant estimates and judgements
1.4 Basis for consolidation	Assessment whether control as defined under IFRS 10 exists in relation to the operations in Russia.
2.2 Revenue	Estimating sales incentives, sales returns and marketing accruals.
3.1 Business combinations	Estimating the purchase price allocation including fair values of assets and (contingent) liabilities.
3.2/3.4 Goodwill and other intangible assets/Property, plant and equipment	Judgements related to the expected useful lives of long-lived assets and estimating the recoverable amounts. The LARMEA discount rate had significant focus because of the country risk premium developments as a result of geopolitical and macroeconomic circumstances in some markets. In 2022, specific focus was put on the Out-of-Home segment, with significant estimates for elements such as recovery of business and longer-term adverse effects of COVID-19, cash flow projections of management's initiatives and the discount rate. In 2023 this segment was combined with CPG Europe into one segment Europe, see also notes 2.1 and 3.3.
3.3 Impairment of non-current assets	Key assumptions used in impairment testing such as cash flows and WACC.
4.3 Trade and other payables	Judgement is required to assess whether supplier financing arrangements contain characteristics of trade payables, borrowings or both.
6.7 Derivatives financial instruments	Assumptions in relation to fair valuation of derivatives not traded in active markets.
8 Income taxes	Recognition and measurement of current and deferred income tax positions, including the recoverability of tax losses carried forward and determination of contingent income tax liabilities requires significant judgement.
9.1 Post-employment and other long-term employee benefit plans	Assumptions used in determination of pension assets, pension liabilities, commitments and pension costs such as discount rates, indexation and inflation.
9.2 Restructuring, legal and other provisions	Estimating the likelihood and timing of potential cash flows relating to claims, litigations and restructurings.
Climate change and nature related risks	JDE Peet's has assessed the impact of climate change, including transitional and physical risks related to climate change and nature related risks, as part the the requirement of the Task Force on Climate-related Financial Disclosures ("TCFD"), the Task Force on Nature-related Financial Disclosures ("TNFD") and Science Based Targets Initiative ("SBTi") and concluded that climate risk does not have a material impact on the consolidated financial statements. Further consideration of the impact of climate risk is included in the relevant disclosure notes.

JDE Peet's reviewed the significant accounting estimates and judgements, including the impact on indications for impairments (note 3.3), provisions (note 9.2) and contingencies (note 9.5). This review did not lead to significant changes in these accounting estimates and judgements.

1.3 CHANGES IN ACCOUNTING STANDARDS

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	JDE Peet's does not have any contracts that require accounting under IFRS 17.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements— Disclosure of Accounting Policies	JDE Peet's has adopted the amendments to IAS 1 for the first time in the current year and reassessed disclosure of its accounting policies against the amendments. As a result, disclosed accounting policy information was amended to meet the new requirements.
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	JDE Peet's has adopted the amendments to IAS 12 and no changes were made to prior or current periods.
Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules	The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform. The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. The IASB has decided to develop a temporary exemption on the recognition and disclosing of information about deferred tax assets and liabilities related to Pillar Two income taxes. JDE Peet's adopted the amendments to IAS 12 and applied the temporary exception at 31 December 2023.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	JDE Peet's has adopted the amendments to IAS 8 for the first time in the current year.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current period.

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New Standards, Amendments and Interpretations issued, but not effective for the year ended 31 December 2023 and not Early Adopted

The following new accounting standards and interpretations effective for accounting periods beginning on or after 1 January 2024, do not have a significant impact on the financial statements of JDE Peet's for the year ended 31 December 2023 nor are expected to have a significant impact in the future:

- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IAS 1 - Classification of liabilities as current or non-current;
- Amendments to IAS 1 - Non-current liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements;
- Amendments to IFRS 16 - Lease liability in a sale and leaseback.

1.4 BASIS OF CONSOLIDATION

The financial statements include the accounts of all subsidiaries in which the Company, directly or indirectly, has a controlling interest.

Subsidiaries—Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intergroup transactions, balances and unrealised gains and losses on transactions between companies within JDE Peet's are eliminated upon consolidation unless they provide evidence of impairment.

Investments in associates—Associates are entities over which the Company has the ability to exercise significant influence but does not control. Generally, significant influence is presumed to exist when JDE Peet's holds 20% to 50% of the voting rights in an entity. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. JDE Peet's distinguishes between strategically important joint ventures and associates and other joint ventures and associates. The share of strategically important joint ventures' and associated companies' result is disclosed separately within operating profit. The result from other joint ventures' and associates is reported below operating profit.

1.5 MATERIAL POLICY INFORMATION, NOT ATTRIBUTABLE TO A SPECIFIC SECTION

Leases - As lessee

JDE Peet's leases various offices, warehouses, coffee stores, equipment and vehicles. Contracts may contain both lease and non-lease components. JDE Peet's has elected not to separate lease and non-lease components and instead accounts for these as a single lease component (gross approach). Operating leases are recognised and presented as right-of-use assets (within property, plant and equipment) with corresponding liabilities at the date at which the leased asset is available for use by JDE Peet's.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases within JDE Peet's, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, JDE Peet's, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

JDE Peet's is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis. If JDE Peet's is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's estimated useful life. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across JDE Peet's. These are used to maximise operational flexibility in terms of managing the assets used in its operations. The majority of extension and termination options held are exercisable only by JDE Peet's and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Comparative figures—In note 2.1 the presentation of the comparative financial information was adjusted to conform to the presentation of the statement of financial position and income statement of the current year. The reclassifications had no impact on net result or equity.

Exchange rates used in financial statements

The following exchange rates are the most relevant in the financial statements:

Currency	2023	2022
US dollar		
Opening rate	0.934	0.880
Average	0.925	0.951
Ending rate	0.906	0.934
Brazilian real		
Opening rate	0.177	0.158
Average	0.185	0.184
Ending rate	0.187	0.177
Russian ruble		
Opening rate	0.013	0.012
Average	0.011	0.014
Ending rate	0.010	0.013
Pound sterling		
Opening rate	1.129	1.190
Average	1.150	1.174
Ending rate	1.153	1.129
Australian dollar		
Opening rate	0.636	0.639
Average	0.615	0.659
Ending rate	0.617	0.636
Singapore dollar		
Opening rate	0.697	0.652
Average	0.689	0.689
Ending rate	0.686	0.697

IAS 29 Financial Reporting in Hyperinflationary Economies

Under IAS 29 Financial Reporting in Hyperinflationary Economies, non-monetary assets and liabilities stated at historical cost, equity and income statements of subsidiaries operating in hyperinflationary economies, are restated for changes in the general purchasing power of the local currency, applying a general price index. These remeasured accounts are used for conversion into euro at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period. JDE Peet's is applying IAS 29 to its businesses in Republic of Türkiye since the year ended 31 December 2022.

The following Turkish consumer price indices were used:

Consumer price index	2023	2022
1 January	1,128.45	686.95
31 December	1,859.38	1,128.45

Any net monetary gain or loss is recognised as part of the finance expense (see note 5.4).

No restatement of comparative information is required since the presentation currency of these financial statements is in a non-hyperinflationary currency. The impact of hyperinflationary accounting is excluded from JDE Peet's' organic calculations.

1.6 UPDATE ON THE WAR IN UKRAINE

JDE Peet's continuously monitors developments related to the war in Ukraine. Since the start of the conflict, the Company's first priority has been, and continues to be, the safety and well-being of its employees in the region. In addition, the Company has continued to monitor EU and other applicable sanctions. It has not authorised new capital investments to increase factory capacity or expansion, and all cash dividend payments from the Russian business were cancelled. JDE Peet's has discontinued investments in advertising and promotion of its international brands. The factory based in Russia produces primarily on a local-for-local basis.

Since the start of the war, the Company has sought to ensure that its business in Russia is operated as a stand-alone business to the greatest extent reasonably possible. JDE Peet's' business in Russia contributed approximately 5% to the Company's total revenues and comprises 1% of total assets. Triggered by its stand-alone business operation and changing (sanction) regulations, JDE Peet's continued to assess whether it remained control over its Russian operations in accordance with IFRS 10 and concluded that it continued to have control over its Russian operations at 31 December 2023.

Key accounting estimate and judgment - JDE Peet's continued to assess whether it remained control over its Russian operations in accordance with IFRS 10. The assessment considered whether JDE Peet's remains to have (1) power over the local business, (2) exposure or rights to variable returns from its involvement with the local business, and (3) the ability to use its power over the local business to affect returns. Based on the review of the aforementioned three key drivers, and although the Russian business transitioned to a stand-alone business to the greatest extent reasonably possible sanction restrictions made doing business in Russia significantly more complex, JDE Peet's concluded that it continued to have control over its Russian operations at 31 December 2023.

Internal events and external circumstances occurring in Ukraine and Russia may result in indications for impairment. JDE Peet's frequently reviews the valuation of its assets in Russia and Ukraine, including an evaluation of the uncertainties resulting from the war on goodwill and other intangible assets of the wider LARMEA segment which it is part of. In June 2023, JDE Peet's decided to transition the international Jacobs brand in the Russian market to the local Monarch brand. This led to an impairment of EUR 185 million in the Jacobs brand intangible. After this impairment the brand value allocated to Russia was nil. Furthermore, as part of the annual impairment testing of indefinite useful life assets, the increased risk of operating in Russia was considered in the WACC applied to cash flows originating from the Russian business, thereby impacting the recoverable value of related assets. In addition, the fixed assets owned by JDE Peet's in the Russian and Ukrainian markets were assessed, which has not led to additional impairments in 2023.

At 31 December 2023 and throughout the financial year, assessments were made regarding the appropriate operating model for the Russian local market in the context of the changing sanction regimes and how the changing circumstances affect related accounting judgements and disclosures. The outcomes of these assessments were incorporated accordingly in these financial statements.

New sanctions were published by the EU in December 2023 and certain aspects of these sanctions will be in effect as of 20 June 2024. These may affect the assessment regarding control and therefore will be considered in the review for the financial year 2024 onwards.

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2. GROUP OPERATING PERFORMANCE

2.1 SEGMENT INFORMATION

The operating segments are Europe, LARMEA, APAC and Peet's. The segments are organised based on the reporting structure (by the geographies and/or the nature of the products and services) of JDE Peet's. The segments share a similar production process, but each segment sells different products to vastly different types of customers and consumers in different regions of the world. Therefore, none of the operating segments are aggregated. JDE Peet's is operating as one group.

On 25 April 2023, JDE Peet's announced the combination of the CPG Europe and Out-of-Home segments into one European segment ("Europe"). The other segments remained unchanged. The relevant changes in the reporting structure came substantially into effect during the year ended 31 December 2023. The comparative figures were restated to align with the new segment structure.

Europe, LARMEA and APAC: Within these 3 segments, JDE Peet's principal products are roast and ground multi-serve coffee, roast and ground single-serve coffee pads and capsules, instant coffee and tea. The Europe segment also includes the Company's European Out-of-Home business which offers a full range of hot beverage products including liquid roast products and related coffee machines and services. These Out-of-Home products and services are sold, among others, either directly to small-, medium-, and large businesses, hotels, restaurants, universities and hospitals, or to foodservice distributors for distribution to customer.

JDE Peet's sells its CPG products predominantly through traditional and modern retail trade, like supermarkets, hypermarkets and e-commerce channels. Europe includes the business activities in Europe, excluding some Eastern Europe countries. LARMEA includes business activities in Latin America, the United States, the Middle East, Eastern Europe and Africa, and APAC includes the business activities in the Asia-Pacific region.

Peet's: The Peet's segment offers whole bean coffee, beverages, tea and related products through grocery stores, wholesale, e-commerce, retail, Out-of-Home and company-operated and licensed stores primarily to customers in the United States and China.

Unallocated is not a separate segment as it does not engage in business activities. JDE Peet's presents "Unallocated" as a reconciling item to the total business results. Unallocated comprises head-office costs (such as central finance, HR, legal, IT and marketing) and limited revenues from excess production capacity which is made available to third parties. Segment results are presented before intercompany eliminations, which are eliminated within Unallocated.

Basis of Segmental Reporting

Segment results, that are reported, include items directly allocated to a segment as well as those that can be allocated on a reasonable basis and taking into account differences between forecasted and actual foreign exchange rates.

Discrete financial information including revenue to Adjusted EBIT for each of the operating segments is provided to the CODM, the Company's CEO, in order to review operating results, assess performance and make resource allocation decisions.

In accordance with JDE Peet's' operating model, centralised assets are utilised that serve multiple markets across different geographies and segments. Therefore, the Company does not consider the country-level distribution of assets to be a meaningful indicator of its performance or strategy. Accordingly, JDE Peet's does not disclose this information to the CODM or in its segment reporting.

Adjusted EBIT

The CODM reviews segment profitability based on Adjusted EBIT. Adjusted EBIT is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of the segments. JDE Peet's defined Adjusted EBIT as profit for the period, adding back finance income, finance expense, share of net loss 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, executive director'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. 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 derivative instruments. Unrealised mark-to-market adjustments relate to results on green coffee futures and other commodity derivative instruments 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 remeasured 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.

Adjusted EBIT is reconciled to operating profit and profit before income taxes on a consolidated basis in the tables presented below.

Segmental information for the consolidated income statement

Revenue (in EUR million):

	2023	2022 restated
Europe	4,719	4,548
LARMEA	1,498	1,616
Peet's	1,153	1,141
APAC	791	814
Unallocated	30	32
Total	**8,191**	**8,151**

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

	2023	2022 restated
Europe	1,006	926
LARMEA	147	296
Peet's	141	147
APAC	135	123
Unallocated	(301)	(265)
Adjusted EBIT	**1,128**	**1,227**
ERP system implementation	(7)	(8)
Transformation activities and corporate actions[73]	(126)	(67)
Share-based payment expense	(44)	(37)
Mark-to-market results	39	(54)
Amortisation acquired intangible assets and M&A/Deal costs[74]	(305)	(112)
Operating profit[75]	**685**	**949**
Finance income	104	68
Finance expense	(247)	1
Share of net profit / (loss) of associates	(5)	–
Profit before income taxes	**537**	**1,018**

Adjusted EBIT of the segments includes depreciation, amortisation and impairment expenses, which amounted to EUR 298 million (2022: EUR 303 million) (in EUR million):

	2023	2022 restated
Europe	137	125
LARMEA	16	25
Peet's	82	80
APAC	33	33
Unallocated	30	40
Total	**298**	**303**

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):

	2023	2022
United States	13%	14%
France	12%	11%
Germany	10%	10%
Netherlands	9%	8%
Rest of World[76]	56%	57%
Total revenue	**100%**	**100%**

There are no individual customers that amounted to 10% or more of JDE Peet's' revenue in both 2023 and 2022.

[73] Transformation activities and corporate actions include the expenses related to the establishment of the Europe omni-channel segment and the severance and non-cash impairment related to the intended closure of the instant processing and R&D facilities in Banbury, UK. See also notes 3.4 and 9.2.
[74] This consistently includes amortisation related to intangible assets recognised or remeasured as part of purchase price allocations. In 2023, a non-cash impairment of the Jacobs brand was recognised for an amount of EUR 185 million and a loss on disposal of businesses for an amount of EUR 4 million (2022: nil).
[75] In 2023, EUR 410 million of the adjusting items (2022: EUR 214 million) was recognised in selling, general and administrative expenses and EUR 33 million (2022: EUR 64 million) in cost of sales.
[76] There is no individual country material to disclose separately.

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2.2 REVENUE

Revenue Recognition—JDE Peet's recognises revenue in accordance with the five-step model introduced by IFRS 15. Revenue is measured based on the consideration to which it expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. JDE Peet's recognises sales when the control is transferred and the performance obligation is satisfied and when specific criteria have been met for each of the activities as described below. Revenue is recognised when the goods and services are delivered at a point in time or over time, depending on the nature of transaction. Sales of goods are typically recognised at a point in time, where the revenue related to the Out-of-Home customer can be recognised at a point in time or over time. Revenue taxes collected from customers are excluded from revenue and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities. JDE Peet's bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Contracts with Out-of-Home customers—Contracts with Out-of-Home customers may include multiple element arrangements where performance obligations include both the delivery of products and the lease or sale of coffee equipment. In some instances, the coffee equipment is provided for free, but the customer agrees to purchase and use JDE Peet's products. Such contracts may be inclusive of free maintenance of the coffee equipment for a specific period. In such situations, JDE Peet's separates the sales transaction into the identifiable performance obligations in order to reflect the substance of the transaction based on the stand-alone selling prices of these obligations. JDE Peet's assesses the stand-alone selling prices available for the individual components and allocates the revenue of the total transaction in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue derived from a sale of coffee equipment is recognised at a point in time. Revenue derived from operational lease and maintenance contracts are recognised overtime, the duration of these contracts is between 1 to 5 years.

Customer loyalty programmes—JDE Peet's has a customer loyalty programme in the Netherlands whereby consumers collect points ("award credits") towards merchandise. The customer loyalty programme has separate performance obligations whereby the consumer is purchasing the products as well as the award credit. The revenue associated with the award credit is derived from the product stand-alone selling price and is deferred and recognised separately as a liability at the time of the initial sale. The estimation of this stand-alone selling price of the award credits includes consideration of the proportion of the awards expected to be redeemed. The deferred revenue, which is included in other non-current liabilities (to the extent that redemption after 12 months is expected) and trade and other payables (current portion) in the statement of financial position, is recognised at a point in time when fulfilled.

JDE Peet's revenue consists of the following:

- Product sales to third parties (coffee, tea, other food and beverage)—The conditions above are generally met when the control of the products of categories coffee, tea and other food and beverage is transferred to distributors, resellers or end customers. In particular, title usually transfers upon receipt of the product at the customers' locations, or upon shipment, as determined by the specific sales terms of the transactions. Revenue from owned coffee stores are presented net of discounts and recognised at the point of sale for food and beverage products sold.
- Services (lease revenue and maintenance fees)—JDE Peet's leases coffee machines as a service to certain of its Out-of-Home customers. Income from these leases is recognised in the income statement based on the policy for leases. In addition, maintenance fees are received related to its Out-of-Home machines, which are recognised on an accrual basis in accordance with the substance of the relevant agreements. Revenue from fixed-price contracts is generally recognised in the period that the maintenance services are rendered, using a straight-line basis over the term of the contract.

Revenues described above are recognised for individual components and the revenue of the total transaction price is allocated to the individual components by reference to their stand-alone selling price. Trade allowances and product returns are estimated based on historical results taking into consideration the customer, transaction and specifics of each arrangement while also taken into account forward looking information. JDE Peet's provides a variety of sales incentives to resellers and consumers of its products, and the policies regarding the recognition and presentation of these incentives within the income statement are as follows.

Included in revenue:

- Discounts, coupons and rebates—The reduction of the transaction price of these non-volume-based incentives is recognised at a point in time at the later of the date at which the related sale is recognised or the date at which the incentive is offered. The cost of these incentives is estimated using a number of factors, including historical utilisation and redemption rates. These incentives are settled in cash and are included in the determination of sales.
- Listing fees—Certain retailers require the payment of listing fees in order to provide space for JDE Peet's products on the retailer's store shelves. These amounts are included in the transaction price.
- Volume-based incentives—These incentives typically involve rebates or refunds of a specified amount of cash if the reseller reaches a specified level of sales, taking into account applicable competition laws. Under incentive programmes of this nature, the incentive is estimated and a portion of the incentive is allocated to reduce each underlying sales transaction with the customer overtime.

- Cooperative advertising—Under these arrangements, JDE Peet's agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of its products. The cost of cooperative advertising programmes are recognised as a reduction to the transaction price unless the services are considered distinct which would result in the recognition of the costs as advertising costs.
- Fixtures and racks—Store fixtures and racks are provided to retailers to display certain products of JDE Peet's. The costs of these fixtures and racks are recognised as a reduction of the transaction price.

Key accounting estimate and judgement—Revenue is recognised for individual components and the total transaction price is allocated to the individual components by reference to their stand-alone selling price. JDE Peet's estimates trade allowances and product returns based on credit risk characteristics of the customer, the days past due, the transaction and specifics of each arrangement. As described above, JDE Peet's has a variety of sales incentives, sales returns and marketing accruals. Measuring the fair value of these incentives requires, in many cases, estimating future customer utilisation, redemption rates and relative fair value. These incentives include coupons that have prescribed value, but require customer utilisation and redemption rates. Historical data for similar transactions is used in estimating the fair value of incentive programmes. These estimates are reviewed each period and adjusted based upon actual experience and other available information. Additionally, JDE Peet's has a significant number of trade incentive programmes and other factors outside of its control that impact the ultimate cost of these incentives. Any significant change in these estimates could potentially have a material impact on revenue and profits especially in areas where estimation uncertainty is higher.

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

	2023	2022
Coffee	84 %	85 %
Tea	3 %	3 %
Other food and beverage	11 %	11 %
Services	2 %	1 %
Total	**100 %**	**100 %**

2.3 EXPENSES BY NATURE

Expenses—Expenses are recognised based on the accrual basis of accounting. This means that expenses are recognised when the product is received or the service is provided regardless of when cash outflow takes place. In relation to the expenses recognised in relation to depreciation, amortisation and impairments, reference is made to the specific accounting policies as is included in notes 3.2 and 3.4. In relation to the costs as expensed in relation to inventory, reference is made to the specific accounting policy as is included in note 4.1.

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

	Note	2023	2022
Cost of product[77]		4,213	4,248
Employee benefit expenses[78]		1,270	1,242
Other selling, general and administrative expenses[79]		1,333	1,286
Depreciation, amortisation and impairment	3.2, 3.4	638	417
Restructuring and restructuring related expenses		52	9
Total		**7,506**	**7,202**

Employee benefit expense (in EUR million):

	2023	2022
Wages and salaries	1,032	1,012
Social security charges	148	144
Pension costs	47	49
Share-based payments	43	37
Total	**1,270**	**1,242**

Employees by segment (average number of FTEs during the year):

	2023	2022
Europe	4,116	4,257
LARMEA	2,190	2,273
APAC	3,644	3,618
Peet's	4,781	4,377
Unallocated[80]	5,270	5,461
Total	**20,001**	**19,986**

Employees by geographical area (average number of FTEs during the year):

	2023	2022
The Netherlands	2,031	2,101
Outside the Netherlands	17,970	17,885
Total	**20,001**	**19,986**

[77] Cost of product mainly consists of raw materials (green coffee beans, tea leaves and other materials) for 66% (2022: 71%), packaging 13% (2022: 12%), coffee taxes 4% (2022: 4%), outsourced production services 3% (2022: 3%) and inbound freight 2% (2022: 2%).

[78] Employee benefit expenses consist of wages, salaries, pension costs, share-based payments and related social security charges.

[79] Other selling, general and administrative expenses in the table above include costs for advertising and promotion, distribution, repairs, maintenance and utilities.

[80] Unallocated includes operations (e.g. manufacturing and procurement) and global head office functions.

Fees for audit services provided by our auditor Deloitte Accountants B.V. include the audit of the financial statements of the Company and its subsidiaries. Fees for audit related engagements include review on interim financial statements, prospectus and sustainability assurance engagements. Fees for other non-audit related services include agreed-upon procedures. A specification of fees paid to our auditors (in EUR million) is stated below:

	2023	2022
Audit of the financial statements	6.1	6.1
Audit related engagements	0.8	0.1
Other non-audit related services	0.1	0.2
Total	**7.0**	**6.4**
Which relate to:		
Deloitte Accountants B.V.	2.5	1.9
Network of Deloitte Accountants B.V.	4.1	4.0
Other external auditors	0.4	0.5

2.4 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 year 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. At both the level of the Company, and subsidiary level, there are share-based payment plans that should be considered in the earnings per share calculation. The share-based payments plans at the subsidiary level are taken into consideration in the determination of the net profit attributable to owners of the Company.

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

	2023	2022
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company (in EUR million)	**367**	**771**
Number of shares		
Time-weighted average number of ordinary shares for the purposes of basic earnings per share	485,747,602	490,787,276
Adjustment for the calculation of diluted earnings per share: Share-based payment plans	6,075,375	6,294,600
Time-weighted average number of ordinary shares for the purposes of diluted earnings per share	**491,822,977**	**497,081,876**
Basic EPS (in EUR)	0.76	1.57
Diluted EPS (in EUR)	0.75	1.55

The total number of shares outstanding (excluding treasury shares) at 31 December 2023 was 486,042,837 (2022: 485,235,677).

Participants receive listed shares in the Company upon vesting and the Company has the obligation to settle/deliver the shares, diluting the shares of the Company. The conversion rates used in the earnings per share calculation are similar to the conversion rates used in the share-based payment calculations. For further details on the conversion rates and valuation techniques refer to note 7.1.

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3. STRATEGIC INVESTMENTS AND DIVESTMENTS

3.1 BUSINESS COMBINATIONS

JDE Peet's applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisitions where a sequence of transactions begins with JDE Peet's gaining control, followed by acquiring additional ownership interests shortly thereafter, typical in public offers where offers are made to a group of shareholders, are accounted for as a single transaction. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and (contingent) liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

- Deferred tax assets and liabilities are recognised and measured at acquisition date in accordance with IAS 12.
- Assets and liabilities related to employee benefit arrangements are recognised and measured at acquisition date in accordance with IAS 19.
- Share-based payments arrangements are measured at acquisition date in accordance with IFRS 2.

On an acquisition-by-acquisition basis, JDE Peet's recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred over the fair value of JDE Peet's' share of the identifiable net assets acquired is recognised as goodwill. To the extent applicable, any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree are added to consideration transferred for purposes of calculating goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Key accounting estimate and judgement—The purchase price allocation includes fair values of assets and (contingent) liabilities that are based on information available at the time of determining those values. The valuation method of determining the fair value depends on the facts and circumstances relating to the specific asset and liability.

Acquisitions during 2023

During 2023, there were no new business combinations. On 24 July 2023, JDE Peet's announced that it had signed an agreement to acquire 100% of the shares in the Maratá coffee & tea business in Brazil from JAV Group. This acquisition was completed on 4 January 2024. Reference is made to note 9.6 Subsequent events. Acquisition-related costs incurred during the year amounted to EUR 2 million.

Acquisitions during 2022

On 12 July 2022, JDE Peet's acquired L2M Heritage SAS ("L2M"). Through this transaction, JDE Peet's aims to expand its portfolio in the tisane (herbal tea) and tea market, where it currently has limited market share. JDE Peet's obtained control and therefore the acquisition is considered a business combination in accordance with IFRS 3 Business Combinations. Consequently, purchase price allocations of all identifiable assets and (contingent) liabilities acquired were performed. The purchase price allocation was finalised in the financial year 2022. Acquisition-related costs amounted to EUR 2 million.

The transaction resulted in the recognition of the L2M trademark of EUR 46 million and goodwill of EUR 107 million as intangible assets. The factor contributing most to the recognition of goodwill is the growth ambition of L2M. The goodwill is not deductible for tax purposes. Since the acquisition, L2M contributed in 2022 revenue of EUR 11 million and net profit of EUR 2 million.

The following table summarises the considerations paid and the fair value of assets and (contingent) liabilities acquired at the acquisition date (in EUR million):

	L2M
Property, plant and equipment	5
Identified intangible assets	46
Cash and cash equivalents	7
Borrowings	(25)
Deferred income tax liabilities	(12)
Other net assets	3
Net assets acquired	**24**
Goodwill	107
Total consideration in cash for the acquisition	**131**

Cash consideration paid in 2022	128
Subsequent cash considerations	3
Total consideration in cash for the acquisition	**131**

If L2M would have been included in JDE Peet's results for an entire year (in the year of acquisition), the revenue and net profit would have been EUR 22 million and EUR 5 million respectively.

3.2 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill—Goodwill represents the excess of the cost of an acquisition over the fair value of the JDE Peet's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in goodwill and other intangible assets on the statement of financial position.

Goodwill is not amortised but is tested annually for impairment, or more frequently when events are identified which require an impairment test, and is carried at cost less accumulated impairment losses. Goodwill is tested on the last day of the third quarter of the fiscal year, and whenever a significant event occurs or circumstances change that might reduce the recoverable amount of the goodwill. If the recoverable amount of a cash-generating unit ("CGU") or a group of CGUs is less than its carrying amount, the impairment loss is first allocated to goodwill. Any remaining impairment loss is allocated to all remaining assets in the CGU or group of CGUs. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to groups of CGUs for the purpose of impairment testing. The allocation is made to those groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified consistent with the operating segment before any aggregation.

Trademarks and other identifiable intangible assets—The primary identifiable intangible assets of JDE Peet's are trademarks, brands and other identifiable intangible assets, being mainly customer relationships and technologies, that were acquired in business combinations. Trademarks, brands, customer relationships and technologies are recognised at fair value at acquisition date. The useful life of an intangible asset is assessed as being either finite or indefinite. An intangible asset is regarded as having an indefinite useful life when, based on all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The term 'indefinite' does not mean 'infinite'. There is no expectation that the cash inflows generated by the asset will go on forever; instead there is no foreseeable point at which the cash inflows will cease. Trademarks with a finite useful life are based on such things as the years that this trademark is in place and cash inflows generated thus far. Trademarks, brands, customer relationships and technologies that have a definite useful life are tested when events are identified which require an impairment test. These intangibles are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, brands, customer relationships and acquired technologies over their estimated useful lives.

Software—Software is a separately acquired intangible asset, which is initially measured at cost. After initial recognition, software should be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Software is amortised on a straight-line basis over their estimated useful lives.

The estimated useful lives, which are reviewed annually and adjusted if appropriate and are presented as follows:

Trademarks & brands	10 to 30 years, or indefinite
Customer relationships	4 to 15 years
Acquired technologies	7 to 20 years
Software	1 to 8 years
Other	5 to 12 years

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The movements of the goodwill and other intangibles assets are as follows (in EUR million):

	Goodwill	Trademarks and brands	Computer software	Technologies	Customer relationships	Other	Total
Balance at 1 January 2022	**12,166**	**4,445**	**58**	**107**	**162**	**2**	**16,940**
Acquisitions in business combinations	107	46	—	—	—	—	153
Capital expenditures	—	—	9	—	—	—	9
Foreign currency translation	93	22	3	(1)	—	—	117
Amortisation expense	—	(54)	(25)	(22)	(35)	(2)	(138)
Other	—	—	1	—	—	2	3
Balance at 31 December 2022	**12,366**	**4,459**	**46**	**84**	**127**	**2**	**17,084**
Cost	12,366	4,946	230	274	479	18	18,313
Accumulated amortisation	—	(487)	(184)	(190)	(352)	(16)	(1,229)
Balance at 31 December 2022	**12,366**	**4,459**	**46**	**84**	**127**	**2**	**17,084**
Capital expenditures	—	1	26	—	1	1	29
Foreign currency translation	(63)	(16)	1	—	(1)	—	(79)
Impairments[81]	—	(185)	—	—	—	—	(185)
Amortisation expense	—	(53)	(19)	(22)	(36)	(2)	(132)
Other	(3)	(2)	6	—	—	(1)	—
Balance at 31 December 2023	**12,300**	**4,204**	**60**	**62**	**91**	**—**	**16,717**
Cost	12,300	4,933	163	275	315	22	18,008
Accumulated amortisation	—	(729)	(103)	(213)	(224)	(22)	(1,291)
Balance at 31 December 2023	**12,300**	**4,204**	**60**	**62**	**91**	**—**	**16,717**

Trademarks, brands, customer relations and proprietary technology were assessed at their fair value in accordance with IFRS 3 Business Combinations following the acquisitions made by JDE Peet's. The majority of the trademarks, brands, customer relationships and proprietary technology were recognised following the acquisition of D.E MASTER BLENDERS 1753 in 2013 and the coffee businesses of Mondelez Holding in July 2015. Software relates to externally acquired software and includes costs to implement.

[81] Reference is made to section 3.3 for background on the impairment charge.

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Amortisation expense is included in the income statement as follows (in EUR million):

	2023	2022
Cost of sales	(2)	(1)
Selling, general and administrative expenses	(130)	(137)
Total	**(132)**	**(138)**

At 31 December, the principal acquired brands, all of which are regarded as having indefinite useful economic lives, are as follows (in EUR million):

	2023	2022
Jacobs	1,048	1,233
Douwe Egberts	668	668
Kenco	412	412
Moccona	214	214
Peet's	193	199
Pickwick	175	175
Gevalia	134	134
Maxwell House	118	118
Pilão	14	13
Friele	42	45
Other brands	46	47
Total	**3,064**	**3,258**

3.3 IMPAIRMENT OF NON-CURRENT ASSETS

Assets that are subject to amortisation or depreciation 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 or when events or circumstances indicate that the carrying amount may not be recoverable. When events or circumstances indicate that an individual asset is not recoverable the asset is tested on an individual basis.

The annual impairment test is performed on the last day of the third quarter of the fiscal year or whenever a significant event occurs or circumstances change that might reduce the recoverable amount of the goodwill. Within this test, indefinite lived trademarks and brands are tested for impairment as part of the associated CGU annually. When the recoverable amount of a CGU is lower than its net book value ("NBV"), an impairment charge needs to be recognised, provided that the NBV of the CGU after impairment is not lower than zero. This impairment charge is allocated over the CGU's assets - taking into account any deferred tax consequences - whereby the indefinite lived brand is one of the assets subject to the allocation. In the allocation of the impairment charge over the CGU's assets, an asset cannot be impaired to a value lower than its FVLCD. The FVLCD of an asset is assessed at the total JDE Peet's level and not limited to a CGU. The Royalty Relief method is used to determine the FVLCD (for both the individual asset, where applicable, and annual impairment test), whereby a royalty rate is applied to the brand's forecasted revenues and discounted using the CGU-specific Weighted-Average Cost of Capital ("WACC").

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's FVLCD or value-in-use ("ViU"). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets, other than goodwill that is impaired, are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior fiscal years.

Key accounting estimate and judgement—JDE Peet's performs impairment reviews by comparing the carrying value of the CGU concerned to that cash generating unit's recoverable amount, being the higher of the VIU and FVLCD. VIU is a valuation derived from the discounted future cash flows of the CGUs. Cash flows are projected based on the approved 5-year business plan, of which the first year is aligned with the budget for the following year. The coffee price growth per year is assumed to be the expected country-specific annual long-term inflation, which is based on external sources. The cash flows after the 5-year period are extrapolated using a terminal growth rate equal to the inflation assumption to determine the terminal value. A CGU-specific pre-tax WACC was applied. The cash flow projections in the impairment assessment utilise those assumptions adopted in TCFD/TNFD and broader climate and sustainability ambitions Further disclosure is provided on these estimated initial implementation costs within Climate and nature-related risks and opportunities.

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JDE Peet's reviews these estimates at least annually as of the date of each impairment test and believes them to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the income statement, through operating profit.

The carrying amount of goodwill at 31 December 2023 is EUR 12,300 million (2022: EUR 12,366 million) and indefinite lived intangible assets EUR 3,064 million (2022: EUR 3,258 million). The movement over the year is explained by the impairment of the Jacobs brand and foreign currency translations related to goodwill and indefinite lived intangible assets.

In line with its objective of transitioning the portfolio of its branded products for sale in Russia solely to local brands, JDE Peet's decided to transition the international Jacobs brand in the Russian market to the local Monarch brand. The rebranding of the Jacobs brand in Russia triggered a reassessment of the recoverable amount of this indefinitely lived intangible asset to EUR 1,048 million, which resulted in an impairment of EUR 185 million at 30 June 2023. After this impairment the brand value allocated to Russia was nil and consequently reduced the carrying value of the LARMEA segment, the level at which goodwill is tested for the countries within that segment.

The share of carrying value of the indefinite lived brands over the segments is as follows:

	2023	2022 restated
Europe	79 %	74 %
LARMEA	5 %	10 %
Peet's	8 %	8 %
APAC	8 %	8 %
Total	**100 %**	**100 %**

The operating segments CPG Europe and Out-of-Home merged into one operating segment Europe, see also note 2.1.

JDE Peet's determined that an indefinite useful life is appropriate based on an analysis of all of the relevant factors, including the long history of the brands, and because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for JDE Peet's.

Definite trademarks and brands of JDE Peet's have remaining lives of generally 30 years from the date of acquisition. As part of the overall impairment test performed with the measurement date 30 September 2023, also the recoverability of the CGUs carrying these trademarks was assessed, concluding no impairments to be recognised.

Goodwill was determined as the difference between the purchase considerations and the fair values of the assets acquired and the (contingent) liabilities assumed. Goodwill is monitored by management at the operating segment level.

The following is a summary of goodwill allocation for each operating segment at 31 December (in EUR million):

	2023	2022 restated
Europe	9,751	9,750
LARMEA	663	673
Peet's	731	753
APAC	1,155	1,190
Total	**12,300**	**12,366**

As of the impairment testing date at 30 September 2023, the recoverable amount was determined based on the VIU. The calculations used pre-tax cash flow projections based on financial budgets approved by management covering the years through 31 December 2028.

Terminal growth rates

The long-term growth rate is equal to the long-term annual inflation rate specific to the asset or CGU. For some intangible assets, management expects to achieve growth driven by sales, marketing and distribution expertise, which is significantly in excess of the terminal growth rates for the applicable countries or regions. In these circumstances, the recoverable amount is calculated based on the following inputs: the annual growth rate of the country's gross domestic product, aggregated with its inflation rate and adjusted according to the specific asset or CGU.

In order to calculate terminal value, a terminal growth rate is used. This rate is equal to the long-term annual inflation rate of the country. For brands, the assumptions are based on a weighted-average taking into account the country or countries where sales are made. The key assumptions (pre-tax discount rates, terminal growth rates and EBITDA margin growth) used to calculate the VIU for impairment testing are included in the following table (in percentage):

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	2023			2022 restated		
	Pre-tax discount rate	Terminal growth rate	EBITDA margin growth	Pre-tax discount rate	Terminal growth rate	EBITDA margin growth
Europe	9.8 - 16.2%	1.7%	0.6%	8.2 - 16.7%	1.7%	1.5%
LARMEA	10.1 - 28.4%	3.1%	1.5%	8.4 - 31.9%	3.5%	1.7%
Peet's	9.4%	2.5%	8.8 - 10.8%	8.7%	2.5%	13.8%
APAC	10.5 - 11.1%	1.8%	0.7%	8.9 - 9.9%	1.8%	0.9%

The discount rate is the pre-tax rate of the weighted-average cost of capital. Inputs used to calculate, include cost of equity (calculated using the risk-free rate, systematic market risk and risk premium) and cost of debt (yield to maturity on debt). The terminal growth rate was determined to be 2.0% for JDE and 2.5% for Peet's (2022: 2.1% for JDE and 2.5% for Peet's). The WACC includes an additional risk premium in relation to the realisation of the cash flow projections.

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. Specific consideration was given to the value of the Russian business within the LARMEA segment. The ongoing war in Ukraine and the related geopolitical and macroeconomic circumstances (see note 1.6), increase the level of estimation uncertainty associated with the Russian country-risk premiums and underlying business assumptions. Specific analyses were performed, including additional sensitivity analysis, which did not change the above conclusion.

3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at historical cost, less accumulated depreciation and any impairment losses. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs including, for qualifying assets, capitalised borrowing costs and asset retirement obligations. Leasehold improvements and other property additions and improvements are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to JDE Peet's and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised at the time it is disposed and charged to expense. All repair and maintenance costs are charged to expense as incurred.

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, except land and assets under construction which are not depreciated. JDE Peet's believes that the wear and tear on each category of assets is spread evenly over the useful life. The estimated useful lives, which are reviewed annually and adjusted if appropriate, are presented as follows:

Buildings and improvements	up to 40 years
Leasehold improvements	10 to 20 years
Machinery and equipment	up to 25 years

The assets' residual values are reviewed annually and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised in the income statement within selling, general and administrative expenses. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Key accounting estimate and judgement—With respect to impairment of long lived assets, judgements are made related to the expected useful lives of long-lived assets and their ability to realise undiscounted cash flows in excess of the carrying amounts of such assets which are affected by factors such as the ongoing maintenance and improvements of the assets, changes in economic conditions and changes in operating performance. In assessing the remaining useful lives JDE Peet's concluded that there is no material impact from climate risk.

The composition of property, plant and equipment is as follows (in EUR million):

	Note	2023	2022
Property, plant and equipment - owned assets	3.4.1	1,475	1,502
Right of use assets	3.4.2	244	238
Total		**1,719**	**1,740**

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3.4.1 PROPERTY, PLANT AND EQUIPMENT - OWNED ASSETS

The movements of the property, plant and equipment are as follows (in EUR million):

	Land and buildings	Machinery and equipment	Assets under construction	Other	Total
Balance at 1 January 2022	**461**	**803**	**175**	**14**	**1,453**
Acquisitions in business combinations	3	1	1	—	5
Capital expenditures	26	81	130	2	239
Disposals/other	(10)	(20)	—	—	(30)
Impairment	(1)	(3)	(1)	—	(5)
Foreign currency translation	9	5	1	—	15
Depreciation expense	(36)	(156)	—	(3)	(195)
Transfers	(1)	139	(120)	2	20
Balance at 31 December 2022	**451**	**850**	**186**	**15**	**1,502**
Cost	764	1,850	186	67	2,867
Accumulated depreciation	(313)	(1,000)	—	(52)	(1,365)
Balance at 31 December 2022	**451**	**850**	**186**	**15**	**1,502**
Capital expenditures	17	107	147	1	272
Disposals/other	(1)	(7)	—	—	(8)
Impairment	(15)	(29)	(7)	—	(51)
Foreign currency translation	(13)	(20)	(12)	(1)	(46)
Depreciation expense	(30)	(162)	—	(3)	(195)
Transfers	17	85	(103)	2	1
Balance at 31 December 2023	**426**	**824**	**211**	**14**	**1,475**
Cost	737	1,884	211	64	2,896
Accumulated depreciation	(311)	(1,060)	—	(50)	(1,421)
Balance at 31 December 2023	**426**	**824**	**211**	**14**	**1,475**

Assets under construction primarily relate to production lines and buildings.

The impairment charge recognised in 2023 mainly related to the intended closure of the production and research & development operations in Banbury, United Kingdom.

3.4.2 RIGHT OF USE ASSETS

The movements of the right-of-use assets are as follows (in EUR million):

	Right-of-use real estate	Right-of-use vehicles	Right-of-use other	Total
Balance at 1 January 2022	**191**	**35**	**7**	**233**
Recognition right-of-use asset	65	12	—	77
Remeasurement/other	(3)	—	—	(3)
Foreign currency translation	7	1	—	8
Depreciation expense	(58)	(18)	(3)	(79)
Transfers	—	1	1	2
Balance at 31 December 2022	**202**	**31**	**5**	**238**
Cost	361	76	13	450
Accumulated depreciation	(159)	(45)	(8)	(212)
Balance at 31 December 2022	**202**	**31**	**5**	**238**
Recognition right-of-use asset	76	13	1	90
Impairments	(1)	—	—	(1)
Remeasurement/other	(2)	(2)	—	(4)
Foreign currency translation	(4)	(1)	(2)	(7)
Depreciation expense	(61)	(13)	(1)	(75)
Transfers	—	2	—	2
Balance at 31 December 2023	**211**	**30**	**3**	**244**
Cost	416	75	13	504
Accumulated depreciation	(205)	(45)	(10)	(260)
Balance at 31 December 2023	**211**	**30**	**3**	**244**

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Depreciation expense included in the income statement for the period is as follows (in EUR million):

	2023	2022
Cost of sales	(199)	(199)
Selling, general and administrative expenses	(71)	(75)
Total	**(270)**	**(274)**

JDE Peet's leases various offices, warehouses, coffee stores, equipment and vehicles. Expenses for short-term leases, low value leases and variable lease payments amounted to EUR 20 million (2022: EUR 30 million) and were charged to the income statement. There are no significant lease commitments for leases not commenced at year-end.

JDE Peet's incurred interest expenses on the lease liability of EUR 9 million (2022: EUR 9 million). For lease liabilities, refer to note 5.2, and for the contractual maturity analysis of lease liabilities refer to note 6.4.

The total cash outflow for leases amounted to EUR 106 million (2022: EUR 111 million).

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4. WORKING CAPITAL

4.1 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method and includes the impact of rebates, discounts and other cash consideration received from a vendor related to inventory purchases and the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, and other direct costs, including transportation costs incurred in bringing inventories to their location immediately prior to external sale, and condition and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses (i.e. less all estimated costs of completion and costs necessary to make the sale). In addition, inventories include coffee machines that have not yet been leased.

The composition of inventories is as follows (in EUR million):

	2023	2022
Raw materials (including packaging)	560	724
Work in progress	191	165
Finished goods (including Out-of-Home machines)	534	496
	1,285	**1,385**
Provision for write downs	(37)	(29)
Total	**1,248**	**1,356**

The amount added to the provision is EUR 8 million (2022: EUR 3 million). Reference is made to note 2.3 for the amount of inventories directly recognised as an expense during the period.

4.2 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less, they are classified as current. If not, then they are presented as non-current assets. Trade receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

The composition of trade and other receivables is as follows (in EUR million):

	2023	2022
Trade receivables	563	644
Provision for impairment of trade receivables	(25)	(26)
Trade receivables—net	**538**	**618**
Prepaid non-income taxes	94	106
Advance to related parties	1	1
Prepaid assets	54	57
Lease receivable	2	3
Deposits	6	4
Other	34	39
Total	**729**	**828**

The charge to and release of the provision for impaired receivables are included in selling, general and administrative expenses in the income statement, whereby receivables are all assessed on an individual basis. During 2023, an amount of EUR 5 million was charged to the income statement (2022: EUR 8 million) whereby an amount of EUR 4 million was released (2022: EUR 8 million). Amounts charged to the provision are generally written-off when there is no expectation of recovering.

As of 31 December 2023, an amount of EUR 66 million (2022: EUR 22 million) was past due, of which EUR 19 million was due more than 30 days (2022: EUR 13 million). Trade receivables not past due at 31 December 2023, were fully performing. Information about the impairment of trade receivables and exposure to credit risk, market risk and liquidity risk can be found in note 6 Financial risk management.

The carrying amount of the trade and other receivables is considered a close approximation of their fair value due to their short maturity.

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4.3 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that were acquired in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Key accounting estimate and judgement

In evaluating whether liabilities to suppliers who participate in a supply chain finance initiative, utilise notices of assignment, or act as intermediaries, qualify as trade payables (as opposed to borrowings) judgement is required as such arrangements could contain characteristics of both. JDE Peet's considers elements such as changes in the contractual relationship with the supplier, whether any seniority or collateral is granted on the amounts payable to the supply chain finance party, and the extent to which extended payment terms are customary.

Given the customary length of payment terms in the coffee & tea business, it is not uncommon for suppliers of JDE Peet's to use notices of assignment programmes of financial institutions. Such notices of assignment are all initiated by, and at the discretion of, the suppliers, and do not change the nature, terms and conditions, or payment terms of the amounts owed by JDE Peet's. Therefore, such arrangements of suppliers do not modify JDE Peet's' classification of the trade payables.

Estimates are made in the determination of marketing (trade promotion) accruals. When trade promotions are provided to customers, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue (refer to note 2.2) are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A trade promotion accrual is recognised for expected volume and year-end trade promotions payable to customers in relation to sales made until the end of the reporting period.

The composition of trade and other payables is as follows (in EUR million):

	2023	2022
Trade payables	3,358	3,858
Accrued payroll and benefits	177	175
Accrued trade promotion	269	299
Non-income taxes payable	67	48
Deferred revenue: contract liability	29	29
Dividend payable	170	170
Other accrued expenses	155	125
Total	**4,225**	**4,704**

The carrying amount of the trade and other payables is considered a close approximation of their fair value due to their short-term maturity.

Certain suppliers are offered the opportunity to use supply chain financing arrangements ("SCF"), which allows them to collect the receivable before the invoice date. Supply contracts are evaluated against a number of indicators to assess whether the payables hold the characteristics of a trade payable or should be classified as borrowings. At 31 December 2023 and 2022 none of the payables subject to SCF met the criteria to be classified as borrowings. The amount outstanding under SCF at 31 December 2023 amounted to EUR 493 million (2022: EUR 431 million).

Separately, JDE Peet's has contracts with intermediaries, with an outstanding amount at 31 December 2023 of nil (2022: EUR 4 million), which includes financing elements. These contracts qualify as trade payables. The related transactions under SCF and the supply contracts are reflected under cash flows from operating activities.

During the Annual General Meeting of Shareholders on 25 May 2023, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 14 July 2023 and 26 January 2024.

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5. CAPITAL STRUCTURE

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focuses on keeping a strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowing, if required, without impacting the risk profile of the Company. In May 2022, JDE Peet's repurchased EUR 500 million of ordinary shares from of Mondelēz International Holdings Netherlands B.V. ("Share buyback transaction"). The majority of these shares were cancelled on 28 July 2023. Other than this, there were no major changes made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The capital structure is reviewed on a regular basis. The capital structure consists of net debt, which includes the borrowings disclosed in note 5.2, net of cash and cash equivalents and equity attributable to the shareholders of the Company, comprising issued share capital, reserves and retained earnings.

The capital structure is managed and adjusted in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company is not subject to any externally imposed capital requirements other than the legal reserves.

5.1 SHAREHOLDERS' EQUITY

Translation reserve—The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations (excluding amounts attributable to non-controlling interests) as well as value changes of the hedging instruments in the net investment hedges.

Hedging reserve—This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Other reserves—These reserves relate to the movements in share-based payments and retirement benefit obligations, Accounting Policy is described within the respective section above.

Share capital and premium

The authorised share capital amounts to EUR 20,000,000, consisting of 2,000,000,000 shares, and is divided into 1,000,000,000 ordinary shares with a nominal value of EUR 0.01 each and 1,000,000,000 preference shares with a nominal value of EUR 0.01 each.

The number of outstanding shares (excluding treasury shares) and nominal value for the years ended 31 December 2023 and 2022 can be summarised as follows (value is stated in EUR million):

	Number of outstanding shares at 31 December 2023	Number of outstanding shares at 31 December 2022	Value in EUR million 2023	Value in EUR million 2022
Ordinary shares	486,042,837	485,235,677	9,590	10,002
Total share capital and share premium	**486,042,837**	**485,235,677**	**9,590**	**10,002**

No preference shares were outstanding at 31 December 2023 and 31 December 2022.

Holders of common shares are entitled to dividend distributions as declared from time to time. The Company may only make distributions to its shareholders if its equity exceeds the amount of the paid-in and called-up part of the issued capital plus the reserves as required to be maintained by the Articles of Association (if any) or Dutch law.

Movements in issued and outstanding ordinary shares (Nominal value, share premium and total in EUR million):

	Note	Number of outstanding shares	Nominal value	Share premium	Total
Balance at 1 January 2022		**501,951,089**	**5**	**9,975**	**9,980**
Issuance of shares	(i)	1,858,139	—	22	22
Share buy-back	(ii)	(18,573,551)	—	—	—
Balance at 31 December 2022		**485,235,677**	**5**	**9,997**	**10,002**
Issuance of shares	(i)	807,160	—	—	—
Cancellation treasury shares		—	—	(412)	(412)
Balance at 31 December 2023		**486,042,837**	**5**	**9,585**	**9,590**

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In 2023, 807,160 shares were released from the treasury shares to settle vested share-based payment plan (2022: 1,063,371 shares). More information on the share-based payment plans can be found in note 7.1 Share-based payments. In 2022, 751,849 shares were issued as part of the transaction with Olivier Goudet. More information on this transaction can be found in note 7.2 Related party transactions.

In May 2022, JDE Peet's executed a share repurchase for a total amount of EUR 500 million. The shares were purchased from its shareholder Mondelez International Holdings Netherlands B.V. ("MDLZ") at a price per share equal to the market closing price on Friday 6 May 2022.

Treasury shares

The remaining treasury shares at 31 December 2022, acquired in the buyback transaction, were presented to the shareholders at the 2023 Annual General Meeting for approval to cancel the majority of these shares. On 25 May 2023, the Annual General Meeting of JDE Peet's resolved to cancel 15.3 million treasury shares. This cancellation came into effect on 28 July 2023.

Movements in treasury shares (Nominal value in EUR million):

	Number of issued shares	Nominal value
Balance at 1 January 2022	**–**	**–**
Acquisition of shares through share buyback	18,573,551	(500)
Release of treasury shares	(1,063,371)	29
Balance at 31 December 2022	**17,510,180**	**(471)**
Release of treasury shares	(807,160)	21
Cancellation of treasury shares	(15,300,000)	412
Balance at 31 December 2023	**1,403,020**	**(38)**

Non-controlling interest

JDE Peet's consolidates JDE, with a 0.16% (2022: 0.25%) non-controlling interest and Peet's with a 1.75% (2022: 1.78%) non-controlling interest. All other subsidiaries are fully owned or the non-controlling interests are not material. As the non-controlling interest is not material in 2023 and 2022, the financial information attributable to non-controlling interests is not disclosed.

5.2 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

An exchange of debt instruments or modification of terms is accounted for as a substantial modification or non-substantial modification. For both a non-substantial and substantial modification, a gain or loss is recognised at the time of recognition. When accounted for as a non-substantial modification, the gain or loss is determined using the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate. When accounted for as a substantial modification, the original financial liability is derecognised and a new financial liability is recognised at fair value.

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Borrowing facilities of JDE Peet's through the years 2022 and 2023 are summarised in the following tables (in EUR million):

	Currency	31 December 2021	Business combinations	Unwinding discount	Additions	Repaid	Amortisation	Recognition of lease liability	Currency translation	31 December 2022
Unsecured notes - EU	EUR	3,089	–	–	–	–	2	–	–	3,091
Unsecured notes - US	USD	1,533	–	–	–	–	1	–	95	1,629
JDE: Other financing	Various	32	25	–	21	(64)	–	–	–	14
Short-term facility	EUR	–	–	–	150	(150)	–	–	–	–
Leases	Various	250	–	9	–	(81)	(6)	77	7	256
Unamortised discounts and costs	Various	(29)	–	–	–	–	6	–	–	(23)
Total borrowings		**4,875**	**25**	**9**	**171**	**(295)**	**3**	**77**	**102**	**4,967**
Non-current		4,784								4,888
Current		91								79

	Currency	31 December 2022	Business combinations	Unwinding discount	Additions	Repaid	Amortisation	Recognition of lease liability	Currency translation	31 December 2023
Unsecured notes - EU	EUR	3,091	–	–	995	–	2	–	–	4,088
Unsecured notes - US	USD	1,629	–	–	–	–	1	–	(49)	1,581
JDE: Other financing	Various	14	–	–	–	(3)	–	–	(3)	8
Leases	Various	256	–	12	–	(86)	(5)	91	(7)	261
Unamortised discounts and costs	Various	(23)	–	–	(6)	–	6	–	–	(23)
Total borrowings		**4,967**	**–**	**12**	**989**	**(89)**	**4**	**91**	**(59)**	**5,915**
Non-current		4,888								5,388
Current		79								527

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Unsecured notes
In June 2021, the Company announced the establishment of a Euro Medium Term Note ("EMTN") programme for a total amount of EUR 5,000 million under which three euro notes were issued on 16 June 2021 for EUR 2,000 million on the euro MTF market of the Luxembourg Stock Exchange, with the following conditions:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2026	0.000% interest	4.6 years	EUR 750 million	EUR 746 million
Note 2029	0.500% interest	7.6 years	EUR 750 million	EUR 745 million
Note 2033	1.125% interest	12.0 years	EUR 500 million	EUR 499 million

In September 2021, the Company issued USD 1,750 million aggregate principals of notes under rule 144A and Regulation-S, under the Securities Act of 1933 and as a result are not listed on an exchange and consequently not subject to rules applicable to the exchange, such as Sarbanes-Oxley. The notes comprise of the following three series:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2024	0.800% interest	3.0 years	USD 500 million	USD 499 million
Note 2027	1.375% interest	5.3 years	USD 750 million	USD 745 million
Note 2031	2.250% interest	10.0 years	USD 500 million	USD 498 million

In November 2021, the Company issued two notes under the EMTN programme:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2028	0.625% interest	6.3 years	EUR 600 million	EUR 597 million
Note 2025	0.244% interest	3.2 years	EUR 500 million	EUR 500 million

In December 2023, the Company issued two new notes under the EMTN programme with proceeds tol be used for general corporate purposes including the refinancing of existing financial liabilities:

Notes	Pricing	Maturity	Issued amount	Initial fair value
Note 2030	4.125% interest	6.2 years	EUR 500 million	EUR 497 million
Note 2034	4.500% interest	10.2 years	EUR 500 million	EUR 498 million

All notes were initially recognised at fair value and subsequently measured at amortised costs, the initial fair value of the notes, except for one euro tranche, was lower than their nominal value since they were offered at a discount. This discount will be amortised over the lifetime of the notes. All notes are unsecured.

Facility Agreements
JDE Peet's EUR 1,500 million revolving credit facility established in 2021 remained undrawn at 31 December 2023, similar to 31 December 2022. The agreement is unsecured and no covenants apply, however, certain sustainability targets were agreed as part of the pricing mechanism.

Other financing
Other financing refers to various trade and cash management non-committed facilities at local subsidiary level in France, Italy and Turkey. There are no restrictions or covenants on these facilities.

Additionally, since the start of the war, JDE Peet's business in Russia is operated as a stand-alone business to the greatest extent possible. As a result, a local one-year facility was set-up in December 2023 for a total amount of RUB 3 billion (equivalent to approximately EUR 30 million at 31 December 2023). The facility is unsecured and no covenants apply. At 31 December 2023, the facility remained undrawn.

Leases
The lease liabilities relate to the right-of-use assets as disclosed in note 3.4 Property, plant and equipment.

Interest rate swaps and cross-currency interest rate swaps
JDE Peet's used to have multiple interest rate and cross-currency interest rate swaps relating to the prior credit agreements and the Company's Facilities Agreement entered into on 30 March 2021. Following the full repayment of these facilities, above mentioned derivatives became ineffective. In May and June 2022 these interest rate and cross-currency interest rate swaps were terminated realising the mark to market value.

To hedge the foreign currency and US interest rate exposure associated with the US notes, cross-currency interest rate swaps were entered into and part is hedged through a net investment hedge. Hedge accounting under IFRS 9 is being applied for certain instruments, for which more information can be found in note 6 Financial risk management.

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5.3 CASH AND CASH EQUIVALENTS

In the statements of financial position, cash and cash equivalents include cash on hand and other short-term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Any bank overdraft is included in trade and other payables. In the statements of cash flows, any bank overdraft is included as an offset to cash and cash equivalents.

The composition of cash and cash equivalents is as follows (in EUR million):

	2023	2022
Cash in bank and on hand	525	552
Cash equivalents	1,523	415
Total	**2,048**	**967**

At 31 December 2023 an amount of EUR 23 million was not at the free disposal of JDE Peet's (2022: EUR 50 million).

5.4 FINANCE INCOME AND EXPENSE

JDE Peet's receives finance income primarily representing interest on cash and cash equivalents, net interest income from cross-currency interest rate swaps and dividend income from equity derivatives. Interest income and expense on cashpool arrangements are considered to be an intercompany transaction and are therefore eliminated. Finance expense primarily relates to interest on borrowings and change in fair value of derivative financial instruments. The interest is recognised using the effective interest method.

Finance income and expense consist of the following (in EUR million):

	2023	2022
Interest income	91	64
Interest expense[82]	(94)	(85)
Net financing cost of financial debt	**(3)**	**(21)**
Interest income on plan assets	75	40
Interest expense on defined benefit obligation	(62)	(36)
Total pension finance (expense)/income	**13**	**4**
Foreign exchange gain/(loss)	45	(263)
Change in fair value of derivative financial instruments	(195)	348
Fair value changes financial liabilities	(3)	4
Net monetary gain/(loss)	—	(3)
Net finance expense	**(143)**	**69**

[82] Interest expense primarily includes interest on unsecured notes (2023: EUR 45 million; 2022: EUR 42 million, lease liabilities (2023: EUR 9 million; 2022: EUR 9 million), bank overdrafts (2023: EUR 4 million; 2022: EUR 4 million), amortisation expenses (2023: EUR 6 million; 2022: EUR 6 million) and interest rate swaps (2023: EUR 0 million; 2022: EUR 13 million).

6. FINANCIAL RISK MANAGEMENT

In accordance with IFRS 9, financial assets are classified into the following categories: a) amortised costs, b) fair value through profit or loss and c) fair value through OCI. Classification under IFRS 9 for investments in debt instruments is driven by JDE Peet's' model for managing financial assets and their contractual cash flow characteristics. Management determines the classification of its financial assets at their initial recognition.

Financial assets are classified as follows:

- *Financial assets at amortised cost*—Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.
- *Financial assets at fair value through OCI*—Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from Equity to the income statement and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the income statement.
- Assets and liabilities that do not meet the criteria for amortised cost or fair value through OCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the income statement (in finance expense except for the change in fair value of commodity derivative financial instruments which are included in the cost of sales) and presented net within other gains/(losses) in the period in which it arises.

The regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which JDE Peet's commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and substantially all risks and rewards of ownership were transferred. Financial assets and liabilities are offset and the net amount is recognised in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of Financial Assets—Upon initial recognition of the financial asset the expected loss is assessed. Subsequently, at the end of each reporting period it is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired. The impairment model for financial assets is based on expected credit loss. A broader range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. The impairment methodology applied, depends on whether there has been a significant increase in credit risk. In applying this forward-looking approach, a distinction is made between the following categories:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') - '12-month expected credit losses' are recognised for this category.
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2') - 'lifetime expected credit losses' are recognised for this category.
- ('Stage 3') would cover financial assets that have objective evidence of impairment at the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date for financial guarantee contracts, the exposure includes the amount drawn down at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to JDE Peet's in accordance with the contract and all the cash flows that are expected to be received, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as JDE Peet's is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that are expected to be received from the holder, the debtor or any other party.

When a loss allowance was measured for a financial instrument at an amount equal to lifetime expected credit loss ("ECL") in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

An impairment gain or loss is recognised in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through OCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

On assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, a comparison is made with the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, both quantitative and qualitative information are considered that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which JDE Peet's' debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to JDE Peet's' core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, JDE Peet's presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless JDE Peet's has reasonable and supportable information that demonstrates otherwise.

JDE Peet's considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

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6.1 FINANCIAL RISK FACTORS

JDE Peet's' activities are exposed to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, interest rate and equity risk), credit risk and liquidity risk. All these risks arise in the normal course of business. JDE Peet's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. To mitigate the risk from interest rates, foreign currency exchange rates, equity and commodity price fluctuations, various derivative financial instruments are used in accordance with JDE Peet's' policies and procedures.

Some of the cross-currency interest rate swaps and foreign currency components of non-derivative financial instruments are designated as hedging instruments and hedge accounting is applied. In addition, hedge accounting is applied for highly probable forecasted transactions like certain foreign currency exposures related to the purchase of commodities and investment transactions. Other derivatives are accounted for at fair value through the profit and loss. JDE Peet's does not enter into financial instruments for trading purposes and is not a party to any leveraged derivatives.

Risk management

JDE Peet's maintains risk management frameworks and control systems to monitor the foreign exchange, interest rate, equity and commodity price risk and its offsetting hedge positions. Periodically, sensitivity analyses are completed to evaluate the effect of any changes in interest rate, equity prices, commodity prices and foreign currencies and the associated risk derivatives.

6.2 MARKET RISK

Commodity price risk

Commodity price risk arises primarily from transactions related to global commodity markets. JDE Peet's' objective is to minimise the impact of commodity price fluctuations. The exposure is hedged in accordance with JDE Peet's' policies and risk management programme. The green coffee commodity risk is mainly managed at regional locations, being the US, the Netherlands, Brazil, Vietnam and Indonesia. The green coffee commodity price risk exposure of anticipated future purchases is managed primarily using futures and forward contracts, which are eventually rolled-over into physical contracts. Through these derivatives, JDE Peet's is able to fix a portion of its price for anticipated future deliveries of green coffee beans, for instance, for a specified period of time.

JDE Peet's only enters into futures contracts that are traded on established, well-recognised exchanges, named ICE and IFFE that offer high liquidity, transparent pricing, daily cash settlement and collateralisation through margin requirements.

During 2023, the Company expanded its financial hedging strategy to the coverage of other commodity price risks, such as energy and aluminium, evolving from fixed priced contracts with suppliers to (partially) variable priced contracts in combination with derivative instruments with global relationship banks in order to detach the supply from the financial risk. As a result of the short product business cycle, the majority of the anticipated future commodities transactions outstanding at the statement of financial position date are expected to occur in the next year.

The table below show the estimated impact on profit before tax and equity reserves if underlying commodity prices would have changed by 10% (commodities for which JDE Peet's held material derivative exposures at 31 December 2023 and 31 December 2022):

	Change in year-end price	Effect on profit before tax In EUR million	Effect on equity In EUR million
Coffee beans and other commodities - 2023	10%	7	–
Coffee beans and other commodities - 2023	(10)%	(7)	–
Coffee beans - 2022	10 %	33	–
Coffee beans - 2022	(10)%	(27)	–

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Foreign exchange risk

JDE Peet's operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises primarily from commercial transactions such as the purchase of commodities, recognised monetary assets and liabilities and net investments in foreign operations. JDE Peet's is exposed to numerous foreign currencies. The most important ones are the US dollar and the Pound sterling.

Mainly forward exchange contracts are used to reduce the effect of fluctuating foreign currencies on foreign currency denominated transactions, third-party product-sourcing transactions and other known foreign currency exposures. Gains and losses on the derivative instruments are intended to offset gains and losses on the associated transaction in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates. Forward currency exchange contracts mature either at the anticipated invoice date or at the actual payment date of the associated transaction. Most of the transactions directly relate to the business-as-usual operations, but could also relate to ad-hoc strategic transactions such as the acquisition of Maratá's coffee & tea business in Brazil announced by JDE Peet's in July 2023 and completed in 2024.

Some foreign exchange derivatives are designated as hedging instruments for accounting purposes and cash flow hedge accounting on those hedges is applied. The fair value of these hedging instruments is recognised on the consolidated statement of financial position and the effective portion of fair value changes is recognised in the cash flow hedge reserve in the consolidated statement of comprehensive income. The change in fair value on the other foreign exchange derivatives is recognised directly in the consolidated income statement.

The Company also designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk related to the net investment in a foreign operation. These instruments hedge foreign operations in multiple foreign currencies, such as the US dollar and since 2023 also the Chinese yuan. Among others, JDE Peet's is exposed to fluctuations in US dollar as a result of entering into US-dollar denominated debt instruments. Next to hedging this risk via cross-currency interest rate swaps, JDE Peet's designated several derivative and non-derivative financial instruments as hedging instruments to net investment hedges. By implementing this net investment hedge, JDE Peet's is exposed to currency translation risk resulting from fluctuations in foreign currency exchange spot rates that affect the measurement of the investment in subsidiaries which are offset by the currency exposure on the US debt instruments. Hedge accounting is applied to these net investment hedges.

A sensitivity analysis shows that if foreign exchange rates change by 10 percent profit and equity would have been affected as follows (in EUR million):

	Profit or Loss		Equity, pre-tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2023				
+/-10%	(77)	77	(125)	135
31 December 2022				
+/-10%	(150)	182	(202)	248

Fair value movements related to the effective part of foreign exchange and interest rate contracts that are designated in hedging relationships are recognised directly in the cash flow hedge reserve (net of tax), a separate component within Equity.

Interest rate risk

JDE Peet's is primarily financed through bonds of which part denominated in US- dollar and at fixed interest rates which reduces the risk of fluctuations in the interest rate risk on JDE Peet's. Part of the fixed unsecured US-dollar notes are swapped using cross-currency interest rate swaps with a fixed interest for which hedge accounting is applied.

At year end 2022, part of the cross-currency interest rate swaps were reset for the foreign currency component to realign the economics of the hedge with the economics of JDE Peet's net debt, settling in cash of EUR 69 million of derivative assets. From an IFRS 9 point of view the old hedge relationship is considered to be broken while a new hedge relationship is immediately setup from reset date. Therefore, the reset did not result in any additional releases to the income statement. Furthermore, in 2023 one of the hedge relationships to which hedge account was applied became ineffective, after which the results were directly recognised in profit and loss. Until the moment of ineffectiveness, the results remained in OCI until the instrument is derecognised. A loss, net of tax, of EUR 8 million was recognised in OCI during 2023 (2022: EUR 11 million gain).

The sensitivity analysis on the foreign currency component of these swaps is included in the foreign exchange section above.

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Equity price risk

JDE Peet's is exposed to an equity price risk on its shares upon vesting of its share-based payment plans (refer to note 7.1 Share-based payments). This risk could negatively impact future cash flows related to these plans. To mitigate this equity price risk, JDE Peet's hedges the price risk on its shares by entering into total return equity swaps with external parties. JDE Peet's has no obligation to purchase the underlying shares of this swap transaction and is entitled to receive the dividends on these underlying shares. Upon settlement of the swap, only the fair value changes of the underlying shares will be settled. This derivative is accounted for as a financial instrument through profit and loss and does not qualify for hedge accounting. All results related to this transaction are recognised directly in the consolidated income statement. At 31 December 2023, an exposure of an equivalent of 7.2 million shares (2022: 7.2 million shares) in the Company was hedged, resulting in the recognition of a liability of EUR 49 million (2022: EUR 30 million), dividend income of EUR 5 million (2022: EUR 5 million) and an unrealised result of EUR 19 million in financial income and expense (2022: EUR 2 million).

In addition and using similar total return equity swaps with external parties, the Company started a strategic equity hedging programme in 2022 with a maximum size of EUR 500 million. The purpose of this programme is to hedge the Company's equity price risk related to future share repurchases (either exposure under future share-based payments programmes, management equity incentive schemes, share capital reduction or other future share delivery obligations, or a mix of these), which the Company intends to in the future. As a result of these hedges, material movements in JDE Peet's share price could result in a material unrealised gain or loss for the Company. All results related to this programme are recognised directly in the consolidated income statement. At 31 December 2023, 12.4 million (2022: 10.9 million) shares were hedged, resulting in the recognition of a liability of EUR 45 million (2022: EUR 12 million), dividend income of EUR 8 million (2022: EUR 2 million) and an unrealised result of EUR 34 million (2022: EUR 12 million) in financial income and expense.

Total return equity swap

A sensitivity analysis shows that if the underlying share price changes by 10%, the fair value of the equity derivative instruments would have changed as follows (in EUR million):

	Change in year-end price	Effect on profit before tax In EUR million
Share price - 2023	10%	48
Share price - 2023	(10)%	(48)
Share price - 2022	10 %	49
Share price - 2022	(10)%	(49)

Cash-settled share-based payment plan Peet's

A sensitivity analysis shows that if the underlying share price of Peet's changes by 10%, this would have changed the share based payment liability as follows (in EUR million):

	Change in year-end price	Effect on profit before tax In EUR million
Share price - 2023	10 %	3
Share price - 2023	(10)%	(3)
Share price - 2022	10 %	3
Share price - 2022	(10)%	(3)

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6.3 CREDIT RISK

Credit risk arises because a counterparty may fail to perform its obligations. JDE Peet's is exposed to credit risk on financial instruments such as cash, derivative assets and trade receivables. Concentration of credit risk is avoided by managing financial assets across several institutions and sectors.

In relation to financial instruments, agreements are entered into with counterparties that meet stringent credit standards (at minimum investment grade), the amount of agreements or contracts it enters into with any party is limited and, where legally available, executed through master netting agreements. These positions are continuously monitored. In situations where a counterparty does not meet the minimum credit rating requirement the outstanding exposure with such counterparty is closely monitored and maintained at an absolute minimum. While JDE Peet's may be exposed to credit losses in the event of non-performance by individual counterparties, it has not recognised any losses with these counterparties in the past and does not anticipate material losses in the future.

All of JDE Peet's' derivative instruments, with the exception of exchange traded coffee futures, are governed by International Swaps and Derivatives Association master agreements. JDE Peet's' trade receivables are subject to credit limits, controls and approval procedures. Due to its large geographic base and number of customers, JDE Peet's is not exposed to material concentrations of credit risk on its trade receivables. Nevertheless, commercial counterparties are monitored on a continuous basis. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking into account any collateral held or other credit enhancements, is equal to the carrying amount of the financial assets.

6.4 LIQUIDITY RISK

Liquidity risk arises when a company encounters difficulties to meet commitments associated with liabilities and other payment obligations. Such risk may result from inadequate market depth or disruption or refinancing problems. Liquidity risk is managed by maintaining adequate reserves and banking facilities and by closely monitoring forecasted and actual cash flows and, where possible, matching the maturity profiles of financial assets and liabilities. Seasonality of operating cash flows, which includes the payable extension programme (refer to note 4.3 Trade and other payables for more details) and structured payables, could impact short-term liquidity.

JDE Peet's strong risk management framework include continuous liquidity forecasting and planning, with advanced and punitive stress-testing. At 31 December 2023, the Company's liquidity position remained strong, with total liquidity of EUR 3.5 billion consisting of a cash position of EUR 2.0 billion (excluding restricted cash) and an undrawn committed Revolving Credit Facility of EUR 1.5 billion. Note 9.5 discloses the commitments at 31 December 2023.

The following disclosure details JDE Peet's' remaining contractual maturities for its non-derivative and derivative financial liabilities with agreed repayment periods. The disclosures have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which JDE Peet's can be required to pay. The disclosures include both interest and principal cash flows and were restated for the comparative figures to exclude any offsetting cash inflows from derivative financial instruments.

To the extent that interest rates are floating, the undiscounted amount is based on the (forward) interest rates at the end of 31 December 2023 and 31 December 2022, respectively.

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At 31 December 2023 (in EUR million):

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Carrying amount
Financial liabilities						
Borrowings (excluding unamortised discounts and costs):						
Unsecured notes	5.2	(491)	(2,787)	(2,893)	(6,171)	(5,669)
Lease liabilities	5.2	(79)	(176)	(31)	(286)	(261)
Other financing	5.2	(5)	(3)	–	(8)	(8)
Trade and other payables (excluding deferred revenue)	4.3	(4,196)	–	–	(4,196)	(4,196)
Total		**(4,771)**	**(2,966)**	**(2,924)**	**(10,661)**	**(10,134)**
Derivative financial liabilities						
Foreign currency derivatives	6.7	(63)	(13)	–	(76)	(76)
Commodity derivatives	6.7	(1)	(2)	–	(3)	(3)
Net interest rate derivatives	6.7	–	–	(47)	(47)	(25)
Total return equity swap derivatives	6.7	(122)	–	–	(122)	(94)
Total		**(4,957)**	**(2,981)**	**(2,971)**	**(10,909)**	**(10,332)**

At 31 December 2022 (in EUR million):

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Carrying amount
Financial liabilities						
Borrowings (excluding unamortised discounts and costs):						
Unsecured notes	5.2	(38)	(1,823)	(3,133)	(4,994)	(4,720)
Lease liabilities	5.2	(87)	(175)	(28)	(290)	(256)
Other financing	5.2	(8)	(4)	–	(12)	(14)
Trade and other payables (excluding deferred revenue)	4.3	(4,675)	–	–	(4,675)	(4,675)
Total		**(4,808)**	**(2,002)**	**(3,161)**	**(9,971)**	**(9,665)**
Derivative financial liabilities						
Foreign currency derivatives	6.7	(90)	–	–	(90)	(90)
Commodity derivatives	6.7	(6)	–	–	(6)	(6)
Total return equity swaps	6.7	(18)	(54)	–	(72)	(43)
Total		**(4,922)**	**(2,056)**	**(3,161)**	**(10,139)**	**(9,804)**

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6.5 FAIR VALUE ESTIMATION

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used to determine fair value, financial instruments are classified into the three levels as prescribed under IFRS. An explanation of each level follows below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1")
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) ("Level 2")
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) ("Level 3").

The commodity coffee futures and unsecured notes are valued using Level 1 valuation methods. Substantially all of the other derivative assets and liabilities are valued using Level 2 valuation methods. Share-based payments are valued using Level 2 and Level 3 valuation methods, for details on this valuation see note 7.1 Share-based payments.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fairly value an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- The fair value of total return equity swap is calculated based on the share price at the reporting date versus the average price for which the shares have been purchased times the volume purchased.

Management believes that the carrying amount of all other financial assets and financial liabilities recognised in the statement of financial position approximates its fair value. Unsecured notes, initially accounted for at fair value and subsequently at amortised cost, classify as Level 1, as these instruments are traded with publicly available prices. Other borrowings, initially accounted for at fair value and subsequently at amortised cost, classify as Level 2, as no similar instrument is available due to the specific profiles of the instruments.

The following tables present the assets and liabilities of JDE Peet's that are measured at fair value at 31 December 2023 and 31 December 2022, respectively.

At 31 December 2023 (in EUR million):

	Note	Level 1	Level 2	Level 3	Total
Assets					
Interest rate contracts	6.7	—	15	—	15
Foreign exchange contract	6.7	—	56	—	56
Commodity contracts	6.7	2	—	—	2
Total assets		**2**	**71**	**—**	**73**
Liabilities					
Unsecured notes - EU	5.2	4,088	—	—	4,088
Unsecured notes - US	5.2	1,581	—	—	1,581
Borrowings	5.2	—	246	—	246
Share-based payment liability	9.4	—	—	8	8
Management-owned shares liability	9.4	—	—	26	26
Interest rate contracts	6.7	—	25	—	25
Foreign exchange contracts	6.7	—	76	—	76
Commodity contracts	6.7	3	—	—	3
Total return equity swaps	6.7	—	94	—	94
Total liabilities		**5,672**	**441**	**34**	**6,147**

At 31 December 2022 (in EUR million):

	Note	Level 1	Level 2	Level 3	Total
Assets					
Interest rate contracts	6.7	–	46	–	46
Foreign exchange contracts	6.7	–	22	–	22
Commodity contracts	6.7	4	–	–	4
Total return equity swaps	6.7	–	2	–	2
Total assets		**4**	**70**	**–**	**74**
Liabilities					
Unsecured notes - EU	5.2	3,091	–	–	3,091
Unsecured notes - US	5.2	1,629	–	–	1,629
Borrowings	5.2	–	247	–	247
Share-based payment liability	9.4	–	–	17	17
Management-owned shares liability	9.4	–	–	25	25
Foreign exchange contracts	6.7	–	90	–	90
Commodity contracts	6.7	6	–	–	6
Total return equity swaps	6.7	–	43	–	43
Total liabilities		**4,726**	**380**	**42**	**5,148**

There were no transfers between different levels during 2023 and 2022.

6.6 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets subject to offsetting at 31 December 2023 (in EUR million):

	Financial instruments		Financial instruments		Trade receivables
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Current assets
Gross amount recognised in financial instruments	16	57	41	157	690
Gross amount offset	–	–	–	–	(127)
Net amount	**16**	**57**	**41**	**157**	**563**
Related amounts not offset in the statement of financial positions					
Gross financial instruments	(25)	(100)	25	100	–
Cash collateral – not offset	–	7	–	–	–
Net financial instruments	**(25)**	**(93)**	**25**	**100**	**–**

Financial assets subject to offsetting at 31 December 2022 (in EUR million:)

	Financial instruments		Financial instruments		Trade receivables
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Current assets
Gross amount recognised in financial instruments	46	28	–	139	631
Gross amount offset	–	–	–	–	(101)
Net amount	**46**	**28**	**–**	**139**	**530**
Related amounts not offset in the statement of financial positions					
Gross financial instruments	46	(111)	(46)	111	–
Cash collateral – not offset	–	35	–	–	–
Net financial instruments	**46**	**(76)**	**(46)**	**111**	**–**

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6.7 DERIVATIVE FINANCIAL INSTRUMENTS

JDE Peet's uses derivative financial instruments, including forward exchange contracts, futures, commodity arrangements, interest rate swaps, total return equity swaps, net investment hedges and cross currency interest rate swaps in order to manage exposures from foreign exchange, commodity prices, equity prices and interest rate risks. The use of these derivative financial instruments intends to reduce the risk or cost and are in accordance with JDE Peet's financial policy and governance framework. Derivatives are not used for trading or speculative purposes and JDE Peet's is not a party to leveraged derivatives. Maturity of the foreign exchange and commodity derivatives is primarily within one year.

JDE Peet's applies the hedge accounting requirements in IFRS 9. Derivatives are initially recognised at fair value through profit and loss on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss from the measurement depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. To qualify for hedge accounting, the hedge relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Hedge accounting is applied to certain derivatives to remove the accounting mismatch between the hedging instrument and hedged item.

At inception of the transaction, the relationship is documented between hedging instruments and hedged items when hedge accounting is applied. In addition to this, the risk management objectives and strategy for undertaking various hedging transactions are documented when hedge accounting is applied. In case hedge accounting is applied, the value of the assessment whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value of the hedge items is performed and documented, both at hedge inception and on an ongoing basis.

The fair values of the derivative instruments are disclosed in note 6.5 Fair value estimation. Derivatives are classified as current when the settlement date is within 12 months from the period-end and all other derivatives as non-current in the statement of financial position. The change in fair value of commodity derivatives is recognised within cost of sales and the movement of all other derivatives within finance expense in the income statement unless hedge accounting is applied.

Fair value hedge—The changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow hedge—Fair value movements of hedging instruments in a designated effective cash flow hedge are recognised directly in the cash flow hedge reserve (net of tax), a separate component within OCI, net of the foreign exchange and interest effective to the period.

Amounts accumulated in OCI are reclassified to the income statement in the periods when the hedged item affects profit or loss. Ineffectiveness on cash flow hedges is recognised where the cumulative change in the designated component value of the hedging instruments exceeds, on an absolute basis, the change in value of the hedged items attributable to the hedged risk. The gain or loss as a result of ineffectiveness is recognised in the income statement within Finance expense. When the forecasted transaction that is hedged, results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses that were recognised in OCI are transferred from OCI and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in OCI and is recognised when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recognised in OCI is immediately transferred to the income statement within Finance expense.

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Net investment hedges—JDE Peet's partly mitigates exposures from its investments in foreign operations by using both derivative and non- derivative financial instruments as hedging instruments. Hedges of a net investment in foreign operations are accounted for in a similar way as cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in the currency translation reserve (equity component). The gain or loss relating to the ineffective portion is recognised in the income statement. When a net investment in foreign operation is (partly) disposed of, the amount in the currency translation reserve is (partly) released in the income statement.

At 31 December 2023 the notional amount of the USD notes included in the net investment hedge was USD 500 million (2022: USD 500 million). The translation result of this part of the USD notes was recognised in the currency translation reserve within Equity and amounted to a gain of EUR 14 million (2022: loss EUR 28 million). In 2023 JDE Peet's partly hedged their CNY investment in foreign operations with a cross currency swap of CNY 231 million.

Key accounting estimate and judgement—The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using the Discounted Cash Flow method. Judgement is used to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Information on the classification and fair values of derivatives in the statement of financial position at 31 December 2023 is as follows (in EUR million):

	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Derivatives designated as hedging instruments:				
– Interest rate contracts	—	15	—	16
– Foreign exchange contracts	3	—	14	—
Sub-total	**3**	**15**	**14**	**16**
Derivatives not designated as hedging instruments:				
– Interest rate contracts	—	—	—	9
– Foreign exchange contracts	52	1	48	14
– Commodity contracts	2	—	1	2
– Total return equity swap contracts	—	—	94	—
Sub-total	**54**	**1**	**143**	**25**
Total	**57**	**16**	**157**	**41**

	Interest rate contracts	Foreign exchange contracts	Commodity contracts	Total return equity swap contracts	Total
Derivatives not designated as hedging instruments:					
Amount of gain (loss) recognised in cost of sales	—	—	70	—	70
Amount of gain (loss) recognised in finance income/expense	(48)	(95)	—	(53)	(196)
Amount of gain (loss) recognised in selling, general and administrative expenses	—	—	—	—	—

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Information on the classification and fair values of derivatives in the statement of financial position at 31 December 2022 is as follows (in EUR million):

	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Derivatives designated as hedging instruments:				
– Interest rate contracts	–	46	–	–
– Foreign exchange contracts	–	–	40	–
Sub-total	–	46	40	–
Derivatives not designated as hedging instruments:				
– Foreign exchange contracts	22	–	50	–
– Commodity contracts	4	–	6	–
– Total return equity swap contracts	2	–	43	–
Sub-total	28	–	99	–
Total	28	46	139	–

	Interest rate contracts	Foreign exchange contracts	Commodity contracts	Total return equity swap contracts	Total
Derivatives not designated as hedging instruments:					
Amount of gain (loss) recognised in cost of sales	–	–	(16)	–	(16)
Amount of gain (loss) recognised in finance income/expense	159	206	–	(13)	352
Amount of gain (loss) recognised in selling, general and administrative expenses	–	–	–	–	–

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7. GOVERNANCE

7.1 SHARE-BASED PAYMENTS

The plans partially qualify as equity-settled and partially as cash-settled.

Equity-settled—JDE Peet's operates a number of equity-settled share-based payment plans, under which it receives services from directors and employees as consideration for equity instruments. For these plans, JDE Peet's does not have a present obligation to settle in cash or an obligation to repurchase the equity instruments.

The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment award made. For this purpose, analyses are made whether the price paid by a participant, if any, is in line with the market price of the underlying shares at the grant date. If a positive difference exists between (i) the actual market value of the shares and (ii) the purchase price; this results in a fair value to be recognised as a share-based payment expense.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest, with a corresponding credit to the share-based payment reserve within Equity. Compensation expense is recognised on a straight-line basis from the beginning of the service period, even when the grant date is subsequent to the service commencement date. During the period between service commencement date and grant date, the share-based payment expense recognised is based on an estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense recognised is based on the actual grant date fair value of the equity instruments granted. Except for investments in the Executive Ownership Plan (the Company) as of 2023, the only vesting condition for all other plans and investments is that the participant should still provide services for JDE Peet's.

When equity-settled share-based payment plans are modified to cash-settled, the share-based payment reserve is reclassified as a liability, using the share price at the date of the modification. The difference between the share price at the grant date and the fair value at the modification date for the pro-rata period since the grant date is recognised in retained earnings.

Cash-settled—If JDE Peet's has an obligation to settle in cash or an obligation to repurchase equity instruments awarded to directors or employees, the arrangement is classified as a cash-settled share-based payment arrangement.

For such an arrangement, the costs are recognised on a straight-line basis over the vesting period, whereby the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in the income statement.

When cash-settled share-based payment plans are modified to equity-settled, the liability is reclassified to the share-based payment reserve within equity using the share price at the date of the modification. This share price is assumed to be the updated grant date fair value and used in determining the expense over the remaining vesting period.

Share-based payment expenses are recognised based on a number of estimated assumptions regarding forfeitures and measurement of the fair value share prices. A change in these assumptions may result in changes in the share-based payment reserve or liability in the future.

Description and amendments of Plans under which Awards were granted to Employees—Total share-based payment expenses were recognised of EUR 43.3 million in fiscal year 2023 (2022: EUR 33.4 million). The total expense, which was recognised in selling, general and administrative expenses for EUR 40.5 million (2022: 37.4 million) and a cost of EUR 2.8 million (2022: benefit of EUR 4.0 million) was recognised with Finance expense, consisted of:

- EUR 25.0 million (2022: EUR 16.2 million) related to the Company's Long-Term Incentive Share Plan and Executive Ownership Plan
- EUR 7.1 million (2022: EUR 8.7 million) related to JDE's Long-Term Incentive Share Plan, Share Purchase Plan Senior Management and Executive Ownership Plan
- EUR 11.2 million (2022: EUR 8.5 million) related to Peet's Long-Term Incentive Share plan, Executive Ownership Plan and Management Stock.

Long-Term Incentive Share Plan (the Company)

A long-term incentive plan was established, under which Restricted Stock Units ("RSUs") were awarded to executive and non-executive board members and key employees of the Company. Each RSU entitles the relevant participant to receive certain number of shares in the Company based on the value at vesting of the RSU. A modification was made in September 2023, such that for certain participants in jurisdictions where vesting in shares poses regulatory challenges, vestings may be settled in cash. For all other participants, there is no present obligation to settle in cash or to repurchase, and subsequently these RSU awards are accounted for as equity-settled. Grants made since December 2021 have a vesting period of three years and grants prior to this date have a vesting period of five years.

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Executive Ownership Plan (the Company)
An Executive Ownership Plan was established, under which certain members of the Executive Committee of the Company were given the opportunity to invest in the Company through an indirect interest in JDEP Holding B.V. The investments are matched 1-for-1 and the costs are recognised over a five-year period or longer based on the service commencement date of the employee. There is no present obligation to settle in cash or to repurchase, and subsequently the RSU awards are accounted for as equity-settled. For investments made in 2023, the investment match is additionally subject to the achievement of performance conditions linked to the Company's ESG commitments.

Share Purchase Plan Senior Management (the Company)
In March 2023, a plan was introduced where Senior Management is given the opportunity to invest in shares of the Company, as a replacement of the Share Purchase Plan Senior Management (JDE). For every three shares purchased by the participant and held for a period of at least three years, the participant will be entitled to receive one RSU. Each RSU entitles the relevant participant to receive a share of the Company. This plan is governed under the same rules as the Long-Term Incentive Plan (the Company). As there is no present obligation to settle in cash or purchase the shares, this plan classified as equity-settled.

Long-Term Incentive Share Plan (JDE)
A Long-Term Incentive Share Plan was established, under which RSUs were awarded to key employees of JDE. Each RSU entitles the relevant participant to receive certain number of shares in the Company based on the value of the RSU at vesting. A modification was made in September 2023, such that for certain participants in jurisdictions where vesting in shares poses regulatory challenges, vestings may be settled in cash. For all other participants, there is no present obligation to settle in cash or to repurchase, and subsequently these RSU awards are accounted for as equity-settled. The vesting period of all grants under this plan is five years. The last grants under this plan were made in September 2021.

Executive Ownership Plan (JDE)
An Executive Ownership plan was established, under which certain members of the Executive Committee of JDE were given the opportunity to invest in JDE through an indirect share ownership in JDE Holdings Minority B.V. The investments are matched 1-for-1 and the costs recognised over a five-year period or longer based on the service commencement date of the employee. As there is no present obligation to settle in cash or purchase the shares, the EOP JDE is classified as equity-settled. No amendments were made to this plan.

Share Purchase Plan Senior Management (JDE)
Senior Management was given the opportunity to initially invest in JDE Certificates through a Foundation. For every three shares held for a period of at least five years, the participant will be entitled to receive one RSU. Each RSU entitles the relevant participant to receive the value of a JDE share, settled in an equivalent value in shares of the Company. This plan is governed under the same rules as the Long-Term Incentive Plan (JDE). During 2023, this plan was closed for new investments and replaced with the Share Purchase Plan Senior Management (the Company).

Long-Term Incentive Share Plan (Peet's)
A Long-Term Incentive Share Plan was established, under which RSUs are awarded to key employees of Peet's. Each RSU entitles the relevant participant to receive certain number of shares based on the value at vesting of the RSU. This plan and its Options (that become exercisable subject to vesting conditions) vest in either Peet's shares or shares of the Company and partly qualifies as equity-settled and party as cash-settled. No amendments were made to this plan.

Executive Ownership Plan (Peet's)
An Executive Ownership Plan was established, under which certain members of Senior Management of Peet's are given the opportunity to invest in Peet's through its immediate parent Peet's Inc. ("Peet's Inc."). The investments are matched 1-for-1 and the costs recognised over a period of four and a half years or longer, based on the service commencement date of the employee. The matching of the awards vest in either Peet's shares or shares of the Company and partly qualifies as equity-settled and party as cash-settled. No amendments were made to this plan.

Management Stock (Peet's)
Management of Peet's has the opportunity to invest in Peet's shares directly or owns Peet's shares as a result of vesting of RSUs or Options. This plan and its Options (that become exercisable subject to vesting conditions) vest in either Peet's shares or shares of the Company and partly qualifies as equity-settled and party as cash-settled. No amendments were made to this plan.

Summary of Awards Granted by Plan
Long-Term Incentive Share Plan (the Company)
Regular RSUs were granted to eligible employees in March and September 2023 and March, September and December 2022.

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The value of RSUs is based on the Company's share price. This resulted in a grant date fair value of EUR 18.9 million in 2023 (2022: EUR 20.8 million) to be recognised as a share-based payment expense over the applicable vesting period, taking into account an estimated forfeiture rate between 0% and 33% of awards that will eventually vest.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 28.02 (2022: EUR 28.85).

Details of the number of RSU share awards outstanding are as follows:

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled	2022 Equity-settled
In shares of the Company				
Balance at 1 January	**–**	**2,065,221**	**–**	**1,019,081**
Granted	15,181	1,040,906	–	1,092,324
Modified	109,533	(109,533)	–	–
Forfeited	–	(109,598)	–	(46,184)
Vested	–	(21,701)	–	–
Balance at 31 December	**124,714**	**2,865,295**	**–**	**2,065,221**

Share Purchase Plan Senior Management (the Company)
A total grant date fair value of EUR 0.7 million will be recognised as a share-based payment expense over the vesting period. For the awards made under this plan, a forfeiture rate between 0% and 33% was used when estimating the number of awards that will eventually vest.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 27.47.

Details of the number of RSU share awards outstanding are as follows:

	2023
In shares of the Company	
Granted	40,225
Balance as of 31 December	**40,225**

Executive Ownership Plan (the Company)
New investments equalled a grant date fair value of EUR 4.2 million in 2023 (2022: EUR 2.0 million). The investments during 2022 are recognised as a share-based payment expense over three years, where all other investments are generally recognised over a five-year period.

The weighted-average grant date fair value at 31 December 2023 of the outstanding share awards was EUR 32.76 (2022: EUR 33.58).

Details of the number of RSU share awards outstanding are as follows:

	2023	2022
In shares in the Company		
Balance at 1 January	**1,238,800**	**1,166,598**
Granted	159,397	72,202
Balance at 31 December	**1,398,197**	**1,238,800**

The Company's Executive Committee members financed their investments through own funds, loans issued by JDE Peet's, or a combination of own funds and loans. The total amount of loans provided to the Executive Committee members with respect to the share-based payment plans is disclosed in note 7.2 Related party transactions.

Long-Term Incentive Share Plan (JDE)
As the RSUs will be settled in shares in the Company based upon the value of JDE, the fair value of an RSU award equals the estimated share value of JDE of an ordinary share at the grant date. No grants were awarded in 2023 (2022: EUR (0.2) million). An estimated forfeiture rate between 0% and 33% has been applied of awards that will eventually vest.

The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.78.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 1,539 (2022: EUR 1,546).

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Details of the number of RSU share awards outstanding are as follows:

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled	2022 Equity-settled
In shares of JDE				
Balance at 1 January	**519**	**20,740**	**519**	**27,022**
Granted	—	—	—	(197)
Modified	841	(841)	—	—
Forfeited	—	(2,404)	—	(3,033)
Vested	(648)	(3,350)	—	(3,052)
Balance at 31 December	**712**	**14,145**	**519**	**20,740**

Executive Ownership Plan (JDE)
During 2023 and 2022 no new investments were made. The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.78.

The weighted-average grant date fair value at 31 December 2023 of the outstanding share awards was EUR 1,471 (2022: EUR 1,456).

Details of the number of share awards outstanding are as follows:

	2023	2022
In shares of the JDE		
Balance at 1 January	**9,731**	**9,731**
Forfeited	(1,893)	—
Vested	(1,942)	—
Balance at 31 December	**5,896**	**9,731**

Participants financed their investment through own funds, loans issued by JDE Peet's, or a combination of own funds and loans. The total amount of loans provided to the Executive Committee members with respect to the share-based payment plans is disclosed in note 7.2 Related party transactions.

Share Purchase Plan Senior Management (JDE)
During 2023 no new awards were granted. An estimated forfeiture rate between 0% and 33% has been applied of awards that will eventually vest.

The latest available conversion ratio applicable to the number of JDE RSUs to be converted in shares in the Company is: 43.78.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 1,434 (2022: EUR 1,406).

Details of the number of RSU share awards outstanding are as follows:

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled	2022 Equity-settled
In shares of JDE				
Balance at 1 January	**—**	**1,823**	**—**	**2,063**
Granted	—	—	—	44
Modified	10	(10)	—	—
Forfeited	—	(19)	—	(208)
Vested	—	(61)	—	(76)
Balance at 31 December	**10**	**1,733**	**—**	**1,823**

Long-Term Incentive Share Plan (Peet's)
Regular RSUs were granted to eligible employees in March and September 2023 and 2022. The vesting dates of these grants are in March and September 2026 and 2025, respectively.

As described above, this plan partly qualifies as cash-settled and partly as equity-settled.

With respect to the equity settled plans, a grant date fair value of EUR 5 million in 2023 (2022: EUR 8 million) was recognised as a share-based payment expense over the applicable vesting period of generally five years, taking into account an estimated forfeiture rate between 6% and 15% of awards that will eventually vest.

The latest available conversion ratio applicable to the number of Peet's RSUs to be converted in shares in the Company is: 5.78 with respect to the equity-settled plans.

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The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 141 per share (2022: EUR 145 per share).

The weighted-average exercise price of the options at 31 December 2023 is EUR 91 per share (2022: EUR 83 per share) with a weighted-average remaining contractual life of 2.9 years (2022: 3.5 years).

Details of the number of RSU share awards outstanding are as follows (after restating the comparative information):

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled restated	2022 Equity-settled restated
In shares of Peet's				
Balance at 1 January	**59,188**	**181,207**	**83,640**	**167,573**
Granted	—	35,601	—	54,364
Modified	(19,352)	19,352	—	—
Vested	(37,724)	(60,218)	(18,817)	(7,054)
Forfeited	(317)	(46,751)	(5,635)	(33,676)
Balance at 31 December	**1,795**	**129,191**	**59,188**	**181,207**

Details of the number of options outstanding are as follows (after restating the comparative information):

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled restated	2022 Equity-settled restated
In shares of Peet's				
Balance at 1 January	**66,939**	**12,263**	**80,222**	**14,999**
Modified	(23,195)	23,195	—	—
Exercised	(10,514)	(26,234)	(11,504)	(2,196)
Forfeited	(341)	—	(1,779)	(540)
Balance at 31 December	**32,889**	**9,224**	**66,939**	**12,263**

All options are exercisable at 31 December 2023 (2022: 78,654).

At 31 December 2023, a liability of EUR 8 million (2022: EUR 17 million) was recognised following the modification to cash-settled plans, including a part of the EOP plan as described below.

Executive Ownership Plan (Peet's)
Eligible employees who made a pre-established minimum investment in Peet's Inc. under the EOP were eligible to receive a matching award grant of RSUs which vest in a similar manner to the RSU awards granted under the LTIP. These matching awards are valued and expensed in the same manner as other RSU grants.

As described above, this plan partly qualifies as cash-settled and partly as equity-settled.

With respect to the equity-settled plans, a grant date fair value of EUR 0.8 million (2022: EUR 1.6 million) was recognised as a share-based payment expense over the applicable vesting period of generally five years, taking into account an estimated forfeiture rate between 6.0% and 14.6% of awards that will eventually vest.

The latest available conversion ratio applicable to the number of Peet's Options to be converted in shares in the Company is: 5.78 with respect to the equity-settled plans.

The weighted-average grant date fair value at 31 December 2023 of the outstanding RSU share awards was EUR 141 per share (2022: EUR 138 per share).

Details of the number of RSU share awards outstanding are as follows regarding the EOP (after restating the comparative information):

	2023 Cash-settled	2023 Equity-settled	2022 Cash-settled restated	2022 Equity-settled restated
In shares of Peet's				
Balance at 1 January	**33,808**	**12,117**	**61,994**	**7,049**
Granted	—	6,008	—	23,311
Vested	(1,876)	—	(21,983)	(12,247)
Forfeited	(1,781)	—	(6,203)	(5,996)
Balance at 31 December	**30,151**	**18,125**	**33,808**	**12,117**

Eligible employees were provided the option to finance a portion of their investment under the EOP with a loan from Peet's Inc. All loans outstanding as of 31 December 2023 are limited recourse loans which may be prepaid by participants at any time. The total amount of loans provided to the Executive Committee members with respect to the share-based payment plans is disclosed in note 7.2 Related party transactions.

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Management Stock (Peet's)
Management of Peet's has the opportunity to invest in Peet's shares directly or received Peet's shares due to the vesting of their RSUs. The value of these investments is classified as a liability as Peet's has the obligation to buy back these investments and amounted to EUR 26 million at 31 December 2023 (2022: EUR 26 million). The number of outstanding Management Stock that qualifies as a liability was 153,635 at 31 December 2023 (2022: 162,856).

Management of Peet's has the opportunity to invest in shares in the Company directly or received such shares following the vesting of their RSUs. The value of these investments is classified as equity as the Company does not have an obligation to buy back these investments. This is valued against the fair value of the share upon the issuance of the shares. The number of outstanding Management Stock that is classified as equity is 23,972 at 31 December 2023 (2022: 30,181).

[83] A duplication of a part of the share-based payment expense was identified and corrected in the comparative period.

7.2 RELATED PARTIES

Key management compensation

The compensation related to key management and non-executive Directors of JDE Peet's for employee services is as follows (in EUR million):

	2023	2022
Salaries	16	14
Share-based payment compensation[83]	24	26
Other, including pensions	1	2
Total	**41**	**42**
Executive Director	12	9
Non-executive Directors (the Board)	3	2

The definition of key management in this note differs from the definition as applied in the Remuneration Report as this definition includes senior management whilst the Remuneration Report only applies to the executive and non-executive Directors. The Remuneration Report is presented on page 179.

L2M acquisition—On 12 July 2022, JDE Peet's acquired L2M where Denis Hennequin, Non-executive Director of the Company, is one of the partners of the previous shareholder FrenchFood Capital. Denis Hennequin played no role in the identification of L2M as a potential acquisition target for the Company, nor did he play a role in the negotiation of the acquisition or otherwise. For further details, refer to note 3.1 Business combinations.

Shares in JDE Peet's—At 31 December 2023, Olivier Goudet held 851,849, Fabien Simon 31,013, Peter Harf 664,412, Joachim Creus 35,000, Carolyn Adams 943 and Tatiana Efremova 444 ordinary shares in JDE Peet's. In addition certain non-executive Directors have indirect interests in JDE Peet's through shareholdings in the parent companies.

Contribution by parent & distribution to parent—During 2023 no contributions were made by or distributed to the shareholders other than dividends.

Share-based payments—As described in note 7.1, directors and employees of JDE Peet's participate in share-based payment plans. The costs related to these plans are reflected as part of the selling, general and administrative expenses in the income statement.

Trading transactions

During the year, JDE Peet's entities entered into the following transactions with related parties outside the group of JDE Peet's (in EUR million):

	Sales to related parties		Purchases from related parties	
	2023	2022	2023	2022
Keurig Dr Pepper	5	4	90	92
Caribou[83]	—	—	34	34
Mondelēz Group[84]	—	—	44	38
Total	**5**	**4**	**167**	**164**

The following amounts were outstanding from/to related parties at reporting date (in EUR million):

	Owed by related parties		Owed to related parties	
	2023	2022	2023	2022
Keurig Dr Pepper	1	1	41	43
Caribou	—	—	4	42
Mondelēz Group	—	—	8	8
Total	**1**	**1**	**53**	**93**

Sales of goods to related parties were made at JDE Peet's' usual list prices, less usual discount provided to customers. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees were given or received. No provisions were made for doubtful debts in respect of the amounts owed by related parties.

Transactions with Mondelēz International Inc. Group—There were transactions between JDE Peet's and Mondelēz Group as part of the normal course of business, such as rental of office space.

Transactions between Peet's and Keurig Dr Pepper—There were transactions between Peet's and Keurig Dr Pepper (an entity ultimately partially owned by JAB) as part of the normal course of business, such as the purchase of coffee by Keurig Dr Pepper and subsequently purchase of K-cups by Peet's.

Transactions between Peet's and Caribou—There were transactions between the Peet's and Caribou (an entity ultimately owned by JAB) as part of the normal course of business, such as sale of coffee from Peet's to Caribou. On 18 January 2024, JDE Peet's announced it has signed a long-term global license agreement to manufacture, market and sell Caribou consumer and foodservice coffee products, excluding Caribou coffeehouses. The transaction is expected to close in the first quarter of 2024. In line with the Company's Related Party Transaction Policy, the JAB affiliated members of the Board did not participate in the decision making. Reference is made to note 9.6 Subsequent events.

Transactions with various pension funds—JDE Peet's has several transactions with the pension funds as further disclosed in note 9.1 Post-employment benefits. All transactions are related to payments to and/or to fund the pension funds.

Transactions with shareholders—In February 2022, Olivier Goudet, Non-executive Director of the Company, exercised his put option on shares in Peet's Coffee, Inc., in exchange for shares in the Company. This transaction happened at fair market value and resulted in the issuance of 751,849 ordinary shares. In the financial statements, his shares at Peet's Coffee,Inc. were recognised as a management-owned shares liability and the transaction resulted in a decrease of this liability for an amount of EUR 23 million.

Indemnification with Mondelēz

On 5 May 2020, JDE Peet's received notice of a potential indemnification claim pursuant to the JDE Global Contribution Agreement, following 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. On 28 January 2021, the European Commission announced it had taken the procedural step to open a formal antitrust investigation into Mondelēz International's conduct in relation to several product categories including coffee. The investigation concerns Mondelēz International and does not involve JDE Peet's. On 31 January 2023, Mondelēz disclosed that it is engaged in discussions with the European Commission in an effort to reach a negotiated, proportionate resolution to this matter and that it recognised a provision in relation to the investigation by the European Commission.

[84] Some sales and purchase transactions had been erroneously identified as related parties transactions and were therefore corrected in the comparative period.

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JDE Peet's has not been notified of any actual claim by Mondelēz, and the current assessment of any potential indemnification obligations of JDE Peet's in this respect remains uncertain and in all events would not be expected to be material.

Loans to related parties

Loans to key management—As described in note 7.1 Share-based payments, loans were granted to members of the executive committee for the sole purpose of participating in the Executive Ownership Plans of JDE Peet's. The loans bear interest at 3% and early repayment is allowed. The total amount of loans outstanding to Executive Committee members amounted to EUR 19 million at 31 December 2023 (2022: EUR 18 million).

Loans from related parties

At 31 December 2023, the Company had no outstanding loans with related parties.

Fiscal unity

Certain subsidiaries of the Company were included with affiliates not part of JDE Peet's in a combined group tax filing. The Company, together with certain of its Dutch subsidiaries, is part of a tax grouping for Dutch corporate income tax purposes.

8. INCOME TAXES

Income tax expense for the period comprises of current and deferred tax. Current and deferred tax is recognised in the income statement, except when it relates to a business combination or for items recognised in OCI or directly in Equity.

Current income tax—Current income tax is the expected income tax payable or receivable in respect of taxable income or loss for the current year in the countries where JDE Peet's operates and generates taxable income, using the tax rates enacted or substantially enacted at the reporting date, and any adjustments thereto in respect of previous years.

Deferred income tax—Deferred income tax is a tax payable or receivable in the future and is recognised on temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts, unused tax losses and unused tax credits.

Deferred income tax is not recognised on temporary differences related to: (i) the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, (ii) the investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that JDE Peet's is able to control the timing and reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and (iii) the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. The criteria that are considered in assessing the probability that sufficient taxable profit will be available include: (i) the existence of taxable temporary differences that relate to the same taxation authority and the same taxable entity, (ii) expected future taxable profits and (iii) tax planning opportunities. In case a history of recent losses is present, it is considered whether convincing other evidence exists, such as the nature of the (historical) losses and changes in activities to support recognising the deferred tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

JDE Peet's applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. As a result, JDE Peet's neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Uncertain tax treatments—An uncertain income tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the taxation authority. Such uncertainty can relate to all aspects of income tax accounting, including taxable profit or loss, the tax bases of assets and liabilities, tax losses, tax credits and tax rates. If JDE Peet's concludes it is probable that the taxation authority will not accept an uncertain tax treatment, a liability is recognised to reflect the effect of the uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, to the extent that a reliable estimate can be made.

If JDE Peet's concludes it is possible but not probable that a taxation authority will not accept an uncertain tax treatment, JDE Peet's shall determine whether to disclose the potential effect of the uncertainty as a tax-related contingency, see note 9.5.

Key accounting estimate and judgement—JDE Peet's is subject to taxation in the many countries in which it operates. The tax legislation of these countries differs, is often complex and is subject to interpretation by management and the government authorities. These matters of judgement give rise to the need to create provisions for income tax payments that may arise in future years with respect to transactions already undertaken. Judgment is made about whether each uncertainty should be considered independently or whether some uncertainties can be considered together, when recognising and measuring provision for income tax payments. The income tax provision is estimated based on either of the following methods, depending on which method JDE Peet's expects to better predict the resolution of the uncertainty: (i) the most likely amount - the single most likely amount in a range of possible outcomes, or (ii) the expected value - the sum of the probability-weighted amounts in a range of possible outcomes.

If new information becomes available, this may cause JDE Peet's to change its judgement regarding the adequacy of existing income tax liabilities; such changes to income tax liabilities will impact the income tax expense in the period that such determination is made.

For the utilisation of tax losses and recognition of other deferred tax assets, management uses judgement to assess whether there will be sufficient future taxable profits to utilise such deferred tax assets.

Other—In December 2022, formal approval was given to the adoption of the EU Pillar Two Directive under which member states need to enact global minimum taxation rules before 31 December 2023. Based on the annual turnover threshold, JDE Peet's falls within the scope of these rules (i.e. Pillar Two). In December 2023, Pillar Two income taxes legislation was enacted in the Netherlands. Therefore, JDE Peet's N.V. as parent company will be required to pay top-up tax in the Netherlands on profits of its subsidiaries that are taxed at an effective tax rate of less than 15% – and do not meet the transitional safe harbour tests – effective for the financial year beginning 1 January 2024.

We have performed an initial impact assessment based on the best interpretation of technical guidance as issued to date. The assessment and further clarification of applicable rules and guidance will be further fine-tuned and validated in 2024. Based on this assessment considering the most recent information available regarding the financial performance of the constituent entities within JDE Peet's, we expect the Pillar Two effective tax rates in most of the jurisdictions in which JDE Peet's operates to be above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply, and the Pillar Two effective tax rate is close to 15%. JDE Peet's does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Income Tax Expense

The components of the income tax expense are as follows (in EUR million):

	2023	2022
Current tax (expense) / benefit	(220)	(219)
Deferred tax (expense) / benefit	47	(38)
Total income tax expense	**(173)**	**(257)**

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Reconciliation of the effective tax rate (in EUR million):

	2023		2022	
Profit before income taxes	537		1,018	
	Tax	%	Tax	%
Income tax using JDE Peet's calculated weighted-average statutory income tax (a)[85]	(120)	22.3 %	(224)	22.0 %
Differences between computed rate of tax and effective tax rate due to:				
– Tax exempt and non-taxable income	11	(2.0)%	13	(1.3)%
– Non-deductible expenses	(34)	6.3 %	(17)	1.7 %
– Repatriation taxation of earnings and withholding	(8)	1.5 %	(12)	1.2 %
– Recognition/(non-recognition) of deferred tax assets	(13)	2.4 %	(15)	1.5 %
– Tax reserves and prior year related tax adjustments	(4)	0.7 %	2	(0.2)%
– Other taxes	(5)	1.0 %	(4)	0.3 %
Effective tax rate	**(173)**	**32.2 %**	**(257)**	**25.2 %**

In 2023, the JDE Peet's' effective income tax rate of 32.2% (tax expense of EUR 173 million) was higher (9.9%, tax expense of EUR 53 million) than the calculated weighted-average statutory income tax rate of 22.3% (tax expense of EUR 120 million) due to various items increasing the tax expense (in total EUR 64 million with increasing effect of 11.9%), which are partly offset by various tax exempt and non-taxable items decreasing the tax expense (in total EUR 11.0 million with decreasing effect of 2.0%).

Items with increasing effect on tax expense in 2023 mainly consist of the following: (i) non-deductible expenses (increasing the tax expense with EUR 34 million, increasing effect of 6.3%), such as long-term incentive costs and change in fair value of derivative financial instruments, (ii) irrecoverable withholding taxes paid by subsidiaries on dividends and on other cross-border payments such as royalties and service fees, which cannot be offset against other taxes due (increasing the tax expense with EUR 8 million, increasing effect of 1.5%), (iii) non-recognition of deferred tax assets for tax losses, for which we do not expect sufficient future taxable profits to utilise such losses before they expire (increasing the tax expense with EUR 13 million, increasing effect of 2.4%) and (iv) tax reserves and prior year related tax adjustments (increasing tax expense with EUR 4 million, increasing effect of 0.7%).

The decreasing effect on the tax expense in 2023 is mainly due to tax exempt and non-taxable income (decreasing the tax expense with EUR 11 million, decreasing effect of 2.0%).

In 2022, the JDE Peet's' effective income tax rate of 25.2% (tax expense of EUR 257 million) was higher (3.2%, tax expense of EUR 33 million) than the calculated weighted-average statutory income tax rate of 22.0% (tax expense of EUR 224 million) due to various items increasing the tax expense (in total EUR 48 million with increasing effect of 4.7%), which are offset by the various items decreasing the tax expense (in total EUR 15 million with decreasing effect of 1.5%).

Deferred Income Tax Assets and Liabilities

The analysis of the deferred income tax assets and liabilities is as follows (in EUR million):

	2023	2022
Deferred income tax assets	49	35
Deferred income tax liabilities	(1,226)	(1,265)
Net deferred income tax	**(1,177)**	**(1,230)**

[85] JDE Peet's' calculated weighted-average statutory income tax is the average of the standard rate of tax (including the impact of tax rate attributes) applicable in the countries in which JDE Peet's operates, weighted by the amount of underlying profit before taxation generated in each of those countries. For this reason, the rate may vary from year to year according to the mix of profit and related tax rates.

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Deferred tax assets and deferred tax liabilities are attributable to the following items (in EUR million):

	2023			2022		
	Deferred tax assets	Deferred tax liabilities	Net deferred tax asset/ (liability)	Deferred tax assets	Deferred tax liabilities	Net deferred tax asset/ (liability)
Property, plant and equipment	4	(81)	(77)	–	(98)	(98)
Goodwill and other intangible assets	11	(1,301)	(1,290)	12	(1,318)	(1,306)
Other non-current financial assets	112	(1)	111	121	(3)	118
Retirement benefit asset/ obligations	33	(108)	(75)	28	(103)	(75)
Share-based payments	4	–	4	7	–	7
Borrowings	40	–	40	39	–	39
Derivative financial instruments	3	–	3	8	–	8
Provisions and other	18	1	19	15	(5)	10
Trade and other receivables/ payables	39	–	39	40	–	40
Inventories	10	(3)	7	8	(1)	7
Tax on repatriation of earnings	–	(49)	(49)	–	(61)	(61)
Tax loss carry forwards	91	–	91	81	–	81
Subtotal	**365**	**(1,542)**	**(1,177)**	**359**	**(1,589)**	**(1,230)**
Offset of deferred tax positions	(316)	316	–	(324)	324	–
Net deferred tax asset/ (liability)	**49**	**(1,226)**	**(1,177)**	**35**	**(1,265)**	**(1,230)**

The tax effect relating to temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised amounts to EUR 50 million (2022: EUR 35 million). This is because JDE Peet's is able to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

Movement in deferred tax balances during the year

In 2023, the net deferred tax liability position decreased with EUR 53 million from a net deferred tax liabilty of EUR 1,230 million in 2022 to a net deferred tax liability of EUR 1,177 million in 2023. This decrease was the result of (i) an decrease of deferred tax liabilities (decreasing the net deferred tax liability with EUR 39 million) and (ii) a increase of deferred tax assets (decreasing the net deferred tax liability with EUR 14 million). The decrease of net deferred tax liability mainly resulted from (a) decrease of deferred tax liabilities resulting from the impairment of an intangible asset (decreasing the net deferred tax liability with EUR 39 million), (b) decrease of deferred tax liabilities in relation to estimated tax on repatriation of earnings (decreasing the net deferred tax liability with EUR 12 million) and (c) the increase of deferred tax assets for tax loss carry forwards (decreasing of net deferred tax liability with EUR 10 million), partly offset by recurring changes in other temporary differences (increasing of net deferred tax liability with EUR 10 million).

In 2022, the net deferred tax liability position increased with EUR 68 million from a net deferred tax liability of EUR 1,162 million in 2021 to a net deferred tax liability of EUR 1,230 million in 2022. The increase was the result of (i) an increase of deferred tax liabilities (increasing the net deferred tax liability with EUR 37 million), (ii) a decrease of deferred tax assets for various temporary differences (increasing the net deferred tax liability with EUR 7 million), partially offset by (iii) a decrease of recognised deferred tax assets for tax loss carry forwards (increasing of net deferred tax liability with EUR 24 million).

Changes in the application of hyperinflationary accounting have been booked directly through equity, resulting in an increase of the net deferred tax liability with EUR 4 million in 2023 and EUR 7 million in 2022.

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The movements during 2023 and 2022 are as follows (in EUR million):

	Balance at 31 December 2022	(Charged) Credited to the income statement	(Charged) Credited directly to other comprehensive income	(Charged) Credited directly to equity	Currency translation	Balance at 31 December 2023
Property, plant and equipment	(98)	19	–	2	–	(77)
Goodwill and other intangible assets	(1,306)	13	–	(2)	5	(1,290)
Other non-current financial assets	118	(7)	–	–	–	111
Retirement benefit asset/obligations	(75)	(7)	9	–	(2)	(75)
Share-based payments	7	(2)	–	(1)	–	4
Borrowings	39	1	–	–	–	40
Derivative financial instruments	8	–	(5)	–	–	3
Provisions and other	10	9	–	–	–	19
Trade and other receivables/payables	40	1	–	–	(2)	39
Inventories	7	3	–	(3)	–	7
Tax on repatriation of earnings	(61)	12	–	–	–	(49)
Tax loss carry forwards	81	4	2	–	4	91
Net deferred tax asset/(liability)	**(1,230)**	**46**	**2**	**(4)**	**5**	**(1,177)**

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	Balance at 31 December 2021	(Charged) Credited to the income statement	(Charged) Credited directly to other comprehensive income and equity	Currency translation	Business combinations	Balance at 31 December 2022
Property, plant and equipment	(108)	14	(1)	(3)	–	(98)
Goodwill and other intangible assets	(1,283)	(1)	(4)	(6)	(12)	(1,306)
Other non-current financial assets	126	(8)	–	–	–	118
Retirement benefit asset/ obligations	(64)	(4)	(13)	6	–	(75)
Share-based payments	4	3	–	–	–	7
Borrowings	45	(7)	–	1	–	39
Derivative financial instruments	6	(14)	16	–	–	8
Provisions and other	25	(15)	–	–	–	10
Trade and other receivables/ payables	28	13	–	(1)	–	40
Inventories	8	2	(2)	(1)	–	7
Tax on repatriation of earnings	(55)	(6)	–	–	–	(61)
Other tax credits carry forwards	1	(1)	–	–	–	–
Tax loss carry forwards	105	(14)	(7)	(3)	–	81
Net deferred tax asset/(liability)	**(1,162)**	**(38)**	**(11)**	**(7)**	**(12)**	**(1,230)**

Tax losses, tax credits and other carried forwards

JDE Peet's has tax losses carried forward of EUR 736 million at 31 December 2023 (2022: EUR 697 million), for which EUR 91 million was recognised as a deferred tax asset (2022: EUR 81 million). Unrecognised deferred tax assets on tax losses amounted to EUR 89 million in 2023 (2022: EUR 82 million).

These (un)recognised tax losses carried forward expire as to the table below (in EUR million):

	Tax losses unrecognised		Tax losses recognised		Total tax losses	
	2023	2022	2023	2022	2023	2022
Within 1 year	9	6	–	–	9	6
1 to 2 years	6	6	–	–	6	6
2 to 3 years	8	6	–	–	8	6
3 to 4 years	13	9	–	–	13	9
4 to 5 years	16	14	7	–	23	14
Later	20	16	67	75	87	91
Unlimited	277	261	313	304	590	565
Balance at 31 December	**349**	**318**	**387**	**379**	**736**	**697**

JDE Peet's has US and Netherlands tax credits carry forwards at 31 December 2023 of EUR 22 million (2022: EUR 21 million) for which no deferred tax asset was recognised as it is not expected they will be utilised. The tax credits carry forwards expire between 5 to 8 years (EUR 15 million) and the remaining EUR 7 million are carried forward unlimited in time.

The tax effect of other deductible temporary differences that have not been recognised, amounted to EUR 32 million in 2023 (2022: EUR 33 million) as it is not expected they will be utilised.

9. OTHER DISCLOSURES

9.1 POST EMPLOYMENT AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS

JDE Peet's contributes to defined contribution retirement benefit plans that are recognised as expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each fiscal year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise. Past service cost is recognised immediately in the income statement. For defined benefit plans, the operating and finance expense are recognised separately in the income statement. The amount recognised as operating cost in the income statement is the cost of accruing pension benefits promised to employees over the year, plus the costs of individual events such as past service benefit enhancements, settlements and curtailments (such events are recognised immediately in the income statement). The amount recognised as finance income includes a credit equivalent to the interest income on the pension plans' assets over the year, offset by a charge equal to the interest expense in the plans' liabilities over the year.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligation, as adjusted for past service cost, and as reduced by the fair value of plan assets.

Key accounting estimate and judgement—JDE Peet's sponsors defined benefit plans and provides other post-employment benefits. Assumptions are an important element in the actuarial methods that are used to measure the expense and obligations relative to employee benefits. The assumptions utilised include discount rate, inflation and indexation, life expectancy, payroll increase and health-care trends. Any change in these assumptions could potentially result in a significant change to the pension assets, pension liabilities, commitments and pension costs in future periods.

JDE Peet's operates a number of defined benefit and defined contribution plans for its employees.

Defined Contribution Plans

JDE Peet's sponsors defined contribution pension plans for its employees. The cost is determined by the contributions to these plans and is recognised when it becomes due. The amount of expense recognised during the fiscal year 2023 was EUR 35 million (2022: EUR 33 million).

Defined Benefit Plans (Pension, Jubilee and Post-Employment Medical)

JDE Peet's sponsors defined benefit plans in a number of countries, with the most significant plans in the UK and Germany. The defined benefit plans include pension plans, jubilee plans and post-employment medical benefit plans.

United Kingdom – The UK Pension Plan is fully funded on a technical provisions basis.

The Trustee of the plan implemented an investment strategy in which 90% of the plan assets are invested in matching assets (corporate credits and – index linked – gilts) and 10% of plan assets are invested in worldwide equity. The overall investment portfolio is structured in such a way that the volatility of the funded status is within 2% per year. The target return of the investments is 50 – 75bps above gilts (excl. manager fees), while the technical provisions basis is set at Gilts +50bps. Under UK Pensions Law the sponsoring companies remain liable in case of future deficits in the pension plan.

The past service costs of EUR 11 million recognised as a benefit in the income statement for the year ending 31 December 2023 was a result of the change in legal view of the treatment of one the Plan Sections' (Courtaulds) pension increases. These are based on the Consumer Price Index (CPI) going forward for all Courtaulds-members who up until 2023 had increases based on the Retail Price Index (RPI). The Trustee of the Plan confirmed that the CPI is a better measure of inflation, which should be used to value the pension liabilities. All affected plan members were informed about the change in April 2023.

The value of the UK Plan at 31 December 2023 amounted to a net asset of EUR 432 million (2022: EUR 413 million). No asset ceiling applies to this plan.

The funding of the plan was 132.9% at 31 December 2023 (2022: 125.5%).

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Germany — There are six (largely) unfunded defined benefit plans in Germany. About 1,000 employees (2022: 1,000) accrue benefits in two (closed) schemes: a jubilee plan and a deferred compensation plan. The total defined benefit obligation at 31 December 2023 was EUR 144 million (2022: EUR 213 million) of which EUR 81 million (2022: EUR 82 million) was funded by means of a Contractual Trust Agreement.

A summary of the amounts recognised in the financial statements related to the pension, jubilee and post-employment medical plans is as follows (in EUR million):

	2023	2022
Defined benefit obligation of funded plans	(1,120)	(1,111)
Fair value of plan assets	1,552	1,524
Funded defined benefit plans with a surplus	**432**	**413**
Defined benefit obligation of funded plans	(280)	(254)
Fair value of plan assets	119	115
Funded defined benefit plans with a deficit	**(161)**	**(139)**
Post-employment medical & jubilee benefits	(9)	(10)
Defined benefit liability	**(170)**	**(149)**

The following provides detailed disclosures regarding the pension, jubilee and the post-employment medical plans.

Pension Benefits — The reconciliation of the amounts recognised in the table above to the total defined benefit obligation and fair value of plan assets is as follows (in EUR million):

	2023	2022
Total defined benefit obligation	(1,400)	(1,365)
Total fair value of plan assets	1,671	1,639
Net defined benefit position	**271**	**274**

Information on plan assets and defined benefit obligation per country

The defined benefit obligation at 31 December per country and the plan assets per country can be specified as follows (in EUR million):

	Plan assets		Defined benefit obligations	
	2023	2022	2023	2022
United Kingdom	1,552	1,524	(1,120)	(1,111)
Germany	81	77	(226)	(203)
Other	38	38	(54)	(51)

The weighted-average duration of the defined benefit obligations for the UK at 31 December 2023 is 11.6 years (2022: 11.8 years) and for Germany at 31 December 2023 is 16.8 years (2022: 16.6 years).

The movement in the defined benefit obligation over the year is as follows (in EUR million):

	2023	2022
Defined benefit obligation at 1 January	**1,365**	**2,060**
Employer service costs	5	9
Interest expense	61	34
Past service costs	(11)	—
Administration costs	2	2
Actuarial (gain)/loss due to experience	(2)	87
Actuarial (gain)/loss due to demographic assumption changes	(14)	(13)
Actuarial (gain)/loss due to financial assumption changes	40	(670)
Foreign currency translation	25	(67)
Benefits paid	(72)	(77)
Other	1	—
Defined benefit obligation at 31 December	**1,400**	**1,365**

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The movement in the fair value of plan assets is as follows (in EUR million):

	2023	2022
Fair value of plan assets at 1 January	**1,639**	**2,323**
Employer contributions	8	7
Benefits paid	(72)	(77)
Interest income	76	40
Return on plan assets greater/(less) than interest income	(14)	(565)
Foreign currency translation	34	(89)
Fair value of plan assets at 31 December	**1,671**	**1,639**

The amounts recognised in the income statement are as follows (in EUR million):

	2023	2022
Employer service costs	5	9
Past service costs	(11)	–
Interest expense on defined benefit obligation	61	34
Interest income on plan assets	(76)	(40)
Administration costs	2	2
Total defined benefit cost recognised in the consolidated income statement	**(19)**	**5**

Of the total defined benefit recognised in the income statement a benefit of EUR 6 million (2022: cost of EUR 9 million) was recognised in selling, general and administrative expenses and cost of sales for the period.

The amounts recognised in the statements of comprehensive income (before tax) are as follows (in EUR million):

	2023	2022
Balance at 1 January	**(325)**	**(309)**
Actuarial (gains) / losses on the defined benefit obligation	24	(596)
Actuarial (gains) / losses on the plan assets	14	565
Foreign currency translation	(6)	15
Balance at 31 December	**(293)**	**(325)**

The experience adjustments and actuarial gains and losses due to change in actuarial assumptions are as follows and relate to the plans included in the statement of financial position at the end of the year (in EUR million):

	2023	2022
Liability (gain) or loss due to experience	(2)	87
Liability (gain) or loss due to demographic and financial assumptions changes	26	(683)
Actuarial (gains) / losses on the defined benefit obligation	**24**	**(596)**
Asset (gain) or loss due to experience	14	565
Actuarial (gain) or loss recognised	**38**	**(31)**

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 fiscal year are as follows:

	2023		2022	
	UK	Germany	UK	Germany
Discount rate	4.50%	3.20%	4.80%	3.70 %
Indexation rate inactive participants - deferred	2.75%	N/A	2.90%	N/A
Indexation rate inactive participants - pensioners	2.75%	2.00%	3.25%	2.00 %
Inflation rate	3.20%	2.50%	3.40%	2.50 %
Future salary increases	N/A	2.75%	N/A	2.75 %

The discount rate is determined by utilising a yield curve based on high-quality, fixed-income investments that have an AA bond rating to discount the expected future benefit payments to plan participants. Salary increase assumptions are based upon historical experience and anticipated future management actions.

Assumptions regarding future mortality experience are set, based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following mortality tables:

- UK: SAPS S2 Pensioners +0.3 yr age rating with CMI Core Projection Model 2022 update, with a 1.25% long-term trend, 0.25% initial addition to improvements, weights of 0%, 0% and 25% applied to 2020, 2021 and 2022 experience, respectively
- Germany: Heubeck 2018G.

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Sensitivity to changes in individual parameters used as of 31 December 2023 can be estimated as follows:

- A 50 basis point decrease in the discount rate of interest would increase the defined benefit obligation by approximately EUR 88 million (2022: EUR 87 million)
- A 50 basis point increase in inflation assumption would increase the defined benefit obligation by approximately EUR 56 million (2022: EUR 49 million)
- A 50 basis point increase in the salary growth rate would increase the defined benefit obligation by approximately EUR 5 million (2022: EUR 6 million).

The pension plan asset allocation differs per plan. On a weighted-average basis, the allocation was as follows:

	2023	2022
Equity instruments	7.5%	7.1%
Bond instruments	4.8%	4.7%
Other	87.7%	88.2%
Total	**100.0%**	**100.0%**

Investment strategies are based on the composition of the plan liabilities. With the aid of asset liability management modelling, analyses are made of possible future economic scenarios and investment portfolios. Based on these analyses, investment strategies are determined for each plan to produce optimal investment returns at acceptable funding ratio risk levels. Less favourable years can be part of these scenarios. The strategic targets changed substantially from 2009 since one of the pension plans in the United Kingdom with significant assets is inactive and therefore the plan assets are mainly invested in fixed-income securities and cash instruments only, which are included in "Other" in the table above.

Expected cash contributions to retirement benefit plans for fiscal year 2024 are EUR 10 million (2023: EUR 9 million). The exact amount of cash contributions made to pension plans in any year is dependent on a number of factors including minimum funding requirements in the jurisdictions in which JDE Peet's operates the tax deductibility of amounts funded and arrangements made with the trustees of certain foreign plans.

Jubilee and Post-Employment Medical Benefits—JDE Peet's operates a post-employment medical benefit scheme in the Netherlands and Jubilee schemes in the Netherlands, Austria and Germany. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes except for the treatment of actuarial gains and losses which are recognised immediately in the income statement. The plans are unfunded.

The movement in the defined benefit obligation is as follows (in EUR million):

	2023	2022
Balance at 1 January	**10**	**13**
Employer service cost	—	1
Employer contribution	(1)	(1)
Actuarial (gain)/loss due to financial assumption changes	—	(3)
Balance at 31 December	**9**	**10**

9.2 PROVISIONS

Termination Benefits—Termination benefits are payable when employment is terminated by JDE Peet's before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The estimated costs associated with these benefits are reflected in the restructuring provisions.

Provisions—Provisions, which are primarily for restructuring costs, legal claims, medical claims and environmental obligations are recognised when JDE Peet's has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions primarily comprise employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

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When the carrying amount of a provision is an estimate of a single amount to be received or paid in the future, the cost of debt is used to discount the provision. When an expected cash flow approach is used to determine the carrying amount of the provision (the sum of probability-weighted amounts in a range of possible estimated amounts), the risk-free rate will be used to discount the provision.

Key accounting estimate and judgement:

Restructuring provisions—A provision for restructuring costs is recognised when a detailed formal plan for the restructuring has been determined and the plan has been communicated to the parties that may be affected by it. The provision is based on a number of assumptions including the timing of the payments and the number of employees that will ultimately receive the termination benefits. A change in these assumptions may result in a significant change in the liability in future periods. Adjustments to previously recognised charges resulting from a change in estimate are recognised in the period in which the change is identified.

In assessing the likelihood of occurrence of restructuring provisions, judgement is required to determine if an outflow of economic resources is probable. Where it is probable, a liability is recognised and further judgement is used to determine the level of the provision.

Legal and other provisions—JDE Peet's is involved in certain litigation and other legal proceedings. These claims involve highly complex issues, damages and other matters. In assessing the likelihood of occurrence of legal provisions, there is uncertainty as to estimating likely outcomes or ranges of possible loss, as investigations are not conducted in a consistent manner across jurisdictions and each country and agency has different set of laws, rules and regulations. Accordingly, the outcome of these matters cannot be predicted. However, the unfavourable resolution of one or more of these proceedings could have a material adverse effect on the business, results of operations, financial conditions and/or cash flows. Where it is probable, a liability is recognised and further judgement is used to determine the level of the provision.

The change in provisions was as follows (in EUR million):

	Restructuring	Legal and other	Total
Balance at 1 January 2022	**20**	**37**	**57**
Additions charged to income statement	9	18	27
Payments	(9)	(4)	(13)
Reductions related from remeasurement or settlement without cost	1	—	1
Currency translation differences	1	(1)	—
Balance at 31 December 2022	**22**	**50**	**72**
Non-current	5	28	33
Current	17	22	39
Balance at 31 December 2022	**22**	**50**	**72**
Additions charged to income statement	54	6	60
Payments	(20)	(6)	(26)
Reductions related from remeasurement or settlement without cost	(2)	(1)	(3)
Currency translation differences	—	1	1
Balance at 31 December 2023	**54**	**50**	**104**
Non-current	7	29	36
Current	47	21	68
Balance at 31 December 2023	**54**	**50**	**104**

Restructuring— An expense of EUR 54 million was recognised during the year ended 31 December 2023 (2022: EUR 9 million) mainly related to the actions to right-size the former CPG and Out-of-Home segments following the announcement to combine these former separate segments into one segment Europe and the intended closure of the production and research & development operations in Banbury, United Kingdom. The costs incurred in 2022 related to several smaller initiatives.

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Legal and other provisions

The composition of legal and other provisions is as follows (in EUR million):

	2023	2022
Branded Apparel	15	15
Other	35	35
Total	**50**	**50**

Branded Apparel—The provision relates to Branded Apparel, a previously divested business. The provision includes medical claims related to injuries caused to former employees as a result of noise-induced hearing loss and asbestos exposure, which may result in payments to those individuals for their related medical expenses. The expense related to this provision was recognised in selling, general and administrative expenses in the income statement.

Other—Includes items such as:

- Decommissioning provisions related to property, plant and equipment
- Environmental provisions
- Non-income tax provisions
- Provisions for labour and insurance claims
- Warranty provisions
- Contingent liabilities assumed in and indemnifications resulting from business combinations.

9.3 OTHER NON-CURRENT ASSETS

For the accounting policy on investments in associates reference is made to section 1.4 of this report. The composition of other non-current assets is as follows (in EUR million):

	2023	2022
Lease receivables	3	3
Advance to related parties	24	24
Investment in associates	15	20
Other non-current assets	30	39
Total	**72**	**86**

The advance to related parties represent loans granted to key management members in relation to their share-based payment plans. The investments in associates presented are classified as other (non-strategic) investments in accordance with JDE Peet's accounting policies.

9.4 OTHER NON-CURRENT LIABILITIES

The composition of other non-current liabilities is as follows (in EUR million):

	Note	2023	2022
Deferred revenue		61	59
Share-based payment liability	7.1	8	17
Management-owned shares liability	7.1	26	25
Other		12	9
Total non-current liabilities		**107**	**110**

Deferred revenue—Deferred revenue relates to the customer loyalty programmes as further described in accounting policies (note 2.2). The current portion of this deferred revenue is included in trade and other payables (note 4.3).

Share-based payment and Management-owned shares liability—All fair value changes were recognised in the profit and loss account for a benefit of EUR 1 million (2022: EUR 4 million expense) in the selling, general and administrative expenses and an expense of EUR 4 million (2022: benefit of EUR 4 million) in the finance expenses for the share-based payment liability and the management-owned shares liability, respectively. For more information about these plans reference is made to note 7.1.

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The change in the management-owned shares was as follows (in EUR million):

	2023	2022
Balance at 1 January	**25**	**68**
Fair value through income statement	4	(4)
Vesting of share-based payments	—	7
Exercises	14	2
Currency translation	—	5
Shares cancelled	(4)	(3)
Shared sold	(5)	(50)
Reclassification from / (to) equity	(8)	—
Balance at 31 December	**26**	**25**

9.5 COMMITMENTS AND CONTINGENCIES

Commitments—The off-balance sheet commitments consist of the following (in EUR million):

	2023	2022
Purchase commitments	817	773
Operating leases	5	5
Guarantees	1	2
	823	**780**

On 24 July 2023, JDE Peet's announced that it had signed an agreement to acquire 100% of the shares in the Maratá coffee & tea business in Brazil from JAV Group. This acquisition was completed on 4 January 2024. Reference is made to notes 9.6 Subsequent Events and 3.1 Business Combinations.

Purchase commitments–Purchase commitments primarily consist of commitments related to the purchases of green coffee, packaging, other raw materials/commodities and services.

Operating lease commitments–JDE Peet's leases certain facilities, equipment and vehicles under agreements that are classified as operating leases. The building leases have various lease terms, while the equipment and vehicle leases have terms of generally less than seven years. Leases of assets with a low value, or term of less than 12 months are included in the operating lease commitments.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows (in EUR million):

	2023	2022
Not later than one year	3	3
Later than one year and not longer than five years	2	2
Later than five years	—	—
	5	**5**

Guarantees–JDE Peet's is party to a variety of agreements under which it may be obligated to indemnify a third party against losses arising from a breach of representation and covenants related to matters such as title to assets sold, the collectability of receivables, specified environmental matters, lease obligations assumed and certain tax matters. In each of these circumstances, payment by JDE Peet's is conditioned on the other party making a claim pursuant to the procedures specified in the contract. These procedures allow JDE Peet's to challenge the other party's claims. In addition, the obligations under these agreements may be limited in terms of time and/or amount, and in some cases JDE Peet's may have recourse against third parties for certain payments it made. Historically, payments made by JDE Peet's under these agreements have not had a material effect on its business, financial condition or results of operations.

Contingencies—JDE Peet's has various contingent liabilities. The most significant contingencies are described below:

- JDE Peet's is involved from time to time in legal and arbitration proceedings arising in the ordinary course of business—In the judgement of management no losses, in excess of provisions made, which could be material in relation to JDE Peet's financial position are likely to arise in respect of these matters. Furthermore, the exposures cannot be reliably estimated.

- Taxes—JDE Peet's operates in many jurisdictions and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. As such, the recognition and measurement of tax positions and determination of contingent tax liabilities requires significant judgement. Contingent liabilities cover tax risks for which the outflow is assessed lower than probable but possible and may be challenged in tax disputes and proceedings arising in the ordinary course of business. JDE Peet's contingent liabilities that arise in respect of tax litigation or investigations by fiscal authorities mainly relate to tax positions in Brazil and include a large number of cases with a risk assessment lower than probable but possible not to be accepted, one of which arose in 2023 with an exposure in excess of EUR 50 million for fiscal years 2019 to 2022 attributable to non-income tax matters for which JDE Peet's already received a favourable non-final decision from the first-level administrative courts of the State of São Paulo for fiscal years 2019 up to and including 2022. Assessing the amount of such tax contingencies is highly judgemental, and the timing of possible outflows is uncertain. Management believes they will prevail in further proceedings with the tax authorities, however there can be no guarantee of success in court. In each case we believe the position is strong so they have not been provided for.

Any exposures assessed possible, not probable, were measured at their fair value upon a business combination transaction.

JDE Peet's considered the impact of climate risk on the recognition and measurement of provision and contingencies. No such provision or contingency has been recognised to date.

9.6 SUBSEQUENT EVENTS

On 5 January 2024, JDE Peet's successfully completed the acquisition of the Brazilian coffee & tea business Maratá from JAV Group for a total purchase consideration of BRL 3,350 million before closing adjustments of approx. BRL 400 million (net of cash acquired), which was first announced on 24 July 2023. The acquisition expanded JDE Peet's' emerging markets presence.

Maratá's coffee & tea business is predominantly present in the northern part of Brazil through its long-standing and well-known brands Café Maratá and Chá Maratá. The business employs around 1,200 employees, operates two manufacturing plants and reported around BRL 1.3 billion annual average sales for the last two years.

On 18 January 2024, JDE Peet's announced it has signed a long-term global license agreement to manufacture, market and sell Caribou consumer and foodservice coffee products, excluding Caribou coffeehouses for a total consideration of approx. EUR 240 million. The transaction, which is expected to close in the first quarter of 2024, provides JDE Peet's a strong platform to expand its premium coffee portfolio in North America.

Under the terms of the agreement, JDE Peet's will acquire Caribou's roasting operations in Minneapolis, Minnesota. The two companies have also reached a long-term strategic arrangement under which JDE Peet's will supply coffee products for sale in Caribou's coffeehouses.

9.7 LEGAL ENTITIES

Below is a list of significant subsidiaries at 31 December 2023. A full list of legal entities is filed with the Chamber of Commerce. Ownership percentages have been based on the number of issued and outstanding shares, except for JDE Holdings Minority B.V. where profit allocation rights are used since that reflects ownership of the entity more accurately.

Name of subsidiary	Country of incorporation	Ownership percentage 2023	Ownership percentage 2022
D.E Holdco UK Limited	United Kingdom	99.7%	99.8%
DEF Holding SNC	France	99.7%	99.5%
JACOBS Deutschland Holding GmbH	Germany	99.7%	99.5%
JACOBS DOUWE EGBERTS AU PTY. LTD.	Australia	99.7%	99.5%
JACOBS DOUWE EGBERTS B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS BE BV	Belgium	99.7%	99.5%
Jacobs Douwe Egberts Coffee Trade GR EPE	*Greece*	99.7%	99.5%
JACOBS DOUWE EGBERTS BR Comercialização de Cafés Ltda.	Brazil	99.7%	99.5%
JACOBS DOUWE EGBERTS CZ s.r.o.	Czech Republic	99.7%	99.5%
JACOBS DOUWE EGBERTS DE GmbH	Germany	99.7%	99.5%
JACOBS DOUWE EGBERTS DK APS	Denmark	99.7%	99.5%
JACOBS DOUWE EGBERTS ES, S.L.U.	Spain	99.7%	99.5%
JACOBS DOUWE EGBERTS Export NL B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS FR SNC	France	99.7%	99.5%
JACOBS DOUWE EGBERTS FR SAS	France	99.7%	99.5%
JACOBS DOUWE EGBERTS GB LTD	United Kingdom	99.7%	99.5%
Jacobs Douwe Egberts Holdings Asia NL B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS Holdings B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS International B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS NL B.V.	The Netherlands	99.7%	99.5%

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Name of subsidiary	Country of incorporation	Ownership percentage 2023	Ownership percentage 2022
JACOBS DOUWE EGBERTS NORGE AS	Norway	99.7%	99.5%
JACOBS DOUWE EGBERTS NZ limited	New Zealand	99.7%	99.5%
JACOBS DOUWE EGBERTS OPS CZ s.r.o.	Czech Republic	99.7%	99.5%
JACOBS DOUWE EGBERTS OPS GB Ltd	United Kingdom	99.7%	99.5%
JACOBS DOUWE EGBERTS PL sp. z o.o.	Poland	99.7%	99.5%
JACOBS DOUWE EGBERTS PRO NL B.V.	The Netherlands	99.7%	99.5%
JACOBS DOUWE EGBERTS RO SRL	Romania	99.7%	99.5%
JACOBS DOUWE EGBERTS RUS LLC	Russia	99.7%	99.5%
JACOBS DOUWE EGBERTS S.E. AB	Sweden	99.7%	99.5%
JACOBS DOUWE EGBERTS TH Ltd.	Thailand	99.7%	99.5%
JACOBS DOUWE EGBERTS Treasury B.V.	The Netherlands	99.7%	99.5%
JOBmeal Group AB	Sweden	99.7%	99.5%
Koninklijke Douwe Egberts B.V.	The Netherlands	99.7%	99.5%
LLC Jacobs Douwe Egberts Ukraina	Ukraine	99.7%	99.5%
Maison Lyovel SAS	France	99.7%	99.5%
Of Çaysan Tarım Ürünleri Entegre Tesisleri Sanayi ve Ticaret Anonim	Turkey	69.8%	69.6%
Old Town Kopitiam Sdn. Bhd.	Malaysia	99.7%	99.5%
SCML (Thailand) Co., Ltd.	Thailand	99.7%	99.5%
Super Coffeemix Ltd.	Myanmar	59.8%	59.7%
Super Foods Specialists (M) Sdn. Bhd.	Malaysia	99.7%	99.5%
Super Food Technology Sdn. Bhd.	Malaysia	99.7%	99.5%
White Cafe Sdn. Bhd.	Malaysia	99.7%	99.5%
Wuxi Super Food Technology Co., Ltd.	China	99.7%	99.5%
Peet's Coffee, Inc.	United States	97.9%	98.0%
HH Peet's China Limited	Hong Kong	61.8%	61.8%

In addition to these significant subsidiaries, JDE Peet's has other consolidated entities in the countries listed, and also in the following countries: Austria, Belarus, Bulgaria, Finland, Georgia, Hungary, Indonesia, Ireland, Isle of Man, Italy, Kazakhstan, Lithuania, Mexico, Morocco, Philippines, Portugal, Singapore, Slovakia, South Africa, Switzerland and Vietnam.

Apart from certain cash restrictions (refer to note 5.3 Cash and Cash Equivalents), there are no significant restrictions on JDE Peet's' ability to access or use assets, and to settle liabilities within these subsidiaries.

The financial statements of the parent and the subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

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STATEMENTS ON RELEASE FROM THE DUTY TO DISCLOSE FINANCIAL STATEMENTS

The following German entities are included in the financial statements of the JDE Peet's N.V., Amsterdam, the Netherlands, and make use of the release from the duty to disclose financial statements and reports pursuant § 264 (3) and § 291 of the German Commercial Code:

- Jacobs Deutschland Holding GmbH, Bremen/Germany
- JACOBS DOUWE EGBERTS REAL ESTATE DE GmbH, Bremen/Germany
- JACOBS DOUWE EGBERTS DE GmbH, Bremen/Germany
- JACOBS DOUWE EGBERTS SERVICES DE GmbH, Bremen/Germany

The Company issued a guarantee under Article 403 of Part 9 of Book 2 of the Dutch Civil Code in favour of the following Dutch entities:

- JACOBS DOUWE EGBERTS B.V.
- Global Joure Brands B.V.
- JACOBS DOUWE EGBERTS Holdings B.V.
- JACOBS DOUWE EGBERTS International B.V.
- Koninklijke Douwe Egberts B.V.
- JACOBS DOUWE EGBERTS Treasury B.V.
- JACOBS DOUWE EGBERTS Minority B.V.
- Jacobs Douwe Egberts Holdings Asia NL B.V.
- JACOBS DOUWE EGBERTS Export NL B.V.
- JACOBS DOUWE EGBERTS PRO NL B.V.
- JACOBS DOUWE EGBERTS NL B.V.
- JACOBS DOUWE EGBERTS Holdings Nordics NL B.V.
- D.E Global Finance B.V.
- JDEP Holding B.V.
- New Oak 2 B.V.
- New Oak Holding B.V.
- Oak 1753 B.V.
- DE US, Inc.
- Oak Holdco B.V.
- Oak International B.V.
- Oak InvestCo B.V.
- Douwe Egberts Finance B.V.
- JDE Holdings Minority B.V.
- Delta Charger Holdco B.V.
- Oak InvestCo 2 B.V.

In addition, JACOBS DOUWE EGBERTS International B.V. issued comfort letters in favour of the following entities:

- JACOBS DOUWE EGBERTS FRANCE SNC
- DEF FINANCE SNC
- Maison Lyovel SAS
- Jacobs Douwe Egberts IE Ltd
- D.E. Holding UK Ltd
- Jacobs Douwe Egberts Ukraine LLC

JACOBS DOUWE EGBERTS Holdings Asia NL B.V. issued a comfort letter in favour of JACOBS DOUWE EGBERTS HLD SGP SG Pte. Ltd.

COMPANY FINANCIAL STATEMENTS



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COMPANY INCOME STATEMENT

For the years ended 31 December 2023 and 31 December 2022

In EUR million

	Note	2023	2022
Selling, general and administrative expense		(40)	(16)
Operating profit		**(40)**	**(16)**
Finance income		59	54
Finance expense		(154)	(74)
Share of profit of subsidiaries		488	800
Profit before income taxes		**353**	**764**
Income tax benefit		14	7
Profit for the period		**367**	**771**

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COMPANY BALANCE SHEET

At 31 December 2023 and31 December 2022

Before appropriation of profit in EUR million

	Note	2023	2022 restated
Non-current assets:			
Investments in subsidiaries	3	11,458	11,415
Loans receivable[85]	5	5,480	4,944
Deferred tax asset		4	—
Derivative financial instruments		13	46
Other financial assets		2	5
		16,957	**16,410**
Current assets:			
Trade and other receivables	4	32	29
Loans receivable	5	425	—
Income tax receivable		14	1
Derivative financial instruments		4	5
		475	**35**
Total assets		**17,432**	**16,445**

	Note	2023	2022 restated
Equity and liabilities			
Equity:			
Share capital	6	5	5
Share premium		9,585	9,997
Treasury shares		(38)	(471)
Legal reserves:			
– Cash flow hedge reserve		10	(21)
– Foreign currency translation reserve		(730)	(635)
– Other legal reserves		194	46
Other reserves		1,642	1,360
Profit for the period		367	771
		11,035	**11,052**
Non-current liabilities:			
Borrowings	8	5,193	4,696
Deferred income tax liabilities		3	3
Derivative financial instruments		25	—
		5,221	**4,699**
Current liabilities:			
Borrowings	8	872	454
Trade and other payables	7	210	197
Derivative financial instruments		94	43
		1,176	**694**
Total equity and liabilities		**17,432**	**16,445**

[85] Restated for the classification as non-current in 2022.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company applies the option provided in Section 2:362 (8) of the Dutch Civil Code for the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company Financial Statements. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result of the Company Financial Statements of the Company are the same as those applied for the Consolidated Financial Statements under IFRS as adopted by the EU.

The Company Financial Statements are prepared to comply with the requirements of the Dutch Civil Code. There are no differences between total Shareholders' Equity and Net profit for the period determined under the Dutch Civil Code and that determined in accordance with IFRS. In concluding, the Company has accounted for its investments in subsidiaries using the net asset value method of accounting versus the cost method or fair value method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principles of valuation and determination of result for the Company's annual financial statements and consolidated financial statements are the same. For the principles of valuation of assets and liabilities and for the determination of result reference is made to the notes to the consolidated financial statements.

The investments in subsidiaries, other than affiliates, are carried at net asset value. The net asset value is determined by measuring the assets, provisions and liabilities and calculating the result according to the accounting policies applied in the Consolidated financial statements.

3. INVESTMENTS IN SUBSIDIARIES

The movements of the investments in subsidiaries are as follows (in EUR million):

	2023	2022
Balance at 1 January	**11,415**	**11,140**
Net result	488	800
Dividends	(351)	(566)
Cash flow hedge reserve	39	(57)
Foreign currency translation	(109)	75
Other reserves	(20)	8
Other	(4)	15
Balance at 31 December	**11,458**	**11,415**

4. TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is as follows (in EUR million):

	2023	2022
Receivable from other JDE Peet's companies	27	18
Other receivables	5	11
Total	**32**	**29**

All trade and other receivables are due within one year, no amounts are provided for.

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5. LOANS RECEIVABLE

The outstanding amount of loans provided to New Oak 2 B.V. and JACOBS DOUWE EGBERTS International B.V. at 31 December 2023 was EUR 4,905 million (including a loan denominated in US dollars for USD 385 million) and EUR 1,000 million, respectively (2022: EUR 4,944 million and nil, respectively). The weighted-average interest rate was 1.53% (2022: 0.65%) with maturity dates from 2024 to 2034. At 31 December 2023, an amount of EUR 425 million was maturing within 12 months (2022: nil). We have assessed the credit risk associated with these loans and concluded that there was no material risk identified.

In EUR millions

	31 December 2022	Additions	Repayments	Currency translation	31 December 2023
New Oak 2 B.V.	4,944	–	(28)	(11)	4,905
JACOBS DOUWE EGBERTS International B.V.	–	1,000	–	–	1,000
Total	**4,944**	**1,000**	**(28)**	**(11)**	**5,905**

	1 January 2022	Additions	Repayments	Currency translation	31 December 2022
New Oak 2 B.V.	4,921	–	–	23	4,944
Total	**4,921**	**–**	**–**	**23**	**4,944**

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6. SHAREHOLDERS' EQUITY

The movements of the shareholders' equity are as follows (in EUR million):

	Share capital	Share premium	Treasury shares	Legal reserves	Other reserves	Profit for the period	Total equity
Balance at 31 December 2021	**5**	**9,975**	**—**	**(602)**	**880**	**765**	**11,023**
– Application of hyperinflationary accounting	—	—	—	—	31	—	31
Balance at 1 January 2022	**5**	**9,975**	**—**	**(602)**	**911**	**765**	**11,054**
– Profit for the period	—	—	—	—	—	771	771
– Retirement benefit obligation related items	—	—	—	—	10	—	10
– Foreign currency translation	—	—	—	76	(14)	—	62
– Foreign currency contracts	—	—	—	(46)	—	—	(46)
– Net investment hedge	—	—	—	(27)	—	—	(27)
Total Comprehensive Income / (Loss)	**—**	**—**	**—**	**3**	**(4)**	**771**	**770**
– Shared-based payment transactions	—	—	—	—	28	—	28
– Dividends	—	—	—	—	(339)	—	(339)
– Appropriation of profit 2021	—	—	—	—	765	(765)	—
– Share buyback transaction	—	—	(500)	—	—	—	(500)
– Issuance of shares	—	22	29	—	—	—	51
– Other transactions with shareholders	—	—	—	—	(12)	—	(12)
– Other changes in legal reserves	—	—	—	(11)	11	—	—
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**(610)**	**1,360**	**771**	**11,052**

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	Share capital	Share premium	Treasury shares	Legal reserves	Other reserves	Profit for the period	Total equity
Balance at 31 December 2022	**5**	**9,997**	**(471)**	**(610)**	**1,360**	**771**	**11,052**
– Application of hyperinflationary accounting	–	–	–	–	(2)	–	(2)
Balance at 1 January 2023	**5**	**9,997**	**(471)**	**(610)**	**1,358**	**771**	**11,050**
– Profit for the period	–	–	–	–	–	367	367
– Retirement benefit obligation related items	–	–	–	–	(28)	–	(28)
– Foreign currency translation	–	–	–	(109)	6	–	(103)
– Foreign currency contracts	–	–	–	31	–	–	31
– Net investment hedge	–	–	–	14	–	–	14
Total Comprehensive Income / (Loss)	**–**	**–**	**–**	**(64)**	**(22)**	**367**	**281**
– Shared-based payments	–	–	–	–	24	–	24
– Dividends	–	–	–	–	(339)	–	(339)
– Appropriation of profit 2022	–	–	–	–	771	(771)	–
– Issuance of shares	–	–	21	–	–	–	21
– Cancellation of treasury shares	–	(412)	412	–	–	–	–
– Other	–	–	–	–	(2)	–	(2)
– Other changes in legal reserves	–	–	–	148	(148)	–	–
Balance at 31 December 2023	**5**	**9,585**	**(38)**	**(526)**	**1,642**	**367**	**11,035**

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7. TRADE AND OTHER PAYABLES

The composition of trade and other payables is as follows (in EUR million):

	2023	2022
Trade and other payables	39	26
Dividend payable	170	170
Payable to group companies	1	1
Total	**210**	**197**

The carrying amount of the trade and other payables is considered a close approximation of their fair value due to their short maturity.

During the Annual General Meeting of Shareholders on 25 May 2023, a dividend of EUR 0.70 per share was approved, payable in two instalments of EUR 0.35 on 14 July 2023 and 26 January 2024.

8. BORROWINGS

The Company has unsecured notes outstanding, please refer to note 6.2 Borrowings in the consolidated financial statements for more details.

At 31 December 2023, the Company had a bank overdraft with a group company for a total of EUR 420 million (2022: EUR 454 million).

9. COMMITMENTS AND CONTINGENCIES

Contingencies and commitments to which the Company is exposed, are disclosed in note 9.5 of the Consolidated financial statements. The legal entities to which the declarations of joint and several liability relate, are listed in the statements on release from the duty to disclose financial statements in the consolidated financial statements.

10. RELATED PARTIES

Loans from related parties

See note 8 Borrowings for any loans, including the overdraft balance in the cashpool, from related parties.

Loans to related parties

See note 5 Other (non-)current assets for any loans to related parties.

Other

In note 7.2 Related-party transactions of the Consolidated financial statements, the other relevant disclosures in relation to Related Parties (such as fiscal unity, loans to management and contribution of the parent) are further disclosed.

11. BOARD REMUNERATION

The Board remuneration is disclosed in note 7.2 Related-party transactions of the Consolidated financial statements, where the provision in art 2:383.1 DCC is applied.

6 March 2024

F.J.J. Simon
Executive Director

O.C.G. Goudet
Chairman, non-executive Director

J.J.B.C. Creus
Non-executive Director

G.P. Hart
Non-executive Director

A.M. García Fau
Non-executive Director

F.A. Engelen
Non-executive Director

S. MacFarlane
Non-executive Director

A. Richards
Non-executive Director

L. Stein
Non-executive Director

D. Hennequin
Non-executive Director

P.N. Lindenberg
Non-executive Director

L. Vandeveide
Non-executive Director

J.F.D. Katgert
Non-executive Director

P. Abadie Capel
Non-executive Director

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OTHER INFORMATION

PROFIT APPROPRIATION

Articles of association provisions governing the distribution of profit:

Article 27 of the articles of association states the following:

27.1 After adoption of the annual accounts, but no later than within six months from the end of the financial year concerned, a cash distribution will be made on the Preference Shares in respect of the previous financial year, which distribution will be calculated as follows:

a. if the Preference Shares are paid up at the expense of the Company's reserves, the annual distribution will be one thousand euro (EUR 1,000) for all outstanding Preference Shares together;
b. in other cases, the distribution will be a percentage equal to three (3) months' Euribor (Euro Interbank Offered Rate) – weighted to reflect the number of days for which the payment is made – plus a premium, to be determined by the Board of at least one percentage point and at most five percentage points, depending on the prevailing market conditions.

The distributions referred to under (a) and (b) will be calculated over the proportionate period of time if the relevant Preference Shares were issued and outstanding for a part of the financial year. Distributions in respect of the Preference Shares are calculated over the paid-up part of their nominal value. The making of such distributions is subject to the provision of Article 27.8.

The amounts of such distributions will be charged to the profits realised during the financial year in respect of which it is made or, if and to the extent such profits are insufficient, any other part of the Company's distributable equity.

No further distributions will be made on the Preference Shares.

27.2 The Board may decide that the profits realised during a financial year, and remaining after application of Article 27.1 are used to increase and/or form reserves.

27.3 The profits remaining after application of Articles 27.1 and 27.2 shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

27.4 Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting on the proposal of the Board.

27.5 Provided it appears from an interim statement of assets signed by the Board that the requirement mentioned in Article 27.8 concerning the Company's equity has been fulfilled, the Board may make one or more interim distributions to the holders of Ordinary Shares and/or to the holders of Preference Shares, with regard to Preference Shares, however, subject to the maximum distribution amount set forth in Article 27.1.

27.6 The Board may decide that a distribution on Ordinary Shares shall not take place as a cash payment but in kind, or as a payment in Ordinary Shares, or decide that holders of Ordinary Shares shall have the option to receive a distribution as a payment in cash or in kind and/or as a payment in Ordinary Shares, out of the profit and/or at the expense of reserves, provided that the Board is designated by the General Meeting pursuant to Article 6.2. The Board shall determine the conditions applicable to the aforementioned choices.

27.7 The Company's policy on reserves and dividends shall be determined and may be amended by the Board. The adoption, and thereafter each amendment of the policy on reserves and dividends, shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

27.8 Distributions may be made only insofar as the Company's equity exceeds the amount of the paid-in and called-up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

27.9 All distributions may be made in another currency than euro.

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PROPOSED PROFIT APPROPRIATION

JDE Peet's' Board proposes to pay a dividend of EUR 0.70 per share in cash related to FY 23. The dividend will be paid in two instalments of EUR 0.35 each. The first payment date will be on Friday 12 July 2024, with the ex-dividend date on Monday 8 July 2024 and the record date on Tuesday 9 July 2024. The second payment date will be on Friday 24 January 2025, with the ex-dividend date on Monday 20 January 2025 and the record date on Tuesday 21 January 2025. The dividend proposal is subject to approval by the Annual General Meeting of Shareholders to be held on Thursday 30 May 2024.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Board of JDE Peet's N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 INCLUDED IN THE 2023 ANNUAL REPORT

We have audited the financial statements for the year ended 31 December 2023 of JDE Peet's N.V., based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

OUR OPINION

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of JDE Peet's N.V. as at 31 December 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of JDE Peet's N.V. as at 31 December 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The Consolidated Statement of Financial Position as at 31 December 2023.
2. The following statements for the year ended 31 December 2023: the Consolidated Income Statement, the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows.
3. The Notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The Company Balance Sheet as at 31 December 2023.
2. The Company Income Statement for the year ended 31 December 2023.
3. The Notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of JDE Peet's N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 48 million (2022: EUR 61 million). The materiality is based on 6.5% of normalized profit before tax (2022: 6.0% of profit before tax). In this respect, 2023 profit before tax was normalized for the EUR 185 million impairment recognized against the Jacobs brand intangible asset (Note 1.6). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of group entities (components) were performed using materiality levels determined by the judgement of the group engagement team, having regard to the materiality of the consolidated financial statements. Component materiality did not exceed EUR 25 million (2022: EUR 32 million) and for the majority of the components materiality is significantly less than this amount.

We agreed with the Board that misstatements in excess of EUR 2.4 million (2022: EUR 3.0 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

JDE Peet's N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of JDE Peet's N.V.

Because we are ultimately responsible for our opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the group entities (components). Decisive were size and/or risk profile of the components. On this basis, we selected components for which an audit had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by the component auditors. We responded to changes relevant to the group in 2023 in determining the components in our scope and the nature of procedures to be performed. Such components included the company's operations in Brazil, France, Germany, United Kingdom, Russia and the United States.

We have performed audit procedures ourselves at JDE Peet's N.V. corporate entities and operations in the Netherlands. Furthermore, we performed audit procedures at group level on areas such as the group consolidation, financial statement disclosures, impairment testing for goodwill and other intangible assets, group accounting for treasury, group accounting for specific material deferred tax balances, share-based payments, and critical accounting positions subject to management estimates. Specialists were involved, amongst others, in areas such as ESG, treasury, information technology, tax, accounting, pensions and valuations. For component audit teams, the group engagement team provided detailed written instructions, which, in addition to communicating the requirements of component audit teams, detailed significant audit areas and information obtained centrally relevant to the audit of individual components including awareness for risk related to management override of controls.

Where the work was performed by component auditors, we developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics. Our oversight procedures included physical or remote working paper reviews for, amongst others, the majority of the components listed above, holding conference calls, attending meetings and reviewing component audit team deliverables to gain sufficient understanding of the work performed. The nature, timing and extent of our oversight procedures varied based on both quantitative and qualitative considerations.

The scope of component auditors comprised of full-scope audits and audits of specified account balances and classes of transactions, the coverages achieved in our audit our outlined in the table below:

Audit coverage of consolidated revenues	66%
Audit coverage of consolidated operating profit	72%
Audit coverage of consolidated total assets	94%

For the remaining entities, we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances, classes of transactions, and disclosures that we have identified.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the board exercises oversight, as well as the outcomes. We refer to the risk management section of the annual report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. Further, for certain selected speak up cases, we evaluated management's response and remedial actions and measures.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets, bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

The presumed significant risk on revenue recognition has been rebutted. The revenues of JDE Peet's N.V. are diversified in nature across the locations in which the group operates, and average revenues per transaction are relatively low. Sales incentives and marketing accruals exist within the revenue recognition of the group as disclosed in Note 2.2; there remains limited estimation uncertainty associated with these balances at the reporting date.

We identified the following fraud risks and performed the following specific procedures:

Presumed risk of management override of controls
We considered such risk in relation to management override of controls, including evaluating whether there was evidence of bias by the Board or other members of management. Our procedures include an assessment of the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, as these may be indicative of fraudulent financial reporting. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of management, those charged with governance and others in the group, including but not limited to, in-house legal teams, compliance officers, the Director of Internal Audit and the Group Controller.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

Other fraud risks identified
We evaluated whether the judgements and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 1.2 of the financial statements. We performed a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing of intangible and fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgement. We identified specific fraud risks with respect to JDE Peet's N.V. financial reporting in the areas of:

- Goodwill and other intangible assets annual impairment assessment; and
- The impairment recognized against the Jacobs brand intangible asset as a result of the withdrawal of the brand from Russia; and
- The continued control (IFRS 10) of its Russian operations.

Reference is made to the section 'Our key audit matters', where we have further described the audit work performed to mitigate these risks as part of our audit.

For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with amongst others, the Board, and Group Legal Counsel, reading minutes of board meetings, reports of internal audit and discussions with our component audit teams.

We differentiate our audit approach between two categories:

- Rules and regulations that directly impact the financial reporting
- Rules and regulations that indirectly may have material impact on the financial statements

In the first category, we considered adherence to (corporate) tax and pension laws and financial reporting regulations including the requirements under International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code. These directly impact the financial statements and are integral to our audit.

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We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

In the second category, we considered other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposed fines or litigation. Examples of such other laws and regulations are those relating to anti-bribery and corruption, competition and data privacy laws, human rights and sanctions associated with the war in Ukraine.

Our procedures are more limited with respect to laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may however be fundamental to the operating aspects of the business, to JDE Peet's N.V. ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility for these matters that indirectly impact the financial statement is limited to:

i. inquiry with management, those charged with governance, group legal counsel, internal audit and others within JDE Peets N.V.'s as to whether the JDE Peets N.V. is in compliance with such laws and regulations;
ii. inspecting correspondence with the regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements;

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Board, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern. Management's conclusion on the company's ability to continue as a going concern is outlined in the Statement of the Board, and in Note 1.1 of the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In the prior year a key audit matter relating to Goodwill associated with the Out-of-Home segment was identified. IAS 36 requires that goodwill is tested annually for impairment at the lowest level at which goodwill is monitored for internal management purposes, and not be larger than an operating segment. JDE Peet's N.V. performs its impairment assessment at an operating segment level. As a result of the combination of the CPG Europe and Out-of-Home segments into one European segment ("Europe") (Note 2.1), JDE Peet's N.V. no longer performs an impairment analysis at the level of the legacy Out-of-Home segment.

We have obtained an understanding of the impact of the merger of the CPG Europe and Out-of-Home segments into the Europe segment, and substantiated whether the internal management structure of the company has changed as a result of the merger. We have performed procedures including inspecting management reporting packages utilized by the Chief Operating Decision Maker ('CODM'), evaluating changes to the organizational structure of the business, substantiating expenses associated with the restructuring, and modifications to the structure of the budget in future periods.

As a result of the above we have not identified a key audit matter with respect to uncertainty associated with the future cashflows of the Out-of-Home segment.

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Goodwill and Other Intangible Assets Impairment Analysis - Significant Estimates and Judgements

Key audit matter

As per December 31, 2023, the Group's balance sheet includes EUR 12,300 million of goodwill (2022: EUR 12,366 million) and EUR 4,417 million of other intangible assets (2022: EUR 4,718 million), as disclosed in Note 3.2 Goodwill and other intangible assets. Of this amount, the goodwill associated with the LARMEA segment amounts to EUR 663 million (2022: EUR 673 million).

As disclosed in Note 3.3, management performs an annual impairment test on goodwill and indefinite lived brands and trademarks.

The annual goodwill impairment test includes a variety of factors that require significant management judgement for both key valuation assumptions (e.g. discount rates and long-term growth rate) and business assumptions (e.g. forecasted revenue and operating results).

IAS 36 requires that goodwill is tested annually for impairment at the lowest level at which goodwill is monitored for internal management purposes, and not be larger than an operating segment.

Due to the volatility and uncertainty as a result of the ongoing war in Ukraine, there is an increased level of estimation associated with the Russian country-risk premium. Being an important driver of the discount rate, this Russian country-risk premium increases the sensitivity of the 2023 impairment assessment of the LARMEA segment. We note that a change in conclusion of control of JDE Peet's N.V.'s Russian operations would also impact our assessment. Refer to separate key audit matter below.

Goodwill and Other Intangible Assets Impairment Analysis - Significant Estimates and Judgements

How our audit responded to the key audit matter

We have obtained an understanding of the internal processes including the Board approved budget and controls regarding management's annual impairment test (including their use of third-party valuation experts), how they arrived at their estimates and how they assessed the effect of estimation uncertainty.

In our audit we have evaluated the reasonableness of the applied valuation assumptions in the LARMEA segment, the methodologies applied and the data used by the company.

We have engaged internal valuation specialists to assist us in evaluating the discount rates and long-term growth rates applied; this evaluation included benchmarking against independent external information and peers in the industry.

We paid specific attention to the sensitivity of possible outcomes of the valuation assumptions and evaluated various alternative scenarios addressing underlying uncertainties.

Throughout our procedures (and until the date of the financial statements) we have maintained a high level of professional skepticism by, for example, remaining alert for indications of contradictory evidence, including, amongst others, retrospective assessments.

We have also assessed the adequacy of the company's disclosure Note 3.3 in the JDE Peet's N.V. consolidated financial statements related to the impairment assessment, including whether sensitivities and assumptions have been appropriately disclosed. Note 1.6 of the financial statements describes new EU sanctions coming into effect from 20 June 2024 that may affect JDE Peet's N.V.'s assessment regarding control of its Russian operations in the financial year 2024 onwards thereby potentially impacting the future cashflows in the LARMEA segment.

Observation

We observe that the annual test of goodwill was conducted in line with the requirements of the reporting framework. The estimated recoverable amount for the LARMEA segment is negatively impacted by the segment WACC rates which remained higher in 2023 than in the period precenting the war in Ukraine. Based on our procedures we have not identified any reportable matters.

We have communicated the outcome of our procedures to those charged with governance.

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The impairment recognized against the Jacobs brand intangible asset as a result of the withdrawal of the brand from Russia – Significant Estimates and Judgements

Key audit matter	As per December 31, 2023, the Group's balance sheet includes an intangible asset of EUR 1,048 million (2022 EUR 1,233) associated with the Jacobs brand. As disclosed in Note 1.6 and 3.3, in June 2023 the company announced its decision to transition the international Jacobs brand in the Russian market to Monarch. In line with IAS 36.10 and IAS 36.12, the company has assessed this decision to be an indicator for an impairment, triggering a reassessment of the recoverable value of the Jacobs intangible asset. This led to an impairment of EUR 185 million in the first half year of 2023, which has been recorded in the Russian CGU as part of the LARMEA segment. The impairment assessment performed in June 2023, includes a variety of factors that require significant management judgement, for both key valuation assumptions (e.g. discount rates, long term growth rates and royalty rates) and business assumptions (e.g. revenue and operating results).
How our audit responded to the key audit matter	We have obtained an understanding of the internal processes, including the Board approved budget and controls regarding management's Jacobs' impairment test (including their use of third-party valuation experts), how they arrived at their estimates and how they assessed the effect of estimation uncertainty. In our audit we have evaluated the reasonableness of the applied business and valuation assumptions, the methodologies applied and the data used by the company. We have engaged internal valuation specialists to assist us in evaluating the discount rates, long term growth rates and royalty rates applied; this evaluation included benchmarking against independent external information. In relation to the business assumptions, we have evaluated management's judgements and estimates related to forecasted cashflows of the Jacobs brand by comparing the business assumptions to historic performance, future outlooks, analyst reports and market outlook, and other relevant data. Furthermore, we have assessed whether there has been an indication for an additional impairment on the Jacobs trademark as per the annual impairment test on September 30, 2023, by evaluating whether there has been significant changes to the valuation and business assumptions as applied in the impairment test per June 2023. Throughout our procedures (and until the date of the financial statements) we have maintained a high level of professional skepticism by, for example, remaining alert for indications of contradictory evidence, including, amongst other, retrospective assessments. We have also assessed the adequacy of the company's disclosure in Note 1.6 and 3.3 in the JDE Peet's N.V. consolidated financial statements related to the impairment assessment, including whether sensitivities and assumptions have been appropriately disclosed.
Observation	Based on our procedures performed and our assessment of the disclosures made, we have not identified any reportable matters. Our audit procedures are deemed appropriate and sufficient to address the risk of material misstatements related to the Jacobs impairment. We have communicated the outcome of our procedures to those charged with governance.

JDE Peet's N.V. assessment of continued control of its Russian operations – Significant Judgement

IFRS 10 sets out that an investor has control over another entity if and only if the investor has all of the following elements:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the investor's returns.

In the year ended 31 December 2023, the company has concluded that it continued to retain control over its Russian operations, and as such the company has continued to consolidate the results and financial position of its Russian operations throughout the period.

As a result of the war in Ukraine, and increased complexity associated with conducting business in Russia for foreign-owned groups, significant judgement exists as to whether these elements are satisfied and the company is able to continue to consolidate the results and financial position of its Russian operations. Russian operations amounts to 5% of the consolidated revenue of the group and 1% of the total assets of the group.

The company has disclosed this significant judgement in Note 1.6 to the consolidated financial statements.

JDE Peet's N.V. assessment of continued control of its Russian operations – Significant Judgement

How our audit responded to the key audit matter	We have inspected the company's evaluation of the requirements of IFRS 10; with specific reference to those elements of control as required by the reporting framework. The timing of our procedures was increased to reflect the dynamic nature of developments in the year, including developments in the international sanction environment over the course of the year. We have evaluated the company's direction of the activities of its Russian operations throughout the year, including group management's interactions with local Russian management teams and the impact of such interactions on the activity of the Russian business. We have made specific inquiries with the company internal and external legal counsel with reference to the Group's continued exposure, or rights, to variable returns and the impact from evolving sanctions. These inquiries included consideration of the company's ability to obtain dividends from Russia, and the impact of relevant sanctions. The procedures performed centrally have been supported by collaboration with the Russian component auditor. Throughout our procedures we have maintained a high level of professional skepticism by, for example, remaining alert for indications of contradictory evidence. We have also assessed the adequacy of the company's disclosure in Notes 1.2 and 1.6 of the consolidated financial statements outlining the situation and the judgements of management. We draw attention to Note 1.6 of the consolidated financial statements, which describes new EU sanctions coming into effect from 20 June 2024. The company has highlighted that certain aspects of these sanctions may affect JDE Peet's N.V.'s assessment regarding control of its Russian operations in the financial year 2024 onwards.
Observation	Based on our procedures performed and our assessment of the disclosures made, we have not identified any reportable matters. Our audit procedures are deemed appropriate and sufficient to address the risk of material misstatements related to control over the Russian operations of JDE Peet's N.V. We have communicated the outcome of our procedures to those charged with governance.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE 2023 ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the 2023 annual accounts contain other information.
The other information consists of:

- Management Board's Report as defined in section Reporting frameworks and legal disclosures in this Annual Report
- Report of the non-executive Directors.
- Remuneration Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard on auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

Engagement

We were engaged by the shareholders as auditor of JDE Peet's N.V. on May 25, 2020, as of the audit for the year ended December 31, 2020 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

JDE Peet's N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by JDE Peet's N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, amongst others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 6, 2024
Deloitte Accountants B.V.

Signed on the original: *M.J. van der Vegte*

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON JDE PEET'S N.V. SELECTED SUSTAINABILITY KPIs

To: the shareholders and the Board of JDE Peet's N.V.

Our conclusion

We have examined selected key performance indicators (further: "KPIs"), as described below, and presented as part of the sustainability report as stated in the Basis of preparation section in the accompanying Annual Report for the year 2023 of JDE Peet's N.V. based in Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the KPIs are not prepared, in all material respects, in accordance with the reporting criteria as included in the section 'Reporting Criteria' of our report.

The scope of our review was to provide limited assurance on the following KPIs for the year 2023 as disclosed in the Basis of preparation section in the Annual Report, namely:

Common Ground Pillar	KPI name
Responsible Sourcing	1. % of responsible sourced green coffee
	2. % of responsibly sourced tea
	3. % of responsibly sourced palm oil
	4. % of deforestation-free virgin pulp & paper
	5. Number of new smallholder farmers reached in 2023
Minimising Footprint	6. Packaging Intensity
	7. % of packaging components designed to be reusable, recyclable, or compostable
	8. % of (absolute) reduction of scope 1 & 2 GHG emissions
	9. Absolute Scope 3 emissions (in tCO2e)
	10. % of water intensity reduction
	11. Maintain waste to landfill under 1%
Connecting People	12. % of women in leadership positions
	13. % of manufacturing facilities with food-safety certifications
	14. Total Recordable Incidents Rate
	15. Voluntary turnover rate in leadership positions

The information in scope of this assurance report needs to be read and understood in conjunction with the Basis of Preparation of non-financial indicators as included in the Annual Report 2023 in the Reporting period and scopings, Data quality and Basis of preparation sections.

Basis for our conclusion

We have performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie' (Assurance engagements other than audits or reviews of historical financial information). This engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the examination of the KPIs' section of our report.

We are independent of JDE Peet's N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The reporting criteria used for the preparation of the KPIs are disclosed in the annual report sections the Reporting period and scopings, Data quality and Basis of preparation. The comparability of KPIs between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the KPIs need to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to this prospective information is future results which are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

In the sustainability information, the calculations to determine KPIs are partly based on assumptions and sources from third parties. The assumptions and sources used are disclosed in the Basis of preparation section of the annual report. We have reviewed that these assumptions and external sources are appropriate, but we have not performed procedures on the content of these assumptions and external sources. Also we note that in accordance with the reporting criteria we evaluate whether compliance of a KPI is substantiated by either a third-party verification or other information provided by third parties for example evidenced by a certificate or confirmation (together: "third party info"). For example, in the Basis of preparation section, the Company highlights that the basis of preparation is reliant on confirmations from suppliers that individual materials supplied fall under FSC and PEFC certification schemes. We have not performed any procedures on the objectivity or competence of the third party or its processes underpinning this third party info.

The references to external sources or websites in the sustainability information are not part of the sustainability information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Board for the KPIs

The Board of the Company is responsible for the preparation of the KPIs in accordance with the reporting criteria as included in the 'Reporting Criteria' section, including the identification of the intended users and the definition of material matters. The Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Board regarding the scope of the KPIs and the reporting policy are summarised in the Reporting period and scopings, Data quality and Basis of preparation sections of the annual report.

Furthermore, the Board is responsible for such internal control as it determines is necessary to enable the preparation of the KPIs that are free from material misstatement, whether due to fraud or errors.

The Board is responsible for overseeing the reporting process of JDE Peet's N.V.

Our responsibilities for the review of the KPIs

Our responsibility is to plan and perform the limited assurance assignment in a manner that allows us to obtain sufficient and appropriate evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.