## ELECTRONIC TRANSMISSION DISCLAIMER

## STRICTLY NOT TO BE FORWARDED TO ANY OTHER PERSONS

**IMPORTANT: You must read the following disclaimer before continuing.** This electronic disclaimer applies to the prospectus dated 26 May 2020 (the **Prospectus**) issued by JDE Peet's B.V. (to be renamed JDE Peet's N.V. immediately prior to settlement) (the **Company**). You are advised to read this disclaimer carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Company as a result of such access. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended only for you and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the Prospectus (electronically or otherwise) to any other person.**

The Prospectus has been prepared in connection with the offering by: (i) the Company of newly issued ordinary shares in the capital of the Company with a nominal value of €0.01 each (**Ordinary Shares**); and (ii)(a) Acorn Holdings B.V. (a company owned by JAB Holding Company S.à r.l. and other co-investors); and (b) Mondelez Coffee HoldCo B.V. (together, the **Selling Shareholders**) (a subsidiary of Mondelēz International, Inc.) of existing Ordinary Shares (together, the **Offer Shares**) (the **Offer**), and the admission to listing and trading of all the issued Ordinary Shares on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. (the **Admission**).

The Prospectus and the Offer are only addressed to, and directed at, persons in member states of the European Economic Area (**EEA**) and the United Kingdom (each, a **Relevant State**) who are "qualified investors" within the meaning of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations) (**Qualified Investors**). In addition, in the United Kingdom, the Prospectus is being distributed only to, and is directed only at, persons who: (i) have professional experience in matters relating to investments falling within the definition of "*investment professionals*" in Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**); (ii) are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2) of the Order; (iii) the Company believes on reasonable grounds to be persons to whom Article 43(2) of the Order applies for these purposes; or (iv) other persons to whom it may lawfully be communicated (all such persons being referred to in (i), (ii), (iii) and (iv) are defined as **Relevant Persons**). Any investment or investment activity to which the Prospectus relates is only available to, and will only be engaged with: (i) in any Relevant State, Qualified Investors; and (ii) in the United Kingdom, Relevant Persons.

THE DISTRIBUTION OF THE PROSPECTUS MAY RESTRICTED BY APPLICABLE LAW AND REGULATION IN CERTAIN JURISDICTIONS. NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR ANY OTHER RELATED MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OF AMERICA (THE **UNITED STATES**) OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **U.S. SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE OFFER SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFER OR THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS ELECTRONIC TRANSMISSION OR THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF APPLICABLE LAWS AND REGULATIONS.

**Information to Distributors:** Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in delict, tort, contract or otherwise, which any "*manufacturer*" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, "*distributors*" (for purposes of the MiFID II Product Governance Requirements) should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer, including the selling restrictions described in "*Selling and Transfer Restrictions*" in the Prospectus. For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, purchase, subscribe for, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

***Singapore SFA Product Classification:*** *In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the* ***SFA****) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the* ***CMP Regulations 2018****), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Offer Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

**Confirmation of Your Representation:** This electronic transmission and the Prospectus are delivered to you on the basis that you represent to: the Company, the Selling Shareholders and each of BNP Paribas, Goldman Sachs International, J.P. Morgan Securities plc, Banco Santander, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Bank plc, ING Bank N.V., Merrill Lynch International, MUFG Securities EMEA plc, UniCredit Bank AG, Banca IMI S.p.A. (Intesa Sanpaolo Group), Bayerische Landesbank, COMMERZBANK Aktiengesellschaft, Coöperatieve Rabobank U.A., Landesbank Baden-Württemberg, Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch, SMBC Nikko Capital Markets Europe GmbH and TD Securities Inc. (together, the **Underwriters**) that: (i) you have understood and agree to the terms set out herein and that you are a person that is eligible to receive this electronic transmission and the Prospectus; (ii) you consent to delivery by electronic transmission; (iii) you are: (a) a person outside the United States (as defined in Regulation S under the U.S. Securities Act); or (b) you are a qualified institutional buyer (**QIBs**) (as defined in Rule 144A under the U.S. Securities Act) inside the United States that is acquiring securities for your own account and/or for the account of another QIB; (iv) if you are in a Relevant State: (a) you are a Qualified Investor; and (b) the Offer Shares acquired by you in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may constitute or give rise to an offer of any securities to the public other than their offer or resale in any Relevant State; (v) if you are in the United Kingdom, you are a Relevant Person; and (vi) if you are outside the United States, the United Kingdom, the EEA and the Netherlands (and the electronic mail addresses that you provided, and to which the Prospectus has been delivered, are not located in such jurisdictions), you are a person into whose possession the Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

The Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Selling Shareholders, the Underwriters, or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and any hard copy version. By accessing the document following this disclaimer, you consent to receiving it in electronic form. A hard copy of the Prospectus will be made available to you only upon request. You are reminded that the Prospectus has been made available to you solely on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws and regulations of the jurisdiction in which you are located in, or a resident of, and you may not deliver, nor are you authorised to deliver, the Prospectus, electronically or otherwise, to any other person.

**Restriction:** No action has been taken or will be taken in any jurisdiction by the Company, the Selling Shareholders or the Underwriters that would permit: (i) a public offering of the Offer Shares; or (ii) the possession, circulation or distribution of the Prospectus or any other material relating to the Company or the Offer Shares, where action for that purpose is required. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither the Prospectus nor any other Offer material or advertisements in connection with the Offer Shares may be distributed or published, in or from any jurisdiction except in compliance with any applicable laws and regulations of any such jurisdiction. Persons into whose possession the Prospectus comes should inform themselves about and observe any such restrictions, including the selling restrictions described in "*Selling and Transfer Restrictions*" in the Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdictions.

No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by, or on behalf of, any of the Underwriters or any of their respective affiliates or representatives, or their respective directors, officers or employees or any other person, as to the accuracy, fairness, verification or completeness of the information or opinions contained in the Prospectus, or incorporated by reference in it, and nothing in the Prospectus, or incorporated by reference in it, is, or shall be relied upon as, a promise or representation by any of the Underwriters or any of their respective affiliates or representatives, or their respective directors, officers or employees or any other person, as to the past or future. None of the Underwriters or any of their respective affiliates or representatives, or their respective directors, officers or employees or any other person in any of their respective capacities in connection with the Admission and/or the Offer, accepts any responsibility whatsoever for the contents of the Prospectus or for any other statements made or purported to be made by either itself, or on its behalf, in connection with the Company, the Group, the Selling Shareholders, the Admission, the Offer or the Ordinary Shares. Accordingly, each of the Underwriters and their respective affiliates or representatives, or their respective directors, officers or employees or any other person disclaim, to the fullest extent permitted by applicable laws and regulations, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of the Prospectus and/or any such statement.

Each of the Underwriters is acting exclusively for the Company and/or the Selling Shareholders and no one else in connection with the Admission and/or the Offer. None of them will regard any other person (whether or not a recipient of the Prospectus) as their respective client in relation to the Admission or the Offer and will not be responsible to anyone other than the Company and/or the Selling Shareholders for providing the protections afforded to their respective clients or for giving advice in relation to the Admission, the Offer or any transaction or arrangement referred to in the Prospectus.

**You are responsible for protecting against viruses and other destructive items.** Your receipt of the Prospectus via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# JDE Peet's N.V.

(*a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands, with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands*)

## Offering of up to 75 million ordinary shares and admission to listing and trading of all ordinary shares on Euronext Amsterdam

This prospectus (the **Prospectus**) has been prepared in connection with the Offer (as defined below) and the admission to listing and trading of all of the ordinary shares in the capital of JDE Peet's N.V. (the **Company**) with a nominal value of €0.01 each (**Ordinary Shares**) on Euronext Amsterdam (**Euronext Amsterdam**), a regulated market operated by Euronext Amsterdam N.V. (the **Admission**).

The Company is offering for subscription such number of newly issued Ordinary Shares (the **New Offer Shares**) as will raise gross proceeds of approximately €700 million. Acorn Holdings B.V. (**Acorn Holdings**) (a company owned by JAB Holding Company S.à r.l. (**JAB**) and other co-investors) is offering for sale up to 25,833,333 existing Ordinary Shares (the **Acorn Existing Offer Shares**) and Mondelez Coffee HoldCo B.V. (**Mondelez Coffee HoldCo**, a subsidiary of Mondelēz International, Inc. (**Mondelēz International**, and together with Acorn Holdings, the **Selling Shareholders**) is offering for sale up to 25,833,333 existing Ordinary Shares (the **MDLZ Existing Offer Shares**, and together with the Acorn Existing Offer Shares, the **Existing Offer Shares**, and the Existing Offer Shares together with the New Offer Shares and, unless the context indicates otherwise, the Over-Allotment Shares (as defined below), the **Offer Shares**). The total number of: (i) the Existing Offer Shares (excluding any Over-Allotment Shares) will raise gross proceeds of up to approximately €1.55 billion; and (ii) the Offer Shares (excluding any Over-Allotment Shares) will raise gross proceeds of up to approximately €2.25 billion. Acorn Holdings and Mondelez Coffee HoldCo have agreed that if Mondelez Coffee HoldCo elects to sell less than the maximum number of MDLZ Existing Offer Shares, Acorn Holdings shall be permitted to additionally sell the difference, provided that the Existing Offer Shares (excluding any Over-Allotment Shares) to be sold in the Offer will not, without increasing the size of the Offer, raise gross proceeds of more than €1.55 billion. Assuming an Offer Price at the bottom of the Offer Price Range (all as defined below), the maximum number of Offer Shares, excluding the Over-Allotment Shares, will be 74,999,999 Ordinary Shares and will constitute approximately 15.1% of the issued share capital of the Company. Assuming the Over-Allotment Option is exercised in full and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than approximately 17.3% of the issued share capital of the Company.

The offering of Offer Shares (the **Offer**) consists solely of private placements to certain institutional investors in various jurisdictions, including the Netherlands. The Offer Shares are being offered and sold within the United States of America (the **United States** or **U.S.**) to persons reasonably believed to be qualified institutional buyers (**QIBs**) as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state and other securities laws, and outside the United States in accordance with Regulation S under the U.S. Securities Act (**Regulation S**). There will be no public offering in any jurisdiction.

Application has been made to admit all of the Ordinary Shares to listing and trading on Euronext Amsterdam, under the symbol "JDEP". Trading on an "as-if-and-when-issued/delivered" basis in the Ordinary Shares on Euronext Amsterdam is expected to commence at 09:00 (Central European Time (**CET**)) on or around Wednesday, 3 June 2020, (the **First Trading Date**).

**Investing in Ordinary Shares involves risks. See "*Risk Factors*" for a description of the risk factors that should be carefully considered before investing in the Ordinary Shares.**

**The price per Offer Share (the Offer Price) is expected to be in the range of €30.00 to €32.25 (inclusive) (the Offer Price Range)**

The Offer will take place from 9:00 CET on Tuesday, 26 May 2020, until 14:00 CET on Tuesday, 2 June 2020 (the **Offer Period**), subject to acceleration or extension of the timetable for the Offer. The Offer Price Range is indicative. The Offer Price (in euro) and the exact number of Offer Shares offered in the Offer will be determined by the Company and the Selling Shareholders, in agreement with the Joint Global Coordinators (as defined below), after the end of the Offer Period on the basis of the book-building process and taking into account the conditions and factors described in "*The Offer*". The Offer Price and the exact number of Offer Shares offered in the Offer will be set out in a pricing statement (the **Pricing Statement**) that will be filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), and announced through a press release published and placed on the Company's website (www.jdepeets.com).

The Company and the Selling Shareholders, in consultation with the Joint Global Coordinators, reserve the right to increase or decrease the number of Offer Shares and to change the Offer Price Range prior to allocation of the Offer Shares (**Allocation**). Any increase in the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two business days; any increase in the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one business day. Any change in the number of Offer Shares, the Offer Price Range and/or the Offer Period will be announced in a press release published and placed on the Company's website (www.jdepeets.com).

Quantum Partners LP and Palindrome Master Fund LP (funds managed by Soros Fund Management LLC); various funds and accounts under the management of Fidelity Management and Research (**FMR**); and JAB Holdings B.V. (**JAB Holdings**) (together, the **Cornerstone Investors**) have irrevocably agreed to purchase Offer Shares in the aggregate amount of €761 million at the Offer Price on the Settlement Date as part of the Offer (the **Cornerstone Investments**). The Cornerstone Investments will be for the following amounts: (i) Quantum Partners LP and Palindrome Master Fund LP (funds managed by Soros Fund Management LLC): €100 million (in aggregate); (ii) FMR: €361 million; and (iii) JAB Holdings: €300 million. Assuming an Offer Price at the bottom of the Offer Price Range and the maximum number of Offer Shares, the Cornerstone Investments comprise an aggregate of: (i) 25,366,666 Ordinary Shares; (ii) 5.11% of the total issued share capital of the Company immediately following Settlement, assuming no exercise of the Over-Allotment Option; and (iii) 5.07% of the total issued share capital of the Company immediately following Settlement assuming the Over-Allotment Option is exercised in full. For further information on the Cornerstone Investments, see "*The Offer—Cornerstone Investments*". The Cornerstone Investors may also subscribe for or purchase additional Ordinary Shares in the Offer. Allocation of any such additional Ordinary

Shares shall be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, as described in "*The Offer–Application and Allocation–Allocation*".

Each of BNP Paribas, Goldman Sachs International and J.P. Morgan Securities plc (**J.P. Morgan**) is acting as joint global coordinators (in such and any other capacity, the **Joint Global Coordinators**) and, together with Banco Santander, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Bank plc, ING Bank N.V. (**ING**), Merrill Lynch International, MUFG Securities EMEA plc and UniCredit Bank AG, as joint bookrunners for the Offer (the **Joint Bookrunners**). Banca IMI S.p.A. (Intesa Sanpaolo Group), Bayerische Landesbank, COMMERZBANK Aktiengesellschaft, Coöperatieve Rabobank U.A. (**Rabobank**), Landesbank Baden-Württemberg, Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch, SMBC Nikko Capital Markets Europe GmbH and TD Securities Inc. are acting as co-lead managers for the Offer (together with the Joint Global Coordinators and the Joint Bookrunners, the **Underwriters**).

The Company and the Selling Shareholders have granted J.P. Morgan, in its capacity as stabilisation manager (the **Stabilisation Manager**) (on behalf of the Underwriters), an option (the **Over-Allotment Option**), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require the Company to sell at the Offer Price up to 3,499,999 additional Ordinary Shares (the **Company Over-Allotment Shares**), Acorn Holdings to sell at the Offer Price up to 3,875,000 additional Ordinary Shares (the **Acorn Over-Allotment Shares**) and Mondelez Coffee HoldCo to sell at the Offer Price up to 3,875,000 additional Ordinary Shares (the **MDLZ Over-Allotment Shares**, and together with the Company Over-Allotment Shares and the Acorn Over-Allotment Shares, the **Over-Allotment Shares**), comprising up to 15% of the aggregate number of Offer Shares sold in the Offer (excluding the Over-Allotment Shares), to cover over-allotments, if any, in connection with the Offer or to facilitate stabilisation transactions, if any.

Subject to acceleration or extension of the timetable for the Offer, payment (in euro) for, and delivery of, the Offer Shares (**Settlement**) is expected to take place on Friday, 5 June 2020, (the **Settlement Date**) through the book-entry systems of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) trading as Euroclear Nederland (**Euroclear Nederland**).

If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors for Offer Shares will be returned (in euro) without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in Ordinary Shares on Euronext Amsterdam prior to Settlement are at the sole risk of the parties concerned. None of the Company, the Selling Shareholders, the Underwriters, ING, in its capacity as the Company's listing agent (the **Listing Agent**), ING, in its capacity as the paying agent (the **Paying Agent**), or Euronext Amsterdam N.V. accepts any responsibility or liability towards any person as a result of the withdrawal of the Offer or the (related) annulment of any transactions in Ordinary Shares. For more information regarding the conditions to the Offer and the consequences of any termination or withdrawal of the Offer, see "*The Offer*".

At the date of this Prospectus, the Company is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) named JDE Peet's B.V. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) and to be renamed to JDE Peet's N.V. immediately prior to Settlement.

The Offer is only made in those jurisdictions in which, and only to those persons to whom, offers, issuances and sales of the Offer Shares may lawfully be made. The Offer and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Ordinary Shares may be restricted by law in jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and, may not be offered or sold in the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A under the U.S. Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state and other securities laws or and to certain persons outside the United States in reliance on Regulation S under the U.S. Securities Act. There will be no public offer of the Offer Shares in the United States. Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. Each purchaser of, and subscriber for, Offer Shares, in making a purchase or subscription, will be deemed to have made the acknowledgements, representations and agreements as set out in "*Selling and Transfer Restrictions*". Prospective investors in the Offer Shares should carefully read the restrictions described under "*Important Information—Notice to Prospective Investors*" and "*Selling and Transfer Restrictions*". Neither the Company, any Selling Shareholder nor any Underwriter is taking any action to permit a public offering of the Offer Shares in any jurisdiction.

This Prospectus constitutes a prospectus for the purposes of, and has been prepared in accordance with, Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations, the **Prospectus Regulation**). This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by, and filed with, the AFM, as competent authority under the Prospectus Regulation. The AFM has only approved this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus and the Company. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

**Joint Global Coordinators and Joint Bookrunners**

**BNP Paribas** | **Goldman Sachs International** | **J.P. Morgan**

**Joint Bookrunners**

**Banco Santander** | **BofA Securities** | **Citigroup** | **Crédit Agricole Corporate and Investment Bank** | **Deutsche Bank Aktiengesellschaft**

**HSBC** | **ING** | **MUFG** | **UniCredit Bank AG**

**Co-lead Managers**

**Banca IMI** | **BayernLB** | **COMMERZBANK** | **Landesbank Baden-Württemberg**

**Rabobank** | **SEB** | **SMBC Nikko** | **TD Securities Inc.**

This Prospectus is dated 26 May 2020

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# SUMMARY

## Introduction and Warnings

This summary should be read as an introduction to the prospectus (the **Prospectus**) prepared in connection with the offering (the **Offer**) by: JDE Peet's N.V. (the **Company**) of newly issued Ordinary Shares (as defined below) (the **New Offer Shares**) to raise gross proceeds of approximately €700 million; Acorn Holdings B.V. (**Acorn Holdings**) (a company owned by JAB Holding Company S.à r.l. (**JAB**) and other co-investors) of up to 25,833,333 existing Ordinary Shares (the **Acorn Existing Offer Shares**); and Mondelez Coffee HoldCo B.V. (**Mondelez Coffee HoldCo**, and together with Acorn Holdings, the **Selling Shareholders**) (a subsidiary of Mondelēz International, Inc. (**Mondelēz International**)) of up to 25,833,333 existing Ordinary Shares (the **MDLZ Existing Offer Shares**, and together with the Acorn Existing Offer Shares, the **Existing Offer Shares**, and the Existing Offer Shares together with the New Offer Shares and, unless the context indicates otherwise, the Over-Allotment Shares (as defined below), the **Offer Shares**), and the admission to listing and trading of all the ordinary shares in the capital of the Company with a nominal value of €0.01 each (**Ordinary Shares**) on Euronext Amsterdam (**Euronext Amsterdam**), a regulated market operated by Euronext Amsterdam N.V. (the **Admission**).

The Company's statutory seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its registered office is at Oosterdoksstraat 80, 1011 DK Amsterdam, the Netherlands. The Company is registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 73160377. The Company's telephone number is + 31 (0)20 558 1753. The Company's Legal Entity Identifier (**LEI**) is 724500EHG519SE5ZRT89. The Ordinary Shares' International Security Identification Number (**ISIN**) is NL0014332678.

The Acorn Existing Offer Shares are being offered by Acorn Holdings, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in Amsterdam, registered office at Oosterdoksstraat 80, 1011 DK Amsterdam, the Netherlands, trade register number: 57582041 and LEI 724500DPP69L5GJXSJ78. The MDLZ Existing Offer Shares are being offered by Mondelez Coffee HoldCo, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) at Oosterhout (NB), registered office at Wilhelminakanaal Zuid 110, 4903RA Oosterhout, the Netherlands, trade register number: 62773178 and LEI 724500QWTD8OS990IA78.

The Prospectus was approved as a prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations, the **Prospectus Regulation**) by, and filed with, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), as a competent authority under the Prospectus Regulation, on 26 May 2020. The AFM's registered office is at Vijzelgracht 50, 1017 HS Amsterdam, the Netherlands, and its telephone number is +31 (0)20 797 2000.

Any decision to invest in any Ordinary Shares should be based on a consideration of the Prospectus as a whole by the investor and not just the summary. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under national law of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference in it before the legal proceedings can be initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.

## Key Information on the Company

### Who is the issuer of the Ordinary Shares?

**Domicile and Legal Form.** JDE Peet's N.V. (which at the date of the Prospectus is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) named JDE Peet's B.V.) with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and operating under the law of the Netherlands. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and to be renamed to JDE Peet's N.V. immediately prior to Settlement (as defined below). The Company's LEI is 724500EHG519SE5ZRT89.

**Principal Activities.** The Company and its consolidated subsidiaries (together, the **Group**) are the world's largest pure-play coffee and tea group by revenue, serving approximately 130 billion cups of coffee and tea in FY 2019 in more than 100 developed and emerging countries. Through its leading global, regional and local coffee and tea brands, the Group offers an extensive range of high-quality and innovative coffee and tea products to serve consumer needs across markets, consumer preferences and price points. The Group's established portfolio of more than 50 brands is the largest in the coffee and tea categories, comprising its: (i) Power Brands: (a) Global Jewels of Peet's, Jacobs, L'OR, Senseo, Tassimo and TiOra (which it defines as brands sold in multiple markets with large revenue and potential for expansion into further markets); and (b) Regional Heroes, which include Douwe Egberts, Stumptown, Kenco, Moccona, Gevalia, Intelligentsia, OldTown, Super and Ofçay (which it defines as brands sold in one or several local markets that are large in size and strategically important); and (ii) Local Brands, which include Maison du Café in France; Harris in Australia; and Mighty Leaf Tea in the United States (which it defines as brands sold in one or more local markets that are strategically important for a consumer preference, technology or price point not covered by any of its other brands).

**Share Capital.** As at the date of the Prospectus, the Company's share capital comprises Ordinary Shares, which will be admitted to listing and trading on Euronext Amsterdam. As at the Settlement Date (as defined below), the Company's authorised share capital will comprise Ordinary Shares and preference shares with a nominal value of €0.01 each (**Preference Shares**, and together with the Ordinary Shares, **Shares**). No Preference Shares will have been issued on the Settlement Date.

**Major Shareholders.** As at the date of the Prospectus, JAB (holding 7,399,554 Ordinary Shares, comprising all the issued Ordinary Shares and voting rights in such Ordinary Shares, through its subsidiary Acorn Holdings) is the only party that has a substantial shareholding in the Company within the meaning of Chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). JAB is in turn, indirectly, controlled by Agnaten SE, its majority shareholder, and Lucresca SE. Agnaten SE and Lucresca SE, indirectly, share voting and investment control over JAB and its subsidiaries (the **JAB-Group**). JAB and its investments are managed by an advisory committee. In December 2011, JAB entered into a comprehensive agreement with Agnaten SE, Lucresca SE, the advisory committee and further investors. The comprehensive agreement envisages long-term support for Agnaten SE and Lucresca SE by the advisory committee to further develop the JAB-Group's business.

Prior to Settlement: (i) in consideration for a subsidiary of the Company acquiring Mondelēz International's interest in JACOBS DOUWE EGBERTS B.V., the Company will allot, and Mondelez Coffee HoldCo will acquire, 2,667,764 Ordinary Shares (comprising 26.5% of the issued Ordinary Shares and voting rights in such Ordinary Shares); and (ii) the Ordinary Shares in issue following implementation thereof will be split pursuant to a deed of conversion and amendment to the Company's articles of association into 473,163,946 Ordinary Shares, so that Acorn Holdings will hold 347,779,038 Ordinary Shares and Mondelez Coffee HoldCo will hold 125,384,908 Ordinary Shares.

**Anti-takeover Measures.** The Company may set up a foundation, the objects of which will be to protect the interests of the Company and the business maintained by the Group and all stakeholders involved therein, in such a way that the interests of the Company and those businesses and all stakeholders involved therein are protected. The foundation, once incorporated, shall pursue its objectives, among other things, by acquiring and holding Preference Shares and exercising its voting rights on Preference Shares. To this end, after its incorporation, the foundation will be granted a call option by the Company. On each exercise of the call option, the foundation is entitled to subscribe for up to a maximum number of Preference Shares corresponding to 100% of the issued Ordinary Shares outstanding immediately prior to the exercise of the call option, less one Ordinary Share. Any Preference Shares already held by the foundation at the time of the exercise of the call option will be deducted from this maximum. The foundation may exercise its option right repeatedly, each time up to the aforementioned maximum. The foundation will not have been incorporated as at the Settlement Date. The ability to grant such call option will expire five years after the Settlement Date.

**Executive Director.** Casey Keller is the Group Chief Executive Officer of the Company and an executive member of the board of directors (*bestuur*) of the Company (the **Board**).

**Independent Auditor.** Deloitte Accountants B.V. is the independent auditor of the Company.

**What is the key financial information regarding the Company?**

**Selected Financial Information.** The following tables set out the Group's income statement, statement of financial position, statement of cash flows and other financial data as at the dates and for the periods indicated. The selected financial information set forth below has been derived from: (i) the unaudited but reviewed condensed consolidated interim financial statements of the Group as at, and for the three months ended, 31 March 2020 and for the three months ended 31 March 2019 and the notes, comprising a summary of significant accounting policies and other explanatory information (the **Condensed Consolidated Interim Financial Statements**); and (ii) the audited combined and consolidated special purpose financial statements of the Group comprising: (a) the consolidated statement of financial position as at 31 December 2019 and the combined statements of financial position as at 31 December 2018 and 31 December 2017; (b) the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and the combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended 31 December 2018 and 31 December 2017; and (c) the notes, comprising a summary of significant accounting policies and other explanatory information (the **Combined and Consolidated Special Purpose Financial Statements**, and together with the Condensed Consolidated Interim Financial Statements, the **Financial Statements**).

***Income Statement***

| | For the year ended 31 December | | | For the three months ended 31 March | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2020 | 2019 |
| | | | *(in € millions)* | | |
| Revenue | 6,945 | 6,664 | 6,530 | 1,678 | 1,627 |
| Cost of sales | (3,935) | (3,808) | (3,925) | (960) | (960) |
| Selling, general and administrative expenses | (1,967) | (1,947) | (1,898) | (464) | (468) |
| **Operating profit** | **1,043** | **909** | **707** | **254** | **199** |
| Finance income | 101 | 84 | 43 | 16 | 25 |
| Finance expense | (302) | (278) | (238) | (72) | (84) |
| Share of net profit of associates | (1) | - | (1) | - | - |
| **Profit before income taxes** | **841** | **715** | **511** | **198** | **140** |
| Income tax expense | (256) | (52) | (79) | (51) | (34) |
| **Profit for the period** | **585** | **663** | **432** | **147** | **106** |
| **Attributable to:** | | | | | |
| Owners of the parent | 424 | 473 | 318 | 105 | 80 |
| Non-controlling interest | 161 | 190 | 114 | 42 | 26 |

***Statement of Financial Position***

| | As at 31 December | | | As at 31 March |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2020 |
| | | *(in € millions)* | | |
| Goodwill and other intangible assets | 17,286 | 17,286 | 16,915 | 16,988 |
| Property, plant and equipment | 1,737 | 1,446 | 1,379 | 1,653 |
| Deferred income tax assets | 61 | 44 | 49 | 46 |
| Derivative financial instruments | 5 | 3 | 50 | 5 |
| Retirement benefit asset | 306 | 337 | 399 | 414 |
| Other non-current assets | 106 | 138 | 141 | 107 |

| | | | | |
|---|---|---|---|---|
| **Total non-current assets** | **19,501** | **19,254** | **18,933** | **19,213** |
| Inventories | 710 | 697 | 710 | 708 |
| Trade and other receivables | 761 | 778 | 765 | 754 |
| Income tax receivable | 18 | 86 | 87 | 16 |
| Loans to related parties | - | - | 1,259 | - |
| Cash and cash equivalents | 811 | 762 | 836 | 638 |
| Other current assets | 23 | 40 | 5 | 32 |
| **Total current assets** | **2,323** | **2,363** | **3,662** | **2,148** |
| **Total assets** | **21,824** | **21,617** | **22,595** | **21,361** |
| Parent net investment | - | - | 7,724 | - |
| Share capital | 1 | 1 | - | 1 |
| Share premium | 6,139 | 7,447 | - | 6,335 |
| Treasury stock | (50) | - | - | |
| Other reserves | (216) | (253) | - | (388) |
| Retained earnings | 569 | 688 | - | 702 |
| **Equity attributable to owners of the Company** | **6,443** | **7,883** | **7,724** | **6,650** |
| Non-controlling interest | 2,978 | 2,843 | 2,687 | 2,869 |
| **Total equity** | **9,421** | **10,726** | **10,411** | **9,519** |
| Borrowings | 7,199 | 5,843 | 6,130 | 7,049 |
| Retirement benefit liabilities | 258 | 190 | 195 | 256 |
| Deferred income tax liabilities | 949 | 871 | 921 | 949 |
| Income tax liabilities | 189 | 209 | 243 | 174 |
| Derivative financial instruments | 109 | 86 | 131 | 110 |
| Other non-current liabilities | 80 | 222 | 238 | 79 |
| **Total non-current liabilities** | **8,784** | **7,421** | **7,858** | **8,617** |
| Borrowings | 93 | 344 | 1,297 | 84 |
| Trade and other payables | 2,971 | 2,842 | 2,707 | 2,857 |
| Income tax liability | 189 | 200 | 225 | 200 |
| Other current liabilities | 366 | 84 | 97 | 84 |
| **Total current liabilities** | **3,619** | **3,470** | **4,326** | **3,225** |
| **Total equity and liabilities** | **21,824** | **21,617** | **22.595** | **21,361** |

***Statement of Cash Flows***

| | For the year ended 31 December | | | For the three months ended 31 March | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2020** | **2019** |
| | | | *(in € millions)* | | |
| Net cash provided by operating activities | 1,459 | 1,313 | 921 | 239 | 260 |
| Net cash used in investing activities | (445) | (690) | (1,150) | (37) | (23) |
| Net cash used in financing activities | (994) | (692) | (107) | (305) | (324) |
| Effect of exchange rate changes on cash | 29 | (5) | (32) | (70) | 20 |
| **Net decrease in cash and cash equivalents** | **49** | **(74)** | **(368)** | **(173)** | **(67)** |
| **Cash and cash equivalents - at the start of period** | 762 | **836** | **1,204** | 811 | 762 |
| **Cash and cash equivalents - at the end of period** | **811** | **762** | **836** | **638** | **695** |

**Non-IFRS Financial Information.** The table below sets out financial measures, which are not liquidity or performance measures under the International Financial Reporting Standards as adopted by the European Union (**IFRS**), and which the Group considers to be alternative performance measures, for the periods indicated.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *(in € millions, unless indicated otherwise)* | | |
| Revenue growth | 4.2% | 2.1% | 10.1% |
| Like-for-like sales growth(1) | 0.8% | 1.4% | 3.7% |
| Operating profit(2) | 1,043 | 909 | 707 |
| Operating profit margin(3) | 15.0% | 13.6% | 10.8% |

Notes:

(1) The Group defines like-for-like sales as revenue translated at the prior year average foreign exchange rate and adjusted for mergers and acquisitions (**M&A**). To determine like-for-like sales in a given year, revenue in that year is translated at the average foreign exchange rate of the comparable year and excludes revenue from acquired companies until 12 months following the acquisition date. The Group defines like-for-like sales growth as the growth in like-for-like sales between the given and comparable year.

(2) The Group defines operating profit as profit for the period, adding back finance income, finance expense, share of net profit of associates and income tax expense.

(3) The Group defines operating profit margin as operating profit as a percentage of revenue.

**Medium- to Long-term Targets.** The Company has established the financial targets set out below to measure its operational and managerial performance on a Group-wide level. These financial targets are the Company's internal targets for revenue organic growth (at constant commodity prices), Adjusted EBIT growth, free cash flow conversion % and leverage ratio for the medium- to long-term. The Company's ability to achieve these financial targets is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and upon assumptions with respect to future business decisions that are subject to change. As a result, the Company's actual results will vary from these financial targets, and those variations may be material. The Company does not intend to publish revised financial targets to reflect events or circumstances existing or arising after the date of the Prospectus or to reflect the occurrence of unanticipated events. The financial targets should not be regarded as a representation by the Company or any other person that it will achieve these targets in any time period. Readers are cautioned not to place undue reliance on these financial targets. Subject to the above, the Company is targeting the following for purposes of measuring operational and managerial performance on a Group-wide level in the medium- to long-term:

- revenue organic growth (at constant commodity prices) of 3% to 5%;
- Adjusted EBIT growth of 5% to 8%;
- free cash flow conversion % of approximately 70%; and
- a leverage ratio below 3.0x by the end of the first half of FY 2021.

The Group intends to obtain an investment grade rating from a major rating agency within one to two years from the date of the Prospectus.

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**Adjusted EBIT**: the Group defines Adjusted EBIT as operating profit, adjusted for the following factors: (i) enterprise resource planning (**ERP**) system implementation expenses, which represent costs to implement and upgrade to a new ERP system, including order, billing, payroll, and financial systems; (ii) transformation activities and corporate actions include costs from restructuring and organisational redesign projects, results arising from corporate actions and costs from strategic initiatives: (a) restructuring and organisational redesign costs arise from strategic projects that are related to business optimisation or cost-saving initiatives; (b) results arising from corporate actions related to activities that the Group does not consider to be part of its daily business operations; and (c) 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 the Group as part of the normal operating costs of its business; (iii) share-based compensation, which is an operating expense the Group incurs and is a form of compensation; (iv) mark-to-market results consist of economic hedges of certain future risks related to the cost of goods sold; and (v) M&A/business combination results and intangible assets amortisation. **Adjusted EBITDA**: the Group defines Adjusted EBITDA as operating profit before depreciation and amortisation, adjusted for the same factors as listed under Adjusted EBIT. **Net debt:** the Group defines net debt as total borrowings less cash and cash equivalents. **Adjusted net debt:** the Group defines Adjusted net debt as total borrowings less cash and cash equivalents, excluding cash not at the free disposal of the Group, and borrowings from related parties. **Free cash flow**: the Group defines free cash flow as net cash provided by operating activities less capital expenditure. **Free cash flow conversion %**: The Group defines free cash flow conversion % as free cash flow divided by Adjusted EBITDA. **Leverage ratio**: the Group defines the leverage ratio as net debt divided by Adjusted EBITDA. **Medium- to long-term**: the Group has not defined, and does not intend to define, medium- to long-term and these financial targets should not be read as indicating that the Company is targeting such metrics for any particular financial year. **Revenue organic (at constant commodity prices)**: the Group defines revenue organic (at constant commodity prices) as like-for-like sales adjusted for the price impact of inflation and/or deflation of green coffee and tea commodity prices. **Revenue organic growth (at constant commodity prices)**: the Group defines revenue organic growth (at constant commodity prices) as the growth in revenue organic (at constant commodity prices) between the given and comparable year.

**Other Key Financial Information**. No *pro forma* financial information or profit forecast has been included in the Prospectus. There are is no qualification in the audit report provided by the independent auditor on the Combined and Consolidated Special Purpose Financial Statements. The independent auditor has issued a review report on the Condensed Consolidated Interim Financial Statements. Both the audit report and the review report include an emphasis of matter in which the Company's auditors noted that as the Group did not operate as one combined group in the past, the Financial Statements may not necessarily be indicative of the results that would have occurred had the Group been a separate combined group. The review report also includes an emphasis of matter relating to the impact of the novel coronavirus (**COVID-19**) as described in Notes 3 and 13 of the Condensed Consolidated Interim Financial Statements.

**What are the key risks that are specific to the Company?**

Any investment in the Ordinary Shares is associated with risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered relevant to the future development of the Group and the Ordinary Shares.

The following is a summary of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group's business, financial condition, results of operations and prospects, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialise:

- the Group operates in a competitive environment and if it is unable to compete effectively, its profitability and revenues could be materially and adversely affected;
- the success of the Group's business depends substantially on consumer perceptions of its brands;
- fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities could have a material adverse effect on the Group's gross margin and profit;
- a deterioration in global and regional economic and financial conditions could have a material adverse effect on the Group's business, financial condition or results of operations;
- disruptions related to widespread public health concerns, including the COVID-19 pandemic, could materially adversely impact the Group's business, financial condition or results of operations;
- adverse political and business conditions or other developments, as well as other geopolitical risks, such as terrorism, in the countries in which the Group operates, may materially adversely impact the Group's business, financial condition or results of operations;
- the Group's current activities are exposed to developing country risks, including the risks of devaluation, nationalisation and inflation;
- failure of the Group to maintain good relationships and trade terms with major customers, buying groups and distributors may reduce its sales and profits;

- failure of the Group to anticipate and successfully respond to changes in consumer preferences or trends, which may result in decreased demand for its products;
- the Group's efforts to secure an adequate supply of quality or sustainable coffee and tea may be unsuccessful;
- a significant interruption in the Group's manufacturing and distribution facilities could have a material adverse effect on its business, financial condition or results of operations;
- the Group is reliant on certain key third-party suppliers for the production of certain packaging materials and equipment; and
- the Group may not be able to successfully consummate favourable transactions or successfully integrate acquired businesses and may be exposed to potential liability arising from such acquired business, which could have a material adverse effect on its business, financial condition or results of operations.

**Key Information on the Ordinary Shares**

**What are the main features of the Ordinary Shares?**

**Type, Class and ISIN.** The Ordinary Shares are ordinary shares in the share capital of the Company with a nominal value of €0.01 each. The Ordinary Shares are denominated in and will trade in euro on Euronext Amsterdam. The Ordinary Shares' ISIN is NL0014332678.

**Rights attached to the Ordinary Shares.** The Ordinary Shares will rank *pari passu* with each other and holders of Ordinary Shares will be entitled to dividends and other distributions declared and paid on them. Each Ordinary Share carries distribution rights and entitles its holder the right to attend and to cast one vote at the general meeting (*algemene vergadering*) of the Company. There are no restrictions on voting rights attaching to the Ordinary Shares. Each holder of Ordinary Shares shall, subject to exceptions, have a pre-emptive right in respect of the Ordinary Shares to be issued in proportion to the number of Ordinary Shares already held by it. Such a pre-emptive right may, however, be excluded or limited and the Board has been granted the authority to do so for: (i) up to a maximum of 10% of the Ordinary Shares issued and outstanding on the Settlement Date for general purposes; and (ii) up to a maximum of a further 40% of the Ordinary Shares issued and outstanding on the Settlement Date, provided that pre-emptive rights are fully observed (or, if that would not be possible or would be unreasonably cumbersome from a legal or regulatory perspective, near identical subscription rights are provided to holders of Ordinary Shares (e.g. to allow for a rights issue to take place with exclusion of jurisdictions where it is not legally permissible, or prohibitively onerous, to do so)). These general authorisations expire after a period of 18 months following the Settlement Date. Holders of Preference Shares will not have pre-emptive rights in respect of Ordinary Shares and *vice versa*.

**Dissolution and Liquidation.** If the Company is dissolved or liquidated, the Company's assets shall be paid to secured creditors, preferential creditors (including tax and social security authorities) and unsecured creditors, in that order. The balance of the Company's assets remaining after all liabilities have been paid, if any, shall be transferred to the holders of Preference Shares in proportion to the nominal value of each holder's holding in Preference Shares, but only to the extent the Preference Shares were not issued and paid at the expense of the Company's reserves, plus any distribution still payable at the time of the liquidation on such Preference Shares. Any remaining balance shall be transferred to the holders of Ordinary Shares in proportion to the nominal value of each shareholder's holding in Ordinary Shares.

**Restrictions on Free Transferability of the Ordinary Shares.** There are no restrictions under the Company's articles of association, including as they will be in effect following amendment effective as of the Settlement Date (immediately prior to Settlement), or under Dutch law that limit the right of shareholders to hold Ordinary Shares. The transfer of Ordinary Shares to persons who are located or resident in, citizens of, or have a registered address in jurisdictions other than the Netherlands may, however, be subject to specific regulations or restrictions according to their securities laws.

**Dividend Policy.** Subject to the limitations described herein, the Company intends to target a dividend payout ratio for a financial year of 50% to 60%. For this purpose, the dividend payout ratio for a financial year is defined as the percentage of the Group's profit attributable to shareholders in the immediately preceding financial year. The ability and intention of the Company to declare and pay dividends in the future: (i) will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity and such other factors as the Board may deem relevant; and (ii) are subject to factors that are beyond the Company's control.

**Where will the Ordinary Shares be traded?**

Application has been made to admit all of the Ordinary Shares to listing and trading on Euronext Amsterdam, under the symbol "JDEP". Trading on an "as-if-and-when-issued/delivered" basis in the Ordinary Shares on Euronext Amsterdam is expected to commence at 09:00 (Central European Time (**CET**)) on or around Wednesday, 3 June 2020 (the **First Trading Date**). Prior to being admitted to trading on Euronext Amsterdam, there has been no public trading market for the Ordinary Shares.

**What are the key risks that are specific to the Ordinary Shares?**

The main risks relating to the Offer and the Ordinary Shares include, among others:

- immediately after Settlement, JAB and Mondelēz International, alone or both, through Acorn Holdings and JAB Holdings B.V. (**JAB Holdings**) and Mondelez Coffee HoldCo, respectively, will be in a position to exert substantial influence on the Company and (although Mondelēz International will not have legal control of the Company) the interests pursued by one or both the Selling Shareholders could differ from the interests of the other shareholders; and
- provisions in the Company's articles of association and the ability to issue Preference Shares may delay, deter or prevent takeover attempts that may be favourable to the shareholders.

**Key Information on the Offer and the Admission**

**Under which conditions and timetable can I invest in the Ordinary Shares?**

**Offer.** The Company is offering such number of New Offer Shares as will raise gross proceeds of approximately €700 million, Acorn Holdings is offering up to 25,833,333 Acorn Existing Offer Shares and Mondelez Coffee HoldCo is offering up to 25,833,333 MDLZ Existing Offer Shares (such Existing Offer Shares not including any Over-Allotment Shares). The total number of: (i) the Existing Offer Shares (excluding any Over-Allotment Shares) will raise gross proceeds of up to approximately €1.55 billion; and (ii) the Offer Shares (excluding any Over-Allotment Shares) will raise gross proceeds of up to approximately €2.25 billion. Acorn Holdings and Mondelez

Coffee HoldCo have agreed that if Mondelez Coffee HoldCo elects to sell less than the maximum number of MDLZ Existing Offer Shares, Acorn Holdings shall be permitted to additionally sell the difference, provided that the Existing Offer Shares (excluding any Over-Allotment Shares) to be sold in the Offer will not, without increasing the size of the Offer, raise gross proceeds of more than €1.55 billion.

The Company and the Selling Shareholders have granted J.P. Morgan Securities plc (**J.P. Morgan**) in its capacity as Stabilisation Manager (as defined below), on behalf of the Underwriters (as defined below), an option (the **Over-Allotment Option**), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require the Company to sell up to 3,499,999 Ordinary Shares, Acorn Holdings to sell up to 3,875,000 Ordinary Shares and Mondelez Coffee HoldCo to sell up to 3,875,000 Ordinary Shares (together, the **Over-Allotment Shares**) at the offer price per Offer Share (the **Offer Price**), comprising up to 15% of the aggregate number of Offer Shares sold in the Offer (excluding the Over-Allotment Shares), to cover over-allotments or short positions, if any, in connection with the Offer.

Assuming no exercise of the Over-Allotment Option and an Offer Price at the bottom of the Offer Price Range (all as defined below), the Offer Shares will constitute approximately 15.1% of the issued Ordinary Shares. Assuming the Over-Allotment Option is fully exercised and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than approximately 17.3% of the issued Ordinary Shares.

**Jurisdictions.** The Offer consists solely of private placements to certain institutional investors in various jurisdictions, including the Netherlands. The Offer Shares are being offered and sold within the United States of America (the **United States** or **U.S.**) to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state and other securities laws, and outside the United States in accordance with Regulation S under the U.S. Securities Act. The Offer is made only in those jurisdictions in which, and only to those persons to whom, the Offer may be lawfully made. There will be no public offering in any jurisdiction.

**Timetable.** Subject to acceleration or extension of the timetable by the Company and the Selling Shareholders, in consultation with the Joint Global Coordinators for, or withdrawal of, the Offer, the timetable below lists the expected key dates for the Offer.

| Event | Date (2020) (Time (CET)) |
|---|---|
| Start of offer period (the **Offer Period**) | Tuesday, 26 May (9:00) |
| End of Offer Period | Tuesday, 2 June (14:00) |
| Expected pricing | Tuesday, 2 June |
| Publication of results of the Offer and expected allocation | Wednesday, 3 June |
| First Trading Date (trading on an 'as-if-and-when-issued/delivered' basis) on Euronext Amsterdam | Wednesday, 3 June |
| Settlement Date (payment and delivery) | Friday, 5 June |

The Company and the Selling Shareholders, in consultation with the Joint Global Coordinators, reserve the right to accelerate or extend the Offer Period. In the event of an acceleration or extension of the Offer Period, pricing, allocation, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares may be advanced or extended accordingly.

**Offer Price, Offer Price Range and number of Offer Shares.** The Offer Price is expected to be in the range of €30.00 to €32.25 (inclusive) per Offer Share (the **Offer Price Range**). The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is indicative and may be changed. The maximum number of Offer Shares may be increased or decreased prior to the allocation of the Offer Shares. The Offer Price and the exact number of Offer Shares (including the maximum number of Over-Allotment Shares) will be determined after the end of the Offer Period by the Company and the Selling Shareholders, in agreement with the Joint Global Coordinators and on the basis of a book building process, and will be stated in a pricing statement (the **Pricing Statement**) that will be published through a press release that will also be posted on the Company's website (www.jdepeets.com) and filed with the AFM.

**Allocation.** Allocation of the Offer Shares to investors is expected to take place after the closing of the Offer Period on or about Wednesday, 3 June 2020, subject to acceleration or extension of the timetable for the Offer. Full discretion will be exercised as to whether or not and how to allot the Offer Shares. There is no maximum or minimum number of Offer Shares for which prospective investors may apply and multiple applications to purchase, or subscribe for, Offer Shares are permitted. In the event that the Offer is over-subscribed, investors may receive fewer Offer Shares than they applied for.

**Payment and Delivery.** Payment (in euro) for and delivery of the Offer Shares (**Settlement**) will take place on the date of settlement, which is expected to be Friday, 5 June 2020 (the **Settlement Date**). Taxes and expenses, if any, must be borne by the investor. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement). The Offer Shares will be delivered in book-entry form through the facilities of Netherlands Central Institute for Giro Securities Transactions (Euroclear Nederland). If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any payments made will be returned without interest or other compensation. Any dealings in Ordinary Shares prior to Settlement are at the sole risk of the parties concerned.

**Cornerstone Investors**. Quantum Partners LP and Palindrome Master Fund LP (funds managed by Soros Fund Management LLC); various funds and accounts under the management of Fidelity Management and Research (**FMR**); and JAB Holdings (together, the **Cornerstone Investors**) have irrevocably agreed to purchase Offer Shares in the aggregate amount of €761 million at the Offer Price on the Settlement Date as part of the Offer (the **Cornerstone Investments**). The Cornerstone Investments will be for the following amounts: (i) Quantum Partners LP and Palindrome Master Fund LP (funds managed by Soros Fund Management LLC): €100 million (in aggregate); (ii) FMR: €361 million; and (iii) JAB Holdings: €300 million. Assuming an Offer Price at the bottom of the Offer Price Range and the maximum number of Offer Shares, the Cornerstone Investments comprise an aggregate of: (i) 25,366,666 Ordinary Shares; (ii) 5.11% of the total issued share capital of the Company immediately following Settlement, assuming no exercise of the Over-Allotment Option; and (iii) 5.07% of the total issued share capital of the Company immediately following Settlement assuming the

Over-Allotment Option is exercised in full. The Cornerstone Investments are conditional on, among other things, the Company issuing the Pricing Statement. If the Settlement Date has not occurred on or before 15 June 2020, each Cornerstone Investor is entitled to terminate its Cornerstone Investment. The Cornerstone Investors may also subscribe for or purchase additional Ordinary Shares in the Offer. Allocation of any such additional Ordinary Shares shall be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, as described under "*Allocation*" above.

**Joint Global Coordinators.** BNP Paribas, Goldman Sachs International and J.P. Morgan are the joint global coordinators for the Offer (the **Joint Global Coordinators**).

**Joint Bookrunners.** Banco Santander, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Bank plc, ING Bank N.V. (**ING**), Merrill Lynch International, MUFG Securities EMEA plc and UniCredit Bank AG, together with the Joint Global Coordinators, are the joint bookrunners for the Offer (the **Joint Bookrunners**).

**Co-lead Managers.** Banca IMI S.p.A. (Intesa Sanpaolo Group), Bayerische Landesbank, COMMERZBANK Aktiengesellschaft, Coöperatieve Rabobank U.A., Landesbank Baden-Württemberg, Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch, SMBC Nikko Capital Markets Europe GmbH and TD Securities Inc., are the co-lead managers for the Offer (together with the Joint Bookrunners, the **Underwriters**).

**Listing Agent and Paying Agent.** ING is the listing agent for the Admission and the paying agent for the Ordinary Shares.

**Stabilisation Manager.** J.P. Morgan is the stabilisation manager for the Offer (the **Stabilisation Manager**).

**Dilution.** The issue of the New Offer Shares will result in a maximum dilution of voting interest of shareholders of the Company of: (i) 4.9%, assuming no exercise of the Over-Allotment Option; and (ii) 5.7%, assuming the Over-Allotment Option is exercised in full (in each case, immediately following the allotment of Ordinary Shares to Mondelez Coffee HoldCo and an Offer Price at the bottom of the Offer Price Range).

**Estimated Expenses.** Based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of the maximum number of Offer Shares and no exercise of the Over-Allotment Option, the expenses, commissions and taxes related to the Offer payable by the Company are estimated at approximately €75 million.

**Who is the offeror and/or the person asking for Admission?**

The Company is offering the New Ordinary Shares. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and to be renamed to JDE Peet's N.V. with effect as of the Settlement Date. The Company's LEI is 724500EHG519SE5ZRT89 and its trade register number is 73160377. The Acorn Existing Offer Shares are being offered by Acorn Holdings and the MDLZ Existing Offer Shares are being offered by Mondelez Coffee HoldCo. Each of the Company and the Selling Shareholders operates under the laws of the Netherlands.

**Why is the Prospectus being produced?**

**Reasons for the Offer and Admission.** The Company believes that the Offer will strengthen its financial position by enabling it to repay part of its outstanding debt. The Admission further provides the Company with access to capital markets, which it may use to support and develop further growth of the Group and to finance mergers and acquisitions, as they become available.

**Net Proceeds.** The Company will not receive any proceeds from the sale of the Existing Offer Shares and/or the sale of any Over-Allotment Shares by the Selling Shareholders, the proceeds of which will be received by the Selling Shareholders. The commissions due to the Underwriters, and expenses (up to an agreed cap), will be borne by the Company. The Company expects the net proceeds from the Offer, after deduction of expenses, commissions and taxes for the Offer payable by the Company (estimated to amount to approximately €75 million), to amount to approximately €625 million. The Company intends to use the expected net proceeds of the issue of the New Offer Shares and any Company Over-Allotment Shares to repay part of its outstanding debt in order to improve its leverage ratio. On the Settlement Date, after the repayment of part of its outstanding debt with such net proceeds, it is estimated that the Company will have a leverage ratio of around 3.6x. Subject to, and as further discussed under "*What is the key financial information regarding the Company?—Medium- to Long-term Targets*" above, the Company is targeting a leverage ratio below 3.0x by the end of the first half of FY 2021.

**Underwriting Agreement.** The Company, the Selling Shareholders and the Underwriters entered into an Underwriting Agreement on 26 May 2020 with respect to the Offer (the **Underwriting Agreement**). The Underwriting Agreement is conditional on, among others, the entry into of a pricing agreement between the Company, one or more Selling Shareholders and the Underwriters setting the Offer Price and the final number of Offer Shares. On the terms, and subject to the conditions, of the Underwriting Agreement and such agreement not being terminated, the Company has agreed to issue the New Offer Shares and the Selling Shareholders have agreed to sell the Existing Offer Shares at the Offer Price to subscribers and purchasers procured by the Underwriters or, failing subscription or purchase by such procured purchasers, to the Underwriters themselves.

**Most Material Conflicts of Interest Pertaining to the Offer and the Admission.** Certain of the Underwriters and/or their affiliates are, or have been, engaged and may in the future engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Group and/or the Selling Shareholders or any parties related to or competing with any of them, in respect of which they have received, and may in the future receive, customary fees and commissions. Additionally, the Underwriters may, in the ordinary course of their business, in the future hold the Company's and/or the Selling Shareholders' securities for investment. As a result of acting in the capacities described above, the Underwriters and their affiliates may have interests that may not be aligned, or could potentially conflict, with the interests of investors or with the interests of the Company or the Group.

# RISK FACTORS

*Before investing in the Ordinary Shares, prospective investors should consider carefully the risks and uncertainties described below, together with the other information contained in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, may have a significant negative impact on the Company and its consolidated subsidiaries (together, the* ***Group****) business, financial condition, results of operations and prospects. The price of the Ordinary Shares could decline and an investor might lose part or all of its investment upon the occurrence of any such event.*

*All of these risk factors and events are contingencies that may or may not occur. The Group may face a number of these risks described below simultaneously and some risks described below may be interdependent. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Group's business, financial condition, results of operations and prospects. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.*

*Although the Company believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and industry, and the Ordinary Shares, they are not the only risks and uncertainties relating to the Group and the Ordinary Shares. Other risks, events, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Group's business, financial condition, results of operations and prospects.*

*Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to any Ordinary Shares. Furthermore, before making an investment decision with respect to any Ordinary Shares, prospective investors should consult their own professional adviser and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of their personal circumstances.*

## Risks Relating to the Group's Business and Industry

***The Group operates in a competitive environment and if it is unable to compete effectively, its profitability and revenues could be materially and adversely affected.***

The coffee and tea categories are intensely competitive including as a result of increased consolidation in the industry, competitive strategies undertaken by competitors and the emergence of new distribution channels and competitors. In the coffee category, the Group competes against a number of large companies operating globally as well as a range of other regional and local brands and private label producers, whereas the tea category is more fragmented than the coffee category. Competitors or potential competitors may have greater financial resources to respond to and develop the markets in which they and the Group operate.

The consolidation of the consumer packaged goods (**CPG**) and retail coffee categories has significantly increased the capital base and geographic reach of the Group's competitors in some of the markets in which it operates, and competition is expected to increase further as the trend towards consolidation among companies in the coffee category is expected to continue. Consolidation activity has also increased along distribution channels, which has augmented the purchasing power of customer buying groups. As customers increase their leverage through consolidation and the emergence of buying groups, there is greater downward pricing pressure on the Group's products, which can have a material adverse effect on the Group's revenue and profitability. For additional information on consolidation of the industry and the emergence of customer buying groups, see also "*—Failure of the Group to maintain good relationships and trade terms with major customers, buying groups and distributors may reduce its sales and profits*".

The Group's competitors have in the past implemented, and may in the future implement, various strategies to increase their market positions, such as the launch of new products, discounted pricing and increased activity in mergers and acquisitions (**M&A**). To maintain its competitive position, the Group may need to increase expenditures on media, advertising, promotions and trade spend, and introduce new products and line extensions, which may require new production methods, technological improvements and new machinery. Due to inherent risks in the marketplace associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditures may not prove successful in maintaining or increasing the Group's market share and could result in lower sales and profits. For additional information on the Group's marketing and advertising activities, see also "*—If the Group is unable to generate meaningful returns on its investment in marketing and advertising activities or if its relationship with its marketing and advertising service providers deteriorates, the Group's business, financial condition or results of operations could be negatively impacted*".

From time to time, the Group may need to take steps to address competitive and customer pressures and to maintain market share, including by increasing promotional offers and reducing prices. Pressures may restrict the Group's ability to raise prices in response to cost increases related to green coffee, packaging materials, labour and other costs. Any reduction in prices as a result of competitive pressures, or any failure to increase prices when raw material or other costs increase, could have a material adverse effect on the Group's profit margins and, if its sales volumes fail to grow sufficiently to offset any reduction in margins, its results of operations could suffer. On occasion, when the price of green coffee has increased significantly and the Group has been unable to increase its prices quickly enough to compensate for such increased costs, the Group has had to take further measures in relation to such markets, including ceasing advertising campaigns and halting trading temporarily in such markets. Such events may occur again in the future and could materially adversely impact the Group's profitability. For additional information on the impact of commodity prices on the Group's business, see also "*—Fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities could have a material adverse effect on the Group's gross margin and profit*".

Furthermore, the rapid and continuous emergence of new distribution channels, particularly in online sales, may contribute to consumer price deflation, affecting the Group's CPG relationships and presenting additional challenges to increasing prices in response to commodity or other cost increases. If the Group is unable to adjust to new distribution channels and developments in online sales, the Group may be disadvantaged relative to its competitors, which could materially adversely impact the Group's business, financial condition and results of operations.

Additionally, a potential increase in focus on private label products by the Group's CPG customers could result in additional competition for the Group's products and consumer price deflation.

Any of the foregoing could negatively impact the Group's ability to compete effectively, harm its sales and profitability and have a material adverse effect on the Group's business, financial condition or results of operations could be materially adversely affected.

***The success of the Group's business depends substantially on consumer perceptions of its brands.***

The Group believes that maintaining and extending recognition and trust in its portfolio of brands and continually enhancing the value of its brands are critical to the success of its business. The Group's portfolio of brands includes, its: (i) Power Brands: (a) Global Jewels such as Peet's, Jacobs, L'OR, Senseo, Tassimo and TiOra; and (b) Regional Heroes such as Douwe Egberts, Stumptown, Kenco, Moccona, Gevalia, Intelligentsia, OldTown, Super and Ofçay; and (ii) Local Brands, including Maison du Café in France, Harris in Australia and Mighty Leaf Tea in the United States. For more information on the definitions and designations of the Group's brands, please refer to "*Business—Overview*" and "*Business—Key Brands*". The Group's competitors also have established brands and are continuing to take steps to increase and strengthen their brand recognition. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends on the Group's ability to provide high-quality and innovative products and the effectiveness of its marketing and advertising initiatives. See also "*—If the Group is unable to generate meaningful returns on its investment in marketing and advertising activities or if its relationship with its marketing and advertising service providers deteriorates, the*

*Group's business, financial condition or results of operations could be negatively impacted*" for additional information on the Group's marketing and advertising activities.

The Group's brand value could diminish significantly as a result of a number of factors, including if the Group fails to preserve the quality or enhance the sustainability of its products, processes and packaging, it is perceived to act in an irresponsible manner including with respect to its environmental or corporate responsibility, its brands fail to deliver a consistently positive consumer experience, competitors have more (or more effective) marketing or brand promotion campaigns than the Group, its products become subject to adverse public or medical opinion, its products become unavailable to consumers, it is subject to security breaches of confidential customer or employee information, or if the Group, its brands or its products receive negative publicity for any reason. The effect of negative publicity could be significant to the extent dissatisfaction with the Group or its products is disseminated via social media due to its immediacy and accessibility as a means of communication. Negative public perception of the Group, even if factually incorrect or based on isolated incidents, could significantly damage the Group's reputation and revenues and could diminish the value of its brands. It could also negatively impact the Group's ability to attract and retain customers, consumers and employees.

In addition, in the course of its geographic expansion, the Group has in the past, and expects to continue to acquire or invest in well-established brands. In addition to integrating such brands into the Group's portfolio of products, the Group may develop new brands to supplement the consumer proposition in such markets with products of varying price points. If the value of such acquired brands is diminished or if the Group fails to successfully market and develop new brands to complement the acquired brands, its revenues and operating results could be materially adversely affected.

Consumer perception of the Group's brands may also be harmed by illegal or unsatisfactory actions taken by its suppliers, service providers or partners. For example, instances of raw material suppliers failing to ensure product quality or to comply with food safety or other laws and regulations, child and forced labour laws and the Group's supplier code of conduct, among others, that are not identified by the Group's quality control systems could interrupt the Group's operations, could result in a negative perception of the Group and its brands and lead to claims against it. Moreover, actions taken by suppliers, service providers or partners that result in any delay in delivery of the Group's products or damage to its products during the course of delivery and inappropriate actions taken by delivery service providers might cause customer or consumer complaints. For additional information on the Group's reliance on third parties, see "*—The Group is reliant on third-party suppliers for the production of packaging materials and equipment*" and *"—Because the Group relies on third parties for transport and warehousing services, any disruption in their services or increase in transport costs could have a material adverse effect on the Group's business, financial condition or results of operations*".

Any of the foregoing could have a material adverse effect on the Group's business, financial condition or results of operations.

***Fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities could have a material adverse effect on the Group's gross margin and profit.***

Green coffee and other commodity price increases can impact the Group's business by increasing the cost of raw materials used to make its products and the costs to manufacture, package and ship such products.

The Group's primary raw material is green coffee, an agricultural commodity that is subject to volatile pricing. The Group purchases both Robusta and Arabica green coffee for use in the blending and roasting processes to create its coffee products. In FY 2019, Robusta and Arabica green coffee comprised approximately 50% and 50%, respectively, of the Group's green coffee purchases. Over the past 10 years, the "Liffe" price for Robusta coffee quoted by the London International Financial Futures and Options Exchange (**LIFFE**) has ranged between US$1,222 per metric tonne and US$2,615 per metric tonne and the base "C" price for Arabica quoted by the New York Intercontinental Exchange (**ICE**) has ranged between 86 U.S. dollar cents per pound and 306 U.S. dollar cents per pound for Arabica beans. As at 30 April 2020, the price for Robusta and Arabica green coffee (July 2020 position) was US$ 1,190 per metric tonne and 115 US$ cents per pound, respectively.

The Group purchases black, green and botanical teas directly from numerous importers and growers in Africa and Asia as well as from traders and via auctions. Over the past 10 years, the average price for tea has ranged between US$1,500 per metric tonne and US$8,000 per metric tonne.

The supply and price of coffee purchased by the Group can be affected by multiple factors, including speculation in the commodities markets, weather conditions such as drought and frost, seasonal fluctuations, real or perceived shortages, pest or other crop damage, land usage, the political climate in producing nations, competitive pressures, labour actions, currency fluctuations, armed conflict and government actions, including treaties and trade controls by or between coffee producing nations. For additional information relating to the Group's ability to secure an adequate supply of coffee, see "*—The Group's efforts to secure an adequate supply of quality or sustainable coffee and tea may be unsuccessful*". Single-origin, Arabica green coffee and responsibly-sourced coffee sell at higher prices than other green coffees due to, among other things, the inability of producers to increase supply in the short run to meet rising demand. Physical Arabica coffee trades on a negotiated basis at a premium or discount to the base "C" price and the price can vary significantly. Given the significance of coffee beans to the Group's operations, increases in the cost of green coffee, including Arabica coffee beans, could have a material adverse impact on the Group's profitability.

The Group is also exposed to cost fluctuations in other commodities, including palm and coconut oil, aluminium, glass, milk, sugar, electricity and natural gas. Increases in the cost of fuel can lead to increases in transportation and other costs. Much like coffee costs, the costs of these other commodities depend on various factors beyond the Group's control, including economic and political conditions, currency fluctuations, environmental regulation and weather patterns.

The Group purchases virtually all of its green coffee through forward delivery contracts for green coffee and uses futures to hedge the Group's green coffee price exposure. Approximately one third of the Group's tea purchases are indexed to tea prices in the Mombasa Tea Auction, as part of an effort to hedge some of the Group's tea price risk. However, the Group continues to face risks relating to the unhedged portion of its coffee and tea requirements and is exposed to counterparty risk as a result of such hedging arrangements. Moreover, the time period of the forward purchase contracts does not necessarily match the time period of the agreements the Group enters into with customers to sell its products, so its hedging strategies may not effectively reduce its exposure to commodity price increases. Additionally, entering into such future commitments exposes the Group to the risk that coffee market prices decline in the future. Because the Group is not always able to pass price changes through to its customers due to competitive pressures and it is not always able to adequately hedge against changes in commodity prices, unpredictable commodity price changes can have an immediate effect on operating results that cannot be corrected in the short run. Additionally, there may be a delay or time lag between the time commodity costs increase and the time the Group is able to increase its prices, which may negatively impact the Group's profit margins. However, if commodity prices then fall before the Group has been able to increase its prices, the Group may be unable to recover losses caused by such temporary increases in commodity costs. For additional information on the Group's hedging strategies, see Note 14 to the Combined and Consolidated Special Purpose Financial Statements, including the sensitivity analysis included therein.

The Group assesses the prices charged for its products and seeks to negotiate terms agreed with customers in order to address fluctuations in the costs of raw materials. However, if the Group is not able to increase its product sales prices to sufficiently offset increased raw material costs, either as a result of consumer sensitivity to pricing or otherwise, or if unit volume sales are significantly reduced due to price increases, or if the Group is unable to do so in a time-efficient manner, fluctuations in the price of raw materials have in the past and could in the future increase the Group's costs for such materials, which could have a material adverse effect on the Group's gross margin and profit.

***Global and regional economic and financial conditions could have a material adverse effect on the Group's business, financial condition or results of operations.***

The Group serves consumers in over 100 countries across the globe through direct and indirect sales and therefore its financial performance and business could be materially adversely affected by a deterioration of global or regional economic and financial conditions. In FY 2019, the Group generated 13% of its revenue from the United

States, 12% from Germany, 12% from France and 10% from the Netherlands (all including export revenue), and therefore it is particularly exposed to economic and financial conditions in those countries. Such conditions may include higher inflation, higher interest rates, declining access to credit, lower or stagnating wages, increasing unemployment, weakness in housing and real estate markets, changes in government fiscal or tax policies, including changes in applicable tax rates and the adoption of new tax legislation, removal of subsidies, reduced public spending or credit crises affecting disposable incomes, increases in fuel prices or a loss of consumer confidence.

Changes in economic and financial conditions where the Group operates can negatively impact consumer confidence and consumer spending, which can result in a decline in the Group's sales or customers switching to lower price offerings. This may also limit the Group's ability to increase or maintain prices and may generate increased pressure to reduce product prices. Similarly, disruptions in financial and credit markets worldwide may impact the Group's ability to manage normal commercial relationships with customers, suppliers and creditors. These disruptions could have a negative impact on the ability of the Group's customers to timely pay their obligations, thus reducing the Group's cash flow or the ability of the Group's vendors to timely supply materials.

Any of the foregoing could have a material adverse effect the Group's business, financial condition or results of operations.

***Disruptions related to widespread public health concerns, including the novel coronavirus ("COVID-19") pandemic, could materially adversely impact the Group's business, financial condition or results of operations.***

The Group's business has and could be negatively impacted by the fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concerns. The recent COVID-19 pandemic continues to evolve and, to date, has resulted in the implementation of significant measures by governments globally, including lockdowns, closures, quarantines and travel bans intended to control the spread of the virus. Companies, including the Group, have also taken precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses and facilities. These restrictions, and future prevention and mitigation measures related to COVID-19 or other widespread public health concerns, are likely to have an adverse impact on global economic conditions and consumer confidence and spending, which could materially adversely affect demand for the Group's products. Disruptions related to COVID-19 or other widespread public health concerns could also result in a loss or disruption of essential supply and manufacturing elements, including the supply of coffee, tea, plastic and other materials, transportation, workforce, or other manufacturing and distribution capabilities, as well as the operations of third parties on which the Group relies. See also "*—The Group's efforts to secure an adequate supply of quality or sustainable coffee and tea may be unsuccessful*", "*—A significant interruption in the Group's manufacturing and distribution facilities could have a material adverse effect on its business, financial condition or results of operations.*" and "*—The Group is reliant on third-party suppliers for the production of packaging materials and equipment*" for further information on the Group's reliance on an adequate supply of raw materials, continuing manufacturing and distribution operations and third parties.

As of the date of this Prospectus, the COVID-19 pandemic has resulted in decreased revenue in the Group's Out-of-Home and retail coffee store channels, with the Group's retail stores being either temporarily closed or subject to limited operations, and has required the implementation of various protective measures across the Group's manufacturing facilities. However, the extent to which the COVID-19 pandemic ultimately impacts the Group's business depends on future developments, including the duration, spread and intensity of the outbreak and the implementation of mitigation measures, which are uncertain and difficult to predict. For further information on the impact of COVID-19 on the Group, please see "*Operating and Financial Review—Recent Developments*". If the COVID-19 pandemic becomes more pronounced, or if widespread public health concerns occur in the future, the Group's business, financial condition or results of operations could be materially adversely affected.

***Adverse political and business conditions or other developments, as well as other geopolitical risks, such as terrorism, in the countries in which the Group operates, may materially adversely impact the Group's business, financial condition or results of operations.***

The Group sells products in over 100 countries worldwide and, thus, its business is subject to a variety of risks and uncertainties related to such countries, including political or social upheaval. Such upheaval could lead governments to make changes, including the imposition of import, investment or currency restrictions, such as tariffs and import quotas and restrictions on the repatriation of earnings and capital, or changes in trade regulation. Product boycotts resulting from political activism could reduce demand for the Group's products, while restrictions on the Group's ability to transfer earnings or capital across borders, price controls, limitation on profits, import authorisation requirements and other restrictions on business activities that have been or may be imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries or otherwise, could materially and adversely impact the Group's profitability. Changes to international trade policies, treaties and tariffs, or the emergence of a trade war could lead to tension and raised prices as well as a deterioration of the Group's access to markets.

Political, fiscal or social unrest and terrorist threats or acts may also occur in various places around the world. These would have an impact on trade, tourism and travel and could delay or impair the Group's ability to execute on its growth strategy. Such disruptions could impact the Group's suppliers' or customers' physical facilities, could make travel and the transportation of supplies and products more difficult and more expensive and could ultimately impact the Group's operating results.

The Group cannot predict how current or future global political and business conditions will impact the Group's suppliers, customers (including distributors), consumers or other third parties, however, the direct and indirect repercussions of the occurrence of one or more of these events could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group faces risks related to the United Kingdom's exit from the European Union.***

In a referendum on the United Kingdom's membership of the European Union held on 23 June 2016, a majority voted in favour of the United Kingdom's withdrawal from the European Union. On 29 March 2017, the UK Government triggered the official process for withdrawing from the European Union under Article 50 of the Treaty on European Union (**Brexit**), leading to a process of negotiation that will determine the future terms of the United Kingdom's relationship with the European Union. In October 2019, a withdrawal agreement (the **Withdrawal Agreement**) setting out the terms of the United Kingdom's exit from the European Union, and a political declaration on the framework for the future relationship between the United Kingdom and European Union was agreed between the United Kingdom and the European Union governments. The Withdrawal Agreement, which became effective on 31 January 2020, includes the terms of a transition or "standstill" period until 31 December 2020, during which time the United Kingdom and the European Union will continue to negotiate the terms of a trading arrangement that will apply following the standstill period. Brexit and uncertainty with regard to the UK's future trading arrangements with the EU continue to create significant political, social, and macroeconomic uncertainty. If the standstill period ends with no trading arrangement in place, the result may be significant macroeconomic deterioration, including, but not limited to, decreases in global stock exchange indices, trade wars and increased foreign exchange volatility (in particular a further weakening of the pound sterling and the euro against other leading currencies). The United Kingdom is a key market for the Group, contributing 6% of the Group's revenue in FY 2019. In addition, one of the Group's research and development centres is located in the United Kingdom as well as a manufacturing centre that exports products outside the United Kingdom and two local sales units. Brexit could cause disruptions to and create uncertainty surrounding the Group's business, affect its relationships with existing and future clients and suppliers and impact the free movement of labour. Moreover, the potential imposition or expansion of customs procedures and duties between the UK and the EU could have a negative impact on the Group's inventory management as a result of delays at the border and could increase costs for the Group's products. Such events could materially and adversely affect the Group's business, financial condition or results of operations.

***The Group's current activities are exposed to emerging market risks, including the risks of devaluation, nationalisation and inflation.***

The Group carries out significant activity in emerging markets, including Brazil, Russia, Malaysia, Thailand, Ukraine and other Eastern European countries. In FY 2019, the Group derived 23% of its revenue (including export revenue) from such emerging markets.

The Group's operations and investments in these markets are subject to the risks of operating in emerging markets, which include political and economic instability, external interference, financial risks, changes in government policy, political and economic changes, changes in the relations between countries, actions of governmental authorities affecting trade and foreign investment, regulations on repatriation of funds, interpretation and application of local laws and regulations, enforceability of intellectual property (**IP**) and contract rights, local labour conditions and regulations, lack of upkeep of public infrastructure, application of exchange controls, nationalisation or expropriation, empowerment legislation and policy, corrupt business environments, crime and lack of law enforcement. The financial risks of operating in emerging markets also include risks of illiquidity, inflation, devaluation, price volatility, currency convertibility, restrictions on the movement, access and transfer of funds and country default. These various factors could have a material adverse effect on the Group's business, financial condition or results of operations.

Certain emerging markets, such as Brazil and Asia more broadly, are particularly significant to the Group's business. Brazil is a key source of green coffee for the Group, while Asia is a focus area for planned expansion. Economies in such markets can be subject to rapid and significant changes and are vulnerable to internal and external shocks, including potential domestic political uncertainty and changing investor sentiment due to monetary policy changes in developed countries and other factors. In recent years, many of these economies, including Brazil, have undergone significant economic transitions and their respective governments have pursued economic reforms. For example, Brazil experienced a severe economic crisis in 2015 and 2016 with GDP declining 3.5% and 3.3%, respectively, and although the Brazilian economy has been recovering, with GDP growth of 1.1% in each of 2017 and 2018, its growth rate is uncertain for the future.[1]

Moreover, emerging markets are often affected by developments in other emerging markets and, accordingly, adverse changes in emerging markets could have a negative impact on the markets in which the Group operates. Due to the Group's geographic mix, these factors could affect it more than its competitors with less exposure to developing markets, and any general decline in developing markets as a whole could have a material adverse effect on its business, financial condition or results of operations.

***Failure of the Group to maintain good relationships and trade terms with major customers, buying groups and distributors may reduce its sales and profits.***

Because of the competitive environment in which the Group operates, many of its CPG customers are seeking to improve their profitability through pricing concessions and increased promotional programmes, more favourable trade terms and increased emphasis on private label products. This trend has become more pronounced with the increased consolidation of the industry and increased purchasing power of customer buying groups, organised to enhance the bargaining position of CPG customers. In certain markets, the Group's revenue is concentrated among a small number of CPG customers, which increases the bargaining power of such customers. For example, in the Netherlands, France, Germany, and the United Kingdom, there is a concentration in the Group's revenue, with 94%, 76%, 67% and 66%, respectively, of FY 2019 revenue derived from five customers, which amounted to 23% of the Group's total revenue in FY 2019. As customers gain leverage through consolidation and the emergence of buying groups, it can become more difficult for the Group to pass on commodity price increases and price disagreements may lead to trading being halted with customers.

The Group's customers in the Out-of-Home segment are also focused on price and the Group could lose contracts with such customers if the Group's competitors are able or willing to offer lower prices.

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[1] Source: World Bank.

In some markets, predominantly in its Latin America, Russia, Middle East and Africa (**CPG—LARMEA**) and Asia-Pacific (**CPG—APAC**) segments, the Group engages distributors for its products in accordance with local market practice. Because such distributors control access to the market for the Group's product, if the Group is unable to maintain good relationships and trade terms with such distributors, the Group may be unable to effectively distribute and sell its products, which could have a material adverse effect on the Group's business, financial condition or results of operations.

To the extent the Group provides concessions or is unable to maintain good relationships and trade terms with major customers and distributors, the Group's margins could be reduced. If the Group is unable to continue to offer terms that are acceptable to its customers, or if its customers determine that they need less inventory, they could reduce purchases of the Group's products or could increase purchases from its competitors, which would harm the Group's sales and profitability. Accordingly, failure to maintain good relationships and trade terms with the Group's major customers and distributors could reduce the Group's margins and could harm the volume of its sales and its profitability, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group may be unable to anticipate and successfully respond to changes in consumer preferences or trends, which may result in decreased demand for its products.***

The Group's continued success depends, in part, upon the Group's ability to effectively anticipate, identify and respond to changing consumer tastes and to translate market trends into appropriate, saleable products. In the past decade, consumer preferences have shifted significantly towards more premium (including whole-bean) and single-serve coffee offerings and consumers are seeking out more sustainable options, single-origin coffees and specialty and premium blends. Moreover, in recent years, a greater percentage of coffee consumption has taken place outside the home, with on-the-go consumption of ready-to drink beverages also on the rise.

While the Group has expanded its offering to include products that correspond to such changes with the introduction of aluminium single-serve and double-shot espresso capsules, various instant products, and premium whole-bean offerings and cold coffee options, consumer preferences remain susceptible to change and there can be no assurance that the Group will accurately predict shifting consumer preferences going forward. In addition, even if the Group identifies trends in consumer preferences, it may be slower to respond to such shifts relative to its competitors and there can be no assurance that any products the Group develops in response to such changes will satisfy consumer preferences. There are inherent marketplace risks associated with new products or packaging introductions, including uncertainties about trade and consumer acceptance. If the Group does not accurately predict if shifts in consumer preferences will be long-term or if it fails to introduce new and improved products to satisfy those preferences, or if it does not continue to develop products in faster-growing or more profitable categories, its results of operations could decline. For additional information on the Group's ability to innovate, develop and launch new products, see "*—The Group's results of operations and achievement of its growth strategy are dependent on its ability to successfully innovate, develop and launch new products and product extensions and on effectively marketing its existing products*".

In addition, because its consumer base is geographically dispersed, the Group must offer an array of products that satisfy a broad spectrum of consumer preferences. If the Group fails to maintain or expand its product offerings successfully to satisfy such a broad spectrum of consumer preferences, demand for the Group's products could decrease, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's success also depends upon the continued level of demand for coffee and tea in its existing markets as well as demand for coffee and tea in new markets. Increased demand for other beverages may dilute the demand for coffee and tea. Consumers who choose soft drinks, juices, bottled water and other alternative beverage categories may reduce spending on coffee and tea. Because the Group is highly dependent on consumer demand for coffee and tea, any shift in consumer preferences away from coffee and tea could reduce demand for the Group's products and could have a material adverse effect on its business, financial condition or results of operations.

***The Group's efforts to secure an adequate supply of quality or sustainable coffee and tea may be unsuccessful.***

The Group is highly dependent on the availability of an adequate supply of green coffee, including premium Arabica coffee, at the required volumes and quality levels or with the required sustainability certifications from its coffee suppliers, traders, exporters, cooperatives and growers, as well as on the availability of an adequate supply of tea. The Group is also dependent on two of the largest coffee producing countries, Brazil and Vietnam, from which the Group sources approximately two-thirds of its coffee beans. Peet's is particularly dependent on a continued supply of Arabica green coffee, with approximately 70% of such beans sourced from Central and South America in FY 2019. Additionally, the Peet's segment relies on various single-origin coffees sourced principally from Central and South America, which cannot be substituted with coffee beans from other countries. If any of the Group's relationships with coffee and tea suppliers, importers, cooperatives or growers deteriorate, the Group may be unable to procure a sufficient quantity of green coffee beans or tea at acceptable prices. In the case of a shortage of supply, a significant interruption of the Group's suppliers' operations or unacceptable quality levels or prices, it may not be able to fulfil the demand of its existing customers or supply new customers with quality product at acceptable prices. Additionally, changes in economic, political, regulatory and other conditions could contribute to raw material shortages, forcing the Group to use alternative green coffee or tea or discontinue certain blends, which could materially adversely affect its business.

Additionally, there is growing concern that a gradual increase in global average temperatures has caused and will continue to cause significant changes in weather patterns around the globe, including in coffee growing countries. Changing weather patterns may affect the quality, limit availability or increase the cost of key agricultural commodities, such as green coffee and tea, which could affect the Group's ability to procure raw materials in the quantities needed and could materially adversely affect its business.

Additionally, the Group is targeting to increase the percentage of its coffee purchases that a third party (for example, UTZ) has independently certified or verified as meeting its sustainability requirements (**Certified or Verified**) to 40%, while working towards 100% coffee and tea sourced from origin countries where the Common Grounds programme is active (**Responsibly-Sourced**) by 2025. The Group's competitors are also expected to increase their purchases of Certified or Verified coffee and tea. As the supply of Certified or Verified coffee and tea is limited, the cost of acquiring such coffee and tea may increase significantly, which could have a material adverse effect on the Group's results of operations. If the Group is unable to achieve its planned level of Responsibly-Sourced coffee and tea purchases, consumer perception of its brands could be impaired, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***A significant interruption in the Group's manufacturing and distribution facilities could have a material adverse effect on its business, financial condition or results of operations.***

The Group relies primarily on manufacturing facilities in the United States, France, Russia, the Netherlands, Germany, the United Kingdom, Brazil, China and Malaysia. Because of the significant variation in the packaging of its products, the Group has consolidated its production capacity for certain product lines into certain manufacturing sites. For example, the Group has one primary United States facility that roasts Peet's coffee. Since Peet's roasts its coffee to order, it does not carry significant inventory of roasted coffee in its roasting facility. Therefore, a disruption in service in such roasting facility would likely have a significant impact on sales in its CPG and retail channels almost immediately. Moreover, Peet's roasting facility and some of its stores in California are located near several major earthquake faults and its roasting facility is located directly on the San Francisco bay in Alameda, California. The impact of a major earthquake or tsunami on its facilities, infrastructure and overall operations is difficult to predict and an earthquake or tsunami could seriously disrupt its business. The Group is also reliant on a manufacturing facility in France for its production of aluminium coffee capsules. A disruption in service in such manufacturing facility would have a significant impact on the Group's production of aluminium coffee capsules. The Group's manufacturing and distribution facilities could be disrupted for many reasons, including natural hazards, such as earthquakes, extreme weather conditions, fires, floods, supplies of materials or services, system failures, workforce actions, political instability, environmental issues, pandemics or other causes. For additional information related to disruptions of the Group's business, see also "—*Adverse political and business conditions or other developments, as well as other geopolitical risks, such as terrorism, in the countries* *in which the Group operates, may materially adversely impact the Group's business, financial condition or results of operations*".

Interruptions in or a loss of operations at the Group's manufacturing sites could result in a reduction or elimination of the availability of some of the Group's products. Due to the specialisation of the Group's manufacturing facilities, a resumption of operations or reconstruction of such facilities may take an extended period of time and could require significant capital expenditures. Alternate facilities with sufficient capacity or capabilities may not be available, may cost substantially more than existing facilities or may take a significant time to start production, each of which could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group is reliant on third-party suppliers for the production of packaging materials and equipment.***

The Group is reliant on third-party suppliers for the production of various packaging materials to meet customer demands. In addition, the Group also relies on third parties for additional supplies, including aluminium coffee capsules, the Tassimo coffee discs as well as cups and high-quality brewing machines, including Peet's branded Keurig K-cups for use in the Keurig brewing system. Moreover, certain of the Group's packaging materials are sourced from a limited number of suppliers. If any of the Group's suppliers discontinue or suspend operations because of bankruptcy or other financial difficulties, the Group may not be able to identify alternate sources in a timely fashion, which would likely result in increased expenses and operational delays. The Group cannot assure that it would be able to find replacement suppliers on commercially reasonable terms or on a timely basis.

Any interruption to the operations of the suppliers, any failure of the suppliers to accommodate the Group's business, any termination or suspension of supply arrangements or the deterioration of cooperative relationships with these suppliers could result in increased expenses and operational delays, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group may not be able to successfully consummate favourable transactions or successfully integrate acquired businesses and may be exposed to potential liability arising from such acquired business, which could have a material adverse effect on its business, financial condition or results of operations.***

In recent years, the Group has made a series of important acquisitions of, and investments in joint ventures and similar arrangements with other companies and businesses. As part of its business strategy, the Group may acquire or divest businesses or form joint ventures or strategic alliances in the future. Executing strategic transactions involves financial and operational risks and uncertainties, including difficulty in identifying suitable candidates or consummating a transaction on terms that are favourable; inability to achieve expected returns that justify the investments made; potential impairment resulting from overpayment for an acquisition; difficulties in integrating acquired companies and operating joint ventures; difficulties in retaining the acquired businesses' customers, brands and key employees; difficulties in achieving the expected financial results and benefits of the transaction, such as cost savings and revenue growth from geographic expansion or product extensions; inability to implement and maintain consistent standards, controls, procedures and information systems; and issues arising from the cultural integration of operations, including adherence to the Group's compliance and ethical standards. For example, the businesses of Super Group Limited (**Super Group**) and OldTown Group (**OldTown**) that were acquired by the Group in 2017 and 2018, respectively, are expected to be integrated in the Group's central information technology (**IT**) systems by 2021. There can be no assurance that such businesses or any of the businesses that the Group may acquire can be integrated or carved out successfully, as timely as originally planned, or that they will perform well and deliver the expected synergies or cost savings once integrated or separated.

The Group may not be able to successfully produce, market or sell the products of brands it acquires, and integrating acquired brands or businesses so that they conform to the Group's trade practice standards may prove challenging and costly. Such past and potential future acquisitions, investments, joint ventures and arrangements may expose the Group to significant liabilities, lead the Group to incur additional debt and related interest expensed and may also increase the Group's contingent liabilities. Although acquisition agreements may include indemnities in the Group's favour, these indemnities might not always be enforceable, might expire, might be limited in amount or the Group could have disputes with the sellers as to their enforceability or scope.

Even if the Group is able to identify suitable opportunities, regulatory, administrative or other contractual conditions can prevent transactions from being finalised. The Group's business, financial condition or results of operations may be materially adversely affected if it is unable to consummate transactions or if they do not produce the expected benefits.

***The Group's results of operations and achievement of its growth strategy are dependent on its ability to successfully innovate, develop and launch new products and product extensions and on effectively marketing its existing products.***

Achievement of the Group's growth strategy is dependent, among other things, on its ability to successfully develop and launch new products and product extensions and on marketing of existing products. The Group has devoted significant resources to develop, launch and promote new products to serve broader customer demand, adapt to changes in market trends and shifts in consumer taste and preferences, including through the introduction of aluminium capsules, cold brew coffee, instant coffee mixes and various other product ranges. In addition to the ability to correctly anticipate consumer preferences and market trends, successful innovation depends on the Group's ability to respond to new products and technological advances made by competitors. The Group's results of operations and its ability to maintain or improve its competitive position will depend on its ability to effectively gauge the direction of its key markets and successfully identify, develop, manufacture, market and sell new or improved products in such markets. For additional information on the Group's marketing and advertising activities, see also "*—The success of the Group's business depends substantially on consumer perceptions of its brands*".

Additionally, the Group's aluminium capsules are specifically designed to be compatible with a variety of brewing systems. If manufacturers of such brewing systems develop products that are incompatible with the Group's aluminium capsules or if the Group is unable to develop capsules that are compatible with such brewing systems, sales of the Group's capsules could be negatively impacted.

Failure to respond to competitive moves and technological advances made by competitors and changing habits of consumers could compromise the Group's competitive position and could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group may not be able to achieve its growth strategy if it is unable to continue expanding its operations globally.***

The Group's growth strategy includes the expansion of its sales in existing and new markets, such as South East Asia, China, Brazil, Turkey, Mexico, Russia, Ukraine and Finland. Expansion into new markets may involve risks related to the Group's lack of experience in operating in such markets and differing commercial and social norms and customs. Expansion of the Group's sales and operations in such markets also involves significant additional business and legal risks. These risks include, but are not limited to: changes in economic, political or regulatory conditions; difficulties in managing geographically diverse operations; changes in business regulation; effects of foreign currency movements; difficulties in enforcing contracts, ensuring adherence to the Group's compliance and ethical standards, as well as cultural and language barriers. Moreover, there is no assurance that the Group will be able to accurately anticipate the level of demand for its products in new markets where the Group may seek to expand operations. For a further discussion on the Group's exposure to emerging markets and achievement of its growth strategy, see also "*—The Group's current activities are exposed to emerging market risks, including the risks of devaluation, nationalisation and inflation*". The Group's expansion of operations in certain countries may also be limited for a period of time as a result of licensing or other commercial arrangements entered into by the Group. For further information on such licensing and other commercial arrangements, see "*Business—Product Innovation, IP and IT and Information Security—Intellectual Property*" and "*Business—History—History of Strategic M&A and Joint Ventures*". If the Group fails to address one or more of these risks or challenges, its business, financial condition or results of operations could be materially adversely impacted.

***If the Group is unable to manage its inventory and forecasting systems to maintain the efficiency and payment terms of its supply chain, its business, financial condition or results of operations may be materially adversely affected.***

The Group operates inventory management systems in order to forecast its requirements and to enhance the efficiency of its supply chain. Forecasts assist the Group's ability to meet its internal targets for operating working capital. Accurate forecasts of demand for the Group's coffee and tea products are necessary to fulfil orders from customers in a timely manner, avoid losing potential sales of popular products or producing excess inventory of products that the Group would not be able to sell without a price discount. Under some of its contractual arrangements, particularly in the CPG segments, the Group is subject to penalties for failing to deliver products in accordance with specified delivery times. If the Group does not successfully manage its inventory management and forecasting systems to maintain the efficiency of its supply chain, the Group may not be able to accurately forecast demand or operate its supply chain efficiently and may be obligated to pay significant penalties to customers if it fails to deliver products in a timely manner, which could have a material adverse effect on the Group's business, financial condition or results of operations.

Further, as the Group seeks to expand its operations, in Asian markets such as China, among others, additional challenges may arise in respect of the Group's effective inventory management and forecasting systems as a result of a lack of prior experience in operating in such markets as well as differing commercial and social norms and customs. To the extent the Group is unable to effectively manage its inventory management and forecast systems and make necessary adjustments in the context of its expansion activities, the Group's business, financial condition or results of operations may be materially adversely impacted.

Additionally, as part of the financial optimisation of its supply chain, the Group maintains extended payment terms with various suppliers. If such extended payment terms or similar arrangements are no longer available to the Group, its working capital may be significantly adversely impacted, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***Because the Group relies on third parties for transport and warehousing services, any disruption in their services or increase in transport costs could have a material adverse effect on the Group's business, financial condition or results of operations.***

The Group relies on third parties for the delivery and warehousing of raw materials and finished products, in line with general industry practice. In particular, the Group relies on third parties for: (i) the shipping of raw materials from ports in the countries of origination, such as Brazil and Vietnam, to central hubs located in, among others, Antwerp, Belgium and Bremen and Hamburg, Germany; (ii) transportation of raw materials by truck from central hubs to manufacturing facilities for processing; and (iii) transportation of products from the manufacturing facilities to warehouses and then to CPG distribution points in each country where the products are sold. In certain markets, the Group relies on a limited number of carriers for the transportation of products. For example, in the United States, the Peet's segment relies on a limited number of carriers for the transportation of products from its roasting facility located in Alameda, California to its coffee stores. In the Peet's segment, the Group also relies on third-party distributors for deliveries of products from its warehouse locations to customers. The Group also relies on various third parties for inventory warehousing.

The Group does not control such third parties and the services provided by them may be interrupted as a result of labour shortages, contract disputes, weather, political instability, cybersecurity attacks, terrorism or other factors. If the Group experiences an interruption in these services, it may be unable to deliver its products in a timely manner. A delay in the delivery of products could result in an adverse impact on the quality of the Group's products, and thereby adversely affect the Group's brands and reputation, or in a loss of sales due to untimely delivery of products.

Further, any disruptions in the services provided by such third parties could require the Group to contract with alternative, and possibly more expensive, carriers or warehousing providers resulting in an increase in the Group's transport and warehousing costs. Additionally, to the extent that such third parties increase the prices charged to the Group for their services, whether as a result of increased costs in their own operations, disruptions or otherwise, the Group's transport and warehousing costs may increase significantly. Any significant increase in transport or warehousing costs could lower the Group's profit margins or necessitate it to raise prices, which could cause its revenue and profits to suffer.

***If the Group is unable to generate meaningful returns on its investment in marketing and advertising activities or if its relationship with its marketing and advertising service providers deteriorates, the Group's business, financial condition or results of operations could be negatively impacted.***

The Group relies heavily on marketing and advertising to increase brand visibility with existing and potential consumers and invests a significant amount of resources in marketing and advertising activities. Generating meaningful returns on the Group's investments in such initiatives may be difficult. The Group's marketing efforts may not succeed for a variety of reasons, including the Group's inability to execute and implement its plans effectively, failure to allocate resources in an efficient manner, the emergence and prevalence of social media as relatively new marketing and advertising platforms and failure to appeal to shifting consumer sensibilities and preferences. If the Group is unable to generate meaningful returns on its investment in marketing and advertising activities through consumer engagement and sales, it could have a material adverse effect on the Group's business, financial condition or results of operations. For a further discussion relating to consumer perceptions of the Group's brands, see also "*—The success of the Group's business depends substantially on consumer perceptions of its brands*".

Moreover, the Group relies on two third-party service providers for its marketing and advertising activities at Group level, some of which have longstanding relationships with the Group and possess historical knowledge of its business. Any deterioration of such relationships as a result of, among other things, failures to deliver, timing issues and disagreements over strategy and other commercial arrangements could result in the Group being required to identify alternate providers, which could delay execution of and increase costs related to the Group's marketing and advertising initiatives and could thus have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group is subject to foreign currency exchange rate fluctuations, which may have a material adverse effect on the Group financial condition or results of operation.***

In FY 2019, 43% of the Group's revenues were denominated in euro while 57% were denominated in currencies other than euro. The Group sources green coffee, tea and other commodities in currencies other than the euro, with green coffee purchases made entirely in U.S. dollars. Additionally, because the Group purchases coffee on future and forward contracts for delivery in the future, and such contracts are not generally adjusted for fluctuations in currency prior to the delivery date, the impact of currency fluctuations on the Group may be substantial. To the extent that the Group does not use financial instruments to hedge its exposure resulting from this foreign currency allocation, the Group's profits will be affected by market changes in the exchange rate of the euro against the U.S. dollar and various other currencies.

As at 31 December 2019, the Group's total currency hedge portfolio with maturities less than one year amounted to €16 million. Although the Group uses financial instruments to hedge a substantial portion of its exposure, there are complexities inherent in determining whether and when the Group's foreign currency exposure will materialise, particularly given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. The Group may also have difficulty in fully implementing its hedging strategy if hedging counterparties are unwilling to increase derivatives risk limits, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which the Group is able to hedge its foreign currency exposure may also deteriorate, as other currencies could appreciate against the euro for some time and as higher capital requirements for banks result in higher credit charges for uncollateralised derivatives. Accordingly, the Group's foreign currency hedging strategy may not protect it from significant changes in the exchange rate of the euro to other currencies, in particular over the long term, which could have a material adverse effect on its business, financial condition or results of operations.

Additionally, the Group's reporting currency is the euro, however, given the Group's global operations and its U.S. dollar denominated coffee purchases, among others, a significant portion of the Group's assets, liabilities, expenses and revenues are denominated in currencies other than euro. Such assets, liabilities, expenses and revenues are translated into euro at the applicable exchange rates to prepare the Group's consolidated financial statements. Therefore, increases or decreases in exchange rates between the euro and such other currencies affect the value of those items as reflected in the Group's consolidated financial statements. Substantial fluctuations in the value of the euro compared to other currencies could have a significant effect on the Group's financial condition and results of operations.

***The Group's business operations could be disrupted if its IT systems and software fail to perform adequately.***

The Group depends on accurate, timely information and numerical data from key software applications to enable day-to-day decision-making. The Group also uses computer systems to monitor financial conditions and to process payments to internal and external counterparties. The Group primarily relies on an SAP platform to manage and operate its key business functions, including its supply management, product manufacturing and distribution and order processing for a large part of its business operations. The Group's infrastructure may be exposed to outages due to fire, floods, acts of war or terrorism, power loss, telecommunications failures, security breaches, viruses, break-ins, industrial actions and similar events. Although the Group has back-up systems and disaster recovery plans, such back-up systems and plans may not prove effective. Due to the integrated nature of the Group's platform, if any of the foregoing events occurs, one or more of the Group's businesses may experience a system shutdown. Moreover, the Group's IT operations are largely managed through third-party suppliers. Disruptions caused by failures of key software applications, underlying equipment or communication networks, or as a result of any failures in the operations of such third-party suppliers, for whatever reason, could delay day-to-day decision-making, payment processes, manufacturing processes and product deliveries, and could lead to severe damage, including significant financial loss, need for additional investment as well as contractual or reputational performance degradation. Moreover, restoring or recreating information that has been lost could be costly, difficult or even impossible. Any such failure of the Group's IT systems could result in the loss of sales and customers, causing its business or results of operations to suffer.

In 2020, the Group expects to add various business operations in South East Asia to its SAP platform and the Peet's segment is expected to transition to a new enterprise resource planning (**ERP**) system on a Microsoft 365 platform (**Dynamics 365**). As of the date of this Prospectus, implementation of these new systems has been temporarily postponed as a result of the COVID-19 pandemic in order to avoid potential disruptions to the Group's operations that may emerge in the course of such implementation. For further information on the impact of the COVID-19 pandemic on the Group, see "*—Disruptions related to widespread public health concerns, including the novel coronavirus ("COVID-19") pandemic, could materially adversely impact the Group's business, financial condition or results of operations*" and "*Operating and Financial Review—Recent Developments*". Furthermore, the Group intends to transfer a majority of its global network to a new supplier under a new technology (SD-WAN). Any failures related to the go-live and integration of the South East Asia operations on the SAP platform, the implementation of the new Dynamics 365 system in the Peet's segment and the transfer of the global network of the Group and other related IT procedures could negatively affect the ability of such businesses to produce and provide management with timely, reliable and accurate information, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***Security breaches and attacks against the Group's technology systems, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage its reputation and negatively impact its business, as well as materially and adversely affect its financial condition or results of operations.***

Many of the Group's IT systems contain personal, financial or other information pertaining to consumers and employees. They also contain proprietary and other confidential information related to the Group's business, such as business plans, product development initiatives and designs, sensitive contractual information, and other confidential information. A number of companies in the consumer product industry have recently been subject to security breaches resulting from phishing, whaling and other malware attacks as well as other attacks intended to induce fraudulent payments and transfers. Similar to many of its competitors, the Group is consistently subject to attempts to compromise its IT systems. To the extent the Group or a third party were to experience a material breach of the Group's or such third party's IT systems that result in the unauthorised access, theft, use, destruction or other compromises of customers' or employees' data or confidential information of the Group stored in such systems or in fraudulent payments or transfers, including through cyberattacks or other external or internal methods, it could result in a material loss of revenues from the potential adverse impact to the Group's reputation and brand, its ability to retain or attract new customers and the potential disruption to its business and plans.

Such security breaches could also result in a violation of applicable privacy and other laws, and subject the Group to private consumer, business partner, or securities litigation and governmental investigations and proceedings, any of which could result in the Group being exposed to material civil or criminal liability. For example, the European Union adopted a new regulation that became effective in May 2018, called the General Data Protection Regulation (the **GDPR**), which requires companies to meet new requirements regarding the processing of personal data, including its use, protection and transfer and the ability of persons whose data is stored to correct or delete such data. The GDPR also confers a private right of action on certain individuals and associations. Additionally, as a result of Peet's operations in California, the Group is subject to the California Consumer Privacy Act (the **CCPA**), which became effective on 1 January 2020. The CCPA requires covered companies to provide California consumers with new disclosures and expands the rights afforded consumers with respect to their data. Failure to meet the requirements of applicable data protection regulations could result in significant penalties for the Group, including up to 4% of annual worldwide revenue for violations under the GDPR. The Group's reputation and brand and its ability to attract new consumers could also be adversely impacted if the Group fails, or is perceived to have failed, to properly respond to these incidents. Such failure to properly respond could also result in similar exposure to liability.

Compliance with the GDPR, the CCPA and other applicable international privacy, cybersecurity and related laws can be costly and time consuming. Significant capital investments and other expenditures could also be required to remedy cybersecurity problems and prevent future breaches, including costs associated with additional security technologies, personnel, experts and credit monitoring services for those whose data has been breached. The investments in setting up and protecting the Group's IT systems, which can be material, could materially adversely impact its results of operations in the period in which they are incurred and may not meaningfully limit the success of future attempts to breach its IT systems.

Media or other reports of existing or perceived security vulnerabilities in the Group's systems or those of any third party the Group deals with, could also adversely impact the Group's brand and reputation and materially impact its business, even if no breach has been attempted or has occurred. Additionally, the techniques and sophistication used to conduct cyberattacks and breaches of IT systems, as well as the sources and targets of these attacks, change frequently and are often not recognised until such attacks are launched or have been in place for a period of time. The Group continues to make significant investments in technology, third-party services and personnel to develop and implement systems and processes that are designed to anticipate cyberattacks and to prevent or minimise breaches of its IT systems or data loss, but these security measures cannot provide assurance that the Group will be successful in preventing such breaches or data loss.

***The Group's success depends on its senior management and other key personnel.***

The Group's future success depends, in part, on the performance of senior management, which possess significant experience in the coffee industry. The loss of any of its senior management could harm the Group's business.

The Group's success also depends on the contributions and abilities of certain key personnel, in particular those with expertise in green coffee purchasing, blending, roasting and manufacturing and research and development. For example, the Group employs 381 research and development employees and 136 food scientists and Peet's employs 45 specialised roasters. Accordingly, the Group's business depends on its ability to recruit and retain such highly skilled employees with the requisite levels of expertise in their respective areas.

The Group's ability to attract and retain both senior management and other key personnel may be particularly impacted in markets where the competition for a relatively small number of qualified employees is intense or in markets where other companies are able to offer more competitive salaries and benefits, as well as where there is a strong economy with many available jobs and intense competition for the available workforce. If the Group is unable to recruit, retain, and motivate employees sufficiently to maintain its current business and execute its strategic initiatives, its business and financial performance may be materially adversely affected.

***Labour disputes could have a material adverse impact on the Group's business, financial condition or results of operations.***

During FY 2019, the Group had on average 21,255 employees worldwide. Approximately 33% of the Group's employees are covered by collective bargaining agreements. Even with such agreements in place, there can be no assurance that any current or future issues with the Group's employees will be resolved or that the Group will be able to avoid strikes, work stoppages or other types of conflicts with labour unions or employees. In addition, the Group may not be able to satisfactorily renegotiate collective bargaining agreements when they expire. If the Group fails to renegotiate its existing collective bargaining agreements, strikes, work stoppages or other types of conflicts could become more likely. A widespread strike or extended work stoppage in one of the Group's manufacturing facilities could jeopardise its ability to meet its product delivery or service obligations to its customers. Alternatively, a successful campaign by its unionised workforce or its non-unionised workforce that is seeking to unionise could result in higher personnel costs or diminished productivity in the Group's manufacturing sites. Even an unsuccessful union campaign could divert management time and energy away from routine operational priorities. Additionally, the Group has several works councils in place and certain employment matter decisions that apply either to all employees or certain groups of employees may only be taken with the relevant works council's consent or following advice from it. See "*Business—Employees, Works Councils and Collective Bargaining—Works Councils*" for further information on the Group's works councils. If the Group fails to obtain such consent, the Group may be unable to implement certain changes in a timely manner or at all. Any of these factors may adversely impact its operations, generate incremental costs or damage its reputation.

The Group may also be subject to general country strikes or work stoppages unrelated to its business or collective bargaining agreements. For example, strikes by transport workers could result in operational delays or other adverse impacts on production. A work stoppage or other limitations on production at any of the Group's facilities for any reason could have a material adverse effect on its business, results of operations and financial condition.

In addition, some of the Group's customers and suppliers have unionised work forces. In the past, some of the Group's grocery store customers have experienced strikes from their workforce. Future strikes or work stoppages experienced by the Group's customers or suppliers could have a material adverse effect on the Group's business, financial condition or results of operations.

***Pension costs could substantially increase as a result of volatility in the equity markets or interest rates.***

The difference between plan obligations and assets, or the funded status of the plans, is a significant factor in determining the net periodic benefit costs of the Group's pension plans. Changes in interest rates and the market value of plan assets can impact the funded status of such plans and cause volatility in the net periodic benefit cost. Cash funding requirements are set by different rules but are also subject to volatility resulting from changes in interest rates and the market value of plan assets. The exact amount of cash contributions made to pension plans in any year is dependent upon a number of factors, including minimum funding requirements in the jurisdictions in which the Group operates, the tax deductibility of amounts funded and arrangements made with the trustees of certain pension plans. In some jurisdictions cash funding requirements are partly the result of determinations by separate boards that act independently of the Group. If as a result of the foregoing, the Group's benefits costs or funding requirements increase significantly, the Group's business, financial condition or results of operations could be materially adversely affected.

***Unexpected termination of leases or failure to renew leases of existing premises on acceptable terms or at all could materially adversely affect the Group's business, financial condition or results of operations.***

The Group leases premises for Peet's, OldTown, Coffee Company and 12Oz coffee stores as well as warehousing, office space and car parks. Generally, lessors may terminate lease agreements subject to the terms of the relevant lease agreement. Although the Group may receive liquidated damages or compensation if leases are terminated unexpectedly, the Group may be forced to suspend operations of any coffee stores for which leases are terminated and divert management attention, time and resources to find new sites for the relocation of such coffee stores, which may have a material adverse effect on the Group's business, financial condition or results of operations.

The Group generally enters into long-term leases for its coffee stores of approximately five to 10 years with an option to renew. Rent under such leases is typically fixed and is typically subject to annual incremental increases as stipulated in the lease agreements. There can be no assurance that the Group would be able to renew any lease agreements without incurring substantial additional costs. If a lease agreement is renewed at a rent that is substantially higher than the current rate, or currently existing favourable terms granted by the lessor are not extended, the Group's business, financial condition or results of operations may be materially adversely affected. If the Group is unable to renew any leases for its coffee stores, such coffee stores may have to be relocated or closed, which could subject the Group to additional costs as well as a loss of customers. In addition, there can be no assurance that relocated coffee stores would perform as well as the Group's existing coffee stores. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or results of operations.

***An impairment of goodwill or other intangible assets could have a material adverse effect on the Group's financial condition or results of operations.***

As at 31 December 2019, the Group had €21.8 billion of total assets, of which €12.3 billion was goodwill and €5.0 billion were other intangible assets. The Group has previously recognised significant goodwill on its balance sheet in connection with acquisitions. Intangible assets mainly include trademarks, patents, technologies and customer relations.

The Group conducts impairment tests on goodwill and other indefinite life intangible assets at least annually or if particular circumstances or changes in circumstances occur that indicate an impairment under IFRS. Impairment indicators include significant underperformance relative to historical or projected future operating results and negative industry or economic trends. If such events were to occur, the carrying amount of the Group's goodwill and intangible assets may no longer be recoverable and it may be required to record an impairment charge. A significant impairment could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group's ability to repay or refinance its indebtedness on time depends upon its future cash flows from operations, as well as prevailing market conditions and the effects of an actual or potential credit rating downgrade.***

The Group's indebtedness primarily consists of: (i) euro and U.S. dollar denominated term loans (the **Term Loans**) and a €500 million revolving credit facility (the **JDE RCF**) under a €7.6 billion credit agreement entered into by JACOBS DOUWE EGBERTS B.V. (**JDE** and such agreement, the **JDE Credit Agreement**); (ii) borrowings under a five-year revolving credit facility agreement with Wells Fargo Bank, N.A. and a syndicate of other lenders entered into by Peet's Coffee, Inc. (formerly Peet's Operating Company, Inc.) on 1 December 2017 (the **Peet's Senior Credit Facility**); and (iii) borrowings of €1,704 million under a related party loan entered into on 30 December 2019 between Oak 1753 B.V. and Acorn Holdings, following the transfer of Peet's from Acorn Holdings. See "*Operating and Financial Review—Comparison Cash Flows for FY 2019 and FY 2018—Financing Activities—Loans and Borrowings*" for more information on the Group's indebtedness. The Group's ability to make payments on and refinance its indebtedness and to fund working capital, capital expenditures and other expenses will depend on the Group's future operating performance and ability to generate cash from operations. Similarly, the Group's ability to refinance its debt will depend in part on its financial condition at such time. Any refinancing of the Group's debt could be at higher interest rates than its current debt and may require the Group to comply with more onerous covenants, which could restrict the Group's operations. In particular, should the Group experience a credit rating downgrade, its cost of borrowing might increase and it may experience obstacles in refinancing its existing indebtedness.

If financial and economic conditions were to deteriorate, including as a result of political and economic uncertainty or instability, or if interest rates were to increase, it may be costlier and more difficult for the Group to access new credit or to refinance the Group's debt on terms that are acceptable to the Group, if at all. This could have a material adverse effect on the Group's business, financial condition or results of operations.

***Changes in interest rates could materially adversely impact the Group's results of operations.***

The Group's financial debt instruments are subject to floating interest rates, which expose the Group to interest rate fluctuations. As at 31 December 2019, €7 billion of the Group's gross outstanding financial debt accrued interest at a floating interest rate. In FY 2019, the Group's interest expense was €235 million. The Group uses interest rate swaps to hedge against interest rate movements. As at 31 December 2019, the notional amount of these interest rate swaps outstanding was €4 billion. Unfavourable market movements in interest rates could have a negative effect on the Group's earnings and cash flows, as increasing interest rates would have a negative impact on the finance expenses related to the unhedged portion of the Group's indebtedness. If such movements, or their impact on the Group's earnings and cash flows, were significant, the Group's ability to invest in its businesses and execute its strategy could be impaired.

**Legal, Regulatory and Environmental Risks**

***The Group is required to comply with numerous, complex, constantly evolving legal and regulatory requirements in multiple jurisdictions, and could suffer financial, operational or reputational loss due to non-compliance.***

As a manufacturer of products intended for human consumption, the Group is subject to extensive legislation and regulation in each of the countries in which it does business with respect to: product composition, manufacturing, storage, handling, packaging, labelling, advertising and the safety of its products. In addition, the Group is subject to legislation and regulation regarding the health, safety and working conditions of its employees, labour relations, minimum wage, pensions and competitive and marketplace conduct. The Group's operations and properties are also subject to a wide variety of laws and regulations governing environmental matters. For a description of additional risks related to changes in environmental laws and regulations, see also "*—Changes in applicable environmental laws or regulations and other global issues could materially adversely impact the Group's business, financial condition or results of operations*".

Existing legislation and modifications to existing legislation or regulations and the introduction of new legislative and regulatory initiatives, including with respect to the imposition of additional warning and labelling requirements or designation of independent contractors as employees, may affect the Group's operations and the conduct of its businesses. The cost of compliance and the effects of such legislation or regulation may have an adverse effect on the Group's product sales, financial condition or results of operations. Additionally, the Group's selling practices are subject to competition laws and are regulated by competition authorities in the jurisdictions in which it operates. A finding that the Group, or the suppliers that it is dependent on, is in violation of, or out of compliance with, applicable laws or regulations could subject the Group or its directors to civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions, any of which could materially adversely affect the Group's business.

Moreover, in accordance with the relevant laws and regulations in jurisdictions in which the Group operates, it is also required to maintain various approvals, licences and permits to operate the Group's business, including but not limited to its business licence, food operation licence, environmental impact assessment filing and fire safety inspection. These approvals, licences and permits are obtained upon satisfactory compliance with, among other things, the applicable laws and regulations and the absence thereof may negatively impact the Group's business, financial condition or result of operations.

***Changes in applicable environmental laws or regulations and other global issues could materially adversely impact the Group's business, financial condition or results of operations.***

The Group is subject to applicable environmental regimes in the various countries where it operates, including with respect to the use of natural resources such as water, emissions, management of waste water, noise levels, energy efficiency, the presence, use, storage, handling, generation, treatment, emission, release, discharge and disposal of hazardous materials, substances and wastes and the remediation of contamination to the environment. In the ordinary course of business, the Group's operations are subject to internal environmental policies and management procedures and standards, environmental inspections and monitoring by governmental enforcement authorities. Costs may be incurred, including fines, damages and criminal or civil sanctions, or interruptions may be experienced in the Group's operations as a result of actual or alleged violations arising under any environmental regimes, which could result in a material adverse effect on the Group's business, financial condition or its results of operation.

In addition, various entities throughout the world are considering regulatory proposals relating to requirements on products and their packaging, including a package of measures presented by the European Commission in December 2019, intended to enable European business and citizens to benefit from a sustainable green transition (the **EU Green Deal**) and which includes certain proposed restrictions on single-use plastic packaging. For further information on proposed EU Green Deal initiatives, see "*Business—Legislation and Regulation*". The Group offers a wide variety of its products in plastic packaging. Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations to discourage the use of plastic, including regulations relating to recovery or disposal of plastic packaging materials due to environmental concerns, may result in increased compliance costs, capital expenditures and other financial obligations for the Group. Any of the foregoing could impact the Group's profitability or could impede the production, distribution, marketing and sale of the Group's products, which could materially adversely impact the Group's business, financial condition or results of operations.

***The Group may be exposed to risks in relation to compliance with anti-corruption, economic sanctions and other laws and regulations in the jurisdictions where it conducts its business.***

The Group is required to comply with the laws and regulations of the various jurisdictions in which it conducts its business. This may expose it to risks in relation to compliance with anti-corruption, economic sanctions and other laws and regulations, such as the Dutch Criminal Code (*Wetboek van Strafrecht*), the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act 2010, and economic sanctions programmes, including those administered by the United Nations, the European Union and the Office of Foreign Asset Control in the United States. Violations of anti-corruption and economic sanctions laws and regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licences, as well as criminal fines and imprisonment. In addition, any major violations could have an impact on the Group's reputation and consequently on its ability to win future business.

***The Group is subject to risks related to corporate responsibility, including failure to meet certain Group targets.***

The Group's business faces increasing scrutiny related to environmental, social and governance issues, including sustainable development, renewable resources, environmental stewardship, supply chain management, climate change, diversity and inclusion, workplace conduct, human rights, child and forced labour, philanthropy and support for local communities. On 15 April 2020, the Group was notified that review of a complaint made to the Brazilian National Contact Point (the **Brazilian NCP**) in 2018, regarding an alleged claim that the Group and various other multinational coffee industry players failed to comply with the Organisation for Economic Co-operation and Development (**OECD**) Guidelines on human and labour rights in coffee plantations in southern Minas Gerais (Brazil), has resumed; the resumption follows a reorganisation at the Brazilian NCP. The Brazilian NCP is a non-judicial grievance mechanism for the consensual and non-adversarial resolution of a complaint relating to an alleged non-observance of the OECD guidelines. The Group is cooperating with the Brazilian NCP in providing the relevant information, however, the outcome of this process is uncertain. If the Group fails to meet applicable laws, rules, standards, or guidelines, including those alleged in the complaint to the Brazilian NCP, across all its products and in all its operations and activities, the Group's reputation and brand image could be damaged, which could have a material adverse effect on the Group's business, financial condition or results of operations.

Additionally, the Group's key targets over the next few years include increasing the use of recyclable or compostable packaging and the percentage of Responsibly-Sourced coffee and tea. The Group's failure to meet its own targets could damage the Group's reputation and brand image and its business, financial condition or results of operations could be materially adversely impacted.

***Failure to maximise or to successfully assert its IP rights could materially adversely impact the Group's competitiveness.***

The Group continuously seeks to develop and deliver new products to meet consumers' evolving needs, while also improving its existing product lines. Therefore, the protection of the Group's IP rights, including, for example, its patent portfolio relating to its Tassimo brand and its Nespresso-compatible coffee capsules, is critical to its business. The Group relies upon brands, domain names, trade names, copyrights, trademarks, patents, trade secrets, confidential information, business data or secrets, similar IP, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its IP rights in its products, packaging manufacturing processes and beverage machine technologies. From time to time, the Group also takes legal action against third parties the Group believes to be infringing on its IP rights.

Despite these efforts to protect its IP rights, any of the Group's direct or indirect IP rights could be challenged, invalidated or circumvented. Even if IP rights are obtained, the laws of some countries in which the Group's products are or may be sold may not protect the Group's IP rights to the same extent as the laws of other countries, which may materially impact the Group's ability to sell products under its own brands in such countries. Therefore, in certain jurisdictions, the Group may be unable to protect its IP rights adequately against unauthorised third-party copying or use, which could materially and adversely affect its competitive position.

***The Group is subject to IP infringement risk that could materially adversely affect its business, financial condition or results of operations.***

The Group's existing products or the introduction of new products or product extensions may generate litigation or other legal proceedings against it by competitors claiming infringement or other violation of their IP rights, which could negatively impact the Group's results of operations. The Group has faced such claims in the past, and may face similar claims in the future. IP litigation is complex and expensive, and outcomes are difficult to predict. An adverse result in IP litigation could subject the Group to liabilities or require it to seek licences from third parties, which may not be available on satisfactory terms or at all. As a result, IP challenges against the Group could have a material adverse effect on the Group's business, financial condition or results of operations.

***Some of the Group's production processes are not proprietary, so competitors may be able to duplicate them, which could harm its competitive position.***

The Group considers the production methods for many of its products essential to the quality, flavour and richness of its coffees and, therefore, essential to its business. Because some of these methods cannot be patented, the Group would be unable to prevent competitors from copying these methods if such methods became known. If the Group's competitors copy its methods, the value of the Group's brands may be diminished, and it may lose customers to the Group's competitors. In addition, competitors may be able to develop production processes that are more advanced than the Group's production methods, which may also harm the Group's competitive position.

***If the Group's products become contaminated or mislabelled, the Group may need to recall such items and may experience product liability claims if consumers are injured.***

The Group may need to recall its products if they spoil, become contaminated, are tampered with or are mislabelled. A widespread product recall could result in adverse publicity, an inability to maintain sufficient stocks of the Group's products, damage to its reputation and a loss of consumer confidence in its products, which could have a material adverse effect on its business results and the value of its brands. The Group may also be subject to liability if its products or operations violate applicable laws or regulations, or in the event its products cause injury, illness or death. In addition, the Group could be the target of claims that its advertising is false or deceptive under the laws of the jurisdictions in which it operates, including consumer protection laws. Even if a product liability or consumer fraud claim is unsuccessful or is without merit, the negative publicity surrounding such assertions regarding the Group's products could materially adversely affect its reputation and brand image.

***Adverse public or medical opinions about caffeine or reports of incidents involving food-borne illnesses and tampering may harm the Group's business.***

Some of the Group's products contain caffeine, sugar, fat and other compounds, which can be the subject of negative media coverage or expert opinions with respect to their potential negative health effects. The excessive consumption of these compounds could result in adverse health effects. For example, some research studies conclude or suggest that excessive consumption of caffeine could lead to increased heart rate, nausea, restlessness and other adverse health effects. Unfavourable reports on the health effects of caffeine, sugar, fat or other compounds of the Group's products could significantly reduce the sales of its products. Also, the Group could become subject to litigation relating to the existence of such compounds in its products or the processes involved in the manufacturing of its products. Any such litigation could be costly and could divert management attention. Any such adverse public or medical opinions or reports could diminish demand for the Group's products and could result in an increase in costs, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group may be exposed to the risk of fraud and other dishonest activities, which could have a material adverse effect on the Group's business, financial condition or results of operations.***

While the Group believes that it has implemented adequate checks and controls to detect and prevent fraudulent and other dishonest activities, the risk of such activities occurring and affecting the Group cannot be excluded. Further, as the Group grows or expands in international markets, its internal controls may need to be adapted in order to effectively prevent and detect fraud and other dishonest activities. However, there can be no assurance that the Group will be able to adapt such internal controls in a timely manner or at all or that they will be effective. Any fraud incident or dishonest activity affecting the Group, whether as a result of the activities of employees, partners, suppliers or other third parties, may result in financial losses, a loss of customer trust and confidence, as well as litigation or financial or other regulatory penalties being imposed, any of which could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group may be subject to litigation or governmental investigations that could harm or disrupt its business.***

The Group is subject to litigation and regulatory proceedings in the normal course of business. From time to time, the Group may be a party to legal proceedings, including, but not limited to, alleged claims relating to product liability, environmental compliance, patent infringement, commercial disputes, securities laws, antitrust and competition laws, regulatory or administrative actions, corporate matters and employment matters brought by, among others, current, former or prospective employees, competitors, suppliers, distributors, governmental agencies or other third parties. In addition, successful complaints against its competitors may spur similar lawsuits against the Group. Any such claims or litigation could divert the Group's management's time and attention from its business operations and could result in substantial costs of defence, settlement or other disposition, which could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group's indemnification obligations in relation to the separation of D.E Master Blenders 1753 N.V. from Sara Lee Corporation could materially adversely affect the Group's business, financial condition or results of operations.***

In connection with the separation of D.E Master Blenders 1753 N.V. (**D.E Master Blenders**) from Sara Lee Corporation (**Sara Lee**) in 2012, members of the Group entered into a master separation agreement with Sara Lee that provides for, among other things, indemnification obligations designed to make members of the Group financially responsible for substantially all liabilities relating to certain business activities of the Group, whether incurred prior to or after the separation, as well as those obligations of Sara Lee assumed by members of the Group pursuant to the master separation agreement, including certain liabilities related to divestitures made by Sara Lee prior to the separation. In connection with the separation, members of the Group also entered into other agreements with Sara Lee that impose indemnification and other obligations on members of the Group. For more information see "*Shareholder Structure and Related Party Transactions—Corporate Restructuring*". The Group has made provisions in connection with any such potential indemnification obligations. For further information on such provisions, see Note 23 to the Combined and Consolidated Special Purpose Financial Statements. If the Group is required to indemnify Sara Lee under the circumstances set forth in these agreements, the Group may be subject to substantial liabilities, which could materially adversely affect the Group's business, financial condition or results of operations.

***The Group could be subject to adverse changes in tax laws, regulations and interpretations or challenges to the Group's tax positions.***

Tax laws and regulations are complex and subject to varying interpretations, and the Group is subject to regular review and audit by both domestic and foreign tax authorities. Any adverse outcome of such a review or audit could have a negative impact on the Group's effective tax rate, tax payments, financial condition or results of operations. In addition, the determination of the Group's income tax provision and other tax liabilities requires significant judgement, and there are many transactions and calculations, including in respect of intragroup transactions, where the ultimate tax determination is uncertain. Although the Group believes that its estimates are reasonable, the ultimate tax determination may differ from the amounts recorded in the Group's financial statements and may materially affect the Group's results of operations in the period, or periods, for which such determination is made. Any significant failure to comply with applicable tax laws and regulations in all relevant jurisdictions could give rise to substantial penalties and liabilities.

In addition, changes in tax laws or regulations, including multi-jurisdictional changes enacted in response to the guidelines provided by the Organisation for Economic Co-operation and Development (OECD) to address base erosion and profit shifting and the interpretation and application of the Tax Cuts and Jobs Act (the **TCJA**), enacted in the United States in 2017, which significantly reformed the United States Internal Revenue Code of 1986, as amended (the **U.S. Internal Revenue Code**). The U.S. tax authorities continue to issue various forms of guidance, including notices of proposed rulemaking and United States Treasury regulations, implementing and clarifying aspects of the TCJA and related topics.

The TCJA includes a number of significant changes to the U.S. taxation of multinational corporations. These changes include a one-time mandatory deemed repatriation tax on accumulated U.S.-owned foreign corporations' previously untaxed foreign earnings (the **Transition Toll Tax**). The Group believes it has made a reasonable estimate of its Transition Toll Tax and expects such amount to be offset by available tax credits. If the Group's estimate of its Transition Toll Tax is incorrect or such amount is not offset by available tax credits, the Group may be required to pay additional amounts owed in Transition Toll Tax, which could be material.

Changes in tax laws or regulations increase tax uncertainty, could have a prospective or retroactive application to the Group and the Shareholders (as defined below), and could have a negative impact on the Group's effective tax rate, tax payments, any of which could materially adversely impact the Group's business, financial condition or results of operations.

***The Group's tax indemnification obligations in relation to its acquisition of Peet's could reduce the Group's strategic and operating flexibility and could materially adversely affect the Group's business, financial condition or results of operations.***

On 27 December 2018, Acorn Holdings acquired Peet's pursuant to a series of transactions that included a distribution of Peet's stock and securities by JAB Beech Inc. (**JAB Beech**), a member of the group of companies comprising JAB and its subsidiaries (the **JAB-Group**, and such distribution, the **Peet's Spin-Off**). On 30 December 2019, the Company acquired Peet's from Acorn Holdings. The Peet's Spin-Off would be taxable to JAB Beech pursuant to the U.S. Internal Revenue Code if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of Peet's, directly or indirectly (including through acquisitions of the Company's stock in the Offer), as part of a plan or series of related transactions that includes the Peet's Spin-Off. The Company's acquisition of Peet's from Acorn Holdings, as well as completion of the Offer, are not expected to prevent the Peet's Spin-Off from qualifying for non-recognition treatment under the U.S. Internal Revenue Code.

In connection with the Peet's Spin-Off, members of the JAB-Group entered into several agreements that govern the relationship between the parties going forward, including a tax matters agreement (the **Peet's Tax Matters**

**Agreement**). Pursuant to the Peet's Tax Matters Agreement, members of the Group are generally required to indemnify members of the JAB-Group (excluding the Group) for taxes and related expenses of Peet's in amounts that could be material. If the Peet's Spin-Off does not qualify for non-recognition treatment under the U.S. Internal Revenue Code due to the breach of any covenant or agreement contained in the related transaction documents by Acorn Holdings or its subsidiaries (including members of the Group), members of the Group could be required, in certain circumstances, to indemnify members of the JAB-Group (excluding the Group) for the resulting tax liabilities and related expenses. Additionally, if the Peet's Spin-Off results in a tax liability for JAB Beech due to a 50% or greater change in ownership of Peet's stock pursuant to the U.S. Internal Revenue Code and JAB Beech is required to recognise gain due to actions by Acorn Holdings or its subsidiaries (including members of the Group), or if the Peet's Spin-Off and related transactions were otherwise taxable as a result of such actions, members of the Group would be required to indemnify members of the JAB-Group (excluding the Group) for the resulting tax liabilities and related expenses.

Acorn Holdings and the Group have entered into an agreement pursuant to which Acorn Holdings is responsible for fully indemnifying the members of the JAB-Group (excluding the Group) under the Peet's Tax Matters Agreement and will indemnify the Group for any amounts that a member of the Group is required to pay pursuant to its indemnity obligations under the Peet's Tax Matters Agreement, provided, in each case, that the amounts are attributable to actions undertaken by Acorn Holdings or members of the Group on or prior to the date of completion of the Offer that have resulted in the Peet's Spin-Off failing to qualify for its intended tax-free treatment. However, members of the Group may nevertheless be held liable for such amounts under the Peet's Tax Matters Agreement, and in the event that the Peet's Spin-Off is taxable as a result of actions taken by the Group after completion of the Offer, the Group would be responsible for indemnifying members of the JAB-Group (excluding the Group) for the resulting taxes and related expenses.

The Group's indemnification obligations under the Peet's Tax Matters Agreement may arise if the Group undertakes certain actions within a period of two years following the Peet's Spin-Off that result in a direct or indirect change in control of Peet's (taking into account the cumulative effect of transactions within this period), including, certain issuances of stock by Peet's or the Company, sales of Peet's or Company stock by certain shareholders, redemptions of stock by Peet's or the Company, mergers and other strategic transactions. These indemnification obligations may limit the Group's ability to pursue strategic transactions or engage in new businesses or other transactions that may maximise the value of the Group's business, and might discourage or delay strategic transactions that the Shareholders may consider favourable. Any of the foregoing could have a material adverse effect on the Group's business, financial condition or results of operations.

***The Group's indemnification obligations in relation to its acquisition of Mondelēz International, Inc.'s coffee business could adversely affect the Group's business, financial condition or results of operations.***

On 2 July 2015, the Group completed transactions to combine D.E Master Blenders' coffee and tea business with Mondelēz International's coffee business to create JDE (the **JDE Formation**). In connection with the JDE Formation, JDE, Acorn Holdings and affiliates of Mondelēz International entered into several agreements that govern the relationship between the parties going forward, including a tax matters agreement (the **JDE Tax Matters Agreement**) and a global contribution agreement (the **JDE Global Contribution Agreement**).

Pursuant to the JDE Tax Matters Agreement, the Group is generally responsible for the tax obligations of D.E Master Blenders that are attributable to periods prior to the closing of the JDE Formation. The JDE Tax Matters Agreement also requires JDE to indemnify: (i) Mondelēz International for a portion of certain taxes that are attributable to the operation of Mondelēz International's coffee business prior to the closing date of the JDE Formation, as well as certain taxes of Mondelēz International that are attributable to the JDE Formation; and (ii) Acorn Holdings for certain taxes that are attributable to the JDE Formation. For more information relating to the JDE Formation, see "*Shareholder Structure and Related Party Transactions—Corporate Restructuring*". In addition, JDE, Acorn Holdings and Mondelēz International made certain tax-related representations and are subject to various tax-related covenants after the consummation of the JDE Formation. JDE, Acorn Holdings and Mondelēz International agreed to indemnify each other for certain taxes and other expenses attributable to a breach of any such tax representation or violation of any such covenant. The Group may be subject to substantial liabilities as a result of any of the foregoing, which could materially adversely affect the Group's business, financial condition or results of operations.

Pursuant to the JDE Global Contribution Agreement, the Group has assumed certain indemnification obligations with respect to certain claims attributable to the operation of Mondelēz International's coffee business prior to the closing date of the JDE Formation. On 5 May 2020, the Group received notice of a potential indemnification claim pursuant to the JDE Global Contribution Agreement, resulting from on-site inspections undertaken by the European Commission at certain of Mondelēz International's European offices as part of an investigation into an alleged infringement of European Union competition law in certain product categories including coffee products (the **Investigation**). The Group may potentially be subject to indemnification obligations as a result of the Investigation or other claims brought pursuant to the JDE Global Contribution Agreement, which could materially adversely affect the Group's business, financial condition or results of operations. As at the date of this Prospectus, the Group understands that the Investigation is at an early stage, there is no clarity over the nature or extent of any potential proceedings or claims relating to Mondelēz International's coffee business as a result of the Investigation and any potential indemnification obligations of the Group in this respect remain uncertain.

**Risks Relating to the Structure of the Company**

***Immediately after Settlement, JAB and Mondelēz International, alone or both, through Acorn Holdings and JAB Holdings and Mondelez Coffee HoldCo, respectively, will be in a position to exert substantial influence on the Company and the interests pursued by the Selling Shareholders could differ from the interests of the Company's other Shareholders.***

Immediately after Settlement, JAB and Mondelēz International will be the Company's largest Shareholders with respective holdings of approximately 63.6% and 19.1% of the Company's issued and outstanding share capital (assuming an Offer Price at the bottom of the Offer Price Range, full placement of the Existing Offer Shares (including completion of the Cornerstone Investments) and full exercise of the Over-Allotment Option). As a result, JAB, Mondelēz International, alone or both, through Acorn Holdings and JAB Holdings and Mondelez Coffee HoldCo, respectively, will continue to be able to exert substantial influence or potentially control matters requiring approval by the general meeting (algemene vergadering) of the Company, being the corporate body, or where the context so requires, the physical meeting of the Shareholders of the Company (the General Meeting), and (although Mondelēz International will not have legal control of the Company) may vote their Ordinary Shares in a way with which other Shareholders do not agree.

Moreover, pursuant to the investor rights agreement between the Selling Shareholders and the Company dated 26 May 2020, which will become effective as of the MDLZ Reorganisation (as defined below) (the **Investor Rights Agreement**), Mondelez Coffee HoldCo will have the right to designate for nomination, and propose replacements for, a certain number of non-executive positions on the board of directors (*bestuur*) of the Company (the **Board** and each member thereof, a **Director**). Initially, seven out of 13 non-executive directors will be representatives of the Selling Shareholders: Olivier Goudet, Peter Harf, Fabien Simon, Joachim Creus and Justine Tan will be representatives of JAB, and Nelson Urdaneta and Gerhard Pleuhs will be representatives of Mondelēz International. For more information on the Investor Rights Agreement, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions Regime—Investor Rights Agreement*". In addition, certain of these Directors may, from time to time, hold investments in the Selling Shareholders or other members of their group of companies (other than the Group). Since the interests of the Selling Shareholders do not have to be aligned with the interests of the Company, a conflict of interest might arise. For more information on such potential conflicts, see "*Management and Corporate Governance—Board—Conflicts of Interest*" and "*Management and Corporate Governance—Potential Conflicts of Interest and Other Information*".

Therefore, in combination with their large shareholding, JAB and Mondelēz International, alone or both, through Acorn Holdings and JAB Holdings and Mondelez Coffee HoldCo, respectively, will be in a position to exert substantial influence on the General Meeting and, consequently, on matters decided by the General Meeting pursuant to the Company's articles of association as they will read effective as of the Settlement Date (immediately prior to Settlement) (the **Articles of Association**), including the appointment of Directors, the distribution of dividends, the amendment of the Articles of Association or any proposed capital increase. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Group and could materially adversely affect the trading volume and market price of the Ordinary Shares. This could be the case if investors determine that the stock is not as attractive due to high concentration of ownership and degree of influence by the JAB and Mondelēz International, through Selling Shareholders, as a result of which demand for the Ordinary Shares may go down.

In addition, JAB and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete with the Group. JAB and its affiliates may also pursue acquisition opportunities that are complementary to the Group's business and, as a result, these acquisition opportunities may not be available to the Group. Moreover, Mondelēz International's primary product range includes powdered beverage products, which may compete with the Group in the broader beverage category and Mondelēz International may also pursue acquisition opportunities that are complementary to the Group's business and, as a result, these acquisition opportunities may not be available to the Group.

***Provisions in the Articles of Association may delay, deter or prevent takeover attempts that may be favourable to the Shareholders.***

Pursuant to a resolution adopted by the General Meeting, the Board has been authorised to implement an anti-takeover measure within five years of the Settlement Date comprising the possibility to issue preference shares with a nominal value of €0.01 each (**Preference Shares**) to an outside foundation, in conformity with Dutch law and practice. The Company may set up a foundation, the object of which will be to protect the interests of the Company, the business maintained by the Group and all persons involved therein, in such a way that the interests of the Company and those businesses and all persons involved therein are protected to the best of its abilities, and by making every effort to prevent anything which may affect the independence, the continuity or the identity of the Company and of those businesses in violation of the interests referenced above.

To this end, after its incorporation, the foundation will be granted a call option by the Company. On each exercise of the call option, the foundation is entitled to acquire from the Company up to a maximum number of Preference Shares corresponding to 100% of the issued Ordinary Shares outstanding immediately prior to the exercise of the call option, less one Ordinary Share. Any Preference Share already placed with the foundation at the time of the exercise of the call option will be deducted from this maximum. The foundation may exercise its option right repeatedly, each time up to the aforementioned maximum. For more information on such anti-takeover measures, see "*Description of Share Capital and Corporate Structure—Anti-takeover Measures*".

The issuance of Preference Shares in this manner would cause substantial dilution to the voting power of any Shareholder, including a Shareholder attempting to obtain control over the general meeting of the Company, and may, therefore, have the effect of preventing, discouraging or delaying a change of control over the Company that might otherwise be in the interest of certain Shareholders, or have otherwise resulted in an opportunity for Shareholders to sell the Ordinary Shares at a premium to the then prevailing market price. This anti-takeover measure may have an adverse effect on the market price of the Ordinary Shares.

**Risks Relating to the Ordinary Shares**

***The payment of any future dividends will depend on the Group's financial condition and results of operations, as well as on the Company's operating subsidiaries' distributions to the Company.***

Subject to the limitations described under "*Dividends and Dividend Policy—Dividend Policy*", the Company intends to target a dividend payout ratio for a Financial Year of 50% to 60%. For this purpose, the dividend payout ratio for a Financial Year is defined as the percentage of the Group's profit attributable to Shareholders in the immediately preceding Financial Year. The ability and intention of the Company to declare and pay dividends in the future: (i) will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity and such other factors as the Board may deem relevant; and (ii) are subject to factors that are beyond the Company's control.

If the Company does decide to pay dividends in the future, a distribution of dividends may only take place after the adoption of the annual accounts by the General Meeting that show that the distribution is allowed, or, in the case of an interim dividend, it appears from an interim statement of assets signed by the Board that the Company's equity does not fall below the sum of called-up and paid-up share capital and any statutory reserves. The Company may only make distributions to its Shareholders insofar as the Company's equity exceeds the sum of the paid-up and called-up share capital increased by the reserves as required to be maintained by Dutch law or by its Articles of Association. The Board may furthermore determine that any amount out of the profit, if any, after distribution on any Preference Shares (if there would be such Preference Shares outstanding at the time) will be added to the reserves. The Board determines whether the Company is able to make the distributions. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company's ability to pay dividends will depend directly on distributions and other payments from such subsidiaries to the Company. Any such distributions may be materially and adversely impacted if the Company's operating subsidiaries' profitability suffers. The amount and timing of such distributions will furthermore depend on the laws of such subsidiaries' respective jurisdictions. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends and therefore could negatively impact the market price of the Ordinary Shares.

***Future offerings of debt or equity securities by the Company, or the perception thereof, may adversely affect the market price of the Ordinary Shares and any future issuances of Ordinary Shares may dilute investors' shareholdings.***

Pursuant to a resolution adopted by the General Meeting, the Board has been authorised to issue Ordinary Shares or grant rights to subscribe for Ordinary Shares for a period of 18 months following the Settlement Date and to limit or exclude the pre-emptive rights pertaining to such Ordinary Shares and rights. This authorisation of the Board has been limited to: (i) up to a maximum of 10% of the Ordinary Shares issued and outstanding on the Settlement Date for general purposes; and (ii) up to a maximum of a further 40% of the Ordinary Shares issued and outstanding on the Settlement Date, provided that pre-emptive rights are fully observed (or, if that would not be possible or would be unreasonably cumbersome from a legal or regulatory perspective, near identical subscription rights are provided to holders of Ordinary Shares (e.g. to allow for a rights issue to take place with exclusion of jurisdictions where it is not legally permissible, or prohibitively onerous, to do so)). Such designations may be revoked at any time by the General Meeting. Holders of Preference Shares will not have pre-emptive rights in respect of Ordinary Shares and *vice versa*.

The Company may in the future, subject to the lock-up arrangements in the Underwriting Agreement (as defined below), seek to raise capital through public or private debt or equity financings by issuing additional Ordinary Shares, debt or equity securities convertible into Ordinary Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Ordinary Shares. In addition, the Company may in the future seek to issue additional Ordinary Shares as stock dividend or as consideration for or otherwise in connection with the acquisition of new businesses. Furthermore, the Company may issue new Ordinary Shares or grant rights to subscribe for Ordinary Shares in connection with the establishment of employee share participation or stock option plans. The issuance of any additional Ordinary Shares may dilute an investor's shareholding interest in the Company.

Furthermore, any additional debt or equity financing the Company may need may not be available on terms favourable to the Company or at all, which could materially adversely affect its future plans and the market price of the Ordinary Shares. Any additional offering or issuance of Ordinary Shares by the Company, or the perception that an offering or issuance may occur, could also have a negative impact on the market price of the Ordinary Shares and could increase the volatility in the market price of the Ordinary Shares.

***Future sales or the possibility of future sales of a substantial number of Ordinary Shares by the Selling Shareholders may adversely affect the market price of the Ordinary Shares.***

The Selling Shareholders and the Company have agreed with the Underwriters, pursuant to an underwriting agreement entered into on 26 May 2020 (the **Underwriting Agreement**), to restrictions on their ability to issue, sell or transfer Ordinary Shares or interests therein for a period ending 180 days after the Settlement Date. In addition, each of the Directors and members of the Senior Management Team has agreed to a lock-up in respect of the Ordinary Shares that they hold or will be granted to them under share incentive plans for a period ending

360 days after the Settlement Date. After the expiration of the applicable lock-up period, the Selling Shareholders, Directors and members of the Senior Management Team may sell their Ordinary Shares or the Company may issue Ordinary Shares or securities linked to them. In addition, the Joint Global Coordinators have full discretion to waive the lock-up in connection with the Selling Shareholders and the Company at any time before its expiry. This could also result in the Selling Shareholders or the Company selling or issuing Ordinary Shares before expiry of the applicable lock-up periods. In addition, there could also be a perception in the market that such sales could occur due to the expiry of the relevant lock-up period or its waiver. For further information on such lock-up arrangements, see "*Plan of Distribution—Lock-up Arrangements*".

The market price of the Ordinary Shares could decline if, following the Offer and after the expiration of the lock-up period, a substantial number of Ordinary Shares are sold by the Selling Shareholders, in the public market or if there is a perception that such sales could occur. Furthermore, a sale of Ordinary Shares by any Director or member of the Senior Management Team could be perceived as a lack of confidence in the performance and prospects of the Group and could cause the market price of the Ordinary Shares to decline. In addition, any such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

***Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings.***

In the event of an increase in the Company's share capital, Shareholders are generally entitled to full pre-emptive rights unless these rights are limited or excluded either by virtue of Dutch law, by a resolution of the General Meeting or by a resolution of the Board (if the Board has been designated by the General Meeting or the Articles of Association for this purpose). The Board will be designated by the General Meeting prior to Settlement for a period of 18 months following Settlement to limit or exclude pre-emptive rights subject to limits as set out in this Prospectus. However, certain Shareholders outside the Netherlands may not be able to exercise pre-emptive rights, and therefore could suffer dilution, unless local securities laws have been complied with.

In particular, Shareholders in certain other countries, including the United States, may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless the Company complies with local requirements, or in the case of the United States, unless a registration statement under the U.S. Securities Act is effective with respect to such rights and the Ordinary Shares or an exemption from the registration requirements is available. In such cases, Shareholders resident in such non-Dutch jurisdictions may experience a dilution of their holding of Ordinary Shares, possibly without such dilution being offset by any compensation received in exchange for subscription rights. The Company will evaluate at the time of any issue of Ordinary Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with compliance with any such local laws or any such registration statement, as well as the indirect benefits to it of enabling the exercise of such holders of their pre-emptive rights to Ordinary Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to comply with such local laws or file a registration statement. The Company cannot assure investors that any steps will be taken to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

***The rights and responsibilities of a Shareholder are governed by Dutch law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the rights of a shareholder established under the laws of some other jurisdictions.***

The Company is incorporated and exists under the laws of the Netherlands. Accordingly, the Company's corporate structure as well as the rights and obligations of the Shareholders may be different from the rights and obligations of shareholders of companies incorporated or organised under the laws of other jurisdictions. For example, resolutions of the General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Additionally, in fulfilling their responsibilities, the Directors must act in the interest of the Company and give specific attention to the relevant interests of all of the Company's stakeholders, which, in addition to Shareholders, include clients, employees, lenders and suppliers. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law. As such, the exercise of certain shareholders' rights by Shareholders outside the Netherlands may be more costly than the exercise of rights in a company organised under the laws of other jurisdictions.

***Investors with a reference currency other than euro will become subject to certain foreign exchange risks when investing in the Ordinary Shares.***

The Company's equity capital is denominated in euro and all dividends (if any) on the Ordinary Shares will be paid by the Company in euro. Investors whose reference currency is a currency other than the euro may be adversely affected by any reduction in the value of the euro relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting the euro into another currency. Investors whose reference currency is a currency other than the euro are therefore urged to consult their financial advisers.

***If securities or industry analysts do not publish research or reports about the Company's business or industry, or if such analysts (if any) change their recommendations regarding the Ordinary Shares adversely, the market price and trading volumes of the Ordinary Shares could decline.***

The trading market for the Ordinary Shares will be influenced by the research and reports that securities or industry analysts publish about the Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the Group's business or industry, the Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Ordinary Shares to decline. Also, if one or more of the analysts covering the Group's business or industry recommends selling Ordinary Shares, or if negative research is published on the industry or geographic markets the Group serves, the market price of the Ordinary Shares could decline.

**Risks Relating to the Offer and the Offer Shares**

***There is currently no public trading market for the Ordinary Shares and there is a risk that no active and liquid market for the Ordinary Shares will develop and that the price of the Ordinary Shares may be volatile.***

Until trading on Euronext Amsterdam commences on an "as-if-and-when-issued/delivered" basis, which is expected on Wednesday, 3 June 2020, but is subject to acceleration, extension and pricing and Settlement taking place, there is no public trading market for the Ordinary Shares. There can be no assurance that an active trading market for the Ordinary Shares will develop after the Offer or, if it does develop, that it will be sustained or liquid. If such market fails to develop or be sustained, this could negatively affect the liquidity and price of the Ordinary Shares, as well as increase their price volatility. Investors may not be in a position to sell their Ordinary Shares quickly or at the market price if there is no active trading in Ordinary Shares. In addition, an illiquid market for the Ordinary Shares may result in lower market prices and increased volatility, which could materially adversely affect the value of an investment in the Ordinary Shares.

The Offer Price may not be indicative of the market price for the Ordinary Shares after the Offer has completed. The market price of the Ordinary Shares could also fluctuate substantially due to various factors, some of which could be specific to the Company and its operations and some of which could be related to the industry in which the Company operates or equity markets generally. As a result of these and other factors mentioned in this "*Risk Factors*" section, the Ordinary Shares may trade at prices significantly below the Offer Price. The Company cannot assure that the market price of the Ordinary Shares will not decline, or that the Ordinary Shares will not trade at prices significantly below the Offer Price, regardless of the Company's actual performance.

***If Settlement does not take place, purchases of the Offer Shares will be disregarded and transactions effected in the Offer Shares will be annulled.***

Application has been made to list the Ordinary Shares on Euronext Amsterdam under the symbol "JDEP". The Company expects that the Offer Shares will be admitted to listing and that trading in the Offer Shares will commence prior to the Settlement Date on the First Trading Date, on an "as-if-and-when-issued/delivered" basis. Settlement may not take place on the Settlement Date or at all, if certain conditions or events referred to in the

Underwriting Agreement are not satisfied or waived or occur on or prior to such date (see "*Plan of Distribution—Underwriting Arrangements*"). Trading in the Offer Shares before Settlement will take place subject to the condition that, if Settlement does not take place, the Offer will be withdrawn, all applications for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam will be annulled. All dealings in the Offer Shares prior to Settlement and delivery are therefore at the sole risk of the parties concerned. The Company, the Selling Shareholders, the Underwriters, the Listing Agent, the Paying Agent and Euronext Amsterdam N.V. do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offer or the (related) annulment of any transaction in the Offer Shares on Euronext Amsterdam.

## IMPORTANT INFORMATION

### General

This Prospectus was approved as a prospectus for the purposes of the Prospectus Regulation by, and filed with, the AFM, as competent authority under the Prospectus Regulation, on Tuesday, 26 May 2020.

**This Prospectus shall be valid for use only by the Company or others who have obtained the Company's consent for a period of up to 12 months after its approval by the AFM and shall expire on Wednesday, 26 May 2021, at the latest. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies (see "—*Supplements*") shall cease to apply upon the earlier of: (i) the First Trading Date; or (ii) the expiry of the validity period of this Prospectus.**

The AFM has only approved this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus and the Company. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

Prospective investors should only rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to Article 23 of the Prospectus Regulation, and therefore prospective investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Admission and/or Offer, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, the Selling Shareholders, the Underwriters, the Listing Agent, the Paying Agent or any of their respective affiliates or representatives. Neither the delivery of this Prospectus nor any issuance or sale of Ordinary Shares made under it at any time after the date of this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time since such date.

Prospective investors are expressly advised that an investment in Ordinary Shares entails risks and that they should therefore carefully read and review the entire Prospectus. Prospective investors should not just rely on key information or information summarised within this Prospectus. Prospective investors should, in particular, read the section entitled "*Risk Factors*" when considering an investment in the Ordinary Shares. A prospective investor should not invest in Ordinary Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Ordinary Shares will perform under changing conditions, the resulting effects on the value of the Ordinary Shares and the impact this investment will have on the prospective investor's overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, subscription, ownership and disposal of the Ordinary Shares.

The content of this Prospectus should not be construed as business, legal or tax advice. This Prospectus should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, the Underwriters, the Listing Agent, the Paying Agent or any of their respective representatives that any recipient of this Prospectus should purchase, or subscribe for, any Ordinary Shares. None of the Company, the Selling Shareholders, the Underwriters, the Listing Agent, the Paying Agent or any of their respective representatives is making any representation to any prospective investor regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws and regulations applicable to such prospective investor. Prospective investors should consult their own professional advisers before making any investment decision with regard to the Ordinary Shares, among other things, to consider such investment decision in light of their personal circumstances and in order to determine whether or not such prospective investor is eligible to purchase, or subscribe for, Ordinary Shares. In making an investment decision, prospective investors must rely on their own analysis, enquiry and examination of the Company, the Ordinary Shares and the Offer, including the merits and risks involved.

No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by, or on behalf of, any of the Underwriters, the Listing Agent, the Paying Agent or any of their respective affiliates or representatives, or their respective directors, officers or employees or any other person, as to the accuracy, fairness, verification or completeness of the information or opinions contained in this Prospectus, or incorporated by reference in it, and nothing in this Prospectus, or incorporated by reference in it, is, or shall be relied upon as, a promise or representation by any of the Underwriters, the Listing Agent, the Paying Agent or any of their respective affiliates or representatives, or their respective directors, officers or employees or any other person, as to the past or future. None of the Underwriters, the Listing Agent, the Paying Agent or any of their respective affiliates or representatives, or their respective directors, officers or employees or any other person in any of their respective capacities in connection with the Admission and/or the Offer, accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself, or on its behalf, in connection with the Company, the Group, the Selling Shareholders, the Admission, the Offer or the Ordinary Shares. Accordingly, each of the Underwriters, the Listing Agent, the Paying Agent and their respective affiliates or representatives, or their respective directors, officers or employees or any other person disclaim, to the fullest extent permitted by applicable laws and regulations, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

Although the Underwriters are party to various agreements pertaining to the Offer and each of the Underwriters has or might enter into a financing or other arrangement with the Company, this should not be considered as a recommendation by any of them to invest in Ordinary Shares.

Each of the Underwriters, the Listing Agent and the Paying Agent is acting exclusively for the Company and/or the Selling Shareholders and no one else in connection with the Admission and/or the Offer. None of them will regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Admission or the Offer and will not be responsible to anyone other than the Company and/or the Selling Shareholders for providing the protections afforded to their respective clients or for giving advice in relation to the Admission, the Offer or any transaction or arrangement referred to in this Prospectus.

The Offer and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Ordinary Shares may be restricted by law in jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions.

This Prospectus may not be used for, or in connection with, and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company, the Selling Shareholders or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any jurisdiction where action for that purpose is required. None of the Company, the Board, any of the Selling Shareholders or any of the Underwriters, the Listing Agent and the Paying Agent accepts any responsibility for any violation by any person, whether or not such person is a prospective investor in the Offer Shares, of any of these restrictions. See "*Selling and Transfer Restrictions*" for further information on these restrictions.

Each of the Company, the Selling Shareholders and the Underwriters reserves the right in their own absolute discretion to reject any application to purchase, or subscribe for, Offer Shares that the Company, the Selling Shareholders, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

Each person receiving this Prospectus acknowledges that: (i) such person has not relied on an Underwriter or any person affiliated with an Underwriter in connection with any investigation of the accuracy of any information contained in this Prospectus or its investment decision; (ii) it has relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Offer Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders or the Underwriters.

In connection with the Offer, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Offer as a principal position and, in that capacity, may retain, purchase, subscribe for, or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, each of the Underwriters and any of their affiliates may enter into financing arrangements (including contracts for differences, swaps or warrants) with investors in connection with which each of the Underwriters and any of their affiliates may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters or their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

**Responsibility Statement**

This Prospectus is made available by the Company, and the Company accepts full responsibility for the accuracy of the information contained in this Prospectus. The Company declares that to the best of its knowledge the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

**Presentation of Financial and Other Information**

***Historical Financial Data***

Unless otherwise indicated, the financial information contained in this Prospectus has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**IFRS**).

This Prospectus contains: (i) the unaudited but reviewed condensed consolidated interim financial statements of the Group as at, and for the three months ended, 31 March 2020 and for the three months ended 31 March 2019 and the notes, comprising a summary of significant accounting policies and other explanatory information (the **Condensed Consolidated Interim Financial Statements**) which are included on pages F-1 to F-22 of this Prospectus; and (ii) the audited combined and consolidated special purpose financial statements of the Group comprising: (a) the consolidated statement of financial position as at 31 December 2019 and the combined statements of financial position as at 31 December 2018 and 31 December 2017; (b) the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and the combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended 31 December 2018 and 31 December 2017; and (c) the notes, comprising a summary of significant accounting policies and other explanatory information (the **Combined and Consolidated Special Purpose Financial Statements**, and together with the Condensed Consolidated Interim Financial Statements, the **Financial Statements**) which are included on page F-23 and following of this Prospectus.

The Group combines JDE and Peet's, two of the international coffee and tea businesses controlled by JAB. Historically, the Group's business was conducted through separate legal entities within the holding structure of JAB. The Group did not exist as a single reporting group and no (statutory) consolidated financial statements were prepared previously.

JDE Holdings Minority B.V. was contributed to Oak 1753 B.V., a subsidiary of the Group, by Acorn Holdings on 28 November 2018 and is included in the Combined and Consolidated Special Purpose Financial Statements starting 1 January 2017 up to 28 November 2018 on a combined basis and is consolidated as part of the Group for the period thereafter.

The acquisition of Peet's was a business combination under common control and is included in the Financial Statements as per the acquisition date on 30 December 2019 by applying the principles of the pooling of interest method. In this way, the financial information of Peet's is included starting 1 January 2017. Please refer to Note 4 of the Combined and Consolidated Special Purpose Financial Statements for the Group's policy for such common control transactions.

For purposes of the Financial Statements, intragroup transactions, balances and unrealised gains and losses on transactions within the Group have been eliminated, while transactions between JAB and the Group have been recognised in accordance with IFRS and disclosed as related party transactions.

The Financial Statements should be read in conjunction with the accompanying notes thereto. The Financial Statements are prepared for the purposes of the Offer and present the historical financial information of the Group in the format that it intends to report its financial results in the future beginning with the publication of the Group's statutory consolidated financial statements for FY 2020.

As the Group did not operate as a group in the past, the Financial Statements may not be indicative of the Group's future performance and what its combined and consolidated results of operations, financial position and cash flows would have been, had the Group operated as a separate entity for the periods presented.

The Condensed Consolidated Interim Financial Statements have been reviewed and the Combined and Consolidated Special Purpose Financial Statements have been audited by Deloitte Accountants B.V., an independent registered public audit firm located at Gustav Mahlerlaan 2970, 1081 LA Amsterdam, the Netherlands (**Deloitte**).

For further information on the presentation of financial information, see Note 1 of the Condensed Consolidated Interim Financial Statements and Note 1 of the Combined and Consolidated Special Purpose Financial Statements.

***Non-IFRS Measures***

This Prospectus contains Non-IFRS financial measures (**Non-IFRS Measures**), which are not liquidity or performance measures under IFRS, and which the Group considers to be alternative performance measures. These Non-IFRS Measures are presented in addition to the figures that are prepared in accordance with IFRS and include revenue growth, like-for-like sales, like-for-like sales growth, revenue organic (at constant commodity prices), revenue organic growth (at constant commodity prices), operating profit, operating profit margin, Adjusted EBIT, Adjusted EBIT margin, operating profit before depreciation and amortisation, operating profit before depreciation and amortisation margin, Adjusted EBITDA, Adjusted EBITDA margin, effective cash tax rate, capital expenditure, capital expenditure as a % of revenue, free cash flow, free cash flow conversion %, operating working capital, operating working capital as a % of revenue, Adjusted net debt, Adjusted leverage ratio, Peet's revenue excl. foreign exchange (**FX**) and venture businesses, Peet's Adjusted EBIT excl. FX and venture businesses and Peet's Adjusted EBIT excl. FX and venture businesses margin (each as defined below).

From a revenue perspective, management uses different metrics to assess its performance. First, organic growth is assessed based on like-for-like sales. The latter shows revenue under IFRS without the impact of FX movements and M&A activity. The development in like-for-like sales over time breaks down into the two components price and volume/mix. The price component is partly driven by the market development of green coffee and tea commodity prices, which are outside of the control of management. To isolate the price impact driven by changes in green coffee and tea commodity prices, revenue organic (at constant commodity prices) is used to show like-for-like sales without the impact of changes in commodity prices.

The Group provides Non-IFRS Measures and other information because the Group believes that they provide investors with additional information to measure the operating performance of the Group. The Group's use of Non-IFRS Measures may vary significantly from the use of other companies in its industry. The measures used should not be considered as an alternative to profit (loss), revenue or any other performance measure derived in accordance with IFRS or to net cash provided by operating activities as a measure of liquidity. Non-IFRS Measures have limitations as analytical tools over and above the limitations of any IFRS performance measures and should not be considered in isolation or as substitutes for analysis of the Group's results as reported under

IFRS. Such Non-IFRS Measures may include or exclude amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations, which are described below. In particular, other companies in the industry may define Non-IFRS Measures, used herein, differently, which may make it difficult to compare the performance of those entities to the Group's performance based on similarly named measures. In addition, the exclusion of certain items from Non-IFRS Measures does not imply that these items are necessarily non-recurring. From time to time, the Group may exclude additional items if it believes doing so would result in a more transparent and comparable disclosure.

Non-IFRS Measures should be considered in conjunction with the Combined and Consolidated Special Purpose Financial Statements prepared in accordance with IFRS. Although certain of these measures have been extracted or derived from the Combined and Consolidated Special Purpose Financial Statements, this data has not been audited or reviewed by the Group's independent auditors. The following discussion provides definitions of Non-IFRS Measures. For reconciliations of these Non-IFRS Measures to their most directly comparable IFRS measures, see "*Selected Financial and Other Information—Non-IFRS Financial Information*".

***Revenue growth***

The Group defines revenue growth as the growth in revenue between the given and comparable year.

***Like-for-like sales***

The Group defines like-for-like sales as revenue translated at the prior year average foreign exchange rate and adjusted for M&A. To determine like-for-like sales in a given year, revenue in that year is translated at the average foreign exchange rate of the comparable year and excludes revenue from acquired companies until 12 months following the acquisition date.

***Like-for-like sales growth***

The Group defines like-for-like sales growth as the growth in like-for-like sales between the given and comparable year.

***Revenue organic (at constant commodity prices)***

The Group defines revenue organic (at constant commodity prices) as like-for-like sales adjusted for the price impact of inflation and/or deflation of green coffee and tea commodity prices.

***Revenue organic growth (at constant commodity prices)***

The Group defines revenue organic growth (at constant commodity prices) as the growth in revenue organic (at constant commodity prices) between the given and comparable year.

***Operating profit***

The Group defines operating profit as profit for the period, adding back finance income, finance expense, share of net profit of associates and income tax expense.

***Operating profit margin***

The Group defines operating profit margin as operating profit as a percentage of revenue.

***Adjusted EBIT***

The Group defines Adjusted EBIT as operating profit, adjusted for the following factors:

- 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 or Adjusted EBITDA.

- Transformation activities and corporate actions include costs from restructuring and organisational redesign projects, results arising from corporate actions and costs from strategic initiatives:
  - Restructuring and organisational redesign costs arise from strategic projects that are related to business optimisation or cost-saving initiatives. These strategic projects include the closures of manufacturing facilities 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 of the Group. The Group therefore adds back these costs in calculating Adjusted EBIT or Adjusted EBITDA.
  - Results arising from corporate actions related to activities that the Group does not consider to be part of its daily business operations. Results include costs in relation to the preparation of the Offer and the Admission, refinancing activities, executive's severance, pension curtailments and amendments and other items such as additions to the liability for the customer loyalty programmes that the Group does not consider as part of the normal operating costs of its business, or the release of an indirect sales tax provision in Brazil. Such actions generally result from market forces that are difficult to predict and are not entirely within the control of the Group. The Group therefore adds back these costs or removes the gains in calculating Adjusted EBIT or Adjusted EBITDA.
  - 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 the Group as part of the normal operating costs of its business. Such costs relate to Peet's refrigerated ready-to-drink coffee beverages, which were discontinued and replaced with several shelf-stable ready-to-drink coffee beverages. The Group therefore adds back these costs in calculating Adjusted EBIT or Adjusted EBITDA.
- Share-based compensation, which is an operating expense the Group incurs and is a form of compensation. It 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. The Group therefore adds back these costs in calculating Adjusted EBIT or Adjusted EBITDA.
- Mark-to-market results comprise economic hedges of certain future risks related to the cost of goods sold. Mark-to-market adjustments include adjustments for unrealised and realised gains/losses on commodity futures. These adjustments relate to results on green coffee futures for which the Group has not yet sold the underlying commodity, and are excluded when calculating Adjusted EBIT or Adjusted EBITDA. The Group 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. Upon the subsequent sale of the underlying commodity to customers, the realised mark-to-market adjustments are recognised in Adjusted EBIT and Adjusted EBITDA.
- M&A/business combination results and intangible assets amortisation include: (i) acquisition-related costs including legal, due diligence, professional consulting, and other costs incurred as a result of its acquisitions process; (ii) amortisation related to intangible assets recognised or re-measured as part of purchase price allocations; (iii) costs associated with the integration of acquired businesses, such as directly attributable integration-related labour costs, legal fees and consulting fees; (iv) derecognition of the step-up in fair value of inventories resulting from purchase price allocations; and (v) fair value

changes in contingent consideration obligations. The Group does not consider these costs as part of the normal operating costs of its business. The Group therefore adds back these costs in calculating Adjusted EBIT and adds back these costs excluding the depreciation and amortisation element in calculating Adjusted EBITDA.

***Adjusted EBIT margin***

The Group defines Adjusted EBIT margin as Adjusted EBIT as a percentage of revenue.

***Effective cash tax rate***

The Group defines effective cash tax rate as income tax payments divided by profit before income taxes.

***Operating profit before depreciation and amortisation***

The Group defines operating profit before depreciation and amortisation as operating profit, adding back depreciation and amortisation expenses.

***Operating profit before depreciation and amortisation margin***

The Group defines operating profit before depreciation and amortisation as operating profit before depreciation and amortisation as a percentage of revenue.

***Adjusted EBITDA***

The Group defines Adjusted EBITDA as operating profit before depreciation and amortisation, adjusted for the same factors as listed under Adjusted EBIT.

***Adjusted EBITDA margin***

The Group defines Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue.

***Capital expenditure***

The Group defines capital expenditure as purchases of property, plant and equipment and intangibles, taken from the Combined and Consolidated Statement of Cash Flows.

***Capital expenditure as a % of revenue***

The Group defines capital expenditure as a % of revenue as capital expenditure as a percentage of revenue.

***Free cash flow***

The Group defines free cash flow as net cash provided by operating activities less capital expenditure.

***Free cash flow conversion %***

The Group defines free cash flow conversion % as free cash flow divided by Adjusted EBITDA.

***Operating working capital***

The Group defines operating working capital as inventories and trade receivables – net less trade payables.

***Operating working capital as a % of revenue***

The Group defines operating working capital as a % of revenue as operating working capital as a percentage of revenue.

***Adjusted net debt***

The Group defines Adjusted net debt as total borrowings less cash and cash equivalents, excluding cash not at the free disposal of the Group, and borrowings from related parties.

***Adjusted leverage ratio***

The Group defines the Adjusted leverage ratio as Adjusted net debt divided by Adjusted EBITDA.

***Peet's revenue excl. FX and venture businesses***

Peet's revenue excl. FX and venture businesses is used exclusively for the Peet's segment. The Group defines Peet's revenue excl. FX and venture businesses as Peet's revenue in the given year translated at the average foreign exchange rate of the comparable year and excluding revenue from Peet's venture businesses Seed Leaf, LLC (**Seed Leaf**), Peet's China and Revive Kombucha, which are in the start-up phase.

***Peet's Adjusted EBIT excl. FX and venture businesses***

Peet's Adjusted EBIT excl. FX and venture business, is used exclusively for the Peet's segment. The Group defines Peet's Adjusted EBIT excl. FX and venture businesses as Peet's Adjusted EBIT in the given year translated at the average foreign exchange rate of the comparable year and excluding operating profit from Peet's venture businesses Seed Leaf, Peet's China and Revive Kombucha, which are in the start-up phase.

***Peet's Adjusted EBIT excl. FX and venture businesses margin***

The Group defines Peet's Adjusted EBIT excl. FX and venture businesses margin as Peet's Adjusted EBIT excl. FX and venture businesses as a percentage of Peet's revenue excl. FX and venture businesses.

***Rounding and Negative Amounts***

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

In preparing the financial information included in this Prospectus, most numerical figures are presented in millions of euro. For the convenience of the reader of this Prospectus, certain numerical figures in this Prospectus are rounded to the nearest million. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

The percentages (as a percentage of revenue and period-on-period percentage changes) presented in the textual financial disclosure in this Prospectus are derived directly from the financial information included elsewhere in this Prospectus. Such percentages may be computed on the numerical figures expressed in millions of euro. Therefore, such percentages are not calculated on the basis of the financial information in the textual disclosure that has been subjected to rounding adjustments in this Prospectus.

In tables, negative amounts are shown in parentheses. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

***Currency***

In this Prospectus, unless otherwise indicated: all references to:

- **Australian dollar** are references to the lawful currency of Australia;
- **Brazilian real** are references to the lawful currency of Brazil;

- **Chinese yuan renminbi** are references to the lawful currency of China;
- **British pound** are references to the lawful currency of the United Kingdom;
- **euro** or **€** are references to the single currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 on 3 May 1998 on the introduction of the euro, as amended;
- **Polish zloty** are references to the lawful currency of Poland;
- **Malaysian ringgit** are references to the lawful currency of Malaysia;
- **New Zealand dollar** are references to the lawful currency of New Zealand;
- **Norwegian krone** are references to the lawful currency of Norway;
- **Russian rouble** are references to the lawful currency of Russia;
- **Singapore dollar** are references to the lawful currency of the Republic of Singapore;
- **Swedish krona** are references to the lawful currency of Sweden;
- **Thai baht** are references to the lawful currency of the Kingdom of Thailand;
- **Turkish lira** are references to the lawful currency of the Republic of Turkey;
- **Ukrainian hryvnia** are references to the lawful currency of Ukraine; and
- **U.S. dollar** or **US$** are references to the lawful currency of the United States.

**Market and Industry Data**

All references to industry forecasts, industry statistics, market data and market share in this Prospectus comprise estimates compiled by analysts, competitors, industry professionals and organisations, of publicly available information or of the Group's own assessment of its markets and sales.

The market, economic and industry data have primarily been derived and extrapolated from reports provided by Euromonitor International (**Euromonitor**), Nielsen Company (US), LLC (**Nielsen**) and the World Bank Group (the **World Bank**). The data included in this Prospectus relating to the Group's partners and competitors have been derived from their publicly available information. Information in this Prospectus regarding the coffee and tea categories is derived from the Group's independent market research using the sources referenced, and such information should not be relied upon in making, or refraining from making, any investment decision.

Statements based on the Company's own estimates, insights, opinions or proprietary information contain words such as "believe", "expect" and "see" and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

This Prospectus contains statistics, data and other information relating to markets, market positions, market shares, market sizes and other industry data pertaining to the Group's business and markets. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections that they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Prospectus, the source of such information has been identified.

In this Prospectus, certain statements are made regarding the Group's competitive and market position. These statements are based on industry statistics and market data. The Company believes that such industry statistics and market data are true, but the Company has not independently verified the information. The Company cannot guarantee that a third-party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner that makes such figures incomparable with the Group's figures.

**Supplements**

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares, arises or is noted between the date of this Prospectus and the final closing of the Offer Period, a supplement to this Prospectus will be published in accordance with relevant provisions under the Prospectus Regulation. Such a supplement will be subject to approval by the AFM in accordance with article 23 of the Prospectus Regulation, and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Statements contained in any such supplement (or contained in any document incorporated by reference in such supplement) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

**Notice to Prospective Investors**

**EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.**

*Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Ordinary Shares.*

This Prospectus may not be used for, or in connection with, and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The Offer and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Ordinary Shares may be restricted by law in jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell, or subscribe for or issue, Offer Shares.

No action has been taken or will be taken in any jurisdiction by the Company, the Selling Shareholders or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any jurisdiction where action for that purpose is required. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither this Prospectus nor any other Offer material or advertisements in connection with the Offer Shares may be distributed or published, in or from any jurisdiction except in compliance with any applicable laws and regulations of any such jurisdiction.

Subject to the exceptions set out in "*Selling and Transfer Restrictions*", this Prospectus should not be forwarded or transmitted in or into the United States, the European Economic Area, the United Kingdom, Australia, Canada and Japan.

**United States**

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States for offer or sale as part of their distribution and, subject to certain exceptions, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The Offer Shares will be offered and sold inside the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, from the registration requirements of the U.S. Securities Act and outside the United States in offshore transactions, as defined in and in reliance on, Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Offer Shares are not transferable except in accordance with the restrictions described in the section titled "*Selling and Transfer Restrictions*".

The Offer Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the **SEC**), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

For so long as any of the Offer Shares are "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the **U.S. Exchange Act**) nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective investor in such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be delivered pursuant Rule 144A(d)(4) under the U.S. Securities Act. In addition, until the end of the 40th calendar day after commencement of the Offer, an offering or sale of Ordinary Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements under the U.S. Securities Act.

**European Economic Area and the United Kingdom**

In relation to each member state of the European Economic Area (**EEA**) (**Member State**) and the United Kingdom (each a **Relevant State**), an offer to the public of any Offer Shares which are the subject of the Offer contemplated by this Prospectus may not be made in that Relevant State, except that an offer to the public in that Relevant State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Global Coordinators; or

(iii) in any other circumstances falling under the scope of Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who acquires any Offer Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Underwriters that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Underwriters that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders and the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an **offer to the public** in relation to any Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

**Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in delict, tort, contract or otherwise, which any "*manufacturer*" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, "*distributors*" (for purposes of the MiFID II Product Governance Requirements) should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer, including the selling restrictions described in "*Selling and Transfer Restrictions*".

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, purchase, subscribe for, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

**Enforceability of Civil Liabilities**

The ability of certain persons in jurisdictions other than the Netherlands, in particular the United States, to bring an action against the Company may be limited under applicable laws and regulations. At the date of this Prospectus, the Company is incorporated under the laws of the Netherlands and most of the Directors, and most of the Group's employees, are citizens or residents of countries other than the United States. Most of the assets of such persons and most of the assets of the Group are located outside the United States. As a result, it may be impossible or difficult for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in United States courts a judgment obtained in such courts. In addition, in the Netherlands, there is doubt as to the enforceability of original actions or actions for enforcement based solely on the federal or state securities laws of the United States or judgments of United States courts, including judgments based on the civil liability provisions of the United States federal or state securities laws.

As at the date of this Prospectus, the United States and the Netherlands do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a judgment rendered by a court in the United States, whether or not predicated solely upon U.S. securities law, will not be enforceable in the Netherlands. However, if a person has obtained a final judgment without possibility of appeal rendered by a court in the United States which is enforceable in the United States and files their claim with the competent Dutch court, the Dutch court will generally recognise and give effect to such foreign judgment without substantive re-examination or re-litigation on the merits insofar as it finds that: (i) the jurisdiction of the United States court has been based on a ground of jurisdiction that is generally acceptable according to international standards; (ii) the judgment by the United States court was rendered in legal proceedings that comply with the Dutch standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*); (iii) the judgment by the United States court does not contravene Dutch public policy (*openbare orde*); and (iv) the judgment by the United States court is not irreconcilable with a judgment of a Dutch court or an earlier judgment of a foreign court between the same parties that is capable of being recognised in the Netherlands. Even if such foreign judgment is given binding effect, a claim based thereon may, however, still be rejected if the foreign judgment is not or no longer formally enforceable in the country of origin.

Enforcement of any foreign judgment in the Netherlands will be subject to the rules of Dutch civil procedure (*Wetboek van Burgerlijke Rechtsvordering*). Judgments may be rendered in a foreign currency but enforcement is executed in euro at the applicable rate of exchange. Under certain circumstances, a Dutch court has the power to stay proceedings (*aanhouden*) or to declare that it has no jurisdiction if concurrent proceedings are being brought elsewhere.

A Dutch court may reduce the amount of damages granted by a United States court and recognise damages only to the extent that they are necessary to compensate actual losses and damages.

**Information Regarding Forward-Looking Statements**

This Prospectus includes forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim", "annualised", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "goal", "hope", "intend", "may", "objective", "plan", "position", "potential", "predict", "project", "risk", "seek", "should", "target", "will" or "would" or the highlights or the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements that reflect the Company's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Group operates. In particular, the statements under the headings "*Summary*", "*Risk Factors*", "*Reasons for the Offer and Use of Proceeds*", "*Dividends and Dividend Policy*", "*Business*" and "*Operating and Financial Review*" regarding the Group's strategy, targets, expectations, objectives, future plans and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to:

- competitive pressures and changes in consumer trends and preferences as well as consumer perceptions of its brands;
- fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities, and its ability to secure an adequate supply of quality or sustainable coffee and tea;
- global and regional economic and financial conditions, as well as political and business conditions or other developments;
- interruption in the Group's manufacturing and distribution facilities;
- its ability to successfully innovate, develop and launch new products and product extensions and on effectively marketing its existing products;
- actual or alleged non-compliance with applicable laws or regulations and any legal claims or government investigations in respect of the Group's businesses;
- difficulties associated with successfully completing acquisitions and integrating acquired businesses;
- the loss of senior management and other key personnel; and
- changes in applicable environmental laws or regulations.

Forward-looking statements in this Prospectus speak only as of the date of this Prospectus. Except as required by applicable laws and regulations, the Group expressly disclaims any obligation or undertaking to update or revise the forward-looking statements contained in this Prospectus to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based.

**Information Regarding Nespresso**

Nespresso is a trade name, trademark and registered trademark of Société des Produits Nestlé S.A. (**SPN**). The Group and its products are not endorsed by, sponsored or approved by SPN, or any of its affiliates, and no member of the Group is a licensee of SPN or any of its affiliates.

**Defined Terms**

Defined terms used in this Prospectus are defined in "*Defined Terms*".

This Prospectus is published in English only.

## REASONS FOR THE OFFER AND USE OF PROCEEDS

### Background to, and Reasons for, the Offer and the Admission

The Company believes that the Admission and the Offer are a significant step for the Group. The Company believes that the Admission and the Offer are a logical next step in its development and that their timing is appropriate, given its current profile and level of maturity.

The Company believes that the Offer will strengthen its financial position by enabling it to repay part of its outstanding debt. The Admission further provides the Company with access to capital markets, which it may use to support and develop further growth of the Group and to finance strategic M&A transactions, as they become available.

The Company expects the Admission and the Offer to create a new long-term Shareholder base as well as liquidity for the existing and future Shareholders. The Offer provides the Selling Shareholders with an opportunity to partially realise their investment in the Company. It is the intention of the Company and the Selling Shareholders to create a meaningful free float in the Ordinary Shares on Admission. The Admission also aims to permit the Group to incentivise the existing and future management team and senior staff, and to continue to attract high calibre individuals to join its management team in the future, by way of awards of listed Ordinary Shares, aligning their interests with the interests of Shareholders.

### Use of Proceeds

The Company will not receive any proceeds from the sale of the Existing Offer Shares and/or the sale of any Over-Allotment Shares by the Selling Shareholders, the proceeds of which will be received by the Selling Shareholders. The commissions due to the Underwriters, and expenses (up to an agreed cap), will be borne by the Company.

The Company will receive proceeds from the sale of the New Offer Shares and any Company Over-Allotment Shares. The Company expects the net proceeds from the Offer, after deduction of expenses, commissions and taxes payable by the Company for the Offer (estimated to amount to approximately €75 million), to amount to approximately €625 million.

The Company intends to use the expected net proceeds of the issue of the New Offer Shares and any Company Over-Allotment Shares to repay part of its outstanding debt in order to improve its leverage ratio. On the Settlement Date, after the repayment of part of its outstanding debt with such net proceeds, it is estimated that the Company will have a leverage ratio of around 3.6x. For the year ended 31 December 2019, the Company had total borrowings of €7,292 million and Adjusted net debt of €4,793 million. For the three months ended 31 March 2020, the Company had total borrowings of €7,133 million. Subject to, and as further discussed under, "*Business—Medium- to Long-term Targets*", the Company is targeting a leverage ratio below 3.0x by the end of the first half of FY 2021.

While the Company does not intend to change the allocation of the use of proceeds, it is entitled to do so.

# DIVIDENDS AND DIVIDEND POLICY

The Company may only make distributions to its Shareholders if its equity exceeds the amount of the paid-up and called-up part of the issued capital plus the reserves as required to be maintained by the Articles of Association (if any) or by Dutch law. Because the Company is a holding company that conducts its business mainly through its subsidiaries, the Company's ability to pay dividends will depend directly on its subsidiaries' distributions to the Company. The amount and timing of such distributions will depend on the laws of such subsidiaries' respective jurisdictions. The Board determines which part of the profits will be added to reserves, after distribution on any issued and outstanding Preference Shares, taking into account the financial condition, earnings, cash needs, working capital developments, capital requirements (including requirements of its subsidiaries) and any other factors that the Board deems relevant in making such a determination. The part of the profits remaining after the addition to reserves will be at the disposal of the General Meeting. The Board makes a proposal for the remaining part of the profits that will be at the disposal of the General Meeting. Dividend distribution is further summarised in "*Description of Share Capital and Corporate Structure—Share Capital—Dividend Distributions*".

## Dividend History

The Company was incorporated on 21 November 2018. The Company did not declare or pay any cash dividends in respect of FY 2018. In FY 2019, as part of the structuring steps in order for the Group to acquire Peet's from Acorn Holdings, the Company declared and distributed intercompany receivables in the aggregate amount of €549,630,800 (€549,630.80 per Ordinary Share, calculated using the 1,000 Ordinary Shares issued and outstanding at that time) from its retained earnings as a dividend to its Shareholder.

The Group paid cash dividends of €68 million in FY 2019, €90 million in FY 2018 and €565 million in FY 2017 to its shareholders. See Note 19 of the Combined and Consolidated Special Purpose Financial Statements for further information. In March 2020, JDE distributed a cash dividend of €285 million to its shareholders, of which €207 million was distributed to the Company, €75 million was distributed to Mondelez Coffee HoldCo and €3 million was distributed to management participation vehicles (the **Pre-IPO Dividend**).

## Dividend Policy

Subject to the limitations described herein, the Company intends to target a dividend payout ratio for a Financial Year of 50% to 60%. For this purpose, the dividend payout ratio for a Financial Year is defined as the percentage of the Group's profit attributable to Shareholders in the immediately preceding Financial Year. The ability and intention of the Company to declare and pay dividends in the future: (i) will mainly depend on its financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity and such other factors as the Board may deem relevant; and (ii) are subject to factors that are beyond the Company's control. See "*Important Information—Information Regarding Forward-Looking Statements*" for the factors that could cause the Group's results to vary. See also "*Risk Factors—Risks Relating to the Ordinary Shares—The payment of any future dividends will depend on the Group's financial condition and results of operations, as well as on the Company's operating subsidiaries' distributions to the Company.*" for the risks associated with the Company's ability to pay dividends.

## Manner and Time of Dividend Payments

Payment of any dividend on Ordinary Shares will, in principle, be made in euro. The Company will, however, have the authority to make distributions in another currency than euro. Any dividends that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts, without the need for the Shareholders to present documentation proving their ownership of the Ordinary Shares. Payment of dividends on the Ordinary Shares not held through Euroclear Nederland will be made directly to the relevant Shareholders using the information contained in the Company's shareholders' register (the **Shareholders' Register**). Payments of dividends are announced in a notice by the Company and will be made payable pursuant to a resolution of the Board within four weeks of adoption, unless the Board sets another date for payment.

See "*Description of Share Capital and Corporate Structure—Share Capital—Dividend Distributions*" for information on the provisions of Dutch law and the Articles of Association on dividend distributions.

**Uncollected Dividends**

A Shareholder's claim to payments of dividends lapses five years after the day on which the claim became payable. Any dividends that are not collected within this period revert to the Company.

**Taxation**

The tax legislation of the Shareholders' Member States or other relevant jurisdictions and of the Company's country of incorporation may have an impact on the income received from the Ordinary Shares. See "*Taxation*" for: (i) an overview of the material Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of Ordinary Shares; and (ii) certain United States federal income tax consequences of the ownership and disposal of the Ordinary Shares acquired in the Offer to United States Holders and Non-United States Holders (each as defined below).

Dividend payments are generally subject to withholding tax in the Netherlands. See "*Taxation—Taxation in the Netherlands—Dividend Withholding Tax*" for a discussion of certain aspects of taxation of dividends in the Netherlands.

## BUSINESS

### Overview

The Group is the world's largest pure-play coffee and tea group by revenue, serving approximately 130 billion cups of coffee and tea in FY 2019 in more than 100 developed and emerging countries. Through its more than 50 leading global, regional and local coffee and tea brands, the Group offers an extensive range of high-quality and innovative coffee and tea products and solutions to serve consumer needs across markets, consumer preferences and price points. In FY 2019, the Group generated total revenue of €6.9 billion, of which 79% was derived from 44 markets where it held a number one or number two market position in CPG or Out-of-Home sales channels.[2]

The Group has a long, rich tradition in the coffee and tea categories, developing its portfolio of over 50 trusted coffee and tea brands. Its established brand portfolio is the largest in the coffee and tea categories, comprising its: (i) Power Brands: (a) Global Jewels of Peet's, Jacobs, L'OR, Senseo, Tassimo and TiOra (which it defines as brands sold in multiple markets with large revenue and potential for expansion into further markets); and (b) Regional Heroes, which include Douwe Egberts, Stumptown, Kenco, Moccona, Gevalia, Intelligentsia, OldTown, Super and Ofçay (which it defines as brands sold in one or several local markets that are large in size and strategically important); and (ii) Local Brands, which include Maison du Café in France; Harris in Australia; and Mighty Leaf Tea in the United States (which it defines as brands sold in one or more local markets that are strategically important for a consumer preference, technology or price point not covered by any of its other brands).

It sells its full range of products through a go-to-market approach across the CPG, Out-of-Home, retail and online sales channels to meet consumers' and customers' needs, as follows to:

- **customers** through:
  - **the CPG sales channel** — in particular to hypermarkets, supermarkets, traditional trade markets and, in markets where they operate, buying groups (which comprise supermarket retailers or shared-services supply chain centres that join together to increase their purchasing leverage and develop markets through traditional trade). The Group's principal products are multi-serve coffee (roast and ground and whole-beans), single-serve and double-shot coffee capsules, pads and pods, instant pure and instant mixes, ready-to-drink coffee beverages and a variety of tea products; and
  - **the Out-of-Home sales channel** — the Group's professional coffee solutions are sold or rented to businesses, such as offices (including corporates), hospitals, colleges and universities, hotels, restaurants (including quick service restaurants), convenience and retail outlets, sports venues, cruise- and airliners, as well as distributors for distribution to customers. 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 and whole-beans); single-serve and double-shot coffee capsules; pads and pods; instant pure and instant mixes; ready-to-drink coffee beverages and a variety of tea products;
- **consumers** through:
  - **the retail coffee stores sales channel** — as at 31 December 2019, the Group operated through more than 700 Peet's, OldTown, Coffee Company and 12Oz coffee stores in the United States, China, Malaysia, the Netherlands and Italy, as well as through Group-operated Intelligentsia and Stumptown coffee stores in the United States. Through its coffee stores, the Group seeks to facilitate the sale of fresh whole-bean coffee and to encourage consumers' trial of its coffee through coffee beverages; and

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[2] Source: Company information.

- **the online sales channel** — the Group sells its coffee and tea online direct to consumers through third-party online marketplaces (such as Amazon, Alibaba and others), third-party online retail stores, and its own online retail stores, such as the Peet's, L'OR and Tassimo online retail stores.

The Group has a track record of growing its sales and market penetration in its coffee and tea categories by combining its strong innovation capabilities, trusted portfolio of brands and broad go-to-market access. Its ongoing commitment to innovation has enabled the Group to become over-indexed in the fastest growing parts of the coffee and tea categories by RSP sales, including single-serve and whole-beans, and grow its global market share.

The Group has delivered strong growth and profitability, acting as a consolidator in the coffee and tea categories since 2013, through a combination of strategic M&A and organic growth. The Group has increased revenue by a compound annual growth rate (**CAGR**) of 3.1% and Adjusted EBITDA by a CAGR of 9.6% from €6.5 billion and €1.3 billion, respectively, in FY 2017 to €6.9 billion and €1.6 billion, respectively, in FY 2019. In addition, during this period, the Group generated free cash flow of €0.7 billion in FY 2017, €1.0 billion in FY 2018 and €1.2 billion in FY 2019 enabling it to de-lever its balance sheet while funding its M&A strategy. During FY 2019, the Group had on average 21,255 employees worldwide.

**Competitive Strengths**

The Group believes it benefits from the following key competitive strengths:

***A Global Category with Attractive Growth Fundamentals***

The coffee and tea categories are large global consumer markets, which have demonstrated strong and resilient historical growth, including versus the other food and beverage categories that they compete with. From 2007 to 2019, the global coffee and tea categories grew by a CAGR of 2.9% in volume, and, in sales, from €83 billion (coffee: €54 billion, and tea: €29 billion) in 2007 to €118 billion (coffee: €78 billion (CAGR: 3.1%), and tea: €40 billion (CAGR: 2.6%)) in 2019.[3] See "*Industry Overview—The Hot Drinks Coffee and Hot Drinks Tea Categories (CPG)*" for further information on the coffee and tea categories. Over the same period, other than the growth in volume in bottled water (4.1%), the growth in volume in the coffee and tea categories outpaced the growth in volume of various other food and beverage categories, which it directly or indirectly competes with, including alcoholic beverages (2.5%), staple foods[4] (1.1%), sports drinks (0.8%), carbonated soft drinks (0.4%) and juice (0.1%).[5] Moreover, according to Euromonitor, [6] between 2019 and 2024, sales in the global coffee and tea categories are forecast to grow at a CAGR of 2.6% (up from a CAGR of 2.0% between 2014 (€107 billion in sales) and 2019), increasing from current levels to €134 billion in sales (coffee: €88 billion (CAGR: 2.4%), and tea: €46 billion (CAGR: 3.0%)) in 2024.[7] According to Euromonitor, [8] growth in coffee and tea sales is also forecasted to grow in each of the Group's top five countries by total sales in FY 2019: the United States, Germany, France, the Netherlands and Brazil. See "*Industry Overview—The Hot Drinks Coffee and Hot Drinks Tea Categories (CPG)—Key Regions for the Group*" for further information on the Group's market share in selected markets. The Group believes that the strength of the coffee and tea categories, and the Group's position as the leading pure-play coffee and tea group, give it a competitive advantage.

The Group believes that the growth in the coffee and tea categories has been and will continue to be driven by changing consumer trends and preferences, for example: the use of retail coffee stores to broaden the awareness of brand and relationship with consumers, who are then able to purchase additional products through other distribution channels in the at-home market; the premiumisation trend within the global coffee and tea categories,

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3 These figures reflect business-to-consumer CPG sales at retail sale prices (**RSP**) and total volume, and exclude ready-to-drink coffee and coffee and tea sold through the Out-of-Home sales channel. RSP refers to the price to a consumer including retailer and wholesaler mark-ups and sales tax (except in the United States and Canada) and excise taxes. Source: Euromonitor (Passport) December 2019.

4 Which, for purposes of the Euromonitor data, includes baked goods, breakfast cereals, processed fruit and vegetables, processed meat and seafood, as well as rice, pasta and noodles.

5 Sales at RSP, at 2019 constant prices. Source: Euromonitor (Passport) December 2019.

6 Source: Euromonitor (Passport) December 2019.

7 Source: Euromonitor (Passport) December 2019.

8 Source: Euromonitor (Passport) December 2019.

for example the trends for single-serve and double-shot espresso capsules and whole-beans; the increasing convenience of consuming coffee and tea products, for example the on-the-go consumption of ready-to-drink coffee beverages; the demand for sustainable choices, for example responsibly-sourced coffees and teas, environmentally friendly packaging and carbon-neutral footprints; and consumer awareness of the potential health benefits associated with the consumption of coffee and tea.

The Group believes that its focus as a pure-play coffee and tea group, combined with its scale, make it well-positioned to address these consumer trends and preferences and take advantage of these growth opportunities.

***The World's Largest Pure-play Coffee and Tea Group***

The Group is the world's largest pure-play coffee and tea group by revenue, with an approximate 7% market share in a fragmented market, and the second largest coffee group by revenue, with an approximate 10% market share.[9] In FY 2019, 79% of the Group's total sales were derived from 44 markets where it held the number one or number two market position in the CPG or Out-of-Home sales channels. The Group has a diversified global footprint, with a strong developed and emerging market presence in more than 100 countries.

In FY 2019, the Group derived 77% of its revenue (including export revenue) from developed markets and 23% of its revenue (including export revenue) from emerging markets. The Group increased its weighted market share of the coffee and tea categories by revenue in 37 of its markets (excluding the United States) from 9.8% in 2014 to 22.0% in 2017 and 24.0% in 2019.[10] From 2014 to 2019, the Group increased the number of countries where it held the one or number two position in the CPG or Out-of-Home sales channels from 16 to 44 markets. These recent market gains in its CPG business include the number one market position in Russia, the Baltics (Estonia, Latvia, and Lithuania) and New Zealand, the number one or two market position in Malaysia, Singapore and Thailand, and the number two position in Hong Kong.[11]

The United States is the world's largest coffee market by RSP (as defined below) sales.[12] The Group held a 6.2% share of the United States' coffee[13] market as at 31 December 2019, up from 5.0% in 2016 (2017: 5.4% and 2018: 5.8%).[14] The Group believes that there are significant opportunities for further market share gains in its markets, both through organic growth and strategic M&A.

See "*Industry Overview—The Hot Drinks Coffee and Hot Drinks Tea Categories (CPG)—Key Regions for the Group*" for further information on the Group's market share in selected markets.

***Differentiated Consumer Reach Model***

Through its well-recognised and trusted brand portfolio, access to coffee technologies and go-to-market approach, the Group believes it has established a platform unique to the industry. The Group offers a range of high-quality and innovative coffee and tea products to serve consumers' needs across markets, consumer preferences and price points. Each of these attributes that contribute to this unique platform are discussed below.

- **Broad Brand Portfolio**

  The Group has established the largest portfolio of coffee and tea brands globally, developing over 50 trusted coffee and tea brands. Through its brand portfolio, it serves approximately 130 billion cups of coffee and tea in FY 2019 in more than 100 countries to customers across price points and geographies. Its brand portfolio comprises its: (i) Power Brands: (a) Global Jewels, comprising Peet's, Jacobs, L'OR, Senseo, Tassimo and TiOra and which contributed 50% of the Group's revenue in FY 2019; and (b) Regional Heroes, which include Douwe Egberts, Stumptown, Kenco, Moccona, Gevalia, Intelligentsia,

9 Source: Euromonitor (Passport) January 2020.
10 Source: Nielsen.
11 Source: Nielsen. Based on market position change into number one or number two market position over last the three years with a minimum of two consecutive quarters.
12 Source: Euromonitor (Passport) December 2019.
13 Including premium bagged coffee, K-cups, capsules compatible with the Nespresso single-serve system. Excluding liquid, instant and economy coffee.
14 Source: Nielsen.

OldTown, Super and Ofçay and contributed 31% of its revenue in FY 2019; and (ii) Local Brands, which include Maison du Café in France; Harris in Australia; and Mighty Leaf Tea in the United States and contributed 19% of revenue in FY 2019.

The Group believes that its brands have a particular consumer or regional positioning that distinguishes it from its competitors who typically focus on a limited number of brands or maintain a particular price focus. The Group believes that the strength of the Group's brands in its markets allow it to test and introduce new products quickly, further improving its ability to adapt to industry trends and changing consumer preferences. The Group focuses on the brands that it believes reflect the tastes and preferences of its consumers and have the best long-term growth potential and penetration. The Group seeks to replicate its successful brand initiatives, market programmes and best practices across multiple geographic markets, as appropriate.

- **Products Across Coffee Technologies**

The Group believes that, alongside Nestlé, it is one of the two largest global coffee and tea groups offering coffee technologies that include whole-beans, roast and ground, instant, capsules, pads, pods (Tassimo coffee discs and K-cups) and ready-to-drink. The Group believes that coffee technology, which requires capital and expertise, is important to address changing consumer trends and preferences. The Group has increased its offering across coffee technologies from nine in 2015 to 14 in 2019. The Group also believes that it has shaped the coffee category through innovation in coffee machines, technology (including liquid coffee) and blends, and swiftly bringing these innovations to the market. The Group has, for example, introduced various instant mixes, the Senseo and Tassimo coffee solutions and aluminium single-serve and double-shot espresso capsules. These innovations allow the Group to address a broader range of consumer segments, with more varied and contemporary product offerings. The Group's focus on innovation has led to deeper market penetration and value growth. For example, it increased the market penetration of the coffee sold under its Kenco brand from 15.4% in the fourth quarter of FY 2016 to 17.6% in the third quarter of FY 2019.[15] This growth was accompanied with an increase in value (price per cup) from 12.3% in the fourth quarter of FY 2016 to 15.1% in the third quarter of FY 2019.[16] The Group's consumer knowledge and technology expertise has positioned it well to launch innovative new products and concepts that reflect the tastes and preferences of its consumers, including premiumising its product offering.

According to Euromonitor, between 2014 and 2019, the global CPG coffee category by volume grew by a CAGR of 3.1%: 7.2% in single-serve (21% of global RSP (as defined below) sales as at 31 December 2019), 3.9% in whole-beans (7% of global RSP sales as at 31 December 2019), 2.4% in instant (35% of global RSP sales as at 31 December 2019) and 1.2% in roast and ground coffee (36% of global RSP sales as at 31 December 2019).[17] The Group's product offering is well aligned with these coffee subcategories. Single-serve, whole-beans, instant and roast and ground coffee[18] contributed 27%, 13%, 30% and 30% of the Group's FY 2019 revenue, respectively.[19] The Group intends to further leverage its category and consumer expertise and knowledge across borders, while tailoring its high-quality product offering to local tastes and preferences.

- **Unique go-to-market approach**

The Group's products and systems are sold through a go-to-market approach across the CPG, Out-of-Home, retail and online sales channels. The Group believes that it is the only coffee and tea group, operating at scale, with this go-to-market approach. The Group's ability to sell through this multitude of

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15 Source: Nielsen.
16 Source: Nielsen.
17 Source: Euromonitor (Passport) December 2019. For purposes of Euromonitor data: single-serve refers to fresh ground coffee pods; whole-beans refers to fresh coffee beans; instant coffee refers to standard instant coffee; and roast and ground coffee refers to standard fresh ground coffee. Volume CAGRs are weighted for coffee technologies market sizes.
18 While the Group sells both whole-beans and roast and ground coffee under its Peet's segment, for purposes of these calculations, such revenue attributable to the Peet's segment has been classified as whole-beans.
19 Excluding revenue from tea and other sources, including equipment, coffee stores and liquid coffee.

sales channels allows fast deployment of its products across countries to meet customer and consumer demand.

In the CPG sales channel, the Group's products are available through modern and traditional retail trade outlets and grocery and convenience stores globally. In the Out-of-Home sales channel, the Group's professional coffee solutions are sold or rented to businesses, such as offices (including corporates), hospitals, colleges and universities, hotels, restaurants (including quick service restaurants), convenience and retail outlets, sports venues, cruise- and airliners, as well as distributors for distribution to customers. In the retail coffee stores sales channel, as at 31 December 2019, the Group sold its products through more than 700 Peet's, OldTown, Coffee Company and 12Oz coffee stores in the United States, China, Malaysia, the Netherlands and Italy, as well as through Group-operated Intelligentsia and Stumptown stores in the United States. The Group also sells its coffee and tea products through third-party online marketplaces (such as Amazon, Alibaba and others), third-party online retail stores, and its own online retail stores, such as the Peet's, L'OR and Tassimo online retail stores. In the United States, the Group sells its own and other producers' coffee and tea through the Trade Coffee marketplace.

The Group has been able to leverage this unique and differentiated consumer reach model to drive growth. For example, in less than two years of being introduced, as at 31 December 2019, the Group sold its aluminium single-serve coffee capsules in more than 35 markets under 19 brands. Between the first quarter of 2017 and the third quarter of 2019, it increased its market share in its markets from 26% to 47% through the supermarket sales channel.[20] In instant coffee, the Group has increased its market share from 20% in 2015 to 22% in 2019,[21] while the pricing of its instant coffee products were 20% higher than the market average.

***Information Technology***

The Group's IT solutions, including its ERP solution on an SAP platform and, once implemented, a Dynamics 365 system, support its operations across its brand portfolio, coffee and tea technologies and routes-to-market. These solutions provide the Group with insight into inventory, manufacturing and sales data by segment. The Group's IT capabilities support its performance in the online sales channel, which experienced 25% CAGR over FY 2017 to FY 2019. The Group uses a common platform across its online sales channels, and has enhanced its hosting services, in order to enable it to manage a spike in online traffic across its platforms. The Group also uses these processes and capabilities to integrate newly acquired businesses over time.

***Strong Growth and Profitability Profile***

The Group has grown organically and through strategic M&A. Organic growth has primarily been driven by: the growth in the underlying coffee and tea categories; its portfolio of global, regional and local brands; technological innovation; and its unique go-to-market approach.

The Group's organic growth has benefited from the premiumisation of coffee demand in areas such as North America, Western Europe and Australasia. In those market, coffee pods, which sell at a substantial premium relative to other coffee categories on a unit basis, have been rapidly growing as a category. The Group has also benefited from shifts in consumer demand to higher priced forms of coffee, in particular, in Latin America including Brazil. In other developing regions, the Group has benefited from volume growth, which has resulted from population growth and increasing per capita consumption. With premiumisation of coffee demand and volume growth forecast in the coming years by 2.3% (volume growth CAGR 2019 – 2024), the Group believes it is well-positioned to leverage its broad product offering and expansive geographic reach to achieve further organic growth on the basis of favourable consumer trends.

The Group also has been a significant consolidator of the coffee and tea categories by leveraging its significant execution and integration capabilities, completing more than 15 M&A transactions between FY 2012 and FY 2019. Between FY 2017 and FY 2019, the Group executed various M&A transactions, with an aggregate purchase

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20 Source: Nielsen. Represents market share in 34 countries, excluding the United States.
21 Source: Nielsen. Represents market share in 40 countries, excluding the United States.

consideration (net of cash) of €1.5 billion,[22] of varying size and ownership structures, across regions and subcategories, with acquired businesses and brands being, or in the process of being, integrated into the Group's operations. See "*—History—History of Strategic M&A and Joint Ventures*" for a summary of the Group's strategic M&A transactions and joint ventures. M&A has historically been funded through a combination of internal and external funding. The Group's strong free cash flow generation in recent years (€0.7 billion in FY 2017, €1 billion in FY 2018 and €1.2 billion in FY 2019) has enabled it to progressively de-leverage its balance sheet, while also providing the Group with the resources to self-fund M&A. Between FY 2016 and FY 2019, total revenue increased at a CAGR of 5.4% (€5.9 billion in FY 2016, €6.5 billion in FY 2017, €6.7 billion in FY 2018 and €6.9 billion in FY 2019) and Adjusted EBITDA at a CAGR of 9.0% (€1.2 billion (with an Adjusted EBITDA margin of 20.2%) in FY 2016,[23] €1.3 billion (with an Adjusted EBITDA margin of 19.8%) in FY 2017, €1.4 billion in FY 2018 (with an Adjusted EBITDA margin of 20.9%) and €1.6 billion in FY 2019 (with an Adjusted EBITDA margin of 22.3%)).

***Experienced Team of Entrepreneurs and Long-term Shareholders***

The Group is led by an experienced and entrepreneurial global leadership team (which comprises the Senior Management Team (as defined below) together with certain other employees of the Group with management or leadership roles, the **Global Leadership Team**). This Global Leadership Team has demonstrated its ability to create a leading coffee and tea business through organic growth and strategic M&A. The Global Leadership Team has a strong track record of managerial, marketing and sales capabilities. Through medium- to long-term incentives, the interests of the Global Leadership Team are aligned with that of the Group and its Shareholders. In particular, through the Executive Ownership Plan, certain members of the Global Leadership Team invest their own capital in the Group in order to further align their interests and demonstrate their commitment to their role, and members of the Global Leadership Team participate in the Long-term Incentive Plan. See "*Management and Corporate Governance—Remuneration Information for the Board—Executive Director—Medium- to Long-term Incentives and Investment Plans*" for a discussion of the Long-term Incentive Plan and the Executive Ownership Plan. The Group believes that the combination of its coffee and tea categories experience, the expertise of its employee base and its growth-driven global leadership management means that the Group is well placed to successfully identify and pursue growth opportunities.

JAB is a leading investor in consumer goods and services overseeing more than US$100 billion assets under management, focused on long-term value creation through the building global champions and challengers. It has interests in four consumer sectors: non-alcoholic beverage (through JDE Peet's and Keurig Dr Pepper Inc. (**Keurig Dr Pepper**)); food retail (though brands such as Panera Bread, Pret A Manger, Caribou Coffee, Espresso House and Einstein Noah), indulgence (though brands such as Krispy Kreme and Insomnia Cookies) and petcare (though brands such as National Veterinary Associates and Compassion First Pet Hospitals). JAB also has a controlling interest in Coty Inc. (**Coty**). JAB is a proven, long-term oriented Shareholder with strategic vision. JAB has provided the Group with the strategic vision to become the world's largest pure-play coffee and tea group and the second largest coffee group by revenue. JAB's strategic vision will continue to be represented at the Company through its representatives on the Board. As at the Settlement Date, five Directors will be representatives of JAB and two Directors will be representatives of Mondelēz International. JAB is committed to a majority ownership in the Company for the long-term.

**Strategy**

The Group intends to pursue further profitable and sustainable growth opportunities through its strategic framework in pursuing the opportunities in the global coffee and tea categories in developed and emerging markets by increasing penetration in developed markets and its exposure to, and driving growth in, emerging markets, including through strategic M&A, as follows.

***Disciplined Execution of its Growth Strategy***

[22] Excluding the acquisition of Peet's by the Company from Acorn Holdings on 31 December 2019.

[23] The figures are not included in the Combined and Consolidated Special Purpose Financial Statements, but based on the sum of the revenues of JDE (IFRS) and Peet's (U.S. GAAP).

- **Increasing the household penetration of Peet's in the United States through various routes-to-market.** The Group intends to drive growth in its CPG business in the United States, among other things, by leveraging off its Peet's coffee stores in the United States and through its direct-store-distribution (**DSD**) network, thus broadening the awareness of the Peet's brand and strengthening its relationship and connections to consumers; growing its core business by focusing on medium roast coffee, building on its messaging relating to the freshness of its products, and building its K-cup product offering; expanding its product range, including its aluminium capsules and ready-to-drink portfolio; and growing its sales in its own and third-party online marketplaces, among other things, by enhancing its online content, continuing its operational improvements and further developing its online sales through Amazon. Since the launch of the DSD network in FY 2009, CPG net sales in the Peet's segment have increased at a CAGR of more than 22% (from US$63 million in FY 2009, US$109 million in FY 2012 (when Peet's was acquired by JAB) to US$452 million in FY 2019).[24] Since FY 2012, revenue in the Peet's segment has increased at a 14% CAGR (from US$395 million in FY 2012 to US$983 million in FY 2019 (with the CPG sales channel contributing 43% of revenue for the Peet's segment)).[25] At the same time, the Group increased the household penetration of Peet's in the United States from 3.6%, 3.9%, 4.3%, 4.8% to 5.5% between FY 2015, FY 2016, FY 2017, FY 2018 and FY 2019.[26] The Group believes, however, that there is still significant opportunity to further increase the household penetration of Peet's in the United States, when compared with two of its largest competitors in the United States (with household penetration of 14.4% and 30.5% respectively in FY 2019).

- **Increasing its exposure to, and driving growth in, emerging markets**. The Group already carries out significant activity in emerging markets, including Brazil, Russia, Malaysia, Thailand, Ukraine and other Eastern European countries, and has also already strengthened its position in, and entered into, various new markets, in particular, emerging markets mostly through M&A: most notably, the acquisitions of Super Group and Café Pelé in 2017, as well as OldTown and Ofçay in 2018. The Group has, for example, entered into Algeria, Jordan, Kuwait, Lebanon, Mexico, Saudi Arabia, Tunisia and the UAE organically, and into Malaysia, Maldives, Mongolia, Myanmar, Philippines and Singapore through strategic M&A. In FY 2019, the Group derived 23% of its revenue (including export revenue) from emerging markets. The Group's growth strategy includes the expansion of its sales in existing and new markets, including, emerging markets, such as South East Asia, Brazil, Turkey, Mexico, Russia and Ukraine organically and through strategic M&A. The Group believes that the changing consumer trends and preferences in these markets, including an increase of consumption of coffee and tea as well as the premiumisation of the coffee and tea categories in those markets, present significant growth opportunities.

- **Expanding in the single-serve and whole-beans coffee subcategories.** While these subcategories have been the fastest growing segments of the coffee category by RSP sales – the Group believes that they have yet to reach their full potential globally. The Group intends to further pursue these growth opportunities through its Power Brands (Global Jewels and Regional Heroes); its product innovations (building on, among other things, its single-serve and double-shot offering and expanding whole-bean innovations, and continue to expand its relationship with illycaffè S.P.A. (**illycaffè**)); and accessing its unique go-to-market approach.

- **Pursuing new growth opportunities in retail coffee stores in China, in premium Tea and in the on-the-go consumption of ready-to-drink coffee beverages**. The Group believes that changing consumer trends and preferences offer significant growth opportunities in these areas.

  On average, the approximately 1.4 billion people in China consume five cups of coffee annually, compared to 340 cups of coffee on average consumed by the approximately 330 million people in the United States.[27] The Group intends to leverage off its premium positioning in China to increase its sales in its CPG business in China, in partnership with its joint venture partner, Hillhouse Capital Group (**Hillhouse**). In particular, the Group intends on focusing on online sales and expanding its retail coffee

24 Based on U.S. GAAP, excluding contributions from subsidiaries and including sales through the online and warehouse clubs sales channels.
25 Based on U.S. GAAP.
26 Source: Company information for 2015 and 2016 and Nielsen for 2017, 2018 and 2019.
27 Source: Euromonitor (Passport) December 2019.

stores business, in order to further increase its brand awareness and drive sales in its CPG business. The Group intends to strengthen its position in China from 13 coffee stores in two cities (11 coffee stores in Shanghai and two coffee stores in Hangzhou) by opening more than 150 company-owned and operated Peet's coffee stores in more than 10 major metropolitan areas across China (focused on Shanghai and Beijing) by 2024 (opening more than 25 coffee stores per year). In China, except for its flagship store, each of the Group's coffee stores were profitable within the first year of opening (based on their operating profit before depreciation and amortisation margin, excluding pre-opening expenses).

In relation to the opportunity in tea, the Group believes that the tea category is experiencing similar changing consumer trends and preferences that are experienced by the coffee category, including the premiumisation trend and the demand for sustainable choices. See "*Industry Overview—The Hot Drinks Coffee and Hot Drinks Tea Categories (CPG)*" and "*Industry Overview—Key Trends in the Global Coffee and Tea Categories*" for further information on the tea category, including its trends. The Group intends to pursue the opportunities that it sees in the tea category. For example, in 2018, the Group acquired a 70% interest in Ofçay, a Turkey-based business primarily operating a tea business. The transaction is intended to open up new growth opportunities in the Turkish hot beverages market and create synergies through the combination of the Group's global expertise in coffee with Ofçay's Turkish expertise in tea. In 2019, the Group announced that it would launch TiOra globally, aiming to tap into the growing consumer demand for high-quality tea and natural infusions. The launch, which already expanded into five countries in FY 2019 (excluding the online sales channels), reflects the Group's strategy to maximise the combined value potential of leading local businesses that become part of the Group.

In relation to the opportunity in ready-to-drink, the Group intends to pursue the growth opportunities in ready-to-drink coffee beverages (including cold brew coffees), which are being driven by, among other things, on-the-go consumption of coffee.

- **Capturing attractive opportunities in the Out-of-Home sales channel**. While the Group has already strengthened its business in the Out-of-Home sales channel, organically and through strategic M&A (including those of Cafax ApS (**Cafax**), JOBmeal Holding AB (**JOBmeal**) and Maison Lyovel, S.A.S (**Maison Lyovel**)) (increasing revenue in the Out-of-Home sales channel by a 4.5% CAGR between FY 2017 and FY 2019), it believes that there are still a number of attractive growth opportunities in this subcategory. For example, as at 31 December 2019, the Group's market share in the Out-of-Home sales channel in its top 10 markets by revenue in the Out-of-Home sales channel was 15%, compared to 24% in the CPG sales channel in the same markets.[28] The Group intends to continue to identify opportunities and, where appropriate, pursue them in order to build its exposure in this subcategory. The Group believes that it will be able to do so by offering full coffee and tea solutions to customers, in particular, non-commercial customers (where coffee solutions are provided as a service), while leveraging of its portfolio of CPG brands (including Peet's, L'OR and Jacobs), its direct go-to-market approach and its ability to enhance customers' experiences and its operational efficiencies through its IT platforms.

***Strengthen its Profitability Profile through Sustained Expansion of the Margins per Cup, and High Free Cash Flow***

The Group intends to leverage its product mix to take advantage of the premiumisation trend in the coffee and tea categories, by investing in: its Power Brands (Global Jewels and Regional Heroes); the fast-growing coffee and tea subcategories; and sustainable product offerings to meet consumers' and customers' demands for sustainable choices. While doing so, the Group intends to maintain disciplined pricing management; to pursue cost competitiveness through annual productivity gains (net of inflation); and to maintain a high free cash flow conversion %. The Group's ERP solution has already begun contributing to optimise the Group's selling, general and administrative costs.

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28 Source: Company information. Based on the weighted average share (coffee cups) in the Group's top 10 markets by revenue in the Out-of-Home sales channel (excluding the United States), which comprising Australia, Belgium, Denmark, France, Germany, the Netherlands, Norway, Spain, Sweden and the United Kingdom.

***Pursue a Culture of Pride and Performance by Growing its Business and People in a Sustainable Manner***

The Group has made great strides in building such a culture, with JDE being recognised as a Financial Times Diversity Leader 2020. The Group intends to further nurture an entrepreneurial performance culture and build an engaged, diverse and inclusive culture to address the challenges that it faces in accordance with its strategic framework, including: innovating, developing and launching new products and product extensions; recruiting and retaining highly skilled employees with the requisite levels of expertise; and achieving cost competitiveness, which impacts its profitability profile.

**Medium- to Long-term Targets**

The Company has established the financial targets set out below to measure its operational and managerial performance on a Group-wide level. These financial targets are the Company's internal targets for revenue organic growth (at constant commodity prices), Adjusted EBIT growth, free cash flow conversion % and leverage ratio for the medium- to long-term. Adjusted EBIT, free cash flow conversion %, Leverage ratio and revenue organic growth (at constant commodity prices) are defined in "*Important Information—Presentation of Financial and Other Information—Non-IFRS Measures*". The Group has not defined, and does not intend to define, medium- to long-term and these financial targets should not be read as indicating that the Company is targeting such metrics for any particular Financial Year. The Company's ability to achieve these financial targets is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and upon assumptions with respect to future business decisions that are subject to change. As a result, the Company's actual results will vary from these financial targets, and those variations may be material. Many of these business, economic and competitive uncertainties and contingencies are described in the section of this Prospectus entitled "*Risk Factors*". The Company does not intend to publish revised financial targets to reflect events or circumstances existing or arising after the date of this Prospectus or to reflect the occurrence of unanticipated events. The financial targets should not be regarded as a representation by the Company or any other person that it will achieve these targets in any time period. Readers are cautioned not to place undue reliance on these financial targets.

Subject to the above, the Company is targeting the following for purposes of measuring operational and managerial performance on a Group-wide level in the medium- to long-term:

- revenue organic growth (at constant commodity prices) of 3% to 5%;
- Adjusted EBIT growth of 5% to 8%;
- free cash flow conversion % of approximately 70%; and
- a leverage ratio below 3.0x by the end of the first half of FY 2021.

The Group intends to obtain an investment grade rating from a major rating agency within one to two years from the date of this Prospectus.

**History**

The Group traces its roots back to: 1753 in Joure, the Netherlands, when Douwe Egberts coffee was founded as a grocery business; 1895 in Bremen, Germany, when Johann Jacobs opened his first grocery business, specialising in coffee and tea; and 1966 in Berkeley, California, when Alfred Peet opened his first Peet's coffee store.

In 2001, the equity securities of Peet's Coffee & Tea, LLC (formerly, Peet's Coffee & Tea, Inc.), holding the Peet's coffee business (**Peet's**), were admitted to listing and trading on the NASDAQ Global Select Market. In 2012, the JAB-Group acquired Peet's, and delisted its equity securities. In 2012, the equity securities of D.E Master Blenders, holding the Douwe Egberts coffee and tea business, were admitted to listing and trading on Euronext Amsterdam. In 2013, the JAB-Group acquired D.E Master Blenders, and delisted its equity securities. In 2015, D.E Master Blenders and Mondelēz International combined their respective coffee and tea businesses through the JDE Formation to create the world's largest pure-play coffee and tea group by revenue.[29]

***History of Strategic M&A and Joint Ventures***

A summary of the Group's strategic M&A transactions and joint ventures is set out below. The Group considers M&A transactions and joint ventures as strategic when it gives it (increased) exposure to a new market, coffee or tea subcategory, technology or sales channel. The Group's principal investments in FY 2019, FY 2018 and FY 2017 are set out in "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Acquisitions*", read with "*—Significant Subsidiaries*". Like-for-like sales growth was 0.8%, 1.4% and 3.7% in FY 2019, FY 2018 and FY 2017, respectively. In addition, revenue growth due to M&A was 2.3%, 4.0% and 6.2% in FY 2019, FY 2018 and FY 2017, respectively.

| **2013** | |
|---|---|
| Kaffehuset Friele | On 30 November 2013, the Group increased its interest in Kaffehuset Friele AS (subsequently, renamed Jacobs Douwe Egberts Norge AS), which owns the Friele coffee brand (primarily marketed in Norway), from 44.9% to 90.0%. As at the date of this Prospectus, the Group held a 100% interest in Jacobs Douwe Egberts Norge AS. |
| **2014** | |
| Mighty Leaf Tea | On 1 August 2014, the Group acquired a 60% interest in Mighty Leaf Tea, Inc. (**Mighty Leaf Tea**), which owns the Mighty Leaf Tea brand (primarily marketed in the United States). On 31 August 2017, Peet's acquired the outstanding 40% minority interest in Mighty Leaf Tea. On 21 December 2018, Mighty Leaf Tea was merged into Peet's. |
| **2015** | |
| Intelligentsia | On 25 November 2015, the Group acquired a 60.4% interest in Intelligentsia Coffee, Inc. (**Intelligentsia**), which owns the Intelligentsia coffee brand (primarily marketed in the United States). As at the date of this Prospectus, the Group held a 57% interest in Intelligentsia. |
| Stumptown | On 30 October 2015, the Group acquired a 98.6% interest in Stumptown Coffee Corporation. (**Stumptown**), which owns the Stumptown coffee brand (primarily marketed in the United States). As at the date of this Prospectus, the Group held an 89% interest in Stumptown. |
| Peet's China | On 16 December 2015, the Group established HH Peet's Holdings, Limited (**Peet's China**), a joint venture formed with Hillhouse, a Chinese private equity and venture capital firm, to operate Peet's coffee stores in the greater China region. Each of the Group and Hillhouse has agreed not to carry on, invest in or assist a business that directly competes with such business in the greater China region. On 18 August 2016 Peet's China established Peet's Coffee, Shanghai, a wholly owned foreign enterprise in China. In October 2017, Peet's China opened its first flagship coffee store in China. It is intended that Peet's China will build on the Group's success in the United States and leverage off, among other things, Hillhouse's consumer ecosystem and online experience in Greater China. As at the date of this Prospectus, the Group held a 58% interest in Peet's China. |
| **2016** | |
| Seleto | On 1 July 2016, the Group acquired a 100% interest in the Seleto coffee brand (primarily marketed in Brazil). |

[29] Source: Euromonitor (Passport) January 2020.

| | |
|---|---|
| BrewGroup | On 30 November 2016, the Group acquired a 100% interest the BrewGroup in New Zealand, which owns the brands TiOra (tea), Jed's Coffee, Gravity Coffee, Bell Tea and Hummingbird Coffee. |
| JDE China | On 31 October 2016, the Group acquired a 65% interest in Bonsai Ventures Hong Kong Limited (**JDE China**), a joint venture formed with Hillhouse. The Group conducts its business in the greater China region through its joint ventures with Hillhouse. |

**2017**

| | |
|---|---|
| Cafax | On 2 July 2017, the Group acquired a 100% interest in Cafax, which operated one of the leading businesses in the Out-of-Home sales channel in Denmark by market position and owns the Cafax coffee brand primarily marketed in Denmark. Through the acquisition, the Group, among other things, enhanced its position in the Out-of-Home sales channel in Denmark. On 4 February 2019, Cafax merged with Jacobs Douwe Egberts DK ApS. |
| Super Group | On 21 March 2017, the Group acquired control over Super Group, which owned the Super, ESSENSO and OWL coffee brands (primarily marketed in South East Asia), and during the second quarter of 2017, the Group completed a tender process followed by a statutory squeeze-out procedure and acquired a 100% interest in Super Group. This transaction provided the Group with entry into the fast-growing South East Asia market. |
| Maison Lyovel | On 27 October 2017, the Group acquired a 100% interest in Maison Lyovel, which operated one of the leading coffee vending businesses in the Out-of-Home sales channel in France by market position. |
| Revive Kombucha | On 2 August 2017, the Group acquired a 19% interest in Revive Brands (**Revive Kombucha**), which owns the Revive Kombucha tea brand. On 18 December 2018, Peet's acquired an additional 56.1% interest in Revive Kombucha. As at the date of this Prospectus, the Group held a 74% interest in Revive Kombucha. |

**2018**

| | |
|---|---|
| 12Oz | On 15 January 2018, the Group acquired a 51% interest in 12Oz Coffee Joint S.r.l (**12Oz**), which operates coffee stores in Italy under the 12Oz Coffee Joint brand to strengthen its participation in the next wave of coffee consumption in Italy. |
| OldTown | On 26 February 2018, the Group acquired control over OldTown, which owns the OldTown coffee brand, the leading brand of Ipoh white coffee in Malaysia by market position,[30] and on 14 May 2018, the Group completed a tender process followed by a statutory squeeze-out procedure and acquired a 100% interest in OldTown. OldTown manufactures, distributes and sells coffee and other beverages, including instant coffee, instant milk tea, instant chocolate and roasted coffee powder and operates coffee stores in Malaysia and neighbouring markets. Through this transaction, the Group strengthened its market position in South East Asia. |
| Ofçay | On 26 October 2018, the Group acquired a 70% interest in Of Çaysan Tarım Ürünleri Entegre Tesisleri Sanayi ve Ticaret A.Ş. (**Ofçay**), a Turkey-based business primarily operating a tea business. Jacobs Douwe Egberts TR Gid Ticareti Danyai Limited Şirketi (**JDE Turkey**), a subsidiary of the Group, acquired a 100% interest in Ofçay. Immediately following the acquisition of Ofçay by JDE Turkey, JDE Turkey issued 30% of its then issued share capital to certain of the previous owners of Ofçay. The transaction |

30 Ipoh white coffee is a popular coffee drink that originated in Ipoh, Malaysia. Typically, coffee beans for white coffee are lightly roasted and served with dairy or non-dairy creamer.

| | |
|---|---|
| | is intended to open up new growth opportunities in the Turkish hot beverages market and create synergies through the combination of the Group's global expertise in coffee with Ofçay's Turkish expertise in tea. |
| JOBmeal | On 31 October 2018, the Group acquired a 100% interest in JOBmeal, a dedicated coffee business in the Out-of-Home sales channel that holds the number one market position in Sweden and the number two market position in Finland in the Out-of-Home sales channel. Through this transaction, it is intended that JOBmeal's customer base in small- and medium-sized businesses will gain access to the Group's wider variety of coffee and tea solutions. The combined business also opened up new growth opportunities for the Group in the Out-of-Home sales channel in Finland. |
| **2019** | |
| | In 2019, the Group acquired a 100% interest in the d'Accueil and Alter Ego coffee brands in France. Through these transactions, the Group strengthened its market position in the Out-of-Home sales channel in France. |

Note: For purposes of the Group's interests in entities in this table, the interests of the Group held through JDE include the interests attributable to Mondelēz International, as if the MDLZ Reorganisation had been implemented. The interests of the Group JDE as at the date of this Prospectus, prior to the implementation of the MDLZ Reorganisation, are set out in Note 30 to the Combined and Consolidated Special Purpose Financial Statements See "*Shareholder Structure and Related Party Transactions—Corporate Restructuring—MDLZ Reorganisation*" for further information on the MDLZ Reorganisation.

### Key Brands

The Group has a three-tier portfolio of more than 50 leading global, regional and local coffee and tea brands, which include:

- **Power Brands:**
  - **Global Jewels** — offered in multiple markets and across technologies, comprising:
    - **Peet's** — Peet's is one of the fastest growing premium CPG coffee brands in the United States and the largest hand-roasted coffee globally by revenue, with revenue of €0.7 billion in FY 2019. Between FY 2015 and FY 2019, it increased its market share in the United States premium coffee category from 7.7% to 9.9%.[31] Peet's is distributed in the United States and China;
    - **Jacobs** — since being re-launched in 2016 following the JDE Formation in 2015, Jacobs has become the fastest growing coffee brand in the instant coffee category by sales for the last three years, with revenue of €1.4 billion in FY 2019.[32] The Group estimates that it has over 90% brand awareness among consumers in its core markets. Jacobs is distributed in 36 countries, with a 17% market share of the global multi-serve coffee subcategory as at 31 December 2019;[33]
    - **L'OR** — L'OR is the fastest growing coffee brand in the single-serve coffee category for the last three years by revenue since the end of 2016, with revenue of €0.6 billion in FY 2019 (including L'OR branded Tassimo disks). The Group estimates that it has significantly increased its brand awareness among consumers in the last three years. Since FY 2016, L'OR has experienced strong revenue growth (from €0.2 billion (FY

31 Source: Company information.
32 Including Jacobs Tassimo stock keeping units (**SKU's**).
33 Source: Company information.

2016) to €0.6 billion (FY 2019))[34] and market share gains in L'OR's six core markets[35] (from 4.6% (FY 2016) to 10.4% (FY 2019)). L'OR is distributed in 38 countries;

- **Senseo** — the Group believes that Senseo offers an accessible single-serve proposition, in particular, from a price per cup standpoint. From a sustainability perspective, Senseo offers a sustainable coffee solution, including compostable single-serve pads. Senseo is distributed in 15 countries; and

- **Tassimo** — Tassimo offered one of the first single-serve milk-based coffee beverages in 2004. Tassimo is distributed in 22 countries;

- **TiOra** — in 2019, the Group announced that it would launch TiOra globally, aiming to tap into the growing consumer demand for high-quality tea and natural infusions. The launch, which already expanded into five countries in FY 2019 (excluding the online sales channels), reflects the Group's strategy to maximise the combined value potential of leading local businesses that become part of the Group.

Senseo, Tassimo, TiOra and illy had revenue of €0.8 billion in FY 2019.

The Group defines Global Jewels as brands sold in multiple markets with large revenue and potential for expansion into further markets; and

- **Regional Heroes** — brands with a strong consumer base in their home country, but which also resonate with consumers in other selected markets, such as: Douwe Egberts, Stumptown, Kenco, Moccona, Gevalia, Intelligentsia, OldTown, Super and Ofçay. The Out-of-Home segment also offers liquid coffee through the Cafitesse umbrella brand and the L'OR Promesso brand. The Group defines Regional Heroes as brands sold in one or several local markets that are large in size and strategically important;

- **Local Brands** — locally popular and heritage brands, such as: Maison du Café in France; Harris in Australia; and Mighty Leaf Tea in the United States. The Group defines Local Brands as brands sold in one or more local markets that are strategically important for a consumer preference, technology or price point not covered by any of its other brands.

On 25 March 2019, the trademark license, manufacturing and distribution agreement between the Group and illycaffè became effective. Under this agreement, the Group is entitled to manufacture, market, promote and distribute illy-branded, aluminium single-serve coffee capsules everywhere in the world in the CPG sales channel other than in Italy and Switzerland, creating a high range single-serve capsule option.

[34] Revenue in the CPG and Out-of-Home sales channels, including L'OR Tassimo SKU's.
[35] France, Spain, the United Kingdom, the Netherlands, Austria and Belgium.


Notes:

(1) Carte Noire: the Group holds the IP rights outside of the European Economic Area.
(2) Gevalia: the Group holds the IP rights outside of North America, Latin America and the Caribbean.
(3) Maxim: the Group holds the IP rights outside of South Korea and Japan.
(4) Maxwell House: the Group holds the IP rights outside of North America, Latin America and the Caribbean.

The Group's brands serve consumer needs across markets, consumer preferences (while tailoring its high-quality product offering to local tastes and preferences) and price points, with an average price point of €0.06 per cup across its price points in its CPG sales channel. These price points of its brands comprise:

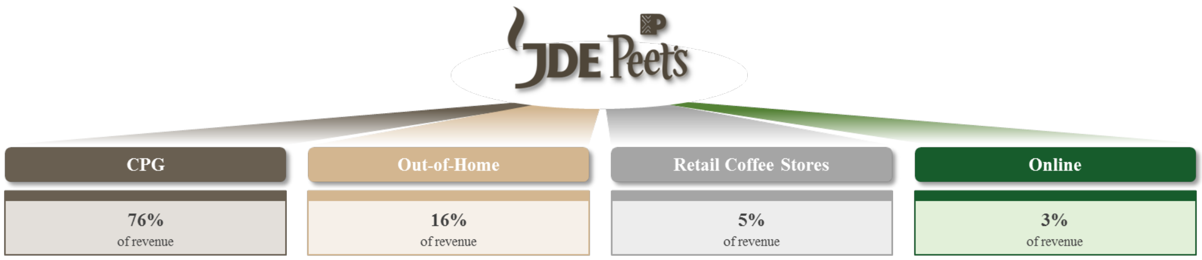
- **value**, for example, Super;
- **mainstream**, for example, Jacobs, Senseo, Kenco, Pilão and Maxwell House;
- **premium**, for example, L'OR, Tassimo, Moccona and OldTown;
- **super premium**, for example, Peet's and illy; and
- **ultra-premium**, for example, Stumptown and Intelligentsia.

The price per cup of coffee or tea depends on:

- the average price point of a coffee or tea brand. The price per cup for a coffee or tea brand increases from the value segment up to the ultra-premium price segment; and
- the coffee or tea technology used for a product within a coffee or tea brand. For example, for coffee, the price per cup varies between, among others, agglomerated coffee, freeze dried coffee, roast and ground coffee, Tassimo disks and single-serve aluminium capsules.

In FY 2019, the Group's revenue split by brand tier was as follows: 81% from Power Brands (50% from Global Jewels and 31% from Regional Heroes); and 19% from Local Brands.

**Products, Customers and Consumers, and Sales Channels**




Note: Revenue by sales channel.

Through its brands, the Group offers an extensive range of high-quality innovative coffee and tea products and solutions, across consumer tastes and preferences as well as price points. The Group sells multi-serve coffee (roast and ground, and whole-beans), single-serve and double-shot coffee capsules, pads and pods, instant coffee and instant mixes, ready-to-drink coffee beverages, professional coffee machines and services and a variety of tea products to:

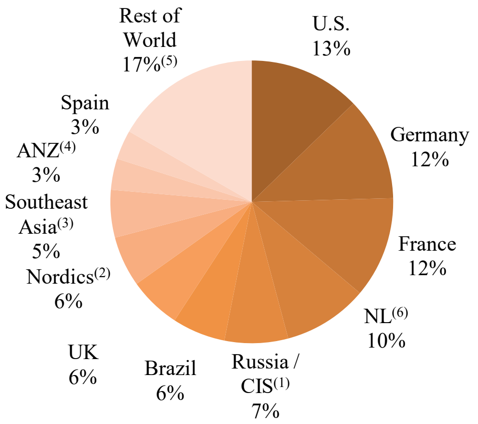
- **customers** through:
    - **the CPG sales channel** — in particular to hypermarkets, supermarkets, traditional trade markets and, in markets where they operate, buying groups (which comprise supermarket retailers or shared-services supply chain centres that join together to increase their purchasing leverage and develop markets through traditional trade). The Group's principal products are multi-serve coffee (roast and ground, and whole-beans), single-serve and double-shot coffee capsules, pads and pods, instant pure and instant mixes, ready-to-drink coffee beverages and a variety of tea products. The Group is the second largest coffee and tea company globally in the CPG sales channel by revenue, with the number one or number two market position in 32 markets (up from 10 markets in 2014);[36] and
    - **the Out-of-Home sales channel** — in particular to businesses (such as: offices (including corporates), hospitals, colleges and universities, hotels, restaurants (including quick service restaurants), convenience and retail outlets, sports venues, cruise- and airliners, as well as distributors for distribution to customers. The Group offers a full range of professional solutions: coffee, tea, cross-sell products and complementary coffee systems, including, depending on the market: proprietary liquid coffee concentrate technology; multi-serve coffee (roast and ground, and whole-beans); single-serve coffee capsules and pads; instant coffee; and ready-to-drink coffee beverages. The Group has the number one or number two market position in 12 markets in the Out-of-Home sales channel (up from six markets in 2014);[37]
- **consumers** through:
    - **the retail coffee stores sales channel** — as at 31 December 2019, the Group sold coffee through more than 700 coffee stores, including approximately 438 Peet's coffee stores in the United States and China (including 176 licensed locations, 40 of which are Capital One cafes in the United States) and 1,139 other coffee accounts in the United States (including airports, sporting venues such as a football stadium, college and university campuses and offices), 15 Intelligentsia coffee stores in the United States and 13 Stumptown coffee stores in the United States; 231 OldTown coffee stores in Malaysia and neighbouring markets; 27 Coffee Company coffee stores in the Netherlands; and 18 12Oz coffee stores in Italy. Through its coffee stores, the Group seeks to facilitate the sale of fresh whole-bean coffee and to encourage customer trial of its coffee through coffee beverages; and
    - **the online sales channel** — the Group sells its coffee and tea online direct to consumers through its own online marketplaces, such as the Peet's, L'OR and Tassimo marketplaces, and third-

36 Source: Nielsen.
37 Source: Company information.

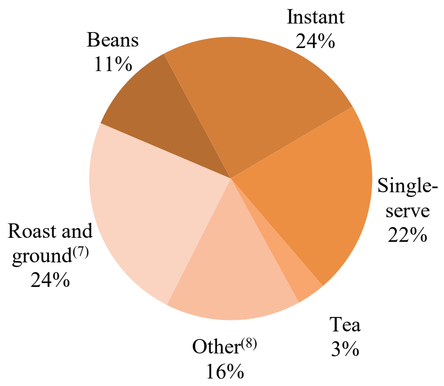
party online marketplaces, such as Amazon, Alibaba and others. In 2019, Peet's was the number five coffee brand on Amazon, growing at a rate of 1.5 times the category average.[38] In the United States, the Group sells its own and other producers' coffee and tea through the Trade Coffee marketplace.

The Group also cooperates with other groups, including members of the JAB-Group, such as Espresso House, Keurig Dr Pepper and Pret a Manger in the distribution and sale of its coffee and tea products.

In FY 2019, the Group's revenue (including export revenue) by market were:




In FY 2019, the Group's revenue by technology were:




Source: Company information.
Notes:
(1) CIS (Commonwealth of Independent States) includes Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine.
(2) Denmark, Finland, Iceland, Norway, and Sweden.
(3) Southeast Asia includes Indonesia, Malaysia, Singapore, Philippines, Myanmar, Thailand, and Vietnam.
(4) Australia and New Zealand.
(5) In FY 2018, FY 2019 and the three months ended 31 March 2020, the Group sold products in Libya, indirectly via a distributor, as well as in Syria and Iran, directly or indirectly via a distributor. These sales were immaterial to the Group and no further direct or indirect sales to Syria and Iran are planned.
(6) The Netherlands.
(7) While the Group sells whole-beans and roast and ground coffee under its Peet's segment, for purposes of these calculations, such revenue attributable to the Peet's segment has been classified as whole-beans.
(8) Including equipment, coffee stores and liquid coffee.

**Segments**

The Group organises its businesses through five operating segments: Peet's; CPG—Europe; CPG—Latin America, Russia, Middle East and Africa (**CPG—LARMEA**); CPG—Asia Pacific (**CPG—APAC**); and Out-of-Home, which enable it to offer an extensive range of products across price points and consumer propositions with fast deployment across markets and distribution channels.

The Group primarily operates a CPG business in the Peet's; CPG—Europe; CPG—LARMEA; and CPG—APAC segments. Additionally, the Group sells coffee products through its coffee stores, primarily in its Peet's segment, to consumers, and sells products and provides services in the Out-of-Home sales channel to customers.

Within the Peet's, CPG—Europe, CPG—LARMEA and CPG—APAC segments, the Group's principal products are: multi-serve coffee (roast and ground, and whole-beans); roast and ground single-serve and double-shot coffee capsules, pads and pods (Tassimo coffee discs and K-cups); instant pure and instant mixes; ready-to-drink coffee beverages; and a variety of tea products.

[38] Source: Nielsen.

In the Out-of-Home segment, the Group offers a full range of professional solutions: coffee, tea, cross-sell products and complementary coffee systems, including, depending on the market: proprietary liquid coffee concentrate technology; multi-serve coffee (roast and ground, and whole-beans); single-serve coffee capsules and pads; instant coffee; and ready-to-drink coffee beverages.

In FY 2019, the Group's revenue by segment comprised: 13% from Peet's; 47% from CPG—Europe; 16% from CPG—LARMEA; 10% from CPG—APAC; and 14% from Out-of-Home. The remaining revenue is unallocated and primarily represents income generated from selling licensed products and renting available production facility space to third-party businesses. Unallocated revenues are not included in one of the five operating segments as the Group does not engage any business activities therein. See "*Operating and Financial Review—Results of Operations—Segments*" for further information on the Group's segments.

The Group sells its products in each segment through its go-to-market approach:

| FY 2019 | | Peet's | Out-of-Home | CPG–Europe | CPG–LARMEA | CPG–APAC |
|---|---|---|---|---|---|---|
| Revenue Breakdown by Segment[2] | | 13% % of Group revenue | 14% % of Group revenue[1] | 47% % of Group revenue | 16% % of Group revenue | 10% % of Group revenue |
| Sales Channel | CPG | √ | – | √ | √ | √ |
| | Out-of-Home | √ | √ | – | – | – |
| | Retail Coffee Stores | 466 coffee stores[3] | 45 coffee stores[4] | – | – | 231 coffee stores[5] |
| | Online | √ | √ | √ | √ | √ |

Notes:

(1) Division offering professional solutions, excluding the Out-of-Home sales channel in the United States, which is included in the Peet's segment.

(2) Excluding unallocated revenue of €26 million.

(3) Comprising 438 Peet's (including 176 licensed locations, 40 of which are Capital One cafes), 15 Intelligentsia and 13 Stumptown coffee stores.

(4) Comprising 27 Coffee Company coffee stores in the Netherlands and 18 12Oz coffee stores in Italy.

(5) Comprising 231 OldTown coffee stores in Malaysia.

### *Peet's Segment*

In the Peet's segment, the Group operates its Peet's business, a specialty coffee roaster and marketer of fresh roasted whole-bean coffee. It is one of the premier specialty coffee companies in the United States.

*Products and Brands*

Since 2012, Peet's has expanded its product line from the coffee store channel to the CPG and Out-of-Home sales channels, expanding its focus from multi-serve coffee (roast and ground and whole-beans) to include single-serve coffee, ready-to-drink beverages and a variety of tea products.

In its CPG business in the United States, the Group primarily sells multi-serve coffee (roast and ground, and whole-beans), single-serve coffee capsules, K-cups and ready-to-drink coffee under the Peet's brand. In addition, Intelligentsia sells multi-serve coffee (roast and ground, and whole-beans), instant coffee and instant mixes and tea and Stumptown sells multi-serve coffee (roast and ground, and whole-beans), and ready-to-drink coffee, each under their own brands. The Group sells tea under the Mighty Leaf Tea brand and kombucha tea and other fermented beverages under the Revive Kombucha brand in the United States.

The Group also operates Peet's coffee stores in the United States and, since 2017, through Peet's China, in China. In addition, Intelligentsia and Stumptown each operate coffee stores in the United States.

Between FY 2010 and FY 2019, the Group's revenue from its Peet's segment increased at a CAGR of 13% from US$334 million to US$983 million, which 11% was organic.[39]

*Customers and Consumers*

In the United States, the Group sells coffee and tea to customers through multiple distribution channels, including, in its CPG business: online, grocery, mass and club stores, office, restaurant and foodservice accounts. As at 31 December 2019, the Group sold Peet's branded coffee through more than 650 routes-to-market, approximately 17,000 locations in the grocery, mass and club channel (through its DSD network as well as through third-party distributors. See "*—Operations and Supply Chain—Warehousing and Distribution*" for further information on the Group's warehousing and distribution operations.

In its coffee store business, as at 31 December 2019, the Group sold Peet's branded coffee in its coffee store business through 249 company operated stores in nine states in the United States (plus the District of Columbia) as well as 13 company operated stores in China, focused in Shanghai. The coffee stores broaden the awareness of these brands, who are then able to purchase additional products through other distribution channels in the at-home market.

The Group also operated Peet's branded sites at 40 Capital One 360 Cafés and reached consumers through 176 Peet's licensed partner accounts and 1,139 other coffee accounts in the United States (including airports, sporting venues such as a football stadium, college and university campuses and offices). Intelligentsia also sold coffee and tea through 15 stores primarily in Chicago and Los Angeles, and Stumptown sold coffee through 13 stores primarily in Portland and New York.

In the United States, the Group also sells its own and other producers' coffee and tea to consumers through the Trade Coffee marketplace, which is run through Peet's venture business, Seed Leaf.

In FY 2019, Peet's standalone revenue comprised 52% from the CPG business, 33% from the retail coffee stores business and 15% from home delivery and Out-of-Home.

***CPG—Europe, CPG—LARMEA and CPG—APAC Segments***

*Products and Brands*

The products in the CPG—Europe, CPG—LARMEA and CPG—APAC segments are sold under the following brands:

- **multi-serve coffee (roast and ground)** are primarily sold under the brands: Jacobs, globally; L'OR, globally; Douwe Egberts, regionally; OldTown, Super and Ofçay in South East Asia; Maison du Café in France; Marcilla in Spain; Gevalia and Café Noir in Denmark; Harris in Australia; Jacqmotte in Belgium; Prima in Poland; Pilão, Caboclo, Damasco and Moka in Brazil; Friele in Norway; and Gevalia in Sweden;

- **single-serve coffee** is primarily sold under the brands: L'OR; Senseo; and Tassimo. In 2010, the Group launched the L'OR Espresso capsules, and, in 2017, the Group expanded its single-serve offering by introducing aluminium single-serve coffee capsules, both of which are compatible with the Nespresso single-serve system. The Group also sells L'OR branded single-serve and double-shot coffee capsules

[39] Based on U.S. GAAP. The Company defines organic revenue as revenue that excludes M&A through the period.

for use with L'OR Barista, a new coffee system launched in five markets in 2019. Additionally, the Group has entered into a trademark licence, manufacturing and distribution agreement with illycaffè that entitles the Group to manufacture, market, promote and distribute illy branded, aluminium single-serve coffee capsules everywhere in the world in the CPG sales channel other than in Italy and Switzerland;

- **whole-beans** are primarily sold under the Jacobs and regional coffee brands;
- **instant coffee and instant mixes** are primarily sold under the brands: Jacobs in Eastern Europe; Moccona in Australia and New Zealand; OldTown, Super and Ofçay in South East Asia; and Kenco in the United Kingdom; and under Local Brands in several other markets;
- **tea** is primarily sold under the brands: TiOra in Australia, Germany, New Zealand, Spain and the United Kingdom; Ofçay in Turkey; Tea Forté in the United States; Pickwick in the Netherlands, Belgium, the Czech Republic, Hungary and Denmark; and Hornimans in Spain; and
- **ready-to-drink coffee** is sold under the brands: Jacobs, Douwe Egberts, OldTown, Super and Ofçay.

In addition, through its partnership with third-party manufacturers, the Group sells L'OR Barista (a premium single-serve and double-shot espresso coffee machine launched in 2019), Senseo and Tassimo branded coffee systems.

*Customers*

In these segments, the Group sells coffee and tea to customers through multiple distribution channels, including, large supermarket chains, distributors and wholesalers, as well as to consumers through the online sale channels. In FY 2019, in these segments, the Group's five largest customers by revenue were large supermarket chains: Carrefour S.A. (**Carrefour**), Rewe International AG, EDEKA Group, C.I.V. Superunie B.A. and Metro AG. The concentration of the Group's customers varies between markets. For example, in the Netherlands, France, Germany and the United Kingdom, there is a concentration in the Group's revenue, with 94%, 76%, 67% and 66%, respectively, of FY 2019 revenue derived from five customers, which amounted to 23% of the Group's total revenue in FY 2019. The Group signs overarching international contracts with certain large supermarket customers and retail buying group customers which have with an average length of two years, as well as annual contracts with their affiliates on a national or local level. The Group has long-term contracts with its wholesale customers, with pricing terms that are reviewed annually.

***Out-of-Home Segment***

*Products and Brands*

In the Out-of-Home segment, the Group offers a holistic coffee and tea solution, across price points. These coffee and tea products are primarily marketed and sold through approximately 1,000 sales people to customers under the Group's Power Brands (Global Jewels and Regional Heroes) and Local Brands in more than 55 markets (including 16 markets where it has a direct presence and more than 28 markets where it has entered into a distribution agreement with a third party). The Group, for example, sells coffee through its coffee vending business under the Maison Lyovel brand in France and JOBmeal in Sweden and Finland. In addition, its liquid coffee concentrate products and related coffee machines are primarily sold under the Cafitesse umbrella brand and the L'OR Promesso brand.

The Group sells, rents or provides customers, free on loan, with more than 300,000 coffee machines, including third-party manufactured L'OR and Cafitesse branded coffee systems (for whole-bean coffee as well as liquid, filter or instant coffee) and provides customers with their coffee requirements for use in these machines. The Group also sells service contracts for its coffee machines, which provide customer service via the Group's more than 2,000 service agents or, in markets where it does not have service agents, third-party service agents, which is in addition to the customer service provided by distributors of the Group's coffee machines. The Group's customer contracts are generally for terms of three, five or more years, with pricing terms that are reviewed at least annually.

*Customers*

In the Out-of-Home segment, the Group's coffee solutions are sold or rented to more than 200,000 businesses. Its coffee solutions primarily address two market segments:

- **non-commercial customers** (where coffee solutions are provided as a service), such as offices (including corporates), hospitals, colleges and universities; and
- **commercial customers** (where coffee solutions are provided as a profit driver), such as hotels, restaurants (including quick service restaurants), convenience and retail outlets, sports venues, as well as cruise- and airliners.

The Group aims to understand customers' needs and build a tailored proposition for each customer. The Group uses different technologies to cater for these needs: instant and liquid coffee offer a convenient coffee solution; roast and ground coffee offer a traditional coffee solution; and whole-beans and single-serve coffee offer a premium coffee solution. For example, for a hotel customer, the Group offers its proprietary liquid coffee solution for its high-volume conference needs, high-quality bean solutions for restaurants and bars, as well as single-serve instant or capsule coffee for its in-room needs.

The Group's coffee solutions are also sold or rented: directly to customers; as well as indirectly to customers through third parties, who then distribute such products to customers, including distributors, wholesalers, cash-and-carry stores, office suppliers, vending operators and caterers.

In FY 2019, 54% of the Group's sales in this segment were made directly to customers, with 46% of sales being made indirectly to customers through third parties. No customer accounted for more than 10% of sales in the Out-of-Home segment in FY 2017, FY 2018 or FY 2019. The Group has long-term relationships with many of its customers. The Group generally enters into agreements with customers with three, five or more years, with the majority having a five-year term. The Group's long-term contracts with its third-party distributors are reviewed annually.

As at 31 December 2019, the Out-of-Home segment served customers in more than 55 markets, with Australia, Belgium, Denmark, the Netherlands, Norway, France, Germany, Spain, Sweden and the United Kingdom contributing 89% of the Group's revenue (including export revenue) in the segment. In the United States, the Group generates revenues from products sold and services provided in the Out-of-Home sales channel in the Peet's segment.

**Marketing**

The Group's global marketing unit, based in Amsterdam, the Netherlands, is primarily organised around the Group's coffee and tea subcategories and brands. The global marketing unit sets the overall marketing strategy for the Group's subcategories and brands and manages its marketing activities. The Group's global marketing unit focuses on enhancing the growth of existing brands to maximise the value of its portfolio. In recent years, the Group has increased its marketing activities. From FY 2016 to FY 2019, the Group increased its advertising and promotion investment in its CPG—Europe, CPG—LARMEA and CPG—APAC segments by 27%. In particular, the Group has improved its marketing effectiveness through market mix modelling, centralised digital buying and buildings its overall digital marketing capabilities (including the use of display advertising on social media such as Facebook). From FY 2015 to FY 2019, the Group increased its investment in digital marketing from 8% to 27% of its total media spend.

The Group's marketing activities are supported by approximately 2,900 sales representatives (who are specialised in the coffee category) and more than 5,600 distributor sales representatives in its CPG sales channel, as well as approximately 1,000 Group sales representatives in its Out-of-Home sales channel.

All marketing functions are managed internally, while creative campaigns and packaging development are developed by specialised agencies. The Group's marketing functions also work closely with the research and development teams, on product innovation, and national and local marketing units, on execution of the marketing activities. This ensures that the Group presents a consistent message for each brand that effectively conveys the attributes of its brands. The national and local marketing units then work closely with their key retail channel entities on product plans, placement and initiatives, marketing programmes and other product sales support.

**Operations and Supply Chain**

The Group's coffee and tea portfolio is offered in more than 100 countries, through direct and indirect sales.

The Group's supply chain for its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments are managed from its headquarters in Amsterdam, the Netherlands. The Group's supply chain for its Peet's segment is managed from Alameda, California.

In its supply chain management the Group's country supply chain organisations support its marketing and sales units with a goal of achieving maximum product availability, while minimising its inventory stock. The Group's country supply chain organisations also take care of the full order to cash cycle, including the delivery of the products to its customers and consumers. Additionally, the Group's country supply chain manages its relationship with its logistics service providers, to which it has outsourced storage and transport of finished products and raw materials.

In addition, in, and outside of, the United Kingdom, the Group has taken measures to address the potential disruptions to, and uncertainty surrounding, the Group's business as a result of Brexit, including inventory build for all products shipped to and from the United Kingdom and securing incremental storage and transport capacity.

The recent COVID-19 pandemic continues to evolve and, to date, has resulted in the implementation of significant measures by governments globally, including lockdowns, closures, quarantines and travel bans intended to control the spread of the virus. The Group has taken precautions such as requiring employees to work remotely, imposing travel restrictions as well as temporarily closing, or implementing limited operations at, its retail coffee stores. While all manufacturing facilities have continued to operate, many with 24/7 operations, preventive measures have been put in place, including segregated shifts to limit close contact, the distribution of personal protective equipment, extra cleaning routines, regular temperature checks, regular health screenings and isolation of employees that experienced the symptoms of, or tested positive for, COVID-19. As at the date of this Prospectus, the Group is not aware of any material outbreaks of COVID-19 at the Group's manufacturing facilities. The Group's operations in the Out-of-Home sales channel have also been impacted as lockdowns significantly disrupted operations in its primary sales channels (small-large businesses and universities) and working remotely became widespread. The Group's retail coffee stores have either been temporarily closed (approximately 40% as at 31 March 2020) or have implemented limited operations (approximately 60% as at 31 March 2020). In cases of the latter approach, strict hygiene is being observed and social distancing measures have been implemented to limit the number of customers in each store at any given time. The Group intends to continue working with local communities to safely reopen coffee stores and resume Out-of-Home segment operations in line with developing government restrictions and guidance. For further information on the impact of the COVID-19 pandemic on the Group, see "*Risk Factors—Risks Relating to the Group's Business and Industry—Disruptions related to widespread public health concerns, including the novel coronavirus ("COVID-19") pandemic, could materially adversely impact the Group's business, financial condition or results of operations*" and "*Operating and Financial Review—Recent Developments*".

***Raw Materials***

*Green Coffee*

The Group's primary commodity is green coffee (raw coffee beans that have not been roasted). Green coffee primarily comprises: Arabica, accounting for approximately 60% of global coffee production, and Robusta, accounting for approximately 40% of global coffee production. The Group buys both Arabica and Robusta green coffee for use in different regional markets and blends across its product lines. In FY 2019, Robusta and Arabica green coffee comprised approximately 50% and 50%, respectively, of the Group's green coffee purchases.

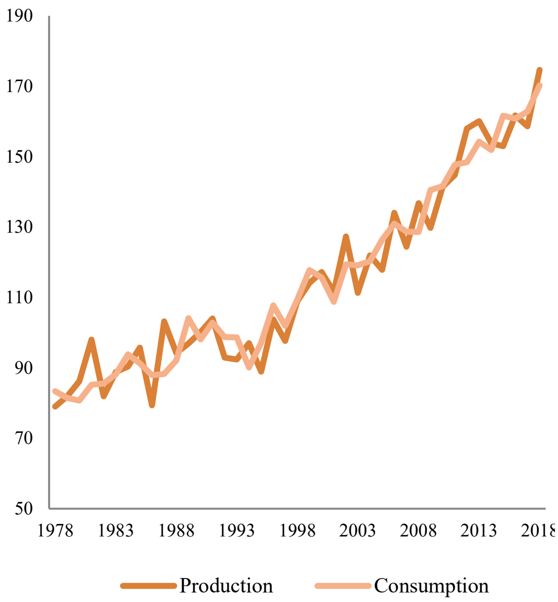
The Group buys coffee from multiple coffee-producing regions around the world, through coffee trading houses, exporters in country of origin, cooperatives and growers. The Group's buying represents approximately 8% of the global green coffee demand. The Group has a diverse supplier base of green coffee and in 2019 it sourced coffee from over 100 suppliers. The supply of green coffee remains geographically concentrated in Brazil and Vietnam, as approximately two-thirds of the Group's total green coffee is supplied by suppliers in these two countries.

For its Peet's branded coffee, the Group only purchases Arabica green coffee, in particular various single-origin coffees. It purchases this Arabica green coffee from 31 suppliers, with approximately 70% coffee coming from Central and South America in FY 2019.

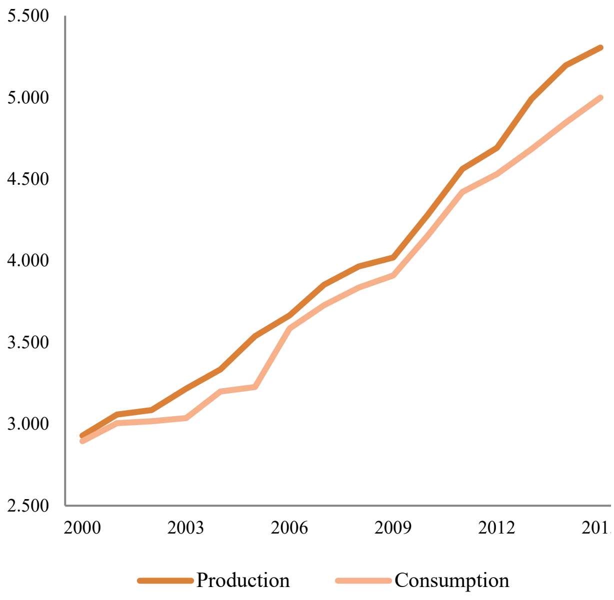
The supply and price of green coffee are subject to fluctuations that are outside of the Group's control. Supply and price of all coffee grades are affected by multiple factors, such as speculation in the commodities markets, weather (primarily, drought or frost), seasonal fluctuations, real or perceived shortages, pest or other crop damage, land usage, the political climate in producing nations, competitive pressures, labour actions, currency fluctuations, armed conflict and government actions, including treaties and trade controls by or between coffee producing nations. See "*Risk Factors—Risks Relating to the Group's Business and Industry—Fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities could have a material adverse effect on the Group's gross margin and profit.*" for further information relating to the risks associated with fluctuations in the cost of green coffee.

Historically, global coffee and tea production has tracked global coffee and tea consumption:

**Coffee**
Production and consumption of coffee – 60 kg bags (million)




**Tea**
Production and consumption of tea – metric tonnes ('ooo)




Sources: (United States Department of Agriculture (coffee production and consumption) and International Tea Committee; (tea production and consumption).

Notes:

(1) Defined as total production, plus beginning stocks, less ending stocks.

(2) Apparent consumption, defined as production, plus imports, less exports

Brazil is the largest producer of Arabica green coffee by volume (producing approximately 36% of green coffee, globally), while Vietnam is the largest producer of Robusta green coffee by volume (producing approximately 18% of green coffee, globally).[40] Green coffee bean crops in Brazil are, for example, susceptible to frost and drought. Other than for single-origin coffee, the Group is able to purchase coffee from a number of countries and

[40] Source: International Coffee Organization as of 31 December 2018.

has developed techniques designed to permit the substitution of one country's green coffee for those of another in producing its products without significantly affecting product consistency. Single-origin coffees cannot be substituted with coffee beans from other countries. As such, other than for single-origin coffee, supply limitations in one country do not generally have a material impact on the price the Group pays for green coffee.

The Group buys Arabica and Robusta green coffees, which are traded at a premium or discount to the ICE quotations for Arabica green coffee and the LIFFE price quotations for Robusta green coffee, reflecting their intrinsic quality value and availability. Premiums and discounts are subject to significant variations. Single-origin, Arabica green coffee or responsibly-sourced coffees tend to trade on a negotiated basis at a premium above the base "C" price, depending on the supply and demand at the time of purchase. Cyclical swings in commodity markets are common and have been especially volatile for both the "C" price of green coffee (the price for Arabica green coffee quoted by ICE) and the "Liffe" price of coffee (the price for Robusta coffee quoted by LIFFE) most recently, as a result of an oversupply of green coffee in the market. Over the past 10 years, the "Liffe" price for Robusta coffee quoted by LIFFE has ranged between US$1,222 per metric tonne and US$2,615 per metric tonne and the base "C" price for Arabica quoted by the ICE has ranged between 86 U.S. dollar cents per pound and 306 U.S. dollar cents per pound for Arabica beans. As at 30 April 2020, the price for Robusta and Arabica green coffee (July 2020 position) was US$ 1,190 per metric tonne and 115 US$ cents per pound, respectively.

As consumers and customers become increasingly interested in purchasing responsibly-sourced coffee, more coffee companies are seeking to purchase larger quantities of responsibly-sourced green coffee. To meet that demand, the Group is working to achieve 100% Responsibly-Sourced green coffee and tea purchases by 2025. The Group's competitors are also expected to increase their purchases of Certified or Verified coffee and tea.

Green coffee price increases impact the Group's business by increasing costs for products. The Group believes that leading coffee brands that support price increases early on typically do not tend to lose market share in the mid-term. The Group is, however, not always able to increase the sales prices to its customers and consumers concurrently with increases in green coffee prices. Decreases in the price of green coffee impact the Group's business by creating pressure to decrease its sales prices.

The Group purchases virtually all of its green coffee through forward delivery contracts for green coffee and used futures to hedge the Group's green coffee price exposure. The Group typically enters into forward contracts for periods less than one year. Depending on the circumstances, a forward contract may be made for longer than one year. Since green coffee trades exclusively on a U.S. dollar basis and the Group's coffee sales are primarily denominated in a currency other than U.S. dollar, the Group also employs currency hedges to manage its currency risks. The Group's hedging strategies are primarily focused on obtaining price stability and mitigating market risk. See "*Risk Factors—Risks Relating to the Group's Business and Industry—The Group is subject to foreign currency exchange rate fluctuations, which may have a material adverse effect on the Group financial condition or results of operation*" for further information on the risks associated with foreign currency exchange rate fluctuations.

*Black, Green and Botanical Teas*

The Group's primary commodity for its tea coffee products comprises: black tea, accounting for approximately 42% of global CPG tea sales; green tea, accounting for approximately 27% of global CPG tea sales; other teas (including oolong, white, yellow and post-fermented tea), accounting for approximately 14% of global CPG tea sales and botanical teas (which are processed into theine-free infusions), accounting for approximately 17% of global CPG tea sales.[41]

China is the largest producer of tea by volume (producing approximately 40% of tea, globally), while India is second largest producer of tea by volume (producing approximately 22% of tea, globally).[42] The Group's buying represents less than 1% of the global tea demand. The Group purchases its tea requirements directly from numerous exporters and growers in Africa and Asia as well as from traders and via auctions. In FY 2019, black,

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41 Source: Euromonitor (Passport) January 2020. Sales at RSP, excluding instant tea contribution.

42 Source: World Bank Commodity Markets Outlook (2017 tea production).

green and botanical (including rooibos) teas comprised 74%, 8% and 18% respectively, of the Group's tea purchases on value.

No regulated futures markets exist for the tea category. The average annual price volatility range over FY 2017 to FY 2019 ranged between -1.25% to -0.96% and varied from region to region and from quality segment to quality segment. Over the past 10 years, the average price for tea has ranged between US$1,500 per metric tonne and US$8,000 per metric tonne. As the international tea business also trades primarily on a U.S. dollar basis and the Group's tea sales are primarily denominated in a currency other than U.S. dollar, the Group faces the same currency exposure as for green coffee and it employs a similar currency hedging strategy. See "*Risk Factors—Risks Relating to the Group's Business and Industry—Fluctuations in the cost of green coffee, including premium Arabica coffee beans, tea or other commodities could have a material adverse effect on the Group's gross margin and profit.*" for further information relating to the risks associated with fluctuations in the cost of tea.

Revenue organic growth (at constant commodity prices), which adjusts like-for-like sales for the price impact of inflation and/or deflation of green coffee and tea commodity prices, was 3.6% in FY 2019 as compared to FY 2018 and 5.7% in FY 2018 as compared to FY 2017.

*Other Commodities and Raw Materials*

In addition to green coffee and tea, the Group purchases other commodities and raw materials that may experience cost inflation, including palm and coconut oil (as non-dairy creamer), aluminium (for its aluminium coffee capsules), glass (as packaging for its multi-serve products), milk, sugar and electricity (including natural gas, in the manufacturing of its products).

Increases in the costs of these other raw materials impact the Group's business by increasing the costs of its products. The Group does not employ derivative financial instruments for price risk mitigation with respect to such other raw materials. Due to competitive pressures, coffee and tea products are primarily priced against the price of green coffee or tea, respectively. As such, the Group is not always immediately able to pass price changes through to its customers and consumers, concurrently with increases in the prices of these other raw materials.

***Manufacturing***

The Group's manufacturing units are responsible for the production and packaging of its coffee and tea products. The manufacturing units receive forecasts from the Group's marketing and sales units and use these forecasts to make optimal production plans to manufacture the required end-products and send them to the appropriate country warehouse for ultimate distribution to the customer. See "*—Product Innovation, IP and IT and Information Security—IT and Information Security*" and "*—Inventory*" for further information on the Group's ERP solutions. In FY 2016, the Group produced more than 650 kilotons of product (including coffee, tea and non-dairy creamer).

The Group's coffee products are primarily manufactured by more than 7,400 employees at its 45 manufacturing facilities in 25 countries, comprising: 13 facilities used for high-volume production (focusing on up to two coffee or tea technologies); four facilities used for flexible production and new product launches (focusing on multiple coffee or tea technologies and products); and 28 facilities used for local manufacturing (focusing on rapidly responding to local consumer preferences and tastes). The majority of these manufacturing facilities are located in the United States, France, Russia, the Netherlands, Germany, the United Kingdom, Brazil, China and Malaysia. See "*—Properties*" for further information on the Group's material tangible fixed assets. These manufacturing facilities provide the Group with manufacturing scale and flexibility. Any interruptions in or a loss of operations at the Group's manufacturing sites could, however, result in a reduction or elimination of the availability of some of the Group's products. See "*Risk Factors—Risks Relating to the Group's Business and Industry—A significant interruption in the Group's manufacturing and distribution facilities could have a material adverse effect on its business, financial condition or results of operations.*" for further information on the risks associated with a significant interruption in the Group's manufacturing and distribution facilities.

The Group has strengthened its global manufacturing footprint. Since 2015, the Group has commissioned or acquired 14 manufacturing facilities (including manufacturing facilities acquired as part of M&A). The Group, for example, acquired four coffee roasting machines in 2015 with the acquisitions of Intelligentsia and Stumptown, two manufacturing facilities in 2016 with the acquisition of the BrewGroup, six manufacturing facilities in 2017 with the acquisition of Super and one manufacturing facility in 2018 with the acquisition of OldTown. Between FY 2017 and FY 2019, the Group invested €705 million in its property, plant and equipment.

Because of the significant variation in the packaging of the Group's diverse product lines, the Group's coffee manufacturing facilities are typically designed to handle a specific type of packaging, as well as production of a specific type of coffee product. For example, the Group manufactures aluminium coffee capsules in Andrézieux, France, Senseo coffee pads in Utrecht, the Netherlands and Valasske, the Czech Republic, and Tassimo coffee discs in Berlin, Germany and Banbury, the United Kingdom.

Peet's primary coffee roasting facility is located in Alameda, California. The Peet's roasting facility is located near several major earthquake faults. The impact of a major earthquake or tsunami on its facilities, infrastructure and overall operations is difficult to predict and an earthquake or tsunami could seriously disrupt its business. See "*Risk Factors—Risks Relating to the Group's Business and Industry—A significant interruption in the Group's manufacturing and distribution facilities could have a material adverse effect on its business, financial condition or results of operations.*" for further information on the risks associated with a significant interruption in the Group's manufacturing and distribution facilities. The Group also has access to additional third-party roasting facilities in, among others, the state of Washington, to manufacture Peet's branded coffee. In addition, Intelligentsia has a roasting facility in Chicago, Illinois and Stumptown has a roasting facility in Portland, Oregon and New York, New York. The Group has adopted an artisanal approach to the production of Peet's branded coffee products. Its 45 specialised roasters are responsible for the production of its coffee products. The Group trains Peet's coffee roasters through an apprenticeship programme, typically lasting one and a half years, to learn its roasting method and to gain the skills necessary to roast Peet's coffee. These roasters roast green coffee by hand in small batches. In its Chinese operations, roasters are, for example, trained by their colleagues from the United States.

The Group's tea products are primarily manufactured at its manufacturing facilities in Joure, the Netherlands and the Trabzon area, Turkey. Tea Forté, which is sold in the United States, is manufactured at a third-party manufacturing facility in China.

In addition, components of the Group's coffee and tea products are also co-manufactured by third parties. Co-manufactured components are typically incorporated into the final coffee and tea products at the Group's manufacturing facilities. In addition, Keurig Dr Pepper manufactures Peet's branded K-cups that are compatible with the Keurig single-serve system, which are distributed by the Group. In addition, Keurig Dr Pepper also manufactures, distributes and sells Peet's branded ready-to-drink coffee beverages.

The majority of the Group's manufacturing facilities meet the standards of the International Organization for Standardization (ISO), an international industrial and commercial standard-setting body.

***Inventory***

The Group's supply chain, combined with its ERP solution, and steered by its standardised sales and operation planning (**S&OP**) process, is designed to have sufficient quantities of desired finished products available to meet the needs of customers and consumers, while minimising inventory stocks throughout the supply chain.

The supply chain is triggered by the demand for products from each of the markets in which the Group operates. The monthly S&OP consensus forecast is submitted by the marketing and sales units in each market directly to the manufacturing facilities, and the aggregate of these forecasts is used as the basis for its production planning. Because there is full stock transparency in the Group's supply chain, manufacturing facilities can optimise their production planning, while ensuring service levels. The current flexibility in the manufacturing facilities makes it possible to manufacture the required amount of finished products for the high demand stock keeping units.

The Group typically translates these forecasts, together with its mid-term and long-term forecasts, into purchasing orders for the different types and qualities of green coffee and tea needed. To assist the Group in this process, it employs a proprietary algorithm that works with its flex-blending system to systematically adjust recipes and blending requirements according to customer and manufacturing unit needs as well as the current prices and availability of various types of green coffee. These forecasts also assist the Group's ability to meet its internal targets for operating working capital.

Before purchase and before shipment, green coffee and tea samples are taken in the source country and sent to the Group's coffee and tea sourcing unit for testing to ensure that the coffee or tea is of the expected type and quality. Typically, the Group then takes possession of green coffee and tea meeting its requirements at the point of shipment. Other than for the United States, green coffee and tea are primarily shipped to the Group via its central hubs in, among, others, Antwerp, Belgium and Bremen and Hamburg, Germany. The Group's third-party hub managers process the shipments of green coffee and tea and coordinate delivery of the raw material shipments to the appropriate manufacturing facilities by truck for further processing. In the United States, green coffee and tea are primarily shipped to suppliers in Oakland, California, who deliver it to the Group's manufacturing facilities by truck for further processing. The Group generally turns its inventory of green coffee and tea four to five times per annum. Unlike roasted coffee, green coffee and tea is not highly perishable.

Finished products are sent directly to warehouses in each country in which the Group sells its products. These warehouses are leased and managed for the Group by third-party warehousing service providers. The Group typically signs long-term year contracts with these service providers, with whom it typically has long-lasting relationships.

***Warehousing and Distribution***

The Group primarily relies on third parties for: (i) the shipping of raw materials from ports in the countries of origination, such as Brazil and Vietnam, to central hubs located in, among, others, Antwerp, Belgium and Bremen and Hamburg, Germany; (ii) transportation of raw materials by truck from central hubs to manufacturing facilities for processing; and (iii) transportation of products from the manufacturing facilities to warehouses and then to retail distribution points in each country where the products are sold. In certain markets, the Group relies on a single carrier for the transportation of products.

The Group primarily distributes its coffee and tea products in its CPG—Europe, CPG—LARMEA and CPG—APAC segments directly to customers through supply contracts that it signs with individual large supermarkets and buying groups. The Group also employs wholesalers and distributors on a limited basis to distribute its products in emerging markets, where its customers are less geographically concentrated. In the United States, the Group sells Peet's branded coffee and tea through multiple distribution channels, including, in its CPG business: online; home delivery; grocery stores; office; restaurant; and foodservice accounts; and, in its coffee store business: directly to consumers through Group-operated stores; licensed partners; and other coffee accounts. The Group monitors its retail coffee store footprint on an ongoing basis and, when appropriate, closes underperforming stores. In the second quarter of FY 2020, in the Peet's segment, the Group decided to permanently close 30 Peet's coffee stores and three Stumptown coffee stores as well as simultaneously make around 525 employees redundant. In the United States, the Group primarily distributes Peet's branded products in its CPG business through its own DSD network. It also distributes Peet's branded products through third-party distributors. Through, among other things, its DSD network, the Group maintains the freshness of its products by distributing its products directly to grocery stores, rather than through distribution warehouses. The Group endeavours to further maintain the freshness of its Peet's branded products by rotating these products in-store, imposing a 90-day shelf life on Peet's branded products in stores (compared to nine months at one of its major competitors and 12 to 18 months as the industry average), and by making over 35,000 sales calls each week.

In addition, the Group buys branded coffee from Caribou Coffee Group, for distribution in its CPG business. Keurig Dr Pepper manufactures, distributes and sells Peet's branded ready-to-drink coffee beverages.

In addition, in its CPG business, owing to increased internet penetration in markets and the growing adoption of online retail among internet users in the markets where the Group operates, the Group has increased its focus on online sales, directly selling its products to consumers. The Group sells its products through its own online marketplaces, such as, the Peet's, L'OR and Tassimo marketplaces, and third-party online marketplaces, such as Amazon, Alibaba and others. In the United States, the Group also sells its own and other producers' products to consumers through the Trade Coffee marketplace. In June 2019, the Group announced the launch of a coffee and tea flagship store hosted on Alibaba's dedicated cross-border online platform, Tmall Global. With the launch, the Group aims to provide the approximately 654 million annual active consumers across Alibaba's marketplaces with access to high-quality coffee and tea experiences.

In the Out-of-Home segment, depending on the market, the Group sells its coffee and tea products and related coffee machines directly to businesses such as offices (including corporates), hospitals, colleges and universities, hotels, restaurants (including quick service restaurants), convenience and retail outlets, sports venues, cruise- and airliners, as well as distributors for distribution to customers.

***Coffee Machines***

The L'OR Barista, Senseo and Tassimo branded coffee systems are developed, manufactured, sold and distributed by third parties with whom the Group has partnered, for their own account. In the Out-of-Home segment, coffee systems are developed and manufactured by third parties and sold and distributed by the Group. These suppliers deliver the coffee systems to one of the Company's warehouses. The Group then distributes these coffee systems to its customers directly or through third-party distributors.

**Product Innovation, IP and IT and Information Security**

***Product Innovation***

The Group's research and development teams are responsible for the technical development of the Group's coffee and tea products, packaging systems and new equipment and manufacturing methods. The Group's research and development teams, which include a dedicated consumer science team, are focused on addressing consumer tastes and preferences, in particular in relation to the premiumisation trend within the global coffee category, including aluminium single-serve and double-shot coffee capsules. The Group research and development teams typically work on approximately 80 major innovation projects per annum, across coffee and tea technologies, some of which may give rise to new product innovations. The Group's research and development track record includes product innovations in aluminium single-serve and double-shot coffee capsules, the Senseo and Tassimo coffee solutions and instant coffee and instant mixes.

The Group's research and development teams also work closely with its marketing, supply chain and procurement teams in identifying trends, developing new products and modifying existing products for all of its product lines, enabling it to quickly and efficiently respond to changing consumer needs. The research and development teams are also important to the launch of new products, where they work with the marketing team to ensure a smooth product launch. The Group's multidisciplinary development approach has led to proprietary capsule technology which, together with innovative manufacturing technology, is the basis for its high-quality product lines comprising many product variants. In the Out-of-Home segment, the Group is also the leader in liquid roast technology. The Group develops and manufactures its liquid coffee products and the technology for its liquid coffee machines in-house and engages third parties to manufacture the machines. The research and development teams work with the legal team to protect the Group's innovations, including through patents and trademarks, where possible, to ensure compliance with applicable regulations, and to enable the Group to operate its business.

The Group's six primary research and development facilities are located in Utrecht, the Netherlands; Banbury, the United Kingdom; Emeryville, California; Johor Bahru, Malaysia; Jundiai, Brazil; and St. Petersburg, Russia. The Group's research and development teams comprise approximately 381 employees and 136 food scientists.

The Group also conducts research and development with partners. Its most significant development partners are the third parties with which it has partnered on the development, manufacturing, sale and distribution of the L'OR Barista, Senseo and Tassimo branded coffee systems. See "*—Intellectual Property*" for further information on the Group's IP rights and the legal steps that is has taken to protect its IP. The Group also collaborates on a limited basis with national and international coffee trade associations in relation to the effects of coffee consumption and supports external research by universities to study those effects.

In addition to the Group's investments in traditional research and development activities and in developing new manufacturing processes, the Group actively invests in its manufacturing facilities.

The Group is subject to IP infringement risk that could materially adversely affect its business, financial condition or results of operations. See "*Risk Factors—Legal, Regulatory and Environmental Risks—The Group is subject to IP infringement risk that could materially adversely affect its business, financial condition or results of operations.*" for further information on IP infringement risk.

***Intellectual Property***

The Group regards its proprietary products, brands, domain names, trade names, copyrights, trademarks, patents, trade secrets, confidential information, business data, similar IP and agreements with its employees, customers, suppliers and other parties as critical components of its businesses. The Group considers the Tassimo patent portfolio to be particularly important to the Group as the Tassimo system is proprietary and exclusive to the Group. Further, given the profitability of the Group's aluminium single-serve coffee capsules compatible with the Nespresso single-serve system, the Group's patent portfolio protecting these capsules is also considered important to the Group. The Group believes that it has taken, and will continue to take, appropriate available legal steps to protect its IP. It has trademarks and patents (registered and pending) in jurisdictions where it conducts, or may in the future conduct, business. In accordance with the applicable laws and regulations of such jurisdictions, these patents have a defined duration of typically 20 years, and must be renewed on a yearly basis within this 20-year period (after which they cannot be renewed). Most of the Group's material patent families have a duration of at least a further 10 years with the exception of the Tassimo system, which has some patent families having a duration of four to six years remaining. No patent, on its own, is material to the Group. Some of its major trademarks include L'OR; Jacobs; Senseo; Tassimo; TiOra; Peet's, Peet's Coffee & Tea; Douwe Egberts; Super; OldTown; Pickwick; and Hornimans.

Though laws vary by jurisdiction, trademarks generally remain valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic or otherwise are successfully challenged by third parties. Most of the trademarks in the Group's portfolio, including all of its major brands, are covered by trademark registrations in the markets in which it operates. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. The Group actively registers, renews, protects and maintains its major trademarks. The Group plans to use all of its major trademarks, and plans to renew the registrations for such trademarks, at least for as long as the Group continues to use them.

Many top-level and country-specific internet domain name registrations have also been secured, both for protection of current business operations and for strategic or defensive purposes.

The Group owns, or has been assigned or licensed, the rights to several patents and patent applications in various jurisdictions relating to its proprietary technology in single-serve, double-shot, portioned espresso, instant, and coffee sold in the Out-of-Home sales channel, including liquid coffee. The Group also licenses IP from, and to, third parties on an exclusive and non-exclusive basis, globally, regionally and locally. The Group has, for example, entered into a trademark licence, manufacturing and distribution agreement with illycaffè that entitles the Group to manufacture, market, promote and distribute illy branded, aluminium single-serve coffee capsules everywhere in the world in the CPG sales channel other than in Italy and Switzerland, and with Keurig Dr Pepper to manufacture Peet's branded K-cups that are compatible with the Keurig single-serve system (which are distributed by the Group). In addition, the Group has assumed the rights and obligations of the asset agreement and license and services agreement that were entered into by Sara Lee in connection with its sale to Smucker's of its liquid coffee business in the United States, Canada, Mexico and most of the Caribbean. Sara Lee agreed not to engage in the business of manufacturing, marketing, selling or distributing liquid coffee concentrate products in the Out-of-Home sales channel in such territories until 3 January 2022 and Sara Lee granted JMS Foodservice an exclusive royalty-free license to the Cafitesse trademark until 3 January 2022 for use in the foodservice trade channel in such territories. Thereafter, such licence converts into a perpetual, non-exclusive licence.

See "*Risk Factors—Legal, Regulatory and Environmental Risks—Failure to maximise or to successfully assert its IP rights could materially adversely impact the Group's competitiveness*" for further information on the risks associated with a failure to maximise or to successfully assert its rights and "*Risk Factors—Legal, Regulatory and Environmental Risks—The Group is subject to IP infringement risk that could materially adversely affect its business, financial condition or results of operations.*" for further information on IP infringement risk.

***IT and Information Security***

*IT*

The Group primarily relies on an SAP platform to manage and operate its key business functions, including its supply management, product manufacturing, and distribution and order processing for a large part of its business operations. The Group's IT operations are primarily managed by third parties and it has implemented automated reporting and accounting solutions through an ERP solution on an SAP platform. See "*—Operations and Supply Chain—Manufacturing*" and "*—Operations and Supply Chain—Inventory*" for further information on the Group's manufacturing and inventory operations, respectively. These solutions provide the Group with central insight into inventory, manufacturing and sales data across its segments. In 2020, the Group expects to add various business operations in South East Asia to its SAP platform and the Peet's segment is expected to transition to a new ERP system on a Dynamics 365 platform. As of the date of this Prospectus, implementation of these new systems has been temporarily postponed as a result of the COVID-19 pandemic in order to avoid potential disruptions to the Group's operations that may emerge in the course of such implementation. The Group's IT networks have performed well in light of a surge in demand from the Group's employees working remotely during the COVID-19 pandemic. Additionally, to further strengthen remote communications, an enhanced team collaboration platform became operational in early May 2020. The Group has implemented back-up systems and disaster recovery plans in the event of a failure of its IT systems. The Group integrates and continues to integrate businesses it acquires on its IT platforms. Furthermore, the Group intends to transfer a majority of its global network to a new supplier under a new technology (SD-WAN).

*Information Security*

The Group's dependence on its ERP solution and the growth of online sales in response to evolving consumer preferences mean that information security is becoming increasingly important for the Group. The Group has taken a number of steps to secure its information as well as the information of its consumers, customers and employees. The Group recently implemented a security programme that is specifically aimed at also strengthening the Group's manufacturing facility network. The Group's IT department is focused on maintaining the stability and security of the Group's IT systems. The Group engages with third parties that monitor the Group's information security, and the Group's security officers conduct regular internal audits. The Group has a comprehensive written security management programme which is reviewed annually.

See "*Risk Factors—Risks Relating to the Group's Business and Industry—The Group's business operations could be disrupted if its IT systems and software fail to perform adequately.*" for further information associated with the risk associated with a disruption to the Group's IT systems and a failure of its software.

**Corporate Responsibility**

Increasingly, the Group's customers and consumers are demanding sustainable choices, including responsibly-sourced coffees and teas, environmentally friendly packaging and carbon-neutral footprints. The Group participates in a number of initiatives, while partnering with stakeholders to support the farmers in its supply chain while reducing its impact on the environment. The Board oversees the Group's corporate responsibility programme and approves its commitments. The Senior Management Team overseas the implementation of the Group's corporate responsibility strategy. The Group's corporate responsibility programme has three pillars: (i) Common Grounds; (ii) Minimised Footprint; and (iii) Connected People. The Group intends to publish an annual corporate responsibility report to report on its progress on these pillars.

The Group considers the sourcing of coffee and tea as well as the packaging of its products as the two most critical areas from an environmental, social and governance perspective. The Group is also focused on: (i) avoiding deforestation and is developing plans to increase the share of Responsibly-Sourced palm oil in its purchases; (ii) reducing waste in all its manufacturing processes; (iii) reducing its energy use and greenhouse gas emissions across its operations to lessen its environmental impact; and (iv) managing its water use, in particular, in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments. The Group also undertakes a wide variety of projects promoting sustainability of land, equality of people and prosperity for farmers.

As at 31 December 2019, the Group had approximately 50 coffee and tea sustainability projects in more than 15 countries. Among other initiatives related to the COVID-19 pandemic, the Group has donated around 18 million cups of coffee to support health service employees and communities in need.

On 30 December 2019, the Company acquired Peet's from Acorn Holdings. As a result, the Group intends to review its corporate responsibility strategy during 2020 to assess how it can achieve its social and environmental objectives. This will include a materiality assessment to reassess both its internal perspective and that of its key stakeholders on the sustainability challenges that are most material to its business. Based on this assessment, the Group will also review how to evolve the key performance indicators and targets it uses to its track progress. The results of this assessment will be reported on in the Group's corporate responsibility report for FY 2020.

***Common Grounds***

*Sourcing Coffee and Tea*

The Group is cognisant of the significant challenges facing coffee and tea producers around the world and is committed to supporting them through the Common Grounds programme. In FY 2019, the Group sourced approximately 8% of the world's green coffee and less than 1% of the world's tea. Coffee and tea are produced in countries with key sustainability challenges, primarily related to environmental and working conditions. The Common Grounds initiative seeks to address these issues by working with farmers, suppliers, non-governmental organisations and governments to cover priority sustainability issues and in particular bring transparency and visibility on such issues in its supply chain. By better understanding the critical issues facing smallholder farmers, the Group can better target programmes that are designed to improve them. For example, in FY 2019, the Common Grounds initiative covered more than 90% of its coffee and tea purchases, and the Group conducted 131 supplier assessments. The Group defines **Responsibly-Sourced** coffee as coffee sourced from origin countries where the Common Grounds programme is active. Such coffee is not necessarily Certified or Verified coffee. The Group defines **Certified or Verified** coffee as coffee that a third party (for example, UTZ) has independently certified or verified as meeting its sustainability requirements. In the sourcing of coffee and tea, the Group primarily focuses on the sustainability of land (including issues such as climate change, deforestation and natural habitats, soil and water), the equality of people (including issues such as gender and youth inclusivity, child labour, forced labour and working conditions) and the prosperity of farmers (including issues such as farm management, yield improvement and crop diversification). For example, the JDE supplier code of conduct requires that, among other things, its businesses "*do not use or condone unlawful child or forced labour, and do not conduct business with those who do*".

Since FY 2015, the Group has invested approximately US$80 million in Responsibly-Sourced coffee and tea. The Group is targeting to increase the percentage of its Certified or Verified coffee and tea purchases to 40% (up from 21% in 2019),[43] while working towards 100% Responsibly-Sourced coffee and tea by 2025. In the Peet's segment, the Group's emphasis is on verification of its coffee purchases through a third-party coffee verification programme in partnership with Enveritas, Inc. (**Enveritas**). Peet's works with Enveritas to conduct annual surveys to assess the economic, environmental and social conditions of its coffee suppliers, with whom it has long-term relationships. Peet's also sources coffees that carry Fair Trade, Rainforest Alliance and USDA Organic certifications, which attest that such coffee has been evaluated against economic, environmental and social standards during production and processing. Furthermore, the Group has reached 300,000 smallholder coffee and tea farmers since 2015. The Group has a goal of increasing the number of smallholder coffee and tea farmers it reaches to over 500,000 by 2025, primarily through technical assistance.

The Group has established Farmer Assistance and Direct Trade programmes in its Peet's segment. Farmer Assistance is a programme that specifically assists farmers who have the potential to grow the specialty green coffee but lack the techniques needed to do so. Farmer Assistance, through a partnership with TechnoServe, Inc., brings training to smallholder green coffee farmers. In this segment, the Group, through Direct Trade, purchases green coffee from farmers with whom it has a direct relationship. An enhancement of Direct Trade is a complete survey of social, environmental and economic conditions on farms, conducted by the non-profit organisation Enveritas, paid for by the Group and shared with the producer with the goal of continuous improvement.

43 Excluding tea sold under the Ofçay brand.

Moreover, in 2019, JDE joined the One Planet Business for Biodiversity (**OP2B**) coalition launched at the UN Climate Action Summit in New York, the United States. OP2B is a cross-sectorial, action-oriented business coalition on biodiversity with a specific focus on agriculture. The OP2B member companies have committed to taking tangible actions, on an individual and collective basis, to develop innovative solutions aimed at protecting and enhancing biodiversity in agricultural systems.

In FY 2019, 100% of the tea (Camellia Sinensis) that the Group purchased for its Bell Tea, Pickwick and TiOra brands was Responsibly-Sourced, certified (UTZ, Fairtrade, Rainforest Alliance) or verified (Ethical Tea Partnership).

*Sourcing Palm-based Oils*

In FY 2019, the Group expanded its reporting in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments to also include its Responsibly-Sourced palm oil volumes. The large majority of the products in these segments do not contain any palm oil or palm kernel oil, and their overall purchase volume of palm-based oils is less than 10,000 tonnes annually. Historically, all of the Group's palm oil and palm kernel oil purchases in these segments were certified. Some of the Group's recent acquisitions, however, have only recently commenced with Responsibly-Sourcing palm oil. The Group received its first Roundtable on Sustainable Palm Oil certified (**RSPO Certified**) palm oil shipment in November 2019. As a result, in 2019, 11% of total palm oil volume in these segments was RSPO Certified. The Group is focused on avoiding deforestation and is developing plans to increase the share of Responsibly-Sourced palm oil in its purchases in these segments. In line with the Common Grounds commitments for coffee and tea, the Group's is working towards 100% Responsibly-Sourced palm oil by 2025 in these segments.

***Minimised Footprint***

*Packaging of Products*

The Group is focused on minimising the environmental impact of its operations and it has targets in place to ensure the recyclability, compostability or reusability of its products. The Group is targeting 100% recyclable or compostable packaging by 2025 in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments. In these segments, 87% of the packaging was either recyclable or compostable and 28% of the packaging came from recycled materials in FY 2019.[44] For further information on proposed EU Green Deal initiatives, see "—*Legislation and Regulation*". The Group is also integrating sustainability into new product development, such as for TiOra packaging. In North America, the Group is transitioning K-cup pods to recyclable material. In addition to consumer preferences towards single-serve coffee, the primary challenges associated with these targets include the commercial availability of flexible, recyclable packaging which maintains the freshness and quality of coffee and tea; and regulations prohibiting direct food contact with specific forms of recycled packaging.

The Group has partnered with TerraCycle US Inc. and its affiliates to create a free recycling programme for those who purchase the Group's aluminium capsules directly from the Group through its direct online channel. The Group offers this recycling programme in various countries. In addition, at the end of 2019, the Group announced the creation of the Alliance for the Recycling of Aluminium Capsules with Nespresso and Nestlé. The Alliance for the Recycling of Aluminium Capsules offers a recycling programme for aluminium coffee capsules and aims to ensure that all aluminium coffee capsules in France will be recycled.

See "*Risk Factors—Legal, Regulatory and Environmental Risks—The Group is subject to risks related to corporate responsibility, including failure to meet certain Group targets.*" for further information on the risks related to corporate responsibility.

*Waste*

[44] By total material weight. These figures exclude Super Group, Ofçay, Maison Lyovel, Espresso House products.

The Group is focused on reducing waste in its manufacturing processes and eliminating it wherever possible. That is why many of its manufacturing facilities, particularly in Europe, strive to achieve Zero Waste to Landfill status. In 2019, 19 of the Group's manufacturing facilities were landfill free, up from 16 in 2018. In addition, the Group was able to reduce total waste produced by its manufacturing facilities in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments by 15% per tonne of production since 2013.[45] In these segments, waste to landfill per tonne was reduced by 73% since 2013. This progress has been achieved through a wide array of efforts to raise awareness and invest in new technologies. For example, five manufacturing facilities have been equipped with spent ground burners to convert spent coffee grounds to energy for use in production. In 2019, the Group incinerated approximately 123,000 tonnes of coffee grounds, up from 102,000 tonnes in 2013, and 113,000 tonnes in 2015, in these segments.

*Energy and Greenhouse Gas Emissions*

The Group is focused on reducing its energy use and greenhouse gas emissions across its operations to lessen its environmental impact. The Group's main focus is on operating its manufacturing facilities efficiently and reducing fossil fuel use in its operations and fleet. The Group aims to achieve reductions of the specific energy intensity of its manufacturing processes by 10% per category by 2025, against a 2013 baseline, in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments. The Group is making good progress and is already meeting or exceeding the benchmark it has set for many of its main categories, like single-serve or instant coffee production. In 2019, the Group reduced its manufacturing energy consumption in these segments across a number of categories by 10% and more. Based on 2013 volume mix, the Group was able to reduce manufacturing energy consumption by 10.5% per tonne of production in 2019 in these segments through a focus on instant coffee in particular, which makes up a large share of the manufacturing energy consumption. Increasing consumption and consumer demand for more energy-intensive products like instant coffee have, however, led to changes in the relative weight of categories in overall production since 2013. In combination with adding manufacturing facilities from the Group's recent acquisitions, this has resulted in an increase of 5% of its energy consumption per tonne of overall production between 2013 and 2019 in these segments. At the same time, the Group was able to reduce its $CO_2$ emissions per tonne of production by 0.4% over the same period in these segments.[46]

In the Peet's segment, the Group roasts its coffee in the first Leadership in Energy and Environmental Design (**LEED**) Gold Certified Roastery. LEED is a benchmark for the design, construction, and operation of high-performance green buildings. The Peet's coffee roasting facility in Alameda, California was the first LEED certified coffee roasting facility in the United States. LEED recognises performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. Heat exchange technology in this roasting facility recovers roasting heat, resulting in approximately 40% less natural gas used (through heating and lighting technologies), which has been complemented by an approximately 30% increase in natural gas efficiency (through the use of energy regenerative thermal oxidiser technology). Furthermore, this roasting facility uses environmentally sensitive systems that reduce greenhouse emissions and conserve water (100% of storm water runoff goes through bio-swales or water treatment units and, through, among other things, water-efficient landscaping high-efficiency irrigation and low-flow fixtures, water use has been reduced by approximately 87%). In addition, more than 90% of the waste materials generated from roasting and packaging are recycled or upcycled and diverted from landfills. Such recycled materials are primarily used in mulch, including coffee chaff, a by-product of roasting. During construction, approximately 75% of the construction waste was diverted from landfills for recycling.

The Group intends to continue and strengthen its efforts to operate efficiently, while meeting the demands of customers and consumers.

*Managing Water Use*

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45 The dataset covers 29 of the Group's manufacturing facilities in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments in 2019.

46 Between 2013 and 2019, for 29 of its manufacturing facilities in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments, the Group's energy (gigajoule per tonne) and greenhouse gas emissions (tonne $CO_2$ per tonne) for its main categories changed as follows: -3% and -13% for roast and ground coffee and whole-beans; -36% and -40% in single-serve coffee; -11% and -14% in freeze-dry instant coffee; and -24% and -10% in spray-dry instant coffee.

Using water efficiently and ensuring wastewater is treated adequately to avoid any negative environmental impact are important to the Group. Projects on water reduction are planned across many of the Group's manufacturing facilities or are already underway. Nevertheless, across its manufacturing facilities, reducing water use remains a challenge. Tea and the roast and ground, whole-beans, and single-serve coffee categories use relatively little water in the production process. The production of instant coffee, on the other hand, is more water intensive. Similar for the Group's energy use, consumption growth of instant categories and its growing manufacturing footprint due to recent acquisitions has led to an increase of water withdrawal per tonne of production by 23% since 2013 in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments.[47] The Group intends to continue to invest in awareness building and technical innovations to reverse this trend.

***Connected People***

The Group is focused on supporting diversity and inclusion. The Group has codes of conduct in place to ensure that it operates in a compliant and ethical manner. The Group's commitment to diversity and inclusion is reflected in the diversity of its employees, in terms of gender and nationality. As at 31 December 2019, 35% of its management and 43% of its employees were women, with more than 75 different nationalities represented across the Group. JDE launched a Diversity and Inclusion Programme in the fourth quarter of 2019, targeting gender-balanced management positions by 2025.

The Group is also focused on providing a safe and healthy work environment for its employees, contractors and visitors. In its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments, the Group had a total recordable incidents rate of 0.26 in FY 2019 (0.54 in FY 2018 and 0.88 in FY 2015).[48]

The Group engages with various charitable initiatives. In India, for example, the Group participates in a project by the United Nations Children's Fund and the Ethical Tea Partnership to improve the lives women and children in Assam's tea communities between 2018 and 2020. The Group also sponsors the students of KIMSSA, a community organisation providing tutoring, training and cultural programming to underprivileged youth in Ethiopia.

**Legislation and Regulation**

Due to the global nature of the Group's operations, the Group is impacted by the laws and regulations of various jurisdictions, including relating to food safety, health control, extraction solvents, contamination, the health, safety and working conditions of employees; product composition, manufacturing, storage, handling, packaging, labelling, advertising and the safety of its products; data protection; labour relations; pensions; and competitive and market conduct. With respect to environmental laws and regulations, the Group's operations and properties, past and present, are subject to various laws and regulations in the jurisdictions in which the Group operates. The legislative framework in these jurisdictions in relation to the environment, safety and health, covers topics such as air emissions, waste water discharge, noise levels, energy efficiency; the presence, use, storage, handling, generation, treatment, emission, release, discharge and disposal of hazardous materials, substances and wastes; and the remediation of contamination to the environment. Costs may be incurred, including fines, damages and criminal or civil sanctions, or interruptions may be experienced in the Group's operations as a result of actual or alleged violations arising under any environmental regimes.

In particular:

- the recent COVID-19 pandemic continues to evolve and, to date, has resulted in the implementation of significant measures by governments globally, including lockdowns, closures, quarantines and travel bans intended to control the spread of the virus. For further information on the impact of the COVID-19 pandemic on the Group, see "*Risk Factors—Risks Relating to the Group's Business and Industry—Disruptions related to widespread public health concerns, including the novel coronavirus ("COVID-19") pandemic, could materially adversely impact the Group's business, financial condition or results of*

[47] In 2013 and 2019, for 29 of its manufacturing facilities in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments, the water ($m^3$ per tonne) withdrawn by the Group per tonne of production was 8.2 and 10.1 respectively.

[48] Rates are calculated as frequency of injuries per 200,000 working hours. The dataset covers 29 of the Group's manufacturing facilities in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments in 2019.

*operations*" and "*Operating and Financial Review—Recent Developments*". Going forward, the Group will continue to comply with local government restrictions in response to the COVID-19 pandemic;

- in the EU, the Group is subject to various EU as well as national and local laws and regulations, including: (i) the EU General Food Law Regulation 178/2002/EC provides the basis for the assurance of a high level of protection of human health and consumers' interest in relation to food. It lays down procedures for matters with a direct or indirect impact on food and feed safety; (ii) EU Regulation 2019/1793, which imposes health certificate and analytical test report requirements for the import of coffee products originating from particular countries; (iii) EU Directive 2009/32/EC, which harmonises the laws of the Member States on extraction solvents used in the production of foodstuffs and food ingredients; (iv) the EU Food Information Regulation (1169/2011), which requires food and nutrition information to be provided to consumers on product labelling; (v) the GDPR, which regulates data protection and privacy. A violation of the requirements of the GDPR could result in penalties up to 4% of annual worldwide revenue; (vi) the EU Industrial Emissions (Integrated Pollution Prevention and Control) Directive (2010/75/EU), which regulates pollutant emissions from industrial installations; (vii) the EU Packaging and Packaging Waste Directive (94/62/EC), which sets a framework of packaging and packaging waste law; (viii) the EU Waste Framework Directive (2008/98/EC), which sets a framework of waste management requirements and sets the basic waste management definitions for the EU; (ix) the EU Waste Electrical and Electronic Equipment Directive (2012/19/EU), which sets a framework for the re-use, recycling and other forms of recovery of waste electrical and electronic equipment; (x) the EU regulations on the use of certain hazardous substances; and (xi) the EU greenhouse gas emission allowance trading scheme. EU regulations have binding legal force throughout the EU and are directly applicable whereas EU-level directives are implemented in national legislation in Member States; and

- in the United States, as a manufacturer and marketer of food items, the Group is subject to regulation by various governmental agencies, including: the U.S. Food and Drug Administration; the U.S. Department of Agriculture; the U.S. Federal Trade Commission; the U.S. Environmental Protection Agency; the U.S. Department of Labor and the U.S. Department of Commerce; as well as various state agencies. Under various laws and regulations, these agencies prescribe requirements and establish standards for, among other things, quality, purity and labelling of the Group's products.

There are also several legislative and regulatory proposals and other initiatives underway, and recently implemented, in jurisdictions in which the Group operates that could materially impact how it conducts its business, in particular:

- on 28 June 2018, the State of California enacted the CCPA, which took effect on 1 January 2020. The CCPA: broadly defines personal information; gives California residents expanded privacy rights and protections (including requiring companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, and allow consumers to opt out of data sharing with third parties); and provides for civil penalties for violations and a private right of action for data breaches. Failure to meet the requirements of applicable data protection regulations could result in significant penalties for the Group. See "*Risk Factors—Risks Relating to the Group's Business and Industry—Security breaches and attacks against the Group's technology systems, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage its reputation and negatively impact its business, as well as materially and adversely affect its financial condition or results of operations.*" for further information on the risks associated with breaches and attacks against the Group's IT systems.

- on 18 September 2019, the State of California enacted California Assembly Bill 5 (**AB-5**), which took effect on 1 January 2020. AB-5 amended the California Labor Code, California Unemployment Insurance Code and wage orders of the California Industrial Welfare Commission to provide that a person providing labour or services for remuneration shall be considered an employee, rather than an independent contractor, unless the hiring entity can demonstrate that the worker is free from the control and direction of the hiring entity in connection with the performance of the work, the person performs work that is outside the usual course of the hiring entity's business, and the person is customarily engaged in an independently established trade, occupation, or business. The designation of independent contractors as employees will increase the cost of engaging such persons.

- in December 2019, the European Commission proposed to set into legislation the EU Green Deal, a package of measures intended to enable European business and citizens to benefit from a sustainable green transition. These measures were accompanied with an initial roadmap of key policies, which include developing requirements to ensure that all packaging in the EU market is reusable or recyclable in an economically viable manner by 2030 and to implement measures on single use plastics. In January 2020, the European Parliament voted to support the EU Green Deal. It is, however, unclear when such legislation will be introduced and become effective. See "*—Corporate Responsibility—Packaging of Products*" for further information on the Group's target for 100% recyclable or compostable packaging by 2025 in its CPG—Europe, CPG—LARMEA, CPG—APAC and Out-of-Home segments.

The Group's operations are also subject to various international trade agreements and regulations. Changes to international trade policies, treaties and tariffs, or the emergence of a trade war could lead to tension and raised prices as well as a deterioration of the Group's access to markets. In addition, in accordance with the relevant laws and regulations in jurisdictions in which the Group operates, it is required to maintain various approvals, licences and permits to operate the Group business, including but not limited to business licences, food operation licences, environmental impact assessment filings and fire safety inspections. These approvals, licences and permits are obtained upon satisfactory compliance with, among other things, the applicable laws and regulations.

The Group relies on its values, its compliance programmes (including trainings), its business code of conduct and supplier code of conduct, its policies, as well as local in-house and external counsel, to guide its businesses in complying with the applicable laws and regulations of the jurisdictions in which it operates.

Existing legislation and modification to existing legislation or regulation and the introduction of new legislative and regulatory initiatives may affect the Group's operations and the conduct of its businesses. Compliance with legislation or regulation can be costly and time consuming. Significant capital investments and other expenditures could also be required to remedy breaches of legislation or regulation problems and prevent future breaches. A finding that the Group, or the suppliers that it is dependent on, is in violation of, or out of compliance with, applicable laws or regulations could subject the Group or its directors to civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions. See "*Risk Factors—Legal, Regulatory and Environmental Risks—The Group is required to comply with numerous, complex, constantly evolving legal and regulatory requirements in multiple jurisdictions, and could suffer financial, operational or reputational loss due to non-compliance.*" for further information on the risks associated with non-compliance with legal and regulatory requirements.

**Employees, Works Councils and Collective Bargaining**

***Employees***

The table below provides an overview of the average number of permanent employees of the Group during FY 2019, FY 2018 and FY 2017 by segment and region (including joint ventures).

| **Segment** | **Financial Year** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| CPG—Europe | 1,838 | 1,878 | 1,982 |
| CPG—LARMEA | 2,593 | 1,866 | 1,737 |
| CPG—APAC | 4,288 | 4,447 | 2,323 |
| Peet's | 4,282 | 4,124 | 4,064 |
| Out-of-Home | 3,148 | 2,666 | 2,195 |
| Corporate/headquarters | 5,106 | 5,054 | 4,882 |
| **Total** | **21,255** | **20,035** | **17,183** |

| Region | Financial Year | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Europe[(1)] | 8,303 | 7,854 | 7,542 |
| LARMEA[(1)] | 4,001 | 3,204 | 2,995 |
| APAC[(1)(2)] | 4,627 | 4,813 | 2,555 |
| United States | 4,324 | 4,164 | 4,091 |
| **Total** | **21,255** | **20,035** | **17,183** |

Notes:
(1) Including employees in the Out-of-Home segment.
(2) Including employees in the Peet's segment.

For further information on the Group's ongoing monitoring of its retail coffee store footprint and, when appropriate, closure of underperforming stores, see "*—Operations and Supply Chain—Warehousing and Distribution*".

Pursuant to the impact of the COVID-19 pandemic, within the Out-of-Home segment and the retail coffee stores sales channel a large number of employees have been furloughed. For such employees, a majority of their wages and/or fringe benefits have been preserved and the Group benefited from various available government schemes, including grants. For further information on the impact of the COVID-19 pandemic on the Group, see "*Risk Factors—Risks Relating to the Group's Business and Industry—Disruptions related to widespread public health concerns, including the novel coronavirus ("COVID-19") pandemic, could materially adversely impact the Group's business, financial condition or results of operations*" and "*Operating and Financial Review—Recent Developments*".

There has been no significant change in the number of employees of the Group since 31 December 2019.

***Works Councils***

A works council is a body regulated by applicable laws and regulations comprising employee representatives whose members have been elected by the employees. The Group has established works councils at two levels: (i) national works councils at the level of the Group's subsidiaries in the countries where it is mandatory to do so; and (ii) a European works council at the level of JDE. As at the date of this Prospectus, no works council has been established at the level of the Company.

In relation to these works councils, European law, national law (in the case of a works council at the national level) and agreements between each works council and the relevant subsidiary of the Group (in the case of a works council at the national or European level) arranges the scope, functions and term of office of such works council. A works council typically has the right to advise on, among other things: (i) a transfer of control of the undertaking or any division thereof; (ii) the taking up of significant credit on behalf of the undertaking; (iii) the granting of significant credit and provision of security for major liabilities of another company, unless this is done within the normal conduct of activities of the undertaking; and (iv) the restructuring of the company through such actions as termination of one of its activities, a substantial reduction of the work force, or expansion or other change in its activities. The advice must be requested at such time that it can still substantially influence the decision to be made. The company should provide reasons for the contemplated decision, set out anticipated consequences of the contemplated decision for the employees and explain the measures which the company intends to take to mitigate such consequences. The contemplated decision should be the subject of discussion in at least one consultation meeting. The works council must be given a reasonable period to render its advice. In addition, a works council generally has the right to consent on any contemplated decision in relation to the adoption, amendment or withdrawal of schemes and policies relating to collective employee terms and conditions, such as a bonus scheme or a sickness absence scheme.

***Collective Bargaining***

Approximately 33% of the Group's employees are covered by collective bargaining agreements. The Group has concluded collective bargaining agreements in, among others, the Netherlands, Belgium, Brazil, China, the Czech Republic, France, Germany, New Zealand, Norway, Poland, Spain, Sweden, the United Kingdom and Vietnam.

***Medium- to Long-term Incentives and Investment Plans***

See "*Management and Corporate Governance—Remuneration Information for the Board—Executive Director—Medium- to Long-term Incentives and Investment Plans*" for further information on the Long-term Incentive Plan and the Executive Ownership Plan.

***Pensions***

The Group's employees primarily participate in defined contribution pension schemes. The largest defined contribution scheme is the collective defined contribution scheme in the Netherlands with an annual premium of approximately €25 million. In the United Kingdom, Germany and Belgium some specific groups of the Group's employees still accumulate defined benefit pensions. The pension plans in the United Kingdom have been restructured over the last three years resulting in a surplus and a de-risking policy has been established. JDE has six (largely) unfunded defined benefit plans in Germany. These are five pension plans and one jubilee benefits plan. About 1,300 employees are still accruing pension benefits. The total IFRS defined benefit obligation per 31 December 2019 for Germany is €297 million, of which €80 million is funded by means of a contractual trust agreement. The Belgian pension plan is funded through an insurance contract, meaning that funds are set aside systematically and in advance to cover payments under such plan. In the United States, employees have the option to participate in a 401k pension plan.

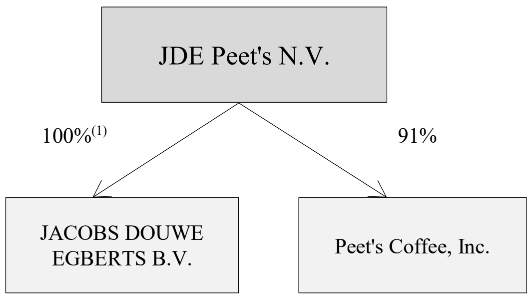
**Material Agreements**

Other than the agreements referred to in "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Investor Rights Agreement*", there are no agreements (other than the Underwriting Agreement described under "*Plan of Distribution*" and agreements entered into in the ordinary course of business) that have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus, which are material or which have been entered into by the Company or any of its subsidiaries at any other time and which contain provisions under which the Company or any of its subsidiaries has an obligation or entitlement that is material to the Group as at the date of this Prospectus.

**Group Structure**

The Group is organised under the Company, a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly holds in its subsidiaries. On the Settlement Date, the Company will remain part of the JAB-Group. See "*Shareholder Structure and Related Party Transactions—Shareholder Structure*" for further information on the expected major and controlling Shareholders on the Settlement Date.

The diagram below depicts, in simplified form, the legal structure of the Company and the position of JDE and Peet's in the Group as at the Settlement Date, assuming that the MDLZ Reorganisation had been implemented. Various intermediate holding companies have been omitted for presentation purposes.



Note:

(1) On the Settlement Date: (i) the Company will control all of the voting rights in JDE's issued and outstanding share capital; and (ii) management participation vehicles will hold approximately 0.5%, and will be entitled to approximately 1% of the dividend rights, of JDE's issued and outstanding share capital.

## Significant Subsidiaries

The following table provides an overview of the Group's significant subsidiaries as at the Settlement Date. These significant subsidiaries are directly and indirectly held through intermediate holding companies.

| Significant Subsidiary | Interest[(1)] | Jurisdiction of Incorporation |
|---|---|---|
| **Holding/Finance Companies** | | |
| D.E Holding Italy S.r.l. | 100%[(2)(3)] | Italy |
| D.E Holding Luxembourg SARL | 100%[(2)(3)] | Luxembourg |
| D.E Investments Australia Pty. Ltd | 100%[(2)(3)] | Australia |
| DEF Finance S.N.C. | 100%[(2)(3)] | France |
| JACOBS Deutschland Holding GmbH | 100%[(2)(3)] | Germany |
| JACOBS DOUWE EGBERTS Holdings B.V. | 100%[(2)(3)] | The Netherlands |
| JACOBS DOUWE EGBERTS International B.V. | 100%[(2)(3)] | The Netherlands |
| JACOBS DOUWE EGBERTS Minority B.V. | 100% | The Netherlands |
| JACOBS DOUWE EGBERTS Treasury B.V. | 100%[(2)(3)] | The Netherlands |
| **Operating Entities** | | |
| Koninklijke Douwe Egberts B.V. | 100%[(2)(3)] | The Netherlands |
| JACOBS DOUWE EGBERTS AU Pty. Ltd. | 100%[(2)(3)] | Australia |
| JACOBS DOUWE EGBERTS BE BVBA | 100%[(2)(3)] | Belgium |
| JACOBS DOUWE EGBERTS BR Comercialização de Cafés Ltda. | 100%[(2)(3)] | Brazil |
| JACOBS DOUWE EGBERTS DE GmbH | 100%[(2)(3)] | Germany |
| JACOBS DOUWE EGBERTS ES S.L.U. | 100%[(2)(3)] | Spain |
| JACOBS DOUWE EGBERTS FR SAS | 100%[(2)(3)] | France |
| JACOBS DOUWE EGBERTS FR S.N.C. | 100%[(2)(3)] | France |
| JACOBS DOUWE EGBERTS GB Ltd | 100%[(2)(3)] | United Kingdom |
| JACOBS DOUWE EGBERTS HLD SGP SG Pte. Ltd. | 100%[(2)(3)] | Singapore |
| JACOBS DOUWE EGBERTS NL B.V. | 100%[(2)(3)] | The Netherlands |
| JACOBS DOUWE EGBERTS PRO FR S.N.C | 100%[(2)(3)] | France |
| JACOBS DOUWE EGBERTS PRO GB Ltd. | 100%[(2)(3)] | Great Britain |
| JACOBS DOUWE EGBERTS PRO NL B.V. | 100%[(2)(3)] | The Netherlands |
| JACOBS RUS LLC | 100%[(2)(3)] | Russia |
| Oldtown Sdn Bhd | 100%[(2)(3)] | Malaysia |
| Peet's Coffee, Inc. | 91% | United States |
| Tea Forté, Inc. | 100%[(2)(3)] | United States |

Notes:

(1) The Group's interest is, in some instances, impacted by its shareholding in intermediate holding companies.

(2) For purposes of the Group's interests in entities in this table, the interests of the Group held through JDE include the interests attributable to Mondelēz International, as if the MDLZ Reorganisation had been implemented. The interests of the Group JDE as at the date of this Prospectus, prior to the implementation of the MDLZ Reorganisation, are set out in Note 30 to the Combined and Consolidated Special Purpose Financial Statements. See "*Shareholder Structure and Related Party Transactions—Corporate Restructuring—MDLZ Reorganisation*" for further information on the MDLZ Reorganisation.

(3) On the Settlement Date: (i) the Company will control all of the voting rights in JDE's issued and outstanding share capital; and (ii) management participation vehicles will hold approximately 0.5%, and will be entitled to approximately 1% of the dividend rights, of JDE's issued and outstanding share capital.

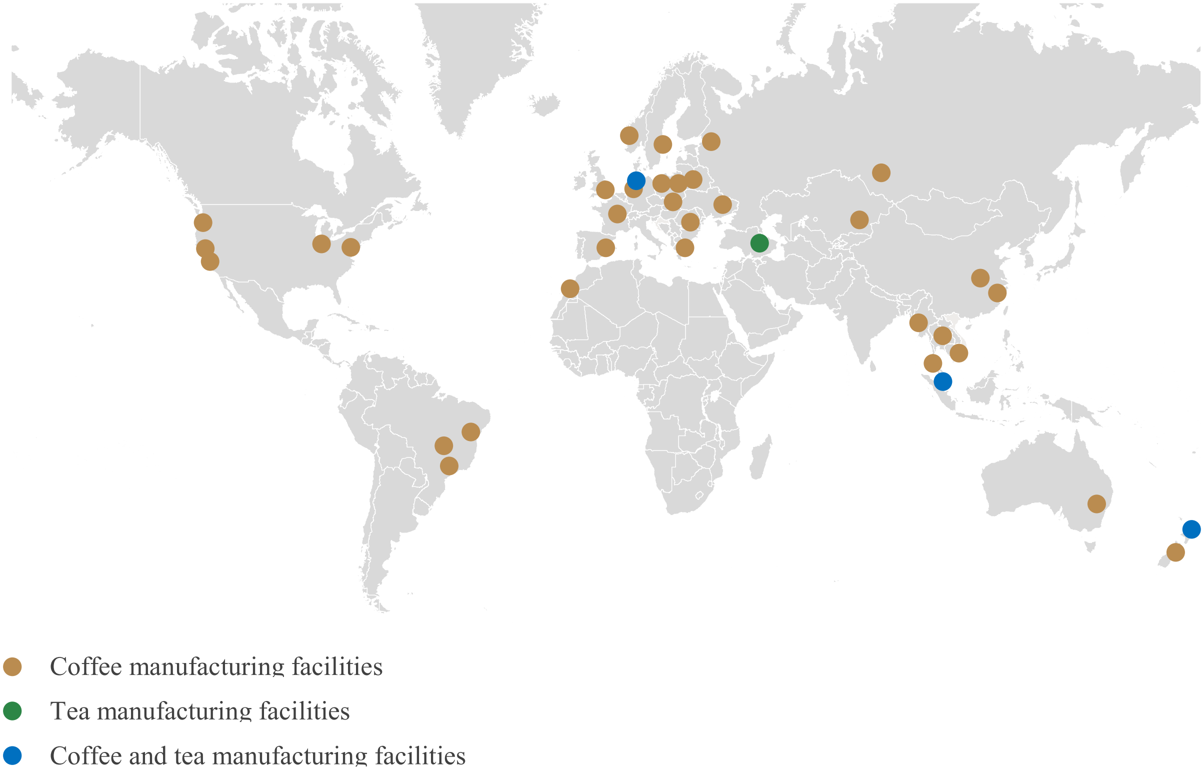
## Principal Investments, and Capital Expenditure

The Group's principal investments in FY 2019, FY 2018 and FY 2017 are set out in "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Acquisitions*", read with "*—Significant Subsidiaries*". As at the date of this Prospectus, the Group does not have any principal investments that are in progress and its Board has not made firm commitments for any principal future investments.

The Group's capital expenditure in FY 2019, FY 2018 and FY 2017 is set out in "*Operating and Financial Review—Comparison Cash Flows for FY 2019 and FY 2018—Capital expenditure*". The Group expects capital expenditure in FY 2020 to be approximately €280 million, primarily in connection with investments in production capacity relating to the aluminium coffee capsule, expansion of and instant product lines, and supporting growth in operations and machine placements in the Out-of-Home segment.

## Properties

The Group's coffee products are primarily manufactured at its 45 manufacturing facilities in 25 countries, comprising: 13 facilities used for high-volume production (focusing on up to two coffee or tea technologies); four facilities used for flexible production and new product launches (focusing on multiple coffee or tea technologies and products); and 28 facilities used for local manufacturing (focusing on rapidly responding to local consumer preferences and tastes). The Group owns 35 coffee manufacturing facilities, seven tea manufacturing facilities, and three coffee and tea manufacturing facilities. The majority of these manufacturing facilities are located in the United States, France, Russia, the Netherlands, Germany, the United Kingdom, Brazil, China and Malaysia:




Note: A location on the map may represent more than one manufacturing facility.

In addition, the Group owns or rents warehousing and office space (including renting its headquarters located in Amsterdam, the Netherlands). The Group's rented warehouse facilities are generally subject to lease terms of three years. The Group rents premises for Peet's, OldTown, Coffee Company, 12Oz, Intelligentsia and Stumptown coffee stores, as well as car parks. Additionally, the Group has service contracts with its hub managers at its central hubs in, among, others, Antwerp, Belgium and Bremen and Hamburg, Germany. See "*—Operations and Supply Chain—Warehousing and Distribution*" for further information on the Group's warehousing and distribution operations and Note 12 to the Combined and Consolidated Special Purpose Financial Statements for historical financial information on its property, plant and equipment provisions.

The Group believes that its facilities are maintained in good condition and are generally suitable and of sufficient capacity to support its current business operations.

There are no major encumbrances on any of the Group's material properties.

**Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) that may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

For information regarding the legal and other provisions see Note 23 to the Combined and Consolidated Special Purpose Financial Statements.

## INDUSTRY OVERVIEW

*This section includes information sourced from various third parties. In particular, this section makes reference to and relies on information provided by Euromonitor and Nielsen. In addition, certain statements in this section are based on the Group's own estimates, insights, opinions or proprietary information. Such statements contain the words "the Group believes" or "the Group expects" and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read. For further information on the treatment of third-party information and statements based on the Group's own estimates, insights, opinions or proprietary information, see "Important Information—Market and Industry Data".*

*This section describes the characteristics (including, with respect to coffee, the consolidating global coffee category), market developments, key trends and competitive landscape in the global coffee and tea categories. The growth rates in this section have been calculated at constant exchange rates unless otherwise specified. Retail selling price (RSP) refers to the price to a consumer including retailer and wholesaler mark-ups and sales tax (except in the United States and Canada) and excise taxes. The figures presented throughout this section reflect business-to-consumer CPG sales at RSP and exclude ready-to-drink coffee and coffee and tea sold through the Out-of-Home sales channel unless indicated otherwise.*

### The Hot Drinks Coffee and Hot Drinks Tea Categories (CPG)

The Hot Drinks Coffee category is defined by Euromonitor as the aggregation of fresh coffee and instant coffee, and has demonstrated strong and resilient historical growth. From 2007 to 2019, the Hot Drinks Coffee category grew at a CAGR of 3.1%. According to Euromonitor, as at December 2019, the total Hot Drinks Coffee category was valued at €78 billion based on RSP.

According to Euromonitor, all coffee products in the CPG market have demonstrated historical sales growth in terms of RSP with a breakdown over 2019 of: (i) 7% for beans, which grew from 2014 to 2019 at a CAGR of 3.9%; (ii) 36% for roast and ground coffee, which grew from 2014 to 2019 at a CAGR of 1.2%; (iii) 21% for single-serve, which grew from 2014 to 2019 at a CAGR of 7.2%; and (iv) 35% for instant, which grew from 2014 to 2019 at a CAGR of 2.4%. According to Euromonitor, the Hot Drinks Coffee category is forecast to grow at a CAGR of 2.4% from 2019 to 2024 to reach a total value of €88 billion RSP, mainly driven by favourable consumer trends toward volume growth and premiumisation (i.e. consumers trading up to higher quality and higher value products).

The table below shows the 20 largest coffee consuming countries by RSP sales, globally.[49]

| Country | RSP (€ billion) | Per capita Coffee Consumption (RSP, €) | Group Market Share (CPG sales channel) | RSP Sales CAGR 2014 to 2019 | Expected RSP Sales CAGR 2019 to 2024 |
|---|---|---|---|---|---|
| United States | 12.7 | 38.4 | 6.2%[50] | 2.7% | 3.0% |
| Brazil | 6.1 | 28.8 | 18.0% | 12.4% | 9.5% |
| Germany | 4.6 | 55.2 | 21.7% | (0.1%) | 2.4% |
| France | 3.8 | 58.4 | 35.6% | 3.6% | 2.8% |
| Japan | 3.7 | 29.5 | — | — | 1.2% |
| Russia | 2.9 | 20.0 | 24.0% | 8.8% | 6.0% |
| Indonesia | 2.7 | 10.0 | — | 6.7% | 6.1% |
| Italy | 2.2 | 35.5 | 5.5% | 2.8% | 3.1% |
| United Kingdom | 2.0 | 29.1 | 29.7% | 3.6% | 4.8% |
| South Korea | 1.7 | 32.8 | — | (0.8%) | 2.0% |
| Spain | 1.6 | 33.3 | 24.6% | 5.4% | 7.2% |
| Mexico | 1.5 | 11.8 | 1.0% | 6.2% | 6.2% |

49 Source: Company information (countries of presence, and value shares in coffee for Italy, Mexico and Switzerland), Euromonitor (market sizes, CAGR) and Nielsen (value shares in coffee, save for Italy, Mexico and Switzerland).

50 Including premium bagged coffee, K-cups, capsules compatible with the Nespresso single-serve system. Excluding liquid, instant and economy coffee.

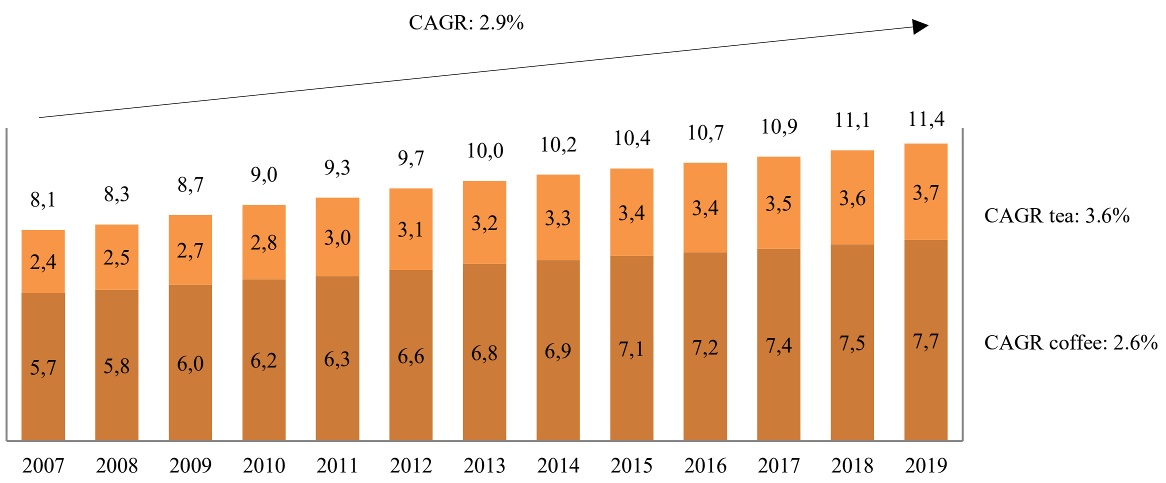
| | | | | | |
|---|---|---|---|---|---|
| Canada | 1.3 | 34.3 | — | 3.5% | 2.7% |
| Thailand | 1.2 | 16.9 | 20.4% | 4.2% | 5.1% |
| Philippines | 1.1 | 10.1 | — | 5.9% | 4.1% |
| Algeria | 1.0 | 23.9 | — | 6.5% | 9.2% |
| Poland | 1.0 | 27.1 | 29.3% | 2.3% | 2.7% |
| Netherlands | 1.0 | 55.8 | 43.9% | (0.3%) | 1.7% |
| China | 1.0 | 0.7 | 11.8% | 2.4% | 3.0% |
| Switzerland | 0.9 | 104.7 | 6.1% | 4.7% | 6.2% |

The Group's market share in terms of RSP sales in the CPG sales channels of the coffee category in additional selected developed and emerging markets is as shown in the table below.[51]

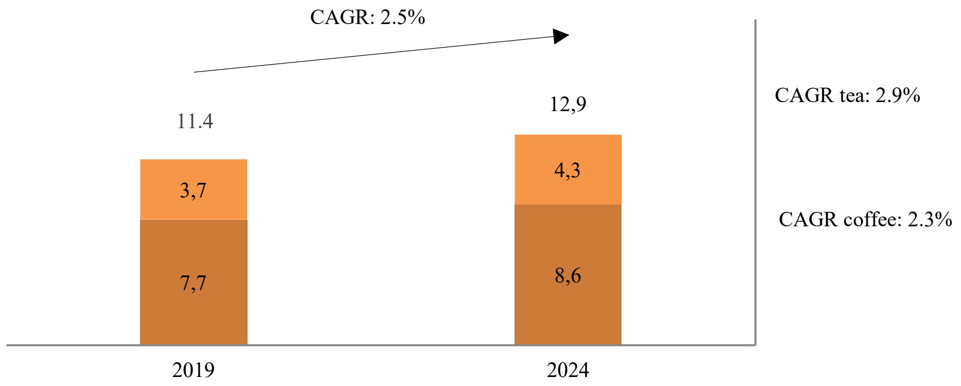
| Country(ies) | Market Share | Country(ies) | Market Share |
|---|---|---|---|
| **Developed Markets** | | | |
| Belgium | 37.6% | Czech Republic | 24.3% |
| New Zealand | 35.1% | Hungary | 21.3% |
| Romania | 33.3% | Denmark | 20.4% |
| Australia | 32.5% | Slovakia | 20.3% |
| Norway | 30.3% | Baltics (Estonia, Latvia, and Lithuania) | 20.0% |
| Sweden | 29.9% | Greece | 19.9% |
| Bulgaria | 29.3% | Austria | 18.4% |
| **Emerging Markets** | | | |
| Kazakhstan | 42.3% | Belarus | 24.2% |
| Hong Kong | 36.3% | Malaysia | 27.4% |
| Singapore | 33.8% | Morocco | 19.9% |
| Ukraine | 33.3% | South Africa | 17.6% |

The Hot Drinks Tea category is defined by Euromonitor as the aggregation of Black Tea, Fruit and Herbal Tea, Green Tea, Instant Tea, and Other Tea, and has demonstrated a similar pattern of resilient historical growth. From 2007 to 2019, the Hot Drinks Tea category grew at a CAGR of 2.6%. According to Euromonitor, as at December 2019, the total Hot Drinks Tea category was valued at €40 billion based on RSP. According to Euromonitor, the Hot Drinks Tea category is forecast to grow at a CAGR of 3.0% from 2019 to 2024 to reach a total value of €46 billion RSP.

The charts below show the total volume (million metric tonnes) of coffee and tea products sold between 2007 and2019 and forecast to be sold between 2019 and 2024, respectively.




[51] Source: Nielsen.




Source: Euromonitor (Passport) December 2019.

***Key Trends in the Global Coffee and Tea Categories***

Within the global coffee and tea categories, there are several key trends that are expected to drive growth in the coffee and tea categories:

- **the use of retail coffee stores to broaden the awareness of brand and relationship with consumers, who are then able to purchase additional products through other distribution channels in the at-home market** — coffee and tea are expected to continue to benefit from the global expansion of café culture, with the increasing popularity of coffee stores. Increasingly, new products are being launched through such channels, with foodservice experience driving future retail brands. Additionally, coffee stores continue to drive innovation, serving as key points of discovery for consumers.[52]

- **the premiumisation trend within the global coffee and categories, for example the trends for single-serve and double-shot espresso capsules and whole-beans** — social, personal and crafted experiences in respect of coffee and tea are becoming a focal point for consumers who are increasingly circumspect about indulging. As consumers seek tailored experiences and products, more coffee and tea options are becoming available (such as single-serve and double-shot espresso capsules and whole-beans), increasing optionality and individualisation.[53] A growing number of consumers are choosing premium and high-quality coffee and tea products. This is generally true across regions and income levels, with low-income consumers trading up from unpackaged and bulk products to global branded products and higher income consumers seeking out limited-edition and single-origin products with distinctive characteristics such as fair trade, organic, or specialty ingredients and production methods.[54]

- **the increasing convenience of consuming coffee and tea products, for example the on-the-go consumption of ready-to-drink coffee beverages** — shopping for coffee and tea products has changed with online exerting a growing influence on the category as more brands consider new retail models such as subscription services and gifting. Small, artisanal coffee and tea shops have been particularly influential in this respect as such players have pioneered new approaches in direct-to-consumer and omni-channel strategies.[55] People increasingly consume coffee and tea products while in transit, benefiting in particular the Out-of-Home sales channel, which offers proximity.[56]

- **the demand for sustainable choices** — increasingly, the Group's customers and consumers are demanding sustainable choices, including responsibly-sourced coffees and teas, environmentally friendly packaging and carbon-neutral footprints.

- **consumer awareness of the potential health benefits associated with the consumption of coffee and tea** — as consumers are growing increasingly aware of the relationship between consumption and health,

52 Euromonitor, The Consolidating Global Coffee Industry, March 2019.
53 Euromonitor, The Consolidating Global Coffee Industry, March 2019.
54 Euromonitor, The Consolidating Global Coffee Industry, March 2019.
55 Euromonitor, The Consolidating Global Coffee Industry, March 2019.
56 Euromonitor, The Consolidating Global Coffee Industry, March 2019.

they more actively consider the health attributes of the products they consume. Public awareness of the potential health benefits of coffee and tea, supported by growing scientific evidence, appears to be on the rise, supporting a shift in consumer preferences away from alcoholic beverages and soft drinks towards other drinks including coffee and tea.

According to Euromonitor, the coffee category grew at a 4.7% CAGR in sales between 2014 and 2019, and key trends in the global coffee and tea categories are expected to drive incremental RSP value growth from 2019 to 2024 in the coffee category of €25 billion and tea category of €17 billion.

***Key Regions for the Group***

The key regions for the Group in terms of coffee and tea sales are the U.S., Germany, France and the Netherlands.

The graphic below sets out the global Hot Drinks Coffee and Hot Drinks Tea categories as at December 2019.


Source: Euromonitor (Passport) December 2019.
Note:
(1) "*Europe*" excludes Russia, which is included in the "*Rest of the World*".

The following growth rates by country have been calculated on an actual foreign exchange basis.

- **United States** — according to Euromonitor, the U.S. Hot Drinks Coffee category is the largest market worldwide by RSP sales. According to Euromonitor, as at 2019, it was valued at €12.7 billion RSP, grew at a CAGR of 5.5% from 2007 to 2019, and it is forecast to grow at a CAGR of 3.0% from 2019 to 2024, with premiumisation expected to be the key driver of growth. According to Euromonitor, as at 2019, the U.S. Hot Drinks Tea category was valued at €2.5 billion RSP, steadily growing at a CAGR of 3.5% from 2007 to 2019, and it is forecast to grow at a CAGR of 3.7% from 2019 to 2024.

- **Germany** — according to Euromonitor, as at 2019, the German Hot Drinks Coffee category was valued at €4.6 billion RSP, grew at a CAGR of 2.6% from 2007 to 2019, and it is forecast to grow at a CAGR of 2.4% from 2019 to 2024. According to Euromonitor, as at 2019, the German Hot Drinks Tea category was valued at €1.6 billion RSP, grew at a CAGR of 1.5% from 2007 to 2019 and it is forecast to grow at a CAGR of 2.8% from 2019 to 2024.

- **France** — according to Euromonitor, as at 2019, the French Hot Drinks Coffee category was valued at €3.8 billion RSP, grew at a CAGR of 4.1% from 2007 to 2019, and it is forecast to grow at a CAGR of 2.8% from 2019 to 2024. According to Euromonitor, as at 2019, the French Hot Drinks tea category was valued at €0.6 billion RSP, grew at a CAGR of 2.9% from 2007 to 2019, and it is forecast to grow at a CAGR of 3.5% from 2019 to 2024.

- **The Netherlands** — according to Euromonitor, as at 2019, the Dutch Hot Drinks Coffee category was valued at €1.0 billion RSP, grew at a CAGR of 2.1% from 2007 to 2019, and it is forecast to grow at a CAGR of 1.7% from 2019 to 2024. According to Euromonitor, as at 2019, the Dutch Hot Drinks Tea category was valued at €0.2 billion RSP, grew steadily at a CAGR of 2.7% from 2007 to 2019, and it is forecast to grow at a CAGR of 2.8% from 2019 to 2024.

***Regional Growth Drivers***

In North America, Western Europe and Australasia, premiumisation has been the key driver of value growth in the coffee category. Coffee capsules have been rapidly growing as a category in Western European markets such as France, Spain and the United Kingdom. Premiumisation seems to have also played a major role in other regions. For example, the shift among Brazilian consumers to higher priced forms of coffee, especially fresh ground coffee capsules, has been a major driver of value growth in Latin America. Brazil is also one of the largest global markets by volume and demand for capsules, whole-beans, and other premium options is projected to grow, further driving value expansion.

In Western Europe and North America, the expansion of coffee capsules, which sell at a substantial premium relative to other coffee categories on a unit basis, has been a key driver of higher unit prices, even as private label sales within the category have increased.

In developing regions, coffee growth has been mainly driven by volumes, both as a result of population growth and increasing per capita consumption. For example, instant coffee sales are closely related to consumer spending habits in markets such as Indonesia, while growth in other hot drinks closely tracks growth in the under-15 population. Another example is in Brazil, despite economic turmoil in recent years, coffee growth has remained strong, stimulated by a continuing demand for high-quality coffee options.

**Out-of-Home Coffee**

According to Euromonitor, the Out-of-Home coffee subcategory represents 22.4% of the global coffee category measured by tons of coffee. The Out-of-Home coffee subcategory experienced historical growth from 2015 to 2019 at a CAGR of 2.9% and is expected to grow at a CAGR of 3.4% from 2019-2023. Within the Out-of-Home coffee subcategory the premiumisation trend has also demonstrated to be a driver for growth in terms of tons coffee from 2015 to 2019 at a CAGR of: (i) 1.7% for instant coffee; (ii) 2.4% for traditional ground coffee; (iii) 3.6% for beans; and (iv) 5.3% for single-serve.

The Out-of-Home coffee subcategory is fragmented, with the top three players collectively representing 34% of the coffee cups of the top 10 markets in 2018 market.[57]

**Global Coffee Category Consolidation**

In the last several years, a series of large M&A transactions have created a more consolidated global coffee category. Consolidation has significantly increased the geographic reach of the Group and certain of its competitors. Consolidation activity has also increased along distribution channels, in both on-trade points of sale and off-trade retailers, such as supermarkets.

Some players like Luigi Lavazza S.p.A. (**Lavazza**) and The Coca-Cola Company (**Coca-Cola**) seem to have significantly increased their prominence in recent years, with the acquisition of Kicking Horse Coffee, Ltd. (in May 2017), the Mars drinks business (in October 2018) and Carte Noire[58] (in July 2015) by Lavazza and of Costa Limited (in January 2019) by Coca-Cola, although Nestlé and the Group remain the largest global coffee players. In August 2018, Nestlé announced that it had obtained the perpetual rights to market Starbucks Corporation (**Starbucks**) CPG and foodservice products globally, outside of the Starbucks's coffee stores.

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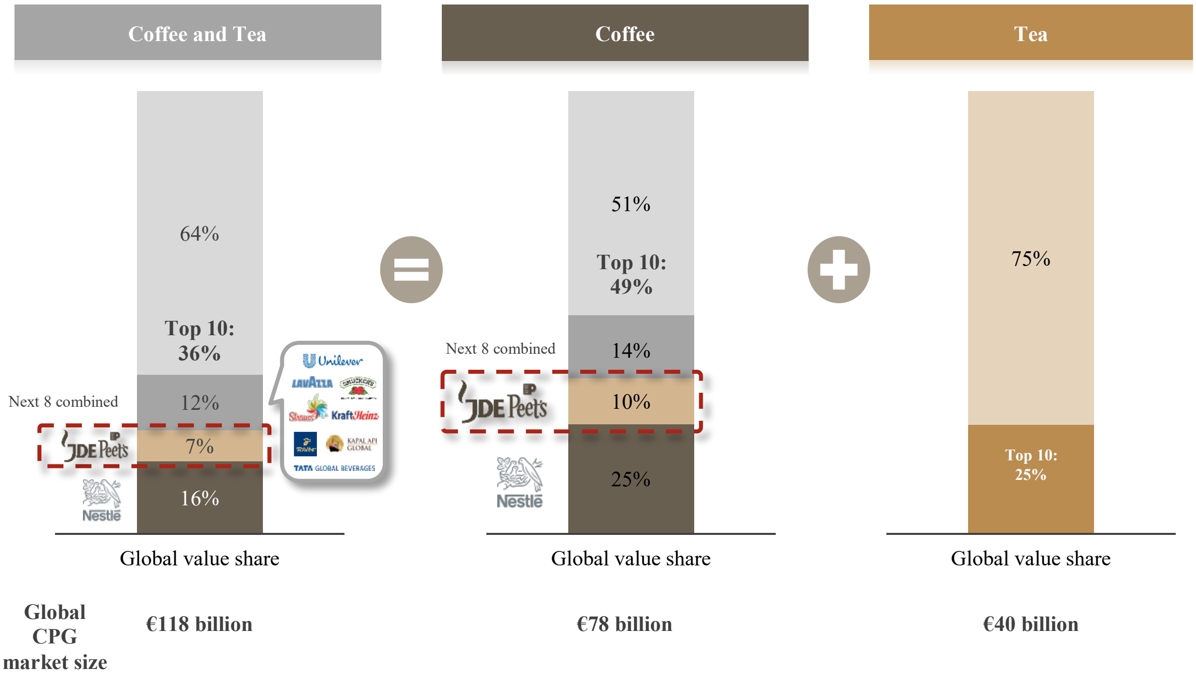
[57] Top 10 markets by sales contribution (excluding the United States) comprising Australia, Belgium, Denmark, France, Germany, Netherlands, Norway, Spain, Sweden and the United Kingdom.

[58] The Group holds the IP rights for the Carte Noire brand outside of the European Economic Area.

While the global coffee category has been subject to significant consolidation in recent years, the CPG market remains fragmented, with the top 10 players collectively representing 49% of the global market in RSP term as of January 2020. The Group therefore expects the consolidation of the global coffee category to continue in the coming years.[59]




Source: Euromonitor as of January 2020.

## Competition

### *Global Coffee Category Competitive Landscape*

*Key Players in the Global Coffee Category*

The coffee and tea categories are highly competitive and dynamic, with an emphasis on product quality, taste, price, reputation, brand differentiation, variety of products, advertising, product packaging and package design, supermarket and grocery shelf space and alternative distribution channels. Consumer preferences as to the blend or flavour and convenience of purchases continue to change, with differing preferences around the world.

The largest competitors in the global coffee category are Nestlé and Starbucks. Coca-Cola, Strauss Group and Lavazza are also significant competitors of the Group and strong competition is exerted by regional and local brands and private label producers.[60] A potential increase in focus on private label products by the Group's CPG customers could result in additional competition for the Group's products and consumer price deflation.

The Group believes it is the market leader in the coffee category in Eastern Europe, while Starbucks leads in North America, and Nestlé leads in most other regions of the world.

The Group believes it is the market leader in a band of countries stretching from Germany through the CIS (includes Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan, and Ukraine), and more recently in the United States. Nestlé has leading market positions in most other regions of the world, including North America since obtaining the right to market Starbucks's CPG and foodservice products globally, outside of the Starbucks's coffee stores. No other companies have leading market positions in more than a handful of countries.

59 Idem.
60 Euromonitor, The Consolidating Global Coffee Industry, March 2019.

*Market Share Evolution*

The Group and Nestlé have both expanded their shares of the global coffee category over the past two years. This has resulted in part due to acquisitions and combinations undertaken by each, such as the Group's purchase of Super Group and the more recent integration with Peet's, and Nestlé obtaining the right to market Starbucks's CPG and foodservice products globally, outside of the Starbucks's coffee stores. Additionally, the Group's and Nestlé's market share expansion has benefited from the increasing popularity of coffee pod products. The pods category is the fastest growing coffee category worldwide by RSP sales and the Group's and Nestlé's control of two of the world's largest pods systems has enabled them to grow their market share along with the increasing popularity of coffee pod products.[61]

***Global Tea Category Competitive Landscape***

The global tea category is highly competitive. The key global players are based in North America and Europe, while a wide variety of smaller players are based in Asia-Pacific, South America and Eastern Europe. According to Euromonitor, the global tea category is rather fragmented with the top 10 players collectively representing 25% of the global tea category in RSP terms as shown in the table above.

The global tea category has thus far not experienced a similar consolidation pattern as the global coffee category. It is unclear if such consolidation will occur in the global tea category. The Group expects the tea category to remain highly competitive and dynamic, both within its existing customer base and as it expands into new markets and regions in the future.

[61] Euromonitor, The Consolidating Global Coffee Industry, March 2019.

## CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 31 March 2020, on an actual basis, and as adjusted to reflect: (i) the partial repayment of the loan from Acorn Holdings in the amount of €39 million ahead of the Admission, and the distribution of an additional dividend of approximately €12 million to Acorn Holdings prior to the MDLZ Reorganisation (together with the partial repayment of that loan in the amount of €207 million (including accrued interest) in March 2020, the **IPO Capital Restructuring**); (ii) the MDLZ Reorganisation; and (iii) the receipt of the estimated net proceeds from the issue of the New Offer Shares (assuming an Offer Price in the middle of the Offer Price Range and payment in full of the discretionary commission to the Underwriters (see "*Plan of Distribution*")) and the application of the estimated net proceeds of the Offer by the Company to repay €625 million of its debt.

The information set out in the table below should be read in conjunction with, and is qualified by reference to, "*Operating and Financial Review*" and the Financial Statements.

### *Capitalisation*

| | **As at 31 March 2020** | **Adjustments for the IPO Capital Restructuring, the MDLZ Reorganisation and the New Offer Shares** | **As adjusted** |
|---|---|---|---|
| | | *(in € millions)* | |
| **Total current debt**[1] | **84** | | **84** |
| *of which: guaranteed* | - | | - |
| *of which: secured*[2] | 60 | | 60 |
| *of which: unguaranteed/unsecured*[3] | 24 | | 24 |
| **Total non-current debt (excluding current portion of long-term debt)**[4] | **7,049** | **(679)** | **6,370** |
| *of which: guaranteed* | - | | - |
| *of which: secured*[5] | 5,535 | | 5,535 |
| *of which: unguaranteed/unsecured*[6] | 1,514 | (679) | 835 |
| **Shareholder's equity** | **6,650** | **3,334** | **9,984** |
| Share capital[8] | 1 | 4 | 5 |
| Legal reserves[7] | (608) | | (608) |
| Other reserves[8] | 7,257 | 3,330 | 10,587 |
| **Total capitalisation** | **13,783** | **2,655** | **16,438** |

Notes:

(1) Total current borrowings of €84 million.

(2) Total of lease liabilities with a remaining maturity up to one year of €60 million.

(3) Total of unguaranteed/unsecured borrowings with a remaining maturity up to one year. This comprises JDE's other financing of €24 million.

(4) Total non-current borrowings of €7,049 million.

(5) Total of secured borrowings and lease liabilities with a remaining maturity of more than one year of €196 million. Secured borrowings consist of the JDE Credit Agreement of €4,966 million and Peet's Senior Credit Facility of €373 million.

(6) Total of unguaranteed/unsecured borrowings with a remaining maturity of more than one year. This comprises the loan from Acorn Holdings of €1,502 million and JDE's other financing of €12 million. The adjustments impacting unguaranteed/unsecured borrowings with a remaining maturity of more than one year can be summarised as follows:

(a) The Group will partially repay the loan from Acorn Holdings in the amount of €39 million; and

(b) The Company intends to use the net proceeds from the New Offer Shares to repay part of its outstanding debt. The assumed net proceeds from the Offer (assuming an Offer Price in the middle of the Offer Price Range and payment in full of the discretionary commission to the Underwriters), after deduction of expenses, commissions and taxes are payable by the Company, amount to approximately €625 million. Of the total expenses, commissions and taxes payable by the Company, €15 million has already been paid.

(7) Includes the currency translation reserve of €(556) million and cash flow hedge reserve of €(52) million.

(8) Includes the share premium, of €6,335 million retained earnings of €702 million, retirement benefit obligation related items of €159 million and share-based payment reserve of €61 million. The adjustments impacting other reserves (and shareholder's equity) can be summarised as follows:

(a) The Company intends to use the net proceeds from the New Offer Shares to repay part of its outstanding debt. The assumed net proceeds from the Offer (assuming an Offer Price in the middle of the Offer Price Range and payment in full of the discretionary commission to the Underwriters), after deduction of expenses, commissions and taxes payable by the Company amount to €625 million. Of the total expenses, commissions and taxes payable by the Company, €15 million has already been paid. The Company will issue 22,489,959 New Offer Shares, being €224,900 of share capital and €699,775,074 of share premium; and

(b) Prior to Settlement, the MDLZ Reorganisation will be implemented. Under the MDLZ Reorganisation, a subsidiary of Mondelez Coffee HoldCo (which will hold (at that time) Mondelēz International's interest in JDE), as the disappearing entity (*verdwijnende vennootschap*), will be merged into a subsidiary of the Company, as the surviving entity (*overblijvende vennootschap*), in accordance with a legal triangular merger (*juridische driehoeksfusie*) under Section 2:309 et seq of the Dutch Civil Code. In consideration for that subsidiary of the Company acquiring the interest in JDE held by a subsidiary of Mondelez Coffee HoldCo, the Company will allot Ordinary Shares to Mondelez Coffee HoldCo. Prior to Settlement: (i) 2,667,764 Ordinary Shares will be allotted to Mondelez Coffee HoldCo pursuant to the MDLZ Reorganisation in order to ensure that the Selling Shareholders hold their agreed percentages, of 73.5% for Acorn Holdings and 26.5% for Mondelez Coffee HoldCo, of the Company's issued and outstanding share capital prior to Settlement; and (ii) the Ordinary Shares in issue following implementation of the MDLZ Reorganisation will be split pursuant to a deed of conversion and amendment to the Articles of Association into 473,163,946 Ordinary Shares, so that Acorn Holdings will hold 347,779,038 Ordinary Shares and Mondelez Coffee HoldCo will hold 125,384,908 Ordinary Shares. The difference in the Company's shares capital prior to, and following, such stock split will be charged against the Company's freely distributable reserves. Hence, the MDLZ Reorganisation will result in a conversion of its non-controlling interest in JDE into share capital (of €26,678) and share premium (of €2,706 million) of the Company.

(c) Prior to the MDLZ Reorganisation, the Group will distribute an additional dividend of approximately €12 million to Acorn Holdings.

There has been no material change in the capitalisation of the Group since 31 March 2020 other than the IPO Capital Restructuring, the MDLZ Reorganisation, as disclosed above, and US$150 million drawings under the Peet's Senior Credit Facility.

The following table shows the Group's indebtedness as at 31 March 2020.

***Indebtedness***

| | As at 31 March 2020 | Adjustments for the IPO Capital Restructuring, the MDLZ Reorganisation and the New Offer Shares | As adjusted |
|---|---|---|---|
| | | *(in € millions)* | |
| A. Cash[1] | 295 | (51) | 244 |
| B. Cash equivalents | 343 | | 343 |
| C. Trading securities | - | | |
| **D. Liquidity (A) + (B) + (C)** | **638** | **(51)** | **587** |
| **E. Current Financial Receivable** | - | | - |
| F. Current Bank debt | - | | - |
| G. Current portion of non-current debt | - | | - |
| H. Other current financial debt[2] | 84 | | 84 |
| **I. Current Financial Debt (F) + (G) + (H)[4]** | **84** | | **84** |

| | | | |
|---|---|---|---|
| **J. Net Current Financial Indebtedness (I) – (E) – (D)** .......... | **(554)** | **51** | **(503)** |
| K. Non-current Bank loans[5] ..................................................... | 5,339 | | 5,339 |
| L. Bonds Issued .......................................................................... | - | | - |
| M. Other non-current loans[6] .................................................... | 1,710 | (679) | 1,031 |
| **N. Non-current Financial Indebtedness (K) + (L) + (M)[6]** ...... | **7,049** | **(679)** | **6,370** |
| **O. Net Financial Indebtedness (J) + (N)** ................................ | **6,495** | **(628)** | **5,867** |

Notes:

(1) Total cash in bank and on hand of €295 million. The adjustment impacting cash can be summarised as follows:
   (a) The Group will partially repay the loan from Acorn Holdings in the amount of €39 million; and
   (b) The Company intends to use the net proceeds from the New Offer Shares to repay part of its outstanding debt. The assumed net proceeds from the Offer (assuming an Offer Price in the middle of the Offer Price Range and payment in full of the discretionary commission to the Underwriters), after deduction of expenses, commissions and taxes payable by the Company, amount to approximately €625 million. Of the total expenses, commissions and taxes payable by the Company, €15 million has already been paid.
   (c) Prior to the MDLZ Reorganisation, the Group will distribute an additional dividend of approximately €12 million to Acorn Holdings.

(2) Total of lease liabilities with a remaining maturity up to one year of €60 million and JDE's other financing of €24 million.

(3) Total current borrowings of €84 million.

(4) Total due to banks with a remaining maturity of more than one year. This comprises the JDE Credit Agreement of €4,966 million and Peet's Senior Credit Facility of €373 million.

(5) Total of the loan from Acorn Holdings of €1,502 million, JDE's other financing of €12 million and lease liabilities with a maturity of more than one year of €196 million. The adjustments impacting other non-current loans can be summarised as follows:
   (a) The Group will partially repay the loan from Acorn Holdings in the amount of €39 million; and
   (b) The Company intends to use the net proceeds from the New Offer Shares to repay part of its outstanding debt. The expected net proceeds from the Offer (assuming an Offer Price in the middle of the Offer Price Range and payment in full of the discretionary commission to the Underwriters), after deduction of expenses, commissions and taxes payable by the Company, amount to approximately €625 million. Of the total expenses, commissions and taxes payable by the Company, €15 million has already been paid.

(6) Total non-current borrowings of €7,049 million.

There has been no material change in the Group's indebtedness since 31 March 2020 other than the IPO Capital Restructuring, as disclosed above.

As at 31 March 2020, the Group had undrawn available credit under the JDE Credit Agreement and Peet's Senior Credit Facility of €647 million. For information on the Group's undrawn available credit in FY 2019, FY 2018 and FY 2017 see "*Operating and Financial Review—Comparison Cash Flows for FY 2019 and FY 2018—Loans and Borrowings*".

Indirect and contingent indebtedness, which comprises: (i) purchase commitments; (ii) operating lease commitments; and (iii) guarantees, totalled approximately €800 million as of 31 March 2020. For information on the Group's indirect and contingent indebtedness in FY 2019, FY 2018 and FY 2017 see "*Operating and Financial Review—Comparison Cash Flows for FY 2019 and FY 2018—Off-Balance Sheet Arrangements*".

## SELECTED FINANCIAL AND OTHER INFORMATION

*The selected combined and consolidated financial information of the Group has been derived from and should be read together with the audited Combined and Consolidated Special Purpose Financial Statements as at, and for the years ended on 31 December 2019, 2018 and 2017, which are included elsewhere in this Prospectus. The audited Combined and Consolidated Special Purpose Financial Statements have been prepared in accordance with IFRS and have been audited by Deloitte, an independent registered public audit firm.*

*As the Group did not operate as a group in the past, the Combined and Consolidated Special Purpose Financial Statements may not be indicative of the Group's future performance and what its combined and consolidated results of operations, financial position and cash flows would have been, had the Group operated as a separate entity for the periods presented.*

*The selected combined and consolidated financial information presented below should be read in conjunction with the "Operating and Financial Review" and "Important Information" sections of this Prospectus.*

*The following tables summarise the Group's Combined and Consolidated Income Statement, Combined and Consolidated Statement of Financial Position, Combined and Consolidated Statement of Cash Flows, and certain Non-IFRS Measures for the periods or as of the dates indicated.*

*Non-IFRS Measures are not recognised measures of financial performance under IFRS and have not been audited or reviewed. These Non-IFRS Measures are presented because they are used by the Group to monitor the performance of the business and operations. These measures also provide additional information to investors to enhance their understanding of its results.*

**Combined and Consolidated Income Statement**

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |
| Revenue | 6,945 | 6,664 | 6,530 |
| Cost of sales | (3,935) | (3,808) | (3,925) |
| Selling, general and administrative expenses | (1,967) | (1,947) | (1,898) |
| **Operating profit** | **1,043** | **909** | **707** |
| Finance income | 101 | 84 | 43 |
| Finance expense | (302) | (278) | (238) |
| Share of net profit of associates | (1) | - | (1) |
| **Profit before income taxes** | **841** | **715** | **511** |
| Income tax expense | (256) | (52) | (79) |
| **Profit for the period** | **585** | **663** | **432** |
| | | | |
| **Attributable to:** | | | |
| Owners of the parent | 424 | 473 | 318 |
| Non-controlling interest | 161 | 190 | 114 |

**Combined and Consolidated Statement of Financial Position**

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(in € millions)* | |
| Goodwill and other intangible assets | 17,286 | 17,286 | 16,915 |
| Property, plant and equipment | 1,737 | 1,446 | 1,379 |
| Deferred income tax assets | 61 | 44 | 49 |
| Derivative financial instruments | 5 | 3 | 50 |
| Retirement benefit asset | 306 | 337 | 399 |
| Other non-current assets | 106 | 138 | 141 |
| **Total non-current assets** | **19,501** | **19,254** | **18,933** |
| Inventories | 710 | 697 | 710 |
| Trade and other receivables | 761 | 778 | 765 |
| Income tax receivable | 18 | 86 | 87 |
| Loans to related parties | - | - | 1,259 |
| Cash and cash equivalents | 811 | 762 | 836 |
| Other current assets | 23 | 40 | 5 |
| **Total current assets** | **2,323** | **2,363** | **3,662** |
| **Total assets** | **21,824** | **21,617** | **22,595** |
| Parent net investment | - | - | 7,724 |
| Share capital | 1 | 1 | - |
| Share premium | 6,139 | 7,447 | - |
| Treasury stock | (50) | - | - |
| Other reserves | (216) | (253) | - |
| Retained earnings | 569 | 688 | - |
| **Equity attributable to owners of the Company** | **6,443** | **7,883** | **7,724** |
| Non-controlling interest | 2,978 | 2,843 | 2,687 |
| **Total equity** | **9,421** | **10,726** | **10,411** |
| Borrowings | 7,199 | 5,843 | 6,130 |
| Retirement benefit liabilities | 258 | 190 | 195 |
| Deferred income tax liabilities | 949 | 871 | 921 |
| Income tax liabilities | 189 | 209 | 243 |
| Derivative financial instruments | 109 | 86 | 131 |
| Other non-current liabilities | 80 | 222 | 238 |
| **Total non-current liabilities** | **8,784** | **7,421** | **7,858** |
| Borrowings | 93 | 344 | 1,297 |
| Trade and other payables | 2,971 | 2,842 | 2,707 |
| Income tax liability | 189 | 200 | 225 |
| Other current liabilities[(1)] | 366 | 84 | 97 |
| **Total current liabilities** | **3,619** | **3,470** | **4,326** |

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(in € millions)* | |
| **Total equity and liabilities** | **21,824** | **21,617** | **22.595** |

**Combined and Consolidated Statement of Cash Flows**

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | *(in € millions)* | | |
| Net cash provided by operating activities | 1,459 | 1,313 | 921 |
| Net cash used in investing activities | (445) | (690) | (1,150) |
| Net cash used in financing activities | (994) | (692) | (107) |
| Effect of exchange rate changes on cash | 29 | (5) | (32) |
| **Net increase/(decrease) in cash and cash equivalents** | **49** | **(74)** | **(368)** |
| Cash and cash equivalents – at the start of period | 762 | 836 | 1,204 |
| **Cash and cash equivalents – at the end of period** | **811** | **762** | **836** |

**Non-IFRS Financial Information**

The table below sets out certain Non-IFRS Financial Information for the periods indicated.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | *(in € millions, unless indicated otherwise)* | | |
| Revenue growth | 4.2% | 2.1% | 10.1%(1) |
| Like-for-like sales growth | 0.8% | 1.4% | 3.7%(1) |
| Revenue organic growth (at constant commodity prices) | 3.6% | 5.7% | N/A |
| Operating profit | 1,043 | 909 | 707 |
| Operating profit margin | 15.0% | 13.6% | 10.8% |
| Adjusted EBIT | 1,255 | 1,171 | 1,065 |
| Adjusted EBIT margin | 18.1% | 17.6% | 16.3% |
| Adjusted EBITDA | 1,551 | 1,393 | 1,292 |
| Adjusted EBITDA margin | 22.3% | 20.9% | 19.8% |
| Effective cash tax rate | 16.9% | 29.5% | 23.7% |
| Capital expenditure | 281 | 282 | 236 |
| Capital expenditure as a % of revenue | 4.0% | 4.2% | 3.6% |
| Free cash flow | 1,178 | 1,031 | 685 |
| Free cash flow conversion % | 75.9% | 74.0% | 53.0% |
| Operating working capital as a % of revenue | (13.9%) | (12.5%) | (8.8%) |
| Adjusted net debt | 4,793 | 5,187 | 5,657 |
| Adjusted leverage ratio | 3.1x | 3.7x | 4.4x |

Note:

(1) Growth percentages for FY 2017 are calculated by reference to the aggregated unaudited FY 2016 revenues of JDE (€5,206 million) and Peet's (€724 million translated at the average U.S. dollar to euro exchange rate in FY 2016), totalling €5,930 million. These

revenues have been prepared from management reports on the same basis as the FY 2017, FY 2018 and FY 2019 revenues are presented in the Combined and Consolidated Income Statement. Revenue increased by 10.1% on a reported basis, from €5,930 million in FY 2016 to €6,530 million in FY 2017. Like-for-like sales in FY 2017 increased by 3.7% over FY 2016 revenue of, €5,930 million to €6,147 million. Like-for-like sales in FY 2017 is revenue in FY 2017 of €6,530 million adjusted for the impact of foreign exchange movements of €19 million and the impact of M&A (including divestments) of €365 million.

***Like-for-like sales***

The Group defines like-for-like sales as revenue translated at the prior year average foreign exchange rate and adjusted for M&A. Like-for-like sales provides a view of the Group's revenue that management believes is more comparable between periods, by excluding the effects of foreign exchange and M&A. To determine like-for-like sales in a given year, revenue in that year is translated at the average foreign exchange rate of the comparable year and excludes revenue from acquired companies until 12 months following the acquisition date. The following tables provide a reconciliation from revenue to like-for-like sales for comparative periods:

| | For the year ended 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | *(in € millions, unless otherwise indicated)* | |
| **Revenue** | 6,945 | 6,664 |
| Adjustments: | | |
| Foreign exchange | (75) | |
| M&A[(1)] | (156) | |
| **Like-for-like sales** | **6,714** | **6,664[(2)]** |
| *% growth* | *0.8%* | *1.4%* |

Note:

(1) The M&A impact in the FY 2019 versus FY 2018 like-for-like sales analysis is mainly driven by the acquisitions of OldTown, Ofçay and JOBmeal in FY 2018. Please refer to "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition*" for further information on M&A activity.

(2) Like-for-like sales presented for FY 2018 is equal to the revenue, for comparison purposes.

| | For the year ended 31 December | |
|---|---|---|
| | 2018 | 2017 |
| | *(in € millions, unless otherwise indicated)* | |
| **Revenue** | 6,664 | 6,530 |
| Adjustments: | | |
| Foreign exchange | 216 | |
| M&A[(3)] | (263) | |
| **Like-for-like sales** | **6,616** | **6,530[(4)]** |
| *% growth* | *1.4%* | *3.7%* |

Note:

(3) The M&A impact in the FY 2018 versus FY 2017 like-for-like sales analysis is mainly driven by the acquisitions of Super Group in FY 2017 and OldTown in FY 2018. Please refer to "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition*" for further information on M&A activity.

(4) Like-for-like sales presented for FY 2017 is equal to the revenue, for comparison purposes.

***Revenue organic (at constant commodity prices) and revenue organic growth (at constant commodity prices)***

The Group defines revenue organic (at constant commodity prices) as like-for-like sales adjusted for the price impact of inflation and/or deflation of green coffee and tea commodity prices. The Group defines revenue organic growth (at constant commodity prices) as the growth in revenue organic (at constant commodity prices) between the given and comparable year. The Group believes this is a useful measure for investors because it is used by management to steer on revenue, as it adjusts not only for FX and M&A, but also for green coffee and tea commodity prices, which are factors outside of the control of management.

| | For the year ended 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | (*in € millions, unless otherwise indicated*) | |
| **Revenue** | 6,945 | 6,664 |
| Adjustments: | | |

| | | |
|---|---|---|
| Foreign exchange | (75) | |
| M&A | (156) | |
| **Like-for-like sales** | **6,714** | **6,664** |
| Green coffee and tea commodity price impact | 190 | |
| **Revenue organic (at constant commodity prices)** | **6,904** | **6,664**[(1)] |
| *Revenue organic growth (at constant commodity prices)* | *3.6%* | |

Note:

(1) Revenue organic (at constant commodity prices) presented for FY 2018 is equal to the revenue, for comparison purposes.

| | For the year ended 31 December | |
|---|---|---|
| | 2018 | 2017 |
| | (*in € millions, unless otherwise indicated*) | |
| **Revenue** | 6,664 | 6,530 |
| Adjustments: | | |
| Foreign exchange | 216 | |
| M&A | (263) | |
| **Like-for-like sales** | **6,616** | **6,530** |
| Green coffee and tea commodity price impact | 284 | |
| **Revenue organic (at constant commodity prices)** | **6,900** | **6,530**[(2)] |
| *Revenue organic growth (at constant commodity prices)* | 5.7% | |

Note:

(2) Revenue organic (at constant commodity prices) presented for FY 2017 is equal to the revenue, for comparison purposes.

***Operating profit and Adjusted EBIT***

The Group defines operating profit as profit for the period, adding back finance income, finance expense, share of net profit of associates and income tax expense. Its purpose is to calculate the Group's main profitability metric, Adjusted EBIT. The latter allows management to better understand the business performance excluding the impact of the adjustment which management believes are not part of normal operating results, such as plant closures, restructurings, ERP implementations and litigations. They affect the business performance due to their size, frequency or the unpredictability of the outcome. Excluding these items helps management in making key business decisions. The Group believes this is a useful measure for investors in understanding the performance of the business. The adjustments are explained in more detail in the "*Important Information*" section included elsewhere in this Prospectus. This performance measure is not a financial measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, it should not be considered as an alternative to profit for the period. The tables below provide a reconciliation from profit for the period to operating profit to Adjusted EBIT as well as the reconciliation from segment Adjusted EBIT to Group Adjusted EBIT:

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(in € millions)* | |
| **Profit for the period** | **585** | **663** | **432** |
| Finance income | (101) | (84) | (43) |
| Finance expense | 302 | 278 | 238 |
| Income taxes | 256 | 52 | 79 |
| Share of net profit of associates | 1 | - | 1 |
| **Operating profit** | **1,043** | **909** | **707** |
| Adjustments: | | | |
| ERP system implementation(1) | 40 | 63 | 99 |
| Transformation activities and corporate actions(2) | 57 | 81 | 64 |
| *Of which: restructuring and organisational redesign activities costs* | *37* | *51* | *61* |
| *Of which: results arising from corporate actions* | *13* | *21* | *(6)* |
| *Of which: strategic initiatives* | *7* | *9* | *9* |
| Share-based compensation(3) | 27 | 31 | 32 |
| Mark-to-market results(4) | (34) | (16) | 22 |
| M&A/business combination results and intangible assets amortisation(5) | 122 | 103 | 141 |
| *Of which: amortisation of intangible assets* | *113* | *106* | *116* |
| *Of which: acquisition-related costs* | *1* | *7* | *12* |
| *Of which: integration costs* | *3* | *8* | *5* |
| *Of which: derecognition of the step-up of fair value of inventories* | *5* | *4* | *9* |
| *Of which: release of contingent liability* | - | (22) | - |
| **Total adjustments** | **212** | **262** | **358** |
| **Adjusted EBIT** | **1,255(6)** | **1,171** | **1,065** |

Notes:

(1) ERP system implementation expenses related primarily to implementing new IT systems in the Out-of-Home segment and on-boarding new countries onto the Group's SAP and Dynamics 365 systems.

(2) Transformation activities and corporate actions comprise restructuring and organisational redesign activities, corporate actions and strategic initiatives:

(a) Restructuring and organisational redesign activities costs were €37 million in FY 2019, €51 million in FY 2018, and €61 million in FY 2017, and comprised various restructurings within the Group, primarily the closing of manufacturing facilities.

(b) Results arising from corporate actions were costs of €13 million in FY 2019, costs of €21 million in FY 2018 and a gain of €6 million in FY 2017. The €13 million costs in FY 2019 primarily related to costs to prepare for the Admission. The €21 million costs in FY 2018 primarily related to increased liabilities in connection with customer loyalty programmes that the Group does not consider as part of the normal operating costs of its business, partially offset by the release of an indirect sales tax provision in Brazil, whereas the €6 million gain in FY 2017 primarily related to a gain on the amendment of pension plans in the Netherlands, Switzerland and France.

(c) Strategic initiatives related to costs associated with Peet's refrigerated ready-to-drink coffee beverages, which were discontinued and replaced with several shelf-stable ready-to-drink coffee beverages, were €7 million in FY 2019, €9 million in FY 2018 and €9 million in FY 2017.

(3) For an explanation of share-based compensation, please see "*Important Information*—Presentation of Financial and Other Information—*Non-IFRS Measures*".

(4) For an explanation of mark-to-market results, please see "*Important Information—Presentation of Financial and Other Information—Non-IFRS Measures*".

(5) M&A/business combination results and intangible assets amortisation consist primarily of the amortisation of intangible assets acquired through business combinations, but also acquisition-related costs, costs associated with the integration of acquired businesses, the recognition of the step-up of inventories resulting from purchase price allocations and fair value changes.

(a) The amortisation of intangible assets acquired through business combinations was €113 million in FY 2019, €106 million in FY 2018 and €116 million in FY 2017.

(b) Acquisition-related costs were €1 million in FY 2019, €7 million in FY 2018 and €12 million in FY 2017. The €7 million in FY 2018 primarily related to the Ofçay and OldTown acquisitions. The €11 million in FY 2017 primarily related to the Super Group acquisition.

(c) Integration costs were €3 million in FY 2019, €8 million in FY 2018 and €5 million in FY 2017. The €3 million in FY 2019 primarily related to integration costs for the OldTown, JOBmeal and Ofçay acquisitions. The €8 million in FY 2018 primarily related to integration costs for the Super Group acquisition. The €5 million in FY 2017 primarily related to an excess and obsolete reserve and organisational re-design and integration costs for Mighty Leaf Tea.

(d) The derecognition of the step-up of fair value of inventories resulting from purchase price allocations was €5 million in FY 2019, €4 million in FY 2018 and €9 million in FY 2017.

(e) In FY 2018, €22 million gain resulted from the release of contingent liability as part of the purchase price allocation of JDE Brazil.

(6) The implementation of IFRS 16 has led to an increase in Adjusted EBIT of €5 million in FY 2019. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |
| CPG—Europe | 954 | 901 | 840 |
| CPG—LARMEA | 207 | 182 | 185 |
| CPG—APAC | 116 | 136 | 92 |
| Out-of-Home | 179 | 176 | 167 |
| Peet's | 78 | 76 | 83 |
| **Total segment Adjusted EBIT** | **1,534** | **1,471** | **1,367** |
| Unallocated | (279) | (300) | (302) |
| **Total Group Adjusted EBIT** | **1,255**(7) | **1,171** | **1,065** |

Note:

(7) The implementation of IFRS 16 has led to an increase in Adjusted EBIT of €5 million in FY 2019. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods.*

### *Operating profit before depreciation and amortisation and Adjusted EBITDA*

The Group defines operating profit before depreciation and amortisation as operating profit, adding back depreciation and amortisation expenses. Its purpose is to calculate the operating profit before depreciation and amortisation margin and Adjusted EBITDA, which the Group defines as operating profit before depreciation and amortisation, adjusted for the same factors as listed under Adjusted EBIT, but now also excluding the depreciation and amortisation element of these adjustments. The adjustments are explained in more detail in the "*Important Information*" section included elsewhere in this Prospectus. Adjusted EBITDA is used by management as an input measure to calculate the free cash flow conversion % and Adjusted leverage ratio. This performance measure is not a financial measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, it should not be considered as an alternative to profit for the period. The table below provides a reconciliation from profit for the period to operating profit before depreciation and amortisation to Adjusted EBITDA:

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |
| **Profit for the period** | **585** | **663** | **432** |

| | | | |
|---|---|---|---|
| Finance income | (101) | (84) | (43) |
| Finance expense | 302 | 278 | 238 |
| Income taxes | 256 | 52 | 79 |
| Share of net profit of associates | 1 | - | 1 |
| **Operating profit** | **1,043** | **909** | **707** |
| Depreciation and amortisation | 419 | 339 | 357 |
| **Operating profit before depreciation and amortisation** | **1,462** | **1,248** | **1,064** |
| Adjustments: | | | |
| ERP system implementation | 39 | 63 | 99 |
| Transformation activities and corporate actions | 50 | 69 | 50 |
| *Of which: restructuring and organisational redesign activities costs* | *33* | *40* | *47* |
| *Of which: results arising from corporate actions* | *13* | *21* | *(6)* |
| *Of which: strategic initiatives* | *4* | *8* | *9* |
| Share-based compensation | 27 | 31 | 32 |
| Mark-to-market results | (35) | (16) | 22 |
| M&A/business combination results | 8 | (2) | 25 |
| *Of which: amortisation of intangible assets* | - | - | - |
| *Of which: acquisition-related costs* | *1* | *7* | *11* |
| *Of which: integration costs* | *2* | *8* | *4* |
| *Of which: derecognition of the step-up of fair value of inventories* | *5* | *5* | *9* |
| *Of which: release of contingent liability* | - | *(22)* | - |
| **Total adjustments**[(1)] | **89** | **145** | **228** |
| **Adjusted EBITDA** | **1,551**[(2)] | **1,393** | **1,292** |

Notes:

(1) The adjustments made to come up with Adjusted EBITDA are the same type of adjustments made to come up with Adjusted EBIT, excluding the depreciation and amortisation element of these adjustments. The difference between the Adjusted EBITDA adjustments and the Adjusted EBIT adjustments is equal to €123 million in FY 2019, €117 million in FY 2018 and €130 million in FY 2017, and was mainly driven by the exclusion of the amortisation related to intangible assets acquired through business combinations within M&A/business combination results and intangible assets amortisation, and accelerated depreciation within transformation activities and corporate actions.

(2) The implementation of IFRS 16 has led to an increase in Adjusted EBITDA of €75 million in FY 2019. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

***Operating profit margin, Adjusted EBIT margin, operating profit before depreciation and amortisation margin and Adjusted EBITDA margin***

The Group defines operating profit margin, Adjusted EBIT margin, operating profit before depreciation and amortisation margin and Adjusted EBITDA margin as operating profit, Adjusted EBIT, operating profit before depreciation and amortisation and Adjusted EBITDA as defined above as a percentage of revenue. The Group believes these are useful measures for investors as they are used in key business decisions.

***Effective cash tax rate***

The Group defines effective cash tax rate as income tax payments in the given year divided by profit before income taxes. The Group believes this is a useful measure for investors as it reflects the actual cash income tax payments as a percentage of profit before income taxes, eliminating the impact of tax expenses that do not have a cash impact in the given year. The effective cash tax rate is used by management as a measure to monitor the impact of income tax payments on the Group's liquidity. The Group believes that its average effective cash tax rate for FY 2017 to FY 2019 is sustainable.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *(in € millions, unless otherwise indicated)* | | |
| Income tax payments | 142 | 211 | 121 |
| Divided by: Profit before income taxes | 841 | 715 | 511 |
| **Effective cash tax rate** | **16.9%** | **29.5%** | **23.7%** |

***Capital expenditure***

The Group defines capital expenditure as purchases of property, plant and equipment and intangibles taken from the Combined and Consolidated Statement of Cash Flows. The Group believes this is a useful measure for investors because it reflects how much the business is investing to support future growth. Management uses capital expenditure for this purpose.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *(in € millions)* | | |
| Purchases of property, plant and equipment | 241 | 254 | 210 |
| Purchases of intangibles | 40 | 28 | 26 |
| **Capital expenditure** | **281** | **282** | **236** |

***Capital expenditure as a % of revenue***

The Group defines capital expenditure as a % of revenue as capital expenditure as a percentage of revenue. The Group believes this is a useful measure for investors because it is used in key business decisions.

***Free cash flow***

The Group defines free cash flow as net cash provided by operating activities less capital expenditure. Free cash flow is derived from the Combined and Consolidated Special Purpose Financial Statements, however, this is not a measure calculated in accordance with IFRS and may not be comparable to similar measures presented by other companies. Accordingly, free cash flow should not be considered as an alternative to net cash provided by operating activities. Free cash flow reflects an additional way of viewing the Group's liquidity that the Group believes is useful to investors because it represents cash flows that could be used for distribution of dividends, repayment of debt (including interest thereon) or to fund its strategic initiatives, including acquisitions, if any.

The following table provides a reconciliation from net cash provided by operating activities to free cash flow:

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *(in € millions)* | | |
| **Net cash provided by operating activities** | 1,459 | 1,313 | 921 |
| Less: Capital expenditure | (281) | (282) | (236) |

| | | | |
|---|---|---|---|
| **Free cash flow** | **1,178**[(1)] | **1,031** | **685** |

Note:
(1) The implementation of IFRS 16 has led to an increase in free cash flow of €78 million in FY 2019. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

***Free cash flow conversion %***

The Group defines free cash flow conversion % as free cash flow divided by Adjusted EBITDA. The Group believes this is a useful measure for investors because it reflects the Group's financial discipline by showing how it converts its profitability, measured by Adjusted EBITDA, into free cash flow. The main elements that differentiate Adjusted EBITDA from the free cash flow are cash tax, capital expenditure and operating working capital. Through the free cash flow conversion %, management monitors and controls the development of these elements as part of its financial discipline.

| | **For the year ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *(in € millions, unless otherwise indicated)* | | |
| **Free cash flow** | 1,178 | 1,031 | 685 |
| Divided by: Adjusted EBITDA | 1,551 | 1,393 | 1,292 |
| **Free cash flow conversion %** | **75.9%**[(1)] | **74.0%** | **53.0%** |

Note:
(1) The implementation of IFRS 16 has led to an increase in free cash flow conversion % of 1.4% in FY 2019. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

***Operating working capital***

The Group defines operating working capital as inventories and trade receivables – net less trade payables. The Group believes this is a useful measure for investors because it reflects how working capital is managed. This Non-IFRS Measure is a measure of liquidity and operational efficiency. Management monitors the development of operating working capital as part of its liquidity management, as it is one of the sources of liquidity to finance its business operations.

| | **As at 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | *(in € millions, unless otherwise indicated)* | | |
| Inventories | 710 | 697 | 710 |
| Trade receivables – net | 570 | 573 | 565 |
| Less: Trade payables | (2,245) | (2,101) | (1,849) |
| **Operating working capital** | **(965)** | **(831)** | **(574)** |

***Operating working capital as a % of revenue***

The Group defines operating working capital as a % of revenue as operating working capital as a percentage of revenue. The Group believes this is a useful measure for investors because it reflects how working capital is managed. This Non-IFRS Measure is a measure of liquidity and operational efficiency. The Group uses operating working capital as a % of revenue to monitor how the development in operating working capital compares to the development of revenue.

*Adjusted net debt*

The Group defines Adjusted net debt as total borrowings less cash and cash equivalents, excluding cash not at the free disposal of the Group, and borrowings from related parties. The Group believes this is a useful measure for investors because it reflects the Group's historical financial risk, by excluding cash not at the free disposal of the group and related-party debt, and it is used to calculate the Group's Adjusted leverage ratio through which management assesses the ability of the Group to meet its financial obligations.

| | As at 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(in € millions)* | |
| Non-current borrowings | 7,199 | 5,843 | 6,130 |
| Current borrowings | 93 | 344 | 1,297 |
| **Total borrowings** | **7,292** | **6,187** | **7,427** |
| Less: Cash and cash equivalents | (811) | (762) | (836) |
| Cash not at the free disposal of the Group | 16 | 21 | 325 |
| Less: Borrowings from related parties(1) | (1,704) | (259) | (1,259) |
| **Adjusted net debt** | **4,793**(2) | **5,187** | **5,657** |

Notes:

(1) Borrowings from members of the JAB-Group. The FY 2017 Adjusted net debt amount excludes €1,259 million of short-term borrowings, which relates to a related party loan between JDE Holdings Minority B.V. and Maple Holdings II B.V. and was reclassified to equity in FY 2018. The aforementioned related party loan had a notional amount of €1,259 with an interest rate of 6.5%. The FY 2018 Adjusted net debt amount excludes €259 million of short-term borrowings, which relates to a related party loan held at the Peet's HoldCo entity and was eliminated as part of the December 2019 restructuring to create the Group. The FY 2019 Adjusted net debt amount excludes €1,704 million of long-term borrowings from Acorn Holdings to Oak 1753 B.V., taken on following the Peet's transfer.

(2) The implementation of IFRS 16 has led to an increase in Adjusted net debt of €258 million in FY 2019. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

*Adjusted leverage ratio*

Adjusted leverage ratio is defined as Adjusted net debt divided by Adjusted EBITDA. The Group believes this is a useful measure for investors because it reflects the proportion of debt (measured by Adjusted net debt) compared to its profitability (measured by Adjusted EBITDA), and hereby signals the Group's historical financial risk. This Non-IFRS Measure enables assessment of the ability of the Group to meet its financial obligations.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | *(in € millions, unless otherwise indicated)* | |
| **Adjusted net debt** | 4,793 | 5,187 | 5,657 |
| Divided by: Adjusted EBITDA | 1,551 | 1,393 | 1,292 |
| **Adjusted leverage ratio** | **3.1x**(1) | **3.7x** | **4.4x** |

Note:

(1) The Adjusted leverage ratio is the same pre- and post-IFRS 16. For an explanation of the impact of IFRS 16, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

*Peet's revenue excl. FX and venture businesses*

The Group defines Peet's revenue excl. FX and venture businesses as Peet's revenue in the given year translated at the average foreign exchange rate of the comparable year and excluding revenue from Peet's venture businesses Seed Leaf, Peet's China and Revive Kombucha, which are in the start-up phase. The Group believes this is a useful measure for investors because it reflects how management evaluates the performance of Peet's. The Group believes that when comparing the year-on-year change in revenue of Peet's it is useful to eliminate the impact of foreign exchange rates and distinguish between mature and immature businesses in order to isolate the revenue generated by mature businesses from immature businesses and distinguish the effect of translating these results into euro.

| | For the year ended 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | *(in € millions)* | |
| **Peet's revenue** | **878** | **771** |
| Foreign exchange | (46) | |
| Less: revenue venture businesses | (16) | (4) |
| **Peet's revenue excl. FX and venture businesses** | **817** | **767** |

| | For the year ended 31 December | |
|---|---|---|
| | 2018 | 2017 |
| | *(in € millions)* | |
| **Peet's revenue** | **771** | **751** |
| Foreign exchange | 38 | |
| Less: revenue venture businesses | (4) | (0) |
| **Peet's revenue excl. FX and venture businesses** | **805** | **751** |

***Peet's Adjusted EBIT excl. FX and venture businesses***

The Group defines Peet's Adjusted EBIT excl. FX and venture businesses as Peet's Adjusted EBIT in the given year translated at the average foreign exchange rate of the comparable year and excluding operating profit from Peet's venture businesses Seed Leaf, Peet's China and Revive Kombucha, which are in the start-up phase. The Group believes this is a useful measure for investors because it reflects how management evaluates the performance of Peet's. The Group believes that when comparing the year-on-year change in profitability of Peet's it is useful to eliminate the impact of foreign exchange rates and distinguish between mature and immature businesses in order to isolate the profitability generated by mature businesses from immature businesses and distinguish the effect of translating these results into euro.

| | For the year ended 31 December | |
|---|---|---|
| | 2019 | 2018 |
| | *(in € millions)* | |
| **Peet's Adjusted EBIT** | **78** | **76** |
| Foreign exchange | (4) | |
| Less: operating loss venture businesses | 16 | 10 |
| **Peet's Adjusted EBIT excl. FX and venture businesses** | **90** | **86** |

| | For the year ended 31 December | |
|---|---|---|
| | 2018 | 2017 |
| | *(in € millions)* | |
| **Peet's Adjusted EBIT** | **76** | **83** |

| | | |
|---|---|---|
| Foreign exchange ...................................................... | 3 | |
| Less: operating loss venture businesses...................... | 10 | 4 |
| **Peet's Adjusted EBIT excl. FX and venture businesses** ................................................................... | **89** | **87** |

***Peet's Adjusted EBIT excl. FX and venture businesses margin***

The Group defines Peet's Adjusted EBIT excl. FX and venture businesses margin as Peet's Adjusted EBIT excl. FX and venture businesses, as defined above, as a percentage of Peet's revenue excl. FX and venture businesses, as defined above. The Group believes this is a useful measure for investors because it reflects how management evaluates the performance of Peet's. Please see the explanation listed under the previous two Peet's Non-IFRS Measures for the purpose of Peet's Adjusted EBIT excl. FX and venture businesses margin.

## OPERATING AND FINANCIAL REVIEW

*The following discussion of the financial condition and results of operations of the Group should be read in conjunction with the rest of this Prospectus, including the information set forth in "Selected Financial and Other Information" and the Financial Statements, including the notes thereto and the auditor's reports thereon, which are included elsewhere in this Prospectus.*

*Except as otherwise stated, this Operating and Financial Review is based on the Combined and Consolidated Special Purpose Financial Statements, which have been prepared in accordance with IFRS. For a discussion of the presentation of the Group's historical financial information included in this Prospectus, see "Important Information—Presentation of Financial and Other Information". For a reconciliation of Non-IFRS Measures to their most directly comparable IFRS measures, see "Selected Financial and Other Information—Non-IFRS Financial Information".*

*The following discussion contains forward-looking statements that reflect the current view of the Group's management and involve risks and uncertainties. The Group's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors". See "Important Information—Information Regarding Forward-Looking Statements" for a discussion of the risks and uncertainties related to reliance on forward-looking statements. Neither the Group's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward-looking financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward-looking financial information.*

### Overview

The Group is the world's largest pure-play coffee and tea group, serving approximately 130 billion cups of coffee and tea in FY 2019 in more than 100 developed and emerging markets. Through its more than 50 leading global, regional and local coffee and tea brands, the Group offers an extensive range of high-quality and innovative coffee and tea products to serve consumer needs across markets, consumer preferences and price points. In FY 2019, the Group generated total revenue of €6.9 billion, of which 79% was derived from 44 markets where it held a number one or number two market position in CPG or Out-of-Home sales channels.[62]

The Group has a long, rich tradition in the coffee and tea industry, developing its portfolio of over 50 trusted coffee and tea brands. Its established brand portfolio is the largest in the coffee and tea industry, comprising its: (i) Power Brands: (a) Global Jewels of Peet's, Jacobs, L'OR, Senseo, Tassimo, TiOra (which it defines as brands sold in multiple markets with large revenue and potential for expansion into further markets); and (b) Regional Heroes, which include Douwe Egberts, Stumptown, Kenco, Moccona, Gevalia, Intelligentsia, OldTown, Super and Ofçay (which it defines as brands sold in one or several local markets which are large in size and strategically important); and (ii) Local Brands, which include Maison du Café in France, Harris in Australia, and Mighty Leaf Tea in the United States (which it defines as brands sold in one or more local markets which are strategically important for a price point of the market).

The Group organises its businesses through five operating segments: Peet's; CPG—Europe; CPG—LARMEA; CPG—APAC; and Out-of-Home, which enable it to offer an extensive range of products across price points and consumer propositions with fast deployment across markets and distribution channels.

The Group primarily operates a CPG business in the Peet's; CPG—Europe; CPG—LARMEA; and CPG—APAC segments. Additionally, the Group sells coffee products through its coffee stores, primarily in its Peet's segment to consumers, and sells products and provides services in the Out-of-Home sales channel to customers. The Out-of-Home products and services segment covers all regions other than the United States, which is included in the Peet's segment.

[62] Source: Company information applied to FY 2019 revenue.

Within the Peet's, CPG—Europe, CPG—LARMEA and CPG—APAC segments, the Group's principal products are: multi-serve coffee (roast and ground, and whole-beans); roast and ground single-serve and double-shot coffee capsules, pads and pods (Tassimo coffee discs and K-cups); instant pure and instant mixes; ready-to-drink coffee beverages; and a variety of tea products.

In the Out-of-Home segment, the Group offers a full range of professional solutions: coffee, tea, cross-sell products and complementary coffee systems, including, depending on the market: proprietary liquid coffee concentrate technology; multi-serve coffee (roast and ground, and whole-beans); single-serve coffee capsules and pads; and ready-to-drink coffee beverages.

In FY 2019, the Group's revenue by segment comprised: 13% from Peet's; 47% from CPG—Europe; 16% from CPG—LARMEA; 10% from CPG—APAC; and 14% from Out-of-Home. The remaining revenue is unallocated and primarily represents income generated from selling licensed products and renting available production facility space to third-party businesses. Unallocated revenues are not included in one of the five operating segments as the Group does not engage any business activities therein.

The Group has a track record of growing its sales and market penetration in its coffee and tea categories by combining its strong innovation capabilities, trusted portfolio of brands and broad go-to-market access. Its ongoing commitment to innovation has enabled the Group to become over-indexed in the fastest growing parts of the coffee and tea categories by RSP sales, including single-serve and whole-beans, and grow its global market share.

The Group has delivered strong growth and profitability, acting as a consolidator in the coffee and tea categories since 2013, through a combination of strategic M&A and organic growth. The Group has increased revenue by a CAGR of 3.1% and Adjusted EBITDA by a CAGR of 9.6% from €6.5 billion and €1.3 billion, respectively, in FY 2017 to €6.9 billion and €1.6 billion, respectively, in FY 2019. In addition, during this period, the Group generated free cash flow of €0.7 billion in FY 2017, €1.0 billion in FY 2018 and €1.2 billion in FY 2019 enabling it to de-lever its balance sheet while funding its M&A strategy. During FY 2019, the Group had on average 21,255 employees worldwide.

***Presentation of Financial Information***

*Historical Financial Data*

The Combined and Consolidated Special Purpose Financial Statements included in this Prospectus are prepared for the purposes of the Offer and have been prepared in accordance with IFRS, and the Condensed Consolidated Interim Financial Statements included in this Prospectus have been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the IASB.

As the Group did not operate as a stand-alone entity in the past, the Financial Statements may not be indicative of the Group's future performance and what its combined and consolidated results of operations, financial position and cash flows would have been, had the Group operated as a separate entity for the periods presented. The Group combines JDE and Peet's, two of the international coffee and tea businesses controlled by JAB. For further information on the presentation of financial information, see "*Important Information—Presentation of Financial and Other Information—Historical Financial Data*".

Unless otherwise stated, the annual information included in the Operating and Financial Review is based on the Combined and Consolidated Special Purpose Financial Statements. This section presents certain Non-IFRS Measures that are used by the Group to monitor the performance of the Group. For definitions of these Non-IFRS Measures and reconciliations to the most comparable IFRS measure, see "*Important Information—Presentation of Financial and Other Information—Non-IFRS Measures*" and "*Selected Financial and Other Information—Non-IFRS Financial Information*".

**Recent Developments**

***COVID-19***

The Group's business has been impacted by the outbreak of the COVID-19 pandemic, which has led to unprecedented circumstances, including for the Group's employees, its customers and suppliers. The Group's primary focus has been to protect the health and safety of its employees, maintain business continuity and provide support to communities. Among other initiatives, the Group has donated around 18 million cups of coffee to support health service employees and communities in need.

The COVID-19 pandemic has, thus far, reaffirmed the Group's relative resilience at a time of global economic turmoil. The coffee and tea categories have benefited in the past from attractive growth fundamentals and have proven to be resilient in times of economic downturn. Combined with the Group's global manufacturing and supply network, its large portfolio of trusted brands and its strong and diversified go-to-market approach, the Group has been able to weather past crises and believes it is well positioned to withstand the current environment. In its over 250-years' history, the Group has encountered, and successfully overcome, numerous crises and headwinds.

Nonetheless, the Group's supply chain and operations have been affected by the consequences of the COVID-19 pandemic, including as follows:

- while all manufacturing facilities have continued to operate, many with 24/7 operations, preventive measures have been put in place, including segregated shifts to limit close contact, the distribution of personal protective equipment, extra cleaning routines, regular temperature checks, regular health screenings and isolation of employees that experienced the symptoms of, or tested positive for, COVID-19. As at the date of this Prospectus, the Group is not aware of any material outbreaks of COVID-19 at the Group's manufacturing facilities;

- the Group's retail coffee stores have either been temporarily closed (approximately 40% as at 31 March 2020) or have implemented limited operations (approximately 60% as at 31 March 2020). In cases of the latter approach, strict hygiene is being observed and social distancing measures have been implemented to limit the number of customers in each store at any given time;

- customer service levels (e.g. out-of-stock SKUs, missed, reduced or delayed orders to customers) have been somewhat adversely affected, but have remained strong and are recently approaching pre-COVID-19 levels;

- IT networks have performed well in light of a surge in demand from the Group's employees working remotely. The ongoing ERP software implementations in both South East Asia and the Peet's segment have been temporarily postponed to avoid disruptions. Additionally, to further strengthen remote communications, an enhanced team collaboration platform became operational in early May 2020; and

- within the Out-of-Home segment and the retail coffee stores sales channel a large number of employees have been furloughed. For such employees, a majority of their wages and/or fringe benefits have been preserved and the Group benefited from various available government schemes, including grants. In addition, the Group is managing its discretionary spend and is renegotiating rental agreements of its coffee stores, where appropriate.

- Overall, the additional operating expenses incurred by the Group to cope with the COVID-19 pandemic are not, as of the date of this Prospectus, expected to be material to the Group.

Going forward, the Group will continue to comply with local government restrictions in response to the COVID-19 pandemic. The Group intends to continue working with local communities to safely reopen coffee stores and resume Out-of-Home segment operations in line with developing government restrictions and guidance.

***Financial Performance***

The Condensed Consolidated Interim Financial Statements included in this Prospectus have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the IASB.

The following table and subsequent discussion summarise the Group's Condensed Consolidated Interim Income Statement for the first quarter of FY 2020 and FY 2019.

| | For the three months ended 31 March | |
|---|---|---|
| | **2020** | **2019** |
| | *(in € millions)* | |
| Revenue | 1,678 | 1,627 |
| Cost of sales | (960) | (960) |
| Selling, general and administrative expenses | (464) | (468) |
| **Operating profit** | **254** | **199** |
| Finance income | 16 | 25 |
| Finance expense | (72) | (84) |
| Share of net profit of associates | - | - |
| **Profit before income taxes** | **198** | **140** |
| Income tax expense | (51) | (34) |
| **Profit for the period** | **147** | **106** |
| **Attributable to:** | | |
| Owners of the parent | 105 | 80 |
| Non-controlling interest | 42 | 26 |

While working through the significant effects of the COVID-19 pandemic, the Group has, since 31 December 2019, traded in line with management's expectations. Notably, in the first quarter of FY 2020:

- the Group's revenue increased by €51 million, or 3.1%, from €1,627 million in the first quarter of FY 2019 to €1,678 million in the first quarter of FY 2020, driven largely by like-for-like sales growth of €58 million, or 3.5%, partially offset by a negative effect of FX movements of €9 million, or 0.6%. Revenue organic growth (at constant commodity prices) developed in line with the Group's medium- to long-term targets. More specifically:

    - revenue in the CPG—Europe segment increased by €12 million, or 1.5%, from €794 million in the first quarter of FY 2019 to €806 million in the first quarter of FY 2020, driven by a positive volume/mix effect of €30 million, or 3.7%, which resulted from continued at-home premiumisation of coffee products, with particular volume increases in capsules and whole-bean products, offset by negative price and FX effects of €18 million, or 2.2%;

    - revenue in the CPG—LARMEA segment increased by €23 million, or 9.8%, from €234 million in the first quarter of FY 2019 to €257 million in the first quarter of FY 2020, driven primarily by a positive volume/mix effect of €36 million, or 15.5%, which resulted from the continued success of Jacobs instant coffee in Russia and Ukraine, and strong performance of tea products in Turkey, offset by negative price and FX effects of €13 million, or 5.7%;

    - revenue in the CPG—APAC segment increased by €5 million, or 3.4%, from €145 million in the first quarter of FY 2019 to €150 million in the first quarter of FY 2020, driven by a positive volume/mix effect of €9 million, or 6.5%, which resulted from at-home premiumisation of coffee products across different technologies, with volume increases for both capsules as well as instant coffee notably in the Australian and New Zealand markets, offset by negative price and FX effects of €4 million, or 3.1%;

    - revenue in the Out-of-Home segment decreased by €13 million, or 5.6%, from €234 million in the first quarter of FY 2019 to €221 million in the first quarter of FY 2020, driven by a negative volume/mix effect of €11 million, or 4.8%, which resulted from a negative effect during March in its primary sales channels, as lockdowns significantly disrupted operations in its primary sales channels (small-large businesses and universities) and working remotely became widespread, and negative price and FX effects of €5 million, or 2.1%, partially offset by a positive effect from M&A of €3 million, or 1.3%; and

- revenue in the Peet's segment increased by €24 million, or 11.2% from €215 million in the first quarter of FY 2019 to €239 million in the first quarter of FY 2020, driven by a positive volume/mix effect of €10 million, or 4.6%, which resulted from the continued improvement of volume/mix within the CPG sales channel, and positive effects of price and FX of €14 million, or 6.6%, and partly offset by a reduction of coffee store sales resulting from the closure or limited operations of coffee stores.

- revenue and profit declines in the Out-of-Home and retail coffee stores sales channels, which represent 21% of the Group's revenues in FY 2019, were offset by increased revenues and profitability within the CPG and online sales channels, which represent 79% of the Group's revenues in FY 2019;

- the Group's Adjusted EBIT improved by €57 million, or 20.7%, from €275 million in the first quarter of FY 2019 to €332 million in the first quarter of FY 2020, and as a result is ahead of management's medium- to long-term targets. Such performance is the result of improved volume/mix combined with a €4 million, or 0.9% decrease in selling, general and administrative expenses from €468 million in the first quarter of FY 2019 to €464 million in the first quarter of FY 2020. Operating profit increased by €55 million, driven by the same factors as for Adjusted EBIT;

- the Group's profit for the period increased by €41 million, or 38.7%, from €106 million in the first quarter of FY 2019 to €147 million for the first quarter of FY 2020. This was mainly driven by increased operating profit with a comparable net finance expense, partially offset by an increased income tax expense at a slightly higher effective tax rate;

- the Group's liquidity has been resilient in the first quarter of FY 2020. As at 31 March 2020:

  - the Group generated €183 million of free cash flow[63] in the first quarter of FY 2020. The Group had €638 million of cash and cash equivalents, with access to an additional €647 million of undrawn committed credit facilities. The Group believes it remains well-positioned to meet its medium- to long-term free cash flow conversion % target;

  - the Group's net debt remained steady at €6,495 million (€6,481 million as at 31 December 2019). The positive net cash provided by operating activities in the first quarter of FY 2020 was partly offset by the repayment of borrowings, dividends to non-controlling shareholders of €78 million and interest paid of €55 million as well as adverse foreign exchange effects;

  - despite minor drawdowns of $70 million on Peet's Senior Credit Facility and €25 million on JDE's other financing, total borrowings decreased by €159 million compared to 31 December 2019, as a result of a €202 million repayment under a related-party loan; and

  - the Group's leverage ratio improved by 0.2x compared to 31 December 2019. The leverage ratio covenants for both of the Group's debt facilities (2.89x under the JDE Credit Agreement and 2.73x under the Peet's Senior Credit Facility) are well below their maximum thresholds (5.95x under the JDE Credit Agreement and 4.50x under the Peet's Senior Credit Facility) and the interest coverage ratio (9.09x under the Peet's Senior Credit Facility) is well above its minimum threshold (3.50x under the Peet's Senior Credit Facility). On the Settlement Date, after the repayment of part of its outstanding debt with net proceeds of the Offer, the Group is expected to have a leverage ratio of around 3.6x.[64]

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63 Free cash flow is calculated as net cash provided by operating activities of €239 million less purchases of property, plant and equipment of €52 million and purchases of intangibles of €4 million.

64 Leverage ratio is calculated as net debt divided by Adjusted EBITDA. Net debt is calculated as non-current borrowings and current borrowings less cash and cash equivalents. For FY 2019, this is equal to €7,199 million and €93 million less €811 million, being €6,481 million. Adjusted EBITDA for FY 2019 is €1,551 million. For further information on Adjusted EBITDA see "*Selected Financial and Other Information—Non-IFRS Financial Information*". Thus, the leverage ratio in FY 2019 equals €6,481 million divided by €1,551 million, being 4.2x. The purpose of the leverage ratio is to give an indication of the Group's financial risk going forward.

Early in the second quarter of FY 2020 the impact of COVID-19 on the Group's business became more pronounced, significantly impacting the Out-of-Home and retail coffee stores sales channels. At the same time, the CPG and online sales channels continued to show strong momentum. Through 30 April 2020:

- four of the Group's five operating segments showed positive like-for-like sales growth, while the Out-of-Home segment recorded a decline compared to the same period in FY 2019;
- the Group's Adjusted EBIT continued to improve by a double-digits compared to the same period in FY 2019; and
- the Group's net debt continued to reduce further, with strong free cash flow generation in April.

Overall, there remains uncertainty regarding the development of the pandemic and the timing of any macroeconomic recovery. The effects of such developments on the Group in the second quarter and for FY 2020 remain difficult to predict. Based on year to date trends through April, the Group expects being able to deliver positive like-for-like sales growth for the first half of FY 2020, compared to the same period in FY 2019. Despite the continued impact of COVID-19, the Group’s current trading performance benefits from the fact that the CPG sales channel in developed markets represents the majority of its business and has continued to register strong growth year to date.

The Group believes its medium- to long-term targets (based on certain assumptions described in "*Business—Medium- to Long-term Targets*") continue to be achievable.

***Legal Developments***

Prior to Settlement, the MDLZ Reorganisation will be implemented. Under the MDLZ Reorganisation, a subsidiary of Mondelez Coffee HoldCo (which will hold (at that time) Mondelēz International's interest in JDE), as the disappearing entity (*verdwijnende vennootschap*), will be merged into a subsidiary of the Company, as the surviving entity (*overblijvende vennootschap*), in accordance with a legal triangular merger (*juridische driehoeksfusie*) under Section 2:309 et seq of the Dutch Civil Code. In consideration for that subsidiary of the Company acquiring Mondelēz International's interest in JDE, the Company will allot Ordinary Shares to Mondelez Coffee HoldCo as part of the triangular merger. The MDLZ Reorganisation will result in a conversion of the non-controlling interest in JDE into share capital (of €26,678) and share premium (of €2,706 million) of the Company. See "*Shareholder Structure and Related Party Transactions—Corporate Restructuring—MDLZ Reorganisation*" for further information on the MDLZ Reorganisation and "*Description of Share Capital and Corporate Structure—Share Capital—History of Share Capital*" for further information on the changes to the Company share capital prior to Settlement.

**Key Factors Affecting Results of Operations and Financial Condition**

The Group's results of operations have been, and are expected to continue to be, affected by a combination of factors affecting the industry as a whole, and various operating factors specific to the Group. The following is an overview of the key factors affecting the Group's results of operations.

*Launch of New Products*

The Group believes that, based on customer and consumer insights that it has gained over time, it possesses a deep understanding of the coffee and tea categories and the preferences of customers and consumers. The Group believes that this, coupled with the Group's strong research and development capabilities, as well as a fast time-to-market approach, has enabled it to launch new products and concepts that reflect the preferences of customers and consumers. The Group's research and development strategy is focused on delivering growth-contributing innovations while safeguarding robust and consistent quality among existing and new products. Research and development supports the innovation pipeline and delivery, and portfolio optimisation, aiming to deliver sustainable, consumer-centric and high-quality products.

During FY 2019, FY 2018 and FY 2017, the Group launched various new products. The most significant during this time was the launch of aluminium coffee capsules, in both single- and double-shot format, freeze-dried instant, instant mixes and whole-beans varieties.

The launch of new products results is supported by advertising and promotion investments in the period for those products and brands in the markets in which they are sold. The Group believes these costs are recovered in future periods through the increased sales resulting from the new products.

In addition, the Group incurs certain upfront costs in anticipation of new product launches and when considering entering new markets. There are certain instances where after further research and incurring certain costs the Group may decide to not continue with a certain product introduction or expansion into a particular market.

*Acquisitions*

The Group has completed a significant number of acquisitions in the past and intends to make acquisitions and engage in further transactions to grow its business. In FY 2019, revenue growth due to M&A was 2.3%, and growth in like-for-like sales was 0.8%. In FY 2018, revenue growth due to M&A was 4.0%, and growth in like-for-like sales was 1.4%. In FY 2017, revenue growth due to M&A was 6.2%, and growth in like-for-like sales was 3.7%.

In FY 2019, two businesses were acquired in France, d'Accueil and Alter Ego. The total purchase consideration for these two acquisitions was €23 million.

In FY 2018, five businesses were acquired, of which the acquisition of the Malaysian based OldTown was the most significant. The Group obtained control over OldTown on 26 February 2018 and acquired all remaining shares by 14 May 2018 via a tender process and a statutory squeeze-out procedure. Other businesses acquired in 2018 included JOBmeal (Sweden/Finland), Ofçay (Turkey), Revive Kombucha (United States) and 12Oz (Italy). The total purchase consideration for all acquisitions in FY 2018 was €511 million.

In FY 2017, four businesses were acquired, of which the acquisition of the Singapore-based Super Group was the most significant. Super Group operates in the CPG business and is headquartered in Singapore with operations in, amongst others, Malaysia, Singapore, Thailand, Myanmar, China and Vietnam. The Group obtained control over Super Group on 21 March 2017 and acquired all remaining shares by 2 June 2017. Other businesses acquired in 2017 included Cia Cacique (Brazil), Maison Lyovel (France) and Cafax (Denmark). The total purchase consideration for all acquisitions in FY 2017 was €1,168 million.

Goodwill attributable to acquisitions completed in FY 2019 was €18 million, compared to €306 million in FY 2018 and €589 million in FY 2017.

*Green Coffee Commodity Prices*

A significant cost item in the production of coffee products is the price of green coffee beans, which are purchased from various suppliers around the world. Green coffee costs are subject to price volatility based on various factors including, but not limited to, weather, real or perceived shortages, the political and economic climate in the producing nations, competitive pressures, currency fluctuations and speculation in commodities markets. It is industry practice to price coffee products in accordance with green coffee price fluctuations.

The tables below present the yearly average futures closing prices for Robusta (as quoted on LIFFE) and Arabica (as quoted on ICE) green coffee beans for the years indicated. As at 30 April 2020, the price for Robusta and Arabica green coffee (July 2020 position) was US$ 1,190 per metric tonne and 115 US$ cents per pound, respectively.

| | **2020 YTD**[1] | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|---|---|---|
| | | | | *(in US$/T)*[2] | | | |
| Robusta....... | 1,268 | 1,411 | 1,676 | 2,032 | 1,752 | 1,722 | 2,002 |

| | 2020 YTD[1] | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|
| | | | | | *(in US$ cents/lb)*[3] | | |
| Arabica ....... | 113 | 104 | 116 | 136 | 138 | 136 | 180 |

Note:
(1) January to April 2020.
(2) Robusta green coffee is quoted in metric tonnes on LIFFE.
(3) Arabica green coffee is quoted in pounds on ICE.

The Group's objective is to minimise the impact of commodity price fluctuations. Commodity risk is mainly managed at regional locations, in accordance with Group policy, including the U.S., the Netherlands, Brazil, Vietnam and Indonesia. The commodity price risk exposure of anticipated future purchases is managed primarily using futures and forward contracts, which are eventually rolled over in to physical contracts. This creates additional foreign exchange exposure, as Robusta and Arabica futures and forwards are sold in U.S. dollar, whereas the Group is primarily a euro denominated business. Through these derivatives, the Group fixes a portion of its price for anticipated future deliveries of green coffee beans for a specified period of time. As a result of the short product business cycle of the Group, the majority of the anticipated future raw material transactions outstanding at the statement of financial position date are expected to occur in the next year.

The Group only enters into futures contracts that are traded on established, well-recognised exchanges, namely ICE and LIFFE that offer high liquidity, transparent pricing, daily cash settlement and collateralisation through margin requirements.

Revenue organic growth (at constant commodity prices), which adjusts like-for-like sales for the price impact of inflation and/or deflation of green coffee and tea commodity prices, was 3.6% in FY 2019 as compared to FY 2018 and 5.7% in FY 2018 as compared to FY 2017.

*Pricing*

The Group's sales prices are affected by a variety of factors, in particular the cost of raw materials, which is largely driven by the price of green coffee. Other factors include the costs of packaging materials, manufacturing and product distribution costs, labour costs, country mix, premiumisation, and the availability and price of competing products.

Sales prices had a negative effect of 2.8% on the Group's revenue in FY 2019 as compared to FY 2018, and a negative effect of 3.6% in FY 2018 as compared to FY 2017. The 2.8% negative pricing effect in FY 2019 as compared to FY 2018 was fully due to decreased green coffee prices, whereas the 3.6% price decline in FY 2018 as compared to FY 2017 was primarily due to decreased green coffee prices, offset by the limited impact of other price increases. The Group strives to optimise pricing to manage commodity volatility. Pricing primarily affects the results of the CPG and Out-of-Home sales channels. In CPG, the client base is generally more concentrated, comprising primarily large retailers, and contracts with such clients, including pricing terms, are generally renegotiated on a yearly basis. Accordingly, when prices for green coffee decline, renegotiation of such contracts tends to result in lower prices and/or increased investments in promotional activities for the Group's products, as occurred during FY 2017 and FY 2018. In the Out-of-Home sales channel, the Group has a large number of clients with contracts with longer terms than those in CPG, which results in pricing terms generally being negotiated less frequently than in the CPG sales channel.

*Volume and Mix*

The Group's revenue largely depends on coffee and tea product volumes sold and the mix thereof (or volume/mix). This factor had a positive effect of 3.6% on the Group's revenue in FY 2019 relative to FY 2018, and a positive effect of 5.0% in FY 2018 relative to FY 2017. A positive contribution from volume results from selling more coffee and tea products than in the comparative period. Mix reflects the product categories, package sizes and countries in which products are sold. When more profitable products are sold or products are sold in countries and sales channels that are more profitable, the impact on results is positive. The Group actively manages its product mix through product launches within specific categories or countries, diversifying its product and category range, expanding into new countries as well as focused marketing initiatives. Volume and product mix depend on the premiumisation trend within the global coffee category, the increasing convenience of consuming coffee and tea products, including the on-the-go consumption of ready-to-drink coffee beverages, consumer awareness of the potential health benefits associated with the consumption of coffee and tea and the demand for sustainable choices, and the use of retail coffee stores to broaden the awareness of brand and relationship with consumers.

*Foreign Exchange Movements*

The Group conducts global operations, involving transactions denominated in a variety of currencies, but its reporting currency is the euro. Accordingly, fluctuations in currency exchange rates can impact its results of operations. These impacts can take the form of transaction effects, which result from a currency mismatch between revenues and costs, or translation effects, which result from converting assets, liabilities and operating results denominated in foreign currencies into euro for reporting purposes.

*Transaction Risk*

The Group operates internationally and consequently is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, Brazilian real, British pound, Swedish krona, Norwegian krone, Polish zloty, Thai baht, Russian rouble, Australian dollar, Ukrainian hryvnia, New Zealand dollar, Chinese yuan renminbi and Malaysian ringgit against the euro. Foreign exchange risk arises primarily from commercial transactions such as the purchase of commodities, recognised monetary assets and liabilities.

The Group mainly uses forward exchange contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency denominated transactions, third-party product-sourcing transactions and other known foreign currency exposures. Gains and losses on these 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 cash requirement date of the associated transaction, generally within 12 months. The Group has designated some of its foreign exchange derivatives as hedging instruments for accounting purposes and applies cash flow hedge accounting on those hedges. The fair value of these hedging instruments is recognised on the Combined and Consolidated Statement of Financial Position and the effective portion of fair value changes is recognised in the cash flow hedge reserve in the Combined and Consolidated Statement of Comprehensive Income. The change in fair value on the other foreign exchange derivatives is recognised directly in the Combined and Consolidated Income Statement.

The Group had foreign currency losses of €85 million in FY 2019, losses of €91 million in FY 2018, and gains of €198 million in FY 2017. These were offset by a gain on foreign currency derivatives of €60 million in FY 2019, a gain of €74 million in FY 2018, and a loss of €115 million in FY 2017. Both foreign exchange gains and losses and gains and losses on foreign exchange derivatives are recognised in finance expense on the Group's Combined and Consolidated Income Statement.

*Translation Risk*

The functional currency of a number of the Group's subsidiaries is a currency other than the euro and as a result the income statement and statement of financial position of each of those subsidiaries must be translated for purposes of preparing the Combined and Consolidated Special Purpose Financial Statements. Each period the financial statements of the non-euro functional subsidiaries are translated to the euro by applying the closing rate to the balance sheet and an average rate to the income statement. As a consequence, the Group's combined and consolidated results are impacted by these currency movements. This resulted in a foreign currency translation gain of €135 million in FY 2019 compared to a foreign currency translation loss of €57 million in FY 2018 and a loss of €354 million in FY 2017. These foreign currency translation gains and losses are reflected in the Combined and Consolidated Statement of Comprehensive Income.

*Interest Rate Risk*

Interest rate risk comprises cash flow risk on expected future interest payments resulting from borrowing at floating rates. The Group has some U.S. dollar denominated debt outstanding (among others), which means that aside from interest rate risk there is also foreign currency risk embedded in its borrowings. To manage interest rate risk, the Group has entered into interest rate swaps that effectively convert the majority of the floating rate debt instruments into fixed rate debt instruments. In order to manage the interest rate risk and the foreign currency risk associated with the U.S. dollar debt, the Group entered into cross-currency interest rate swaps that convert the U.S. dollar denominated floating rate debt into euro fixed debt. The interest rate swap and cross-currency interest rate swap agreements that are hedging the cash flows of floating rate debt agreements are designated and accounted for as cash flow hedges applying hedge accounting, where possible.

The Group had an interest expense of €235 million in FY 2019, €289 million in FY 2018, and €252 million in FY 2017. The Group had a loss on interest rate derivatives of €21 million in FY 2019, a gain of €26 million in FY 2018, and a loss of €68 million in FY 2017. Both interest expenses and gains and losses on interest rate derivatives are recognised in finance expense on the Group's Combined and Consolidated Income Statement.

*Change in Accounting Policy for Leases Affecting Comparability between Periods.*

As of 1 January 2019, the Group applies IFRS 16 for leases. IFRS 16 has not been applied retrospectively for FY 2017 and FY 2018. IFRS 16 has a significant impact on the way the Group accounts for operating leases. The new standard eliminates the classification of leases as either operating lease or finance lease for a lessee. Except for short-term and low-value leases, they are capitalised by recognising the present value of future lease payments and herewith creating a lease asset (right-of-use asset as part of property, plant and equipment), depreciated over the lifetime of the contract. The offset of the right-of-use asset on the application date is a financial liability, included under borrowings, whereby the liability is satisfied by the lease payments. As a result, the Group's net debt and Adjusted net debt increased. As the right-of-use asset is depreciated on a straight-line basis and the lease liability is satisfied by lease payments applying the effective interest method, differences can occur between the asset and the liability, depending on the timing of lease payments.

In addition, IFRS 16 replaces the straight-line operating lease expense under IAS 17 (recognised in cost of sales and selling, general, and administrative expenses) with a depreciation charge against the lease asset (recognised in cost of sales and selling, general, and administrative expenses) and an interest expense (recognised as a finance expense) on the lease liability. As a result, the interest element relating to lease payments will no longer be included in operating profit and Adjusted EBIT in FY 2019 when comparing to FY 2018.

Adjusted EBIT for FY 2019 is €1,255 million. The implementation of IFRS 16 has led to an increase in Adjusted EBIT of €5 million. This amount represents the difference between the calculated operating lease expense (excluding short-term and low-value leases that do not qualify as right-of-use leases under IFRS 16) for FY 2019 under IAS 17 (the old lease standard) minus the recorded depreciation related to the right-of-use asset recognised as part of the Adjusted EBIT in FY 2019.

Adjusted EBITDA for FY 2019 is €1,551 million. The implementation of IFRS 16 has led to an increase in Adjusted EBITDA of €75 million. This amount represents the calculated operating lease expenses (excluding short-term and low-value leases that do not qualify as right-of-use leases under IFRS 16) for FY 2019 under IAS 17 (the old lease standard).

**Description of Key Line Items**

Set forth below is a brief description of the composition of certain line items of the Combined and Consolidated Income Statement. This description must be read in conjunction with the Significant Accounting Policies elsewhere in this section and in the Combined and Consolidated Special Purpose Financial Statements.

***Revenue***

As of 1 January 2018, the Group recognises revenue in accordance with the five-step model introduced by IFRS 15. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when the control of a good or service is transferred, the performance obligation is satisfied and when specific criteria have been met for each of the Group's activities as described below.

Revenue is recognised when goods and services are delivered at a point in time or over time, depending on the nature of the transaction. Revenue from goods is typically recognised at a point in time, whereas the revenues related to customers in the Out-of-Home segment can be recognised at a point in time or over time.

Revenue taxes collected from customers are excluded from revenues, and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authority. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for individual components and revenue is allocated for the total transaction price to the individual components by reference to their stand-alone selling price. The Group estimates trade allowances and product returns based on historical results taking into consideration the customer, transaction and specifics of each arrangement while also taking into account forward-looking information. The Group primarily generates revenue from the sale of products. The sale of products is generally recognised when control of the products passes to distributors, resellers or end customers and consumers. Control usually transfers upon receipt of the product at the customers' location, or upon shipment, as determined by the specific sales terms of the transactions. Revenue from Group-owned coffee stores is recognised at the point of sale for food and beverage products sold.

The Group also recognises lease revenue from the leasing of its coffee machines and maintenance fees associated with maintaining the coffee machines.

The Group provides a variety of sales incentives to resellers and consumers of its products such as discounts, rebates and cooperative advertising. These sales incentives are recorded as a reduction of revenue. Sales incentives are either settled immediately on-invoice or off-invoice. If sales incentives are settled off-invoice, these are generally recorded based on an estimate, with a true-up upon settlement.

***Cost of Sales***

Cost of sales consists of costs incurred from the time raw materials are purchased to when finished goods are delivered to their location immediately prior to external sale and include costs related to the manufacturing process. Cost of sales also includes the cost of sales incentives offered in the form of free products. Gains and losses arising from changes in the fair value of inventory-related derivative financial instruments included in the fair value through the profit or loss category are also recorded in cost of sales.

For the operation of coffee stores, the cost of sales includes occupancy costs such as rent, utilities and maintenance costs. As of 1 January 2019, the Group applies IFRS 16 for leases. Under IFRS 16, the operating lease expenses previously recognised in cost of sales are no longer recognised. Depreciation and interest expense are recognised instead. Depreciation is still recognised in cost of sales, but the interest expense is recognised as a finance expense. For more details on new accounting policies, please refer to Note 3 of the Group's Combined and Consolidated Special Purpose Financial Statements, as well as "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

***Selling, General and Administrative Expenses***

Selling, general and administrative expenses comprise advertising and promotion, warehousing and distribution costs, selling and marketing expenses, research and development and other items that management believes are unrelated to the Group's ongoing operations.

Under IFRS 16, operating lease expenses, previously recognised in selling, general and administrative expenses are no longer recognised. Depreciation and an interest expense are recognised instead. Deprecation is still recognised in selling, general and administrative expenses, but the interest expense is recognised as a finance expense. For more details on new accounting policies, please refer to Note 3 of the Combined and Consolidated

Special Purpose Financial Statements, as well as "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

***Finance Income***

Finance income primarily represents income that the Group receives on its cash equivalents and loans.

***Finance Expense***

Finance expense generally comprises interest expense on borrowings, leases and overdrafts and the interest consequence of unwinding discounted provisions, foreign exchange gains and losses, excluding those related to commodities, and the change in fair value of foreign currency and interest rate derivative financial instruments. As of 1 January 2019, following the implementation of IFRS 16, the effective interest on operating leases is recognised as a finance expense. For further details on the new accounting policies, please refer to Note 3 of the Combined and Consolidated Special Purpose Financial Statements, as well as "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

**Results of Operations**

*Comparison Results of Operations for FY 2019 and FY 2018*

The following table and subsequent discussion summarise the Group's Combined and Consolidated Income Statement and Non-IFRS Financial Information for FY 2019 and for FY 2018.

| | **For the year ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 6,945 | 6,664 | 4.2% |
| Cost of sales | (3,935) | (3,808) | 3.3% |
| Selling, general and administrative expenses | (1,967) | (1,947) | 1.0% |
| **Operating profit** | **1,043** | **909** | **14.7%** |
| Finance income | 101 | 84 | 20.2% |
| Finance expense | (302) | (278) | 8.6% |
| Share of net profit of associates | (1) | - | N/M |
| **Profit before income taxes** | **841** | **715** | **17.6%** |
| Income tax expense | (256) | (52) | 392.3% |
| Profit for the period | **585** | **663** | **(11.8%)** |
| **Attributable to:** | | | |
| Owners of the parent | 424 | 473 | (10.4%) |
| Non-controlling interest | 161 | 190 | (15.3%) |
| **Non-IFRS Financial Information** | | | |
| Like-for-like sales[(1)] | 6,714 | 6,664 | 0.8% |
| **Adjusted EBIT**[(2)] | **1,255**[(4)] | **1,171** | **7.2%** |
| % of revenue | *18.1%* | 17.6% | 2.8% |

| | | | |
|---|---|---|---|
| **Adjusted EBITDA(3)** | **1,551(5)** | **1,393** | **11.3%** |
| % of revenue | *22.3%* | 20.9% | 6.8% |

Notes:

(1) Like-for-like sales presented for FY 2018 is equal to the revenue, for comparison purposes. Like-for-like sales for FY 2019 is revenue translated at the FY 2018 foreign exchange rates and excludes the effect of M&A activity. For a reconciliation to revenue, see "*Important Information—Presentation of Financial and Other Information*".

(2) Adjusted EBIT is operating profit adjusted for certain factors. Operating profit is defined as profit for the period, adding back finance income, finance expense, share of net profit of associates, and income tax expense. For a reconciliation to profit for the period, see "*Important Information—Presentation of Financial and Other Information*".

(3) Adjusted EBITDA is operating profit before depreciation and amortisation adjusted for certain factors. Operating profit before depreciation and amortisation is defined as profit for the period, adding back finance income, finance expense, share of net profit of associates, income tax expense, and depreciation and amortisation. For a reconciliation to profit for the period, see "*Important Information—Presentation of Financial and Other Information*".

(4) The implementation of IFRS 16 has led to an increase in Adjusted EBIT of €5 million in FY 2019.

(5) The implementation of IFRS 16 has led to an increase in Adjusted EBITDA of €75 million in FY 2019.

Revenue increased by €281 million, or 4.2%, from €6,664 million in FY 2018 to €6,945 million in FY 2019. This was driven by a positive impact from M&A of €156 million, or 2.3%, largely due to the acquisitions of OldTown (Malaysia), Ofçay (Turkey) and JOBmeal (Sweden/Finland) in FY 2018, a positive impact of foreign exchange movements of €75 million, or 1.1%, due to appreciation of the U.S. dollar against the euro, and growth in like-for-like sales of €50 million, or 0.8%. On a segment level, the increase was mainly driven by Peet's, where revenue increased by €107 million largely driven by strong volume increases to CPG customers and foreign exchange movements due to appreciation of the U.S. dollar against the euro, partially offset by a decrease in revenue in CPG—APAC of €18 million largely due to a negative volume/mix effect.

Like-for-like sales increased by €50 million, or 0.8%, from €6,664 million in FY 2018 to €6,714 million in FY 2019. This was due to a positive volume/mix effect of €238 million, or 3.6%, offset by a negative price effect of €188 million, or 2.8%. The volume/mix effect was largely driven by increased sales volumes from the continued success of the aluminium coffee capsule and the beans offerings, and market share gains in most European countries, Russia and Australia. The price effect was mainly the result of price reductions following declining green coffee prices.

Cost of sales increased by €127 million, or 3.3%, from €3,808 million in FY 2018 to €3,935 million in FY 2019. This was mainly driven by higher sales volumes, the result of both higher like-for-like sales and M&A activity, partially offset by declining green coffee prices.

Selling, general and administrative expenses increased by €20 million, or 1.0%, from €1,947 million in FY 2018 to €1,967 million in FY 2019. This was mainly driven by higher wages and salaries and from the full year impact of expenses brought on by M&A completed in FY 2018, partially offset by strong cost discipline. Advertising and promotion expenses decreased by €2 million, from €448 million in FY 2018 to €446 million in FY 2019.

Operating profit increased by €134 million, or 14.7%, from €909 million in FY 2018 to €1,043 million in FY 2019. This was mainly driven by €281 million higher revenue, which was driven by a positive impact from M&A, a positive volume/mix effect, and reduced expenses for the ERP system implementation and reduced costs from transformation activities and corporate actions. This was partially offset by a €127 million increase in cost of sales, driven by higher sales volumes, and a €20 million increase in selling, general and administrative expenses, driven by higher wages and salaries and from the full year impact of expenses brought on by M&A completed in FY 2018.

Adjusted EBIT increased by €84 million, or 7.2%, from €1,171 million in FY 2018 to €1,255 million in FY 2019. This was mainly driven by higher revenue, which largely resulted from a positive volume/mix effect and a positive impact from M&A, offset by a negative price effect. On a segment level, the increase was mainly driven by CPG—Europe and CPG—LARMEA, as their Adjusted EBIT increased by €53 million and €25 million, respectively. For the impact of IFRS 16 on Adjusted EBIT, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

Adjusted EBITDA increased by €158 million, or 11.3%, from €1,393 million in FY 2018 to €1,551 million in FY 2019. This was mainly driven by higher revenue, which largely resulted from a positive volume/mix effect and a positive impact from M&A, offset by a negative price effect, and the accounting benefit of the implementation of *IFRS 16 - Leases*, which led to an increase of €75 million in Adjusted EBITDA. For further information on the impact of IFRS 16 on Adjusted EBITDA, please see "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

Finance income increased by €17 million, or 20.2%, from €84 million in FY 2018 to €101 million in FY 2019. This was mainly driven by higher interest income of €18 million as a result of a higher cash position during the year.

Finance expense increased by €24 million, or 8.6%, from €278 million in FY 2018 to €302 million in FY 2019. This was mainly driven by negative mark-to-market results of derivative financial instruments of €60 million and adverse fair value changes in financial liabilities of €24 million, which were partially offset by lower interest expenses of €54 million resulting from voluntary debt prepayments and a decrease in interest rates, and lower foreign exchange losses of €6 million due to favourable developments in foreign exchange markets.

Income tax expense increased by €204 million, or 392.3%, from €52 million in FY 2018 to €256 million in FY 2019. This increase consisted of a €158 million increase of net deferred tax expenses, largely driven by one-off tax rate changes and the impact of the de-recognition of deferred tax assets, and a €46 million increase in current tax expense, largely resulting from an increase in taxable profits. The Group's effective tax rate for FY 2019 was 30.4%, which included the effect of certain non-recurring items: (i) tax rate changes of 420 basis points; and (ii) tax reserves and tax audit adjustments of 70 basis points. Excluding such non-recurring items, the Group's effective tax rate for 2019 would have been approximately 25%. The Group believes that such effective tax rate percentage is representative of the Group's short-term effective tax rate and it is expected to reduce gradually over time as the Group's profitability increases. Further information on the Group's effective tax rate is set out in Note 26 of the Combined and Consolidated Special Purpose Financial Statements.

Non-controlling interest decreased by €29 million, or 15.3%, from €190 million in FY 2018 to €161 million in FY 2019. This was mainly driven by a decrease in profit for the period.

*Segments*

The following tables summarise the Group's revenue and adjusted EBIT by reporting segment for FY 2019 and for FY 2018.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| CPG—Europe | 3,269 | 3,197 | 2.3% |
| CPG—LARMEA | 1,111 | 1,034 | 7.4% |
| CPG—APAC | 684 | 702 | (2.6%) |
| Out-of-Home(1) | 977 | 929 | 5.2% |
| Peet's | 878 | 771 | 13.9% |
| **Total segment revenue** | **6,919** | **6,633** | **4.3%** |
| Unallocated | 26 | 31 | N/M |
| **Total Group revenue** | **6,945** | **6,664** | **4.2%** |

Note:
(1) Excluding products sold and services provided in the Out-of-Home sales channel in the United States, which is included in the Peet's segment.

| | For the year ended 31 December | | | |
|---|---|---|---|---|
| | 2019 | % of revenue[(1)] | 2018 | % of revenue[(1)] |
| | (in € millions, unless otherwise indicated) | | | |
| CPG—Europe | 954 | 29.2% | 901 | 28.2% |
| CPG—LARMEA | 207 | 18.7% | 182 | 17.6% |
| CPG—APAC | 116 | 17.0% | 136 | 19.4% |
| Out-of-Home[(2)] | 179 | 18.3% | 176 | 19.0% |
| Peet's | 78 | 8.9% | 76 | 9.8% |
| **Total segment Adjusted EBIT** | **1,534** | **22.2%** | **1,471** | **22.2%** |
| Unallocated | (279) | N/M | (300) | N/M |
| **Total Group Adjusted EBIT** | **1,255**[(3)] | **18.1%** | **1,171** | **17.6%** |

Notes:
(1) Adjusted EBIT as a percentage of total segment revenue.
(2) Excluding products sold and services provided in the Out-of-Home sales channel in the United States, which is included in the Peet's segment.
(3) The implementation of IFRS 16 has led to an increase in Adjusted EBIT of €5 million in FY 2019.

*CPG—Europe*

The following table summarises CPG—Europe's key performance indicators for FY 2019 and for FY 2018.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | Change |
| | (in € millions, unless otherwise indicated) | | |
| Revenue | 3,269 | 3,197 | 2.3% |
| Like-for-like sales | 3,243 | 3,197 | 1.4% |
| Adjusted EBIT | 954 | 901 | 5.9% |
| % of revenue | *29.2%* | *28.2%* | 3.6% |

Revenue increased by €72 million, or 2.3%, from €3,197 million in FY 2018 to €3,269 million in FY 2019. This was driven by growth in like-for-like sales of €46 million, or 1.4%, and a positive impact of foreign exchange movements of €26 million, or 0.8%, due to appreciation of the British pound against the euro.

Like-for-like sales increased by €46 million, or 1.4%, from €3,197 million in FY 2018 to €3,243 million in FY 2019. This was due to a positive volume/mix effect of €142 million, or 4.4%, offset by a negative price effect of €96 million or 3.0%. The volume/mix effect was largely driven by the continued success of the aluminium coffee capsules and premium beans offerings, mainly in Germany, France and the Netherlands. The price effect was mainly the result of price reductions following declining green coffee prices.

Adjusted EBIT increased by €53 million, or 5.9%, from €901 million in FY 2018 to €954 million in FY 2019. This result was mainly driven by higher revenue due to a positive volume/mix effect.

*CPG—LARMEA*

The following table summarises CPG—LARMEA's key performance indicators for FY 2019 and for FY 2018.

**For the year ended 31 December**

| | 2019 | 2018 | Change |
|---|---|---|---|
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 1,111 | 1,034 | 7.4% |
| Like-for-like sales | 1,047 | 1,034 | 1.2% |
| Adjusted EBIT | 207 | 182 | 13.7% |
| *% of revenue* | *18.7%* | *17.6%* | 5.9% |

Revenue increased by €77 million, or 7.4%, from €1,034 million in FY 2018 to €1,111 million in FY 2019. This was driven by a positive impact from M&A of €70 million, or 6.8%, due to the acquisition of Ofçay in Turkey in FY 2018 and growth in like-for-like sales of €13 million, or 1.2%, partially offset by a negative impact of foreign exchange movements of €6 million, or 0.6%, due to depreciation of the Brazilian real and Turkish lira.

Like-for-like sales increased by €13 million, or 1.2%, from €1,034 million in FY 2018 to €1,047 million in FY 2019. This was due to a positive volume/mix effect of €85 million, or 8.2%, offset by a negative price effect of €72 million, or 7.0%. The volume/mix effect was largely driven by a gain in market share in Russia following significant promotional investments, and the continued success of the instant category, largely driven by expanded distribution. The price effect was mainly the result of disciplined pricing reduction, passing through the coffee benefits to customers, reflecting the declining green coffee prices.

Adjusted EBIT increased by €25 million, or 13.7%, from €182 million in FY 2018 to €207 million in FY 2019. This result was mainly driven by higher revenue due to a positive impact from M&A, partially offset by increased promotional investments in Russia.

*CPG—APAC*

The following table summarises CPG—APAC's key performance indicators for FY 2019 and for FY 2018.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | Change |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 684 | 702 | (2.6%) |
| Like-for-like sales | 645 | 702 | (8.1%) |
| Adjusted EBIT | 116 | 136 | (14.7%) |
| *% of revenue* | *17.0%* | *19.4%* | (12.5%) |

Revenue decreased by €18 million, or 2.6%, from €702 million in FY 2018 to €684 million in FY 2019. This decrease was driven by a decrease in like-for-like sales of €57 million, or 8.1%, offset by a positive impact from M&A of €22 million, or 3.1%, due to the acquisition of OldTown in Malaysia in FY 2018, and a positive impact of foreign exchange movements of €17 million, or 2.4%, due to appreciation of the Australian dollar, New Zealand dollar and Singapore dollar.

Like-for-like sales decreased by €57 million, or 8.1%, from €702 million in FY 2018 to €645 million in FY 2019. This was due to a negative volume/mix effect of €48 million, or 6.8%, and a negative price effect of €9 million, or 1.3%. The volume/mix effect was largely driven by withdrawing from margin dilutive products and sales channels from acquired businesses. The price effect was mainly the result of price reductions following declining green coffee prices, offset by an increase in tea prices.

Adjusted EBIT decreased by €20 million, or 14.7%, from €136 million in FY 2018 to €116 million in FY 2019. This result was mainly driven by lower revenue due to a negative volume/mix effect.

*Out-of-Home*

The following table summarises Out-of-Home segment's key performance indicators for FY 2019 and for FY 2018.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 977 | 929 | 5.2% |
| Like-for-like sales | 923 | 929 | (0.7%) |
| Adjusted EBIT | 179 | 176 | 1.7% |
| *% of revenue* | *18.3%* | 19.0% | (3.3%) |

Revenue increased by €48 million, or 5.2%, from €929 million in FY 2018 to €977 million in FY 2019. This was driven by a positive impact from M&A of €62 million, or 6.7%, million due to the acquisition of JOBmeal in Sweden/Finland in FY 2018, partially offset by a decrease in like-for-like sales of €6 million, or 0.7%, and a negative impact of foreign exchange movements of €8 million, or 0.8%.

Like-for-like sales decreased by €6 million, or 0.7%, from €929 million in FY 2018 to €923 million in FY 2019. This was due to a negative price effect of €13 million, or 1.4%, offset by a positive volume/mix effect of €7 million, or 0.7%. The price effect was mainly the result of price reductions following declining green coffee prices. The volume/mix effect was largely driven by increased sales in Germany, Greece and Belgium and increased export sales to countries without a direct Group presence.

Adjusted EBIT increased by €3 million, or 1.7%, from €176 million in FY 2018 to €179 million in FY 2019. This result was mainly driven by higher revenue due to a positive impact from M&A and a positive volume/mix effect, offset by expenses from re-platforming initiatives.

*Peet's*

The following table summarises Peet's key performance indicators for FY 2019 and for FY 2018.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 878 | 771 | 13.9% |
| Like-for-like sales | 830 | 771 | 7.7% |
| Adjusted EBIT | 78 | 76 | 2.6% |
| *% of revenue* | *8.9%* | *9.8%* | (9.9%) |
| Peet's Adjusted EBIT excl. FX and venture businesses | 90 | 86 | 5.0% |
| Peet's Adjusted EBIT excl. FX and venture businesses margin | *11.0%* | *11.1%* | (1.1%) |

Revenue increased by €107 million, or 13.9%, from €771 million in FY 2018 to €878 million in FY 2019. This is driven by growth in like-for-like sales of €59 million, or 7.7%, a positive impact of foreign exchange movements of €46 million, or 5.9%, due to appreciation of the U.S. dollar against the euro, and a positive impact from M&A of €3 million, or 0.3%, due to the acquisition of Revive Kombucha in FY 2018.

Like-for-like sales increased by €59 million, or 7.7%, from €771 million in FY 2018 to €830 million in FY 2019. This was due to a positive volume/mix effect of €57 million, or 7.4%, and a positive price effect of €2 million, or

0.3%. The volume/mix effect was largely driven by strong volume increases to CPG customers, driven by the continued success of Peet's bags, K-cups, aluminium capsules and distributed partner brand bagged coffee. The price effect was mainly the result of increases in retail prices to offset for labour and other cost inflations.

Adjusted EBIT increased by €2 million, or 2.6%, from €76 million in FY 2018 to €78 million in FY 2019. This result was mainly driven by higher revenue, driven by a positive volume/mix effect and a positive impact from IFRS 16 of €5 million, offset by €6 million of additional aggregated start-up losses from Peet's venture businesses. Peet's Adjusted EBIT excl. FX and venture businesses increased by €4 million, or 5.0%, from €86 million in FY 2018 to €90 million in FY 2019, representing a Peet's Adjusted EBIT excl. FX and venture businesses margin of 11.0% in FY 2019 and 11.1% in FY 2018.

Unallocated

Unallocated revenue primarily represents income generated from selling licensed products and making production facilities available to third-party businesses. Revenue decreased by €5 million, from €31 million in FY 2018 to €26 million in FY 2019. This decrease was driven by a decrease in income from having less excess capacity in FY 2019 to produce products for third parties of €7 million, offset by an increase in income from licensed products of €2 million.

Unallocated Adjusted EBIT largely relates to head office and overhead costs for the entire Group. Adjusted EBIT decreased by €21 million, or 7.0%, from costs of €300 million in FY 2018 to costs of €279 million in FY 2019. This result was mainly driven by lower management performance-related remuneration and strong cost discipline.

*Comparison Results of Operations for FY 2018 and FY 2017*

The following table and subsequent discussion summarise the Group's Combined and Consolidated Income Statement and Non-IFRS Financial Information for FY 2018 and for FY 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2017** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 6,664 | 6,530 | 2.1% |
| Cost of sales | (3,808) | (3,925) | (3.0%) |
| Selling, general and administrative expenses | (1,947) | (1,898) | 2.6% |
| **Operating profit** | **909** | **707** | **28.6%** |
| Finance income | 84 | 43 | 95.3% |
| Finance expense | (278) | (238) | 16.8% |
| Share of net profit of associates | - | (1) | (100.0%) |
| **Profit before income taxes** | **715** | **511** | **39.9%** |
| Income tax expense | (52) | (79) | (34.2%) |
| **Profit for the period** | **663** | **432** | **53.5%** |
| **Attributable to:** | | | |
| Owners of the parent | 473 | 318 | 48.7% |
| Non-controlling interest | 190 | 114 | 66.7% |
| **Non-IFRS Financial Information** | | | |
| Like-for-like sales(1) | **6,616** | **6,530** | **1.4%** |

| | | | |
|---|---|---|---|
| **Adjusted EBIT**(2)...................................................... | 1,171 | 1,065 | 9.9% |
| *% of revenue*.............................................................. | *17.6%* | *16.3%* | *7.7%* |
| **Adjusted EBITDA**(3)................................................ | **1,393** | **1,292** | **7.8%** |
| *% of revenue*.............................................................. | *20.9%* | *19.8%* | *5.7%* |

Notes:

(1) Like-for-like sales presented for FY 2017 is equal to the revenue, for comparison purposes. Like-for-like sales for FY 2018 is revenue in FY 2018 translated at the FY 2017 foreign exchange rates and excludes the effect of M&A activity. For a reconciliation to revenue, see "*Important Information—Presentation of Financial and Other Information*".

(2) Adjusted EBIT is operating profit adjusted for certain factors. Operating profit is defined as profit for the period, adding back finance income, finance expense, share of net profit of associates, and income tax expense. For a reconciliation to profit for the period, see "*Important Information—Presentation of Financial and Other Information*".

(3) Adjusted EBITDA is operating profit before depreciation and amortisation adjusted for certain factors. Operating profit before depreciation and amortisation is defined as profit for the period, adding back finance income, finance expense, share of net profit of associates, income tax expense, and depreciation and amortisation. For a reconciliation to profit for the period, see "*Important Information—Presentation of Financial and Other Information*".

Revenue increased by €134 million, or 2.1%, from €6,530 million in FY 2017 to €6,664 million in FY 2018. This was driven by a positive impact from M&A activity of €263 million, or 4.0%, notably due to the acquisition of OldTown in Malaysia in FY 2018 and Super Group in Singapore in FY 2017, and an increase in like-for-like sales of €86 million, or 1.4%, offset in part by a negative impact of foreign exchange movements of €216 million, or 3.3%, mainly driven by a devaluation of the Brazilian real and Russian rouble against the euro. On a segment level, the increase was mainly driven by M&A in the CPG—APAC segment, where revenue increased by €155 million, offset by a decrease in revenue in the CPG—LARMEA segment of €90 million, mainly due to the negative impact of foreign exchange movements.

Like-for-like sales increased by €86 million, or 1.4%, from €6,530 million in FY 2017 to €6,616 million in FY 2018. This was the result of a positive volume/mix effect of €324 million, or 5.0%, offset by a negative price effect of €238 million, or 3.6%. The positive volume/mix effect was largely driven by the continued success of the aluminium coffee capsule offering in Europe, and growth in the instant category across CPG sales channels outside of Europe. The negative price effect was primarily the result of implemented price reductions following declining green coffee prices.

Cost of sales decreased by €117 million, or 3.0%, from €3,925 million in FY 2017 to €3,808 million in FY 2018. The decrease was largely the result of declining green coffee prices and, to a lesser extent: (i) a favourable change in product category mix relating to greater sales of aluminium coffee capsules and instant coffee compared to multi-serve; (ii) an improved manufacturing footprint and optimisation of the supply chain, achieved through procurement term optimisation related to price negotiations on the procurement of direct materials such as coffee machines; (iii) greater production and supply chain efficiency; and (iv) continuous improvement and cost reduction programmes, such as a factory closure and the more effective utilisation of other manufacturing facilities. This was partially offset by higher costs of sales as a result of increased sales volumes.

Selling, general and administrative expenses increased by €49 million, or 2.6%, from €1,898 million in FY 2017 to €1,947 million in FY 2018. This result was largely driven by increased spending on advertising and promotion, which increased by €34 million from €414 million in FY 2017 to €448 million in FY 2018, to support further growth of the Group's portfolio of brands, increased performance-based remuneration following strong company performance, and costs associated with transformation activities, such as the centralisation and closure of certain manufacturing facilities. In addition, expenses from acquired businesses in 2017 were taken into consideration for a full year in 2018, which further increased total expenses, partially offset by reduced expenses for the ERP system implementation and costs associated with M&A activity.

Operating profit increased by €202 million, or 28.6%, from €707 million in FY 2017 to €909 million in FY 2018. This increase was mainly due to €134 million higher revenue, which was driven by a positive impact from M&A and a positive volume/mix effect, €117 million lower costs of sales, reduced expenses for the ERP system implementation and reduced costs associated with M&A activity. This was offset by an increase in other selling, general and administrative expenses of €49 million, mainly driven by increased performance-based remuneration, increased spending on advertising and promotion, costs associated with transformation activities and corporate actions, and selling, general and administrative expenses from acquired businesses.

Adjusted EBIT increased by €106 million, or 9.9%, from €1,065 million in FY 2017 to €1,171 million in FY 2018. This increase was mainly due to higher revenue, driven by a positive volume/mix effect and a positive impact from M&A, and lower costs of sales, driven by declining green coffee prices, partially offset by an increase in selling, general and administrative expenses, which was largely the result of increased spending on advertising and promotion, increased performance-based remuneration, and costs associated with re-platforming activities. On a segment level, the increase was mainly driven by the CPG—Europe segment, in which Adjusted EBIT increased by €61 million, mainly driven by a positive volume/mix effect driven by the continued success of the aluminium coffee capsule offering across multiple markets, and CPG—APAC, in which Adjusted EBIT increased by €44 million, as a result of acquisitions and a positive volume/mix effect.

Adjusted EBITDA increased by €101 million, or 7.8%, from €1,292 million in FY 2017 to €1,393 million in FY 2018. This was mainly due to higher revenue, driven by a positive volume/mix effect and a positive impact from M&A, and lower costs of sales, driven by declining green coffee prices, partially offset by an increase in selling, general and administrative expenses, which was largely the result of increased spending on advertising and promotion, increased performance-based remuneration, and costs associated with transformation activities.

Finance income increased by €41 million, or 95.3%, from €43 million in FY 2017 to €84 million in FY 2018. This increase resulted from higher interest income of €36 million, largely the result of a high cash position in the beginning of the year related to the acquisition of Super Group, and a lower interest expense on a defined benefit obligation of €21 million, offset by lower interest income on plan assets of €16 million. The latter two were driven by a general decrease of interest rates. Finance expense increased by €40 million, or 16.8%, from €238 million in FY 2017 to €278 million in FY 2018. This result was mainly driven by a higher interest expense of €37 million, largely driven by an increase in interest on higher borrowings from related parties, and on bank overdrafts.

Income tax expense decreased by €27 million, or 34.2%, from €79 million in FY 2017 to €52 million in FY 2018. This decrease was the result of a decrease in current tax expense of €267 million, offset by a €240 million decrease of the net deferred tax benefit. Both largely resulted from the one-off impact of the acceleration of grant of use obligations and the exercise of the related call option on 30 December 2017 that arose at the time of the JDE Formation, which was a taxable event under Swiss law.

Non-controlling interest increased by €76 million, or 66.7%, from €114 million in FY 2017 to €190 million in FY 2018. This was mainly driven by an increase in profit for the period.

*Segments*

The following tables summarise the Group's revenue and adjusted EBIT by reporting segment for FY 2018 and for FY 2017.

| | Revenue for the year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2017** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| CPG—Europe | 3,197 | 3,191 | 0.2% |
| CPG—LARMEA | 1,034 | 1,124 | (8.0%) |
| CPG—APAC | 702 | 547 | 28.3% |
| Out-of-Home[(1)] | 929 | 877 | 5.9% |
| Peet's | 771 | 751 | 2.7% |
| **Total segment revenue** | **6,633** | **6,490** | **2.2%** |
| Unallocated | 31 | 40 | N/M |

| | | | |
|---|---|---|---|
| **Total Group revenue** | **6,664** | **6,530** | **2.1%** |

Note:
(1) Excluding products sold and services provided in the Out-of-Home sales channel in the United States, which is included in the Peet's segment.

| | Adjusted EBIT for the year ended 31 December | | | |
|---|---|---|---|---|
| | **2018** | **% of revenue** | **2017** | **% of revenue** |
| | *(in € millions, unless otherwise indicated)* | | | |
| CPG—Europe | 901 | 28.2% | 840 | 26.3% |
| CPG—LARMEA | 182 | 17.6% | 185 | 16.4% |
| CPG—APAC | 136 | 19.4% | 92 | 16.9% |
| Out-of-Home[1] | 176 | 19.0% | 167 | 19.0% |
| Peet's | 76 | 9.8% | 83 | 11.1% |
| **Total segment Adjusted EBIT** | **1,471** | **22.2%** | **1,367** | **21.1%** |
| Unallocated | (300) | N/M | (302) | N/M |
| **Total Group Adjusted EBIT** | **1,171** | **17.6%** | **1,065** | **16.3%** |

Note:
(1) Excluding products sold and services provided in the Out-of-Home sales channel in the United States, which is included in the Peet's segment.

CPG—Europe

The following table summarises CPG—Europe's key performance indicators for FY 2018 and FY 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2017** | **Change** |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 3,197 | 3,191 | 0.2% |
| Like-for-like sales | 3,206 | 3,191 | 0.5% |
| Adjusted EBIT | 901 | 840 | 7.3% |
| *% of revenue* | *28.2%* | *26.3%* | *7.1%* |

Revenue increased by €6 million, or 0.2%, from €3,191 million in FY 2017 to €3,197 million in FY 2018. This was driven by growth in like-for-like sales of €15 million, or 0.5%, offset by a negative impact from foreign exchange movements of €10 million, or 0.3%, on revenue.

Like-for-like sales increased by €15 million, or 0.5%, from €3,191 million in FY 2017 to €3,206 million in FY 2018. This was the result of a positive volume/mix effect of €148 million, or 4.6%, offset by a negative price effect of €133 million, or 4.2%. The positive volume/mix effect was largely driven by the continued success of the aluminium coffee capsule offering across multiple markets, with growth achieved and market share gains. In addition, improvements in the whole-beans category led to higher revenue. The negative price effect was the result of price reductions following declining green coffee prices.

Adjusted EBIT increased by €61 million, or 7.3%, from €840 million in FY 2017 to €901 million in FY 2018. This result was mainly achieved through a lower cost of sales, partially offset by increased selling, general and administrative expenses. The lower cost of sales was largely the result of deflated green coffee prices and, to a lesser extent, a favourable change in the product category mix relating to greater sales of aluminium coffee capsules compared to multi-serve, an improved manufacturing footprint and optimisation of the supply chain.

CPG—LARMEA

The following table summarises CPG—LARMEA's key performance indicators for FY 2018 and FY 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2017 | Change |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 1,034 | 1,124 | (8.0%) |
| Like-for-like sales | 1,146 | 1,124 | 1.9% |
| Adjusted EBIT | 182 | 185 | (1.6%) |
| *% of revenue* | *17.6%* | *16.4%* | *6.9%* |

Revenue decreased by €90 million, or 8.0%, from €1,124 million in FY 2017 to €1,034 million in FY 2018. This result was primarily driven by a negative impact from foreign exchange movements of €142 million, or 12.6%, mainly driven by a devaluation of the Brazilian real and Russian rouble against the euro, offset by a positive effect of €30 million, or 2.7%, from M&A activity, driven by the acquisitions of Cia Cacique in Brazil and Ofçay in Turkey, and growth in like-for-like sales of €22 million, or 1.9%.

Like-for-like sales increased by €22 million, or 1.9%, from €1,124 million in FY 2017 to €1,146 million in FY 2018. This was the result of a positive volume/mix effect of €99 million, or 8.8%, offset by a negative price effect of €77 million, or 6.9%. The volume/mix effect was mainly the result of increased volumes and favourable mix mainly in Russia, Ukraine and South Africa, driven by the continued success of the instant category. The negative price effect was the result of price reductions following declining green coffee prices.

Adjusted EBIT decreased by €3 million, or 1.6%, from €185 million in FY 2017 to €182 million in FY 2018. This was mainly caused by a negative effect from foreign exchange movements and a negative price effect, offset by a positive volume/mix effect and increased cost efficiencies, such as footprint optimisation, scale efficiencies and favourable purchasing terms.

CPG—APAC

The following table summarises CPG—APAC's key performance indicators for FY 2018 and FY 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2017 | Change |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 702 | 547 | 28.3% |
| Like-for-like sales | 572 | 547 | 4.6% |
| Adjusted EBIT | 136 | 92 | 47.8% |
| *% of revenue* | *19.4%* | *16.9%* | *14.8%* |

Revenue increased by €155 million, or 28.3%, from €547 million in FY 2017 to €702 million in FY 2018. This result was mainly driven by a positive impact from M&A activity of €148 million, or 27.1%, notably due to the acquisition of OldTown in Malaysia and Super Group in Singapore, and growth in like-for-like sales of €25 million, or 4.6%, offset by a negative impact of foreign exchange movements of €19 million, or 3.4%.

Like-for-like sales increased by €25 million, or 4.6%, from €547 million in FY 2017 to €572 million in FY 2018. This was the result of a positive volume/mix effect of €40 million, or 7.3%, offset by a negative price effect of €14 million, or 2.6%. The positive volume/mix effect was mainly driven by gains in market share in New Zealand and Australia and higher sales in the instant category in New Zealand and Southeast Asia, notably Thailand. The negative price effect was the result of price reductions following declining green coffee prices.

Adjusted EBIT increased by €44 million, or 47.8%, from €92 million in FY 2017 to €136 million in FY 2018. Adjusted EBIT mainly improved as revenue increased, driven by acquisitions and a positive volume/mix effect in like-for-like sales, and the retention of declining green coffee prices, particularly in Thailand.

Out-of-Home

The following table summarises Out-of-Home segment's key performance indicators for FY 2018 and FY 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2017 | Change |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 929 | 877 | 5.9% |
| Like-for-like sales | 853 | 877 | (2.8%) |
| Adjusted EBIT | 176 | 167 | 5.4% |
| *% of revenue* | *19.0%* | *19.0%* | *(0.5%)* |

Revenue increased by €52 million, or 5.9%, from €877 million in FY 2017 to €929 million in FY 2018. This result was driven by M&A activity, which provided a positive contribution of €85 million, or 9.7%, due to the acquisitions of 12Oz in Italy and JOBmeal in Sweden/Finland in FY 2018, and the acquisitions of Cafax in Denmark and Maison Lyovel in France in FY 2017, offset by a decrease in like-for-like sales of €24 million, or 2.8%, and a negative impact from foreign exchange movements of €9 million, or 1.0%.

Like-for-like sales decreased by €24 million, or 2.8%, from €877 million in FY 2017 to €853 million in FY 2018. This was the result of a negative price effect of €17 million, or 2.0%, and a negative volume/mix effect of €7 million, or 0.8%. The negative price effect was the result of price reductions following declining green coffee prices. These have a smaller impact on the Out-of-Home segment, however, than on the CPG segments, given the generally longer-term contracts common in this segment. The volume/mix effect was the result of lower volumes, notably in the Netherlands and Germany due to increased competition, partially offset by an increase in sales of higher margin products such as liquid coffee, whole-beans and aluminium capsules.

Adjusted EBIT increased by €9 million, or 5.4%, from €167 million in FY 2017 to €176 million in FY 2018. This result was mostly achieved through a positive impact from M&A activity.

Peet's

The following table summarises Peet's key performance indicators for FY 2018 and FY 2017.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2018 | 2017 | Change |
| | *(in € millions, unless otherwise indicated)* | | |
| Revenue | 771 | 751 | 2.7% |
| Like-for-like sales | 808 | 751 | 7.6% |
| Adjusted EBIT | 76 | 83 | (8.4%) |
| *% of revenue* | *9.8%* | *11.1%* | *(10.8%)* |
| Peet's Adjusted EBIT excl. FX and venture businesses | 89 | 87 | 2.3% |
| Peet's Adjusted EBIT excl. FX and venture businesses margin | 11.1% | 11.6% | (4.5%) |

Revenue increased by €20 million, or 2.7%, from €751 million in FY 2017 to €771 million in FY 2018. This was driven by growth in like-for-like sales of €57 million, or 7.6%, offset by a negative impact from foreign exchange movements of €37 million, or 5.0%, on revenue.

Like-for-like sales increased by €57 million, or 7.6%, from €751 million in FY 2017 to €808 million in FY 2018. This was the result of a positive volume/mix effect of €53 million, or 7.0%, and a positive price effect of €4 million, or 0.6%. The positive volume/mix effect was largely driven by strong volume increases in sales to CPG customers of roasted coffee beans and single-serve coffee.

Adjusted EBIT decreased by €7 million, or 8.4%, from €83 million in FY 2017 to €76 million in FY 2018. This decrease was largely due to the negative impact of foreign exchange movements and €6 million of additional aggregated start-up losses from Peet's venture businesses. Peet's Adjusted EBIT excl. FX and venture businesses increased by €2 million, or 2.3%, from €87 million in FY 2017 to €89 million in FY 2018.

*Unallocated*

Unallocated revenue primarily represents income generated from selling licensed products and making production facilities available to third-party businesses. Revenue decreased by €9 million from €40 million in FY 2017 to €31 million in FY 2018. This decrease was driven by a decrease in income from licensed products of €7 million, and a decrease in income from having less excess capacity in FY 2018 to produce certain products for third parties by €2 million.

Unallocated Adjusted EBIT largely relates to head office and overhead costs for the entire Group. Adjusted EBIT decreased by €2 million, or 0.7%, from costs of €302 million in FY 2017 to costs of €300 million in FY 2018.

### *Liquidity and Capital Resources*

*General*

The Group's primary sources of liquidity are cash flows generated from its operations and credit facilities, as described below. The primary use of this liquidity is to fund the Group's ongoing operations, capital expenditure requirements, dividend payments and acquisitions.

*Working Capital*

In the opinion of the Company, the Group's working capital is sufficient for the Group's present requirements; that is for at least 12 months following the date of this Prospectus.

*Other current liabilities*

Other current liabilities increased by €282 million, or 335.7%, from €84 million in FY 2018 to €366 million in FY 2019. This was mainly driven by a €300 million increase in dividend payable to related party, offset by a €20 million decrease in provisions. Other current liabilities decreased by €13 million, or 13.4%, from €97 million in FY 2017 to €84 million in FY 2018. This was mainly driven by a €16 million decrease in provisions, offset by a €3 million increase in derivative financial instruments.

*Cash Flows*

The following table presents the primary components of the Group's cash flows for each of the periods indicated.

| | **For the year ended 31 December** | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |

| | | | |
|---|---|---|---|
| Net cash provided by operating activities | 1,459 | 1,313 | 921 |
| Net cash used in investing activities | (445) | (690) | (1,150) |
| Net cash used in financing activities | (994) | (692) | (107) |
| Effect of exchange rate changes on cash | 29 | (5) | (32) |
| **Net increase/(decrease) in cash and cash equivalents** | **49** | **(74)** | **(368)** |
| Cash and cash equivalents – at the start of period | 762 | 836 | 1,204 |
| **Cash and cash equivalents – at the end of period** | **811** | **762** | **836** |

**Comparison Cash Flows for FY 2019 and FY 2018**

Operating Activities

Net cash inflow provided by operating activities for FY 2019 was €1,459 million, an increase of €146 million from net cash inflow of €1,313 million for FY 2018. The increase was largely due to lower income tax payments of €69 million in FY 2019 as compared to FY 2018, mainly as a result of the settlement of outstanding related party tax positions, and higher cash inflows from derivative financial instruments of €63 million due to favourable developments of foreign exchange and commodity derivatives.

Investing Activities

Net cash outflow used in investing activities for FY 2019 was €445 million, a decrease of €245 million from outflows of €690 million for FY 2018. The decrease was largely due to lower M&A activity, as €23 million cash was spent on the acquisition of businesses in FY 2019, as compared to €456 million in FY 2018, offset by an increase in loans provided to a member of the JAB-Group of €247 million due to a related party transaction.

Financing Activities

Net cash used in financing activities for FY 2019 was €994 million, an increase of €302 million from outflows of €692 million for FY 2018. The increase was largely due to an increase in the repayment of debt of €237 million, largely driven by increased voluntary prepayments of debt under the JDE Credit Agreement (as defined below) in FY 2019, and higher shares acquired from non-controlling shareholders of €52 million.

**Comparison Cash Flows for FY 2018 and FY 2017**

Operating Activities

Net cash inflow provided by operating activities for FY 2018 was €1,313 million, an increase of €392 million from an inflow of €921 million for FY 2017. The increase was largely due to an increase in profit for the period of €231 million and an increase in change of trade and other payables of €250 million due to an increased focus on working capital management, offset by a €140 million increase in realised foreign exchange gains.

Investing Activities

Net cash outflow used in investing activities for FY 2018 was €690 million, a decrease of €460 million from an outflow of €1,150 million for FY 2017. Less cash was used in the acquisition of businesses (€596 million), as Super Group was acquired in FY 2017, whereas acquisitions in FY 2018 were relatively smaller. This was offset by a decrease in interest received of €86 million due to changes in loans outstanding to related parties and an increase in purchases of property, plant and equipment of €44 million due to investments in the production lines for aluminium capsules and instant coffee.

Financing Activities

Net cash used in financing activities for FY 2018 was €692 million, an increase of €585 million from an outflow of €107 million for FY 2017. The change was largely due to a change in borrowings of €1,075 million, as the Group borrowed €619 million in 2017 to, among others, finance the Super Group acquisition, while in 2018 the Group repaid €456 million, largely driven by voluntary prepayments under the JDE Credit Agreement. This was partially offset by a €475 million lower dividend paid to shareholders. Net cash used in financing activities is, among others, further affected by net interest expense items.

*Capital Expenditure*

The following table sets out the Group's capital expenditure for the periods indicated. The Group defines capital expenditure as purchases of property, plant and equipment and intangibles, taken from the Combined and Consolidated Statement of Cash Flows. Intangible assets comprise mainly computer software. Capital expenditure was financed internally for the period under review. This is expected to remain the case in FY 2020.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |
| Capital expenditure ................................................ | 281 | 282 | 236 |

The Group's capital expenditure for the year ended 31 December 2019 consisted mainly of continued investments in the production line for aluminium capsules in France (€20 million), and product lines for instant coffee in the Netherlands (€2 million) and Russia (€41 million), in addition to regular replacement capital expenditure and the purchase of machines for use in the Out-of-Home sales channel, besides other investments to support growth initiatives.

The Group's capital expenditure for the year ended 31 December 2018 consisted mainly of investments in the production line for aluminium capsules in France (€29 million), and product lines for instant coffee in the Netherlands (€23 million) and Russia (€9 million), besides other investments to support growth initiatives.

The Group's capital expenditure for the year ended 31 December 2017 consisted mainly of an investment in the new production line for aluminium capsules in France (€22 million) and an investment in the production line for instant coffee in Russia (€9 million), besides other investments to support growth initiatives.

The Group expects capital expenditure in FY 2020 to be approximately €280 million, primarily in connection with investments in production capacity relating to the aluminium coffee capsules, expansion of and instant product lines, and supporting growth in operations and machine placements in the Out-of-Home segment. Such planned capital expenditure includes the Group's material commitments in FY 2020.

*Loans and Borrowings*

The Group's outstanding indebtedness primarily consists of financial debt incurred in borrowing money. The Group generates positive cash flows and is not dependent on new borrowings. The following table sets out the Group's borrowing facilities for FY 2019, FY 2018 and for FY 2017.

| | As at 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |
| JDE: Credit Agreement: | | | |
| - Term Loan(s) A....................................................... | 3,971 | 4,471 | 4,621 |
| - Term Loan(s) B (€) ................................................. | 401 | 401 | 501 |

| | | | |
|---|---|---|---|
| - Term Loan(s) B (US$) | 600 | 674 | 768 |
| JDE: Other financing | 14 | 17 | 23 |
| Loan from related party | 1,704 | - | - |
| Peet's: Senior Credit Facility | 318 | 293 | 236 |
| All: Lease liabilities | 200 | - | - |
| All: Unamortised discounts and costs | (9) | (13) | (19) |
| **Non-current** | **7,199** | **5,843** | **6,130** |
| JDE: Other financing | - | 20 | 38 |
| Loan from related party | - | - | 1,259 |
| Peet's: Related party borrowing | - | 259 | - |
| All: Lease liabilities | 58 | - | - |
| All: Revolving credit facility | 35 | 65 | - |
| **Current** | **93** | **344** | **1,297** |
| **Total borrowings** | **7,292** | **6,187** | **7,427** |

JDE Credit Agreement

On 23 July 2014, JDE entered into a €7.6 billion credit agreement, which subsequently was amended, restated and/or supplemented (the **JDE Credit Agreement**). The JDE Credit Agreement consists of various euro and U.S. dollar denominated term loans (the **Term Loans**) and a €500 million revolving credit facility (the **JDE RCF**). The Term Loans are repayable in full on the respective maturity dates, except for any annual excess cash flow sweep requirements. JDE has provided security rights in relation to the JDE Credit Agreement in the form of rights of pledge over shares in a number of its operations subsidiaries which have substantial assets and/or have substantial earnings.

On 3 May 2017, JDE amended the JDE Credit Agreement as it re-priced and increased its euro and U.S. dollar denominated Term Loans B. As part of this transaction additional funds were raised amounting to €200 million and US$350 million, respectively. The proceeds were partially used to refinance the temporary drawing under the JDE RCF following the acquisition of Super Group. Interest margins were renegotiated as follows: Term Loan B (€) 2.00% and Term Loan B (US$) 2.25%.

On 1 November 2018, JDE amended and restated the JDE Credit Agreement as it negotiated with lenders improved interest conditions and an extension of the maturity dates of all facilities. Interest margins were renegotiated as follows: Term Loan A (€) 1.75%, Term Loan B (€) 2.00% plus 0.50% floor (decreased from 0.75%) and Term Loan B (US$) 2.00%.

The Term Loan A, Term Loan B (€) and JDE RCF are denominated in euro and bear interest based on the EURIBOR rate plus the applicable margin. The Term Loan B (US$) is denominated in U.S. dollar and carries an interest based on LIBOR plus the applicable margin. Interest floors are applicable to the euro denominated Term Loan B of 0.5% and the Term Loan A, JDE RCF and the U.S. dollar denominated Term Loan B of 0%. The interest margins of the Term Loan A, JDE RCF and Term Loan B (€) are subject to a further step-down when JDE's leverage ratio is equal to or less than 3.25x, which was reached as of Q3 2019 and resulted in a further decrease in interest margin for both the Term Loan A with 0.15% to 1.60% and the Term Loan B (€) with 0.25% to 1.75% plus 0.50% floor.

The commitment fee for the unused portion of the JDE RCF is 0.61%, which reduced from 0.8% before the refinancing on 1 November 2018.

As at 31 December 2019, 31 December 2018 and 31 December 2017, the JDE RCF was fully available to the Group, except for some limited utilised trade- and documentary credit-related ancillary allocations. During the years 2017 to 2019, the JDE RCF was used temporarily to partially finance the acquisition of Super Group in 2017.

To hedge the foreign currency and variable interest rate exposure associated with its term loans, the Group has entered into various cross-currency and interest rate swaps. Hedge accounting under IFRS 9 (and prior to 2019 under IAS 39) is being applied to JDE's interest rate and cross-currency swap portfolio to the extent they qualify. However, due to the various refinancing transactions the majority of the swaps entered into in prior years no longer meet the required effectiveness criteria and therefore any fair value changes were recognised in the income statement.

The JDE Credit Agreement requires JDE to comply with customary affirmative, negative and financial covenants. There is only one financial covenant throughout FY 2017 to FY 2019, which requires the leverage ratio of JDE's total net debt to adjusted EBITDA for the last 12 months to be less than 5.95x. The Group monitors covenant compliance closely, including the prospective development over the next few years. In the opinion of the Group there is currently no indication that covenants are at risk of being breached. As at 31 December 2019, JDE was in compliance with its financial bank covenant.

Borrowings under the JDE Credit Agreement for FY 2019 were €4,963 million, a decrease of €570 million from borrowings of €5,533 million for FY 2018. Borrowings under the JDE Credit Agreement for FY 2018 were €5,533 million, a decrease of €338 million from borrowings of €5,871 million for FY 2017. In both periods, the decrease was the result of voluntary debt prepayments.

JDE: Other Financing

Other financing refers to various trade and cash management facilities, at local subsidiary level, in Brazil, France, Malaysia, Singapore, Sweden and Turkey. There were no restrictions or covenants on these facilities.

In connection with the acquisition of some of these subsidiaries, JDE assumed, in FY 2017, €79 million and, in FY 2018, €53 million of borrowings.

Loans from related parties

JDE Holdings Minority B.V. had a loan from related party Maple Holdings II B.V. originated 25 February 2016, for a notional amount of €1,259 million with an interest rate of 6.5% which was transferred to Maple Holding B.V. in December 2017.

This loan was fully waived in August 2018. As part hereof, interest payable of €52 million was waived as well, resulting in an informal capital contribution.

On 30 December 2019, following the acquisition of Peet's from Acorn Holdings, Oak 1753 B.V. entered into a €1,704 million borrowing with Acorn Holdings. The loan bears three-month EURIBOR plus a margin of 1.6% interest, with a floor of 0.0% for the EURIBOR rate. The loan matures 30 December 2024. There were no restrictions or covenants on this facility.

Peet's Senior Credit Facility

Peet's entered into a five-year senior credit facility agreement with Wells Fargo Bank, N.A. and a syndicate of other lenders on 1 December 2017 (the **Peet's Senior Credit Facility**). Obligations under the Peet's Senior Credit Facility are secured by substantially all of the assets of Peet's, which totalled approximately €1.5 billion as at 31 December 2019. The credit facility agreement defines collateral as all accounts, IP, equipment, figures, goods, inventory, general intangibles, instruments, property, deposit accounts, and other assets. This excludes certain real property (such as the roasting facility located in Alameda, California), motor vehicles, certain letter of credit rights, government rights, other assets for which title/rights have been previously assigned, and certain subsidiaries. An exact specification of the amount used to secure the facility cannot be provided. Prior to 1

December 2017, Peet's had a five-year credit facility agreement with Rabobank and a syndicate of other lenders, entered into on 6 February 2015. This refinancing was treated as an extinguishment and as such, the unamortised debt issuance costs of the Rabobank facility were written off.

The Peet's Senior Credit Facility is subject to commitment fees for unused credit ranging from 0.20% to 0.30% of the unused amount. Loans under the Peet's Senior Credit Facility bear interest at a base rate plus an applicable margin. The base rate is the greater of: (i) the prime rate; (ii) the federal funds, effective rate plus 0.50%; or (iii) an adjusted LIBOR rate for a one-month interest period for a eurodollar loan plus 1.00% and the applicable margin ranges from 0.00% to 0.75% on base rate loans and ranges from 1.00% to 1.75% on eurodollar loans. Peet's does not apply hedge accounting in relation to their borrowings.

The Peet's Senior Credit Facility contains customary representations, warranties and negative and affirmative covenants. There are two financial covenants. The first requires the leverage ratio of Peet's net debt to adjusted EBITDA to be less than 4.50x. The second requires the interest coverage ratio of Peet's adjusted EBITDA to interest expense to be more than 3.50x. Peet's was in compliance with the covenants throughout the contract period, including 31 December 2019.

Lease liabilities

The lease liabilities relate to the implementation of IFRS 16 which has led to the recognition of the on-balance recognition of lease liabilities as of 1 January 2019. The total lease liabilities as at 31 December 2019 totalled €258 million.

Peet's: Related party borrowing

Peet's related party borrowing related to a loan of $297 million (€259 million) against a weighted average interest rate of 6.6% with Acorn Holdings. The start date of the loan was 28 December 2018, which on 30 December 2019 was transferred to the Group as part of Peet's share transfer and consequently eliminated. There were no restrictions or covenants on these facilities.

All: Revolving credit facility

On 25 September 2018, an indirect holding company of the Group, DEMB Holdings B.V., entered into a revolving credit facility for an amount of €75 million, which was guaranteed on a joint and several basis by Acorn Holdings. The interest on the amount drawn is EURIBOR plus 1.45% and a floor of 0%. The commitment fee on the undrawn amount is approximately 0.51%. As of 31 December 2018, an amount of €65 million was drawn under this facility, which was repaid during January 2019. In March 2019, an amount of €20 million was drawn and repaid in April 2019 and in December 2019 an amount of €35 million was drawn and repaid in January 2020. The facility was committed for one year, before being renewed for another year. It is now available until 1 October 2020. The facility agreement requires compliance with certain customary covenants, however no financial covenants are applicable. DEMB Holdings B.V. was in compliance with the covenants throughout the contract period, including 31 December 2019. The revolving credit facility is expected to be transferred from DEMB Holdings B.V. to Acorn Holdings prior to Settlement.

*Off-Balance Sheet Arrangements*

The Group uses customary off-balance sheet arrangements, such as purchase commitments, operating leases and guarantees, to finance its business. None of these arrangements has had or is likely to have a material effect on the results of operations, financial condition or liquidity. The Group's off-balance sheet commitments consists of the following:

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| | | *(in € millions)* | |
| Purchase commitments | 885 | 730 | 691 |

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| | | (in € millions) | |
| Operating leases ........................................................ | 26 | 265 | 247 |
| Guarantees................................................................. | 2 | 15 | 20 |
| **Total**........................................................................ | **913** | **1,010** | **959** |

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

Operating lease commitments – The Group 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.

Off-balance sheet operating leases decreased significantly in FY 2019 due to the implementation of IFRS 16 – Leases, which brought most of the operating leases on-balance sheet. As of 1 January 2019, off-balance sheet operating leases include only short-term and low-value leases. For more information on new accounting policies, please refer to Note 3 of the Group's Combined and Consolidated Special Purpose Financial Statements, as well as "*Operating and Financial Review—Key Factors Affecting Results of Operations and Financial Condition—Change in Accounting Policy for Leases Affecting Comparability between Periods*".

Guarantees – The Group 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 the Group is conditioned on the other party making a claim pursuant to the procedures specified in the contract. These procedures allow the Group to challenge the other party's claims. In addition, the Group's obligations under these agreements may be limited in terms of time and/or amount and, in some cases, the Group may have recourse against third parties for certain payments made by the Group. Historically, payments made by the Group under these agreements have not had a material effect on the Group's business, financial condition or results of operations.

The table below summarises the Group's contractual obligations into relevant maturity groupings based on the remaining period as at 31 December 2019 to the contractual maturity date.

| | Payments due by period | | | |
|---|---|---|---|---|
| | Total | < 1 year | 1-5 years | > 5 years |
| | | (in € millions) | | |
| **Contractual obligations**................. | | | | |
| Borrowings (incl. interest)............... | 7,801 | 204 | 6,522 | 1,075 |
| Purchase commitments.................... | 885 | 828 | 56 | 1 |
| Derivative financial instruments...... | 100 | 41 | 57 | 2 |
| Operating leases .............................. | 26 | 9 | 15 | 2 |
| Guarantees....................................... | 2 | 1 | 1 | - |
| **Total**................................................ | **8,814** | **1,083** | **6,651** | **1,080** |

*Contingent Liabilities*

The Group has various contingent liabilities. For more information on off-balance sheet commitments and contingencies, please refer to Note 27 of the Group's Combined and Consolidated Special Purpose Financial Statements.

*Derivative Financial Instruments*

The Group uses derivative financial instruments, including forward exchange contracts, futures, interest rate swaps and cross-currency swaps, to manage its exposures to foreign exchange, commodity prices and interest rate risks. The use of these derivative financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost to the Group. The Group does not use derivatives for trading or speculative purposes and is not a party to leveraged derivatives.

To mitigate the risk from interest rate, foreign currency exchange rate and commodity price fluctuations, the Group uses various derivative financial instruments that are in accordance with Group's policies and procedures. The Group designated part of the interest rate derivatives and part of the cross-currency swaps as hedging instruments and applies hedge accounting. 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. All other derivatives are accounted for at fair value through the profit and loss. For further information on derivative financial instruments, please refer to Note 15 of the Group's Combined and Consolidated Special Purpose Financial Statements.

*Qualitative and Quantitative Disclosures about Financial Risks*

The Group's activities expose it to a variety of financial risks that include commodity price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk, which arise in the normal course of business. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. For more information on financial risks, please refer to Note 14 of the Group's Combined and Consolidated Special Purpose Financial Statements.

<u>Commodity Price Risk</u>

Commodity price risk arises primarily from transactions on the world commodity markets. The Group's objective is to minimise the impact of commodity price fluctuations. This exposure is hedge-based on the Group's policies. The commodity risk is mainly managed at regional locations, being the U.S., the Netherlands, Brazil, Vietnam and Indonesia. The 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, the Group is able to fix a portion of its price for anticipated future deliveries of green coffee beans for a specified period of time. As a result of the short product business cycle of the Group, the majority of the anticipated future raw material transactions outstanding at the statement of financial position date are expected to occur in the next year.

The Group only enters into futures contracts that are traded on established, well-recognised exchanges, namely ICE and LIFFE that offer high liquidity, transparent pricing, daily cash settlement and collateralisation through margin requirements.

<u>Foreign Exchange Risk</u>

The Group 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.

The Group mainly uses forward exchange contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency denominated transactions, third-party product-sourcing transactions and other known foreign currency exposures. Gains and losses on these 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 cash requirement date of the associated transaction, generally within 12 months. The Group has designated some of its foreign exchange derivatives as hedging instruments for accounting purposes and applies cash flow hedge accounting on those hedges. The fair value of these hedging instruments is recognised on the Combined and Consolidated Statement of Financial Position and the effective portion of fair value changes is recognised in the cash flow hedge reserve in the Combined and Consolidated Statement of Comprehensive Income. The change in fair value on the other foreign exchange derivatives is recognised directly in the Combined and Consolidated Income Statement.

Interest Rate Risk

Interest rate risk comprises the cash flow risk on expected future interest payments resulting from borrowings at floating rates. The Group has certain U.S. dollar denominated debt outstanding (among others), which means that, aside from interest rate risk, there is also foreign currency risk embedded in its borrowings. To manage interest rate risk, the Group has entered into interest rate swaps that effectively convert the majority of the floating rate debt instruments into fixed rate debt instruments. In order to manage the interest rate risk and the foreign currency risk associated with the U.S. dollar debt, the Group entered into cross-currency interest rate swaps that convert the U.S. dollar denominated floating rate debt into euro fixed debt. The interest rate swap and cross-currency interest rate swap agreements that are hedging the cash flows of floating rate debt agreements are designated and accounted for as cash flow hedges applying hedge accounting, where possible.

Credit Risk

Credit risk arises in circumstances where a counterparty fails to perform its obligations. The Group is exposed to credit risk on financial instruments such as cash, loans to related parties, derivative assets and trade receivables. The Group avoids the concentration of credit risk by managing its financial assets across several institutions and sectors.

In relation to financial instruments, the Group enters into agreements with counterparties that meet stringent credit standards (at minimum investment grade), limiting the amount of agreements or contracts it enters into with any one party and, where legally available, executing 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 a counterparty is closely monitored and maintained at an absolute minimum. While the Group 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 the Group's derivative instruments are governed by International Swaps and Derivatives Association master agreements. The Group's trade receivables are subject to credit limits, controls and approval procedures. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables. Nevertheless, commercial counterparties are constantly monitored. 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 Group's financial assets.

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 our operating cash flows, which includes our payable extension programme and structured payables, could impact short-term liquidity.

***Significant Accounting Policies***

For information on significant accounting policies, please refer to Note 4 of the Group's Combined and Consolidated Special Purpose Financial Statements.

**Changes in Accounting Policies and Disclosures**

New Standards, Amendments and Interpretations Adopted during the year ended 31 December 2019.

The Group has applied IFRS 16 – Leases and IFRIC 23 Uncertainty over Income Tax Treatments for the first time for the financial reporting period commencing 1 January 2019.

*IFRS 16 – Leases*

The Group adopted IFRS 16 – Leases retrospectively from 1 January 2019 without restating comparatives for the 2018 and/or 2017 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised as at 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 – Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.6%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. This did not result in measurement adjustments for residual value guarantees. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The lease term is defined in IFRS 16 as the non-cancellable period together with the option to extend or terminate a lease, if it is reasonably certain that the lessee will exercise such an option. Where a lease includes an extension or termination option in the lease agreement, the Group assesses the option based on the economic conditions, future operating plans and time remaining until the option should be exercised.

In applying IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- an impairment review concluding that there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at January 2019 as short-term leases;
- electing not to separate the non-lease component from the lease component;
- electing not to capitalise low-value assets as right-of-use assets;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made in applying IAS 17 and IFRIC 4 – Determining whether an Arrangement contains a Lease.

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

*IFRIC 23 – Uncertainty over Income Tax Treatments*

On 7 June 2017, the IASB issued IFRIC 23 – Uncertainty over Income Tax Treatments. This Interpretation clarified application of recognition and measurement requirements in IAS 12 – Income Taxes when there is uncertainty over income tax treatments. IFRIC 23 was adopted as from 1 January 2019 onwards without a material impact to the Combined and Consolidated Special Purpose Financial Statements.

*IFRS 15 – Revenue from Contracts with Customers*

Per 1 January 2018, the Group compared the new standard IFRS 15 with the previous standard IAS 18 and concluded that the change in standard did not materially change the revenue recognition. Hence, the application by the Group of IAS 18 and IFRS 15 was very similar.

*IFRS 9 – Financial Instruments*

The Group compared the new standard IFRS 9 with the previous standard IAS 39. The main changes of IFRS 9 compared to IAS 39, relate to the measurement of the impairment provision of the financial assets, the classification of the financial assets and liabilities and the requirements related to the hedge accounting.

The following assessment is performed to assess the impact of this new standard:

- The Group changed the measurement of the provision of the financial assets from the incurred loss model to the expected credit loss model in order to better reflect the credit risk of a debtor.

- The Group updated the classifications of the financial assets and liabilities.

- The Group implemented IFRS 9 with respect to the hedge accounting to better align the hedge accounting to the risk management activities and updated its hedge documentation based on the new requirements.

*Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments made to IAS 12 clarify the accounting for deferred tax assets related to debt instruments measured at fair value. The amendments provide guidance on the recognition requirements for deferred tax assets on unrealised losses relating to such debt instruments to address diversity in practise. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The Group assessed that there was no significant impact as a result of this new guidance.

The new standards and amendments described above were implemented as of 1 January 2018 and did not have a material financial impact.

## MANAGEMENT AND CORPORATE GOVERNANCE

### General

This section gives an overview of the material information concerning the Board, the Senior Management Team (as defined below) and the Company's corporate governance. It is based on, and discusses, relevant provisions of Dutch law in effect as at the date of this Prospectus as well as the Articles of Association and the Board Rules (as defined below), as in effect immediately prior to Settlement. The full text of the Articles of Association (in Dutch, and an unofficial English translation thereof) and the Board Rules (in English) will be available free of charge on the Company's website (www.jdepeets.com).

### Management Structure

The Company has a one-tier board structure comprising executive Directors and non-executive Directors. The executive Directors are responsible for the Company's day-to-day management, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives. The non-executive Directors supervise and advise the executive Directors. Each Director owes a duty to the Company to properly perform the duties assigned to each Director and to act in the Company's corporate interest. Under Dutch law, the Company's corporate interest extends to the interests of all its stakeholders, including its Shareholders, creditors and employees. The executive Directors, together with the senior managers of the Company listed under "—*Senior Management Team*" form the senior management team of the Company (the **Senior Management Team**).

As at the date of this Prospectus, the provisions in Dutch law that are commonly referred to as the "*large company regime*" (*structuurregime*) do not apply to the Company. The Company does not intend to voluntarily apply the "*large company regime*" (*structuurregime*). This will not change upon conversion of the Company to a public limited liability company (*naamloze vennootschap*). The Company may meet the requirements of the "*large company regime*" (*structuurregime*) in the future, which will have an impact on the governance described below. The Company may then be eligible to rely on the holding and financing company exemption to the "*large company regime*" (*structuurregime*) becoming applicable to it if at least 50% of its employees work outside of the Netherlands.

### Board

#### *Powers, Responsibilities and Functioning*

The Board is the executive and supervisory body of the Company. It is entrusted with the management of the Company, it supervises the general course of affairs, and is responsible for the continuity, of the Company and the business connected with it. The Board is accountable for these matters to the General Meeting.

The Board's responsibilities include, among other things, setting the Company's management agenda, developing a view on long-term value creation by the Company, enhancing the performance of the Company, developing a strategy, identifying, analysing and managing the risks associated with the Company's strategy and activities and establishing and implementing internal procedures, which safeguard that all relevant information is known to the Board in a timely manner. The Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting as a matter of Dutch law or pursuant to the Articles of Association (see "—*Board Meetings and Decision-making*"). Pursuant to the Articles of Association, the Board may delegate duties and powers to individual Directors and/or committees comprising two or more Directors. In fulfilling their responsibilities, the Directors must act in the interest of the Company and give specific attention to the relevant interests of the Company's clients, employees, lenders, suppliers, Shareholders and other stakeholders. The Board Rules furthermore provide that the Board's focus should be on long-term value creation for the Company.

The Board as a whole is authorised to represent the Company. Additionally, the Group Chief Executive Officer, individually, is authorised to represent the Company. See "—*Conflicts of Interest*" for the provisions of Dutch law relating to conflicts of interests by the Directors. Pursuant to the Articles of Association, the Board may grant one or officers a power of attorney or other form of continuing authority to represent the Company or to grant one or more persons such titles as it sees fit.

Dutch law provides that resolutions of the Board involving major changes in the Company's identity or character are subject to the approval of the General Meeting. See "—*Board Meetings and Decision-making*" for further information on the approval of the General Meeting required for such major changes.

***Board Rules***

Pursuant to the Articles of Association, the Board may adopt rules and regulations that allocate duties to one or more Directors and regulate any such subjects as the Board deems necessary or appropriate (the **Board Rules**). The Board Rules may describe the duties, tasks, composition, procedures and decision-making of the Board. As at the Settlement Date, the Board will have adopted the Board Rules.

***Board Composition and Directors' Appointment, Dismissal and Suspension***

The Articles of Association and the Board Rules provide that the Board comprises one or more executive Directors and one or more non-executive Directors. The total number of Directors, as well as the number of executive Directors and non-executive Directors, shall be determined by the non-executive Directors. As at the Settlement Date, the Board will comprise one executive Director and 13 non-executive Directors. Seven directors (including the executive Director) are classified by the Company as independent in the sense that they are not representatives of JAB or Mondelēz International and seven directors are classified by the Company as non-independent in the sense that they are representatives of JAB or Mondelēz International. See "—*Corporate Governance Code—Dutch Corporate Governance Code*" for further information on the independence of the non-executive Directors.

According to the Board Rules, the non-executive Directors shall prepare a profile (*profielschets*) of the size and composition of the Board, taking account of the nature of the Company and the business connected with it. This board profile shall address: (i) the desired expertise and background of the executive Directors and non-executive Directors; (ii) the desired diverse composition of the Board as expressed in the diversity policy; (iii) the size of the Board; and (iv) the independence of the non-executive Directors. The Company's diversity policy, which has been adopted in accordance with the Board Rules, will be considered in the preparation of the nomination for appointment or reappointment of a Director.

The General Meeting appoints the Directors at the proposal of the Board. A resolution of the General Meeting to appoint a Director other than pursuant to a proposal by the Board requires a simple majority of the votes validly cast representing at least one-third of the issued share capital. Directors will be appointed either as an executive Director or as a non-executive Director.

Pursuant to the Investor Rights Agreement, Mondelez Coffee HoldCo will have the right to designate for nomination, and propose replacements for, a specific number of non-executive Directors. Acorn Holdings will cast in the General Meeting the voting rights attaching to its Ordinary Shares in favour of the appointment of any individual designated by Mondelez Coffee HoldCo for appointment as non-executive Director in accordance with the terms of the Investor Rights Agreement. For further information on the Investor Rights Agreement, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Investor Rights Agreement*".

The General Meeting may only vote on a resolution to appoint a Director who is listed as a candidate on the agenda of the meeting or its explanatory notes.

The Articles of Association provide that a Director may be suspended or removed as a Director by the General Meeting at any time. In addition, an executive Director may be suspended by the Board at any time. A suspension can be ended by the General Meeting at any time. A suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension shall end.

A resolution of the General Meeting to suspend or dismiss a Director, other than on the proposal of the Board, requires a simple majority of the votes validly cast representing at least one-third of the issued share capital.

***Term of Appointment***

Executive Directors shall be appointed for maximum terms of four years each. Casey Keller has been appointed for an initial period of four years. Non-executive Directors shall be appointed for a period of four years; provided that to create a "staggered board" that preserves knowledge and experience, the initial appointment period is: (i) six years for Olivier Goudet, Peter Harf, Luc Vandevelde and Nelson Urdaneta; and (ii) five years for Joachim Creus, Alejandro Santo Domingo, Genevieve Hovde, Gerhard Pleuhs and Fabien Simon. Denis Hennequin, Stuart MacFarlane, Aileen Richards and Justine Tan each have an initial appointment period of four years. A non-executive Director may be reappointed for a period of four years and then subsequently again for a period of two years, which appointment may be extended by at most two years. For a reappointment after an eight-year period (and, in the case of the non-executive Directors listed in: (a) item (i) after a ten-year period; and (b) item (ii) after a nine-year period), reasons must be provided in the report of the non-executive Directors. Directors shall retire periodically in accordance with a rotation plan to be drawn up by the non-executive Directors in order to avoid, as far as possible, a situation in which many Directors retire at the same time.

***Diversity***

The Company recognises the benefits of having a diverse Board and sees diversity at Board level as an important element in maintaining a competitive advantage. As such, the Board has adopted a diversity policy, which, among other things, addresses gender diversity at Board level. The full text of the diversity policy will be available free of charge on the Company's website (www.jdepeets.com). The Board's diversity policy will be taken into account when considering the appointment and reappointment of non-executive Directors. The diversity policy will provide that a diverse Board will include, and make use of, differences in the background, gender, geographical and industry experience, skills and other distinctions between Directors. These differences will be considered in determining the composition of the Board and, when possible, will be balanced appropriately. Board appointments are made on merit, in the context of the diversity, experience, independence, knowledge and skills the Board as a whole requires to be effective. The Board is satisfied that its composition reflects the appropriate mix of diversity, experience, independence, knowledge and skills.

Until 1 January 2020, Dutch law prescribed that certain large Dutch companies had to pursue that their board of directors consisted of at least 30% men and at least 30% women. The objective of this legislation was to increase growth of the proportion of women in top-level management positions. Under Dutch law, this was referred to as a well-balanced allocation of seats. This quota was not mandatory. From 1 January 2020, this legislation has ceased to have effect. The Economic and Social Council (*Sociaal Economische Raad*, the **SER**) has advised the Dutch Cabinet that this law has not led to sufficient progress in gender diversity of boards of directors. The SER therefore recommends implementing a statutory mandatory transitional quota (*ingroeiquotum*) meaning that any appointment of a non-executive director of a Dutch listed company should contribute towards meeting the quota of at least 30% men and at least 30% women if the percentage of either two of the genders is lower than 30% in the board of directors of that company. Appointments not in accordance with this transition quota should be regarded as null and void (*nietig*).

The Dutch House of Representatives (*Tweede Kamer*) has endorsed the transitional quota and has indicated it will adopt the SER recommendation in its entirety. Although the Dutch House of Representatives has not filed a legislative proposal to this effect as at the date of this Prospectus, it has announced it will file such proposal in the spring of 2020. If the statutory mandatory quota were to come into effect, it would apply to future appointments of non-executive Directors.

As at the Settlement Date, the Board will comprise 11 men (approximately 79%) and three women (approximately 21%).

***Limitation of Supervisory and Non-executive Positions***

Pursuant to Dutch law, there are limitations to the number of supervisory or non-executive positions persons can hold on the boards of directors of large Dutch companies. The Company qualifies as a "*large Dutch company*". The term "*large Dutch company*" applies to any Dutch company or Dutch foundation that at two consecutive balance sheet dates meets at least two of the following criteria: (i) the value of its assets, as given in its balance sheet (together with explanatory notes) on the basis of their acquisition price and production costs, is more than €20 million; (ii) its net turnover in the applicable year is more than €40 million; and (iii) the average number of employees in the applicable Financial Year is at least 250. An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making. The terms "*large Dutch company*" for purposes of this paragraph and "*—Diversity*" differs from the concept of the "*large company regime*" (*structuurregime*) as referred to under "*—General—Management Structure*".

A person cannot be appointed as a managing or executive director of a "*large Dutch company*" if: (i) they already hold a supervisory or non-executive position at more than two other "*large*" Dutch public or private companies or "*large*" Dutch foundations; or (ii) they are the "Chair" (*voorzitter*) of the supervisory board or one-tier board of directors of another "*large*" Dutch public or private company or "*large*" Dutch foundation. Also, a person cannot be appointed as a supervisory director or non-executive director of a "*large Dutch company*" if they already hold a supervisory position or non-executive position at five or more other "*large*" Dutch public or private companies or Dutch foundations, whereby the position of Chair of the supervisory board or one-tier board of directors of another "*large*" Dutch company is counted twice.

As at the Settlement Date, the members of the Board will comply with these rules as none of the Directors will hold more than the allowed number of positions with a large Dutch company on the Settlement Date.

***Board Meetings and Decision-making***

Pursuant to the Articles of Association, the Board meets as often as deemed desirable by the Chair of the Board, or when requested by at least three Directors. The Board Rules further provide that the Board must meet at least four times each Financial Year.

Pursuant to the Articles of Association, Board resolutions are adopted by absolute majority of the votes validly cast. If there is a tie in voting, the Chair of the Board will have a decisive vote. The Board may designate types of resolutions which are subject to different requirements. These types of resolutions and the nature of the difference must be clearly specified and laid down in writing. Pursuant to the Investor Rights Agreement, for so long as Mondelez Coffee HoldCo and its affiliates at any time beneficially own a specific percentage of the Ordinary Shares, specified matters set out in the Investor Rights Agreement shall be matters that must be considered and resolved upon by the Board at a duly convened meeting of the Board. These Board authority matters include matters relating to general corporate matters, share capital and dividends, corporate structure, business activities, finance, auditing and reporting as well as miscellaneous matters. For further information on the Investor Rights Agreement, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Investor Rights Agreement*". The full list of Board authority matters is included in the Board Rules, which will be available free of charge on the Company's website (www.jdepeets.com).

For adoption of a resolution other than at a meeting, it is required that: (i) the proposal is submitted to all Directors then in office without a conflict of interest; (ii) these Directors have been given the opportunity to express their opinion on the proposed resolution; (iii) none of them has objected to the relevant manner of adopting resolutions; and (iv) a simple majority of the Directors, or a qualified majority of the Directors (if applicable), has signed or otherwise approved the resolution.

Dutch law and the Articles of Association provide that resolutions of the Board involving major changes in the Company's identity or character are subject to the approval of the General Meeting. Such changes include:

- the transfer of all or a substantial portion of the business and/or assets of the Company to a third party;
- entering into or terminating a long-term cooperation between the Company or a subsidiary (*dochtermaatschappij*) and another legal entity or company or as a fully liable partner in a limited

partnership or general partnership, if such cooperation or termination is of fundamental importance for the Company; and

- acquiring or disposing of a participation in the capital of a company if the value of such participation is at least one-third of the sum of the assets of the Company according to its consolidated balance sheet and explanatory notes set out in the last adopted annual accounts of the Company, by the Company or a subsidiary (*dochtermaatschappij*).

In addition, certain resolutions of the Board identified in the Board Rules or identified pursuant to a resolution of the Board from time to time on the basis of the relevant provisions in the Board Rules require the approval of the Board as a whole. Furthermore, certain resolutions of the Board identified in the Board Rules can only be taken with the consent of the majority of the non-executive Directors.

In each of the above-mentioned situations, the absence of approval (from the General Meeting) does not affect the authority of the Board or the Directors to represent the Company.

***Board Committees***

According to the Board Rules, the Board may appoint standing and/or ad hoc committees from among its members, which are charged with tasks specified by the Board. The Board remains collectively responsible for decisions prepared by its committees and accountable for the performance and affairs of the Company. As at the Settlement Date, the Board will have constituted two committees from among the Directors to assist it to discharge its duties: an Audit Committee (the **Audit Committee**) and a Remuneration, Selection and Appointment Committee (the **Remuneration, Selection and Appointment Committee**). Pursuant to the Investor Rights Agreement, each Board committee will comprise at least three members and, to the extent allowed under applicable laws and regulations, Mondelez Coffee HoldCo shall be represented by one of its designees in all Board committees.

*Audit Committee*

According to the Audit Committee's terms of reference, working with the Board, the Audit Committee is charged in particular with: (i) the monitoring of the financial-accounting process and preparation of proposals to safeguard the integrity of said process; (ii) the monitoring of the efficiency of the internal management system, the internal audit system and the risk management system with respect to financial reporting; (iii) the monitoring of the statutory audit of the annual accounts and consolidated accounts, and in particular the process of such audit (taking into account the review of the AFM in accordance with Section 26 of EU Regulation 537/2014); (iv) the review and monitoring of the independence of the external auditor, with a special focus on other services provided to the Company, in accordance with the Company's external auditor independence policy; and (v) the adoption of a procedure for the selection of the external auditor and the nomination for appointment of the external auditor with respect to the statutory audit of the annual accounts and consolidated accounts. The Audit Committee's terms of reference will be available free of charge on the Company's website (www.jdepeets.com).

The Audit Committee shall meet as often as required for a proper functioning of the Audit Committee. The Audit Committee shall meet whenever deemed necessary by the Chair of the committee or by two other members of the committee and at least four times a year. Pursuant to the Investor Rights Agreement, for so long as Mondelez Coffee HoldCo may designate two members of the Board, to the extent allowed under applicable laws and regulations, Mondelez Coffee HoldCo shall be entitled to designate the Chair of the Audit Committee. After Mondelez Coffee HoldCo ceases to have any rights to designate the Chair of the Audit Committee, the Chair of the Audit Committee shall be independent within the meaning of the Dutch Corporate Governance Code.

On the Settlement Date, the Audit Committee will comprise five Directors: Nelson Urdaneta, as Chair of the committee, Genevieve Hovde, Stuart MacFarlane, Fabien Simon and Luc Vandevelde.

*Remuneration, Selection and Appointment Committee*

According to the Remuneration, Selection and Appointment Committee's terms of reference, the Remuneration, Selection and Appointment Committee advises the Board on the exercise of its duties regarding the remuneration policy of the Directors (the **Remuneration Policy**) (e.g. its structure, amount and performance criteria) and the selection and appointment of Directors. The Remuneration, Selection and Appointment Committee's terms of reference will be available free of charge on the Company's website (www.jdepeets.com).

The duties of the Remuneration, Selection and Appointment Committee include: (i) the preparation of proposals of the Board on: (a) the Remuneration Policy to be adopted by the General Meeting; and (b) the remuneration of executive Directors to be determined by the Board; (ii) preparing the selection criteria and appointment procedures for Directors, and proposing the composition profile of the Board; and (iii) proposing Directors' appointments and reappointments. The Remuneration, Selection and Appointment Committee also prepares a remuneration report on the execution of the Remuneration Policy during the respective year to be adopted by the Board.

The Remuneration, Selection and Appointment Committee shall meet as often as required for a proper functioning of the Remuneration, Selection and Appointment Committee. The Remuneration, Selection and Appointment Committee shall meet whenever deemed necessary by the Chair of the committee or by two other members of the committee and at least twice a year.

On the Settlement Date, the Remuneration, Selection and Appointment Committee will comprise five Directors: Peter Harf, as Chair of the committee, Denis Hennequin, Gerhard Pleuhs, Aileen Richards and Luc Vandevelde.

***Conflicts of Interest***

Dutch law provides that a member of the board of directors of a Dutch public company with limited liability (*naamloze vennootschap*), such as the Company (following conversion of the Company immediately prior to Settlement), may not participate in the deliberation or decision-making of a relevant board resolution if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it. Such a conflict of interest in any event exists if, in the situation at hand, the Director is deemed to be unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Articles of Association, a Director having a (potential) conflict of interest must declare the nature and extent of that interest to the other Directors. A Director may not participate in deliberation or decision-making by the Board if, with respect to the matter concerned, the Director has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. This prohibition does not apply if the conflict of interest exists for all Directors. The Director who, due to a conflict of interest, is unable to participate in the deliberation and decision-making of the Board with respect to the relevant matter giving rise to the conflict of interest, will to the extent of that inability be regarded as a Director who is unable to perform their duties (*belet*).

In addition, if a Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and such Director may be held liable towards the Company. As a general rule, the existence of a (potential) conflict of interest does not affect the authority to represent the Company as described under "*—Powers, Responsibilities and Functioning*". Furthermore, as a general rule, agreements and transactions entered into by a company cannot be annulled on the grounds that a decision of its board of directors was adopted with the participation of conflicted member(s) of the board of directors. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

***Lead Independent Director***

When the Chair of the Board is not considered to be independent within the meaning of the Dutch Corporate Governance Code, the Company will appoint a "Lead Independent Director" in accordance with its Articles of Association and the Board Rules. As at the Settlement Date, Luc Vandevelde will be the Lead Independent Director. The main duties and responsibilities of the Lead Independent Director are as follows: (i) act as a sounding board and provide support in all aspects to the Chair; (ii) act as mediator in case of disputes among the members of the Board; (iii) preside over meetings of the Board and Shareholders when the Chair is not present; (iv) serve as a liaison between the independent non-executive Directors (either independent within the meaning of the Dutch Corporate Governance Code or meaning independent from JAB and Mondelēz International) and the Chair and the Group Chief Executive Officer; (v) provide feedback to the Board on the independent non-executive Directors' collective views on the management, leadership and effectiveness of the Board; (vi) facilitate effective communication and interaction between the Board and management; (vii) develop recommendations for the governance set-up, including committee structure, Board and committee composition and rotations; (viii) ensure effective communications with Shareholders and other stakeholders, attending meetings where necessary, in order to understand their issues and concerns; and (ix) be available to Shareholders should they wish to share views to the Board, other than through the Chair or the Group Chief Executive Officer.

***Related Party Transaction Policy***

The Board Rules provide for a related party transaction policy in accordance with Dutch law. Related party transactions include transactions between the Group and "*related parties*" as defined in the related party transaction policy (including, a legal entity who legally or beneficially holds at least 5% of the shares in the Company or 10% of the shares in Acorn Holdings from time to time and any parties qualifying as such in accordance with IFRS (IAS 24 (*Related Party Disclosures*))). Under the Investor Rights Agreement, an amendment of the related party transaction policy requires the approval of the Board, including the affirmative vote of at least one Director who is independent within the meaning of the Dutch Corporate Governance Code. For so long as Mondelez Coffee Holdco is entitled to designate at least one Director, the related party transaction policy shall not be amended or terminated without Mondelez Coffee Holdco's prior written consent. For further information on the Investor Rights Agreement, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Investor Rights Agreement*".

The related party transaction policy provides procedures for members of the Board to notify a potential related party transaction. Potential related party transactions shall be subject to review by the Board. The related party transaction policy stipulates when a transaction qualifies as a related party transaction. No such related party transactions shall be undertaken without the approval of the Board, which approval includes the affirmative vote of the majority of the Directors, who are independent within the meaning of the Dutch Corporate Governance Code and not considered to be conflicted with respect to the relevant related party transaction. Any Director who has a direct or indirect personal interest in the transaction, or who is considered to be conflicted with respect to the transaction, cannot participate in the deliberations or decision-making with respect to the related party transaction concerned.

The Board may approve the related party transaction only if it determines that it is in the interests of the Company and its business (*belang van de vennootschap en de daarmee verbonden onderneming*). See "*Description of Share Capital and Corporate Structure—Related Party Transactions Regime*" for further information on the Dutch related party transactions regime. The Company's related party transaction policy will be available free of charge on the Company's website (www.jdepeets.com).

***Directors***

As at the Settlement Date, the Board will comprise the following Directors:

| **Name**[(1)] | **Age** | **Position** |
|---|---|---|
| Goudet, Olivier | 55 | Chair and non-executive Director |
| Keller, Kenneth Charles (Casey) | 58 | Group Chief Executive Officer and executive Director[(2)] |
| Creus, Joachim | 43 | Non-executive Director |
| Harf, Peter | 74 | Non-executive Director |
| Hennequin, Denis | 61 | Non-executive Director[(2)] |
| Hovde, Genevieve | 35 | Non-executive Director[(2)] |
| MacFarlane, Stuart | 52 | Non-executive Director[(2)] |
| Pleuhs, Gerhard | 63 | Non-executive Director |
| Richards, Aileen | 61 | Non-executive Director[(2)] |
| Santo Domingo, Alejandro | 43 | Non-executive Director[(2)] |
| Simon, Fabien[(3)] | 48 | Non-executive Director |

| | | |
|---|---|---|
| Tan, Justine ................................. | 45 | Non-executive Director |
| Vandevelde, Luc........................... | 69 | Non-executive Director and Lead Independent Director(2) |
| Urdaneta, Nelson.......................... | 47 | Non-executive Director |

Notes:

(1) Each Director will be appointed to the Board prior to Settlement. See "*—Term of Appointment*" for further information on the appointment term for the Directors.

(2) The Director is classified by the Company as independent in the sense that he/she is not a representative of JAB or Mondelēz International.

(3) Fabien Simon was the Chief Financial Officer of JDE until January 2019.[65] He remains partially employed by the Group under that employment agreement for 10% of his time to lead its M&A and joint venture activities.

*Biographies*

*Olivier Goudet* is the non-executive Chair of the Board. He is the Chief Executive Officer and a Managing Partner of JAB, a position he has held since 2012. He started his professional career in 1990 at Mars, Inc. (**Mars**). After six years, he left Mars to join Valeo S.A. (**Valeo**). In 1998 he returned to Mars, where he became Chief Financial Officer in 2004. In 2008, his role was broadened to become the Executive Vice President as well as Chief Financial Officer. Previously, he served as an adviser to the board of directors of Mars and as the Chair of Anheuser-Busch InBev SA/NV (**AB InBev**). He is also a board member of Keurig Dr Pepper and Coty. He holds a degree in Engineering from l'École Centrale Paris and graduated from the ESSEC Business School in Paris with a major in Finance.

*Casey Keller* is the Group Chief Executive Officer and an executive Director. He joined the Company as Group Chief Executive Officer in 2020. Before the acquisition of Peet's by the Group, he was the Group Chief Executive Officer of Peet's. Prior to that, he was the Global President of the Wm. Wrigley Jr. Company (**Wrigley**) from 2016 to 2017, responsible for growing sales and profit of the $6 billion subsidiary of Mars and managing the integration of Wrigley into Mars. Previously, he was Wrigley's President of North America and the Americas. He began his fast moving consumer goods (**FMCG**) career with The Procter & Gamble Company (**Procter & Gamble**) and The H. J. Heinz Company, building many brands across categories and markets. He also served as president of Alberto Culver Company from 2008 until the company's acquisition by Unilever in 2011. He currently serves on the advisory board of Winona Capital Management, as Co-Chair of the Parent's Board at the University of Chicago, and on the non-profit board of City Year Chicago. He holds a Bachelor of Arts degree from Cornell University and served for four years in the U.S. Navy before receiving his Master of Business Administration from Harvard Business School.

*Joachim Creus* is a non-executive Director. He is a Partner, General Counsel, and Head of Tax at JAB, a position he has held since 2010. He is a member of the board of directors of Coty. Prior to joining JAB, he held various legal- and tax-related positions. He holds a Law degree and LL.M. from Katholieke Universiteit Leuven and an LL.M. in international tax law from the Vienna University of Economics and Business.

*Peter Harf* is a non-executive Director. He is the Chair and a Managing Partner at JAB. He is co-founder and Executive Chair of Delete Blood Cancer DKMS, a foundation dedicated to finding donors for leukaemia patients, He is the Chair of the board of directors of Coty and a member of the board of directors of Keurig Dr Pepper. Previously, he served as Chair of AB InBev, Deputy Chair of Reckitt Benckiser and Chief Executive Officer of Coty. Prior to joining JAB, he was Senior Vice President of Corporate Planning at AEG-Telefunken, Frankfurt, Germany. He began his career at the Boston Consulting Group. He holds a doctorate from the Universität zu Köln and a Master of Business Administration from Harvard Business School.

*Denis Hennequin* is a non-executive Director. He is the founding partner of French Food Capital and a founder of The Green Jersey consulting firm. From 2014 to 2016, he was a partner for Cojean Limited. He began his career at McDonald's in Paris and advanced up through the organisation to be named President and Managing Director of McDonald's France. After that, he was appointed as the first non-American to serve as president of McDonald's Europe. In 2009, he joined the Accor SA board of directors as an independent director and became executive director of Accor SA in December 2010, before assuming the Chief Executive Officer role in January 2011, which he held until 2013. He served on the boards of directors of John Lewis Partnership plc and SSP Group plc. He

65 Pursuant to an employment agreement with Koninklijke Douwe Egberts B.V.

currently serves as a non-executive director for Eurostar International Limited, Bakkavör Group plc, KellyDeli Company Limited and Pret A Manger (through Pret Holding 1 Limited) and as the Chair for Picard Surgelés SAS. He holds a Bachelor's degree in Economics and a Master's degree in Private International and Social Law from Panthéon-Assas University.

*Genevieve Hovde* is a non-executive Director. She currently serves as Managing Director at BDT & Company (**BDT**). She also serves on the Investment Committee of BDT Capital Partners, LLC and as a director of Keurig Dr Pepper. BDT, through its affiliates, is a substantial indirect stockholder of Keurig Dr Pepper. Prior to joining BDT in 2010, she served as an Analyst in the Financial Institutions Group of JP Morgan Chase & Co.'s Investment Banking Coverage division. She holds a Bachelor in Commerce, with concentrations in Finance and Accounting, from the University of Virginia's McIntire School of Commerce.

*Stuart MacFarlane* is a non-executive Director. He joined the Whitbread Beer Company in 1992, which was later acquired by Interbrew SA/NV and, subsequently, AB InBev. At AB InBev, he held various senior roles throughout the course of his career, including in Finance, Marketing and Sales, and, from 2003, he held his first General Management role as Managing Director for the company's business in Ireland. He was appointed President of AB InBev UK and Ireland in 2008 and in 2011 became a member of the Global Executive Board of Management, serving as President of Central and Eastern Europe based in Moscow. He most recently served as AB InBev's President of Europe and Middle East from 2014 to 2019. He currently serves as a director of NOMAD Foods Europe Limited. He was previously a director and member of the corporate governance committee of Anadolu EFES S.K., a Turkish drinks company, until May 2019, and also a director of ABI-EFES Russia and Ukraine, a joint venture of Anadolu EFES and AB InBev. He holds a degree in Business Management from Sheffield University and is also a Chartered Management Accountant.

*Gerhard Pleuhs* is a non-executive Director. He is the Executive Vice President Corporate and Legal Affairs and General Counsel for Mondelēz International. In this role, he oversees Mondelēz International's communications, sustainability and public and government affairs teams as well as the legal, corporate secretarial, compliance and security functions. He joined the Law Department of Jacobs Kaffee Deutschland GmbH in 1985, prior to its acquisition in 1990 by Altria Group, Inc. (formerly Philip Morris Companies, Inc.). He held several senior positions within the company's Law Department at a country, region and corporate level, including responsibility and oversight for the legal departments in developed and emerging markets. In 2012, he became Kraft Foods Group, Inc.'s (**Kraft Foods**) Executive Vice President and General Counsel, a role in which he continues for Mondelēz International. Following the 2012 spinoff of Kraft Foods in 2015, he assumed additional responsibility for the Corporate Affairs team. He sits also on the board of directors of Keurig Dr. Pepper. He holds a law degree from the University in Kiel, Germany, is a member of the Bar in Bremen, Germany and is admitted as House Counsel in the state of Illinois.

*Aileen Richards* is a non-executive Director. She was a senior Executive with Mars until 2015. As executive vice president of Mars, she was responsible for the Human Resources strategy for the company's 85,000 employees and she also led Mars Global Services (Mars IT, Mars Financial Services and Mars Associate Services). In her 30 years with Mars, she also held senior international roles in Procurement and Manufacturing. She is currently an independent non-executive director on several boards, including Mars Nederland B.V., Pret A Manger (through Pret Holding 1 Limited) and Samworth Brothers (Holdings) Limited. She is also the first woman on the board of directors of the Welsh Rugby Union. She holds a degree in Business and Tourism Management from Surrey University.

*Alejandro Santo Domingo* is a non-executive Director. He is the Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City. He is also the Chair of Bavaria S.A. and Valorem S.A., as well as a director of AB InBev, ContourGlobal plc, Caracol Televisión S.A., Comunican S.A. (the owner of the El Espectador newspaper), Cine Colombia S.A. and Florida Crystals Corporation. He was a member of the board of directors of SABMiller plc (**SABMiller**) and Vice-Chair of SABMiller for Latin America. In the non-profit sector, he is Chair of the Wildlife Conservation Society, a member of the board of trustees of The Metropolitan Museum of Art, the Educational Broadcasting Corporation (WNET Channel Thirteen), and a member of the board of directors of DKMS Foundation Americas. He holds a Bachelor's degree in history from Harvard University.

*Fabien Simon* is a non-executive Director. He has been a Partner and Chief Financial Officer of JAB since January 2019. Between August 2014 and January 2019, he was the Chief Financial Officer of JDE. He also worked 13 years at Mars, holding various finance leadership roles, including Asia Pacific Finance Corporate Staff Officer and Chief Financial Officer, Vice President and Chief Financial Officer Petcare Europe and Finance Director Europe, and eight years at Valeo, among others, as Finance Director. He holds a Master's degree in Finance and Economics from the University of Picardie Jules Verne, Amiens and a Chartered Accountant Certificate.

*Justine Tan* is a non-executive Director. She is a Partner at JAB. She brings more than 20 years of experience in investing, banking and operations, having previously been a founding member of Temasek Holdings Private Limited's U.S. operations, and an investment banker at Goldman, Sachs & Co. She has extensive international experience, having lived in and covered key markets in North America, Europe and Asia, across a range of businesses in the consumer retail, real estate, services and industrials sectors. She holds a Master of Business Administration from the University of Chicago and is a CFA charterholder.

*Luc Vandevelde* is a non-executive Director and the Lead Independent Director. He is the Founder and Chair of Change Capital Partners LLP, which manages private equity funds focused on buy-outs of middle market consumer-related companies across Europe, and the Chair of Majid Al Futtaim Ventures. He was the Chair of Marks and Spencer Group plc and the Senior Independent Director of Vodafone Group plc (**Vodafone**) and Chair of its remuneration committee. He retired from the Vodafone board of directors in September 2015, following 12 years as a non-executive director. He was a director of Société Générale S.A. until May 2012. He is the former Chair of Carrefour and Marks and Spencer Group plc. He started his career with Kraft Foods where he worked for 24 years in Europe and the United States in finance, business development and mergers and acquisitions. After the acquisition and integration of Jacobs Suchard AG (**Jacobs Suchard**), he became Chief Executive Officer of Kraft Jacobs Suchard's French and Italian operations. He holds an accounting degree from the Erasmus Business School.

*Nelson Urdaneta* is a non-executive Director. He has been the Senior Vice President, Corporate Controller and Chief Accounting Officer at Mondelēz International since September 2016. He joined Mondelēz International in 2005 and has held various leadership positions within that company, including Vice President Finance, Asia Pacific and Senior Finance Director Integrated Supply Chain. Prior to joining Mondelēz International, he was the Director Financial Planning and Analysis at Ryder System, Inc. He holds an Economics degree from Universidad Catolica Andres Bello and a Master of Business Administration from Harvard Business School.

**Senior Management Team**

The executive Director, together with the following persons, comprise the Senior Management Team:

| Name | Age | Position | Member Since |
|---|---|---|---|
| Gray, Scott | 44 | Group Chief Finance Officer | 2020 |
| Barckhahn, Oswald | 52 | President, CPG Europe | 2016 |
| Brans, Lara | 52 | President, CPG APAC | 2019 |
| Conway, Shawn | 54 | President and Chief Executive Officer, Peet's | 2019 |
| Kulik, Jiri | 48 | President, CPG LARMEA | 2016 |
| Schaillee, Philippe | 49 | President, Out-of-Home | 2016 |
| Brighton, Chris | 55 | Vice President, Research & Development and Operations | 2019 |
| Slechte, Nathalie | 52 | Vice President, Global Human Resources | 2018 |
| Poliquin, Anne-Marie | 57 | Group General Counsel and Corporate Secretary | 2019 |

*Biographies*

*Scott Gray* is the Group Chief Financial Officer. He was appointed to his role in 2020. He spent more than a decade in increasingly important roles in finance at AB InBev, most recently as Vice President, Global Treasury and Risk Management. Prior to this role, he was Vice President Finance for the European Operations, Vice President for Global Procurement Operations and Global Director, Funding and Financial Markets. Prior to AB InBev, he worked as a Vice President for Deutsche Bank Securities in its Financial Institutions Group and at

GMAC Inc. (now Ally Financial Inc.). He holds a Bachelor of Arts from Wake Forest University and a Master's of Business Administration from the Darla Moore School of Business at the University of South Carolina.

*Oswald Barckhahn* is the President, CPG Europe of the Group and interim Global Chief Marketing Officer. He was appointed to his role in 2016. He has over 25 years of experience within the FMCG industry. Prior to joining the Group, he worked 13 years for PepsiCo, Inc. (**PepsiCo**) across North America, Europe and Latin America. Most recently, he was the President for North America Nutrition responsible for Gatorade, Quaker Foods, Tropicana and Naked Juice. Prior to PepsiCo, he worked nine years in Marketing for Procter & Gamble across Europe and Latin America where he held several Regional Marketing Director positions. He holds a degree in Business Administration and Economics from the University of Zurich.

*Lara Brans* is the President, CPG APAC of the Group. She was appointed to this role in 2019, having originally joined Sara Lee/D.E Master Blenders in 1998 within the Out-of-Home segment, responsible for the set-up of its coffee services at major events, before assuming responsibility for the Coffee Care Unit, providing coffee services to small and medium businesses. Subsequently, she became Sara Lee's Marketing Director, APAC for the household and air freshener categories, before taking a General Management position for the Australia and New Zealand coffee business. In 2015, she took on the General Manager role of one of the Group's largest markets by revenue, Brazil. She holds a degree in Business Economics from the Erasmus University of Rotterdam and is an accredited company director GAICD (Australian Institute of Company Directors).

*Shawn Conway* is the Chief Executive Officer of Peet's. He was appointed to his role in 2020, having originally joined the Group in 2010. He served as the Chief Operating Officer of Peet's between November 2012 and December 2019. Prior to this role, he served as the Chief Supply Chain Officer of Peet's from 2010. Before joining Peet's, he was Senior Vice President of Operations at SKYY Spirits LLC, a subsidiary of Davide Campari-Milano S.p.A., Chief Financial Officer and Vice President of Operations for Gateway Learning Corporation, General Manager of New Ventures at Dreyer's Grand Ice Cream Holdings, Inc., and held several finance-related positions at the Clorox Company. He holds a BSc in Commerce from Santa Clara University.

*Jiri Kulik* is the President, CPG LARMEA of the Group. He was appointed to his role in 2019, having originally joined the Group in 2016. Previously, he was President, CPG—LA&APAC of the Group, leading expansion into Asia and establishing a regional office in Singapore. Prior to joining the Group, he was Senior Vice President for Latin America based in Brazil at Reckitt Benckiser Group plc (**Reckitt Benckiser**). During his 22-year tenure at Reckitt Benckiser, he held positions in Global Category Marketing, and Commercial and General Management positions in numerous locations in developed and emerging markets, including the Czech Republic, Spain, the United Kingdom, Turkey, South Africa and the United States. He speaks seven languages fluently. He holds a Master's degree in International Trade and Marketing from the University of Economics, Prague.

*Philippe Schaillee* is the President, Out-of-Home of the Group. He was appointed to his role in 2016, having originally joined the Group in 1994. Previously, he was General Manager, France of the Group. Previously, he held General Management, Marketing, Strategy and Mergers and Acquisitions roles at Sara Lee and D.E Master Blenders in the United States and Belgium. He holds a Bachelor of Economics Degree from Katholieke Universiteit Leuven and a Master of Business Administration from Vlerick Business School.

*Chris Brighton* is the Vice President, Research & Development and Operations of the Group. He was appointed to his role in 2019, having originally joined the Group in 2015 as Director Manufacturing Integration and Engineering. Previously, he held a number of roles at Mondelēz International ranging from Research Engineer to Business Development and Engineering Director EU Coffee. He holds a BA in Chemical Engineering from Corpus Christi College, Cambridge.

*Nathalie Slechte* is the Vice President, Global Human Resources of the Group. She was appointed to her role in 2018, having originally joined the Group in 2015 as Human Resources Director, Europe and Operations. Over the last 25 years, she has worked for a variety of FMCG companies including Koninklijke Philips N.V., PepsiCo, Inc. and H.J. Heinz Company in various human resources leadership positions at local, regional and global levels. She began her career at SCA in Sales and Marketing. She holds a Master's in Business Economics from Erasmus University Rotterdam and a Master's degree in Psychology from Utrecht University.

*Anne-Marie Poliquin* is the Group General Counsel and Corporate Secretary. She joined the Group in 2019, as the General Counsel. Prior to joining the Group, she spent 19 years at Mars, first as General Counsel to its Petcare, Chocolate and Food segments in Europe and later with overall legal responsibility for the Petcare business globally. Prior to Mars, she held a variety of legal positions for Valeo and General Electric Company. She clerked at the Supreme Court of Canada and in, 1988, she was admitted to the bar before joining Canadian law firm McCarthy Tétrault LLP. She holds a Bachelor of Law from the University of Montreal and a Master's in Law from Harvard Law School.

**General Information about the Directors and the Senior Management Team**

The table below sets out the names of all companies and partnerships of which a Director or member of the Senior Management Team has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner, as at the date of this Prospectus, other than a subsidiary of the Company.

| Name | Company | Active/Resigned |
|---|---|---|
| **Directors** | | |
| Goudet, Olivier ....................... | Acorn Holdings B.V. | Active |
| | Anheuser-Busch InBev SA/NV | Resigned |
| | Caribou Coffee Company, Inc. | Active |
| | Coty Inc. | Active |
| | Espresso House Holding AB | Active |
| | JAB Holding Company S.à r.l. | Active |
| | JAB Partners LLP | Active |
| | Jimmy Choo Group Limited | Resigned |
| | Keurig Dr Pepper Inc. | Active |
| | Krispy Kreme Doughnuts Inc. | Active |
| | Maple Parent Holdings Corp | Resigned |
| | Panera Bread Company | Active |
| | Pret A Manger Ltd. | Active |
| | Petcare Management LLC | Active |
| | Veterinary Specialists of North America Holdings LLC | Active |
| Keller, Casey.......................... | Acorn Holdings B.V. | Active |
| | Berkeley Repertory Theatre | Resigned |
| | City Year Chicago | Active |
| | Cott Corporation | Resigned |
| | Grocery Manufacturers Association | Resigned |
| | JDE Management Company B.V. | Active |
| | University of Chicago, Dean's Parent and Family Council | Active |
| | Schurz Communications, Inc. | Resigned |
| | Winona Capital Management, LLC | Active |
| Creus, Joachim[(1)]..................... | Acorn Holdings B.V. | Active |
| | Coty Inc. | Active |
| | JAB Holding Company LLC | Resigned |
| | JAB Holding Company S.à r.l. | Active |
| | JAB Holdings B.V. | Active |
| | JAB Investments S.à r.l. | Active |
| | JAB Luxury GmbH | Active |
| | JAB Partners LLP | Resigned |
| | Joh. A. Benckiser B.V. | Active |
| | Pret Panera Holding Company, Inc. | Active |
| Harf, Peter.............................. | Acorn Holdings B.V. | Active |
| | Agnaten SE | Active |
| | Bally International AG | Active |
| | Belstaff Group SA | Resigned |
| | Caribou Coffee Company, Inc. | Resigned |

| Name | Company | Active/Resigned |
|---|---|---|
| | Coty Inc. | Active |
| | DKMS Foundation | Active |
| | Einstein Noah Restaurant Group, Inc. | Resigned |
| | Espresso House Holding AB | Resigned |
| | JAB Holding Company S.à r.l. | Active |
| | JAB Holdings B.V. | Active |
| | JAB Luxury GmbH | Active |
| | Jimmy Choo Plc | Resigned |
| | Keurig Dr Pepper Inc. | Active |
| | Krispy Kreme Doughnuts Inc. | Resigned |
| | Lucresca SE | Active |
| | Maple Parent Holdings Corp. | Resigned |
| | Panera Bread Company | Resigned |
| | Pret A Manger Ltd. | Resigned |
| | Veterinary Specialists of North America Holdings LLC | Active |
| Hennequin, Denis.................... | Bakkavör Group plc | Active |
| | Celio France SAS | Resigned |
| | Cojean Limited | Active |
| | E-House Concept Limited | Dissolved |
| | Eurostar International Limited | Active |
| | French Food Capital | Active |
| | The Green Jersey | Active |
| | John Lewis Partnership plc | Resigned |
| | KellyDeli Company Limited | Active |
| | Picard Surgelés SAS | Active |
| | Pret Holding 1 Limited | Active |
| | SSP Group plc | Resigned |
| Hovde, Genevieve................... | Acorn Holdings B.V. | Active |
| | BDT & Company | Active |
| | BDT Oak Acquisition B.V. | Active |
| | BDT Oak Luxembourg 1 S.à.r.l. | Active |
| | BDT Oak Luxembourg 2 S.à.r.l. | Active |
| | Keurig Dr Pepper Inc. | Active |
| | The School of the Art Institute of Chicago | Active |
| MacFarlane, Stuart.................. | ABI-EFES Russia and Ukraine | Resigned |
| | Anadolu EFES S.K. | Resigned |
| | NOMAD Foods Europe Limited | Active |
| Pleuhs, Gerhard(2).................... | Dong Suh Foods Corporation | Active |
| | Dong Suh Oil & Fats Co., Ltd. | Active |
| | Intercontinental Brands LLC | Active |
| | Keurig Dr Pepper | Active |
| | Keurig Green Mountain, Inc. | Resigned |
| | KFI-USLLC IX | Active |
| | KFI-USLLC VII | Active |
| | KFI-USLLC VIII | Active |
| | KFI-USLLC XI | Active |
| | KFI-USLLC XIV | Active |
| | Kraft Foods International Europe Holdings LLC | Active |
| | Kraft Foods Latin America Holding LLC | Active |
| | Kraft Foods R & D, Inc. | Active |
| Richards, Aileen..................... | Mars Nederland B.V. | Active |
| | Millennium Stadium plc | Active |
| | Pam Group Limited | Resigned |
| | Pret Holding 1 Limited | Active |
| | Samworth Brothers (Holdings) Limited | Active |
| | The Welsh Rugby Union Limited | Active |
| | Welsh National Opera Limited | Active |
| Santo Domingo, Alejandro ..... | Acorn Holdings B.V. | Active |
| | Aguila Limited | Active |

| Name | Company | Active/Resigned |
|---|---|---|
| | Anheuser-Busch InBev SA/NV | Active |
| | Bavaria S.A. | Active |
| | Caracol Televisión S.A. | Active |
| | Cine Colombia S.A. | Active |
| | Comunican S.A. | Active |
| | ContourGlobal plc | Active |
| | DKMS Stiftung Leben Spenden | Active |
| | Florida Crystals Corporation | Active |
| | The Metropolitan Museum of Art | Active |
| | Quadrant Capital Advisors, Inc. | Active |
| | SABMiller plc | Resigned |
| | Valorem S.A. | Active |
| | Wildlife Conservation Society | Active |
| | WNET (formerly, Educational Broadcasting Corporation) | Active |
| Simon, Fabien(1) ...................... | Acorn Holdings B.V. | Active |
| | Keurig Dr Pepper Inc. | Active |
| | Krispy Kreme Doughnuts Inc. | Active |
| | JAB Holding Company S.à r.l. | Active |
| | JAB Holdings B.V. | Active |
| | Joh. A. Benckiser B.V. | Active |
| | Petcare Management LLC | Active |
| | Pret Panera Holding Company, Inc. | Active |
| | Veterinary Specialists of North America Holdings LLC | Active |
| Tan, Justine ............................ | Coty Inc. | Active |
| | JAB Holding Company S.à r.l. | Active |
| | Temasek International (USA) LLC | Resigned |
| Vandevelde, Luc .................... | Change Capital Partners LLP | Active |
| | Majid Al Futtaim Ventures | Active |
| | Nexios IT | Active |
| | Vodafone Group plc | Resigned |
| | What's Next Partners | Active |
| Urdaneta, Nelson(2) ................ | Biscuit Brands (Kuan) Pte. Ltd. | Active |
| | Dong Suh Foods Corporation | Active |
| | Dong Suh Oil & Fats Co., Ltd. | Active |
| **Senior Management Team(3)** | | |
| Gray, Scott ............................. | None | |
| Barckhahn, Oswald................. | Frosta AG | Resigned |
| Brans, Lara............................. | None | |
| Brighton, Chris ....................... | None | |
| Conway, Shawn ...................... | None | |
| Kulik, Jiri ............................... | Reckitt Benckiser (Brasil) Limitida | Resigned |
| Schaillee, Philippe .................. | Orac N.V. | Resigned |
| | Vandemoortele N.V. | Active |
| Slechte, Nathalie ..................... | JDE Management Company B.V. | Active |
| Poliquin, Anne-Marie ............. | (4) | |

Notes:

(1) Pursuant to their employment at JAB Holding Company S.à r.l., Joachim Creus and Fabien Simon hold various directorships at affiliates of JAB Holding Company S.à r.l., the principal ones of which are set out in this table.

(2) Pursuant to their employment at Mondelēz International, Gerhard Pleuhs and Nelson Urdaneta hold various directorships at affiliates of Mondelēz International, the principal ones of which are set out in this table.

(3) Other than the Group Chief Executive Officer.

(4) Pursuant to her employment at Mars (See "-*Senior Management Team*"), Anne-Marie Poliquin held various directorships at affiliates of Mars. She resigned from those directorships during December 2017. She is a director of Foundation Coffee Agronomy Training. Other than those directorships, she has not been a member of an administrative, management or supervisory body or partner at any time in the previous five years.

The business address of the Directors and the members of the Senior Management Team is c/o JDE Peet's B.V. (to be renamed JDE Peet's N.V. immediately prior to Settlement), Oosterdoksstraat 80, 1011 DK Amsterdam, the Netherlands.

**Selection, Appointment, Assessment of Directors**

The Board has procedures for appointing Directors. The Remuneration, Selection and Appointment Committee periodically assesses the skills represented on the Board and determines whether these meet the Company's needs. Annual self-evaluations are done by the Board and its committees. Directors are invited to give their input in identifying potential candidates. Members of the Remuneration, Selection and Appointment Committee propose suitable candidates for consideration by the Board. A fit-and-proper evaluation is performed for each candidate.

**Remuneration Information for the Board**

***Remuneration Policy***

The General Meeting has adopted the Remuneration Policy, upon a proposal of the Board. The Remuneration Policy is available free of charge on the Company's website (www.jdepeets.com). The Remuneration Policy is expected to contribute to the Group's business strategy and enable it to achieve its business objectives.

For every change to the Remuneration Policy and, in any event, at least every four years, the General Meeting will be requested to vote on the (amended) Remuneration Policy. The non-executive Directors are responsible for the implementation and monitoring of the Remuneration Policy. Pursuant to the Articles of Association, the resolution of the General Meeting to adopt (amendments to) the Remuneration Policy requires a simple majority of votes.

The Remuneration Policy explains the decision-making process followed for its determination, review and implementation and, where applicable, the role of the Remuneration, Selection and Appointment Committee.

In the event that the Remuneration Policy is revised, it shall describe and explain all significant changes and the decision-making process followed for its determination, review and implementation. It shall also explain how it takes into account the votes and views of Shareholders and other stakeholders of the Remuneration Policy since the most recent vote on the Remuneration Policy by the General Meeting. Any revised Remuneration Policy, together with the date and the results of the vote at the General Meeting, will be available free of charge on the Company's website (www.jdepeets.com) and the Remuneration Policy will remain publicly available while it is applicable. If the General Meeting does not adopt the proposed amendments to the Remuneration Policy, the Company shall continue to remunerate in accordance with the existing adopted Remuneration Policy and shall submit a revised policy for approval at the following General Meeting.

In exceptional circumstances only, the non-executive Directors, upon recommendation of the Remuneration, Selection and Appointment Committee, may decide to temporarily derogate from the Remuneration Policy. Exceptional circumstances only cover situations in which the derogation from the Remuneration Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability, such as the appointment of an interim executive Director or the appointment of a new executive Director. The non-executive Directors may grant an award in order to buy-out any remuneration forfeited on joining the Company to facilitate recruitment of a new or interim executive Directors equal to the value equal to the forfeited remuneration to be determined by the non-executive Directors, comprising cash or medium- to long-term incentives. The rationale and detail of any such deviation will be disclosed in the Group's annual remuneration report.

***Executive Director***

*Remuneration*

The remuneration of the executive Director (and any other future executive Directors) from Admission will be determined by the Board, following a recommendation from the Remuneration, Selection and Appointment Committee, in accordance with the Remuneration Policy. The Remuneration Policy provides a structure that aligns compensation of the executive Director with the successful delivery of the Company's long-term strategy and shareholder value growth. When developing this Remuneration Policy, the Board considered multiple perspectives including business requirements, shareholder views, the Company's identity, mission and values, the overall pay philosophy across the Company, the pay ratio between the executive Director pay and the average employee pay, views of the executive Director on the structure and quantum of his remuneration and societal context. The executive Director may not participate in the discussion and decision-making process of the Board with respect to the Remuneration Policy, and the non-executive Directors shall make any proposal on amendments to the Remuneration Policy to the General Meeting.

The Company is pursuing profitable and sustainable growth opportunities in the global coffee and tea categories in developed and emerging markets through its strategic framework and its variable compensation measures applied annually are derived from and aligned with this framework and based on the long-term business plan of the Company. The Company nurtures an entrepreneurial performance culture through setting challenging targets and aligning the interests of the executive Director with the Company's interests through participation by the executive Director in the Company. By doing so, the Company aims to build an engaged, diverse and inclusive culture and encourages longer-term perspective. This long-term focus is reflected in its long-term incentive(s), which have a vesting period attached of typically five years. It is also reflected by means of the investment commitment by the executive Director as further described below which is focussed on the commitment of the Executive Director(s) to the long-term goals of the Group.

Based on the Remuneration Policy, the remuneration of the current executive Director comprises the following components, providing for an appropriate balance between fixed and variable remuneration over the short and longer term, which is directly linked to business performance and shareholder value-creation and supporting the Company's strategy, its long-term interests and its sustainability:

- **Annual Base Pay** (as defined below) plus pension and other benefits that are additional to base pay;
- **retirement and other benefits**;
- **short-term incentives**: annual performance-related incentive or short-term incentives;
- **medium- to long-term incentives and investment plans**.

To foster the entrepreneurial culture and long-term commitment, the executive Director is requested by the Board to acquire an indirect equity interest in the JDE group of companies through the JDE Executive Ownership Plan, as described below, by indirectly acquiring shares or depositary receipts of a special class of shares in JDE up to a maximum investment amount of €25 million.

Under the Dutch Civil Code, the non-executive Directors on behalf of the Company are entitled to recover variable payments, in full or in part, to the extent that payment thereof has been made on the basis of incorrect information about the realisation of the underlying goals or about the circumstances from which the entitlement to the bonus arose. Furthermore, the non-executive Directors may adjust the outcome of variable remuneration to an appropriate level if payment of the variable remuneration is unacceptable according to the requirement of reasonableness and fairness. Any application of claw-back or discretion will be disclosed and explained in the Group's annual remuneration report. Reference is also made to the applicable Incentive Plan(s) (as defined below).

*Annual Base Pay*

The executive Director is entitled to a base fee (**Annual Base Pay**), including holiday allowance and other local statutory requirements per country (where applicable). The Annual Base Pay provides the main fixed element of the remuneration package and is set at a level to attract and retain the calibre of the executive Director required to devise and execute the Company's strategy.

The Annual Base Pay is reviewed annually and (in the event of the appointment of a new executive Director) by the Board having obtained advice from the Remuneration, Selection and Appointment Committee. Various factors may be considered when determining any Annual Base Pay changes to ensure remuneration is fair, sensible and market competitive, including, but not limited to, salary increases of the Group's global workforce, business performance, personal performance, the scope and nature of the role, relevant market benchmark data and local economic indicators such as inflation and cost-of-living changes. The actual base fee and annual increases will be disclosed in the Group's annual remuneration report and financial statements.

In preparation of the annual review process, the Remuneration, Selection and Appointment Committee also considers data from comparable companies from global FMCG or other relevant sectors, bearing in mind the size of the business, its complexity and its geographic footprint.

*Retirement and Other Benefits*

Retirement and other benefits for which the executive Director is eligible are intended to be competitive in the relevant market and may evolve year on year. The executive Director may be eligible for benefits such as health insurance, disability and life insurance, a directors' and officers' liability insurance, a car, and to participate in whatever all-employee benefits plans may be offered at any given point.

Additional benefits and allowances may be offered by the Board in case of relocation or international assignment, such as relocation support, storage costs, expatriation allowance, mobility allowance, reimbursement for international schools, housing support, reimbursement of flight costs, reimbursement of costs of temporary living arrangements and other benefits which reflect local market practice, all in accordance with the applicable international mobility policy.

Retirement arrangements reflect relevant market practice. The executive Director may participate in the applicable retirement benefit plans available to other executives in the country of employment. Currently, with respect to the Group Chief Executive Officer, he has the option between the International Pension Plan or the local Dutch Defined Contribution Plan of JDE where, under both options, he must contribute 4% of his pensionable salary/fee and the remaining contribution is paid by the Company or the Group.

Further information regarding the benefits and retirement arrangements for the executive Director will be disclosed in the Group's annual remuneration report and financial statements.

*Short-term Incentives*

The executive Director and other members of the Global Leadership Team are eligible to participate in an annual performance-related short-term incentive scheme. These incentives are linked to a percentage of their Annual Base Pay with a maximum bonus opportunity of 310% of the Annual Base Pay.

The purpose of the short-term incentives is to ensure executive alignment with and focus on the annual Board approved business plan. Performance measures and targets for those measures are set by the Board on an annual basis. The measures may include a balance of financial measures, key operational measures, and non-financial measures aligned to the strategic objectives of the Company. The financial measures are key performance indicators to measure the successful execution of the Company's strategy which can relate to profit, revenue, turnover, operating working capital and similar financial metrics, whereby the non-financial measures reflect performance on the key strategic objectives of the Company. With respect to non-financial measures, the Board will select indicators that are derived from or linked to the business plan of the Company, reflecting the Company’s long-term strategy. Through the combination of both financial and non-financial measures, the short-term incentive will contribute to the long-term interests, shareholder value and sustainability of the Company. Details of performance measures for each year and how they support the business strategy will be disclosed in the Group's annual remuneration report.

After the end of each year the non-executive Directors review the actual performance of the executive Director against the set performance targets to determine the extent to which the targets have been achieved, in order to determine the final pay-out level. A statement on the applied performance targets, the achievement of the targets and pay-out levels will be reported in the annual remuneration report.

The short-term incentive is in principle settled in cash but, in order to encourage ownership and proprietary interest by the executive Director in the Company, the Board has the possibility to determine that the short-term incentive is settled in whole or in part in Ordinary Shares. Conversion of the short-term incentive cash amount will be based on the fair market value of the relevant share on or around the date of conversion.

*Medium- to Long-term Incentives and Investment Plans*

*Long-term Incentive Plan*

The executive Director, other Directors, other members of the Global Leadership Team and certain of the Group's employees are eligible to participate in the JDE Long-term Incentive Plan, as amended from time to time, and as approved by the General Meeting (the **JDE Plan**) and/or the JDE Peet's Long Term Incentive Plan, as amended from time to time, and as approved by the General Meeting (the **JDE Peet's Plan**, and together with the JDE Plan, the **Incentive Plans**). The purpose of the Incentive Plans is to promote the interests of the Group / JDE's group of companies and its shareholders by strengthening the Company's ability to attract and retain highly competent executives, and to provide a means to encourage ownership and proprietary interest by them in the Company which will benefit the accomplishment of the Group's strategy.

Awards under the Incentive Plans are made annually in restricted share units (**RSUs**). These represent the conditional right to receive a number of Company shares or depositary receipts, generally subject to continued engagement during a vesting period and other conditions as may be determined by the Board for each annual grant. Subject to approval of the Board, the base award value is equal to 300% of the executive Director's Annual Base Pay and the maximum award value is equal to 500% of the executive Director's Annual Base Pay. The actual award value is determined annually by the Board for each award in line with the Company's remuneration principles and considering Company's and individual performance, relevant market practice, external benchmark data and other relevant factors. The number of RSUs is determined by dividing the aforementioned award value amount by the fair market value of a share as determined in accordance with the Incentive Plan. Typically, a cliff vesting period of five years applies with the Board retaining the flexibility to apply a shorter vesting period or tiered vesting. Subject to approval of the Board, under his employment agreement, the level of the RSU to the current executive Director grant will be at a minimum level of €3 million. The actual long-term incentive award, the applicable vesting period and a summary of any additional material conditions attached to each award will be disclosed in the Group's annual remuneration report. In addition, reference is made to the Incentive Plans for the specific terms and conditions, including leaver treatment and change in control treatment.

In order to encourage ownership and proprietary interest in the Company, RSUs are following vesting settled in Company shares or depositary receipts with the possibility of net settlement to allow for the payment of taxes due. Conversion of the amount of RSUs will be based on the fair market value of the relevant share on or around the date of vesting.

Vesting of RSUs may also be subject to the achievement of performance measures. These and targets for those measures may be set at the discretion of the Board. A statement on the applied performance targets (if any), the achievement of the targets and pay-out levels will be disclosed in the Group's annual remuneration report.

*Executive Ownership Plan*

The executive Director and certain members of the Global Leadership Team are offered the opportunity to acquire an indirect equity interest in the Group through the Executive Ownership Plan. Details of any investments under the Executive Ownership Plan will be disclosed in the Group's annual remuneration report. It is expected that such persons will have invested over €50 million in the Group's Executive Ownership Plans by the end of FY 2020.

The participants invest through a Dutch holding entity and each of them holds at least 5% of a class of shares in the holding entity. The shares purchased are subject to various restrictions such as a blocking period of five years, drag-along and tag-along provisions and leaver conditions.

The purchase price is the fair market value, taking into account the aforementioned restrictions and the profit entitlement of the shares. In case of termination of employment the shares will need to be offered for sale whereby, dependent on the qualification of a participant as a "good leaver" or "bad leaver", a leaver repurchase price will be determined. Where a participant qualifies as a "bad leaver", they will receive the lower of: (i) the fair market value, taking into account the aforementioned restrictions and the profit entitlement of the shares; and (ii) the original investment price paid. Where the participant qualifies as a "good leaver" within five years from the date of the initial investment, they will receive the fair market value or, in case of termination due to death, disability, reaching the pensionable age or upon discretion by the Board, twice the fair market value of the initial investment. After a period of five years, the "good leaver" will receive twice the amount of the current fair market value of the initial investment, taking into account the aforementioned restrictions and the profit entitlement of the shares. Settlement of the sale of shares under the Executive Ownership Plan will be made in Ordinary Shares with conversion based on the fair market value of the relevant shares on or around the date of sale. The fair market value of the JDE shares is determined at least twice a year (as per the end of June and the end of December). Details of any such investments will be disclosed in the Group's annual remuneration report.

Upon request from the participant, financial assistance may be offered by the Group to participants to (partially) fund the investment. Such financial assistance is offered at market terms.

*JDE and Peet's Medium- to Long-term Incentives and Investment Plans*

Certain of the Group's equity settled medium- to long-term incentives and investment plans that are operated at JDE and Peet's will be amended prior to the Settlement Date, where applicable, to be settled in Ordinary Shares as of the Settlement Date, while continuing to track during the vesting period, and only take into account, the equity value of the relevant JDE or Peet's business. These medium- to long-term incentives and investment plans comprise the JDE Executive Ownership Plan, the Peet's Executive Ownership Plan, the JDE Plan, the Peet's Long-term Incentive Share Plan and the JDE Share Purchase Plan. Upon request from a participant in the JDE Executive Ownership Plan and the Peet's Executive Ownership Plan, financial assistance may be offered by the Group to participants to (partially) fund the investment. Such financial assistance is offered at market terms.

***Non-executive Directors***

The Remuneration Policy provides a structure that aligns compensation of the non-executive Directors with the successful delivery of the Company's long-term strategy and shareholder value growth. When developing this policy, the Board considered multiple perspectives including business requirements, shareholder views, the overall pay philosophy across the Company, internal pay relativities and the societal context.

In accordance with the Articles of Association, the authority to establish remuneration and other terms of service for non-executive Directors is vested in the Board, with due observance of the Remuneration Policy, as it applies to the non-executive Directors and applicable provisions of law. The Remuneration Policy provides a structure that aligns compensation of the non-executive Directors with the successful delivery of the Company's long-term strategy and shareholder value growth. The fee structure for non-executive Directors has been designed to ensure that the Group attracts, retains and appropriately compensates a diverse and internationally-experienced non-executive Directors. For remuneration fee benchmarking purposes, market data for companies of comparable size, complexity, and international scope will be utilised.

The fees reflect time spent and responsibilities of the roles and may consist of an annual retainer for Board membership and committee fees. All expenses reasonably incurred by non-executive Directors in the course of performing their duties are considered business expenses and are reimbursed at cost. Given the nature of the responsibilities, the remuneration of the non-executive Directors is not tied to the performance of the Company and therefore includes fixed compensation only, which may be paid in cash or RSUs.

The non-executive Directors may be eligible to participate in the JDE Peet's Plan. This to promote the interests of the Company's and its Shareholders by strengthening the Company's ability to attract and retain highly competent non-executives, and to provide a means to encourage ownership and proprietary interest in the Company which will benefit the accomplishment of the Group's strategy and which focusses on the long-term interests of the Company. The long-term incentive award can be made annually by the Board. The maximum grant value is equal to 150% of the non-executive Directors annual cash fee. The number of RSUs is determined by dividing the aforementioned award value amount by the fair market value of a share as determined in accordance with the JDE Peet's Plan. Typically, a vesting period of five years applies with the Board retaining the flexibility to apply a shorter vesting period. No performance conditions will apply. The actual long-term incentive award, the applicable vesting period and a summary of any additional material conditions attached to each grant will be disclosed in the Group's annual remuneration report. In addition, reference is made to the JDE Peet's Plan for the specific terms and conditions, including leaver treatment and change in control treatment.

The fees (both cash and RSUs) and any changes thereto will be submitted to the General Meeting for approval by the Board following a recommendation from the Remuneration, Selection and Appointment Committee. Details of the fees (both cash and RSUs) will be disclosed in the Group's annual remuneration report along with individual remuneration.

***Directors' Remuneration as at 31 December 2019***

The remuneration for the Directors paid by the Group during FY 2019 is set out below.

| | € '000 | | | | | |
|---|---|---|---|---|---|---|
| **Executive Director** | **Annual Base Pay** | **Annual Cash Incentive** | **Post-employment benefits (Paid on Behalf of Director)** | **Share-based payment expenses** | **Other** | **Total** |
| Keller, Casey | 804 | 486 | — | 5,772 | 23 | 7,085 |

The Group did not pay the non-executive Directors any remuneration during FY 2019 other than the following amounts paid to: (i) Olivier Goudet: US$200,000 in fees and US$255,000 in RSUs as Chair of the board of directors of Peet's Coffee & Tea, LLC (**Peet's Board**); (ii) Peter Harf: US$55,000 in fees and US$85,000 in RSUs as a member of the Peet's Board; and (iii) Fabien Simon: (a) €3,610,725 as the Chief Financial Officer of JDE; (b) €95,799 pursuant to his partial employment by the Group to lead its M&A and joint venture activities; and (c) US$50,000 in fees and US$85,000 in RSUs as a member of the Peet's Board.

***Directors' Expected Remuneration for FY 2020***

The expected remuneration for the Directors to be paid by the Group for FY 2020 is set out below.

| | € '000 | | | |
|---|---|---|---|---|
| **Executive Director** | **Annual Base Pay** | **Annual Cash Incentive (on target)** | **Post-employment benefits (Paid on Behalf of Director)** | **Total** |
| Keller, Casey | 1,000 | 1,000(1) | 92 | 2,092(2) |

Notes:

(1) Casey Keller is eligible to participate in annual performance-related short-term incentives. For on target performance, he is eligible for incentives of 100% of his Annual Base Pay, with incentives up to a maximum of 310% of his Annual Base Pay when exceeding target performance.

(2) Casey Keller is eligible to participate in the Long-term Incentive Plan. Subject to approval of the Board, the level of the RSU grant will be at a minimum level of €3 million. The RSUs have a five year cliff vesting upon continued employment. Subject to the approval of the Board, the first RSU grant will have a shorter cliff vesting period.

| | € '000 | | |
|---|---|---|---|
| **Non-executive Directors** | **Director's Fees** | **RSUs** | **Total** |
| Goudet, Olivier | 250 | 250 | 500 |
| Creus, Joachim | 100 | 150 | 250 |
| Harf, Peter | 150 | 150 | 300 |
| Hennequin, Denis | 100 | 150 | 250 |
| Hovde, Genevieve(1) | 100 | 150 | 250 |
| MacFarlane, Stuart | 100 | 150 | 250 |
| Pleuhs, Gerhard(2) | 100 | 150 | 250 |
| Richards, Aileen | 100 | 150 | 250 |
| Santo Domingo, Alejandro | 100 | 150 | 250 |
| Simon, Fabien(3) | 100 | 150 | 250 |
| Tan, Justine | 100 | 150 | 250 |
| Vandevelde, Luc | 150 | 150 | 300 |

| | | | |
|---|---|---|---|
| Urdaneta, Nelson[(2)] | 150 | 150 | 300 |
| **Total** | **1,600** | **2,050** | **3,650** |

Notes:

(1) Genevieve Hovde is an employee of BDT. She has agreed with BDT that she will not receive any separate compensation for serving as a Director and will transfer to funds administrated by BDT any director compensation she receives from the Company, including any awards made pursuant to grants of RSUs. She disclaims beneficial ownership of such RSUs except to the extent of her pecuniary interests therein.

(2) Gerhard Pleuhs and Nelson Urdaneta are employees of Mondelēz International. Each of them has agreed with Mondelēz International that he will not receive any separate compensation for serving as a Director and will transfer to Mondelēz International any director compensation he receives from the Company, including any awards made pursuant to grants of RSUs. Each of them disclaims beneficial ownership of such RSUs except to the extent of his pecuniary interests therein.

(3) In addition, pursuant to his partial employment by the Group to lead its M&A and joint venture activities, the Group pays Fabien Simon annual gross compensation of €50,000.40 (excluding any discretionary bonus).

**Remuneration Information for the Senior Management Team**

The total of remuneration paid to the members of the Senior Management Team (see "*—Senior Management Team*") (other than the executive Director) by the Group in FY 2019 amounted to €13,473,220, comprising: short-term employee pay and benefits (base salary, short-term incentives and other short-term benefits) of €5,419,567; post-employment benefits of €307,254; and share-based payment expenses of €7,746,399.

Scott Gray was appointed as the Group Chief Financial Officer during FY 2020. As such, his remuneration and the remuneration for the previous Group Chief Financial Officer are not included in the remuneration paid to the members of the Senior Management Team by the Group in FY 2019 (set out above). For comparison purposes with the remuneration expected to be paid to the members of the Senior Management Team by the Group for FY 2020 (set out below), the total of remuneration paid to the members of the Senior Management Team (other than the executive Director) and the remuneration paid to the previous Group Chief Financial Officer by the Group in FY 2019 amounted to €15,230,056, comprising: short-term employee pay and benefits (base salary, short-term incentives and other short-term benefits) of €6,185,576; post-employment benefits of €373,042; and share-based payment expenses of €8,671,438.

The total of remuneration expected to be paid to the members of the Senior Management Team (see "*—Senior Management Team*") (other than the executive Director) by the Group for FY 2020 amount to €17,655,755, comprising: short-term employee pay and benefits (base salary, short-term incentives and other short-term benefits) of €7,414,682; post-employment benefits of €433,705; and share-based payment expenses of €9,807,368.

As at 31 December 2019, €307,254 was set aside or accrued by the Company to provide for pension, retirement or similar benefits of the members of the Senior Management Team (other than the executive Director).

**Participation of the executive Director in Long-term Incentives and Investment Plans**

As at the date of this Prospectus, the executive Director holds 176,412 RSUs (157,699, RSUs awarded in FY 2019 and 18,713 RSUs awarded in FY 2020) under the Peet's Long-term Incentive Share Plan and has invested US$8,999,899 (83,487 units, which represent an interest in the ordinary shares of Peet's) under the Peet's Executive Ownership Plan vesting between 2022 and 2025. For further information on the Peet's Long-term Incentive Share Plan and the Peet's Executive Ownership Plan, see "*Management and Corporate Governance—Remuneration Information for the Board—Executive Director—Medium- to Long-term Incentives and Investment Plans—JDE and Peet's Medium- to Long-term Incentives and Investment Plans"*. The executive Director will transfer the current Peet's investment under the Peet's Executive Ownership Plan to the JDE Executive Ownership Plan after the Settlement Date.

**Participation of the members of the Senior Management Team (other than the executive Director) in Long-term Incentives and Investment Plans**

As at the date of this Prospectus, members of the Senior Management Team hold RSUs, options and investments under the JDE and Peet's medium- to long-term incentives and investment plans. Conditional entitlements granted under these medium- to long-term incentives will subsequent to the Settlement Date and following vesting, be settled in Ordinary Shares. During the vesting period these conditional entitlements and the current investments will follow the JDE or Peet's share value development. For further information on the JDE and Peet's medium- to long-term incentives and investment plans, see "*Management and Corporate Governance—Remuneration Information for the Board—Executive Director—Medium- to Long-term Incentives and Investment Plans—JDE and Peet's Medium- to Long-term Incentives and Investment Plans*".

| Name | Peet's Investment | Peet's RSUs | Vesting Date RSUs | Peet's Options Vested and Exercisable | Peet's Options Unvested | Vesting Date Options |
|---|---|---|---|---|---|---|
| Conway, Shawn | 53,132 | 28,466 | 2021 - 2024 | 10,762 | 12,433 | 2020 - 2022 |

| Name | JDE Investment | JDE RSUs | Vesting Date RSUs |
|---|---|---|---|
| Barckhahn, Oswald | 4,167 | 1,667 | 2022 |
| Brans, Lara | 3,212 | 512 | 2021 - 2023 |
| Kulik, Jiri | 4,587 | 2,104 | 2021 - 2024 |
| Schaillee, Philippe | 4,587 | 2,252 | 2021 - 2024 |
| Slechte, Nathalie | 681 | 679 | 2020 - 2024 |
| Poliquin, Anne-Marie | 806 | 269 | 2024 |
| Brighton, Chris | 143 | 1,114 | 2020 - 2023 |
| **Total** | **18,183** | **6,930** | |

**Interests of the Directors and the Senior Management Team**

As at the date of this Prospectus, no Directors or members of the Senior Management Team held direct and/or indirect beneficial interests in, or options over, the Ordinary Shares.

On the Settlement Date, it is expected that Olivier Goudet, Joachim Creus and Peter Harf will hold the following indirect beneficial interests in, or options over, the Ordinary Shares, assuming: (i) that the Selling Shareholders do not subscribe for Offer Shares; (ii) an Offer Price at the bottom of the Offer Price Range or at the top of the Offer Price Range; and (iii) a sale of the maximum number of Existing Offer Shares (including completion of the Cornerstone Investments), not including any Over-Allotment Shares. On the Settlement Date, it is expected that they will not hold direct beneficial interests in, or options over, the Ordinary Shares.

*Bottom of Offer Price Range*

| | Without exercise of the Over-Allotment Option | | | With full exercise of the Over-Allotment Option | | |
|---|---|---|---|---|---|---|
| Director | Ordinary Shares | Percentage of Ordinary Shares | Total Voting Percentage | Ordinary Shares | Percentage of Ordinary Shares | Total Voting Percentage |
| Goudet, Olivier | 959,398 | 0.193% | 0.304% | 947,850 | 0.190% | 0.298% |
| Creus, Joachim | 959,398 | 0.193% | 0.304% | 947,850 | 0.190% | 0.298% |
| Harf, Peter ....... | 9,658 | 0.002% | 0.003% | 9,542 | 0.002% | 0.003% |
| **Total**................ | **1,928,454** | **0.388%** | **0.610%** | **1,905,242** | **0.381%** | **0.599%** |

*Top of Offer Price Range*

| | Without exercise of the Over-Allotment Option | | | With full exercise of the Over-Allotment Option | | |
|---|---|---|---|---|---|---|
| Director | Ordinary Shares | Percentage of Ordinary Shares | Total Voting Percentage | Ordinary Shares | Percentage of Ordinary Shares | Total Voting Percentage |
| Goudet, Olivier | 959,398 | 0.194% | 0.305% | 950,948 | 0.190% | 0.299% |
| Creus, Joachim | 959,398 | 0.194% | 0.305% | 950,948 | 0.190% | 0.299% |
| Harf, Peter ....... | 9,658 | 0.002% | 0.003% | 9,573 | 0.002% | 0.003% |
| **Total**................ | **1,928,454** | **0.390%** | **0.612%** | **1,911,469** | **0.382%** | **0.601%** |

On the Settlement Date, it is expected that none of the Directors (other than Olivier Goudet, Joachim Creus and Peter Harf) or members of the Senior Management Team (other than as set out under "*—Participation of the executive Director in Long-term Incentives and Investment Plans*" and "*—Participation of the members of the Senior Management Team (other than the executive Director) in Long-term Incentives and Investment Plans*") will hold any direct and indirect beneficial interests in, or options over, the Ordinary Shares.

**Service Agreements and Notice Periods of the Group Chief Executive Officer**

As at the date of this Prospectus, none of the Directors enjoy contractual severance provisions, save that if the Group Chief Executive Officer's employment is terminated by the Company while such termination is not primarily or solely attributable to his acts or omissions, he shall be entitled to a one-off severance of eight gross fixed monthly salaries. The statutory transitional payment (*transitievergoeding*) is deemed to be included in such severance payment. Notice periods on the side of the employer are four months for the Group Chief Executive Officer.

**Potential Conflicts of Interest and Other Information**

Other than the circumstances described below, there are no potential conflicts of interests between any duties to the Company, of each of the Directors and members of the Senior Management Team, and their private interests and/or other duties. According to best practice principle 2.7.4 of the Dutch Corporate Governance Code, the Company will report on Directors' conflicts of interest in transactions in its management report where the conflict of interest is of material significance to the Company and/or to the relevant Director.

Certain Directors will have a direct or indirect beneficial interest in Ordinary Shares on the Settlement Date. See "*Management and Corporate Governance—Interests of the Directors and the Senior Management Team*" for the interests of the Directors in the share capital of the Company.

As at the Settlement Date, seven Directors will be representatives of the Selling Shareholders: Olivier Goudet, Peter Harf, Fabien Simon, Joachim Creus and Justine Tan will be representatives of JAB, and Nelson Urdaneta and Gerhard Pleuhs will be representatives of Mondelēz International. In addition, Directors may, from time to time, hold investments in the Selling Shareholders or other members of their group of companies (other than the Group). Furthermore, Casey Keller is the sole executive director of Acorn Holdings and Genevieve Hovde and Alejandro Santo Domingo are non-executive directors of Acorn Holdings. However, because Acorn Holdings is only a holding company through which its shareholders make investments, with JAB being its controlling shareholder, and none of Casey Keller, Genevieve Hovde or Alejandro Santo Domingo is a representative of JAB, the Company does not consider their aforementioned positions at Acorn Holdings in itself relevant for determining whether there is a potential conflict of interest.

JAB and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete with the Group. JAB and its affiliates may also pursue acquisition opportunities that are complementary to the Group's business and, as a result, these acquisition opportunities may not be available to the Group. Moreover, Mondelēz International's primary product range includes powdered beverage products, which may compete with the Group in the broader beverage category and Mondelēz International may also pursue acquisition opportunities that are complementary to the Group's business and, as a result, these acquisition opportunities may not be available to the Group. Since the interests of the Selling Shareholders may not be aligned with the interests of the Company, a conflict of interest might arise. See "*Shareholder Structure and Related Party Transactions—Related Party Transactions*" for further information on the related party transactions of the Group with the Directors and "*Description of Share Capital and Corporate Structure—Related Party Transactions Regime*" for further information on the Dutch related party transactions regime.

The Board does not expect that the circumstances described above will cause any of the Directors to have a conflict with the duties they have towards the Company. The Board Rules, however, include arrangements to ensure that the Board will in each relevant situation handle and decide on any (potential) conflict of interest, also in this respect. A Director shall not participate in the deliberation and decision-making process if he or she has a conflict of interest. Other than these circumstances, the Company is not aware of any other circumstance that may lead to a (potential) conflict of interest between the private interests or other duties of Directors and private interests or other duties of Directors towards the Company.

During the five years preceding the date of this Prospectus, none of the Directors or members of the Senior Management Team: (i) has been convicted of fraudulent offences; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership, liquidation or administration; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Other than as disclosed in "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Investor Rights Agreement*", there are no arrangements or understandings with the Selling Shareholders, clients, suppliers or others, pursuant to which any Director was selected as a member of such management body of the Company.

**Liability of Directors**

Under Dutch law, Directors may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the company for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code (*Burgerlijk Wetboek*) (the **Dutch Civil Code**). In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. Depending on the circumstances, they may also incur additional specific civil, administrative and criminal liabilities.

**Insurance**

Directors and certain other officers are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as Directors or officers.

**Indemnification**

The Articles of Association include provisions regarding the indemnification, to the extent permissible by the rules and regulations applicable to the Company, of current and former Directors against: (i) the reasonable costs of conducting a defence against claims for damages or of conducting defence in other legal proceedings; (ii) any damages payable by them; and (iii) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf, based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request – in the latter situation only if and to the extent that these costs and damages are not reimbursed on account of these other duties.

There shall, however, be no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) a Dutch court or, in the case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; (ii) the costs or damages directly relate to or arise from legal proceedings between a current or former Director and the Company, with the exception of legal proceedings that have been brought by one or more Shareholders, according to Dutch law or otherwise, on behalf of the Company; or (iii) the costs or financial loss of the person concerned are covered by an insurance policy and the insurer has paid out the costs or financial loss.

**Works Council**

See "*Business*—*Employees, Works Councils and Collective Bargaining —Works Councils*" for further information on the Group's works councils.

## Corporate Governance Code

### *Dutch Corporate Governance Code*

The Dutch Corporate Governance Code, as amended, entered into force on, and applies to any Financial Year starting on or after, 1 January 2017 and finds its statutory basis in Book 2 of the Dutch Civil Code (the **Dutch Corporate Governance Code**). The Dutch Corporate Governance Code applies to the Company as it has its registered office in the Netherlands and its Ordinary Shares will be listed on Euronext Amsterdam on the First Trading Date.

The Dutch Corporate Governance Code is based on a "*comply or explain*" (*pas toe of leg uit*) principle. Accordingly, companies are required to disclose in their management report whether or not they are complying with the various best practice principles of the Dutch Corporate Governance Code that are addressed to the board of directors (*bestuur*) or, if applicable, the supervisory board (*raad van commissarissen*) of the company. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report.

On the Settlement Date, the Company will not comply with the following principles of the Dutch Corporate Governance Code:

- *best practice provision 2.1.7: independence of the board*: as at the Settlement Date, the Company will not be in compliance with best practice provision 2.1.7(ii) that requires that more than half of the non-executive directors should be independent within the meaning of the Dutch Corporate Governance Code as seven out of the 13 non-executive Directors are representatives of Shareholders. In this respect five Directors, namely Olivier Goudet, Peter Harf, Fabien Simon, Joachim Creus and Justine Tan, will be representatives of JAB and two Directors, namely Nelson Urdaneta and Gerhard Pleuhs, will be representatives of Mondelēz International. In addition, because of their positions as non-executive director of Acorn Holdings, Genevieve Hovde and Alejandro Santo Domingo may technically not satisfy all independence requirements under the Dutch Corporate Governance Code. However, because Acorn Holdings is only a holding company through which its shareholders make investments, with JAB being its controlling shareholder and the only shareholder holding more than 10% of the Ordinary Shares, the Company does not consider Acorn Holdings relevant for the purpose of determining the independence of a non-executive Director. Therefore and given that neither Genevieve Hovde nor Alejandro Santo Domingo is a representative of JAB, the Company considers them independent. In addition, as at the Settlement Date, the Company will not be in compliance with best practice provision 2.1.7(iii) that requires that there is at most one non-executive Director who can be considered to be affiliated with a Shareholder, or group of affiliated Shareholders, who holds more than 10% of the shares in a company. Through JAB, the Group has a proven, long-term oriented Shareholder with strategic vision. JAB has provided the Group with the strategic vision to become the world's largest pure-play coffee and tea group and the second largest coffee group by revenue. JAB's strategic vision will continue to be represented at the Company through its representatives on the Board, which the Company believes will benefit the Company and its Shareholders. Similarly, the Company believes that it and its Shareholders will benefit from Mondelēz International's representatives on the Board. The Company believes that these directors' experience in the global food and beverage industry benefits the Company and its Shareholders, which outweighs any perceived disadvantage of non-independence. The independence of non-executive Directors is assessed for purposes of the Dutch Corporate Governance Code prior to their appointment to the Board and, thereafter, annually;

- *best practice provision 5.1.3: independence of the Chair of the board*: as at the Settlement Date, Olivier Goudet will be the Chair of the Board. He is not independent within the meaning of best practice provision 2.1.8. The Company believes that his experience in the global food and beverage industry benefits the Company and its Shareholders, which outweighs any perceived disadvantage of non-independence. In addition, in accordance with the Articles of Association and the Board Rules, where the Chair of the Board is not independent, the Company has appointed a Lead Independent Director to ensure there is an independent counter-voice to the Chair;

- *best practice provision 2.2.2: appointment and reappointment periods – non-executive Directors:* the initial appointment periods of the non-executive Directors are: (i) six years for Olivier Goudet, Peter Harf, Luc Vandevelde and Nelson Urdaneta; (ii) five years for Joachim Creus, Alejandro Santo Domingo, Genevieve Hovde, Gerhard Pleuhs and Fabien Simon; and (iii) four years for Denis Hennequin, Stuart MacFarlane, Aileen Richards and Justine Tan. In the event of a reappointment after: (a) a ten-year period for the non-executive Directors listed in item (i); (b) a nine-year period for the non-executive Directors listed in item (ii); and (c) an eight-year period for the non-executive Directors listed in item (iii), reasons will be provided in the report of the non-executive Directors. As such, in relation to the non-executive Directors listed in (i) and (ii), the Company will not be in compliance with best practice provision 2.2.2 that requires that: (A) a non-executive Director be appointed for an initial period of four years; and (B) reasons to be provided in the report of the non-executive Directors for a reappointment after an eight-year period. As a newly listed issuer, the Company believes that it and its Shareholders will benefit from the from the "staggered board" principle, that avoids that all Directors resign at the same time, and ensures that knowledge and experience can be handed over gradually and carefully to successors. The Company believes that this widely applied principle benefits the Company and its Shareholders, which outweighs any perceived disadvantage of them serving a longer initial period on the Board; and

- *best practice provision 2.3.4: composition of committees*: the composition of the Remuneration, Selection and Appointment Committee is based on experience and expertise. As such, at least half of the members of the Remuneration, Selection and Appointment Committee are not independent within the meaning of the Dutch Corporate Governance Code. The Company will consider how it can comply with this best practice provision in the future.

The Board has adopted a diversity policy for the composition of the Board in compliance with best practice provision 2.1.5: diversity policy. See "*—Board—Diversity*" for further information on the legislative proposals in relation to gender diversity of the Board as well as the gender composition of the Board.

# SHAREHOLDER STRUCTURE AND RELATED PARTY TRANSACTIONS

## Shareholder Structure

### *Major and Controlling Shareholders on the date of this Prospectus*

As at the date of this Prospectus, JAB (holding 7,399,554 Ordinary Shares, comprising all the issued Ordinary Shares and voting rights in such Ordinary Shares, through its subsidiary Acorn Holdings) is the only party that has a substantial shareholding in the Company within the meaning of Chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the **Dutch FSA**). JAB is in turn, indirectly, controlled by Agnaten SE, its majority shareholder, and Lucresca SE. Agnaten SE and Lucresca SE, indirectly, share voting and investment control over the JAB-Group. JAB and its investments are managed by an advisory committee. In December 2011, JAB entered into a comprehensive agreement with Agnaten SE, Lucresca SE, the advisory committee and further investors. The comprehensive agreement envisages long-term support for Agnaten SE and Lucresca SE by the advisory committee to further develop the JAB-Group's business.

### *Major and Controlling Shareholders on the Settlement Date*

Prior to Settlement: (i) 2,667,764 Ordinary Shares will be allotted to Mondelez Coffee HoldCo pursuant to the MDLZ Reorganisation in order to ensure that the Selling Shareholders hold their agreed percentages, of 73.5% for Acorn Holdings and 26.5% for Mondelez Coffee HoldCo, of the Company's issued and outstanding share capital prior to Settlement; and (ii) the Ordinary Shares in issue following implementation of the MDLZ Reorganisation will be split pursuant to a deed of conversion and amendment to the Articles of Association into 473,163,946 Ordinary Shares, so that Acorn Holdings will hold 347,779,038 Ordinary Shares and Mondelez Coffee HoldCo will hold 125,384,908 Ordinary Shares. The difference in the Company's shares capital prior to, and following, such stock split will be charged against the Company's freely distributable reserves. The Ordinary Shares held by Mondelez Coffee HoldCo immediately prior to Settlement will comprise 26.5% of the issued Ordinary Shares and voting rights in such Ordinary Shares, with the balance of the Ordinary Shares being held by JAB (through its subsidiary Acorn Holdings). See "*—Corporate Restructuring—MDLZ Reorganisation*" for further information on the MDLZ Reorganisation and "*Description of Share Capital and Corporate Structure—Share Capital—History of Share Capital*" for further information on the Ordinary Shares to be issued to Acorn Holdings and Mondelez Coffee HoldCo prior to Settlement.

It is therefore expected that, on the Settlement Date, the following parties, other than Directors (see "*Management and Corporate Governance—Interests of the Directors and the Senior Management Team*" for further information on the Directors' direct or indirect interest in the Company's share capital or voting rights), will have a direct or indirect interest in the Company's share capital or voting rights that is notifiable under the Dutch FSA, assuming: (i) that the Selling Shareholders do not subscribe for Offer Shares; (ii) an Offer Price at the bottom of the Offer Price Range or at the top of the Offer Price Range; and (iii) a sale of the maximum number of Existing Offer Shares (including completion of the Cornerstone Investments), not including any Over-Allotment Shares. For further information on the disclosure obligations under the Dutch FSA, see "*Description of Share Capital and Corporate Structure—Obligations to Disclose Holdings*".

*Bottom of Offer Price Range*

| | Without exercise of the Over-Allotment Option | | | With full exercise of the Over-Allotment Option | | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Ordinary Shares** | **Percentage of Ordinary Shares** | **Total Voting Percentage** | **Ordinary Shares** | **Percentage of Ordinary Shares** | **Total Voting Percentage** |
| Agnaten SE(1)... | 99,682,958 | 20.1% | 31.5% | 98,483,155 | 19.7% | 30.9% |
| Lucresca SE(1).. | 63,144,481 | 12.7% | 20.0% | 62,384,462 | 12.5% | 19.6% |
| Mondelēz International(2).. | 99,551,575 | 20.1% | 20.1% | 95,676,575 | 19.1% | 19.1% |
| **Total**............... | **262,379,014** | **52.8%** | **71.6%** | **256,544,192** | **51.3%** | **69.7%** |

Notes:

(1) Agnaten SE and Lucresca SE have indirect actual control over the shares and voting rights held by its controlled entities in the JAB-Group including Acorn Holdings and JAB Holdings. *See* "*—Major and Controlling Shareholders on the date of this Prospectus*" for further information on JAB's controlling shareholders. Each of Agnaten SE and Lucresca SE, in relation to their collective indirect share capital interest in the Company, will make a filing with the AFM in accordance with the Dutch FSA.
(2) Through its subsidiary, Mondelez Coffee HoldCo.

*Top of Offer Price Range*

| | Without exercise of the Over-Allotment Option | | | With full exercise of the Over-Allotment Option | | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Ordinary Shares** | **Percentage of Ordinary Shares** | **Total Voting Percentage** | **Ordinary Shares** | **Percentage of Ordinary Shares** | **Total Voting Percentage** |
| Agnaten SE[(1)]... | 99,682,958 | 20.1% | 31.6% | 98,805,005 | 19.8% | 31.1% |
| Lucresca SE[(1)].. | 63,144,481 | 12.8% | 20.0% | 62,588,338 | 12.5% | 19.7% |
| Mondelēz International[(2)].. | 99,551,575 | 20.1% | 20.1% | 95,989,252 | 19.2% | 19.2% |
| **Total**............... | **262,379,014** | **53.0%** | **71.8%** | **257,382,595** | **51.5%** | **69.9%** |

Notes:
(1) Agnaten SE and Lucresca SE have indirect actual control over the shares and voting rights held by its controlled entities in the JAB-Group including Acorn Holdings and JAB Holdings. *See* "*—Major and Controlling Shareholders on the date of this Prospectus*" for further information on JAB's controlling shareholders. Each of Agnaten SE and Lucresca SE, in relation to their collective indirect share capital interest in the Company, will make a filing with the AFM in accordance with the Dutch FSA.
(2) Through its subsidiary, Mondelez Coffee HoldCo.

JAB Holdings has irrevocably agreed to purchase Offer Shares in the amount of €300 million at the Offer Price on the Settlement Date as a Cornerstone Investor. JAB Holdings is a wholly-owned subsidiary of JAB. JAB and other co-investors, in turn, own Acorn Holdings. Joachim Creus, Peter Harf and Fabien Simon are directors of JAB Holdings. Assuming an Offer Price at the bottom of the Offer Price Range and the maximum number of Offer Shares, JAB Holding's investment comprises: (i) 10,00,000 Ordinary Shares; (ii) 2.01% of the total issued share capital of the Company immediately following Settlement, assuming no exercise of the Over-Allotment Option; and (iii) 2.00% of the total issued share capital of the Company immediately following Settlement, assuming the Over-Allotment Option is exercised in full.

The Company's major and controlling Shareholders do not on the date of this Prospectus, and will not on the Settlement Date, have different voting rights than other Shareholders. As at the date of this Prospectus and on the Settlement Date, JAB will control all matters requiring approval of the Shareholders, subject to the provisions of the Investor Rights Agreement. For more information on the Investor Rights Agreement, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions Regime—Investor Rights Agreement*". As such, on the Settlement Date, the Company will remain part of the JAB-Group.

As at the Settlement Date, seven Directors will be representatives of the Selling Shareholders: Olivier Goudet, Peter Harf, Fabien Simon, Joachim Creus and Justine Tan will be representatives of JAB, and Nelson Urdaneta and Gerhard Pleuhs will be representatives of Mondelēz International.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. The rights and obligations of Shareholders, including minority Shareholders, are governed by applicable laws and regulations. See, for example, "*Description of Share Capital and Corporate Structure—Related Party Transactions Regime*". The Articles of Association do not provide any specific provisions in addition to the provisions of the applicable laws and regulations that ensure control by the major or controlling Shareholders is not abused.

**Corporate Restructuring**

***Sara Lee Separation***

On 28 June 2012, Sara Lee divested its international coffee and tea business by separating from D.E Master Blenders. In connection with the Sara Lee separation, members of the Group entered into a master separation agreement with Sara Lee that provides for, among other things, the principal corporate transactions required to effect the separation, conditions to the separation and provisions governing the relationship between such members and Sara Lee with respect to and resulting from the separation. In addition, the master separation agreement provides for indemnification obligations designed to make members of the Group financially responsible for substantially all liabilities relating to certain business activities of the Group, whether incurred prior to or after the separation, as well as those obligations of Sara Lee assumed by members of the Group pursuant to the master separation agreement, including certain liabilities related to divestitures made by Sara Lee prior to the separation. In connection with the separation, members of the Group also entered into other agreements with Sara Lee that impose indemnification and other obligations on members of the Group.

***JDE Formation***

On 2 July 2015, the Group completed the JDE Formation (transactions to combine D.E Master Blenders' coffee and tea business with Mondelēz International's coffee business to create JDE). In connection with the JDE Formation, JDE, Acorn Holdings and Mondelēz International entered into several agreements that govern the relationship between the parties going forward, including the JDE Tax Matters Agreement the JDE Global Contribution Agreement. Pursuant to the JDE Tax Matters Agreement, JDE is generally responsible for tax obligations of D.E Master Blenders that are attributable to periods prior to the closing of the JDE Formation. The JDE Tax Matters Agreement also requires JDE to indemnify: (i) Mondelēz International for a portion of certain taxes that are attributable to the operation of Mondelēz International's coffee business prior to the closing date of the JDE Formation, as well as certain taxes of Mondelēz International that are attributable to the JDE Formation; and (ii) Acorn Holdings for certain taxes that are attributable to the JDE Formation. In addition, JDE, Acorn Holdings and Mondelēz International made certain tax-related representations and are subject to various tax-related covenants after the consummation of the JDE Formation. JDE, Acorn Holdings and Mondelēz International agreed to indemnify each other for certain taxes and other expenses attributable to a breach of any such tax representation or violation of any such covenant. Pursuant to the JDE Global Contribution Agreement, JDE provided indemnities to Acorn Holdings, Mondelēz International and their respective group companies in relation to the liabilities that it assumed under the JDE Formation as part of the assets contributed by Acorn Holdings and Mondelēz International to JDE.

***Peet's Spin-Off, Acquisition of Peet's by the Group and IPO Capital Restructuring***

*Peet's Spin-Off*

On 27 December 2018, under the Peet's Spin-Off, Acorn Holdings acquired Peet's pursuant to a series of transactions that included a distribution of Peet's stock and securities by JAB Beech, a member of the JAB-Group.

In connection with the Peet's Spin-Off, members of the JAB-Group entered into several agreements that govern the relationship between the parties going forward, including the Peet's Tax Matters Agreement. Pursuant to the Peet's Tax Matters Agreement, members of the Group are generally required to indemnify members of the JAB-Group (excluding the Group) for taxes and related expenses of Peet's in amounts that could be material. If the Peet's Spin-Off does not qualify for non-recognition treatment under the U.S. Internal Revenue Code due to the breach of any covenant or agreement contained in the related transaction documents by Acorn Holdings or its subsidiaries (including members of the Group), members of the Group could be required, in certain circumstances, to indemnify members of the JAB-Group (excluding the Group) for the resulting tax liabilities and related expenses. Additionally, if the Peet's Spin-Off results in a tax liability for JAB Beech due to a 50% or greater change in ownership of Peet's stock pursuant to the U.S. Internal Revenue Code and JAB Beech is required to recognise gain due to actions by Acorn Holdings or its subsidiaries (including members of the Group), or if the Peet's Spin-Off and related transactions were otherwise taxable as a result of such actions, members of the Group would be required to indemnify members of the JAB-Group (excluding the Group) for the resulting tax liabilities and related expenses.

*Acquisition of Peet's by the Group*

On 30 December 2019, the Company acquired Peet's from Acorn Holdings. On 30 December 2019, following the acquisition of Peet's from Acorn Holdings, Oak 1753 B.V., a member of the Group, entered into a €1,704 million borrowing with Acorn Holdings.

Acorn Holdings and the Group have entered into an agreement pursuant to which Acorn Holdings is responsible for fully indemnifying the members of the JAB-Group (excluding the Group) under the Peet's Tax Matters Agreement and will indemnify the Group for any amounts that a member of the Group is required to pay pursuant to its indemnity obligations under the Peet's Tax Matters Agreement, provided, in each case, that the amounts are attributable to actions undertaken by Acorn Holdings or members of the Group on or prior to the date of completion of the Offer that have resulted in the Peet's Spin-Off failing to qualify for its intended tax-free treatment. However, members of the Group may nevertheless be held liable for such amounts under the Peet's Tax Matters Agreement, and in the event that the Peet's Spin-Off is taxable as a result of actions taken by the Group after completion of the Offer, the Group would be responsible for indemnifying members of the JAB-Group (excluding the Group) for the resulting taxes and related expenses.

These indemnification obligations may arise if the Group undertakes certain actions within a period of two years following the Peet's Spin-Off (i.e. from 27 December 2018).

*IPO Capital Restructuring*

The Group has taken, and will take, the following steps as part of the IPO Capital Restructuring:

- in March 2020, JDE distributed the Pre-IPO Dividend of €285 million to its shareholders, of which €207 million was distributed to the Company, €75 million was distributed to Mondelez Coffee HoldCo and €3 million was distributed to management participation vehicles;
- the Group will partially repay the loan from Acorn Holdings: (i) during March 2020, the Group partially repaid the loan in an amount of €207 million (including accrued interest); and (ii) the Group will further partially repay the loan against share premium in an amount €39 million ahead of the Admission; and
- prior to the MDLZ Reorganisation, the Group will distribute an additional dividend of approximately €12 million to Acorn Holdings.

***MDLZ Reorganisation***

Prior to Settlement, MCH Sub B.V. (**MCH Sub**) (a subsidiary of Mondelez Coffee HoldCo) (which will hold (at that time) Mondelēz International's interest in JDE), as the disappearing entity (*verdwijnende vennootschap*), will be merged into New Oak 2 B.V. (**New Oak 2**) (a subsidiary of the Company), as the surviving entity (*overblijvende vennootschap*), in accordance with a legal triangular merger (*juridische driehoeksfusie*) between the Company, New Oak 2 and MCH Sub under Section 2:309 et seq of the Dutch Civil Code (the **MDLZ Reorganisation**). In consideration for New Oak 2 acquiring Mondelēz International's interest in JDE, the Company will allot 2,667,764 Ordinary Shares to Mondelez Coffee HoldCo as part of the triangular merger.

**Related Party Transactions**

In the course of its ordinary business activities, members of the Group regularly enter into agreements with other companies within the Group and with other members of the JAB-Group (excluding the Group). The agreements between members of the Group mainly relate to the rendering of intra-group services, such as the provision of support services in, among others, the areas of accounting, internal audit and risk, legal, mergers and acquisitions, company secretarial, data protection, share scheme administration, human resources, tax, IT, communications, software and treasury. The agreements between members of the Group and other members of the JAB-Group (excluding the Group) mainly relate to trademark licensing, manufacturing and distribution. Transactions between members of the Group and between members of the Group and other members of the JAB-Group (excluding the Group) are negotiated and executed on an arm's length basis and on the basis that the terms of these transactions are comparable to those contracted with unrelated third-party suppliers and service providers. See "*Description of*

*Share Capital and Corporate Structure—Related Party Transactions Regime*" for further information on the Dutch related party transactions regime.

The Group participates in a number of transactions with other related parties, directors, members of the Senior Management Team and Shareholders. See Note 28 of the Combined and Consolidated Special Purpose Financial Statements (*Related Party Transactions*). These transactions are described below. Transactions that are eliminated on consolidation or profits and losses eliminated through the application of the equity method are not described below.

***Investor Rights Agreement***

On 26 May 2020, the Company and the Selling Shareholders entered into the Investor Rights Agreement, effective on the First Trading Date, pursuant to which, among other things:

- Mondelez Coffee HoldCo will have the right to designate for nomination, and propose replacements for, two non-executive positions on the Board; provided, however, that if Mondelez Coffee HoldCo and its affiliates at any time beneficially own less than 8% but greater than 5% of the Ordinary Shares, then the number of Directors that Mondelez Coffee HoldCo shall be entitled to designate shall be reduced to one; provided, further, that if Mondelez Coffee HoldCo and its affiliates at any time beneficially own less than 5% of the Ordinary Shares, then the number of Directors that Mondelez Coffee HoldCo shall be entitled to designate shall be reduced to zero. Any designation right that expires shall not revive, regardless of any subsequent increase of Mondelez Coffee HoldCo's shareholding. Acorn Holdings does not have the right to designate for nomination, and propose replacements for, any non-executive positions on the Board under the Investor Rights Agreement;

- each Board committee will comprise at least three members and, to the extent allowed under applicable laws and regulations, Mondelez Coffee HoldCo shall be represented by one of its designees in all Board committees. In addition, for so long as Mondelez Coffee HoldCo may designate two members of the Board, to the extent allowed under applicable laws and regulations, Mondelez Coffee HoldCo shall be entitled to designate the Chair of the Audit Committee. After Mondelez Coffee HoldCo ceases to have any rights to designate the Chair of the Audit Committee, the Chair of the Audit Committee shall be independent within the meaning of the Dutch Corporate Governance Code;

- for so long as Mondelez Coffee HoldCo and its affiliates at any time beneficially own at least 13% of the Ordinary Shares, specified matters set out in the Investor Rights Agreement shall be matters that must be considered and resolved upon by the Board at a duly convened meeting of the Board. These Board authority matters include matters relating to general corporate matters, share capital and dividends, corporate structure, business activities, finance, auditing and reporting as well as miscellaneous matters. If at any time, Mondelez Coffee HoldCo and its affiliates beneficially own less than 13% of the Ordinary Shares, but greater than 5% of the Ordinary Shares, then the Board authority matters shall automatically be amended to a reduced list of such matters: (i) any issuance of shares of the Company or securities convertible or exchangeable for such shares, including options or other equity awards exercisable for such shares (other than options or other equity awards granted to officers or directors of the Company that have been authorised by the Remuneration, Selection and Appointment Committee or any other special committee authorised to issue such awards); (ii) the declaration or payment of (or the proposal to the General Meeting to declare) any dividend or other distribution with regard to any security of the Company; (iii) a key transaction having material financial implications for the Group, including material M&A; (iv) the making of a material change in the nature of the Group's business; (v) the adoption or amendment of any strategic business plan or annual budget (or equivalent); (vi) the proposal to a General Meeting to appoint or replace the auditor; (vii) the approval of the Company's annual and semi-annual consolidated financial statements (and any other financial statements released to the public); (viii) the approval of a material decision relating to a material portion of the Group's workforce (other than any decision that has been authorised by the any of the Board's committees duly authorised to take such action); or (ix) the approval of a decision which may have a material implication for the reputation of the Group; provided, further, after Mondelez Coffee HoldCo and its affiliates own less than 5% of the

Ordinary Shares, the Board authority matters shall automatically be deleted in their entirety. The full list of Board authority matters is included in the Board Rules, which will be available free of charge on the Company's website (www.jdepeets.com);

- the Company is required to share certain information with the Selling Shareholders to enable them to comply with their financial reporting, financial controls and financial planning requirements as it applies to their investment in the Company;

- the Company is required to have a related party transaction policy from completion of the MDLZ Reorganisation. An amendment of the related party transaction policy requires the approval of the Board, including the affirmative vote of at least one Director who is independent within the meaning of the Dutch Corporate Governance Code. For so long as Mondelez Coffee Holdco is entitled to designate at least one Director, the related party transaction policy shall not be amended or terminated without Mondelez Coffee Holdco's prior written consent. See "*Management and Corporate Governance—Board—Related Party Transaction Policy*" for further information on the Company's related party transaction policy; and

- the Company will cooperate with the Selling Shareholder(s) to optimise any disposal of any Ordinary Shares by a Selling Shareholder, including but not limited to: (i) providing reasonable access to information required for a due diligence and drafting of any required documentation; (ii) providing assistance in obtaining regulatory, stock exchange and other approvals required for such a sell down; and (iii) being a party to an underwriting agreement containing customary provisions.

Acorn Holdings will cast in the General Meeting the voting rights attaching to its Ordinary Shares in favour of the appointment of any individual designated by Mondelez Coffee HoldCo for appointment as non-executive member Director in accordance with the terms of the Investor Rights Agreement. In addition, Acorn Holdings and Mondelez Coffee HoldCo may, prior to a General Meeting, choose to consult each other and to coordinate the exercise of their respective voting rights without being obliged to do so.

Each of Acorn Holdings and Mondelez Coffee HoldCo, has acknowledged and agreed that the Dutch public offer rules as laid down in the Dutch FSA will as of the First Trading Date be applicable to the Company and its Shareholders. As Acorn Holdings and Mondelez Coffee HoldCo envisage to continue to have a combined voting interest in the Company of more than 30% on the Settlement Date and have made the agreements set out in the Investor Rights Agreement, Acorn Holdings and Mondelez Coffee HoldCo have agreed to be deemed to jointly have substantial control (*gezamenlijke overwegende zeggenschap*) over the Company within the meaning of the Dutch FSA and agree to remain qualified as concert parties (*in overleg handelende personen*). On this basis, each of Acorn Holdings and Mondelez Coffee HoldCo as well as their ultimate controlling persons, benefits from the exemption from the Dutch mandatory offer requirement as laid down in Section 5:71 sub 1(i) of the Dutch FSA.

Each of Acorn Holdings and Mondelez Coffee HoldCo has furthermore acknowledged and agreed that if a third party acquires control over Acorn Holdings or Mondelez Coffee HoldCo, and the Investor Rights Agreement is still in effect, such third party may be deemed to acquire indirect substantial control (*overwegende zeggenschap*) over the Company. If a third party does acquire indirect substantial control over the Company, this will result in immediate and automatic termination of the relevant acting in concert provisions. Each of Acorn Holdings and Mondelez Coffee HoldCo has also acknowledged and agreed that if their combined voting interest in the Company decreases below 30%, this will also result in immediate and automatic termination of the relevant provisions of acting in concert (which does not include the obligation for Acorn Holdings to cast in the General Meeting the voting rights attaching to its Ordinary Shares in favour of the appointment of any individual designated by Mondelez Coffee HoldCo for appointment as non-executive Director).

The Investor Rights Agreement shall cease to apply to a Selling Shareholder if it no longer holds, alone or together with any of its affiliates, a direct or indirect interest in the Ordinary Shares.

***Management Remuneration***

The compensation of the Group's "*key management personnel*" for purposes of IFRS must be disclosed as a related party transaction under IFRS. Accordingly, this has been disclosed as a related party transaction in Note 28 of the Combined and Consolidated Special Purpose Financial Statements (*Related Party Transactions*). In addition, information on remuneration for the Senior Management Team, which forms part of the Group's "*key management personnel*" for purposes of IFRS, can be found in the section "*Management and Corporate Governance—Remuneration Information for the Senior Management Team*".

***Share Schemes***

The executive Director, other members of the Global Leadership Team and other employees participate in the Group's share incentive schemes and also receive other annual remuneration for their services.

Other than as set out above, the Group has not entered into related party transactions during FY 2019, FY 2018 and FY 2017 and up to the date of this Prospectus.

# DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of the material information concerning the Company's share capital and of material provisions of Dutch law and the Articles of Association. It is based on relevant provisions of Dutch law in effect on the date of this Prospectus and the Articles of Association as they will read effective immediately prior to Settlement. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the relevant provisions of Dutch law and the Articles of Association. The full text of the Articles of Association (in Dutch, and an unofficial English translation) will be available free of charge on the Company's website (www.jdepeets.com). See also "*Management and Corporate Governance*" for a summary of the material provisions of the Articles of Association, the Board Rules and Dutch law relating to the Board.

## General

The Company was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 21 November 2018. The Company will be converted into a public company with limited liability (*naamloze vennootschap*) with its statutory seat (st*atutaire zetel*) in Amsterdam, the Netherlands, and will be renamed to JDE Peet's N.V. immediately prior to Settlement. The Company's registered office is at Oosterdoksstraat 80, 1011 DK Amsterdam, the Netherlands. The Company is registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 73160377. The Company's telephone number is + 31 (0)20 558 1753. The Company's Legal Entity Identifier (**LEI**) is 724500EHG519SE5ZRT89. The Ordinary Shares' International Security Identification Number (**ISIN**) is NL0014332678.

## Corporate Purpose

Pursuant to its Articles of Association, the objects of the Company are:

- the development, manufacturing, marketing, distribution and sales of coffee and tea products; including machines related thereto;
- to incorporate, to participate in any manner whatsoever, to manage, to supervise, to cooperate with, to acquire, to maintain, to dispose of, to transfer or to administer in any other manner whatsoever all sorts of participations and interests in businesses, legal entities and companies as well as to enter into joint ventures;
- to finance businesses, legal entities and companies;
- to borrow, to lend and to raise funds, to participate in all sorts of financial transactions, including the issue of bonds, promissory notes or other securities, to invest in securities in the widest sense of the word, and to enter into agreements in connection with the foregoing;
- to grant guarantees, to bind the Company and to grant security over the assets of the Company for the benefit of legal entities and companies with which the Company forms a group and for the benefit of third parties;
- to advise and to render services to legal entities and companies with which the Company forms a group and to third parties;
- to acquire, to administer, to operate, to encumber, to dispose of and to transfer moveable assets and real property and any right to or interest therein;
- to trade in currencies, securities and financial assets in general;
- to obtain, to exploit, to dispose of and to transfer patents and other industrial and IP rights, to obtain and to grant licenses, sub-licenses and similar rights of whatever name and description and, if necessary, to

protect the rights derived from patents and other industrial and IP rights, licenses, sub-licenses and similar rights against infringements by third parties; and

- to carry out all sorts of industrial, financial and commercial activities, including the import, export, purchase, sale, distribution and marketing of products and raw materials,

and all matters related or conducive to the above, with the objects to be given their most expansive possible interpretation. In pursuing its objects, the Company shall also take into account the interests of the legal entities and companies with which it forms a group.

**Share Capital**

As of the date of this Prospectus, the issued share capital of the Company comprises 7,399,554 Ordinary Shares with a nominal value of €0.01 each. As the Company is a company incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands, the Company is not required to have, and does not have, an authorised share capital at the date of this Prospectus. The net asset value (total assets minus total liabilities) per Share as at 31 March 2020, being the date of the Condensed Consolidated Interim Statement of Financial Position, and calculated using the 1,000 Ordinary Shares issued and outstanding at that time, is €9,519.

With effect as of the Settlement Date, pursuant to a notarial deed of amendment amending the Company's articles of association, the Company's authorised share capital will amount to € 20,000,000 divided into 1,000,000,000 Ordinary Shares with a nominal value of €0.01 each and 1,000,000,000 Preference Shares with a nominal value of €0.01 each.

The Ordinary Shares have been created under, and are subject to, Dutch law.

On the Settlement Date, all of the issued Shares will be fully paid up. On the Settlement Date, there will be no convertible securities, exchangeable securities or securities with warrants in the Company. There are no acquisition rights and/or obligations over unissued share capital of the Company (or any undertaking to increase the share capital of the Company, save that the Company may grant a call option to an outside foundation, as further described under "*—Anti-takeover Measures*". All of the Shares represent capital in the Company. No share or loan capital of any member of the Group is under option or agreed, conditionally or unconditionally, to be put under option.

On the Settlement Date, no Ordinary Shares will be held by the Group. See "*Management and Corporate Governance—Remuneration Information for the Board—Executive Director—Medium- to Long-term Incentives and Investment Plans*" for further information on the Group's medium- to long-term incentives and investment plans. Other than in respect of outstanding options under certain Group share incentive schemes, the Company is not party to any contract or arrangement (or proposed contract or arrangement) whereby any option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company, save that the Company may grant a call option to an outside foundation, as further described under "*—Anti-takeover Measures*".

Except by virtue of the different voting rights attached to the Ordinary Shares and the Preference Shares, none of the Shareholders will have any voting rights different from any other Shareholders.

No Shareholders will have any voting rights different from any other Shareholder.

***History of Share Capital***

At incorporation of the Company, 1,000 ordinary shares in the capital of the Company, each with a nominal value of €1.00, were issued to Acorn Holdings. These ordinary shares were paid-up as a contribution in kind, with such contribution comprising the ordinary shares in the capital of Oak 1753 B.V. On 24 February 2020: (i) pursuant to a notarial deed of amendment of the Company's articles of association, the 1,000 ordinary shares in the capital of the Company, each with a nominal value of €1.00, were divided into 100,000 Ordinary Shares, each with a nominal value of €0.01; and (ii) 7,299,554 Ordinary Shares were issued to Acorn Holdings, for cash. Other than as set out above, no Ordinary Shares have been issued by the Company on the date of this Prospectus.

Prior to Settlement: (i) 2,667,764 Ordinary Shares will be allotted to Mondelez Coffee HoldCo pursuant to the MDLZ Reorganisation in order to ensure that the Selling Shareholders hold their agreed percentages, of 73.5% for Acorn Holdings and 26.5% for Mondelez Coffee HoldCo, of the Company's issued and outstanding share capital prior to Settlement; (ii) the Ordinary Shares in issue following implementation of the MDLZ Reorganisation will be split pursuant to a deed of conversion and amendment to the Articles of Association into 473,163,946 Ordinary Shares, so that Acorn Holdings will hold 347,779,038 Ordinary Shares and Mondelez Coffee HoldCo will hold 125,384,908 Ordinary Shares. The difference in the Company's shares capital prior to, and following, such stock split will be charged against the Company's freely distributable reserves. See "*Shareholder Structure and Related Party Transactions—Corporate Restructuring—MDLZ Reorganisation*" for further information on the MDLZ Reorganisation. The General Meeting has adopted a resolution: (i) to issue up to 23,333,333 New Offer Shares in the Offer; and (ii) to exclude all pre-emptive rights accruing to Shareholders in relation to the issuance of such Ordinary Shares. The right of the Stabilisation Manager to subscribe for the Company Over-Allotment Shares, as contained in the Underwriting Agreement, has also been resolved upon by the General Meeting. The issuance of New Offer Shares and the delivery of the Existing Offer Shares will take place on the Settlement Date. See also "*The Offer—Timetable*" and "*The Offer—Payment*".

As at the date of this Prospectus and as at the Settlement Date, no Preference Shares are or will be outstanding.

***Form of Shares***

All Shares are in registered form and are only available in the form of an entry in the Shareholders' Register and not in certificate form and shall at all times remain in dematerialised form. See also "*The Offer—Application and Allocation—Delivery, Clearing and Settlement*" in relation to the delivery, clearing and settlement of Ordinary Shares.

***The Shareholders' Register***

Pursuant to Dutch law and the Articles of Association, the Company must keep a Shareholders' Register. A copy of the Shareholders' Register will be kept by the Board at the offices of the Company in the Netherlands. In the Shareholders' Register, the names and addresses of all other persons holding meeting rights (being the right to be invited to and attend General Meetings and to speak at such meetings and the other rights the Dutch Civil Code grants to persons holding depository receipts for shares issued with the cooperation of the Company, as a Shareholder or as a person to whom these rights have been attributed in accordance with the Articles of Association) must also be recorded, as well as the names and addresses of all holders of a right of pledge or usufruct in respect of Shares not holding meeting rights. The Shareholders' Register also contains the names and addresses of usufructuaries (*vruchtgebruikers*) or pledgees (*pandhouders*) of Shares, stating whether they hold the rights attached to such Shares pursuant to Section 2:88 paragraphs 2, 3 and 4, as it relates to usufructuaries (*vruchtgebruikers*), and Section 2:89 paragraphs 2, 3 and 4, as it relates to pledgees (*pandhouders*), of the Dutch Civil Code and, if so, which rights have been conferred upon them. With regard to pledgees, the Company will deviate from the Dutch Civil Code such that the Shareholders' Register shall state that neither the voting right attached to the Shares, nor the rights attached under Dutch law to "*depositary receipts*" for Shares issued with the Company's cooperation (as contemplated in the Dutch Civil Code), have been conferred upon them. The Shareholders' Register shall also state, with regard to each Shareholder, pledgee or usufructuary, the date on which they acquired the Shares, their right of pledge or usufruct as well as the date of acknowledgement or service.

If requested, the Board will provide a Shareholder or usufructuary or pledgee of such Shares with an extract from the Shareholders' Register relating to its title to an Ordinary Share free of charge. If the Shares are encumbered with a right of usufruct, the extract will state to whom such rights will fall.

If Shares, as contemplated in the Dutch Securities Transactions Act, belong to: (i) a collective deposit as referred to in the Dutch Securities Transactions Act, of which Shares form part, kept by an intermediary, as referred to in the Dutch Securities Transactions Act; or (ii) a giro deposit as referred to in the Dutch Securities Transactions Act of which Shares form part, as being kept by a central institute as referred to in the Dutch Securities Transactions Act, the name and address of the intermediary or the central institute shall be entered in the Shareholders' Register, stating the date on which those Shares became part of a collective deposit or the giro deposit, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each Ordinary Share.

A person who is entitled to, and wishes to, inspect the Shareholders' Register of dematerialised Shares may do so only through the Company and in accordance with Dutch law.

***Issue of Shares***

Resolutions to issue Shares are adopted by the General Meeting or the Board, if the General Meeting authorises the Board to do so. A resolution of the General Meeting to issue Shares or to designate the Board as the competent corporate body to issue Shares, can only be adopted with an absolute majority. The foregoing also applies to the granting of rights to subscribe for Shares, such as options, but does not apply to the issue of Shares to a person exercising a previously acquired right to subscribe for Shares. An authorisation by the General Meeting to issue Shares must state the term for which it is valid, which term may not be longer than five years. The General Meeting is not authorised to resolve on the issuance of Shares or the granting of rights to subscribe for Shares to the extent it has authorised the Board as the competent body for such purpose. The resolution authorising such authority to the Board must specify the number of Shares which may be issued (which may be expressed as a percentage of the issued capital). The authorisation may be renewed in each case for another maximum period of five years. Unless provided otherwise in the authorisation, it may not be withdrawn. The Company may not subscribe for its own Shares on issue.

Pursuant to a resolution adopted by the General Meeting, the Board has been authorised to issue Ordinary Shares or grant rights to subscribe for Ordinary Shares for a period of 18 months following the Settlement Date and to limit or exclude the pre-emptive rights pertaining to such Ordinary Shares and rights. This authorisation of the Board has been limited to: (i) up to a maximum of 10% of the Ordinary Shares issued and outstanding on the Settlement Date for general purposes; and (ii) up to a maximum of a further 40% of the Ordinary Shares issued and outstanding on the Settlement Date, provided that pre-emptive rights are fully observed (or, if that would not be possible or would be unreasonably cumbersome from a legal or regulatory perspective, near identical subscription rights are provided to holders of Ordinary Shares (e.g. to allow for a rights issue to take place with exclusion of jurisdictions where it is not legally permissible, or prohibitively onerous, to do so)). See "*—Pre-emptive Rights*" for further information on the pre-emptive rights applicable to the issue of Shares or granting of rights to subscribe for Shares.

In addition, pursuant to a resolution adopted by the General Meeting, the Board has been authorised for a period of five years as from the Settlement Date to grant an outside foundation the continuous and unconditional right to, each time, subscribe for up to a maximum number of Preference Shares corresponding to 100% of the issued Ordinary Shares outstanding immediately prior to the exercise of the call option, less one Ordinary Share. Any Preference Shares already held by the foundation at the time of the exercise of the call option will be deducted from this maximum. The foundation may exercise its option right repeatedly, each time up to the aforementioned maximum. See "*—Anti-takeover Measures*" for a description of the anti-takeover measures under the Articles of Association.

In the event of an issue of Preference Shares, a General Meeting shall be convened, to be held not later than 22 months after the date on which Preference Shares were issued for the first time. See "*—Anti-takeover Measures*" for a description of the issue of Preference Shares.

See "*—Obligations of Shareholders to Disclose Holdings*" for information on the Company's notification obligations to the AFM in relation to changes to its issued share capital or voting rights and "*—EU Market Abuse Regime*" for information on the Company's notification obligations to the public of inside information.

***Pre-emptive Rights***

Upon the issue of Shares or granting of rights to subscribe for Shares, each holder of Shares of that class of Shares shall have a pre-emptive right in respect of the Shares to be issued, in proportion to the number of Shares already held by it. Exceptions to these pre-emptive rights include: (i) the issue of Shares against a contribution in kind; (ii) the issue of Shares to the employees of the Company or of a group company (*groepsmaatschappij*) pursuant to an employee share scheme or as an employee benefit; and (iii) the issue of Shares to persons exercising a previously granted right to subscribe for Shares. Holders of Shares of one class of Shares have no pre-emptive rights in relation to the issue of, or grant of rights to subscribe for, Shares of another class of Shares. These pre-emptive rights and such non-applicability of pre-emptive rights also apply in case of the granting of rights to subscribe for Shares.

Pursuant to the Articles of Association, the pre-emptive right may be restricted or excluded pursuant to a resolution of the General Meeting. The proposal to this effect must explain in writing the reasons for the proposal and the intended issue price. The pre-emptive right may also be restricted or excluded by the Board if the Board has been authorised by a decision of the General Meeting for a limited period of time of no longer than five years to restrict or exclude the pre-emptive right. Unless provided otherwise in the authorisation, it may not be withdrawn. A resolution of the General Meeting to restrict or exclude the pre-emptive right to Shares or to issue an authorisation to restrict or exclude the pre-emptive right requires a majority of at least two-thirds of the votes validly cast if less than 50% of the issued share capital is represented at the General Meeting.

No pre-emptive rights exist for holders of Ordinary Shares upon the issue of Preference Shares. Holders of Preference Shares do not have a pre-emptive right in respect of Ordinary Shares.

Pursuant to a resolution adopted by the General Meeting, the Board has been granted an authority for a period of 18 months following the Settlement Date to resolve to restrict or exclude the pre-emptive rights of Shareholders in relation to the issue of, or grant of rights to subscribe for: (i) up to a maximum 10% of the Ordinary Shares issued and outstanding on the Settlement Date for general purposes; and (ii) up to a maximum of a further 40% of the Ordinary Shares issued and outstanding on the Settlement Date, provided that pre-emptive rights are fully observed (or, if that would not be possible or would be unreasonably cumbersome from a legal or regulatory perspective, near identical subscription rights are provided to holders of Ordinary Shares (e.g. to allow for a rights issue to take place with exclusion of jurisdictions where it is not legally permissible, or prohibitively onerous, to do so)). These general authorisations expire after a period of 18 months following the Settlement Date. Holders of Preference Shares will not have pre-emptive rights in respect of Ordinary Shares and *vice versa*.

***Acquisition of own Shares***

Subject to statutory conditions having been met, the Board will be authorised to acquire fully paid-up Shares either gratuitously (*om niet*), under universal succession of title, or if: (i) the Company's equity, less the payment required to make the acquisition, does not fall below the sum of called-up and paid-up share capital and any statutory reserves; (ii) the aggregate nominal value of the Shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Board has been authorised by the General Meeting to repurchase Shares. The Company may, without authorisation by the General Meeting, acquire its own Shares for the purpose of transferring such Shares to its employees under a scheme applicable to such employees, provided such Shares are quoted on the price list of a stock exchange.

The General Meeting's authorisation will be valid for a maximum of 18 months. As part of the authorisation, the General Meeting must determine the number of Shares that may be acquired, the manner in which the Shares may be acquired and the limits within which the price must be set.

Pursuant to a resolution adopted by the General Meeting, the Board has been granted an authority, for a period of 18 months following the Settlement Date, to cause the Company to acquire its own Ordinary Shares (including Ordinary Shares issued as stock dividend) up to a maximum of 10% of the aggregate number of Ordinary Shares issued following the Settlement Date, provided the Company will hold no more Ordinary Shares in stock than 50% of its issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the Ordinary Shares and not higher than the opening market price of the Ordinary Shares on Euronext Amsterdam on the day of the repurchase plus 10%. Material aspects of Dutch dividend withholding tax relating to the acquisition by the Company of its Ordinary Shares are described in "*Taxation—Taxation in the Netherlands—Dividend Withholding Tax*".

The Company may not cast votes on Shares held by it or by its subsidiaries nor will such Shares be counted for purpose of calculating a voting quorum. Votes may be cast on Shares held by the Company if the Shares are encumbered with a right of usufruct that benefits a party other than the Company or a subsidiary, the voting right attached to those Shares accrues to another party and the right of usufruct was established by a party other than the Company or a subsidiary before the Shares belonged to the Company or the subsidiary.

No dividend shall be paid on the Shares held by the Company in its own capital, unless such Shares are subject to a right of usufruct or pledge. For the purpose of determining the profit distribution, the Shares held by the Company in its own capital shall not be included. The Board is authorised to dispose of the Company's own Shares held by it.

If Preference Shares are issued to an outside foundation, the Board must convene a General Meeting within 22 months after the date Preference Shares have been issued for the first time, or within 60 days after the foundation has submitted a proposal at the General Meeting for the repurchase or cancellation of all Preference Shares held by the foundation. The agenda for that meeting must include a resolution relating to the repurchase or cancellation of these Preference Shares. If no resolution to repurchase or cancel the relevant Preference Shares is passed at that meeting, the Board must convene another General Meeting each time within six months of the previous meeting in which such proposal has been placed on the agenda, and submit the same proposal again, until such time as no more Preference Shares remain outstanding.

***Reduction of Share Capital***

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, but only if proposed by the Board, and in compliance with Section 2:99 and 2:100 of the Dutch Civil Code, pass resolutions to reduce the issued share capital by: (i) cancelling Shares; or (ii) reducing the nominal value of the Shares by amendment of the Articles of Association. A resolution to cancel Shares may only relate to: (i) Shares held by the Company or of which it holds the depositary receipts; or (ii) to all Preference Shares. A reduction of the nominal value of Shares, whether without redemption or against partial repayment on the Shares or upon release from the obligation to pay up the nominal value of the Shares, must be made pro rata on all Shares of the same class. This pro rata requirement may be waived if all Shareholders concerned so agree. A resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes validly cast if less than 50% of the issued and outstanding share capital is represented at the General Meeting. If 50% or more of the issued and outstanding share capital is represented at the General Meeting, the resolution of the General Meeting requires an absolute majority. In addition, a resolution to reduce the share capital shall require the prior or simultaneous approval of each group of holders of Shares of a similar class (if any) whose rights are prejudiced.

Preference Shares shall be cancelled against repayment of the amounts paid up on those Preference Shares and any distribution to be paid on those Preference Shares to the extent that they have only been partially paid up. This does not apply to Preference Shares that are paid-up at the expense of the reserves of the Company nor to Preference Shares which at the time of cancellation belong to the Company.

In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

Material aspects of taxation relating to a reduction of share capital are described in "*Taxation—Taxation in the Netherlands*".

***Transfer of Shares***

*Transfer of Ordinary Shares on Euronext Amsterdam*

A transfer of an Ordinary Share (not being, for the avoidance of doubt, an Ordinary Share held through Euroclear Nederland) or of a restricted right (*beperkt recht*) thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

If a registered Ordinary Share is transferred for inclusion in a collective deposit, the transfer will be accepted by the intermediary concerned. If a registered Ordinary Share is transferred for inclusion in a giro deposit or a central securities depository, the transfer will be accepted by the central institute, being Euroclear Nederland. Upon issue of a new Ordinary Share to Euroclear Nederland or to an intermediary, the transfer and acceptance in order to include the Ordinary Share in the giro deposit or the collection deposit will be effected without the cooperation of the other participants in the collective deposit, central securities depository or the giro deposit, respectively. Deposit Shareholders are not recorded in the Shareholders' Register.

Ordinary Shares included in the collective deposit or giro deposit can only be delivered from a collective deposit or giro deposit with due observance of the related provisions of the Dutch Securities Transactions Act. The transfer by a deposit Shareholder of its book-entry rights representing such Ordinary Shares shall be effected in accordance with the provisions of the Dutch Securities Transactions Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a right of usufruct on these book-entry rights.

*Transfer of Preference Shares*

Any transfer of Preference Shares requires the prior approval of the Board. An application for approval must be made in writing and include the number of Preference Shares the applicant wishes to transfer and the person to whom the applicant wishes to transfer the Preference Shares concerned.

***Dividend Distributions***

*General*

The Company may only make distributions to its Shareholders if its equity exceeds the amount of the paid-up and called-up part of the issued capital plus the reserves as required to be maintained by the Articles of Association (if any) or by Dutch law. The dividend pay-out can be summarised as follows:

*Annual Profit Distribution*

A distribution of profits other than an interim distribution is only allowed after the adoption of the Company's annual accounts, and the information in the annual accounts will determine if the distribution of profits is legally permitted for the respective Financial Year. Under the Articles of Association, any profits must first be applied to pay a dividend on the Preference Shares, if any are outstanding, before the Board decides whether to reserve any remaining distributable profits or distribute them to the other Shareholders. No Preference Shares are outstanding at the date of this Prospectus.

*Right to Reserve*

The Board may decide that the profits realised during a Financial Year, after a dividend payment on the issued and outstanding Preference Shares, if any, are to be fully or partially reserved. The profits remaining after being allocated to the reserves and after being paid as a distribution on the Preference Shares, if any, shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose. Furthermore, the Board may decide that distributions to the Shareholders shall be at the expense of reserves.

*Interim Distribution*

Subject to Dutch law and the Articles of Association, the Board may resolve to make an interim distribution of profits provided that it appears from an interim statement of assets signed by the Board that the Company's equity does not fall below the sum of called-up and paid-up share capital, any statutory reserves.

*Distribution in Kind*

The Board may decide that a distribution be made not in cash but in Shares, or decide that Shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Shares, provided that the Board is authorised by the General Meeting to resolve to issue Shares and exclude pre-emptive rights.

*Profit Ranking of the Shares*

Each Ordinary Share issued and outstanding on the Settlement Date will rank equally with, and will be eligible for any dividends that may be declared on, the Ordinary Shares. Under the Articles of Association, any profits not reserved by the Board must first be applied to pay a dividend on the Preference Shares, if any are outstanding, before distribution of any remaining distributable profits to the other Shareholders.

*Payment*

Payment of any distribution on Ordinary Shares to Shareholders will, in principle, be made in euro. The Company will, however, have the authority to make distributions in another currency other than euro.

Any dividends on Ordinary Shares that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts, without the need for the Shareholders to present documentation proving their ownership of the Ordinary Shares. Payment of dividends on the Ordinary Shares not held through Euroclear Nederland will be made directly to the relevant Shareholder using the information contained in the Shareholders' Register.

There are no restrictions in relation to the payment of distributions under Dutch law in respect of Shareholders who are non-residents of the Netherlands. See "*Taxation—Taxation in the Netherlands—Dividend Withholding Tax*" for a discussion of the material aspects of taxation of dividends and refund procedures for non-tax residents of the Netherlands.

Payments of distributions are announced in a notice by the Company and will be made payable pursuant to a resolution of the Board within four weeks after adoption, unless the Board sets another date for payment. Different payment release dates may be set for the Ordinary Shares and the Preference Shares. A Shareholder's claim to payments of dividends lapses five years after the day on which the claim became payable. Any dividends that are not collected within this period revert to the Company.

***Exchange Controls***

Under Dutch law, subject to the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions, there are no exchange control restrictions on investments in, or payments on, Shares, provided that the payment in a foreign currency for any Shares issued, or to be issued, by the Company will only result in the performance of the obligation to pay up the Shares, to the extent that the Company consents to payment in such foreign currency, the paid-up sum can be converted (exchanged) freely into euro and is equal to at least the euro nominal value of such Shares.

There are no special restrictions in the Articles of Association or Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Shares.

**Meetings of Shareholders and Voting Rights**

***General Meetings***

According to the Articles of Association, General Meetings can be held in the Netherlands in Amsterdam, Utrecht, Haarlemmermeer (including Schiphol Airport) or Joure (municipality De Friese Meren), at the choice of those who call the meeting.

The annual General Meeting must be held within six months after the close of each Financial Year. An extraordinary General Meeting may be convened, whenever the Company's interests so require, by the Board. In addition, Shareholders representing alone or in aggregate at least one-tenth of the issued and outstanding share capital may, pursuant to the Dutch Civil Code, request that a General Meeting be convened. If no General Meeting has been held within eight weeks of the Shareholders making such request, the Shareholders making such request may, upon their request, be authorised by the district court in summary proceedings to convene a General Meeting.

The convocation of the General Meeting must be published through an announcement by electronic means. Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which, at the date of this Prospectus, is 42 calendar days. The notice convening any General Meeting must include, among other items, the subjects to be dealt with, the venue and time of the General Meeting, the requirements for admittance to the General Meeting, the address of the Company's website, and such other information as may be required by Dutch law. The agenda for the annual General Meeting must contain specific subjects, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profits, insofar as these are at the disposal of the General Meeting. In addition, the agenda must include such items as have been included in it by the Board or the Shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the Directors concerning the performance of their duties in the Financial Year in question, the discharge must be mentioned on the agenda as separate items for the executive and non-executive Directors, respectively.

Shareholders holding at least 3% of the Company's issued and outstanding share capital may request, by a motivated request, that an item is added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Company at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those that have been included in the agenda (unless the resolution would be adopted unanimously during a meeting where the entire issued capital of the Company is present or represented).

Shareholders who, individually or with other Shareholders, hold Shares that represent at least one-tenth of the issued and outstanding share capital or a market value of at least €250,000 may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting, provided that the Company has done a so-called "*identification round*" in accordance with the provisions of the Dutch Securities Transactions Act. The Company can only refuse disseminating such information, if received less than seven business days prior to the day of the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by: the Chair of the Board; or in his absence by the Lead Independent Director; or in the absence of the Chair and the Lead Independent Director by any Director elected by the Directors present. The Chair of the General Meeting will have all powers necessary to ensure the proper and orderly functioning of the General Meeting. Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The external auditors of the Company are also authorised to attend the General Meeting. The Chair of the General Meeting may decide at its discretion to admit other persons to the General Meeting.

Each Shareholder (as well as other persons with voting rights or meeting rights) may attend the General Meeting, address the General Meeting and, insofar as they have such right, exercise voting rights in accordance with the terms of the relevant Shares, either in person or by proxy. Shareholders may exercise these rights, if they are the Shareholders on the registration date, which, at the date of this Prospectus, is the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the meeting in writing at the address and by the date specified in the notice of the meeting.

The Board may decide that persons entitled to attend and vote at General Meetings may, or to the extent allowed under Dutch law must,[66] cast their vote electronically or by post in a manner to be decided by the Board. Votes validly cast electronically or by post rank as equal to votes validly cast at the General Meeting.

***Voting Rights***

At General Meetings, each Ordinary Share and each Preference Share carries one vote.

[66] Following an accelerated legislative procedure, the Dutch Temporary Act COVID-19 Justice and Security (*Tijdelijke wet COVID-19 Justitie en Veiligheid*) came into force on 24 April 2020. The Act has retroactive effect from 16 March 2020. The Act provides, among other things, for special arrangements for the annual general meeting of shareholders of companies. The Act provides that, until 1 September 2020, annual General Meetings may be held completely electronically. The Act may be extended by up to two months at a time, if needed.

Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Shares that are held by the Company. Resolutions of the General Meeting are passed by an absolute majority of the valid votes validly cast at the General Meeting, except where Dutch law or the Articles of Association prescribe a greater majority.

The voting rights attached to the Ordinary Shares may only be amended by amendment to the Articles of Association.

***Amendment of Articles of Association***

The General Meeting may pass a resolution to amend the Articles of Association, which requires a majority of at least two-thirds of the votes validly cast in the General Meeting if less than half of the Company's issued capital is present or represented at the meeting, but only on a proposal of the Board that has been stated in the notice of the General Meeting.

In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by Shareholders and other persons holding meeting rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to Shareholders and other persons holding meeting rights from the day it was deposited until the day of the meeting.

***Dissolution and Liquidation***

The General Meeting may pass a resolution to dissolve the Company, but only on a proposal of the Board. When a proposal to dissolve the Company is to be made to the General Meeting, such proposal must be stated in the notice convening the General Meeting. In the event of the dissolution of the Company by resolution of the General Meeting, the Directors will be charged with effecting the liquidation of the Company's affairs, without prejudice to the provisions of Section 2:23, subsection 2 of the Dutch Civil Code. During liquidation, the provisions of the Articles of Association will remain in force to the extent possible.

The balance of the Company's assets remaining after all liabilities have been paid shall, if possible, first be applied for the payment to any holders of Preference Shares of the part of the nominal amount paid-up on their Preference Shares plus any distribution still payable at the time of the liquidation on such Preference Shares. Any remaining balance shall be transferred to the holders of Ordinary Shares in proportion to the nominal value of each holder's holding in Ordinary Shares. Any transfer to a Shareholder will be subject to the rights of any Shareholders to whom Ordinary Shares have been issued on special conditions, and subject further to the right of the Company to apply set-off in respect of the liability, if any, of Shareholders for unpaid capital or premiums. Once the liquidation has been completed, the books, records and other data carriers of the dissolved company will be held by the person or legal person appointed for that purpose by the General Meeting for the period prescribed by law (which as at the date of this Prospectus is seven years). Material tax aspects of liquidation proceeds are described in "*Taxation*".

***Annual and Semi-Annual Financial Reporting***

Annually, within four months after the end of the Financial Year, the Board must prepare the annual accounts and make them available for inspection by the Shareholders at the office of the Company and on its website. The annual accounts must be accompanied by an independent auditor's statement, a management report and other information required under Dutch law. The Company's annual accounts must be signed by the members of the Board. If the signature of one or more of the Directors is missing, this will be stated and reasons for this omission will be given. The annual accounts must be adopted by the General Meeting.

The annual accounts, the independent auditor's statement, the management report and the other information required under Dutch law must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting. The Board must send the adopted annual accounts to the AFM within five business days following adoption.

After the proposal to adopt the annual accounts has been discussed and voted on, a proposal shall be made to the General Meeting, in connection with the annual accounts and the statements made regarding them at the General Meeting, to discharge the Directors for their management and supervision in the last Financial Year.

Within three months after the end of the first six months of each Financial Year, the Board must prepare semi-annual accounts and make them publicly available. If the semi-annual accounts are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual accounts. If the semi-annual accounts are unaudited or unreviewed, they should state so.

The Company does not intend to publish interim financial statements other than financial statements for the six months ended 30 June of each Financial Year.

**Anti-takeover Measures**

The Company has been authorised to implement an anti-takeover measure within five years starting from the Settlement Date comprising the possibility of the issuance of Preference Shares to an outside foundation, in conformity with Dutch law and practice.

The Company may set up a foundation, the objects of which will be to protect the interests of the Company, the business maintained by the Company and the entities with which the Company forms a group and all persons involved therein, in such a way that the interests of the Company and those businesses and all persons involved therein are protected to the best of its abilities, and by making every effort to prevent anything which may affect the independence and/or the continuity and/or the identity of the Company and of those businesses in violation of the interests referred to above. The foundation, once incorporated, shall pursue its objects, among other things, by acquiring and holding Preference Shares in the Company's share capital and by enforcing the rights, in particular the voting rights, attached to those Preference Shares, as well as by exercising (whether or not in legal proceedings) rights attributed to it pursuant to Dutch law, the Articles of Association or any agreement. The foundation will only be authorised to sell any Preference Shares it holds after approval granted by the Board. The foundation will only be authorised to pledge any Preference Shares it holds to the extent that the voting rights attached to such Preference Shares are not passed on to the pledgee. The possibility of issuing Preference Shares is an anti-takeover measure, as it affords the foundation the power to prevent or bring about resolutions of the General Meeting.

To this end, after its incorporation, the foundation will be granted a call option by the Company. On each exercise of the call option, the foundation is entitled to subscribe for up to a maximum number of Preference Shares corresponding to 100% of the issued Ordinary Shares outstanding immediately prior to the exercise of the call option, less one Ordinary Share. Any Preference Shares already held by the foundation at the time of the exercise of the call option will be deducted from this maximum. The foundation may exercise its option right repeatedly, each time up to the aforementioned maximum.

The call option yet to be granted can be exercised by the foundation in order to (among other things and without limitation):

- prevent, slow down or otherwise complicate an unsolicited takeover bid for and an unsolicited acquisition of Shares by means of an acquisition at the stock market or otherwise;
- prevent and countervail concentration of voting rights in the General Meeting; and/or
- resist unwanted influence by and pressure from Shareholders to amend the strategy of the Board.

If the foundation exercises the call option, the Company must issue the corresponding number of Preference Shares to the foundation. Upon issuance of Preference Shares, at least one fourth of the nominal value thereof must be paid up. The foundation will be required to pay up any additional amounts only if and when the Company claims such additional payments. If the Company and the foundation so agree, the Preference Shares can be paid up in full at the expense of the reserves of the Company.

If Preference Shares are issued to the foundation, the Board must convene a General Meeting within 22 months after the date on which the Preference Shares have been issued for the first time, or within 60 days after the foundation has submitted a proposal to the General Meeting for the repurchase or cancellation of all Preference Shares held by the foundation. The agenda for that meeting must include a resolution relating to the repurchase or cancellation of these Preference Shares. If no resolution to repurchase or cancel the relevant Preference Shares is adopted at that meeting, the Board must convene another General Meeting each time within six months of the previous meeting in which such proposal has been placed on the agenda, and submit the same proposal again, until such time as no more Preference Shares remain outstanding.

If Preference Shares are repurchased or cancelled, this will take place against repayment of the amounts paid-up on these Preference Shares and payment of any distribution still lacking, if any. If the relevant Preference Shares were paid-up in full at expense of the reserves of the Company, the paid-up amount will not be paid to the foundation but will fall to the Company. Once Preference Shares are repurchased or cancelled, they may be called again by the foundation.

The foundation will perform its role, and take all actions required, at its sole discretion. The foundation shall exercise the voting rights attached to the Preference Shares issued to the foundation, independently, in accordance with its objects according to its articles of association. The foundation is to be managed by a board. All members of the board will be independent from the Company. The foundation will thus meet the independence requirement set out in Section 5:71(1)(c) of the Dutch FSA.

The board of directors of the foundation will be authorised to amend the foundation's articles of association. The resolution to amend the foundation's articles of association will be subject to prior approval of the Company. See "*—Share Capital—Dividend Distributions—Profit Ranking of the Shares*" and "*—Meetings of Shareholders and Voting Rights—Dissolution and Liquidation*" for a description of the position of holders of Preference Shares in the event of a distribution by the Company, respectively, the liquidation of the Company.

**Dutch Financial Reporting Supervision Act**

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the **Dutch FRSA**), the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Company.

Pursuant to the Dutch FRSA, the AFM has an independent right to: (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that the Company's financial reporting meets such standards; and (ii) recommend the Company make available further explanations. If the Company does not comply with such a request or recommendation, the AFM may request the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the **Enterprise Chamber**) to order the Company to: (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports; or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

**Obligations of Shareholders to Make a Public Offer**

Pursuant to the Dutch FSA, and in accordance with European Directive 2004/25/EC, also known as the Takeover Directive, any shareholder who directly or indirectly obtains control of a Dutch listed company (on a regulated market within the meaning of the Dutch FSA), such as the Company after Settlement, is required to make a public offer for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time that the company's shares are admitted for the first time to trading on a regulated market). As Acorn Holdings and Mondelez Coffee HoldCo envisage to continue to have a combined voting interest in the Company of more than 30% and have made certain agreements set out in the Investor Rights Agreement, Acorn Holdings and Mondelez Coffee HoldCo will qualify as concert parties and benefit from an exemption from the Dutch mandatory offer requirements as laid down in Section 5:71 sub 1(i) of the Dutch FSA. As such, Acorn Holdings and Mondelez Coffee HoldCo, as concert parties, will be exempted from the Dutch mandatory offer requirements as long as they continue to have a combined voting interest in the Company of at least 30%. For further information, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Investor Rights Agreement*". Subject to certain conditions, the obligation to make a public offer also does not apply to the outside foundation, as further described under "*—Anti-takeover Measures*".

In addition, no person may launch a public offer to acquire the shares of a listed company, such as the Ordinary Shares, unless an offer document has been approved by the AFM. Such a public offer may only be launched by way of publication of an approved offer document. The Dutch public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information is made available to the holders of the shares, the holders of the shares are treated equally, that there is no abuse of inside information and that there is a proper and timely offer period.

**Squeeze-out Proceedings**

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for their own account contributes at least 95% of the issued share capital of a public company with limited liability *(naamloze vennootschap)* incorporated in the Netherlands may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to such shareholders. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the voting rights. The claim of a takeover squeeze-out is required to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the Dutch FSA also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the voting rights. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

There are no other specific statutory squeeze-out proceedings at a lower level of control, however, it is not uncommon for the offeror under a public offer and the target to agree on a post-offer restructuring transaction pursuant to which the offeror may require the target to sell its assets to the offeror against payment of a consideration equal to the offering price. Such a transaction is subject to the approval of the general meeting of shareholders of the target. The remaining minority shareholders will receive their relative portion of the purchase price of this sale through a liquidation distribution in cash as part of the liquidation process of the target. Such a transaction can usually be implemented if the offeror has obtained a supermajority acceptance of the offer which is lower than 95%.

## Obligations to Disclose Holdings

Holders of the Shares may be subject to notification obligations under the Dutch FSA. Shareholders are advised to seek professional advice on these obligations.

### *Obligations of Shareholders to Disclose Holdings*

Pursuant to the Dutch FSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a Dutch listed company must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.[67]

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification must be made no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital. The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since its previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest changes in respect of the previous notification to the AFM by reaching or crossing one of the thresholds mentioned above as a consequence of the interest being differently composed due to having acquired shares or voting rights through the exercise of a right to acquire such shares or voting rights, must notify the AFM of the changes within four trading days after the date on which the holder knows or should have known that their interest reaches or crosses a relevant threshold.

Controlled entities, within the meaning of the Dutch FSA, do not have notification obligations under the Dutch FSA, as their direct and indirect interests are attributed to their (ultimate) controlling parent. Any person may qualify as a controlling parent for purposes of the Dutch FSA, including a natural person. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As at that moment, all notification obligations under the Dutch FSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, among other things, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third-party for such person's account or by a third-party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third-party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash-settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

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67 The Dutch government has prepared draft legislation adding the threshold of 2%. The Dutch government has indicated that it is working towards such draft legislation becoming effective by 1 January 2021, at the latest. As at the date of this Prospectus, it is, however, unclear whether and when such draft legislation will be enacted.

For the same purpose, the following instruments qualify as "*shares*": (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

***Notification of Short Positions***

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%,[68] must immediately give written notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the company's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published the company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third-party that the shares have been located. The notification shall be made no later than 15:30pm CET on the following trading day. On 16 March 2020, the European Securities and Markets Authority (**ESMA**) issued a decision temporarily requiring the holders of net short positions in shares traded on a regulated market within the EU to notify the relevant national competent authority if the position reaches or exceeds 0.1% of the issued share capital of the listed company. As such, as of 16 March 2020 and up to three months thereafter, each person holding a net short position attaining 0.1% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.1% must also be notified.

***Obligations of Directors and PDMRs to Disclose Holdings***

Pursuant to the Dutch FSA, each Director must notify the AFM: (i) immediately following Admission, the number of Ordinary Shares they hold and the number of votes they are entitled to cast in respect of the Company's issued share capital; and (ii) subsequently of each change in the number of Ordinary Shares they hold and of each change in the number of votes they are entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Director has notified a transaction to the AFM under the Dutch FSA as described under "*—Obligations of Shareholders to Disclose Holdings*", such notification is sufficient for purposes of the Dutch FSA as described in this paragraph.

Furthermore, pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the **Market Abuse Regulation**), which entered into force on 3 July 2016 and which is directly applicable in the Netherlands, persons discharging managerial responsibilities (each a **PDMR**) must notify the AFM and the Company of any transactions conducted for their own account relating to Ordinary Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

PDMRs within the meaning of the Market Abuse Regulation include: (i) Directors; and (ii) members of the Senior Management Team who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

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68 The Dutch government has prepared draft legislation adding the threshold of 2%. The Dutch government has indicated that it is working towards such draft legislation becoming effective by 1 January 2021, at the latest. It is, however, unclear whether and when such draft legislation will be enacted.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, persons who are closely associated with PDMRs for purposes of the Market Abuse Regulation, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Ordinary Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, among other things, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which is substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a PDMR or a person closely associated to a PDMR reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, PDMRs must add any transactions conducted by persons closely associated with them to their own transactions and *vice versa*. The first transaction reaching or exceeding the threshold must be notified as set out above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date. Notwithstanding the foregoing, Directors need to notify the AFM of each change in the number of Ordinary Shares that they hold and of each change in the number of votes they are entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

***Non-compliance***

Non-compliance with the notification obligations under the Market Abuse Regulation and the Dutch FSA, set out in the paragraphs above, is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and *vice versa*, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more Shareholders who alone or together with others represent(s) at least 3% or the Company's issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose, include: an order requiring the person violating the disclosure obligations under the Dutch FSA to make appropriate disclosure, suspension of the voting rights in respect of such person's shares for a period of up to three years as determined by the court, voiding of a resolution adopted by the General Meeting, if the court determines that the resolution would not be have adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding and an order to the person violating the disclosure obligations under the Dutch FSA to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

***Public Registry***

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch FSA on its website (www.afm.nl/en/professionals/registers). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

***Identity of Shareholders***

Dutch listed companies may, in accordance with Chapter 3A of the Dutch Securities Transactions Act, request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of their shareholders. Such requests may only be made during a period of 60 days up to the day on which the general meeting of shareholders will be held. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the company to establish the identity of its shareholders. This request may only be made during a period of 60 days until (and not including) the 42 days before the day on which the general meeting will be held.

**Related Party Transactions Regime**

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the **Shareholder Rights Directive II**), establishes requirements in relation to the exercise of certain shareholder rights attached to voting shares in relation to general meetings of companies which have their registered office in a Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State. The Dutch Act to implement the Shareholder Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*) (the **Dutch SRD Act**) entered into force on 1 December 2019. The Dutch SRD Act, among other things, adds new rules on related party transactions to the Dutch Civil Code and provides that "*material transactions*" with "*related parties*" not entered into within the ordinary course of business or not concluded on normal market terms, will need to be approved by the non-executive members of the board of directors, and be publicly announced at the time that the transaction is entered into. In addition, certain items in respect of any such related party transaction not concluded on normal market terms must be disclosed in the explanatory notes to the Company's annual accounts. If information is required to be published at an earlier stage under the Market Abuse Regulation, that requirement prevails. The board of directors will be required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms.

Any director or shareholder that has a, direct or indirect, personal interest in the transaction cannot participate in the deliberations or decision-making with respect to the related party transaction concerned. In this context: a "*related party*" is interpreted in accordance with IFRS (IAS 24 (*Related Party Disclosures*)) and includes a party that has "*control*" or "*significant influence*" over the company or is a member of the company's key management personnel; and a transaction is considered "*material*" if it would constitute inside information within the meaning of the Market Abuse Regulation and is concluded between the company and a related party (which for this purpose, and in line with the Dutch Corporate Governance Code, in any event includes one or more shareholders representing at least 10% of the issued share capital, an executive director or a non-executive director). Not all transactions with a "*related party*" are subject to the approval and disclosure provisions of the Dutch SRD Act (for example, transactions concluded between a company and its subsidiary).

See "*Management and Corporate Governance—Board—Related Party Transaction Policy*" for further information on the Company's related party transaction policy.

**EU Market Abuse Regime**

The regulatory framework on market abuse is laid down in the Market Abuse Regulation and the Market Abuse Directive (2014/57/EU) (**MAD II**), as implemented in Dutch law.

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Ordinary Shares; (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing; or (iii) unlawfully disclose inside information relating to the Ordinary Shares or the Company.

Furthermore, no person may engage in or attempt to engage in market manipulation.

The Company is required to inform the public, as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Company. Pursuant to the Market Abuse Regulation, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities (i.e. information a reasonable investor would be likely to use as part of the basis of its investment decision). An intermediate step in a protracted process can also deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under specific circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

A PDMR is not permitted to (directly or indirectly) conduct any transactions on their own account or for the account of a third-party, relating to Ordinary Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or a management report of the Company.

***Non-compliance***

In accordance with the MAD II, as implemented in Dutch law, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense (*economisch delict*) and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and *vice versa*.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

***Insider Trading***

The Company has adopted insider trading rules in respect of the reporting and regulation of transactions in the Company's securities by Directors and its employees, which will be effective as at the First Trading Date.

The Company and any person acting on its behalf or on its account is obligated to draw up an insider list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing, market manipulation and unlawful disclosure of inside information.

**Transparency Directive**

The Netherlands will be the Company's home Member State for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU), as a consequence of which the Company will be subject to the Dutch FSA in respect of certain ongoing transparency and disclosure obligations.

## THE OFFER

### Introduction

The Company is offering such number of New Offer Shares as will raise gross proceeds of approximately €700 million. Acorn Holdings is offering up to 25,833,333 Existing Offer Shares and Mondelez Coffee HoldCo is offering up to 25,833,333 Existing Offer Shares, in each case not including any Over-Allotment Shares. The total number of: (i) the Existing Offer Shares (excluding any Over-Allotment Shares) will raise gross proceeds of up to approximately €1.55 billion; and (ii) the Offer Shares (excluding any Over-Allotment Shares) will raise gross proceeds of up to approximately €2.25 billion. Acorn Holdings and Mondelez Coffee HoldCo have agreed that if Mondelez Coffee HoldCo elects to sell less than the maximum number of MDLZ Existing Offer Shares, Acorn Holdings shall be permitted to additionally sell the difference, provided that the Existing Offer Shares (excluding any Over-Allotment Shares) to be sold in the Offer will not, without increasing the size of the Offer, raise gross proceeds of more than €1.55 billion. Assuming no exercise of the Over-Allotment Option and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than 15.1% of the issued Ordinary Shares. Assuming the Over-Allotment Option is fully exercised and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than 17.3% of the issued Ordinary Shares.

The Offer consists solely of private placements to certain institutional investors in various jurisdictions, including the Netherlands. There will be no public offering in any jurisdiction.

The Offer Shares are being offered and sold within the United States, to persons reasonably believed to be QIBs as defined in Rule 144A under the U.S. Securities Act, pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state and other securities laws, and outside the United States, in accordance with Regulation S. The Offer is made only in those jurisdictions where, and only to those persons to whom, offer, issuances and sales of the Offer Shares may be lawfully made.

The Company and the Selling Shareholders have granted the Stabilisation Manager (on behalf of the Underwriters) the Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require the Company to sell at the Offer Price the Company Over-Allotment Shares (up to 3,499,999 Ordinary Shares), Acorn Holdings to sell at the Offer Price the Acorn Over-Allotment Shares (up to 3,875,000 Ordinary Shares) and Mondelez Coffee HoldCo to sell at the Offer Price the MDLZ Over-Allotment Shares (up to 3,875,000 Ordinary Shares), comprising up to 15% of the aggregate number of Offer Shares (excluding the Over-Allotment Shares) sold in the Offer, to cover over-allotments, if any, in connection with the Offer or facilitate stabilisation transactions, if any.

The issue of the New Offer Shares will result in a maximum dilution of the voting interest of the Selling Shareholders of: (i) 4.9%, assuming no exercise of the Over-Allotment Option; and (ii) 5.7%, assuming the Over-Allotment Option is exercised in full (in each case, immediately following the allotment of Ordinary Shares to Mondelez Coffee HoldCo pursuant to the MDLZ Reorganisation and an Offer Price at the bottom of the Offer Price Range).

### Cornerstone Investments

The Cornerstone Investors, severally and not jointly, have irrevocably agreed to purchase Offer Shares in the aggregate amount of €761 million at the Offer Price on the Settlement Date as part of the Offer. The Cornerstone Investments will be for the following amounts: (i) Quantum Partners LP and Palindrome Master Fund LP (funds managed by Soros Fund Management LLC): €100 million (in aggregate); (ii) FMR: €361 million; and (iii) JAB Holdings: €300 million. Assuming an Offer Price at the bottom of the Offer Price Range and the maximum number of Offer Shares, the Cornerstone Investments comprise an aggregate of: (i) 25,366,666 Ordinary Shares; and (ii) 5.11% of the total issued share capital of the Company immediately following Settlement, assuming no exercise of the Over-Allotment Option; and (iii) 5.07% of the total issued share capital of the Company immediately following Settlement, assuming the Over-Allotment Option is exercised in full, of the total issued share capital of the Company on the Settlement Date. The Cornerstone Investments are conditional on, among other things, the

Company issuing the Pricing Statement. If the Settlement Date has not occurred on or before 15 June 2020, each Cornerstone Investor is entitled to terminate its Cornerstone Investment. The Cornerstone Investors may also subscribe for or purchase additional Ordinary Shares in the Offer. Allocation of any such additional Ordinary Shares shall be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, as described in "—*Application and Allocation–Allocation*".

**Selling Shareholders**

The Selling Shareholders are: Acorn Holdings, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in Amsterdam, registered office at Oosterdoksstraat 80, 1011 DK Amsterdam, the Netherlands, trade register number: 57582041, LEI 724500DPP69L5GJXSJ78 and telephone number: +31 (0)20 558 1753; and Mondelez Coffee HoldCo, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) at Oosterhout (NB), registered office at Wilhelminakanaal Zuid 110, 4903RA Oosterhout, the Netherlands, trade register number: 62773178, LEI 724500QWTD8OS990IA78, and telephone number: +31 (0)16 247 4000.

**Timetable**

Subject to acceleration or extension of the timetable by the Company and the Selling Shareholders, in consultation with the Joint Global Coordinators for, or withdrawal of, the Offer, the timetable below lists the expected key dates for the Offer.

| Event | Date (2020) (Time (CET)) |
|---|---|
| Start of Offer Period | Tuesday, 26 May (9:00) |
| End of Offer Period | Tuesday, 2 June (14:00) |
| Expected Pricing | Tuesday, 2 June |
| Publication of results of the Offer and expected Allocation | Wednesday, 3 June |
| First Trading Date (trading on an 'as-if-and-when-issued/delivered' basis) | Wednesday, 3 June |
| Settlement Date (payment and delivery) | Friday, 5 June |

The Company and the Selling Shareholders, in consultation with the Joint Global Coordinators, reserve the right to accelerate or extend the Offer Period (see "—*Acceleration or Extension*").

**Offer Period**

Subject to acceleration or extension of the timetable for the Offer, prospective institutional investors may apply for Offer Shares during the period commencing at 9:00 CET on Tuesday, 26 May 2020, until 14:00 CET on Tuesday, 2 June 2020. In the event of an acceleration or extension of the Offer Period, pricing, allocation, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares may be advanced or extended accordingly.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares, arises or is noted between the date of this Prospectus and the final closing of the Offer Period, a supplement to this Prospectus will be published in accordance with relevant provisions under the Prospectus Regulation, the Offer Period will be extended, if so required by the Prospectus Regulation. Such a supplement will be subject to approval by the AFM in accordance with the Prospectus Regulation, and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement. See also "*Important Information—Supplements*".

**Acceleration or Extension**

The Selling Shareholders and the Company, after consultation with the Joint Global Coordinators, may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Selling Shareholders and

Company should decide to do so, they will make this public through a press release, which will also be posted on the Company's website (www.jdepeets.com). Any other material alterations will also be published through a press release that will be posted on the Company's website and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM.

Any extension of the timetable for the Offer will be published in a press release published and placed on the Company's website (www.jdepeets.com) at least three hours before the end of the original Offer Period, and will be for at least one full business day. Any acceleration of the timetable for the Offer will be published in a press release published and placed on the Company's website (www.jdepeets.com) at least three hours before the proposed end of the accelerated Offer Period.

**Offer Price and Number of Offer Shares**

The Offer Price Range is expected to be in the range of €30.00 to €32.25 (inclusive) per Offer Share. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range, which is an indicative price range, may be changed and/or the number of Offer Shares being offered may be increased or decreased. See "*—Change of the Offer Price Range or Number of Offer Shares*" for further information on changes to the Offer Price Range or number of Offer Shares.

The Offer Price and the exact number of Offer Shares offered in the Offer will be determined by the Company and the Selling Shareholders, in agreement with the Joint Global Coordinators, after the Offer Period has ended, taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate.

The Offer Price (in euro) and the exact number of Offer Shares offered in the Offer and the maximum number of Over-Allotment Shares will be set out in the Pricing Statement that will be deposited with the AFM and announced in a press release published and placed on the Company's website.

**Change of the Offer Price Range or Number of Offer Shares**

The Offer Price Range is indicative. The Company and the Selling Shareholders, in consultation with the Joint Global Coordinators, reserve the right to change the Offer Price Range and/or increase or decrease the number of Offer Shares being offered prior to the allocation of the Offer Shares. Any increase in the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two business days; any increase in the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one business day. Any such change in the Offer Price Range and/or the number of Offer Shares being offered will be published in a press release which is placed on the Company's website.

Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-Allotment Shares should be read as referring to the amended number of Over-Allotment Shares.

**Application and Allocation**

***Allocation***

Allocation of the Offer Shares is expected to take place after the closing of the Offer Period on or about Wednesday, 3 June 2020, subject to acceleration or extension of the timetable for the Offer. The Allocation of Offer Shares will be determined by the Company and the Selling Shareholders, after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares. There is no maximum or minimum number of Offer Shares which prospective investors may purchase or subscribe for and multiple applications to purchase, or subscribe for, Offer Shares are permitted. In the event that the Offer is over-subscribed, investors may receive fewer Offer Shares than they applied for. The Company, the Selling Shareholders and the Joint Global Coordinators, may at their own discretion and without stating the grounds therefor, reject any applications wholly or partly. On the day that Allocation occurs, the Joint Global Coordinators (on behalf of the Underwriters) will notify institutional investors or the relevant financial intermediary of any Allocation of Offer Shares made to them or their clients. Any monies received in respect of applications that are not accepted in whole or in part will be returned to the investors without interest or other compensation and at the investor's risk. The Cornerstone Investors will be fully allocated for an aggregate amount of €761 million.

Investors participating in the Offer will be deemed to have checked and confirmed that they meet the selling and transfer restrictions described in "*Selling and Transfer Restrictions*". Each investor should consult its own advisers as to the legal, tax, business, financial and related aspects of a purchase of, or a subscription for, Offer Shares.

***Payment***

Payment for the Offer Shares will take place on the Settlement Date. The Offer Price must be paid in full in euro and is exclusive of any taxes and expenses, if any, which must be borne by the investor (see "*Taxation*").Delivery, Clearing and Settlement

For purposes of Admission to Euronext Amsterdam, the Ordinary Shares are registered shares, which will be entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities Transactions Act. Application has been made for the Ordinary Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares, through the book-entry systems of Euroclear Nederland, will take place on the Settlement Date through the book-entry facilities of Euroclear Nederland in accordance with their respective normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

Subject to acceleration or extension of the timetable for the Offer, the Settlement Date is expected to be Friday, 5 June 2020, the second business day following the First Trading Date (T+2). The closing of the Offer may not take place on the Settlement Date, or at all, if the conditions referred to in the Underwriting Agreement are not satisfied or, where possible, waived on or prior to such date. See "*Plan of Distribution—Underwriting Arrangements*" for further information on the conditions to the Underwriting Agreement.

If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors for Offer Shares will be returned without interest or other compensation. Any transactions in Ordinary Shares prior to Settlement are at the sole risk of the parties concerned. None of the Company, the Selling Shareholders, the Underwriters, the Listing Agent, the Paying Agent and Euronext Amsterdam N.V. accepts any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offer or the (related) annulment of any transactions in Ordinary Shares on Euronext Amsterdam.

Restrictions on the transfer of Ordinary Shares are set out in "*Selling and Transfer Restrictions*".

***Listing and Trading***

Application has been made to admit all of the Ordinary Shares to listing and trading on Euronext Amsterdam, under the symbol "JDEP". The Ordinary Shares' ISIN is NL0014332678.

Subject to acceleration or extension of the timetable for the Offer, trading in the Offer Shares on Euronext Amsterdam is expected to commence at 09:00 CET on the First Trading Date. Trading in the Offer Shares before Settlement will take place on an "as-if-and-when-issued/delivered" basis.

The Ordinary Shares will trade in euro on Euronext Amsterdam.

Subject to acceleration or extension of the timetable for the Offer, unconditional trading in the Offer Shares on Euronext Amsterdam is expected to commence on the Settlement Date. Trading in the Offer Shares before the closing of the Offer will take place on an "as-if-and-when-issued/delivered" basis.

***Stabilisation Manager***

J.P. Morgan is the Stabilisation Manager for the Offer.

***Listing Agent and Paying Agent***

ING is the Listing Agent for the Admission and the Paying Agent for the Ordinary Shares.

***Fees and Expenses of the Offer***

No expenses or taxes will be charged by each of the Company or the Selling Shareholders in respect of the Offer.

## PLAN OF DISTRIBUTION

### Underwriting Arrangements

The Company, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement on 26 May 2020 with respect to the offer and sale of the Offer Shares in the Offer.

The Underwriting Agreement is conditional on, among others, the entry into a pricing agreement between the Company, one or more Selling Shareholders and the Underwriters setting the Offer Price per Offer Share. Pursuant to, on the terms of, and subject to, the conditions set out in the Underwriting Agreement, the Company has agreed to issue the New Offer Shares, Acorn Holdings has agreed to sell the Acorn Existing Offer Shares and Mondelez Coffee HoldCo has agreed to sell the MDLZ Existing Offer Shares at the Offer Price to purchasers procured by the Underwriters or, failing subscription or purchase by such procured purchasers, to the Underwriters themselves, and each of the Underwriters has, severally but not jointly, agreed to procure purchasers for the Offer Shares or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, the Offer Shares themselves at the Offer Price. The Offer Shares that are the subject to the Cornerstone Investment of JAB Holdings (the **JAB Cornerstone Shares**) are excluded from the foregoing obligations of the Underwriters.

Subject to the satisfaction of conditions precedent, the proportion of total Offer Shares that each Underwriter may severally but not jointly be required to purchase, or subscribe for, is indicated below.

| Underwriters | Underwriting commitment of Offer Shares |
|---|---|
| BNP Paribas | 23.334% |
| Goldman Sachs International | 23.334% |
| J.P. Morgan Securities plc | 23.334% |
| Banco Santander, S.A. | 2.375% |
| Citigroup Global Markets Limited | 2.800% |
| Crédit Agricole Corporate and Investment Bank | 2.375% |
| Deutsche Bank Aktiengesellschaft | 2.800% |
| HSBC Bank plc | 2.800% |
| ING Bank N.V. | 2.800% |
| Merrill Lynch International | 2.800% |
| MUFG Securities EMEA plc | 2.375% |
| UniCredit Bank AG | 2.375% |
| Banca IMI S.p.A. (Intesa Sanpaolo Group) | 0.714% |
| Bayerische Landesbank | 0.714% |
| COMMERZBANK Aktiengesellschaft | 0.714% |
| Coöperatieve Rabobank U.A. | 1.500% |
| Landesbank Baden-Württemberg | 0.714% |
| Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch | 0.714% |
| SMBC Nikko Capital Markets Europe GmbH | 0.714% |
| TD Securities Inc. | 0.714% |
| **Total** | **100%** |

In the Underwriting Agreement, the Company and the Selling Shareholders have made representations and warranties and given undertakings. In addition, the Company will indemnify the Underwriters against certain liabilities in connection with the Offer.

The Underwriting Agreement provides that the obligations of the Underwriters to procure subscribers or purchasers for the Offer Shares or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, the Offer Shares (excluding the JAB Cornerstone Shares) themselves are subject to, among other things, the following conditions precedent: (i) receipt of opinions on certain legal matters from counsel; (ii) receipt of customary officers' certificates; (iii) the execution of documents relating to the Offer and such documents and the AFM's approval of this Prospectus being in full force and effect; (iv) the entering into of the pricing agreement, and thereby the determination of the Offer Price and the exact number of the Offer Shares (i.e. underwriting of settlement risk only); (v) the admission of the Ordinary Shares to listing and trading on Euronext Amsterdam occurring no later than 9:00 a.m. CET on the First Trading Date; (vi) the Company not having published an amendment or supplement to this Prospectus in order to ensure that it reflects an important new event or does not contain an untrue statement of, or omits to state, a material fact; (vii) the completion of the corporate restructuring; and (viii) certain other customary conditions, including in respect of the accuracy of representations and warranties by the Company and the Selling Shareholders and each of the Company and the Selling Shareholders having complied with the terms of the Underwriting Agreement. The Underwriters have the right to waive certain of such conditions in whole or part.

The Joint Global Coordinators (on behalf of the Underwriters) may, among other things, terminate the Underwriting Agreement at any time upon to occurrence of: (i) a material adverse change in the business, financial position, results of operations or prospects of the Group taken as a whole since the date of the Underwriting Agreement; (ii) a breach of any representation, warranty or undertaking or otherwise of the Underwriting Agreement; or (iii) a statement in this Prospectus being untrue, inaccurate or misleading or a new matter having arisen that constitutes a material omission from this Prospectus. Following termination of the Underwriting Agreement, all applications to purchase, or subscribe for, Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned. See "*The Offer—Application and Allocation—Delivery, Clearing and Settlement*" for further information on a withdrawal of the Offer or the (related) annulment of any transactions in Ordinary Shares on Euronext Amsterdam.

In consideration of the agreement by the Underwriters to use reasonable efforts to procure subscribers or purchasers to purchase, or subscribe for, or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, themselves, the Offer Shares (excluding the JAB Cornerstone Shares) at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Company has agreed to pay the Joint Global Coordinators (on behalf of the Underwriters) an aggregate commission, including a maximum discretionary commission, of up to 2.4% of the gross proceeds of the Offer. The commissions due to the Underwriters, including those relating to Offer Shares sold by the Selling Shareholders and all expenses (up to an agreed cap), will be borne by the Company.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to persons reasonably believed to be QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state and other securities laws. Any offer or sale of Offer Shares in the United States will be made by the Underwriters, their affiliates or agents, who are registered United States broker-dealers, pursuant to applicable United States securities laws.

**Underwriters' Potential Conflicts of Interest**

Each of the Underwriters is acting exclusively for the Company and/or the Selling Shareholders and no one else in connection with the Offer. None of them will regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Offer and will not be responsible to anyone other than the Company and/or the Selling Shareholders for providing the protections afforded to their respective clients or for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus.

Certain of the Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to or competing with any of them, in respect of which they have and may in the future, receive customary fees and commissions. For example: (i) Bayerische Landesbank, BNP Paribas; Banco Santander; Citigroup; COMMERZBANK Aktiengesellschaft; ING; J.P. Morgan; Landesbank Baden-Württemberg; MUFG Securities EMEA plc; Rabobank; Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch; SMBC Nikko Capital Markets Europe GmbH; and UniCredit Bank AG, and/or their respective affiliates, are lenders, under the JDE

Credit Agreement; (ii) BNP Paribas; J.P. Morgan; Merrill Lynch International; Rabobank, and/or their respective affiliates, are lenders, under the Peet's Senior Credit Facility; (iii) an affiliate of Goldman Sachs International has previously provided financial advisory services to Mondelēz International, for which it is entitled to receive customary fees (which fees will be reduced by that amount of the fees and commissions paid by the Company to Goldman Sachs International equal to the percentage that the sales of MDLZ Existing Offer Shares and any MDLZ Over-Allotment Shares in the Offer bears to the total number of shares sold in the Offer); and (iv) Banca IMI S.p.A. (Intesa Sanpaolo Group), and/or their respective affiliates, are lenders to JAB and Mondelēz International.

In addition, the Underwriters and/or their respective affiliates may in the ordinary course of their business hold the Company's and/or the Selling Shareholders' securities for investment purposes for their own account and for the accounts of their customers. For example, certain of the Underwriters and/or their respective affiliates hold, or may in the future hold, interests in the JAB Consumer Fund, which in turn holds interests in the Company. As a result, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors or of the Company or the Group. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations.

In connection with the Offer, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offer and, in that capacity, may retain, purchase, subscribe for, or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so.

As a result of these transactions, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company's or Group's interests.

**Lock-up Arrangements**

The Joint Global Coordinators (on behalf of the Underwriters) may, in their sole discretion and at any time without prior public notice, waive in writing the restrictions, including those on sales, issues or transfers of Ordinary Shares, described below. If the consent of the Joint Global Coordinators (on behalf of the Underwriters) in respect of a lock-up arrangement is requested as described below, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted. As at the date of this Prospectus, the Joint Global Coordinators (on behalf of the Underwriters) have not waived, or agreed to waive, any of the restrictions on sales, issues or transfers of Ordinary Shares, described below.

**Selling Shareholders' and JAB Holdings's Lock-up**

Each of the Selling Shareholders, pursuant to the Underwriting Agreement, and JAB Holdings (together with the Selling Shareholders, the **Relevant Parties**), pursuant to its cornerstone agreement, has agreed with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set out below, without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters): (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or other shares of the Company or request or demand that the Company file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or other shares of the Company or otherwise has the same economic effect as (i), whether in the case of (i) and (ii) any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to its Shareholders or the General Meeting or any other body of the Company a proposal to effect any of the foregoing.

The foregoing restrictions shall not apply to: (i) an acceptance of a general offer for the ordinary share capital of the Company made in accordance with the Dutch FSA or the provision of an irrevocable undertaking to accept such an offer, provided that the Joint Global Coordinators shall be notified in advance in writing two business days prior to such acceptance or undertaking; (ii) selling or otherwise disposing of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares; and (iii) any transfer of Ordinary Shares by a Relevant Party to any of: (A) its subsidiaries or subsidiary undertakings, or to any subsidiary or subsidiary undertaking of its ultimate holding company; or (B) its affiliates or to any investment fund or other entity controlled or managed by the relevant Relevant Party or any of the entities referred to in (A), provided that prior to any such transfer made pursuant to sub paragraph (A) or (B) the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period. In addition, in the case of the Selling Shareholders, the foregoing restrictions shall also not apply to: (i) the sale of the Existing Offer Shares (including any sale as part of the Cornerstone Investments) and any Over-Allotment Shares in the Offer; and (ii) the lending of Ordinary Shares to the Stabilisation Manager (acting on behalf of the Underwriters) pursuant to a share lending agreement (the **Share Lending Agreement**). Each of the Relevant Parties may at any time after the expiry of the lock-up period offer to sell Ordinary Shares to investors.

**Company's Lock-up**

Pursuant to the Underwriting Agreement, the Company has agreed with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set out below, without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters): (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or other shares of the Company or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or other shares of the Company or otherwise has the same economic effect as (i), whether in the case of (i) and (ii) any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to its Shareholders or any other body of the Company a proposal to effect any of the foregoing.

The foregoing restrictions shall not apply to: (i) the granting of awards in options or Ordinary Shares by the Company or the issuance of Ordinary Shares upon exercise of options granted by the Company, in each case pursuant to employee incentive schemes as such grant or issue is disclosed in this Prospectus; (ii) the issue of the New Offer Shares or the Company Over-Allotment Shares; or (iii) the issue of Ordinary Shares to the Selling Shareholders in connection with the corporate restructuring described in this Prospectus. The Company may at any time after the expiry of the lock-up period offer to sell Ordinary Shares to investors.

**Directors' and Senior Management Team Lock-up**

Each of the Directors and each member of the Senior Management Team has agreed with the Underwriters that, for a period from the date of the Underwriting Agreement until 360 days from the Settlement Date, each of them will not, except as set out below, without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters): (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other securities of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or other securities of the Company or request or demand that the Company file any registration statement under the

U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or securities of the Company or otherwise has the same economic effect as (i), whether in the case of (i) and (ii) any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to its Shareholders or any other body of the Company a proposal to effect any of the foregoing.

The foregoing restrictions shall not apply to: (i) an acceptance of a general offer for the ordinary share capital of the Company made in accordance with the Dutch FSA or the provision of an undertaking to accept such an offer; (ii) the exercise of options for Ordinary Shares under awards granted under the existing stock option plans and incentive schemes as described in this Prospectus; (iii) any sale of Ordinary Shares to family members of, or entities that are directly or indirectly wholly-owned by, such relevant Director or member of the Senior Management Team, provided that any such transferees shall have validly executed an accession deed; (iv) in relation to Directors appointed to the Board upon the nomination of Mondelez Coffee HoldCo, any transfer of legal or beneficial ownership in Ordinary Shares to Mondelez Coffee HoldCo or any other group company or subsidiary of Mondelēz International, provided that any such transferees shall have validly executed an accession deed; (v) any sale of Ordinary Shares to cover income taxes due upon the vesting of the options for Ordinary Shares in accordance with the respective lock-up agreements, provided that if this sale is effected: (a) on Euronext Amsterdam, then on any one trading day no more than 5% of the volume traded on that exchange may be sold on any such given trading day; or (b) through an off market sale, the purchaser shall have validly executed an accession deed. Each of the Directors and each member of the Senior Management Team may at any time after the expiry of the lock-up period offer to sell Ordinary Shares to investors; or (vi) any disposal of Ordinary Shares by a member of the Senior Management Team (other than Scott Gray), provided such member of the Senior Management Team is no longer employed by the Company or any of its subsidiaries.

**Over-Allotment and Stabilisation**

In connection with the Offer, the Stabilisation Manager (or any of its agents) on behalf of the Underwriters, may (but will be under no obligation to), to the extent permitted by applicable laws and regulations, over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilisation Manager or any of its agents will not be obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken. Such stabilising transactions, if commenced, may be discontinued at any time without prior notice and must be discontinued within 30 days after the commencement of conditional dealings in the Offer Shares. Save as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offer. The Underwriting Agreement provides that the Stabilisation Manager may, for purposes of the stabilising transactions, over-allot Ordinary Shares up to 15% of the aggregate number of Offer Shares sold in the Offer (excluding Over-Allotment Shares), or up to 11,249,999 Ordinary Shares assuming the maximum number of Offer Shares is offered and sold in the Offer.

In connection with the Over-Allotment Option, up to 15% of the aggregate number of Offer Shares (excluding Over-Allotment Shares) will be made available by the Selling Shareholders to the Stabilisation Manager for the account of the Underwriters, through the Share Lending Agreement.

None of the Company, the Selling Shareholders or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Ordinary Shares or any other securities of the Company. In addition, none of the Company, the Selling Shareholders or any of the Underwriters makes any representation that the Stabilisation Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

## SELLING AND TRANSFER RESTRICTIONS

No action has been taken or will be taken in any jurisdiction by the Company, the Selling Shareholders or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any jurisdiction where action for that purpose is required. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither this Prospectus nor any other Offer material or advertisements in connection with the Offer Shares may be distributed or published, in or from any jurisdiction except in compliance with any applicable laws and regulations of any such jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdictions.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other Offer materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other Offer materials or advertisements into any such jurisdictions (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investors' nominees and trustees) wishing to accept, sell, purchase, or subscribe for, Offer Shares must satisfy themselves as to full observance of the applicable laws and regulations of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdictions.

Investors who are in any doubt as to whether they are eligible to purchase, or subscribe for, Offer Shares should consult their professional adviser without delay.

None of the Company, the Selling Shareholders or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective investor in any of the Offer Shares, of any such restrictions.

### United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States for offer or sale as part of their distribution and, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The Offer Shares will be offered and sold outside the United States in offshore transactions, as defined in and in reliance on, Regulation S. The Underwriting Agreement provides that the Underwriters may directly or through their broker-dealer affiliates, arrange for the offer and resale of Offer Shares within the United States only to QIBs in reliance on Rule 144A. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Offer Shares are not transferable except in accordance with the restrictions described below.

The Offer Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

For so long as any of the Offer Shares are "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective investor in such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be delivered pursuant Rule 144A(d)(4) under the U.S. Securities Act. The Company expects to be exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder.

In addition, until the end of the 40th calendar day after commencement of the Offer, an offering or sale of Ordinary Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of Ordinary Shares in the United States will be deemed to have represented and agreed as follows:

(i) the purchaser (a) is and at the time of its purchase of the Ordinary Shares, will be, a qualified institutional buyer, or QIB, as defined in Rule 144A, or a broker-dealer acting for the account of a QIB, with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (b) is acquiring the securities for its own account or for the account of a QIB, and (c) is aware that the securities are "restricted securities" within the meaning of the U.S. Securities Act and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit the securities are no longer restricted;

(ii) the purchaser is aware, and each beneficial owner of the Ordinary Shares has been advised, that such securities have not been and will not be registered under the U.S. Securities Act and are being offered in the United States only to QIBs in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(iii) the purchaser understands and agrees that such securities may not be offered, sold, pledged or otherwise transferred, except (a) to a person that the seller and any person acting on its behalf reasonably believe is another QIB purchasing for its own account or for the account of a QIB meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, (b) outside the United States in accordance with Regulation S, (c) pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act or (d) pursuant to an effective registration statement under the U.S. Securities Act;

(iv) the purchaser understands that the Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

**THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE U.S. SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S.**

**SECURITIES ACT FOR RESALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS**; and

(v) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Ordinary Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

**European Economic Area and the United Kingdom**

In relation to each Member State of the EEA and the United Kingdom (each a **Relevant State**), an offer to the public of any Offer Shares which are the subject of the Offer contemplated by this Prospectus may not be made in that Relevant State, except that an offer to the public in that Relevant State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Global Coordinators; or

(iii) in any other circumstances falling under the scope of Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who acquires any Offer Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Underwriters that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Underwriters that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders and the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an **offer to the public** in relation to any Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

**United Kingdom**

This Prospectus is being distributed only to, and is directed only at, persons who are outside the United Kingdom, or if in the United Kingdom: (i) have professional experience in matters relating to investments falling within the definition of "*investment professionals*" in Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**); (ii) are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2) of the Order; (iii) the Company believes on reasonable grounds to be persons to whom Article 43(2) of the Order applies for these purposes; or (iv) other persons to whom it may lawfully be communicated (all such persons being referred to in (i), (ii), (iii) and (iv) are defined as **Relevant Persons**). In the United Kingdom, any investment or investment activity to which this Prospectus relates is only available to and will only be engaged in with Relevant Persons. Any other persons who receive this Prospectus should not rely on or act upon it.

**Australia**

This Prospectus: (i) does not constitute a prospectus or a product disclosure statement under the Australian Corporations Act 2001 of the Commonwealth of Australia (Cth), as amended, (the **Australian Corporations Act**); (ii) does not purport to include the information required of a prospectus under Part 6D.2 of the Australian Corporations Act or a product disclosure statement under Part 7.9 of the Australian Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (**ASIC**), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (iii) may not be provided in Australia other than to select investors (**Exempt Investors**) who are able to demonstrate that they: (a) fall within one or more of the categories of investors under Section 708 of the Australian Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Australian Corporations Act; and (b) are "*wholesale clients*" for the purpose of Section 761G of the Australian Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchase or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each prospective investor in Offer Shares represents and warrants to the Company, the Selling Shareholder, the Underwriters and their affiliates that such prospective investor is an Exempt Investor.

**Canada**

The Offer Shares may be sold only to persons purchasing or subscribing, or deemed to be purchasing or subscribing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a person with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by such person within the time limit prescribed by the securities legislation of the person's province or territory. Investors should refer to any applicable provisions of the securities legislation of their province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to Section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, Section 3A.4) of National Instrument 33–105 Underwriting Conflicts (NI 33–105), the Underwriters are not required to comply with the disclosure requirements of NI 33–105 regarding underwriter conflicts of interest in connection with this Offer.

**Japan**

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No.25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**Switzerland**

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Offer Shares in Switzerland. The Offer Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Offer Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares constitutes a prospectus pursuant to the FinSA or pursuant to the Swiss Code of Obligations (as in effect immediately prior to the entry into force of the FinSA) or pursuant to the listing rules of SIX Exchange Regulation or any other trading venue in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Offer Shares may be publicly distributed or otherwise made publicly available in Switzerland.

**DIFC**

This prospectus relates to an "*Exempt Offer*" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (**DFSA**). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with "*Exempt Offers*". The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it and has no responsibility for this Prospectus. The shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of, or subscribers for, the Offer Shares should conduct their own due diligence on the Ordinary Shares. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

**Singapore**

This Prospectus or any other material relating to the Offer Shares has not been and will not be registered as a prospectus with the monetary authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Offer Shares may not be circulated or distributed, nor may any Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor under Section 274 of the Securities and Futures Act Chapter 289, of Singapore (the **Singapore Securities and Futures Act**);

(ii) to a relevant person pursuant to Section 275(1A) of the Singapore Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Singapore Securities and Futures Act; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Singapore Securities and Futures Act.

Where Offer Shares are purchased, or subscribed for, under Section 275 by a relevant person that is:

(i) a corporation (which is not an accredited investor) (as defined in Section 4A of the Singapore Securities and Futures Act) whose sole business is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (as defined in Section 2(1) of the Singapore Securities and Futures Act) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 except:

(a) to an institutional investor or to a relevant person as defined in Section 275(2) of the Singapore Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Singapore Securities and Futures Act;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the Singapore Securities and Futures Act.

*Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Offer Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

**Hong Kong**

No Offer Shares have been offered or sold or will be offered or sold in Hong Kong, by means of any document, other than: (i) to "*professional investors*" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **Hong Kong Securities and Futures Ordinance**) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "*prospectus*" as defined in the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Offer Shares has been issued or has been in the possession of any person for the purposes of issue, nor will any such advertisement, invitation or document be issued or be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "*professional investors*" as defined in the Hong Kong Securities and Futures Ordinance and any rules made under the Hong Kong Securities and Futures Ordinance.

# TAXATION

## Taxation in the Netherlands

The following summary gives an overview of the material Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of Ordinary Shares. For the purposes of Dutch tax law, a holder of Ordinary Shares may include an individual or entity who does not have the legal title of these Ordinary Shares, but to whom nevertheless the Ordinary Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Ordinary Shares or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of Ordinary Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as at the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(iii) corporate Shareholders which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate Shareholders been resident in the Netherlands or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption or participation credit if it represents an interest of 5% or more of the nominal paid-up share capital;

(iv) Shareholders holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and Shareholders of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with their partner (statutorily defined term), directly or indirectly, holds or is deemed to hold: (a) an interest of 5% or more of the total issued capital of the Company or 5% or more of the issued capital of a certain class of shares of the Company; (b) rights to acquire, directly or indirectly, such interest; or (c) certain profit-sharing rights in the Company;

(v) persons to whom the Ordinary Shares and the income from the Ordinary Shares are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);

(vi) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Ordinary Shares are attributable to such permanent establishment or permanent representative;

(vii) Shareholders which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Ordinary Shares or the benefits derived from or realised in respect of these Ordinary Shares; and

(viii) individuals to whom Ordinary Shares (or the Selling Shareholders' Ordinary Shares, as the case may be) or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the Netherlands and Sint Maarten (*Belastingregeling Nederland Sint Maarten*), the Tax Regulation for the Netherlands and Curacao (*Belastingregeling Nederland Curaçao*), the Tax Regulation for the Country of the Netherlands (*Belastingregeling voor het land Nederland*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the Avoidance of Double Taxation.

***Dividend Withholding Tax***

*Withholding Requirement*

The Company is required to withhold 15% Dutch dividend withholding tax in respect of dividends paid on the Ordinary Shares. Generally, the Dutch dividend withholding tax will not be borne by the Company, but will be withheld from the gross dividends paid on the Ordinary Shares. In the Dutch Dividend withholding tax Act 1965 (*Wet op de dividendbelasting 1965*), dividends are defined as the proceeds from shares, which include:

(i) direct or indirect distributions of profit, regardless of their name or form;

(ii) liquidation proceeds, proceeds on redemption of the Ordinary Shares and, as a rule, the consideration for the repurchase of the Ordinary Shares by the Company in excess of its average paid-up capital recognised for Dutch dividend withholding tax purposes, unless a particular statutory exemption applies;

(iii) the nominal value of Ordinary Shares issued to a holder of the Ordinary Shares or an increase of the nominal value of the Ordinary Shares, insofar as the (increase in the) nominal value of the Ordinary Shares is not funded out of the Company's paid-up capital as recognised for Dutch dividend withholding tax purposes; and

(iv) partial repayments of paid-up capital recognised for Dutch dividend withholding tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and provided that the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association and the paid-up capital is recognised as capital for Dutch dividend withholding tax purposes. The term "qualifying profits" includes anticipated profits that have yet to be realised.

*Reduction of Share Capital*

The Company's recognised capital for Dutch dividend withholding tax purposes (*fiscaal erkend kapitaal*) may be used by the Company to repay capital to Shareholders free of Dutch dividend withholding tax.

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, but only if proposed by the Board, and in compliance with Section 2:99 of the Dutch Civil Code, pass resolutions to reduce the issued share capital by: (i) cancelling Ordinary Shares; or (ii) reducing the value of the Ordinary Shares by amendment of the Articles of Association. For Dutch dividend withholding tax purposes, such repayment would not qualify as proceeds from shares and therefore not be subject to Dutch dividend withholding tax, if: (i) the General Meeting has resolved in advance to make such repayment; (ii) the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association; and (iii) the repayment concerns paid-up capital that is recognised as capital for Dutch dividend withholding tax purposes.

*Residents of the Netherlands*

If a holder of Ordinary Shares is a resident or deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, Dutch dividend withholding tax which is withheld with respect to proceeds from the Ordinary Shares will generally be creditable for Dutch corporate income tax or Dutch individual income tax purposes.

*Non-residents of the Netherlands*

If a holder of Ordinary Shares is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend withholding tax.

A refund of the Dutch dividend withholding tax is available to entities resident in another Member State of the European Union, Norway, Iceland, or Liechtenstein provided: (i) these entities are not subject to corporate income tax there; and (ii) these entities would not be subject to Dutch corporate income tax, if these entities would be tax resident in the Netherlands for corporate income tax purposes; and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to entities resident in other countries, under the additional condition that: (i) the Ordinary Shares are considered portfolio investments for purposes of Article 63 (taking into account Article 64) of the Treaty on the Functioning of the European Union; and (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

A (partial) refund of Dutch dividend withholding tax is available to a holder of Ordinary Shares resident in another Member State of the European Union, Norway, Iceland or Liechtenstein if: (i) this holder of Ordinary Shares is not subject to Dutch individual income tax or Dutch corporate income tax with respect to the income from the Ordinary Shares; and (ii) such Dutch dividend withholding tax is higher than the Dutch individual income tax or Dutch corporate income tax would have been had this holder of Ordinary Shares been tax resident in the Netherlands, after taking into account a possible refund based on the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting* 1965) or a refund based on a treaty for the avoidance of double taxation with respect to taxes on income; and (iii) no credit based on a treaty for the avoidance of double taxation with respect to taxes on income is granted in the state in which the holder of Ordinary Shares is tax resident, for the full amount of Dutch dividend withholding tax withheld; and (iv) this holder of Ordinary Shares does not have a similar function as an investment institution (*fiscale beleggingsinstelling*) or exempt investment institution (*vrijgestelde beleggingsinstelling*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to a holder of Ordinary Shares resident in another country, under the additional conditions that: (i) the Ordinary Shares are considered portfolio investments for purposes of Article 63 (taking into account Article 64) of the Treaty on the Functioning of the European Union; and (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

*U.S. Residents*

A holder of Ordinary Shares who is a resident in the United States and is entitled to the benefits of the Convention between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (together with the Protocol Amending the Convention between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the **U.S.-NL Treaty**) will be entitled to a refund of the Dutch dividend withholding tax by way of an exemption or refund if the holder of Ordinary Shares is an exempt pension trust as described in Article 35 of the U.S.-NL treaty, or an exempt organisation as described in Article 36 of the U.S.-NL Tax Treaty.

*Beneficial Owner*

A recipient of proceeds from the Ordinary Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend withholding tax if such recipient is not considered to be the beneficial owner of such proceeds.

The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

(i) that the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

  (A) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend withholding tax; or

  (B) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a reduction or refund of dividend withholding tax; and

(ii) that such person or legal entity has, directly or indirectly, retained or acquired an interest in Ordinary Shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

*Dutch Dividend Withholding Tax upon Redistribution of Foreign Dividends*

The Company must pay to the Dutch tax authorities all Dutch dividend withholding tax it withholds on dividends it distributed with respect to the Ordinary Shares. Provided certain conditions are met, the Company may apply a reduction with respect to the dividend withholding tax that it has to pay to the Dutch tax authorities. This reduction can be applied if the Company distributes dividends that stem from dividends the Company itself has received from certain qualifying non-Dutch subsidiaries, provided that these dividends that the Company has received are exempt from Dutch corporate income tax and were subject to a withholding tax of at least 5% upon distribution to the Company. The reduction is applied to the Dutch dividend withholding tax that the Company must pay to the Dutch tax authorities and not to the amount of the Dutch dividend withholding tax that the Company must withhold. The reduction is equal to the lesser of:

(i) 3% of the amount of the dividends distributed by the Company that are subject to Dutch dividend tax; and

(ii) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Dutch subsidiaries.

***Corporate and Individual Income Tax***

*Residents of the Netherlands*

If a holder of Ordinary Shares is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Ordinary Shares are attributable, income derived from the Ordinary Shares and gains realised upon the redemption, settlement or disposal of the Ordinary Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If a holder of Ordinary Shares is an individual and is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Ordinary Shares and gains realised upon the redemption, settlement or disposal of the Ordinary Shares are taxable at the progressive rates (at up to a maximum rate of 49.50%) under the Dutch Income Tax Act 2001, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Ordinary Shares are attributable or the individual has, other than as a Shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Ordinary Shares are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Ordinary Shares, taxable income with regard to the Ordinary Shares must be determined on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Ordinary Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

*Non-residents of the Netherlands*

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate income tax or Dutch individual income tax purposes, such person is not liable for Dutch income tax in respect of income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares, unless:

(i) the person is not an individual and such person: (a) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Ordinary Shares are attributable; or (b) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Ordinary Shares are attributable.

  This income is subject to Dutch corporate income tax at up to a maximum rate of 25%;

(ii) the person is an individual and such individual: (a) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Ordinary Shares are attributable; or (b) realises income or gains with respect to the Ordinary Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands which include activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*); or (c) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Ordinary Shares are attributable.

Income derived from the Ordinary Shares as specified under (a) and (b) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 49.50%. Income derived from a share in the profits of an enterprise as specified under (c) that is not already included under (a) or (b) will be taxed on the basis of a deemed return on income from savings and investments (as described under "*—Dividend Withholding Tax—Residents of the Netherlands*").

*Gift and Inheritance Tax*

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Ordinary Shares by way of gift by, or on the death of, a holder of the Ordinary Shares, unless:

(i) the holder of the Ordinary Shares is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

*Value Added Tax*

In general, no value added tax will arise in respect of payments in consideration for the issue of the Ordinary Shares or in respect of a cash payment made under the Ordinary Shares, or in respect of a transfer of Ordinary Shares.

*Other Taxes and Duties*

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Ordinary Shares.

*Residence*

A holder of Ordinary Shares will not become or be deemed to become a resident of the Netherlands solely by reason of holding these Ordinary Shares.

**Certain United States Federal Income Tax Consequences**

*This disclosure is limited to the United States federal income tax issues addressed in this Prospectus. Additional issues may exist that are not addressed in this disclosure and that could affect the United States federal tax treatment of the Ordinary Shares or the Selling Shareholders Ordinary Shares. Prospective investors should seek their own advice based on their particular circumstances from independent tax advisers.*

The following describes certain United States federal income tax consequences of the ownership and disposal of the Ordinary Shares acquired in the Offer to United States Holders and Non-United States Holders (each as defined below). With respect to the ownership and disposal of the Ordinary Shares, this discussion deals only with United States Holders that will hold the Ordinary Shares as capital assets. As used in this Prospectus, the term **United States Holder** means a beneficial owner of Ordinary Shares that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it: (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust; or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

A **Non-United States Holder** is a beneficial owner of Ordinary Shares that is neither a partnership nor a United States Holder.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to United States Holders that are subject to special treatment under the United States federal income tax laws, including if a prospective investor is:

- a trader or dealer in stocks, securities or currencies or notional principal contracts;
- a financial institution;
- a regulated investment company;

- a real estate investment trust;
- an insurance company;
- an individual retirement account or other tax-deferred account;
- a tax-exempt organisation;
- an entity or arrangement that is treated as a partnership or pass-through entity for United States federal income tax purposes, or a person that holds Ordinary Shares through such entity or arrangement;
- a person holding the Ordinary Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting;
- an S corporation;
- a person who owns or is deemed to own (directly, indirectly or by attribution) 10% or more of the Company's or the Selling Shareholders' stock by vote or value;
- a person that has ceased to be a U.S. citizen or a lawful permanent resident of the United States;
- a U.S. citizen or a lawful permanent resident living abroad; or
- a United States Holder whose "*functional currency*" is not the U.S. dollar.

The discussion below is based upon the provisions of the U.S. Internal Revenue Code, its legislative history, and final, temporary, and proposed regulations, published rulings and judicial decisions thereunder as at the date hereof as well as on the U.S.-NL Treaty, and such authorities may be replaced, revoked or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds the Ordinary Shares, the tax treatment of a partner in the entity or arrangement treated as a partnership for United States federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding the Ordinary Shares should consult their tax advisers.

This discussion does not contain a detailed description of all the United States federal income tax consequences to investors in light of their particular circumstances and does not address the alternative minimum tax or Medicare tax on net investment income, the effects of any state, local or non-United States tax laws, or the possible application of United States estate or gift taxes. Investors should consult their own tax advisers concerning the United States federal income tax consequences of the ownership and disposal of the Ordinary Shares in light of their particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

***Ownership and Disposal of the Ordinary Shares***

*Taxation of Dividends*

Subject to the passive foreign investment company (**PFIC**) rules discussed below, the gross amount of distributions on the Ordinary Shares (including any amounts withheld to reflect Dutch withholding taxes) will be taxable as dividends to the extent paid out of the Company's current or accumulated earnings and profits, as determined under United States federal income tax principles. Such dividends (including any withheld taxes) generally will be includable in gross income as ordinary income on the day actually or constructively received and will not be eligible for the dividends received deduction allowed to corporations under the Code. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the United States Holder's basis in the Ordinary Shares and thereafter as capital gain.

However, the Company does not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, United States Holders should expect that any distribution by the Company will generally be treated as a dividend (as discussed above).

Dividends received by individuals and certain other non-corporate United States Holders should be taxed at the preferential rate applicable to long-term capital gains if (i) the Company is a "*qualified foreign corporation*" (as defined below), (ii) such dividend is paid on Ordinary Shares that have been held by such United States Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (iii) certain other holding period requirements are met. The Company generally will be a "*qualified foreign corporation*" if it (i) is eligible for the benefits of the U.S.-NL Treaty and (ii) is not a PFIC in the taxable year of the distribution and in the preceding year. The Company expects to be eligible for the benefits of the U.S.-NL Treaty provided the Ordinary Shares are "*regularly traded*". For these purposes, the Ordinary Shares will be "*regularly traded*" in a taxable year if the aggregate number of Ordinary Shares traded on one or more recognised stock exchanges, such as Euronext Amsterdam, during the 12 months ending on the day before the beginning of the taxable year is at least 6% of the average number of Ordinary Shares outstanding during that 12-month period. As discussed below, the Company does not expect to be a PFIC for the current year or in the foreseeable future. The Company has not determined whether it was a PFIC for the preceding year and therefore, if the Company were to pay a dividend in 2020, there can be no assurance that preferential rates would be available in respect of such dividend. United States Holders should consult their own tax adviser about the application of the PFIC rules.

The amount of any dividend paid in euro will equal the U.S. dollar value of the euro amount received, calculated by reference to the exchange rate in effect on the date the dividend is received, regardless of whether the euro amount is converted into U.S. dollars. If the euro amount received as a dividend is converted into U.S. dollars on the date it is received, a United States Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the Euro amount received as a dividend is not converted into U.S. dollars on the date of receipt, a United States Holder will have a basis in the euro amount equal to their U.S. dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the euro amount will be treated as United States source ordinary income or loss.

Subject to certain conditions and limitations, Dutch withholding taxes on dividends may be treated as foreign taxes eligible for credit against, or deduction in computing, United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the Ordinary Shares will be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing foreign tax credits are complex. Investors are urged to consult their tax advisers regarding the availability of the foreign tax credit under their particular circumstances.

*Taxation of Capital Gains*

Subject to the PFIC rules discussed below, for United States federal income tax purposes, United States Holders generally will recognise taxable gain or loss on any sale or other disposition of the Ordinary Shares in an amount equal to the difference between the amount realised for the Ordinary Shares and their tax basis in the Ordinary Shares. Such gain or loss will generally be capital gain or loss. Capital gains of certain non-corporate United States Holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognised by United States Holders will generally be treated as United States source gain or loss. Accordingly, United States Holders may not be able to use the foreign tax credit arising from any foreign tax imposed on the sale or other disposition of the Ordinary Shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

A United States Holder that receives non-United States currency from a sale or other disposition of Ordinary Shares generally will realise an amount equal to the U.S. dollar value of the non-United States currency on the date of sale or other disposition or, if such United States Holder is a cash basis taxpayer, or an electing accrual basis taxpayer and the Ordinary Shares are treated as being traded on an "*established securities market*" for this purpose, the settlement date. For a United States Holder that is an accrual basis taxpayer that does not so elect, such United States Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date.

If the non-United States currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis United States Holder will not recognise foreign currency gain or loss on the conversion. If the non-United States currency received is not converted into U.S. dollars on the settlement date, the United States Holder will have a basis in the non-United States currency equal to the U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the non-United States currency generally will be treated as ordinary income or loss to such United States Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Investors should consult their own tax advisers concerning any potential foreign currency gain or loss in connection with the sale or other disposition of the Ordinary Shares for a cash amount paid in euro or other non-United States currency.

*PFIC Status of the Company*

Generally, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "*look-through rules*", either: (i) at least 75% of its gross income is classified as "passive income" or (ii) at least 50% of the average value of its assets (generally determined on a quarterly basis) is attributable to assets that produce or are held for the production of passive income.

Based on the present nature of its activities, including the Offer, and the present composition of its assets and sources of income, the Company does not expect to be a PFIC for the current year or for any future taxable year. There can be no assurances, however, that the Company will not be a PFIC for any particular year because PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. If the Company is classified as a PFIC in any year that a United States Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that United States Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year, United States Holders may be subject to adverse United States federal income tax consequences compared to an investment in a company that is not a PFIC, including being subject to greater amounts of United States tax and being subject to additional United States tax form filing requirements. United States Holders should consult their own tax adviser about the application of the PFIC rules.

*Non-United States Holders*

Subject to the backup withholding rules described below, a Non-United States Holder generally should not be subject to United States federal income or withholding tax on any payments on the Ordinary Shares or gain from the sale or other disposition of the Ordinary Shares unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-United States Holder of a trade or business in the United States, and if required by an applicable income tax treaty, that payment and/or gain is attributable to a permanent establishment or fixed base that such Non-United States Holder maintains in the United States; or (ii) in the case of any gain realised on the sale or other disposition of an Ordinary Share by an individual Non-United States Holder, that Non-United States Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met.

***Backup Withholding and Information Reporting***

In general, information reporting will apply to dividends in respect of the Ordinary Shares and the proceeds from the sale or other disposition of the Ordinary Shares that are paid to holders within the United States (and in certain cases, outside the United States), unless a holder is an exempt recipient. Backup withholding may apply to such payments if a holder fails to provide a taxpayer identification number or certification of other exempt status or fails to otherwise comply with the backup withholding requirements. Non-United States Holders may be required to comply with applicable certification procedures to establish that they are not United States Holders in order to avoid the application of such information reporting requirements and backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's United States federal income tax liability provided the required information is timely furnished to the United States Internal Revenue Service. Certain United States Holders that own "*specified foreign financial assets*" that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Ordinary Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Ordinary Shares are held in an account at certain financial institutions. United States Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Ordinary Shares.

## GENERAL INFORMATION

### Domicile, Legal Form and Incorporation

The Company's legal and commercial name is JDE Peet's B.V., to be renamed JDE Peet's N.V. immediately prior to Settlement.

On 21 November 2018, the Company was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands as New Oak B.V.

Immediately prior to Settlement, the Company will be converted into a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands and its name will be changed to JDE Peet's N.V. The Company operates under the laws of the Netherlands.

The Company is domiciled in the Netherlands. The Company's statutory seat (*statutaire zetel*) is in Amsterdam, the Netherlands and its registered office is at Oosterdoksstraat 80, 1011 DK Amsterdam, the Netherlands. The Company is registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 73160377. The Company's telephone number is + 31 (0)20 558 1753. The Company's LEI is 724500EHG519SE5ZRT89. The Company's website is www.jdepeets.com.

### Corporate Authorisations

Pursuant to a resolution adopted by the General Meeting, the Board has been granted an authority, for a period of 18 months following the Settlement Date, to resolve to acquire Ordinary Shares (including Ordinary Shares issued as stock dividend), up to a maximum of 10% of the issued capital at the date of acquisition, provided that the Company will hold no more Ordinary Shares in stock than 50% of its issued capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the Ordinary Shares and not higher than the opening market price of the Ordinary Shares on Euronext Amsterdam on the day of the repurchase plus 10%. In addition, the Company may, without authorisation by the General Meeting, acquire its own Ordinary Shares for the purpose of transferring such Ordinary Shares to its employees under a scheme applicable to such employees, provided such Ordinary Shares are quoted on the price list of a stock exchange.

Pursuant to a resolution adopted by the General Meeting, the Board has been authorised to issue Ordinary Shares or grant rights to subscribe for Ordinary Shares for a period of 18 months following the Settlement Date and to limit or exclude the pre-emptive rights pertaining to such Ordinary Shares and rights. This authorisation of the Board has been limited to: (i) up to a maximum of 10% of the Ordinary Shares issued and outstanding on the Settlement Date for general purposes; and (ii) up to a maximum of for a further 40% of the Ordinary Shares issued and outstanding on the Settlement Date, provided that pre-emptive rights are fully observed or, if that would not be possible or would be unreasonably cumbersome from a legal or regulatory perspective, near identical subscription rights are provided to holders of Shares (e.g. to allow for a rights issue to take place with exclusion of jurisdictions where it is not legally permissible, or prohibitively onerous, to do so)).

In addition, pursuant to a resolution adopted by the General Meeting, the Board has been authorised for a period of five years as from the Settlement Date to grant an outside foundation the continuous and unconditional right to, each time, subscribe for up to a maximum number of Preference Shares corresponding to 100% of the issued Ordinary Shares outstanding immediately prior to the exercise of the call option, less one Ordinary Share. Any Preference Shares already held by the foundation at the time of the exercise of the call option will be deducted from this maximum. The foundation may exercise its option right repeatedly, each time up to the aforementioned maximum See "*Description of Share Capital and Corporate Structure—Anti-takeover Measures*" for a description of the anti-takeover measure under the Articles of Association.

See "*Description of Share Capital and Corporate Structure—Share Capital—Issue of Shares*" for a description of the Ordinary Shares to be issued to Acorn Holdings and Mondelez Coffee HoldCo prior to Settlement.

## Independent Auditors

The Condensed Consolidated Interim Financial Statements have been reviewed, and the Combined and Consolidated Special Purpose Financial Statements have been audited, by Deloitte. The auditor signing the reports on behalf of Deloitte is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). Deloitte is located at Gustav Mahlerlaan 2970, 1081 LA Amsterdam, the Netherlands.

Deloitte has issued an unqualified opinion on the Combined and Consolidated Special Purpose Financial Statements. The opinion includes an emphasis of matter paragraph:

***Emphasis of the basis of accounting and special purpose of the combined and consolidated financial statements***

*We draw attention to the Basis of Preparation section in Note 1 "Description of the Business" of the Special Purpose Financial Statements, which describes the basis of accounting. As the JDE Peet's Group did not operate as one combined group in the past, the Special Purpose Financial Statements may not necessarily be indicative of the results that would have occurred had the JDE Peet's Group been a separate combined group.*

*The Special Purpose Financial Statements have been prepared only for enclosure in the prospectus in connection with the anticipated admission to listing and trading on the Euronext Amsterdam. This report is required by Annex 1 item 18.3.1 of Commission delegated regulation (EU) No 2019/980 and is given for the purpose of complying with that requirement and for no other purpose. As a result, the Special Purpose Financial Statements are not suitable for any other purpose. As a consequence we do not accept or assume any liability or duty of care if our report is used for any other purpose than described above. Our report is not qualified in respect of this matter.*

Deloitte has issued a review report on the Condensed Consolidated Interim Financial Statements. The review report includes two emphasis of matter paragraphs:

***Emphasis of the impact of the coronavirus***

*The coronavirus also impacts JDE-Peet's B.V. Management disclosed the current impact and its plans in Notes 3 and 13 of the condensed consolidated interim financial statements. Management indicated that it is currently not possible for them to properly estimate the impact of the coronavirus on the future financial performance and health of JDE-Peet's B.V. Our review report is not modified in respect of this matter.*

***Emphasis of the basis of accounting of the condensed consolidated interim financial statements***

*We draw attention to the Basis of Preparation section in Note 1 "Description of the Business and Basis of Preparation" of the condensed consolidated interim Financial Statements, which describes the basis of accounting. As the JDE Peet's Group did not operate as one combined group in the past, the condensed consolidated interim Financial Statements may not necessarily be indicative of the results that would have occurred had the JDE Peet's Group been a separate combined group. Our review report is not modified in respect of this matter.*

Deloitte has consented to the inclusion of its reports in this Prospectus in the form and context in which they appear and has at the date of this Prospectus not withdrawn its consent.

## No Significant Change

As at the date of this Prospectus, there has been no significant change in the financial performance, the financial position and the trading position of the Group since 31 March 2020. See "*Operating and Financial Review—Recent Developments*" for further information on the Group's current trading and recent developments.

## Options or Preferential Rights in respect of Ordinary Shares

Save as disclosed under "*Management and Corporate Governance—Remuneration Information for the Board*", or in furtherance of, or related to, the Company is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company.

**Expenses**

Based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of the maximum number of Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option, the expenses, commissions and taxes related to the Offer are estimated at approximately €75 million and include, among other items, the fees due to AFM and Euronext Amsterdam N.V., the commission for the Underwriters and legal and administrative expenses, as well as publication costs and applicable taxes, if any. The commissions due to the Underwriters, including those relating to Offer Shares sold by the Selling Shareholders and all expenses (up to an agreed cap), will be borne by the Company. See also "*Reasons for the Offer and Use of Proceeds*" and "*Plan of Distribution*".

**Available Documents**

Subject to any applicable securities laws, copies of the following documents will be available and can be obtained free of charge from the Company's website (www.jdepeets.com) from the date of this Prospectus (save for the Pricing Statement, which will be available after pricing of the Offer) until at least 12 months thereafter:

- this Prospectus;
- the Articles of Association (in Dutch, and an unofficial English translation);
- the Board Rules (in English); and
- the Pricing Statement.

**Incorporation by Reference**

The Articles of Association (the official Dutch version and an English translation thereof) are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The Articles of Association can be obtained free of charge through the following hyperlink: https://www.jdepeets.com/siteassets/documents/articles-of-association-nl.pdf for the official Dutch version and https://www.jdepeets.com/siteassets/documents/articles-of-association-en.pdf for the English translation.

**No Incorporation of Website**

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website (www.jdepeets.com), or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Prospectus. Other than this Prospectus, the Prospectus summary and the Articles of Association, the contents of the Company's website (www.jdepeets.com), or of websites accessible from hyperlinks on that website, have not been scrutinised or approved by the AFM.

**Provision of information**

The Company has agreed that, for so long as any of the Offer Shares are outstanding and are 'restricted securities' within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will, during any period in which the Company is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted Offer Shares or to any prospective investors in such restricted Offer Shares designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act.

As at the date of this Prospectus, the Company is not subject to the periodic reporting and other informational requirements of the U.S. Exchange Act.

## DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of certain of the defined terms used in this Prospectus.

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| **Acorn Existing Offer Shares**........ | up to 25,833,333 Ordinary Shares that will be offered by Acorn in the Offer |
| **Acorn Holdings**............................ | Acorn Holdings B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with trade register number: 57582041 |
| **Acorn Over-Allotment Shares**..... | the additional Ordinary Shares that are made available by Acorn Holdings to be sold pursuant to the Over-Allotment Option |
| **Admission**..................................... | the admission of the Ordinary Shares to listing and trading on Euronext Amsterdam |
| **AFM**.............................................. | the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) |
| **Alibaba** .......................................... | Alibaba Group Holding Limited, a company incorporated under the laws of the Cayman Islands with registration number: 90722 |
| **Allocation** ..................................... | the allocation of the Offer Shares |
| **Articles of Association**.................. | the articles of association of the Company that will become effective immediately prior to Settlement, including any further amendments from time to time |
| **Board**............................................ | the board of directors (*bestuur*) of the Company |
| **Board Rules**.................................. | the rules and regulations, allocating duties to one or more Directors and regulating any such subjects as the Board deems necessary and appropriate, as adopted by the Board |
| **BrewGroup**................................... | BrewGroup, an unlimited company incorporated under the laws of New Zealand with registered number: 143103. On 31 January 2017, BrewGroup, together with other companies, was amalgamated into Jacobs Douwe Egberts NZ, an unlimited company incorporated under the laws of New Zealand with registered number: 61125 |
| **CAGR**........................................... | compound annual growth rate |
| **CCPA**............................................ | the California Consumer Privacy Act of 2018, Civil Code sections 1798.100 et seq |
| **CET**............................................... | Central European Time |
| **Co-lead Managers**........................ | Banca IMI S.p.A. (Intesa Sanpaolo Group), Bayerische Landesbank, COMMERZBANK Aktiengesellschaft, Rabobank, Landesbank Baden-Württemberg, Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch, SMBC Nikko Capital Markets Europe GmbH and TD Securities Inc. |

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| **Combined and Consolidated Special Purpose Financial Statements** | the combined and consolidated special purpose financial statements of the Group comprising:<br>(i) the consolidated statement of financial position as at 31 December 2019 and the combined statements of financial position as at 31 December 2018 and 31 December 2017;<br>(ii) the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and the combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended 31 December 2018 and 31 December 2017; and<br>(iii) the notes, comprising a summary of significant accounting policies and other explanatory information |
| **Company** | JDE Peet's B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with trade register number: 73160377. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) and to be renamed to JDE Peet's N.V. immediately prior to Settlement |
| **Company Over-Allotment Shares** | the additional Ordinary Shares that are issued by the Company upon exercise of the Over-Allotment Option |
| **Condensed Consolidated Interim Financial Statements** | the condensed consolidated interim financial statements of the Group as at, and for the three months ended, 31 March 2020 and for the three months ended 31 March 2019 and the notes, comprising a summary of significant accounting policies and other explanatory information |
| **Cornerstone Investments** | irrevocable agreement of each of the Cornerstone Investors, severally and not jointly, to purchase Offer Shares in the aggregate amount of €761 million at the Offer Price on the Settlement Date as part of the Offer |
| **Cornerstone Investors** | Quantum Partners LP and Palindrome Master Fund LP (funds managed by Soros Fund Management LLC); FMR; and JAB Holdings |
| **COVID-19** | novel coronavirus |
| **D.E Master Blenders** | D.E Master Blenders 1753 N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands with trade register number: 54760968 (currently named Oak 1753 N.V.) |
| **Deloitte** | Deloitte Accountants B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with trade register number: 24362853 |
| **Director** | a member of the Board |

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| **Dutch Civil Code** .......................... | the Dutch Civil Code (*Burgerlijk Wetboek*) |
| **Dutch Corporate Governance Code** .............................................. | the Dutch corporate governance code dated 8 December 2016 as established under Section 2:391, subsection 5 of the Dutch Civil Code |
| **Dutch FRSA** ................................. | the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) |
| **Dutch FSA** .................................... | the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) |
| **Dutch Securities Transactions Act** ................................................. | the Dutch Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*) |
| **Enterprise Chamber** ..................... | the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*), the Netherlands |
| **EU Green Deal** ............................. | the package of measures presented by the European Commission, intended to enable European business and citizens to benefit from a sustainable green transition |
| **EURIBOR** .................................... | Euro Interbank Offered Rate |
| **Euroclear Nederland** .................... | the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with trade register number: 33149445, trading as Euroclear Nederland |
| **Euronext Amsterdam** .................. | Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands with trade register number: 34138585 |
| **Existing Offer Shares** ................... | the Acorn Existing Offer Shares and the MDLZ Existing Offer Shares |
| **Financial Year** or **FY** .................... | a financial year of the Company ended 31 December |
| **Financial Statements** .................... | the Condensed Consolidated Interim Financial Statements and the Combined and Consolidated Special Purpose Financial Statements |
| **First Trading Date** ........................ | the date on which trading in the Ordinary Shares on an "as-if-and-when-issued/delivered" basis on Euronext Amsterdam commences which, subject to acceleration or extension of the timetable for the Offer, is expected to be on or around Wednesday, 3 June 2020 |
| **FMR** .............................................. | various funds and accounts under the management of Fidelity Management and Research |
| **FX** .................................................. | foreign exchange |
| **GDP** .............................................. | gross domestic product |

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| **GDPR**............................................ | Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data |
| **General Meeting** .......................... | the general meeting (*algemene vergadering*) of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders |
| **Global Leadership Team** ............ | the Senior Management Team together with certain other employees of the Group with management or leadership roles |
| **Group**............................................ | the Company and its consolidated subsidiaries |
| **Group Chief Executive Officer**.... | the chief executive officer of the Company |
| **Group Chief Financial Officer** .... | the chief financial officer of the Company |
| **ICE**............................................... | New York Intercontinental Exchange |
| **IFRS**............................................. | International Financial Reporting Standards as adopted by the European Union |
| **illycaffè** ......................................... | Illycaffè S.p.A., a company incorporated under the laws of Italy with registered number: 0055180327 |
| **ING** ............................................... | ING Bank N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands with trade register number: 33031431 |
| **Investor Rights Agreement**.......... | the investor rights agreement between the Company and the Selling Shareholders dated 26 May 2020 |
| **IP**................................................... | intellectual property |
| **IPO Capital Restructuring** .......... | the Pre-IPO Dividend, the partial repayment of the loan from Acorn Holdings: (i) during March 2020, the Group partially repaid the loan in an amount of €207 million (including accrued interest); and (ii) the Group will further partially repay the loan against share premium in the amount of €39 million ahead of the Admission, and the distribution of an additional dividend of approximately €12 million to Acorn Holdings prior to the MDLZ Reorganisation |
| **IT**................................................... | information technology |
| **JAB** ............................................... | JAB Holding Company S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg with registered number: B 164.586 |
| **JAB Beech** .................................... | JAB Beech Inc. (renamed Krispy Kreme Holdco, Inc.), a company incorporated under the laws of the State of Delaware, United States with registration number: 5185661 |
| **JAB-Group**................................... | JAB and its subsidiaries |

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| **JAB Holdings** | JAB Holdings B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with registered number: 34233247 |
| **JDE** | JACOBS DOUWE EGBERTS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with registered number: 60612568 |
| **JDE China** | Bonsai Ventures Hong Kong Limited, a company incorporated under the laws of Hong Kong with registered number: 2392955 |
| **JDE Formation** | the transactions to combine D.E Master Blenders' coffee and tea business with Mondelēz International's coffee business to create JDE |
| **JDE Global Contribution Agreement** | the global contribution agreement entered into by, among others, Acorn Holdings, JDE and an affiliate of Mondelēz International in connection with the JDE Formation |
| **JDE Tax Matters Agreement** | the tax matters agreement entered into by Acorn Holdings, JDE and an affiliate of Mondelēz International in connection with the JDE Formation |
| **Joint Bookrunners** | each of the Joint Global Coordinators and Banco Santander, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Bank plc, ING, Merrill Lynch International, MUFG Securities EMEA plc and UniCredit Bank AG |
| **Joint Global Coordinators** | BNP Paribas, Goldman Sachs International and J.P. Morgan |
| **J.P. Morgan** | J.P. Morgan Securities plc, a company incorporated under the laws of England and Wales with company number: 02711006 |
| **Keurig Dr Pepper** | Keurig Dr Pepper Inc., a company incorporated under the laws of the State of Delaware, United States with registered number: 4445682 |
| **Lead Independent Director** | the lead independent director of the Board, as described under "*Management and Corporate Governance—Board—Lead Independent Director*" |
| **LIBOR** | London Interbank Offered Rate |
| **LIFFE** | London International Financial Futures and Options Exchange |
| **Listing Agent** | ING |
| **M&A** | mergers and acquisitions |
| **Market Abuse Regulation** | Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse |
| **MDLZ Existing Offer Shares** | up to 25,833,333 Ordinary Shares that will be offered by Mondelez Coffee HoldCo in the Offer |

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|---|---|
| **MDLZ Over-Allotment Shares**.... | the additional Ordinary Shares that are made available by Mondelez Coffee HoldCo to be sold pursuant to the Over-Allotment Option |
| **MDLZ Reorganisation** ................ | the legal triangular merger (*juridische driehoeksfusie*) between the Company, New Oak 2 B.V. and MCH Sub B.V. in accordance with Section 2:309 et seq of the Dutch Civil Code |
| **Member State**............................... | a member state of the EEA |
| **Mondelez Coffee HoldCo**............ | Mondelez Coffee HoldCo B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with trade register number: 62773178 |
| **Mondelēz International**................ | Mondelēz International, Inc., a company incorporated under the laws of the State of Virginia, United States |
| **New Offer Shares**.......................... | such number of newly issued Ordinary Shares to be issued and offered by the Company in the Offer as will raise gross proceeds of approximately €700 million |
| **Non-IFRS Measures**..................... | non-IFRS financial measures, which are not liquidity or performance measures under IFRS, and which the Group considers to be alternative performance measures |
| **Offer**............................................. | private placements of the Offer Shares with certain investors in various jurisdictions, including the Netherlands |
| **Offer Period** ................................. | subject to acceleration or extension of the timetable for the Offer, the period during which the Offer will take place: (i) commencing on Tuesday, 26 May 2020, at 9:00 CET and ending Tuesday, 2 June 2020, at 14:00 CET |
| **Offer Price**.................................... | the price per Offer Share, which is to be determined after the Offer Period has ended |
| **Offer Price Range**......................... | the expected price range of €30.00 to €32.25 (inclusive) per Offer Share |
| **Offer Shares**................................. | together, the Existing Offer Shares, the New Offer Shares and, unless the context indicates otherwise, the Over-Allotment Shares |
| **Ordinary Shares** .......................... | the ordinary shares in the capital of the Company with a nominal value of €0.01 each |
| **Over-Allotment Option**................ | the option granted to the Stabilisation Manager (on behalf of the Underwriters), exercisable within 30 calendar days after the First Trading Date, pursuant to which Stabilisation Manager (on behalf of the Underwriters) may require the Company to sell the Company Over-Allotment Shares, Acorn Holdings to sell Acorn Over-Allotment Shares and Mondelez Coffee HoldCo to sell MDLZ Over-Allotment Shares at the Offer Price |
| **Over-Allotment Shares** ............... | the Company Over-Allotment Shares, the Acorn Over-Allotment Shares and the MDLZ Over-Allotment Shares |

| | |
|---|---|
| **Paying Agent**................................ | ING |
| **PDMR**........................................... | persons discharging managerial responsibilities within the meaning of the Market Abuse Regulation |
| **Peet's**............................................. | Peet's Coffee, Inc., a company incorporated under the laws of the State of Virginia, United States, and its subsidiaries |
| **Peet's China**.................................. | HH Peet's Holdings, Limited, a company incorporated under the laws of Hong Kong with registration number: 2539566 |
| **Peet's Spin-Off**.............................. | the distribution of Peet's stock and securities by JAB Beech to Acorn Holdings |
| **Peet's Tax Matters Agreement**.... | the tax matters agreement entered into by members of the JAB-Group in connection with the Peet's Spin-Off |
| **PFIC**.............................................. | a passive foreign investment company |
| **Pre-IPO Dividend**......................... | the JDE distribution of a €285 million dividend to its shareholders, of which €207 million was distributed to the Company, €75 million was distributed to Mondelez Coffee HoldCo and €3 million was distributed to management participation vehicles |
| **Preference Shares**......................... | the preference shares in the capital of the Company with a nominal value of €0.01 each |
| **Pricing Statement**......................... | the press release in which the offer price, the exact number of Offer Shares offered in the Offer and the maximum number of Over-Allotment Shares will be set out |
| **Prospectus**.................................... | this prospectus dated 26 May 2020 |
| **Prospectus Regulation**.................. | Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union of 14 June 2017 and includes any relevant delegated regulations |
| **QIBs**.............................................. | qualified institutional buyers, as defined in Rule 144A |
| **Rabobank**...................................... | Coöperatieve Rabobank U.A., a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*) incorporated under the laws of the Netherlands with trade register number: 30046259 |
| **Regulation S**................................. | Regulation S under the U.S. Securities Act |
| **Relevant State**............................... | each member state of the EEA and the United Kingdom |
| **Rule 144A**..................................... | Rule 144A under the U.S. Securities Act |
| **Sara Lee**........................................ | The Hillshire Brands Company (formerly, Sara Lee Corporation), a company incorporated under the laws of the State of Maryland, United Sates with registered number: D00074971 |
| **SEC**................................................ | U.S. Securities and Exchange Commission |

| | |
|---|---|
| **Selling Shareholders**..................... | Acorn Holdings and Mondelez Coffee HoldCo |
| **Senior Management Team**........... | the executive Director together with certain senior managers of the Group |
| **Settlement**..................................... | the payment (in euro) and delivery of the Ordinary Shares under the Offer |
| **Settlement Date**............................ | the date on which Settlement occurs, which is expected to be on or around Friday, 5 June 2020, subject to acceleration or extension of the timetable for the Offer |
| **Shareholder**.................................. | a holder of one or more Shares |
| **Shareholders' Register** ................ | the Company's register of Shareholders |
| **Shares** ........................................... | the Ordinary Shares and the Preference Shares |
| **Stabilisation Manager** ................. | J.P. Morgan |
| **U.S. Exchange Act** ........................ | the U.S. Securities Exchange Act of 1934, as amended |
| **U.S. Internal Revenue Code**......... | the U.S. Internal Revenue Code of 1986, as amended |
| **U.S.-NL Treaty** ............................ | the Convention between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (together with the Protocol Amending the Convention between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income |
| **U.S. Securities Act** ........................ | the U.S. Securities Act of 1933, as amended |
| **Underwriters**................................ | each of the Joint Global Coordinators, the Joint Bookrunners and the Co-lead Managers |
| **Underwriting Agreement**............. | the underwriting agreement between the Company, the Selling Shareholders and the Underwriters dated 26 May 2020 |

## GLOSSARY

### Selected Industry Terms

| | |
|---|---|
| **at-home** | packaged coffee products purchased for consumption at home or to be carried away from home |
| **Certified or Verified** | coffee or tea that a third party (for example, UTZ) has independently certified or verified as meeting its sustainability requirements |
| **CPG** | consumer packaged goods |
| **developed market** | developed economies as defined by the United Nations Conference on Trade and Development (Development Status Groups and Composition, 12 July 2019) |
| **DSD** | direct store delivery |
| **emerging market** | transition economies and developing economies as defined by the United Nations Conference on Trade and Development (Development Status Groups and Composition, 12 July 2019) |
| **ERP** | enterprise resource planning |
| **green coffee** | raw coffee beans that have not been roasted |
| **multi-serve** | coffee products for multi-cup use, as opposed to single-cup use |
| **Out-of-Home** | coffee products purchased for consumption outside of the home in the out-of-home sales channel |
| **ready-to-drink** | beverages that are sold in a prepared form, ready for consumption by consumers |
| **Responsibly-Sourced** | coffee, tea or palm oil sourced from origin countries where the Common Grounds programme is active |
| **RSP** | retail selling price, which refers to the price to a consumer including retailer and wholesaler mark-ups and sales tax (except in the United States and Canada) and excise taxes |
| **S&OP** | standardised sales and operation planning |
| **SD-WAN** | software-defined networking in a wide area network |
| **single-serve** | coffee products for single-cup use, as opposed to multi-cup use |
| **SKU** | stock keeping unit |
| **volume** | servings of coffee that can be made from various forms of coffee products |

### Selected Countries, Jurisdictions and Regions

| | |
|---|---|
| **APAC** | Asia Pacific |
| **China** | the People's Republic of China |

| | |
|---|---|
| **European Union** or the **EU** .......... | the European Union, being the union of countries established by the Treaty on the Functioning of the European Union, originally named the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by: the Treaty on the European Union (signed in Maastricht on 7 February 1992), the Treaty of Amsterdam (signed in Amsterdam on 2 November 1997), the Treaty of Nice (signed in Nice on 26 February 2001) and the Treaty of Lisbon (signed in Lisbon on 13 December 2007) |
| **Hong Kong** .................................. | the Hong Kong Special Administrative Region of the People's Republic of China |
| **LARMEA** .................................... | Latin America, Russia, Middle East and Africa |
| **United Kingdom** or **UK** ............... | the United Kingdom of Great Britain and Northern Ireland |
| **United States** or **U.S.** .................... | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia |

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JDE Peet's B.V.

# Condensed Consolidated Unaudited Interim Financial Statements

For the three month period ended 31 March 2020

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# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

## FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 AND 31 MARCH 2019

In millions of €, unless stated otherwise

| | NOTE | 2020 Q1 | 2019 Q1 |
|---|---|---|---|
| Revenue | 5 | 1,678 | 1,627 |
| Cost of sales | 6 | (960) | (960) |
| Selling, general and administrative expenses | 6 | (464) | (468) |
| Operating profit | | 254 | 199 |
| Finance income | 7 | 16 | 25 |
| Finance expense | 7 | (72) | (84) |
| Profit before income taxes | | 198 | 140 |
| Income tax expense | | (51) | (34) |
| **Profit for the period** | | **147** | **106** |

| ATTRIBUTABLE TO: | NOTE | 2020 Q1 | 2019 Q1 |
|---|---|---|---|
| Owners of the parent | | 105 | 80 |
| Non-controlling interest | | 42 | 26 |
| **Profit for the period** | | **147** | **106** |
| **Earnings per share:** | | | |
| Basic earnings per share (in €) | 8 | 104,891 | 79,851 |
| Diluted earnings per share (in €) | 8 | 103,965 | 78,836 |

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

## FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 AND 31 MARCH 2019

In millions of €

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| **Profit for the period** | 147 | 106 |
| *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 | 112 | (8) |
| **Items that may be subsequently reclassified to profit or loss** | | |
| Foreign currency translation | (404) | 130 |
| Effective portion of cash flow hedge - foreign exchange contracts | 2 | 3 |
| Effective portion of cash flow hedge - interest rate contracts | 8 | (14) |
| **Other comprehensive income/ (loss)** | (282) | 111 |
| **Total comprehensive income/ (loss) for the period** | **(135)** | **217** |
| ***Attributable to:*** | | |
| Owners of the parent | (101) | 161 |
| Non-controlling interest | (34) | 56 |
| **Total comprehensive income/ (loss) for the period** | **(135)** | **217** |

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

## AS AT 31 MARCH 2020 AND 31 DECEMBER 2019

In millions of €

| | NOTE | 31 March 2020 | 31 December 2019 |
|---|---|---|---|
| Non-current assets: | | | |
| Goodwill and other intangible assets | 9 | 16,988 | 17,286 |
| Property, plant and equipment | | 1,653 | 1,737 |
| Deferred income tax assets | | 46 | 61 |
| Derivative financial instruments | | 5 | 5 |
| Retirement benefit asset | 12 | 414 | 306 |
| Other non-current assets | | 107 | 106 |
| | | 19,213 | 19,501 |
| Current assets: | | | |
| Inventories | | 708 | 710 |
| Trade and other receivables | | 754 | 761 |
| Income tax receivable | | 16 | 18 |
| Cash and cash equivalents | | 638 | 811 |
| Derivative financial instruments | | 32 | 23 |
| | | 2,148 | 2,323 |
| **Total assets** | | **21,361** | **21,824** |
| **Equity and liabilities** | | | |
| Equity: | | | |
| Share capital | 10 | 1 | 1 |
| Share premium | | 6,335 | 6,035 |
| Other reserves | | (388) | (190) |
| Retained earnings | | 702 | 597 |
| Equity attributable to the owners of the Company | | 6,650 | 6,443 |
| Non-controlling interest | | 2,869 | 2,978 |
| | | 9,519 | 9,421 |
| Non-current liabilities: | | | |
| Borrowings | 11 | 7,049 | 7,199 |
| Retirement benefit liabilities | 12 | 256 | 258 |
| Deferred income tax liabilities | | 949 | 949 |
| Income tax liabilities | | 174 | 189 |
| Derivative financial instruments | | 110 | 109 |
| Other non-current liabilities | | 79 | 80 |
| | | 8,617 | 8,784 |
| Current liabilities: | | | |
| Borrowings | 11 | 84 | 93 |
| Trade and other payables | | 2,857 | 2,971 |
| Income tax liability | | 200 | 189 |
| Derivative financial instruments | | 28 | 21 |
| Other current liabilities | | 56 | 345 |
| | | 3,225 | 3,619 |
| **Total equity and liabilities** | | **21,361** | **21,824** |

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

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

## FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 AND 31 MARCH 2019

| In millions of € | Share capital | Share premium | Retirement Benefit Obligation Related Items | Curreny Trans-lation 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 — As of 31 December 2018** | **1** | **7,447** | **158** | **(359)** | **(65)** | ***(266)*** | **13** | **688** | **7,883** | **2,843** | **10,726** |
| Reclassifications | — | 27 | 4 | — | 10 | *14* | 13 | (54) | — | — | — |
| **Balance — As of 31 December 2018, after reclassifications** | **1** | **7,474** | **162** | **(359)** | **(55)** | ***(252)*** | **26** | **634** | **7,883** | **2,843** | **10,726** |
| *Profit for the period* | — | — | — | — | — | — | — | 80 | 80 | 26 | 106 |
| Retirement benefit obligation | — | — | (6) | — | — | *(6)* | — | — | (6) | (2) | (8) |
| Foreign currency translation | — | — | — | 95 | — | *95* | — | — | 95 | 35 | 130 |
| Foreign currency contracts | — | — | — | — | 2 | *2* | — | — | 2 | 1 | 3 |
| Interest rate contracts | — | — | — | — | (10) | *(10)* | — | — | (10) | (4) | (14) |
| *Total Comprehensive Income/ (Loss)* | — | — | (6) | 95 | (8) | *81* | — | 80 | 161 | 56 | 217 |
| Share-based payments | — | — | — | — | — | — | 4 | — | 4 | 1 | 5 |
| Dividends | — | — | — | — | — | — | — | — | — | (66) | (66) |
| **Balance — As of 31 March 2019** | **1** | **7,474** | **156** | **(264)** | **(63)** | ***(171)*** | **30** | **714** | **8,048** | **2,834** | **10,882** |

| In millions of € | Share capital | Share premium | Treasury Stock | Retirement Benefit Obligation Related Items | Curreny 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 — As of 31 December 2019** | **1** | **6,139** | **(50)** | **74** | **(262)** | **(69)** | ***(257)*** | **41** | **569** | **6,443** | **2,978** | **9,421** |
| Reclassifications | — | (104) | 50 | 4 | — | 10 | *14* | 12 | 28 | — | — | — |
| **Balance — As of 31 December 2019, after reclassifications** | **1** | **6,035** | **—** | **78** | **(262)** | **(59)** | **(243)** | ***53*** | ***597*** | ***6,443*** | ***2,978*** | ***9,421*** |
| *Profit for the period* | — | — | — | — | — | — | — | — | 105 | 105 | 42 | 147 |
| Retirement benefit obligation | — | — | — | 81 | — | — | *81* | — | — | 81 | 31 | 112 |
| Foreign currency translation | — | — | — | — | (294) | — | *(294)* | — | — | (294) | (110) | (404) |
| Foreign currency contracts | — | — | — | — | — | 1 | *1* | — | — | 1 | 1 | 2 |
| Interest rate contracts | — | — | — | — | — | 6 | *6* | — | — | 6 | 2 | 8 |
| *Total Comprehensive Income/ (Loss)* | — | — | — | 81 | (294) | 7 | *(206)* | — | 105 | (101) | (34) | (135) |
| Share-based payments | — | — | — | — | — | — | — | 8 | — | 8 | 1 | 9 |
| Dividends | — | — | — | — | — | — | — | — | (1) | (1) | (77) | (78) |
| Capital contribution by shareholder | — | 300 | — | — | — | — | — | — | — | 300 | — | 300 |
| Result of dilution | — | — | — | — | — | — | — | — | 1 | 1 | 1 | 2 |
| **Balance — As of 31 March 2020** | **1** | **6,335** | **—** | **159** | **(556)** | **(52)** | **(449)** | **61** | **702** | **6,650** | **2,869** | **9,519** |

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

## FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 AND 31 MARCH 2019

In millions of €

| | NOTE | 2020 Q1 | 2019 Q1 |
|---|---|---|---|
| *Profit for the period* | | 147 | 106 |
| Adjustments for: | | | |
| Depreciation, amortisation and impairments | | 104 | 101 |
| Defined benefit pension expense | 12 | 5 | 5 |
| (Gain) / loss on sale of assets | | 3 | 2 |
| Income tax expense | | 51 | 34 |
| Interest income on bank accounts and other | 7 | (16) | (24) |
| Interest expense | 7 | 50 | 62 |
| Provision charges | | 5 | (2) |
| Derivative financial instruments | | 33 | (12) |
| Foreign exchange (gains)/ losses | | 5 | 51 |
| Other | | (1) | — |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (22) | (11) |
| Trade and other receivables | | (12) | 82 |
| Trade and other payables | | (45) | (69) |
| Other | | 14 | 1 |
| Pension payments | 12 | (3) | (4) |
| Payments of provisions | | (2) | (14) |
| Realised foreign exchange (gains)/losses | | 1 | (35) |
| Receipts / (payments) of derivative financial instruments | | (25) | 17 |
| Income tax payments | | (53) | (30) |
| **Net cash provided by operating activities** | | **239** | **260** |
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | | (52) | (43) |
| Purchases of intangibles | | (4) | (5) |
| Proceeds from sale of property, plant and equipment | | — | 1 |
| Interest received | | 15 | 24 |
| Other investing activities | | 4 | — |
| **Net cash used in investing activities** | | **(37)** | **(23)** |
| Cash flows from financing activities: | | | |
| Borrowing activities | 11 | (175) | (209) |
| Proceeds from issuing ordinary shares/ (repayment of ordinary shares) | 10 | (1) | 1 |
| Receipts from/(payments to) derivative financial instruments | | 2 | 15 |
| Dividend to non-controlling shareholders | | (78) | (66) |
| Interest paid | | (55) | (57) |
| Shares divested to/ (acquired from) non-controlling shareholders | | 3 | (5) |
| Other financing activities | | (1) | (3) |
| **Net cash used in financing activities** | | **(305)** | **(324)** |
| Effect of exchange rate changes on cash | | (70) | 20 |
| Net increase/(decrease) in cash and cash equivalents | | (173) | (67) |
| Cash and cash equivalents – at the start of period | | 811 | 762 |
| **Cash and cash equivalents — as of 31 March** | | **638** | **695** |

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION

JDE Peet's B.V. (the "Company" or together with its subsidiaries "the Group") is a limited liability company incorporated on 21 November 2018 under the laws of the Netherlands. The Company is the holding company of JACOBS DOUWE EGBERTS B.V. ("JDE" or "JDE Group") and Peet's Coffee & Tea, Inc. ("Peet's") through a number of indirect holding companies. The Company is directly and fully owned by Acorn Holdings B.V. ("Acorn").

**Basis of Preparation**

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

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

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

On 30 December 2019, Peet's was transferred from Acorn to the Company. The acquisition of Peet's was a business combination under common control and was included in this interim report as per the acquisition date by applying the principles of the pooling of interest method. In this way, the financial information of Peet's has been included starting 1 January 2019. In relation to this transfer, a loan of €1,704 million to Acorn was entered into to finance this acquisition. As pooling of interest is applied per 1 January 2019, no consideration was paid for the acquisition of Peet's until 30 December 2019. Therefore, this consideration resulted in a direct charge to equity for the amount equal to the amount (€1,704 million) recognised for the loan to Acorn. As part of this transaction, an Acorn loan receivable from Peet's was contributed to the Company for the notional amount of $297 million (€265 million) and as such eliminates as at 30 December 2019. On 17 January 2020, the Company received a capital contribution from Acorn of €300 million as share premium which offsets the outstanding other current liability at 31 December 2019.

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

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

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

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

**Functional and presentation currency**

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

**Use of estimates and judgments**

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

**Restriction on use and distribution of the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements were prepared following the anticipated listing and admission to trading of the Group on the Euronext Amsterdam, and will not be used for statutory filing purposes. They are intended solely for the Board of Directors of the Group and the parties involved in the prospectus offering and are not suitable for any other purpose.

## 2. ACCOUNTING POLICIES

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

## 3. FINANCIAL RISKS

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

*Fair values*

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2020.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Derivatives: | | | | |
| – Interest rate contracts | — | 3 | — | 3 |
| – Foreign exchange contracts | — | 22 | — | 22 |
| – Commodity contracts | 10 | — | — | 10 |
| – Other | 1 | — | 1 | 2 |
| **Total assets** | **11** | **25** | **1** | **37** |
| Liabilities | | | | |
| Borrowings | — | 7,133 | — | 7,133 |
| Derivatives: | | | | |
| – Interest rate contracts | — | 109 | — | 109 |
| – Foreign exchange contracts | — | 17 | — | 17 |
| – Commodity contracts | 8 | — | — | 8 |
| – Other | 1 | — | 4 | 5 |
| **Total liabilities** | **9** | **7,259** | **4** | **7,272** |

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

*Covid-19*

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

- JDE Peet's is closely monitoring the outbreak, whereby multiple project teams at different levels are assessing the impact the outbreak has on its associates and contractors in a careful balance with business continuity.
- The outbreak thus far had limited impact on JDE's supply to customers, with the exception of closures of coffee stores within the Out-of-Home, Peet's and CPG APAC segment. Uncertainty on future government measures and currency exchange rates might impact the supply to the Group and its customers as well as manufacturing of goods.
- On the demand, JDE Peet's experienced an upswing in the majority of its CPG segments which resulted in an increase in most relevant performance indicators (Revenue, Adjusted EBIT) compared to last year in the three month period ended 31 March 2020. There is uncertainty how the demand will further develop in the upcoming months.
- The Out-of-Home segment (including retail coffee stores) is experiencing a decline compared to last year which is expected to continue in the upcoming months as a result of measures in place to reduce the outbreak of Covid-19. This significantly impacted most channels amongst others; hotels, restaurants, offices and, airlines; etc. A specific project team is in place to address the challenges this segment is facing which is also assessing whether JDE Peet's qualifies for government support in certain countries.
- For the Peet's segment, the impact thus far is two-folded. The retail coffee stores and out-of-home sales channels are experiencing a decline thus far, due to closures of retail coffee stores and channels impacted by the outbreak of Covid-19, such as offices and hotels. This is offset by an improved performance of the CPG activities of this segment.
- Continuous focus on forecasting (including liquidity needs) within the Group, whereby different scenarios are assessed.
- The RCF of JDE was fully available for an amount of €500 million. The first maturity date of our borrowings is 2023. As at 31 March 2020, JDE is in compliance with its covenants. Peet's drew $70 million (€63 million) as at 31 March 2020 under the its Senior Credit Facility and $150 million (€137 million) in April 2020 and deposited the proceeds as cash. Peet's Senior Credit Facility is available till 1 December 2022.

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

## 4. SEGMENT INFORMATION

The segment information is presented for the three month period ended 31 March (all amounts in millions of €, in line with Note 6 of the combined and consolidated special purpose financial statements as at and for the fiscal year ended 31 December 2019):

| Revenue | 2020 Q1 | 2019 Q1 |
|---|---|---|
| CPG Europe | 806 | 794 |
| CPG LARMEA | 257 | 234 |
| CPG APAC | 150 | 145 |
| Out-of-Home | 221 | 234 |
| Unallocated | 5 | 5 |
| Peet's | 239 | 215 |
| **Total** | **1,678** | **1,627** |

The CODM will review segment profitability based on Adjusted EBIT. For further details on Adjusted EBIT, reference is made to Note 6 of the combined and consolidated special purpose financial statements as of and for the fiscal year ended 31 December 2019. In addition to this note, specific costs in relation to the preparation of the listing and admission to trading of the Group on the Euronext Amsterdam are included as an adjusting item within transformation activities and corporate actions.

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

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| CPG Europe | 265 | 238 |
| CPG LARMEA | 55 | 35 |
| CPG APAC | 33 | 13 |
| Out-of-Home | 18 | 41 |
| Peet's | 30 | 20 |
| Unallocated | (69) | (72) |
| Adjusted EBIT | 332 | 275 |
| ERP system implementation | (8) | (17) |
| Transformation activities and corporate actions | (16) | (9) |
| Share-based payment expense | (9) | (8) |
| Mark-to-market results | (17) | (13) |
| M&A/ deal costs | (28) | (29) |
| Operating profit | 254 | 199 |
| Finance income | 16 | 25 |
| Finance expense | (72) | (84) |
| Profit before income taxes | **198** | **140** |

*Entity-wide disclosures:*

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

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| United States | 14 % | 13 % |
| Germany | 11 % | 12 % |
| France | 12 % | 12 % |
| Netherlands | 11 % | 11 % |
| Rest of World | 52 % | 52 % |
| **Total Revenue** | **100 %** | **100 %** |

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

## 5. REVENUE

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

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| Coffee | 81 % | 81 % |
| Tea | 4 % | 4 % |
| Other food and beverage | 12 % | 12 % |
| Services | 3 % | 3 % |
| **Total** | **100 %** | **100 %** |

## 6. EXPENSES BY NATURE

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

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| Cost of product (1) | 804 | 796 |

| | | |
|---|---|---|
| Employee benefits expense [2] | 305 | 308 |
| Advertising and promotion | 72 | 94 |
| Depreciation, amortisation and impairment | 104 | 101 |
| Distribution expense | 46 | 41 |
| Repairs, maintenance and utilities | 22 | 24 |
| Selling expenses | 15 | 15 |
| Rental and lease costs | 11 | 7 |
| Restructuring and restructuring related expenses | 2 | (1) |
| Other [3] | 43 | 43 |
| **Total** | **1,424** | **1,428** |

[1] Cost of product consists of raw materials, conversion costs and inbound freight costs.

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

[3] Other expenses in the table above include costs for integration and various other operating expenses.

## 7. FINANCE INCOME AND EXPENSE

Finance income consists of the following (in millions of €):

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| Interest income | 16 | 24 |
| Pension finance (expense)/income: | | |
| Interest income on plan assets | 9 | 12 |
| Interest expense on defined benefit obligation | (9) | (11) |
| Total pension finance (expense)/income | — | 1 |
| **Finance income** | **16** | **25** |

Finance expense consists of the following (in millions of €):

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| Interest on credit agreement | (27) | (33) |
| Interest on interest rate swaps | (6) | (6) |
| Interest on bank overdrafts | (6) | (13) |
| Interest to related parties | (7) | (4) |
| Amortisation debt issuance costs | (1) | (1) |
| Interest on lease liability | (1) | (3) |
| Other | (2) | (2) |
| Total interest expense | (50) | (62) |
| Foreign exchange gain/(loss) | (5) | (51) |
| Change in fair value of derivative financial instruments | (17) | 29 |
| **Finance expense** | **(72)** | **(84)** |

## 8. 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 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 weighted average number of common shares outstanding during the period adjusted for the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares. At the level of the Company, there are no share-based payments 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:

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| **Earnings (in millions of €):** | | |
| **Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company** | 105 | 80 |
| **Effect of dilutive potential ordinary shares on the earnings** | | |
| Effect of Share-based payment plans held at the subsidiary level | (1) | (1) |
| Earnings for the purposes of diluted earnings per share | 104 | 79 |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 1,000 | 1,000 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 1,000 | 1,000 |
| **Basic EPS (in €)** | 104,891 | 79,851 |
| **Diluted EPS (in €)** | 103,965 | 78,836 |

## 9. GOODWILL AND OTHER INTANGIBLES ASSETS

During the three month period ended 31 March 2020, the Group's goodwill and other intangible assets reduced by €298 million, of which €269 million from currency translation following the devaluation of many currencies in which these assets are denominated. The remainder of the variance mainly relates to the straight-line amortisation of other intangibles. No disposals or impairments of assets were recognised during the period.

## 10. SHAREHOLDERS' EQUITY

### Reserves

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

**Weighted average number of shares**

For the three-month period ended 31 March (in shares):

| | 2020 Q1 | 2019 Q1 |
|---|---|---|
| Total number of shares issued | 1,000 | 1,000 |
| Effect of own shares held | — | — |
| Weighted average number of basic shares | 1,000 | 1,000 |
| Dilutive effect of share based payment plan obligations | — | — |
| Weighted average number of diluted shares | 1 | 1 |

In February 2020, Mondelēz ("MDLZ") and Acorn entered into an 'exchange agreement' in which both parties conditionally agree to exchange all of MDLZ's shares in JDE into shares of the Company, immediately prior to first settlement of the intended initial public offering of the Company.

First Acorn will partially capitalise the loan between the Company and Acorn in amount of approx. €250 million. Subsequently, MDLZ shall exchange its shares in JDE for shares in the capital of the Company, such that, immediately following MDLZ's exchange of shares for the Company, MDLZ will hold the same percentage ownership of the Company as its percentage ownership of JDE immediately prior to such exchange.

## 11. BORROWINGS

The Group’s borrowing facilities through the three month period ended 31 March 2020 are summarised in the following tables (in millions of €):

| | Currency | 1 January 2020 | Additions | Repaid | Recognition of lease liabilities | Unwinding discount | Currency translation | 31 March 2020 |
|---|---|---|---|---|---|---|---|---|
| **JDE Credit Agreement:** | | | | | | | | |
| **- Term Loan(s) A** | € | 3,971 | — | — | — | — | — | 3,971 |
| **- Term Loan(s) B** | € | 401 | — | — | — | — | — | 401 |
| **- Term Loan(s) B** | USD | 600 | — | — | — | — | 3 | 603 |
| **JDE: Other financing** | Various | 14 | 1 | — | — | — | (3) | 12 |
| **Loan from related party** | € | 1,704 | — | (202) | — | — | — | 1,502 |
| **Peet's: Senior Credit Facility** | USD | 318 | 63 | (9) | — | — | 1 | 373 |
| **All: Lease liabilities** | Various | 200 | — | (7) | 4 | 3 | (4) | 196 |
| **All: Unamortised discounts and costs** | | (9) | — | — | — | — | — | (9) |
| **Non-current** | | **7,199** | **64** | **(218)** | **4** | **3** | **(3)** | **7,049** |
| **All: Revolving credit facilities** | € | 35 | — | (35) | — | — | — | — |
| **JDE: Other financing** | Various | — | 25 | (3) | — | — | 2 | 24 |
| **All: Lease liabilities** | Various | 58 | — | (8) | 12 | — | (2) | 60 |
| **Current** | | **93** | **25** | **(46)** | **12** | **—** | **—** | **84** |
| **Total borrowings** | | **7,292** | **89** | **(264)** | **16** | **3** | **(3)** | **7,133** |

During the three month period ended 31 March 2020, an additional amount of $70 million (€63 million) was drawn and $10 million (€9 million) repaid under Peet's Credit Facility, of which the proceeds were added to cash and cash equivalents. The Company's loan from related party - being its shareholder Acorn - of €1,704 million was repaid for €202 million. The Revolving Credit Facility which was drawn down by an indirect subsidiary of the Company (DEMB Holding B.V.) as at 1 January 2020 for an amount of €35 million was repaid and the facility remains available till 1 October 2020. Several Group companies drew €25 million and repaid €3 million under various trade and cash management non-committed facilities.

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

Following the Covid-19 outbreak and the macro-economic effects thereof, the Group performed a roll-forward as at 31 March 2020 of its largest post employment benefit plans in the United Kingdom and Germany. Also a roll-forward valuation was prepared as at 31 March 2019.

The retirement benefit asset of €414 million represents the net asset of the plans in the United Kingdom. The net asset increased from €306 million as at 31 December 2019 to €414 million as at 31 March 2020, mainly from actuarial gains of €123 million (2019: €2 million). The increase in interest and inflation rates resulted in a decrease of the defined benefit obligation of €138 million, whereas lower than expected return on plan assets was €15 million. The reduction in value of the plan assets was limited following the Group's strategy to invest in gilts. Furthermore, translation of the net asset position from British Pound to Euro resulted in a decrease of €17 million.

The Germany plans are included in the retirement benefit liabilities and the actuarial gain amounted €4 million for the first quarter of 2020 (2019: actuarial loss of €14 million).

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

| | 31 March 2020 | | 31 December 2019 | | 31 March 2019 | |
|---|---|---|---|---|---|---|
| | UK | Germany | UK | Germany | UK | Germany |
| Discount rate | 2.20 % | 1.10 % | 1.85 % | 1.00 % | 2.25 % | 1.60 % |
| Indexation rate active participants | N/A | N/A | N/A | N/A | N/A | N/A |
| Indexation rate inactive participants - deferred | 1.85 % | N/A | 2.25 % | N/A | 2.20 % | N/A |
| Indexation rate inactive participants - pensioners | 2.55 % | 1.75 % | 2.85 % | 1.75 % | 2.95 % | 1.75 % |
| Inflation rate | 2.60 % | 1.75 % | 3.00 % | 1.75 % | 3.20 % | 1.75 % |
| Future salary increases | 2.85 % | 2.50/3.00% | 3.25 % | 2.50/3.00% | 3.20 % | 2.50/3.00% |

## 13. SUBSEQUENT EVENTS

The financial impact of the Group is uncertain as this is dependent on the Covid-19 virus outbreak and corresponding restrictions. For more information on the Covid-19 impact reference is made to the Financial Risks in Note 3.

*Closure Peet's stores*

In April 2020, a decision was made to permanently close 15 of Peet's retail coffee stores. This resulted in an impairment of non-current assets of €11 million.

*Potential indemnification claim*

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

# OTHER INFORMATION

**Responsibilities of the Directors**

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

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

**REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Deloitte.

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# Review report

To the Board of Directors of JDE Peet's B.V.

## Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of JDE Peet's B.V., Amsterdam, which comprise the statement of financial position as at March 31, 2020 and the income statement, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the three months period ended March 31, 2020, and the notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at March 31, 2020, is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

### Emphasis of the impact of the coronavirus

The coronavirus also impacts JDE-Peet's B.V. Management disclosed the current impact and its plans in Notes 3 and 13 of the condensed consolidated interim financial statements. Management indicated that it is currently not possible for them to properly estimate the impact of the coronavirus on the future financial performance and health of JDE-Peet's B.V. Our review report is not modified in respect of this matter.

### Emphasis of the basis of accounting of the condensed consolidated interim financial statements

We draw attention to the Basis of Preparation section in Note 1 "Description of the Business and Basis of Preparation" of the condensed consolidated interim Financial Statements, which describes the basis of accounting. As the JDE Peet's Group did not operate as one combined group in the past, the condensed consolidated interim Financial Statements may not necessarily be indicative of the results that would have occurred had the JDE Peet's Group been a separate combined group. Our review report is not modified in respect of this matter.

Deloitte.

**Corresponding figures not audited or reviewed**

The corresponding figures for the 3 months period ended March 31, 2019 included in the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of cash flows and the notes, have not been audited or reviewed.

Amsterdam, May 8, 2020

Deloitte Accountants B.V.

Signed on the original: G.M. Dekker

**COMBINED AND CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS**

JDE Peet's B.V.

# Combined and Consolidated Special Purpose Financial statements

For the three years period ended
31 December 2019, 2018 and 2017

JDE Peet's B.V.

# Table of contents

# Combined and Consolidated Income Statement

***For the years ended 31 December 2019, 31 December 2018 and 31 December 2017***

In millions of €

| | Note | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Revenue | 7 | 6,945 | 6,664 | 6,530 |
| Cost of sales | 9 | (3,935) | (3,808) | (3,925) |
| Selling, general and administrative expenses | 9 | (1,967) | (1,947) | (1,898) |
| Operating profit | | 1,043 | 909 | 707 |
| Finance income | 10 | 101 | 84 | 43 |
| Finance expense | 10 | (302) | (278) | (238) |
| Share of net loss of associates | | (1) | – | (1) |
| Profit before income taxes | | 841 | 715 | 511 |
| Income tax expense | 26 | (256) | (52) | (79) |
| Profit for the period | | 585 | 663 | 432 |
| *Attributable to:* | | | | |
| Owners of the parent | | 424 | 473 | 318 |
| Non-controlling interest | | 161 | 190 | 114 |
| Profit for the period | | 585 | 663 | 432 |
| Earnings per share (€): | | | | |
| Basic earnings per share | 8 | 423,657 | | |
| Diluted earnings per share | 8 | 421,272 | | |

The notes on pages F-33 to F-114 form an integral part of these Combined and Consolidated Special Purpose Financial Statements.

# Combined and Consolidated Statement of Comprehensive Income

***For the years ended 31 December 2019, 31 December 2018 and 31 December 2017***

In millions of €

| | Note | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Profit for the period | | 585 | 663 | 432 |
| *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 | 21 | (115) | (31) | 119 |
| *Items that may be subsequently reclassified to profit or loss, net of tax:* | | | | |
| Foreign currency translation | | 135 | (57) | (354) |
| Effective portion of cash flow hedge - foreign exchange contracts | 14 | (6) | 6 | (25) |
| Effective portion of cash flow hedge - interest rate contracts | 14 | – | 15 | 6 |
| Other comprehensive income / (loss) | | 14 | (67) | (254) |
| Total comprehensive income for the period | | 599 | 596 | 178 |
| *Attributable to:* | | | | |
| Owners of the parent | | 430 | 435 | 115 |
| Non-controlling interest | 19 | 169 | 161 | 63 |
| Total comprehensive income for the period | | 599 | 596 | 178 |

The notes on pages F-33 to F-114 form an integral part of these Combined and Consolidated Special Purpose Financial Statements.

# Combined and Consolidated Statement of Financial Position

***As at 31 December 2019, 2018 and 2017 and 1 January 2017***

| In millions of € | Note | 31 December 2019 | 31 December 2018 | 31 December 2017 | 1 January 2017 |
|---|---|---|---|---|---|
| *Assets* | | | | | |
| Non-current assets: | | | | | |
| Goodwill and other intangible assets | 11 | 17,286 | 17,286 | 16,915 | 16,529 |
| Property, plant and equipment | 12 | 1,737 | 1,446 | 1,379 | 1,222 |
| Deferred income tax assets | 26 | 61 | 44 | 49 | 51 |
| Loans to related parties | 28 | – | – | – | 1,259 |
| Derivative financial instruments | 15 | 5 | 3 | 50 | 182 |
| Retirement benefit asset | 21 | 306 | 337 | 399 | 314 |
| Other non-current assets | 13 | 106 | 138 | 141 | 219 |
| | | 19,501 | 19,254 | 18,933 | 19,776 |
| Current assets: | | | | | |
| Inventories | 16 | 710 | 697 | 710 | 646 |
| Trade and other receivables | 17 | 761 | 778 | 765 | 747 |
| Income tax receivable | 26 | 18 | 86 | 87 | 5 |
| Loans to related parties | 28 | – | – | 1,259 | – |
| Cash and cash equivalents | 18 | 811 | 762 | 836 | 1,204 |
| Other current assets | | 23 | 40 | 5 | 72 |
| | | 2,323 | 2,363 | 3,662 | 2,674 |
| Total assets | | 21,824 | 21,617 | 22,595 | 22,450 |
| *Equity and liabilities* | | | | | |
| Equity: | | | | | |
| Parent net investment | 19 | – | – | 7,724 | 8,078 |
| Share capital | 19 | 1 | 1 | – | – |
| Share premium | | 6,139 | 7,447 | – | – |
| Treasury stock | | (50) | – | – | – |
| Other reserves | | (216) | (253) | – | – |
| Retained earnings | | 569 | 688 | – | – |
| Equity attributable to the owners of the Company | | 6,443 | 7,883 | 7,724 | 8,078 |
| Non-controlling interest | | 2,978 | 2,843 | 2,687 | 2,662 |
| Total equity | | 9,421 | 10,726 | 10,411 | 10,740 |
| Non-current liabilities: | | | | | |
| Borrowings | 20 | 7,199 | 5,843 | 6,130 | 6,953 |
| Retirement benefit liabilities | 21 | 258 | 190 | 195 | 244 |
| Deferred income tax liabilities | 26 | 949 | 871 | 921 | 1,205 |
| Income tax liabilities | | 189 | 209 | 243 | – |
| Derivative financial instruments | 15 | 109 | 86 | 131 | 144 |
| Other non-current liabilities | 24 | 80 | 222 | 238 | 253 |
| | | 8,784 | 7,421 | 7,858 | 8,799 |
| Current liabilities: | | | | | |
| Borrowings | 20 | 93 | 344 | 1,297 | 11 |
| Trade and other payables | 25 | 2,971 | 2,842 | 2,707 | 2,550 |
| Income tax liability | 26 | 189 | 200 | 225 | 181 |
| Other current liabilities | 24 | 366 | 84 | 97 | 169 |
| | | 3,619 | 3,470 | 4,326 | 2,911 |
| Total equity and liabilities | | 21,824 | 21,617 | 22,595 | 22,450 |

The notes on pages F-33 to F-114 form an integral part of these Combined and Consolidated Special Purpose Financial

# Combined and Consolidated Statement of Changes in Equity

***For the years ended 31 December 2019, 31 December 2018 and 31 December 2017***

| In millions of € | Parent net investment | Non-controlling interest | Total Equity |
|---|---|---|---|
| Balance - As of 1 January 2017 | 8,078 | 2,662 | 10,740 |
| *Profit for the period* | 318 | 114 | 432 |
| Retirement benefit obligation | 87 | 32 | 119 |
| Foreign currency translation | (276) | (78) | (354) |
| Foreign currency contracts | (18) | (7) | (25) |
| Interest rate contracts | 4 | 2 | 6 |
| *Total Comprehensive Income / (Loss)* | 115 | 63 | 178 |
| Share-based payments | 11 | 4 | 15 |
| Dividends | (516) | (49) | (565) |
| Purchase of shares from non-controlling shareholders | (16) | (1) | (17) |
| Informal capital contribution | 52 | – | 52 |
| Dilution result | (1) | 1 | – |
| Issuance of shares | 1 | 7 | 8 |
| Balance —As of 31 December 2017 | 7,724 | 2,687 | 10,411 |
| *Profit for the period* | 473 | 190 | 663 |
| Retirement benefit obligation | (19) | (12) | (31) |
| Foreign currency translation | (36) | (21) | (57) |
| Foreign currency contracts | 4 | 2 | 6 |
| Interest rate contracts | 13 | 2 | 15 |
| *Total Comprehensive Income / (Loss)* | 435 | 161 | 596 |
| Share-based payments | (24) | (4) | (28) |
| Dividends | (30) | (60) | (90) |
| Purchase of shares from non-controlling shareholders | 11 | 34 | 45 |
| Dilution result | (25) | 25 | – |
| Purchase of own shares | 2 | – | 2 |
| Capital transactions with related parties | (211) | 1 | (210) |
| Issuance of shares | 1 | (1) | – |
| Balance - As of 31 December 2018 | 7,883 | 2,843 | 10,726 |

| In millions of € | Share capital | Share premium | Treasury stock | Retirement Benefit Obligation Related Items | Currency Trans-lation 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Note | 19 | 28 | | 21 | | 14 | | 22 | | | 19 | |
| Balance —As of 31 December 2018[1] | 1 | 7,447 | – | 158 | (359) | (65) | (266) | 13 | 688 | 7,883 | 2,843 | 10,726 |
| *Profit for the period* | – | – | – | – | – | – | – | – | 421 | 421 | 164 | 585 |
| Retirement benefit obligation | – | – | – | (84) | – | – | (84) | – | – | (84) | (31) | (115) |
| Foreign currency translation | – | – | – | – | 97 | – | 97 | – | – | 97 | 38 | 135 |
| Foreign currency contracts | – | – | – | – | – | (4) | (4) | – | – | (4) | (2) | (6) |
| *Total Comprehensive Income / (Loss)* | – | – | – | (84) | 97 | (4) | 9 | – | 421 | 430 | 169 | 599 |
| Share-based payments | – | – | – | – | – | – | – | (2) | (5) | (7) | (3) | (10) |
| Dividends | – | – | – | – | – | – | – | – | (552) | (552) | (66) | (618) |
| Purchase of shares from non-controlling shareholders | – | 9 | 3 | – | – | – | – | (5) | 17 | 24 | (4) | 20 |
| Purchase of shares | – | (4) | – | – | – | – | – | – | – | (4) | – | (4) |
| Capital transactions with related parties | – | (1,439)[2] | – | – | – | – | – | – | – | (1,439) | – | (1,439) |
| Reallocation Peet's equity plans | – | 126 | (53) | – | – | – | – | 35 | – | 108 | 39 | 147 |
| Balance —As of 31 December 2019 | 1 | 6,139 | (50) | 74 | (262) | (69) | (257) | 41 | 569 | 6,443 | 2,978 | 9,421 |

1) Due to the nature of these Combined and Consolidated Special Purpose Financial Statements the categories of equity were split for the 2019 disclosure. Refer to the basis of preparation for further details.

2) This capital transaction is the result of the contribution of Peet's as per 30 December 2019, further reference is made to the basis of preparation and related parties note for more details.

The notes on pages F-33 to F-114 form an integral part of these Combined and Consolidated Special Purpose Financial Statements.

# Combined and Consolidated Statement of Cash Flows

***For the years ended 31 December 2019, 31 December 2018 and 31 December 2017***

| In millions of € | Note | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| *Profit for the period* | | 585 | 663 | 432 |
| Adjustments for: | | | | |
| Depreciation, amortisation and impairments | 11,12 | 419 | 339 | 357 |
| Defined benefit pension expense | 21 | 12 | 20 | 11 |
| (Gain)/ loss on sale of assets | | 14 | 18 | (6) |
| Income tax expense/(benefit) | 26 | 257 | 52 | 79 |
| Interest income on bank accounts and other | 10 | (98) | (79) | (43) |
| Interest expense | 10 | 235 | 289 | 252 |
| Fair value changes financial liabilities | 10 | 21 | (3) | – |
| Derivative financial instruments | 15 | (53) | (69) | 221 |
| Foreign exchange (gains)/ losses | | 85 | 90 | (199) |
| Provision charges | 23 | 21 | (6) | 44 |
| Other | | 10 | 2 | 16 |
| Changes in operating assets and liabilities: | | | | |
| Inventories | 16 | (11) | 60 | 4 |
| Trade and other receivables | 17 | 27 | 18 | 20 |
| Trade and other payables | 25 | 145 | 243 | (7) |
| Other | | (11) | (17) | 24 |
| Pension payments | 21 | (12) | (9) | (13) |
| Payments of provisions | 23 | (48) | (40) | (104) |
| Realised foreign exchange (gains)/losses | 10 | (67) | (54) | 86 |
| Receipt/(payments) of derivative financial instruments | 15 | 70 | 7 | (132) |
| Income tax payments | 26 | (142) | (211) | (121) |
| Net cash provided by operating activities | | 1,459 | 1,313 | 921 |
| Cash flows from investing activities: | | | | |
| Purchases of property, plant and equipment | 12 | (241) | (254) | (210) |
| Purchases of intangibles | 11 | (40) | (28) | (26) |
| Acquisition of businesses, net of cash acquired | 5 | (23) | (456) | (1,052) |
| Acquired supply contracts | 13 | – | – | (26) |
| Proceeds from sale of property, plant and equipment | 12 | 8 | – | 50 |
| Loans provided | 28 | (247) | – | – |
| Interest received | | 96 | 40 | 126 |
| Other investing activities | | 2 | 8 | (12) |
| Net cash used in investing activities | | (445) | (690) | (1,150) |
| Cash flows from financing activities: | | | | |
| Borrowing activities | 20 | (693) | (456) | 619 |
| Proceeds from/ (repayments to) issuing ordinary shares | 19 | (2) | 11 | 4 |
| Receipts from/(payments to) derivative financial instruments | 15 | 17 | 65 | 56 |
| Dividend paid to shareholders | 19 | (68) | (90) | (565) |
| Shares divested to/(acquired from) non-controlling shareholders | 19 | (24) | 28 | (17) |
| Interest paid | | (217) | (238) | (202) |
| Other financing | | (7) | (12) | (2) |
| Net cash provided by/(used in) financing activities | | (994) | (692) | (107) |
| Effect of exchange rate changes on cash | | 29 | (5) | (32) |
| Net increase/(decrease) in cash and cash equivalents | | 49 | (74) | (368) |
| Cash and cash equivalents—at the start of period | 18 | 762 | 836 | 1,204 |
| Cash and cash equivalents—at the end of period | 18 | 811 | 762 | 836 |

The notes on pages F-33 to F-114 form an integral part of these Combined and Consolidated Special Purpose Financial

# Notes to the Combined and Consolidated Special Purpose Financial Statements

## 1. Description of business

These combined and consolidated special purpose financial statements (the “Combined and Consolidated Special Purpose Financial Statements”) consist of the historical financial information of the international coffee and tea businesses controlled by a Joh. A. Benckiser led investor group ("JAB") (hereinafter referred to as “JDE Peet’s” or “the Company” or, together with its subsidiaries, “the Group”).

### *Activities of the Company*

The Group is the world's largest pure-play coffee and tea group, serving cups of coffee and tea in 2019 in more than 100 countries in the developed and emerging markets. Through its more than 50 leading global, regional and local coffee and tea brands, the Group offers an extensive range of high-quality and innovative coffee and tea products to serve consumer needs across markets, consumer preferences and price levels.

The Group has a long, rich tradition in the coffee and tea industry, developing its portfolio of over 50 trusted coffee and tea brands with a deeply rooted heritage. Its established brand portfolio is the largest in the coffee and tea industry, comprising its Global Brands of Peets, Jacobs, L’OR, Tassimo, Senseo and TiOra (which it defines as brands sold in multiple markets with large revenue and potential for expansion into further markets), its Regional Brands, which include Douwe Egberts, Super and OldTown (which it defines as brands sold in one or several local markets which are large in size and strategically important) and Local Brands, which include Bravo, Paloma and Cafax (which it defines as brands sold in one or more local markets which are strategically important for a price corridor/partition of the market).

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–The Group’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. The Group sells these products primarily to supermarkets and, in certain markets, through retail buying groups comprised of supermarket retailers or shared-services supply chain centres.
- 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–The Group operates coffee stores through which it sells whole bean coffee, tea and other beverages and related items, such as pastries. As at 31 December 2019, the Group operated Peet’s coffee stores primarily located across the United States but also in China, OldTown coffee stores located in Malaysia, Coffee Company stores located in the Netherlands and 12Oz coffee stores located in Italy. Through its coffee stores, the Group seeks to facilitate the sale of fresh whole bean coffee and to encourage customer trial of its coffee through coffee beverages.
- Online– the Group sells its coffee and tea online through its own e-commerce marketplaces, such as the L’OR and Peet’s marketplaces, and third-party e-commerce marketplaces.

The Group’s business was historically conducted through separate legal entities within the investment structure of JAB. The Company historically did not exist as a reporting group and no separate (statutory) consolidated financial statements were prepared previously.

## *Formation of the Group*

As noted above, the Group was formed through a series of restructurings within the investment structure of JAB. These restructurings were completed in December 2019 after which the Group comprises the following components which were combined in these Combined and Consolidated Special Purpose Financial Statements:

- JDE Peet's B.V. ("JDE Peet's" or "the Company") as parent entity of the Group, incorporated on 21 November 2018
- The JDE group ("JDE"), consisting of Oak 1753 B.V. and its subsidiaries, transferred from Acorn Holdings B.V. ("Acorn"), the parent of the Company, to the Company on 28 November 2018.
- The Peet's group ("Peet's") consisting of Peet's Coffee & Tea LLC and its subsidiaries, transferred from Acorn to the Company on 30 December 2019.
- JDE Holdings Minority B.V., as a separate holding company in the JAB investment structure, holding a 17% non-controlling interest in the JDE Group. JDE Holdings Minority B.V. was contributed to the JDE group by Acorn on 28 November 2018 and is included in these Combined and Consolidated Special Purpose Financial statements starting 1 January 2017 up to 28 November 2018 on a combined basis and is consolidated as part of the JDE group for the period thereafter.

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 Company was previously called New Oak B.V.

For reporting for periods beginning on 1 January 2020, the Company, as the legal parent of the Group will prepare consolidated financial statements on the applicable Dutch and European Union law, including relevant comparative financial information.

## *Basis of Preparation*

The Combined and Consolidated Special Purpose Financial Statements for the years ended 31 December 2019, 2018 and 2017, were prepared in accordance with, and comply, in all material respects, with International Financial Reporting Standards as adopted by the European Union ("IFRS").

IFRS provides no guidance for the preparation of combined financial statements, which are therefore subject to IAS 8.12. This paragraph requires consideration of the most recent pronouncements of other standard-setting bodies, other financial reporting requirements and recognised industry practices. In the Combined and Consolidated Special Purpose Financial Statements of the Group, the predecessor accounting approach was applied in accordance with the common practice for the accounting for business combinations under common control in combined financial statements.

The financial information of the Group presented herein was derived from the consolidated financial statements of Acorn, the ultimate parent of the Group, which were prepared in accordance with IFRS. Accordingly, the estimates made by the Group to prepare these Combined and Consolidated Special Purpose Financial Statements are consistent with those made in the historical reporting to Acorn.

The Combined and Consolidated Special Purpose Financial Statements were prepared under the historical cost convention, except for certain financial instruments (including derivative instruments) and cash-settled share-based payment schemes stated at fair value.

The Combined and Consolidated Special Purpose Financial Statements were based on figures presented on a combined basis for the periods 1 January 2017 through 28 November 2018 and presented on a consolidated basis for periods after 28 November 2018.

As the Combined and Consolidated Special Purpose financial statements for the period before 28 November 2018 were prepared on a combined basis, the Group had no share capital structure for this period and as a result, equity attributable to the owners of the parent for this period was presented as Net parent investment. Although there was share capital as of 28 November 2018 through 31 December 2018, the Group believes that the information for financial year 2018 would not be indicative of any trends given it was such a short portion of the fiscal year. As consolidation began as of 28 November 2018 and there was only one month of consolidation prior to fiscal year 2019, the Company disclosed the earnings per share for financial year 2019 only. As a result, consolidated financial statements are presented as from 1 January 2019.

On 30 December 2019, Peet's was transferred from Acorn to the Company. The acquisition of Peet's is a business combination under common control and is included in the Combined and Consolidated Special Purpose Financial Statements as per the acquisition date on 30 December 2019 by applying the principles of the pooling of interest method. In this way, the financial information of Peet's is included starting 1 January 2017. In relation to this transfer, a loan of €1,704 million to Acorn was entered into ('New Note E') to finance this acquisition. As pooling of interest is applied per 1 January 2017, no consideration was paid for the acquisition of Peet's until 30 December 2019. Therefore, this consideration resulted in a direct charge to equity for the amount equal to the amount (€1,704 million) recognised for the loan to Acorn. As part of this transaction, an Acorn loan receivable from Peet's was contributed to the Company for the notional amount of $297 million (€265 million) and as such eliminates as per 31 December 2019. Refer to Note 28 for more details.

For the periods presented in these Combined and Consolidated Special Purpose Financial Statements, there was no group management or chief operating decision maker ("CODM"). For purposes of these Combined and Consolidated Special Purpose Financial Statements, segmentation is based on how to the future CODM will review the performance of the business and allocate resources, as further disclosed in the segmentation disclosure note. Historically the JDE Group and Peet's Group have not assessed the performance of the business in this way.

The Group did not operate as a combined group in the past, and no material corporate overhead services were required from JAB. Going forward, this is expected to continue on the same basis, and therefore, no overhead costs have been allocated to the Group.

The Combined and Consolidated Special Purpose Financial Statements were prepared on a going concern basis and were authorised for issue on 14 February 2020 by the Board of Directors of the Company. Key management of the Company was defined as senior management of the Company and non-executive directors as per January 2020. This was applied in these Combined and Consolidated Special Purpose Financial Statements as if were in place during 2017-2019 and as such included in the Key Management compensation in Note 28.

*Transition to IFRS*

The Group has never prepared financial statements with an explicit and unreserved statement of compliance with IFRS. Therefore, these Combined and Consolidated Special Purpose Financial Statements are the Group's first set of IFRS financial statements.

The Combined and Consolidated Special Purpose Financial Statements were prepared by applying IFRS 1 "First Time Adoption of International Financial Reporting Standards". The Group has measured its assets and liabilities at the carrying amounts that were included in Acorn's consolidated financial statements (IFRS 1 D16a). No hindsight was applied in preparing Combined and Consolidated Special Purpose Financial Statements.

The Combined and Consolidated Special Purpose Financial Statements were prepared on the basis of IFRS standards as applied and adopted by Acorn and were applied consistently for the years presented, except as disclosed in Note 3 'New Standards, Amendments and Interpretations'. The Group has not applied IFRS 9, 15 and 16 retrospectively for all periods presented within these financial statements, but prospectively according to the transition as applied by Acorn.

Since the Group has not previously published financial statements, the Combined and Consolidated Special Purpose Financial Statements do not include any IFRS 1 first-time adoption reconciliations.

*Limitations inherent to the Group's financial history*

As the Group did not operate as one combined group in the past, these Combined and Consolidated Special Purpose Financial Statements may not be indicative of the Group's future performance and what its combined or consolidated results of operations, financial position and cash flows would have been, had the Group operated as one combined or consolidated group for the periods presented, as applicable.

*Tax basis under the fiscal unity*

During part of the period presented, certain Dutch subsidiaries of the Group, and the operations of Peet's were included with affiliates not part of the Group in a consolidated group tax filing. The Company, together with certain of its Dutch subsidiaries, is part of a tax grouping for Dutch corporate income tax purposes. An affiliated party not part of the Group was the head of this Dutch fiscal unity for the period from 1 January 2017 through 30 November 2017. Peet's was part of a tax grouping for U.S. corporate income tax purposes during 2017 and in 2018 for the period through 27 December. For purposes of the Combined and Consolidated Special Purpose Financial Statements, the Group's income tax expense was computed on a separate company basis, as if it operated as a stand-alone entity or a separate consolidated group in each material jurisdiction in which the Group operates.

*Restriction on use and distribution of the Combined and Consolidated Special Purpose financial statements*

The Combined and Consolidated Special Purpose Financial Statements were prepared for inclusion in the prospectus, following the anticipated listing and admission to Trading of the Group on the Euronext Amsterdam, and will not be used for statutory filing purposes. These Combined and Consolidated Special Purpose Financial Statements do not comprise the Dutch law statutory accounts. They are intended solely for the Board of Directors of the Group and the parties involved in the prospectus offering and are not suitable for any other purpose.

# 2. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 4, 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.

*Impairment of goodwill and other indefinite lived intangible assets (Note 11)*—The Group performs impairment reviews by comparing the carrying value of the cash-generating unit concerned to that cash generating unit's recoverable amount, being the higher of the value-in-use ("VIU") and fair value less costs to sell ("FVLCD"). VIU is a valuation derived from the discounted future cash flows of the cash-generating units. The most important estimates in determining the present value of cash flows are growth rates used to calculate revenue growth and suitable discount rates in order to determine present value.

Growth rates are based on past performance, external market growth assumptions, and forecast trading conditions by the Group's management using a combination of Group business plans and growth assumptions into perpetuity reflecting expected long-term growth in the market. The Group determines discount rates for its respective analyses of recoverability that are appropriate for the type, size and specific countries related to each operating segment.

The Group 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 as of 31 December 2019 is €12,285 million (2018: €12,182 million; 2017: €11,892 million) and of indefinite lived intangible assets is 2019 €3,255 million (2018: €3,252 million; 2017: €3,239 million). The movement over the year is explained by goodwill and indefinite lived intangible assets rising from acquisition and FX-effect on both goodwill and indefinite lived intangible assets.

*Revenue recognition and incentives (Note 7)*—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. The Group 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 in Note 4, the Group 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 required customer utilisation and redemption rates. Historical data for similar transactions is used in estimating the fair value of incentive programs. These estimates are reviewed each period and adjusted based upon actual experience and other available information. Additionally, the Group has a significant number of trade incentive programs 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.

*Business combinations (Note 5)*—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.

*Income taxes (Note 26)*—The Group 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. The Group makes judgment 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 the Group 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 the Group 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 tax losses.

*Restructuring provisions (Note 23)*—The Group recognises a provision for restructuring costs 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 provisions (Note 23)*—The Group 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 Group cannot predict the outcome of these matters. 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.

*Inventories (Note 16)*—The Group estimates any required write downs for inventory obsolescence by examining its inventories on a quarterly basis to determine if there are indicators that the carrying values exceed net realisable value. Indicators that could result in additional inventory write downs include age of inventory, damaged inventory, slow moving products and products at the end of their life cycles. While management believes that inventory is appropriately stated at the lower of cost or market, significant judgement is involved in determining the net realisable value of inventory.

*Defined benefit plans and other post-employment benefits (Note 21)*—The Group 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.

*Share-based payments (Note 22)*—The Group recognises share-based payment expenses based on a number of assumptions regarding forfeitures and measurement of the fair value share prices. A change in these assumptions may result in significant changes in the share-based payment reserve or liability in the future.

*Property, plant and equipment and other intangible assets (Note 11, 12)* —With respect to impairment of long lived assets, the Company makes judgements related to the expected useful lives of long-lived assets and its 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.

*Fair value of derivatives and other financial instruments (Note 15)*—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. The Group uses its judgement 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.

# 3. New Standards, Amendments and Interpretations

### *New Standards, Amendments and Interpretations Adopted during the year ended 31 December 2018*

In the current year, the Group has applied a number of amendments to IFRSs issued by IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2018 and applicable for the Group.

*IFRS 15 – Revenue from Contracts with Customers*

Per 1 January 2018, the Group compared the new standard IFRS 15 with the previous standard IAS 18 and concluded that the change in standard did not materially change the revenue recognition. Hence, the application by the Group of IAS 18 and IFRS 15 were very similar. For the IAS 18 and IFRS 15 accounting policies applied by the Group please refer to Note 4 "Summary of Significant Accounting Policies".

*IFRS 9 – Financial Instruments*

The Group compared the new standard IFRS 9 with the previous standard IAS 39. The main changes of IFRS 9 compared to IAS 39, relate to the measurement of the impairment provision of the financial assets, the classification of the financial assets and liabilities and the requirements related to the hedge accounting.

### *The following assessment is performed to assess the impact of this new standard:*

- The Group changed the measurement of the provision of the financial assets from the incurred loss model to the expected credit loss model in order to better reflect the credit risk of a debtor.
- The Group updated the classifications of the financial assets and liabilities.
- The Group implemented IFRS 9 with respect to the hedge accounting to better align the hedge accounting to the risk management activities and updated its hedge documentation based on the new requirements.

*Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments made to IAS 12 clarify the accounting for deferred tax assets related to debt instruments measured at fair value. The amendments provide guidance on the recognition requirements for deferred tax assets on unrealised losses relating to such debt instruments to address diversity in practise. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The Group assessed that there was no significant impact as a result of this new guidance.

The new standards and amendments described above were implemented by the Group as of 1 January 2018 and did not have a material financial impact.

### *New Standards, Amendments and Interpretations Adopted during the year ended 31 December 2019*

The Group has applied IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments* for the first time for the financial reporting period commencing 1 January 2019.

*IFRS 16 – Leases*

The Group adopted IFRS 16 *Leases* retrospectively from 1 January 2019 without restating comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised as per 1 January 2019. The new accounting policies are disclosed in Note 4.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.6%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. This did not result in any measurement adjustments for residual value guarantees. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The lease term is defined in IFRS 16 as the non-cancellable period together with the option to extend or terminate a lease, if it is reasonably certain that the lessee will exercise such an option. Where a lease includes an extension or termination option in the lease agreement, the Group assesses the option based on the economic conditions, future operating plans and time remaining till the option should be exercised.

In applying IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- an impairment review concluding that there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at January 2019 as short-term leases;
- electing not to separate non-lease component from lease components;
- electing not to capitalise low value assets as right-of-use assets;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made in applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment – increase by €276 million
- deferred tax liabilities – increase by €70 million
- lease liabilities – increase by €276 million
- deferred tax assets – increase by €70 million

Reconciliation of the operating lease obligation as per 31 December 2018 and the lease liability recognised on 1 January 2019 in millions of €:

| | Lease liability |
|---|---|
| Undiscounted minimum lease payments under IAS 17 operating leases as at 31 December 2018 | 279 |
| Impact of discounting | (24) |
| Variable lease payments based on index or rate, short term and low value leases | (5) |
| Extension and termination options | 5 |
| Non-lease components not separated from lease components | 21 |
| As at 1 January 2019 | 276 |

*IFRIC 23 – Uncertainty over Income Tax Treatments*

On 7 June 2017, the IASB issued IFRIC 23 *Uncertainty over Income Tax Treatments*. This Interpretation clarified application of recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. IFRIC 23 was adopted as from 1 January 2019 onwards without a material impact to the Combined and Consolidated Special Purpose Financial Statements .

### *New Standards, Amendments and Interpretations issued, but not effective for the year ended 31 December 2019 and not Early Adopted*

Certain new accounting standards (IFRS 17 Insurance Contracts, Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IFRS 3 Business combinations - definition of a business) have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

# 4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these Combined and Consolidated Special Purpose Financial Statements are set out below. These policies were consistently applied, unless stated otherwise.

***Accounting Convention***—The Combined and Consolidated Special Purpose Financial Statements are prepared on a historical cost basis except for financial instruments and pension plan assets, which are recognised at fair value.

***Use of Critical Estimates***—IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Combined and Consolidated Special Purpose Financial Statements are disclosed in Note 2.

***Basis of Consolidation***—The Combined and Consolidated Special Purpose Financial Statements include the accounts of all subsidiaries in which the Group, directly or indirectly, has a controlling interest.

***Subsidiaries***—Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are deconsolidated from the date that control ceases. Refer to the Basis of Preparation (Note 1) for further details on the combination and consolidation of subsidiaries.

Intergroup transactions, balances and unrealised gains and losses on transactions between companies within the Group are eliminated upon consolidation unless they provide evidence of impairment.

***Investments in associates***—Associates are entities over which the Group has the ability to exercise significant influence but does not control. Generally, significant influence is presumed to exist when the Group 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 Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

***Business Combinations***—The Group uses 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 by the Group and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisitions where a sequence of transactions begin with the Group 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 19R.
- Share-based payments arrangements that are measured at acquisition date in accordance with IFRS 2.

On an acquisition-by-acquisition basis, the Group 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 the Group'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.

***Business Combinations under Common Control***—A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The Group adopted accounting principles similar to the pooling-of-interest method. Under this method, the assets and liabilities of the acquired entity are recognised at the book values recorded in the ultimate parent entity's combined and consolidated financial statements (adjusted for the alignment of accounting policies and applicable GAAP applied by the companies involved) as if the Group had been in existence throughout the periods presented in the Combined and Consolidated Special Purpose Financial Statements.

### *Foreign Currency Translation*

*Functional currency*—The individual financial statements of the entities included in the Combined and Consolidated Special Purpose Financial Statements are measured in the currency of the primary economic environment in which the entity operates (its functional currency).

*Presentation currency*—For the purpose of these Combined and Consolidated Special Purpose Financial Statements, the results and financial position of the Group are measured in Euro, the Group's presentation currency.

*Foreign currency transactions and balances*—Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using period-end exchange rates.

Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within finance expenses, except for the foreign currency gains and losses on green coffee beans, which are included in cost of sales, to the extent hedge accounting applies.

Foreign operations—The results and financial position of all entities included in the Combined and Consolidated Special Purpose Financial Statements that have a functional currency different from the presentation currency (Euro) are translated into the presentation currency as follows:

- Income and expenses are translated at average monthly exchange rates; and
- Balance sheet items are translated at the period-end exchange rate at the balance sheet date.

The resulting exchange differences are recognised as foreign currency translation in Other Comprehensive Income ("OCI"). When an operation with a functional currency other than the Euro is sold, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the period-end exchange rate.

*Subsidiary*—If the ownership interest in a subsidiary is reduced but control is retained, only a proportionate share of the amounts previously recognised in OCI is reclassified to the income statement where appropriate.

***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 the Group 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 asset under construction which are not depreciated. The Group 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 and are presented are 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or are sold. All other borrowing costs are recognised as expense in the period in which they are incurred.

### Goodwill and Other Intangible Assets

*Goodwill*—Goodwill represents the excess of the cost of an acquisition over the fair value of the Group'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. The Group tests goodwill 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 the Group 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 Group assesses whether the useful life of an intangible asset is 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, amongst others, 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 10 years
- Acquired technologies — 7 to 20 years
- Software — 1 to 8 years
- Other — 5 to 12 years

***Impairment of Non-Financial 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. This test was performed on the last day of the third quarter of the Group's fiscal year and whenever a significant event occurs or circumstances change that might reduce the recoverable amount of the goodwill. Indefinite lived trademarks and brands are tested for impairment as part of the associated CGU. 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 total Group level and not limited to a CGU. The Royalty Relief method is used to determine the FVLCD, 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 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 were 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.

***Financial Assets and Liabilities***—In 2017, under IAS 39 the classification depends on the purpose for which the financial assets were acquired, and Management determines this classification at the moment of initial recognition. Financial assets were classified in the following categories: fair value through profit or loss, and loans and receivables. As of 1 January 2018, in accordance with IFRS 9, the Group classifies its financial assets into the following categories: amortised costs, fair value through profit or loss, and fair value through OCI. Classification under IFRS 9 for investments in debt instruments is driven by the Group's business model for managing financial assets and their contractual cash flow characteristics. Management determines the classification of its financial assets at their initial recognition.

For the year 2017, under IAS 39, the Group's financial assets are classified as follows:

- *Loans and receivables*—Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets if their maturities are within 12 months after the end of the reporting period; otherwise they are classified as non-current assets. The Group's loans and receivables are recognised as trade and other receivables in the statements of financial position
- *Financial assets at fair value through profit or loss*—A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives included in this category are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.
- *Financial liabilities at fair value through profit or loss*—Financial liabilities are classified in this category for share purchases contracts which includes an obligation to the Group to repurchase these in exchange for cash or another financial asset at the discretion of the holder of the shares. The liability is recognised at fair value. Changes in fair value are recognised in the income statement as finance expense. As there is no expected settlement within 12 months, these are classified as non-current.
- The regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and any related transaction costs are recognised as expense in the income statements. Financial assets at fair value through profit or loss are also subsequently carried at fair value. Loans and receivables are initially recognised at fair value plus transaction costs and then are subsequently amortised using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.
- Gains or losses arising from changes in the fair value of the financial assets included in the fair value through profit or loss category are recognised in the income statements in finance expenses except for the change in fair value of commodity derivative financial instruments that are included in cost of sales.
- Financial assets and liabilities are offset and the net amount is reported in the statements 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.

As of 1 January 2018, the Group's 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.
- *Financial liabilities at fair value through profit or loss*— Financial liabilities are classified in this category for share purchases contracts which includes an obligation to the Group to repurchase these in exchange for cash or another financial asset at the discretion of the holder of the shares. The liability is recognised at fair value. Changes in fair value are recognised in the income statement as finance expense. As there is no expected settlement within 12 months, these are classified as non-current.
- Assets 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 expenses 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 the Group 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 the Group has transferred substantially all risks and rewards of ownership. 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***—In 2017, under IAS 39, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Subsequently, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. As of 1 January 2018, under IFRS 9, the Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or Financial assets at fair value through OCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Under IAS 39, a financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group used to determine if there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified within the individual financial assets in the portfolio, including:
    - Adverse changes in the payment status of borrowers in the portfolio; and
    - National or local economic conditions that correlate with defaults on the assets in the portfolio.

In accordance with IAS 39, for financial assets at amortised costs, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement within selling, general and administrative expenses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement within selling, general and administrative expenses.

As of 2018, under IFRS 9, the impairment model for financial assets is based on expected credit loss. The Group considers a broader range of information 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 Group applies the simplified approach permitted by IFRS 9, 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 as 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 Group's 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 the Group in accordance with the contract and all the cash flows that the Group expects to receive, 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 the Group 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 the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss 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 FVTOCI, 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.

As of 1 January 2018, under IFRS 9, on assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares 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, the Group considers both quantitative and qualitative information 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 the Group'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 the Group'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; and
- 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, the Group 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 the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to have low credit risk when the asset has 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.

***Derivative Financial Instruments and Hedging Activities***—In 2017, under IAS 39 derivatives are initially recognised at fair value 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.

As of 2018, the Group applies the new hedge accounting requirements in IFRS 9 prospectively. On adoption of IFRS 9, all hedging relationships that were hedging relationships under IAS 39 at the 31 December 2017 reporting date met the IFRS 9's criteria for hedge accounting at 1 January 2018 and were therefore regarded as continuing hedging relationships. Derivatives are initially recognised at fair value through profit and loss ("FVTPL") 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 hedging 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; and
- 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.

The Group designates certain derivatives as hedging instruments in cash flow hedges.

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

The fair values of the Group's derivative instruments are disclosed in Note 15. The Group classifies derivatives that have a settlement date within 12 months from the period end as current and all other derivatives as non-current in the statement of financial position. The Group recognises the change in fair value of commodity derivatives within cost of sales and the movement of all other derivatives within finance expenses in the income statement.

*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 (for example, when the forecasted sale that is hedged takes place). The gain or loss relating to the ineffective portion of interest rate swaps and cross currency swaps hedging variable exchange- and interest rate borrowings is recognised in the income statement within Finance expenses. However, 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 was 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 expenses.

***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, as discussed in the leasing policy, inventories include coffee machines that have not yet been leased.

***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.

***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 with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Any bank overdrafts are included in trade and other payables. In the statements of cash flows, any bank overdrafts are included as an offset to cash and cash equivalents.

***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.

Any fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

In 2017 under IAS 39, If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. When terms of the new/modified instruments are not substantially different, then any fees or costs paid in the exchange/modification are treated as an adjustment to the carrying amount of the original liability and are amortised over the remaining life of the new modified liability.

As of 1 January 2018, under IFRS 9, 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 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.

***Employee Benefits***—The Group 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 expenses 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 Group's 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.

***Termination Benefits***—Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits 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 discussed in Note 23.

***Share-Based Payments***

*Equity-settled*—The Group operates a number of equity-settled share-based payment plans, under which the Group receive services from directors and employees as consideration for equity instruments. For these plans, the Group 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, the Company analyses 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 reported 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 Group's estimate of the number of shares that will eventually vest, with a corresponding credit to the share-based payment reserve within Equity. The Group recognises compensation expense 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.

*Cash-settled*—If the Group 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 re-measured 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.

***Provisions***—Provisions, which are primarily for restructuring costs, legal claims, medical claims and environmental obligations are recognised when the Group 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. 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.

***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.

In evaluating whether liabilities to suppliers who participate in a supply chain finance initiative qualify as trade payables (as opposed to borrowings), judgment is required as such arrangements could contain characteristics of both. The Group considers elements such as changes in the contractual relationship between the supplier and us, 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.

***Income Taxes***—Income tax expense for the period is comprised 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 tax is the expected income tax payable or receivable in respect of taxable income or loss for the year in the countries where the Group operates and generates taxable income, using the tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to income tax payable 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 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 the Group 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) 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 (apart from available taxable temporary differences) 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.

*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 the Group concludes it is probable that the taxation authority will not accept an uncertain tax treatment, a liability will be 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 the Group concludes it is possible but not probable that a taxation authority will not accept an uncertain tax treatment, the entity Group shall determine whether to disclose the potential effect of the uncertainty as a tax-related contingency

***Revenue Recognition***—The Group has changed its accounting policy for revenue. Before 1 January 2018 the Group accounted for revenue in accordance with IAS 18 Revenue.

Sales comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. The Group recognises sales when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group 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*—The Group's contracts with Out-of-Home customers may include multiple elements including 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 the Group's products. Such contracts may be inclusive of free maintenance of the coffee equipment for a specific period. In such situations, the Group separates the sales transaction into the identifiable components in order to reflect the substance of the transaction whenever such identifiable components have stand-alone value and the fair value can be measured reliably. The Group assesses the fair values available for individual components and accounts for each component as a separate transaction in accordance with IAS 18 Revenue. The total consideration payable by the customer is allocated to the individual components by reference to their fair values.

*Customer loyalty programmes*—The Group has a customer loyalty programme in the Netherlands whereby consumers collect points ("award credits") towards merchandise. The customer loyalty programme is considered a multiple-element arrangement whereby the consumer is purchasing the products as well as the award credit. The revenue associated with the award credit, which is estimated based on the fair value of the award credits, is deferred and recognised separately as a liability at the time of the initial sale. The estimation of the fair value 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 statements of financial position, is recognised when fulfilled.

The Group's revenue consist of the following:

- *Product sales to third parties*—The conditions above are generally met when title and risk of loss of the products pass 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 Group-owned coffee stores are presented net of discounts and recognised at the point of sale for food and beverage products sold.
- *Lease revenue and maintenance fees*—The Group leases coffee machines to certain of its Out-of-Home customers. The Group recognises income from these leases in the income statements based on the policy for leases. In addition, the Group receives maintenance fees 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 at the fair value of the consideration received or receivable after deducting estimated amounts for sales incentives, trade allowances and product returns. The Group estimates trade allowances and product returns based on historical results taking into consideration the customer, transaction and specifics of each arrangement. The Group 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 statements are as follows:

Included in Sales:

- *Discounts, coupons and rebates*—The cost of these non-volume-based incentives is recognised 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 the Group's products on the retailer's store shelves. These amounts are included in the determination of sales.
- *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 Group estimates the incentive and allocates a portion of the incentive to reduce each underlying sales transaction with the customer.
- *Cooperative advertising*—Under these arrangements, the Group agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of the Group's products. The Group recognises the cost of cooperative advertising programmes in the period in which the advertising and promotional activity first takes place. These costs are recognised as an offset to sales.
- *Fixtures and racks*—Store fixtures and racks are given to retailers to display certain of the Group's products. The costs of these fixtures and racks are recognised as a reduction in sales in the period in which they are delivered to the retailer.

After 1 January 2018 the Group accounted for revenue in accordance with IFRS 15 Revenue from Contracts with customers

As of 1 January 2018, the Group recognises revenue in accordance with the five-step model introduced by IFRS 15. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises sales when the control is transferred and the performance obligation is satisfied and when specific criteria have been met for each of the Group's activities as described below. Revenue is recognised when the goods and services are delivered at a point in time or overtime, depending on the nature of transaction. Sales of goods are typically recognised at a point in time, where the revenues related to the Out-of-Home customer can be recognised at a point in time or overtime. Revenue taxes collected from customers are excluded from revenues and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities. The Group 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*—The Group's contracts with Out-of-Home customers may include multi 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 the Group's products. Such contracts may be inclusive of free maintenance of the coffee equipment for a specific period. In such situations, the Group 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. The Group assesses the stand-alone selling prices available for the individual components and allocates the revenue of the total transaction price to the individual components by reference to their stand-alone selling price in accordance with IFRS 15 Revenue from contracts with customers. Revenue derived from a financial lease or sale of coffee equipment is recognised at a point in time. Revenue derived from an operational lease and maintenance contracts are recognised overtime, the duration of these contracts is between 1 to 5 years.

*Customer loyalty programmes*—The Group has a customer loyalty programme in the Netherlands and US 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.

The Group'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 transfer 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 Group-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)*—The Group leases coffee machines to certain of its Out-of-Home customers. The Group recognises income from these leases in the income statement based on the policy for leases. In addition, the Group receives maintenance fees 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 allocate the revenue of the total transaction price to the individual components by reference to their stand-alone selling price. The Group estimates trade allowances and product returns based on historical results taking into consideration the customer, transaction and specifics of each arrangement while also taken into account forward looking information. The Group 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 the Group'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 Group estimates the incentive and allocates a portion of the incentive to reduce each underlying sales transaction with the customer overtime.
- *Cooperative advertising*—Under these arrangements, the Group agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of the Group's products. The Group recognises the cost of cooperative advertising programmes as a reduction to the transaction price.
- *Fixtures and racks*—Store fixtures and racks are given to retailers to display certain of the Group's products. The costs of these fixtures and racks are recognised as a reduction of the transaction price.

***Finance Income and Expense***—The Group receives finance income primarily representing interest on cash and cash equivalents. Finance expense primarily relate to interest on the borrowings of the Group. The interest is recognised using the effective interest method.

The Group has the ability to voluntarily prepay term loans in whole or in part with prior notice to their agent. The prepayment of the loans does not result in any additional fees or penalties, just the payment of daily accrued interest at the agreed upon rate. The Group has elected to treat these voluntary prepayments as a loss on extinguishment of debt and expense the proportionate amount of unamortised deferred financing costs, as the loan has been partially settled. Refer to Note 20 for additional information on the borrowings.

### *Leases*

The Group has changed its accounting policy for leases where the Group is the lessee.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance expense. The finance expense was charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's estimated useful life, or over the shorter of the asset's estimated useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

Policy as of 1 January 2019

*Group as lessor*

- Finance leases—The Group recognises assets it expects to lease to customers under finance leases as inventory on its statements of financial position. These finance leases relate mainly to coffee machines. The Group derecognises the inventory when a finance lease is entered into and recognises a receivable at an amount equal to the net investment in the lease. The Group subsequently recognises finance income based on a pattern reflecting a constant periodic rate of return on that net investment.
- *Operating leases*—Lease income from assets on operating lease mainly relating to coffee machines to customers is recognised in the income statement on a straight-line basis over the lease term. Initial direct costs and installation costs incurred by the Group in negotiating the leases are added to the carrying amount of the leased asset, which is included in property, plant and equipment, and recognised as depreciation expense over the lease term on the same basis as the lease income. The depreciation policy for depreciable leased assets is consistent with the Group's normal depreciation policy for similar assets.

*Group as lessee*

The Group leases various offices, warehouses, coffee stores, equipment and vehicles. Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component (gross approach). Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, operating leases are also 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 the Group.

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 as 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 in the Group, 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, the Group, 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.

The Group 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.

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; and
- 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 the Group 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 the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group 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).

***Borrowing Costs***—Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or are sold. All other borrowing costs are recognised as expense in the period in which they are incurred.

***Advertising Expense***—Advertising costs, which include the development and production of advertising materials and the communication of this material through various forms of media, are expensed in the period in which title to the advertising campaign is received. Advertising expense is recognised in selling, general and administrative expenses in the income statement.

### *Equity*

*Translation reserve*

The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of the Group (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.

# 5. Business combinations

### *Acquisitions during 2019*

Peet's was transferred from Acorn to the Company on 30 December 2019. The acquisition of Peet's is a business combination under common control and was included in the Combined and Consolidated Special Purpose Financial Statements as per the acquisition date on 30 December 2019 by applying the principles of the pooling of interest method. In this way, the financial information of Peet's is included starting 1 January 2017.

During 2019 the Group acquired two businesses in France, d'Accueil and Alter Ego. These businesses were acquired to expand the Group's presence in France. Alter Ego was acquired per 2 April 2019 and is specialised in vending business and operates in North East France. d'Accueil was acquired per 6 May 2019 and is specialised in vending machines and water dispensers and operates in North West France. The purchase consideration amounted to a total of €23 million (net of cash), the net assets identified were €1 million and the resulting intangibles identified are €24 million, offset by deferred tax liabilities (€2 million). The intangibles were allocated to customer relationships (€5 million), tradenames (€1 million) and goodwill (€18 million). The purchase price allocations were provisional. IFRS 3 allows adjustments to these provisional values within a timeframe of twelve months after the acquisition. The realised revenue since acquisition date of both entities combined contributed €9 million to the Group at a net profit of €1 million. The Group has not finalised the accounting for the Alter Ego and d'Accueil business acquisitions due to continued diligence on the opening balance sheet. Therefore, such amounts are subject to change during the remainder of the one year measurement period.

### *Acquisitions during 2018*

The Group acquired five businesses, of which the acquisition of the Malaysian based OldTown Berhad Group ("OldTown") was the most significant. Through this transaction, the Group strengthened its market position in South East Asia. OldTown operates café outlets and is manufacturing, marketing and selling coffee and other beverages, including instant coffee mix, instant milk tea mix, instant chocolate mix and roasted coffee powder. The Group obtained control over OldTown on 26 February 2018 and acquired all remaining shares in the subsequent period through 14 May 2018 via a tender process and a statutory squeeze-out procedure. The OldTown acquisition was achieved in stages as per the tender process protocol and therefore accounted for as one transaction.

The other businesses acquired with a total purchase consideration of €204 million were:

- a 51% interest in 12Oz Coffee Joint, operating coffee cafés in Italy, acquired on 15 January 2018. This business was acquired to strengthen its participation in the next wave of coffee consumption in Italy;
- Ofçay, primarily a Tea business operating in Turkey, acquired on 26 October 2018. This business was acquired to open up new growth opportunities in the Turkish hot beverages market and create synergies through the combination of the Group's global expertise in coffee with Ofcay's Turkish expertise in tea;
- JOBmeal, a full-service coffee solutions provider in Sweden and Finland, acquired on 31 October 2018. Through this transaction, it is intended that JOBmeal's customer base in small- and medium-sized businesses will gain access to the Group's wider variety of coffee and tea solutions. The combined business also opened up new growth opportunities for the Group in the Out-of-Home sales channel in Finland; and
- Revive Kombucha, a craft brewery in the United States, acquired on 18 December 2018. With this acquisition, the Group expands its existing market in the consumer good and beverage industry.

Through these acquisitions, the Group obtained control and is therefore considered a business combination according to IFRS 3 *Business Combinations*. Consequently, purchase price allocations of all identifiable assets and (contingent) liabilities acquired were performed. The purchase price allocations of OldTown Berhad and 12Oz Coffee Joint were finalised in the financial year 2018. All provisional purchase allocations were finalised in 2019, within the timeframe of 12 months after the acquisition as allowed by IFRS 3. As a result the goodwill decreased by €5 million due to a post-closing cash consideration (€1 million) and additional net assets (€4 million). Also a total reallocation was made of €33 million from trademarks to customer relationships (€26 million) and goodwill (€7 million) related to the finalisation of the purchase price allocations. The goodwill of 12Oz was determined based on the Group's interest of 51% where the net asset value of the 49% non-controlling interest were maintained.

The factors that contributed to the recognition of goodwill include the acquisition of an assembled workforce, expected cost savings and initiatives that are expected to bring greater efficiency and standardisation. In addition, goodwill arises from the recognition of deferred tax liabilities in relation to the fair value increases of acquired net assets primarily representing identified intangible assets and property, plant and equipment for which the amortisation and depreciation does not qualify as a tax-deductible expense.

The following table summarises the considerations paid, the provisional fair value of assets and (contingent) liabilities acquired and the non-controlling interest at the acquisition date (in millions of €):

| | OldTown | Others | Total |
|---|---|---|---|
| Property, plant and equipment | 32 | 24 | 56 |
| Identified intangible assets | 81 | 88 | 169 |
| Deferred tax assets | 1 | – | 1 |
| Other non-current assets | 1 | – | 1 |
| Inventories | 10 | 38 | 48 |
| Trade and other receivables | 17 | 27 | 44 |
| Cash and cash equivalents | 38 | 17 | 55 |
| Non-controlling interest | – | (12) | (12) |
| Borrowings | (2) | (51) | (53) |
| Other non-current liabilities | – | (2) | (2) |
| Deferred income tax liabilities | (19) | (20) | (39) |
| Trade and other payables | (23) | (35) | (58) |
| Total identifiable net assets | 136 | 74 | 210 |
| Less: Previous ownership interest | – | (5) | (5) |
| Net assets acquired | 136 | 69 | 205 |
| Goodwill | 171 | 135 | 306 |
| Total consideration in cash for the acquisitions | 307 | 204 | 511 |
| Cash consideration at the moment of obtaining control | 162 | 204 | 366 |
| Subsequent cash consideration | 145 | – | 145 |
| Total consideration in cash for the acquisitions | 307 | 204 | 511 |

OldTown realised revenue during 2018 since the acquisition date of in the range of €75 – 80 million at a net profit of approximately 11%. The other acquisitions contributed in 2018 approximately €20 million of Sales. The net profit was around break-even taking into account the realisation of inventory at the fair value assessed as part of the purchase price allocation.

### *Acquisitions during 2017*

During 2017, the Group acquired four businesses, of which the acquisition of the Singapore based Super Group was the most significant with a total purchase consideration of €948 million. This transaction provided the Group with entry into the fast growing South East Asia market. Super Group operates in the Consumer Packaged Goods and is headquartered in Singapore with operations in – amongst others – Malaysia, Singapore, Thailand, Myanmar, China and Vietnam. The Group obtained control over Super Group on 21 March 2017 and acquired all shares in the subsequent period through 2 June 2017 via a tender process followed by a statutory squeeze-out procedure. The Super Group acquisition was achieved in stages as per the tender process protocol and therefore accounted for as one transaction.

The other businesses acquired with a total purchase consideration of €220 million were:

- The Cia Cacique brands in Brazil, primarily known for its Café Pelé brand, operating in the Consumer Packaged Goods was acquired on 28 February 2017. Through the acquisition, the Group, among other things, strengthened its leadership position in São Paulo and Rio de Janeiro (Brazil);
- Cafax, a full-service provider operating in the Out-of-Home business in Denmark on 2 July 2017. Through the acquisition, the Group, among other things, enhanced its position in the Out-of-Home sales channel in Denmark; and
- Maison Lyovel, operating in the Out-of-Home business in France through primarily offering through vending machines, on 27 October 2017. This business was acquired to strengthen the Group’s Out-of-Home business in France.

Through these acquisitions, the Group obtained control and are therefore considered a business combination according to IFRS 3 *Business Combinations*. Consequently, purchase price allocations of all identifiable assets and (contingent) liabilities acquired were performed. The purchase price allocations for Super Group and Cia Cacique were finalised in the financial year 2017, whereas for Cafax and Maison Lyovel these were provisional and were finalised in 2018, within the timeframe of 12 months after the acquisition as allowed by IFRS 3, without any material changes.

The factors that contributed to the recognition of Goodwill include the acquisition of an assembled workforce, expected cost savings and initiatives that are expected to bring greater efficiency and standardisation. In addition, goodwill arises from the recognition of deferred tax liabilities in relation to the fair value increases of acquired net assets primarily representing identified intangible assets and property, plant and equipment for which the amortisation and depreciation does not qualify as a tax-deductible expense.

The following table summarises the considerations paid, the provisional fair value of assets and (contingent) liabilities acquired and the non-controlling interest at the acquisition date (in millions of €):

| | Super Group | Others | Total |
|---|---|---|---|
| Property, plant and equipment | 222 | 37 | 259 |
| Identified intangible assets | 120 | 118 | 238 |
| Investments in associates | 7 | – | 7 |
| Deferred tax assets | – | 3 | 3 |
| Other non-current assets | – | 2 | 2 |
| Inventories | 86 | 15 | 101 |
| Trade and other receivables | 66 | 14 | 80 |
| Non-current assets held-for-sale | 9 | – | 9 |
| Cash and cash equivalents | 111 | 5 | 116 |
| Borrowings | (19) | (60) | (79) |
| Deferred income tax liabilities | (38) | (20) | (58) |
| Trade and other payables | (58) | (23) | (81) |
| Income taxes payable | (17) | (1) | (18) |
| Total identifiable net assets | 489 | 90 | 579 |
| Goodwill | 459 | 130 | 589 |
| Total consideration in cash for the acquisitions | 948 | 220 | 1,168 |
| Cash consideration at the moment of obtaining control | 532 | 220 | 752 |
| Subsequent cash consideration | 416 | – | 416 |
| Total consideration in cash for the acquisitions | 948 | 220 | 1,168 |

Super Group realised revenue during 2017 since the acquisition date of in the range of €250 – 260 million at a net profit of approx. 10%. The other acquisitions contributed in 2017 to revenue in the range of €70 – 75 million and the net profit could not be reliably determined as these businesses were largely integrated with existing businesses.

### *Acquisition related costs*

Acquisition related costs include advisory, legal, accounting, valuation, general and administrative, and other professional or consulting fees incurred as a result of the Group's business combinations. In 2017, 2018 and 2019 acquisition related costs were less than 1.5% of the total purchase consideration.

### *Revenue and profit or loss of the combined entity*

The Group has not disclosed the revenue and profit or loss of the combined entity as if each acquired business were included in the Group's results for an entire year (in the year of acquisition) as doing so is impracticable. As management typically integrates acquired businesses into the general ledger of existing businesses soon after the acquisition, separate revenue and profit/loss results are not always separately distinguishable in the accounting records for the post-acquisition period.

# 6. Segment information

For the periods presented in these Combined and Consolidated Special Purpose Financial Statements, the Group did not exist as a separate Group and as a result, there was no group management and chief operating decision maker ("CODM"). As the CEO is directly responsible and has the ultimate authority to make decisions and allocate resources and he has been identified as the CODM going forward. The CEO will have access to a monthly Reporting Package ("CODM package") with discrete financial information on each of the segments.

For the purposes of these Combined and Consolidated Special Purpose Financial Statements segmentation is therefore based on how the future CODM will review the performance of the business and allocate resources.

The operating segments are CPG Europe, CPG LARMEA, CPG APAC, Out-of-Home 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 the Group. The Group's segments share a similar production process, but each segment sells different products to vastly different types of customers in different regions of the world. Therefore, none of the operating segments are aggregated.

CPG Europe, LARMEA and APAC: Within these 3 CPG segments, the Group's principal products are roast and ground multi-serve coffee, roast and ground single-serve coffee pads and capsules, instant coffee and tea. The Group sells its products predominantly through traditional and modern retail trade, like supermarkets and hypermarkets. CPG Europe includes the business activities in Europe, excluding Eastern Europe. CPG LARMEA includes the business activities in Latin America, Russia, Middle East, Eastern Europe and Africa and CPG APAC includes the business activities in the Asia-Pacific region.

Out-of-Home: The Out-of-Home operating segment offers a full range of hot beverage products including liquid roast products and related coffee machines and services. The products are sold either directly to businesses, hotels, hospitals and restaurants or to foodservice distributors for distribution to the customer. The Out-of-Home segment excludes the Out-of-Home portion related to Peet's.

Peet's: The Peet's operating segment offers sales of whole bean coffee, beverages, tea and related products through grocery stores, wholesale, ecommerce, retail, out-of-home and company operated and licensed stores primarily to customers in the United States.

Unallocated is not a separate segment as it does not engage in business activities. The Group presents "Unallocated" as a reconciling item to reconcile to the total business results, as demonstrated in the tables below. Unallocated comprises head-office costs for both JDE and Peet's (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 Non Allocated.

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.

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

Adjusted EBIT

The CODM will review segment profitability based on Adjusted EBIT. The Group defines Adjusted EBIT as profit for the period, adding back finance income, finance expense, share of net profit of associates and income tax expense, adjusted for the following factors:

1. ERP system implementation expenses, which represent costs to implement and upgrade to a new ERP system, including order, billing, payroll and financial systems. Overhead costs incurred in the normal course of business are not allocated to ERP implementation projects; rather, only incremental costs incurred in direct connection with the implementation of the ERP project are added back in calculating Adjusted EBIT.

2. Transformation activities and corporate actions include costs from restructuring and organisational redesign projects, results from corporate actions and costs from strategic initiatives:
    i. Restructuring and organisational redesign costs arise from strategic projects that are related to business optimisation or cost-saving initiatives. These strategic projects include the closure of factories or significant changes to the manufacturing footprint or restructuring of retail overhead. Due to the fact that most restructuring projects or organisational redesign activities span multiple years, management does not consider or describe these costs as "non-recurring" in nature. However, the specific projects or overarching initiatives themselves are important events to understand the operating performance of the Group. The Group therefore adds back these costs in calculating Adjusted EBIT.
    ii. Results from corporate actions arise from activities that are not considered by the Group to be part of daily business operations. Such results include items such as fees incurred in relation to refinancing activities, executive's severance, pension curtailments and amendments and other items such as changes to the deferred revenue for the customer loyalty programs that the Group does not consider as part of the normal operating costs of its business, or the release of an indirect sales tax provision in Brazil. Such actions generally result from market forces that are difficult to predict and are not entirely within the control of the Group. The Group therefore adds back these costs or removes the gains 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 the Group as part of the normal operating costs of its business. Such costs relate to Peet's refrigerated ready-to-drink coffee beverages, which was discontinued and replaced with several shelf-stable ready-to-drink coffee beverages. The Group therefore adds back these costs in calculating Adjusted EBIT.
3. Share-based payment expense, which is an operating expense the Group 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. The Group therefore adds back these costs in calculating Adjusted EBIT.
4. Mark-to-market results consist of economic hedges of certain future risks related to the cost of goods sold. Mark-to-market adjustments include adjustments for unrealised and realised gains/losses on commodity futures. Unrealised mark-to-market adjustments relate to results on green coffee futures for which the Group 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. The Group believes that such results create volatility in the current period trends, because mark-to-market amounts vary from period to period and are affected by market forces that are difficult to predict and not within the control of management.
5. Merger & Acquisitions/business combination results include: a) acquisition-related costs including legal, due diligence, professional consulting, and other costs incurred as a result of its acquisitions process; b) amortisation related to intangible assets recognised or re-measured as part of purchase price allocations; c) costs associated with the integration of acquired businesses, such as directly attributable integration-related labour costs, legal fees and consulting fees; d) derecognition of the step-up in fair value of inventories resulting from purchase price allocations; and e) fair value changes in contingent consideration obligations. The Group does not consider these costs as part of the normal operating costs of its business. The Group therefore adds back these costs 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 combined and consolidated income statement (in millions of €):

| Revenue | 2019 | 2018 | 2017 |
|---|---|---|---|
| CPG Europe | 3,269 | 3,197 | 3,191 |
| CPG LARMEA | 1,111 | 1,034 | 1,124 |
| CPG APAC | 684 | 702 | 547 |
| Out-of-Home | 977 | 929 | 877 |
| Unallocated | 26 | 31 | 40 |
| Peet's | 878 | 771 | 751 |
| Total | 6,945 | 6,664 | 6,530 |

Reconciliation of Adjusted EBIT to most directly comparable GAAP measure (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| CPG Europe | 954 | 901 | 840 |
| CPG LARMEA | 207 | 182 | 185 |
| CPG APAC | 116 | 136 | 92 |
| Out-of-Home | 179 | 176 | 167 |
| Peet's | 78 | 76 | 83 |
| Unallocated | (279) | (300) | (302) |
| Adjusted EBIT | 1,255 | 1,171 | 1,065 |
| ERP system implementation | (40) | (63) | (99) |
| Transformation activities and corporate actions | (57) | (81) | (64) |
| Share-based payment expense | (27) | (31) | (32) |
| Mark-to-market results | 34 | 16 | (22) |
| M&A/ deal costs | (122) | (103) | (141) |
| Operating profit | 1,043 | 909 | 707 |
| Finance income | 101 | 84 | 43 |
| Finance expense | (302) | (278) | (238) |
| Share of net loss of associates | (1) | – | (1) |
| Profit before income taxes | 841 | 715 | 511 |

*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):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| United States | 13% | 12% | 12% |
| Germany | 12% | 12% | 12% |
| France | 12% | 12% | 11% |
| Netherlands | 10% | 11% | 12% |
| Rest of World | 53% | 53% | 53% |
| Total Revenue | 100% | 100% | 100% |

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

# 7. Revenue

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Coffee | 81% | 83% | 84% |
| Tea | 3% | 3% | 3% |
| Other food and beverage | 13% | 12% | 11% |
| Services | 3% | 2% | 2% |
| Total Revenue | 100% | 100% | 100% |

# 8. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to the Equity shareholders of the Company by the 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 weighted average number of common shares outstanding during the year adjusted for the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares. At the level of the Company, there are no 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:

| | 31 Dec 2019 |
|---|---|
| Earnings (in millions of €): | |
| Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company | 424 |
| *Effect of dilutive potential ordinary shares on the earnings* | |
| Effect of Share-based payment plans held at the subsidiary level | (2) |
| Earnings for the purposes of diluted earnings per share | 422 |
| Number of shares | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 1,000 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 1,000 |
| Basic EPS (in €) | 423,657 |
| Diluted EPS (in €) | 421,272 |

# 9. Expenses by nature

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

| | Note | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Cost of product[1] | | 3,230 | 3,122 | 3,271 |
| Employee benefits expense[2] | | 1,228 | 1,150 | 1,031 |
| Advertising and promotion | | 446 | 448 | 414 |
| Depreciation, amortisation and impairment | 11, 12 | 419 | 339 | 357 |
| Distribution expense | | 178 | 187 | 161 |
| Repairs, maintenance and utilities | | 96 | 176 | 168 |
| Selling expenses | | 59 | 61 | 48 |
| Rental and lease costs | | 24 | 86 | 81 |
| Restructuring and restructuring related expenses | | 22 | 15 | 37 |
| Other[3] | | 200 | 171 | 255 |
| Total | | 5,902 | 5,755 | 5,823 |

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

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

3) Other expenses in the table above include costs for integration and various other operating expenses.

### *Employees benefit expense*

In millions of €:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Wages and salaries | 1,004 | 943 | 818 |
| Social security charges | 142 | 132 | 125 |
| Pension costs | 56 | 53 | 56 |
| Share-based payments | 26 | 22 | 32 |
| Total | 1,228 | 1,150 | 1,031 |

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| The Netherlands | 2,394 | 2,235 | 2,444 |
| Outside the Netherlands | 18,861 | 17,814 | 14,469 |
| Total | 21,255 | 20,049 | 16,913 |

# 10. Finance income and expense

Finance income consists of the following (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Interest income | 97 | 79 | 43 |
| Pension finance expense: | | | |
| Interest income on plan assets | 49 | 52 | 68 |
| Interest expense on defined benefit obligation | (45) | (47) | (68) |
| Total pension finance (expense)/income | 4 | 5 | – |
| Finance income | 101 | 84 | 43 |

Finance expense consists of the following (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Interest on credit agreement | (125) | (155) | (151) |
| Amortisation debt issuance costs | (4) | (20) | (20) |
| Commitment fees revolving credit facility | (3) | (4) | (4) |
| Interest on interest rate swaps | (21) | (33) | (38) |
| Interest on bank overdrafts | (49) | (32) | (18) |
| Interest on borrowings from related parties | (17) | (43) | (16) |
| Interest on lease liability | (12) | – | – |
| Other | (4) | (2) | (5) |
| Total interest expense | (235) | (289) | (252) |
| Foreign exchange gain / (loss) | (85) | (91) | 198 |
| Change in fair value of derivative financial instruments | 39 | 99 | (184) |
| Fair value changes financial liabilities | (21) | 3 | – |
| Finance expense | (302) | (278) | (238) |

# 11. Goodwill and other intangible assets

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

| | Goodwill | Trademarks and brands | Computer Software | Technologies | Other | Total |
|---|---|---|---|---|---|---|
| Opening balance as of 1 January 2017 | 11,553 | 4,444 | 47 | 218 | 267 | 16,529 |
| Acquisitions in business combinations | 589 | 177 | – | – | 61 | 827 |
| Capital expenditures | – | 2 | 24 | – | – | 26 |
| Other | – | – | (3) | – | (1) | (4) |
| Foreign currency translation | (250) | (58) | (2) | – | (17) | (327) |
| Amortisation expense | – | (63) | (16) | (22) | (35) | (136) |
| Balance as of 31 December 2017 | 11,892 | 4,502 | 50 | 196 | 275 | 16,915 |
| Cost | 11,892 | 4,746 | 99 | 275 | 446 | 17,458 |
| Accumulated amortisation | – | (244) | (49) | (79) | (171) | (543) |
| Balance as of 31 December 2017 | 11,892 | 4,502 | 50 | 196 | 275 | 16,915 |
| Acquisitions in business combinations | 306 | 159 | – | – | 11 | 476 |
| Capital expenditures | – | – | 28 | – | – | 28 |
| Other | 2 | 6 | – | – | (10) | (2) |
| Foreign currency translation | (18) | 13 | (1) | – | 4 | (2) |
| Amortisation expense | – | (51) | (18) | (22) | (38) | (129) |
| Balance as of 31 December 2018 | 12,182 | 4,629 | 59 | 174 | 242 | 17,286 |
| Cost | 12,182 | 4,924 | 129 | 275 | 449 | 17,959 |
| Accumulated amortisation | – | (295) | (70) | (101) | (207) | (673) |
| Balance as of 31 December 2018 | 12,182 | 4,629 | 59 | 174 | 242 | 17,286 |
| Acquisitions in business combinations | 18 | 1 | – | – | 5 | 24 |
| Finalisation purchase price allocation | 1 | (33) | – | – | 26 | (6) |
| Capital expenditures | – | – | 40 | – | – | 40 |
| Other | 2 | 1 | (6) | – | (3) | (6) |
| Foreign currency translation | 82 | 6 | 1 | – | 2 | 91 |
| Amortisation expense | – | (53) | (26) | (22) | (42) | (143) |
| Balance as of 31 December 2019 | 12,285 | 4,551 | 68 | 152 | 230 | 17,286 |
| Cost | 12,285 | 4,900 | 164 | 275 | 477 | 18,101 |
| Accumulated amortisation | – | (349) | (96) | (123) | (247) | (815) |
| Balance as of 31 December 2019 | 12,285 | 4,551 | 68 | 152 | 230 | 17,286 |

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 the Group. The majority of the trademarks, brands, customer relations and proprietary technology were recognised following the acquisition of D.E MASTER BLENDERS 1753 in 2013 and the coffee businesses of Mondelēz in 2015. Software relates to externally acquired software and includes costs to implement.

Amortisation expense is included in the income statement as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Cost of sales | (1) | (1) | (1) |
| Selling, general and administrative expenses | (142) | (128) | (135) |
| Total | (143) | (129) | (136) |

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

| Brand | 2019 | 2018 | 2017 |
|---|---|---|---|
| Jacobs | 1,233 | 1,233 | 1,233 |
| Douwe Egberts | 668 | 668 | 668 |
| Kenco | 412 | 412 | 412 |
| Moccona | 214 | 214 | 214 |
| Peet’s | 190 | 185 | 177 |
| Pickwick | 175 | 175 | 175 |
| Gevalia | 134 | 134 | 134 |
| Maxwell House | 118 | 118 | 118 |
| Friele | 48 | 48 | 48 |
| Pilão | 16 | 16 | 18 |
| Other Brands | 47 | 49 | 42 |
| Total | 3,255 | 3,252 | 3,239 |

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

| Segment | 2019 | 2018 | 2017 |
|---|---|---|---|
| CPG Europe | 69% | 69% | 69% |
| CPG LARMEA | 10% | 10% | 10% |
| CPG APAC | 7% | 7% | 7% |
| Out-of-Home | 7% | 7% | 7% |
| Peet’s | 7% | 7% | 7% |
| Total | 100% | 100% | 100% |

The Group 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 the Group. Trademarks and brands of the Group have either remaining lives of 15 or 30 years, except for the Carte Noire brand which was assessed at 2.5 years and fully amortised as of 31 December 2017.

Goodwill was determined as the difference between the purchase considerations and the fair values of the assets acquired and the (contingent) liabilities assumed. During 2017 and 2018, goodwill was allocated to the operating segments, being CPG Europe, CPG EEMEA, CPG LAAPAC, Out-of-Home and Peet’s. Following the transfer of the businesses in North and Latin America from CPG LAAPAC to CPG EEMEA (in line with how the Group is managed), becoming CPG APAC and CPG LARMEA, effective 1 January 2019, goodwill is tested for 2019 at these segments. As a consequence of the transfer of the North and Latin America businesses, an amount of €421 million was transferred to CPG LARMEA, whereby the share of the net book value of Goodwill in CPG LAAPAC was determined based on the relative fair value of these businesses within CPG LAAPAC at the moment of the transfer. Goodwill is monitored by management at the operating segment level.

The following is a summary of goodwill allocation for each operating segment as per 31 December (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| CPG Europe | 7,555 | 7,490 | 7,550 |
| CPG LARMEA | 765 | – | – |
| CPG EEMEA | – | 384 | 303 |
| CPG APAC | 1,068 | – | – |
| CPG LAAPAC | – | 1,533 | 1,303 |
| Out-of-Home | 2,160 | 2,058 | 2,064 |
| Peet's | 737 | 717 | 672 |
| Total | 12,285 | 12,182 | 11,892 |

As of the impairment testing date at 30 September 2019, the recoverable amount was determined based on the VIU. For JDE (including segments CPG Europe, CPG LARMEA, CPG EEMEA, CPG APAC, CPG LAAPAC, Out-of-Home) the calculations used pre-tax cash flow projections based on financial budgets approved by management covering the years through 31 December 2023. For Peet's segment the calculations used pre-tax cash flow projections based on financial budgets approved by management covering through 31 December 2026.

### *Terminal growth rates*

The long-term annual inflation rate of the country is taken into account when calculating the terminal growth rate and the inflation rate is adjusted to take into account circumstances specific to the asset or cash generating unit. 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 specific to the asset or cash-generating unit circumstances.

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):

| | 2019 | | | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Pre-tax discount rate | Terminal growth rate | EBITDA margin growth | Pre-tax discount rate | Terminal growth rate | EBITDA margin growth | Pre-tax discount rate | Terminal growth rate | EBITDA margin growth |
| CPG Europe | 8.0%-13.1% | 1.5% | 0.2% | 8.4%-13.2% | 1.5% | 0.1% | 7.8%-14.3% | 1.6% | 0.2% |
| CPG LARMEA | 9.5%-17.8% | 3.1% | 0.0% | – | – | – | – | – | – |
| CPG EEMEA | – | – | – | 9.1%-20.0% | 3.2% | 0.6% | 7.5%-17.5% | 3.1% | 0.5% |
| CPG APAC | 9.9%-11.5% | 1.8% | 0.2% | – | – | – | – | – | – |
| CPG LAAPAC | – | – | – | 10.7%-15.2% | 2.1% | 0.6% | 9.5%-16.4% | 2.4% | 0.5% |
| Out-of-Home | 8.2%-9.8% | 1.4% | 0.7% | 8.6%-10.4% | 1.5% | 1.0% | 7.9%-10.7% | 1.6% | 1.8% |
| Peet's | 7.8% | 2.3% | 8.3% | 8.7% | 2.0% | 13.1% | 8.6% | 3.0% | 12.5% |

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 1.9% (2018: 1.8%; 2017: 1.9%) for JDE and 2.3% (2018: 2.0%; 2017: 3.0%) for Peet's.

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 CGUs to be less than the carrying value.

## 12. Property, plant and equipment

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

| | Land and Buildings | Machinery and Equipment | Asset under Con-struction | Right-of-use Real Estate | Right-of-use Vehicles | Right-of-use Other | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Opening balance as of 1 January 2017 | 370 | 739 | 99 | – | – | – | 14 | 1,222 |
| Acquisitions in business combinations | 145 | 102 | – | – | – | – | 12 | 259 |
| Capital expenditures | 6 | 62 | 140 | – | – | – | 2 | 210 |
| Disposals/other | (20) | (10) | – | – | – | – | (1) | (31) |
| Foreign currency translation | (31) | (23) | (5) | – | – | – | (1) | (60) |
| Depreciation expense | (35) | (182) | – | – | – | – | (4) | (221) |
| Transfers | 18 | 61 | (79) | – | – | – | – | – |
| Balance as of 31 December 2017 | 453 | 749 | 155 | – | – | – | 22 | 1,379 |
| Cost | 607 | 1,472 | 155 | – | – | – | 47 | 2,281 |
| Accumulated depreciation | (154) | (723) | – | – | – | – | (25) | (902) |
| Balance as of 31 December 2017 | 453 | 749 | 155 | – | – | – | 22 | 1,379 |
| Acquisitions in business combinations | 24 | 26 | 1 | – | – | – | 3 | 54 |
| Capital expenditures | 18 | 90 | 144 | – | – | – | 2 | 254 |
| Disposals/other | (10) | (8) | (1) | – | – | – | – | (19) |
| Foreign currency translation | (1) | (9) | (3) | – | – | – | 1 | (12) |
| Depreciation expense | (32) | (171) | – | – | – | – | (7) | (210) |
| Transfers | 27 | 103 | (132) | – | – | – | 2 | – |
| Balance as of 31 December 2018 | 479 | 780 | 164 | – | – | – | 23 | 1,446 |
| Cost | 671 | 1,688 | 164 | – | – | – | 60 | 2,583 |
| Accumulated depreciation | (192) | (908) | – | – | – | – | (37) | (1,137) |
| Balance as of 31 December 2018 | 479 | 780 | 164 | – | – | – | 23 | 1,446 |
| Acquisitions in business combinations | – | 2 | – | – | – | – | – | 2 |
| Recognition right-of-use asset | – | – | – | 254 | 46 | 8 | – | 308 |
| Capital expenditures | 24 | 104 | 111 | – | – | – | 2 | 241 |
| Disposals/other | (5) | (10) | (8) | – | (4) | – | (1) | (28) |
| Foreign currency translation | 8 | 18 | 3 | 1 | – | 1 | 13 | 44 |
| Depreciation expense | (39) | (156) | – | (53) | (20) | (3) | (5) | (276) |
| Transfers | 24 | 88 | (113) | (1) | 12 | – | (10) | – |
| Balance as of 31 December 2019 | 491 | 826 | 157 | 201 | 34 | 6 | 22 | 1,737 |
| Cost | 724 | 1,899 | 157 | 254 | 56 | 9 | 63 | 3,162 |
| Accumulated depreciation | (233) | (1,073) | – | (53) | (22) | (3) | (41) | (1,425) |
| Balance as of 31 December 2019 | 491 | 826 | 157 | 201 | 34 | 6 | 22 | 1,737 |

Assets under Construction primarily relate to production lines and buildings. Capital expenditures might differ from the cash flow statement due to the timing of payments. The adoption of IFRS 16 on 1 January 2019 resulted in an initial recognition of right of use assets of €276 million for the Group.

Depreciation expense included in the income statement for the period is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Cost of sales | (179) | (161) | (174) |
| Selling, general and administrative expenses | (97) | (49) | (47) |
| Total | (276) | (210) | (221) |

# 13. Other non-current assets

The composition of other non-current assets is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Lease receivables | 24 | 23 | 21 |
| Supply contracts | 25 | 34 | 42 |
| Advance to related party | 13 | 25 | 17 |
| Other non-current assets | 44 | 56 | 61 |
| Total | 106 | 138 | 141 |

The supply contracts relate to prepayments on 2 contracts, which are amortised over 5 and 10 years, respectively, as of August 2016.

# 14. Financial risks

### *Financial Risk Factors*

The Group's activities are exposed to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, and interest rate risk), credit risk and liquidity risk. All of these risks arise in the normal course of business. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To mitigate the risk from interest rate, foreign currency exchange rate and commodity price fluctuations, the Group uses various derivative financial instruments that are in accordance with Group's policies and procedures. The Group designated part of the interest rate derivatives and part of the cross-currency swaps as hedging instruments and applies hedge accounting. 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. All other derivatives are accounted for at fair value through the profit and loss. The Group does not enter into financial instruments for trading purposes and is not a party to any leveraged derivatives.

### *Capital management*

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. There were no major changes made in the objectives, policies or processes for managing capital during the years ended 31 December 2019, 2018 and 2017.

The Group reviews the capital structure on a regular basis. The capital structure of the Group consists of net debt, which includes the interest-bearing loans and borrowings disclosed in Note 20, net of cash and cash equivalents and equity attributable to the shareholders of the Group, comprising issued share capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group 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.

## Market risk

### *Commodity price risk*

Commodity price risk arises primarily from transactions on the world commodity markets. The Group's objective is to minimise the impact of commodity price fluctuations. This exposure is hedged based on the Group's policies. The commodity risk is mainly managed at regional locations, being the US, the Netherlands, Brazil, Vietnam and Indonesia. The commodity price risk exposure of anticipated future purchases is managed primarily using futures and forward contracts, which are eventually rolled-over in to physical contracts. Through these derivatives, the Group is able to fix a portion of its price for anticipated future deliveries of green coffee beans for a specified period of time. As a result of the short product business cycle of the Group, the majority of the anticipated future raw material transactions outstanding at the statement of financial position date are expected to occur in the next year.

The Group only enters into futures contracts that are traded on established, well-recognised exchanges, name ICE and LIFFE that offer high liquidity, transparent pricing, daily cash settlement and collateralisation through margin requirements.

### *Foreign exchange risk*

The Group 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.

The Group mainly uses forward exchange contracts to reduce the effect of fluctuating foreign currencies on short-term 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 cash requirement date of the associated transaction, generally within 12 months. The Group has designated some of its foreign exchange derivatives as hedging instruments for accounting purposes and applies cash-flow hedge accounting on those hedges. The fair value of these hedging instruments is recognised on the Statement of Financial Position and the effective portion of fair value changes is recognised in the cash flow hedge reserve in the Combined and Consolidated Statement of Comprehensive Income. The change in fair value on the other foreign exchange derivatives is recognised directly in the Combined and Consolidated Income Statement.

### *Interest rate risk*

Interest rate risk comprises of the cash flow risk on expected future interest payments that result from borrowings at floating rates.

The Group has US Dollar denominated debt outstanding (amongst others), which means that besides interest rate risk there is also foreign currency risk embedded in its borrowings. To manage interest rate risk, the Group has entered into interest rate swaps that effectively convert the majority of the floating rate debt instruments into fixed rate debt instruments. In order to manage the interest rate risk and the foreign currency risk associated to the US Dollar debt, the Group entered into cross-currency swaps that convert the US Dollar denominated floating rate debt into Euro fixed debt. The interest rate swap and cross currency interest rate swap agreements that are hedging the cash flows of floating rate debt agreements are designated and accounted for as cash flow hedges applying hedge accounting, where possible.

### *Risk management*

The Group maintains risk management control systems to monitor the foreign exchange, interest rate and commodity price risk and the Group's offsetting hedge positions. The Group periodically completes sensitivity analyses to evaluate the effect of any changes in interest rate, commodity prices and foreign currencies and the associated risk derivatives.

*Commodities*

As of 31 December 2019, a sensitivity analysis shows that if underlying commodity prices change by 10%, the fair value of the Group's commodity derivative instruments would have changed as follows.

| | Change in year-end price *In percentages* | Effect on profit before tax *In millions of €* | Effect on equity *In millions of €* |
|---|---|---|---|
| Coffee beans – 2019 | +/-10% | +/- 19 million | – |
| Coffee beans – 2018 | +/-10% | +/- 20 million | – |
| Coffee beans – 2017 | +/-10% | +/- 14 million | – |

*Interest rates*

The Group has substantial exposure to interest rate movements due to the amount of outstanding borrowings during the period presented. A portion of the outstanding borrowings are at floating rates. The Group has partly converted this floating rate into fixed and floating rate debt through the use of derivative instruments (interest rate swaps and cross currency swaps).

A sensitivity analysis shows that if the swap interest rate curve changes by 10 basis points, the fair value of the interest rate derivatives would have changed by the following (in millions of €):

| | Fair value derivatives | | Profit or Loss | | Equity, net of tax | |
|---|---|---|---|---|---|---|
| | 10 basis points increase | 10 basis points decrease | 10 basis points increase | 10 basis points decrease | 10 basis points increase | 10 basis points decrease |
| **31 December 2019** | | | | | | |
| **Interest rate derivatives** | 16 | (16) | 1 | (1) | 11 | (11) |
| **31 December 2018** | | | | | | |
| **Interest rate derivatives** | 16 | (16) | 2 | (2) | 15 | (15) |
| **31 December 2017** | | | | | | |
| **Interest rate derivatives** | 10 | (10) | 4 | (4) | 6 | (6) |

*Foreign currency*

The Group has foreign transaction exposures. The Group manages this risk through the use of derivative financial instruments. As at 31 December 2019, a sensitivity analysis shows that if foreign exchange rates change by 10 basis points this would have affected the Groups' profit by the following (in millions of €):

| | Profit or Loss | | Equity, net of tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **31 December 2019** | | | | |
| USD (+/- 10 basis points) | 101 | (101) | 111 | (111) |
| **31 December 2018** | | | | |
| USD (+/- 10 basis points) | 118 | (118) | 82 | (82) |
| **31 December 2017** | | | | |
| USD (+/- 10 basis points) | 170 | (170) | 48 | (48) |

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.

### Credit risk

Credit risk arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial instruments such as cash, loans to related parties, derivative assets and trade receivables. The Group avoids the concentration of credit risk by managing its financial assets across several institutions and sectors.

In relation to financial instruments, the Group enters into agreements with counterparties that meet stringent credit standards (at minimum investment grade), limiting the amount of agreements or contracts it enters into with any one party and, where legally available, executing 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 a counterparty is closely monitored and maintained at an absolute minimum. While the Group 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 the Group's derivative instruments, with the exception of exchange traded coffee futures, are governed by International Swaps and Derivatives Association master agreements. The Group's trade receivables are subject to credit limits, controls and approval procedures. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables. Nevertheless, commercial counterparties are constantly monitored. The Group has a significant loan to one related party as disclosed in Note 28, and does not expect any losses from non-performance from this loan. 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 Group's financial assets.

### *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 the Group's operating cash flows, which includes the payable extension program and structured payables, could impact short-term liquidity.

The following disclosure details the Group'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 the Group can be required to pay. The disclosures include both interest and principal cash flows.

To the extent that interest rates are at floating rates, the undiscounted amount is based on the (forward) interest rates at the end of 31 December 2019, 31 December 2018 and 31 December 2017, respectively.

31 December 2019 (in millions of €):

| | Note | Less than 1 year | Between 1 and 5 years | Over 5 years | Contractual cash flows | Carrying Amount |
|---|---|---|---|---|---|---|
| *Financial assets and (liabilities)* | | | | | | |
| Borrowings: | | | | | | |
| Credit agreement/ facility and related party loans | 20 | 140 | 6,330 | 1,030 | 7,500 | (7,029) |
| Other financing | 20 | 64 | 192 | 45 | 301 | (263) |
| Trade and other payables (excluding deferred revenue) | 25 | 2,962 | – | – | 2,962 | (2,962) |
| Total | | 3,166 | 6,522 | 1,075 | 10,763 | (10,254) |
| *Derivative financial assets and (liabilities)* | | | | | | |
| Foreign currency derivatives | 15 | 16 | – | – | 16 | (10) |
| Commodity derivatives | 15 | – | – | – | – | 15 |
| Net interest rate derivatives | 15 | 25 | 57 | 2 | 84 | (105) |
| Other | 15 | – | – | – | – | (2) |
| Total | | 3,207 | 6,579 | 1,077 | 10,863 | (10,356) |

31 December 2018 (in millions of €):

| | Note | Less than 1 year | Between 1 and 5 years | Over 5 years | Contractual cash flows | Carrying Amount |
|---|---|---|---|---|---|---|
| *Financial assets and (liabilities)* | | | | | | |
| Borrowings: | | | | | | |
| Credit agreement/ facility and related party loans | 20 | 451 | 5,327 | 1,161 | 6,939 | (6,163) |
| Other financing | 20 | 19 | 16 | 1 | 36 | (24) |
| Trade and other payables (excluding deferred revenue) | 25 | 2,823 | – | – | 2,823 | (2,823) |
| Total | | 3,293 | 5,343 | 1,162 | 9,798 | (9,010) |
| *Derivative financial assets and (liabilities)* | | | | | | |
| Foreign currency derivatives | 15 | 8 | – | – | 8 | 21 |
| Commodity derivatives | 15 | 8 | – | – | 8 | (8) |
| Net interest rate derivatives | 15 | 6 | 36 | (7) | 35 | (77) |
| Other | 15 | – | – | – | – | 2 |
| Total | | 3,315 | 5,379 | 1,155 | 9,849 | (9,072) |

31 December 2017 (in millions of €):

| | Note | Less than 1 year | Between 1 and 5 years | Over 5 years | Contractual cash flows | Carrying Amount |
|---|---|---|---|---|---|---|
| *Financial assets and (liabilities)* | | | | | | |
| Borrowings: | | | | | | |
| Credit agreement/ facility and related party loans | 20 | 1,416 | 6,615 | – | 8,031 | (7,385) |
| Other financing | 20 | 161 | 18 | 3 | 182 | (42) |
| Trade and other payables (excluding deferred revenue) | 25 | 2,687 | – | – | 2,687 | (2,687) |
| Total | | 4,264 | 6,633 | 3 | 10,900 | (10,114) |
| *Derivative financial assets and (liabilities)* | | | | | | |
| Foreign currency derivatives | 15 | 17 | – | – | 17 | (13) |
| Commodity derivatives | 15 | 2 | – | – | 2 | 3 |
| Net interest rate derivatives | 15 | (5) | 73 | – | 68 | (84) |
| Other | 15 | – | – | – | – | 2 |
| Total | | 4,278 | 6,706 | 3 | 10,987 | (10,206) |

### *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, the Group classified its financial instruments into the three levels 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 derivatives are valued using Level 1 and Level 2 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 3 valuation methods, for details on this valuation see Note 22.

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 fair 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.

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. 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 presents the Group's assets and liabilities that are measured at fair value at 31 December 2019, 31 December 2018 and 31 December 2017, respectively.

31 December 2019 (in millions of €):

| | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Assets | | | | | |
| Derivatives: | | | | | |
| – Interest rate contracts | 15 | – | 5 | – | 5 |
| – Foreign exchange contracts | 15 | – | 5 | – | 5 |
| – Commodity contracts | 15 | 16 | – | – | 16 |
| – Other | | 1 | – | 1 | 2 |
| Total assets | | 17 | 10 | 1 | 28 |
| Liabilities | | | | | |
| Borrowings | 20 | – | 7,292 | – | 7,292 |
| Derivatives: | | | | | |
| – Interest rate contracts | 15 | – | 110 | – | 110 |
| – Foreign exchange contracts | 15 | – | 15 | – | 15 |
| – Commodity contracts | 15 | 1 | – | – | 1 |
| – Other | | 1 | – | 3 | 4 |
| Total liabilities | | 2 | 7,417 | 3 | 7,422 |

31 December 2018 (in millions of €):

| | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Assets | | | | | |
| Derivatives: | | | | | |
| – Interest rate contracts | 15 | – | 12 | – | 12 |
| – Foreign exchange contracts | 15 | – | 28 | – | 28 |
| – Commodity contracts | 15 | – | – | – | – |
| – Other | | 1 | – | 2 | 3 |
| Total assets | | 1 | 40 | 2 | 43 |
| Liabilities | | | | | |
| Borrowings | 20 | – | 6,187 | – | 6,187 |
| Share-based payment liability | | – | – | 47 | 47 |
| Derivatives: | | | | | |
| – Interest rate contracts | 15 | – | 89 | – | 89 |
| – Foreign exchange contracts | 15 | – | 7 | – | 7 |
| – Commodity contracts | 15 | 8 | – | – | 8 |
| – Other | | – | – | 1 | 1 |
| Total liabilities | | 8 | 6,283 | 48 | 6,339 |

31 December 2017 (in millions of €):

| | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| *Assets* | | | | | |
| Derivatives: | | | | | |
| – Interest rate contracts | 15 | – | 48 | – | 48 |
| – Foreign exchange contracts | 15 | – | 2 | – | 2 |
| – Commodity contracts | 15 | 3 | – | – | 3 |
| – Other | | 1 | – | 1 | 2 |
| Total assets | | 4 | 50 | 1 | 55 |
| Liabilities | | | | | |
| Borrowings | 20 | – | 7,427 | – | 7,427 |
| Share-based payment liability | | – | – | 43 | 43 |
| Derivatives: | | | | | |
| – Interest rate contracts | 15 | – | 132 | – | 132 |
| – Foreign exchange contracts | 15 | – | 15 | – | 15 |
| – Commodity contracts | 15 | – | – | – | – |
| – Other | | – | – | – | – |
| Total liabilities | | – | 7,574 | 43 | 7,617 |

There were no transfers between different levels during 2019, 2018 and 2017.

### *Offsetting financial assets and financial liabilities*

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within the agreed period after notice of such failure is given to the party; or bankruptcy.

Financial assets subject to offsetting (in millions of €):

| | Financial instruments | | Financial instruments | |
|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities |
| *As at 31 December 2019* | | | | |
| Gross amount recognised in financial instruments | 5 | 23 | 110 | 21 |
| Gross amount set off | – | – | 1 | – |
| Net Amount | 5 | 23 | 109 | 21 |
| Related amounts not set off in the statement of financial positions | | | | |
| Gross financial instruments | (99) | 2 | 99 | 2 |
| Cash collateral – not offset | – | 16 | – | – |
| Net financial instruments | (99) | 18 | 99 | 2 |

Financial assets subject to offsetting (in millions of €):

| | Financial instruments | | Financial instruments | |
|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities |
| *As at 31 December 2018* | | | | |
| Gross amount recognised in financial instruments | 3 | 40 | 86 | 19 |
| Gross amount set off | – | – | – | – |
| Net Amount | 3 | 40 | 86 | 19 |
| Related amounts not set off in the statement of financial positions | | | | |
| Gross financial instruments | (81) | 21 | 84 | (21) |
| Cash collateral – not offset | – | 20 | – | – |
| Net financial instruments | (81) | 41 | 84 | (21) |

Financial assets subject to offsetting (in millions of €):

| | Financial instruments | | Financial instruments | |
|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities |
| *As at 31 December 2017* | | | | |
| Gross amount recognised in financial instruments | 50 | 5 | 132 | 16 |
| Gross amount set off | – | – | 1 | – |
| Net Amount | 50 | 5 | 131 | 16 |
| Related amounts not set off in the statement of financial positions | | | | |
| Gross financial instruments | (82) | (11) | 82 | 11 |
| Cash collateral – not offset | – | 7 | – | – |
| Net financial instruments | (82) | (4) | 82 | 11 |

# 15. Derivative financial instruments

The Group uses derivative financial instruments, including forward exchange contracts, futures, interest rate swaps and cross currency swaps, to manage its exposures to foreign exchange, commodity prices and interest rate risks. The use of these derivative financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost to the Group. The Group does not use derivatives for trading or speculative purposes and is not a party to leveraged derivatives.

Information on the classification and fair values of derivatives in the balance sheet as of 31 December 2019 is as follows (in millions of €):

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Derivatives designated as hedging instruments: | | | | |
| Interest rate contracts | 2 | 3 | – | 101 |
| Foreign exchange contracts | 1 | – | 3 | – |
| Sub-Total | 3 | 3 | 3 | 101 |
| Derivatives not designated as hedging instruments: | | | | |
| Interest rate contracts | – | – | 4 | 5 |
| Foreign exchange contracts | 4 | – | 12 | – |
| Commodity contracts | 16 | – | 1 | – |
| Other | – | 2 | 1 | 3 |
| Sub-Total | 20 | 2 | 18 | 8 |
| Total | 23 | 5 | 21 | 109 |

| | Interest Rate Contracts | Foreign Exchange Contracts | Commodity Contracts | Total |
|---|---|---|---|---|
| Derivatives not designated as hedging instruments: | | | | |
| Amount of gain (loss) recognised in cost of sales | – | – | (19) | (19) |
| Amount of gain (loss) recognised in selling, general and administrative expenses | – | – | – | – |
| Amount of gain (loss) recognised in finance income/expense | (21) | 60 | – | 39 |

Information on the classification and fair values of derivatives in the balance sheet as of 31 December 2018 is as follows (in millions of €):

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Derivatives designated as hedging instruments: | | | | |
| Interest rate contracts | – | – | – | 77 |
| Foreign exchange contracts | 6 | – | 1 | – |
| Sub-Total | 6 | – | 1 | 77 |
| Derivatives not designated as hedging instruments: | | | | |
| Interest rate contracts | 12 | – | 5 | 7 |
| Foreign exchange contracts | 22 | – | 6 | – |
| Commodity contracts | – | – | 7 | 1 |
| Other | – | 3 | – | 1 |
| Sub-Total | 34 | 3 | 18 | 9 |
| Total | 40 | 3 | 19 | 86 |

| | Interest Rate Contracts | Foreign Exchange Contracts | Commodity Contracts | Total |
|---|---|---|---|---|
| Derivatives not designated as hedging instruments: | | | | |
| Amount of gain (loss) recognised in cost of sales | – | – | – | – |
| Amount of gain (loss) recognised in selling, general and administrative expenses | – | – | – | – |
| Amount of gain (loss) recognised in finance income/expense | 26 | 74 | (1) | 99 |

Information on the classification and fair values of derivatives in the balance sheet as of 31 December 2017 is as follows (in millions of €):

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Derivatives designated as hedging instruments: | | | | |
| Interest rate contracts | – | – | – | 104 |
| Foreign exchange contracts | – | – | 5 | – |
| Sub-Total | – | – | 5 | 104 |
| Derivatives not designated as hedging instruments: | | | | |
| Interest rate contracts | – | 48 | – | 28 |
| Foreign exchange contracts | 2 | – | 10 | – |
| Commodity contracts | 3 | – | 1 | (1) |
| Other | – | 2 | – | – |
| Sub-Total | 5 | 50 | 11 | 27 |
| Total | 5 | 50 | 16 | 131 |

| | Interest Rate Contracts | Foreign Exchange Contracts | Commodity Contracts | Total |
|---|---|---|---|---|
| Derivatives not designated as hedging instruments: | | | | |
| Amount of gain (loss) recognised in cost of sales | – | – | (33) | (33) |
| Amount of gain (loss) recognised in selling, general and administrative expenses | – | – | – | – |
| Amount of gain (loss) recognised in finance income/expense | (68) | (115) | (1) | (184) |

The interest rate swaps and cross currency swaps are hedging the interest rates and foreign currency exposure of the Group's borrowings. The notional amount of these swaps outstanding is €4.0 million (2018: €4.2 billion; 2017: €3.8 billion) and US$ 0.7 billion (2018: US$ 0.4 billion; 2017: US$ 0.9 billion), respectively. For the designated interest rate and cross currency swaps a gain, net of tax, of €0.3 million was recognised in OCI during 2019 (2018: €7 million loss, net of tax; 2017: €8 million gain, net of tax) and an amount of €17 million was recognised in the income statement for the ineffective part 2019 (2018 €4 million; 2017: €0 million).

# 16. Inventories

The composition of inventories is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Raw materials (including packaging) | 338 | 314 | 341 |
| Work in progress | 69 | 54 | 62 |
| Finished goods (including Out-of-Home machines) | 322 | 347 | 324 |
| | 729 | 715 | 727 |
| Provision for write downs | (19) | (18) | (17) |
| Total | 710 | 697 | 710 |

# 17. Trade and other receivables

The composition of trade and other receivables is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Trade receivables | 585 | 590 | 579 |
| Provision for impairment of trade receivables | (15) | (17) | (14) |
| Trade receivables—net | 570 | 573 | 565 |
| Prepaid non-income taxes | 65 | 74 | 79 |
| Prepaid assets | 54 | 56 | 44 |
| Lease receivable | 13 | 10 | 11 |
| Deposits | 6 | 7 | 5 |
| Advance to related party | 1 | 14 | 11 |
| Other | 52 | 44 | 50 |
| Total | 761 | 778 | 765 |

The charge to and release of the provision for impaired receivables are included in selling, general and administrative expenses in the income statement. During 2019 an amount of €7 million (2018: €7 million; 2017: €3 million) was charged to the income statement. Amounts charged to the provision are generally written-off when there is no expectation of recovering.

As of 31 December 2019, an amount of €106 million (2018: €80 million; 2017: €66 million) was past due. As of 31 December 2019, trade receivables not past due were fully performing. Information about the impairment of trade receivables and the Group's exposure to credit risk, market risk and liquidity risk can be found in Note 14 Financial Risks.

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

# 18. Cash and cash equivalents

The composition of cash and cash equivalents is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Cash in bank and on hand | 502 | 603 | 655 |
| Cash equivalents | 309 | 159 | 181 |
| Total | 811 | 762 | 836 |

As of 31 December 2019, an amount of €16 million was not at the free disposal of the Group (2018: €21 million; 2017: €325 million). Cash equivalents mainly consist of deposits and short-term investments that mature with original maturities of three months or less. Given the nature of these deposits and short-term investments and maturity date, management determined that this is available in the short term.

# 19. Shareholders' Equity

### *Share capital*

The number of outstanding shares and nominal value for the years ended 31 December 2019 and 2018 can be summarised as follows (nominal value is stated in €):

| | Number of issued shares as of 31 December 2018 | Number of issued shares as of 31 December 2019 | Nominal value per share | Nominal value at 31 December 2018 | Nominal value at 31 December 2019 |
|---|---|---|---|---|---|
| Ordinary shares | 1,000 | 1,000 | 1 | 1,000 | 1,000 |
| Total | 1,000 | 1,000 | | 1,000 | 1,000 |

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 by Dutch law.

### *Non-controlling interest*

The Group consolidates JDE, with a 26.87% non-controlling interest (2018: 26.89%, 2017: 26.93%) and Peet's with a 9.0% non-controlling interest, whereas the non-controlling interest for 2018 and 2017 was not material. All other combined and consolidated subsidiaries are fully owned or the non-controlling interests are not material.

Summarised financial information for JDE, after fair value adjustments on acquisition, and the amounts attributable to non-controlling interests are as follows: (in millions of €)

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| *Income statement* | | | |
| Revenue | 6,072 | 5,895 | 5,779 |
| Profit for the year | 672 | 727 | 431 |
| Other comprehensive (loss)/income | (115) | (31) | 132 |
| Total comprehensive (loss)/income | 693 | 631 | 276 |
| Attributable to non-controlling interests | 186 | 170 | 74 |
| *Balance sheet* | | | |
| Non-current assets | 18,145 | 18,357 | 18,168 |
| Current assets | 2,061 | 1,992 | 2,171 |
| Non-current liabilities | (6,578) | (7,236) | (7,776) |
| Current liabilities | (2,952) | (2,875) | (2,751) |
| Net assets | 10,676 | 10,238 | 9,812 |
| Attributable to non-controlling interests | 2,869 | 2,753 | 2,642 |
| *Cash flow* | | | |
| Net cash inflow from operating activities | 1,278 | 1,246 | 875 |
| Net cash (outflow)/inflow from investing activities | (172) | (647) | (1,236) |
| Net cash outflow from financing activities | (1,050) | (780) | 224 |
| Net increase in cash and cash equivalents | 84 | (187) | (165) |
| Exchange differences | 28 | (6) | (28) |
| Dividends payable to non-controlling interests | – | – | (2) |

## 20. Borrowings

The Group's borrowing facilities for the years 2017 through 2019 are summarised in the following tables (in millions of €):

| | Currency | 1 January 2017 | Additions | Reclassi-fication | Repaid | Amortisation | Business combinations | Currency translation | 31 December 2017 |
|---|---|---|---|---|---|---|---|---|---|
| *JDE: Credit Agreement:* | | | | | | | | | |
| - Term Loan(s) A | EUR | 4,621 | – | – | – | – | – | – | 4,621 |
| - Term Loan(s) B | EUR | 301 | 501 | – | (301) | – | – | – | 501 |
| - Term Loan(s) B | USD | 545 | 843 | – | (524) | – | – | (96) | 768 |
| JDE: Other financing | Various | 2 | 1 | – | (38) | – | 58 | – | 23 |
| Loan from related party | EUR | 1,259 | – | (1,259) | – | – | – | – | – |
| Peet's: Senior Credit Facility | USD | 240 | 289 | – | (262) | – | – | (31) | 236 |
| All: Unamortised discounts and costs | | (15) | (22) | – | – | 18 | – | – | (19) |
| Non-current | | 6,953 | 1,612 | (1,259) | (1,125) | 18 | 58 | (127) | 6,130 |
| JDE: Other financing | Various | 4 | 55 | – | (34) | – | 21 | (8) | 38 |
| Loan from related party | | – | – | 1,259 | – | – | – | – | 1,259 |
| Peet's: Senior Credit Facility | | 7 | – | – | (7) | – | – | – | – |
| All: Revolving credit facilities | Various | – | 300 | – | (300) | – | – | – | – |
| Current | | 11 | 355 | 1,259 | (341) | – | 21 | (8) | 1,297 |
| Total borrowings | | 6,964 | 1,967 | – | (1,466) | 18 | 79 | (135) | 7,427 |

| | Currency | 31 December 2017 | Additions | Repaid/ Capitalisation [(1)] | Amortisation | Business combinations | Currency translation | 31 December 2018 |
|---|---|---|---|---|---|---|---|---|
| *JDE: Credit Agreement:* | | | | | | | | |
| - Term Loan(s) A | EUR | 4,621 | – | (150) | – | – | – | 4,471 |
| - Term Loan(s) B | EUR | 501 | – | (100) | – | – | – | 401 |
| - Term Loan(s) B | USD | 768 | – | (130) | – | – | 36 | 674 |
| JDE: Other financing | Various | 23 | 1 | (39) | – | 34 | (2) | 17 |
| Peet's: Senior Credit Facility | USD | 236 | 69 | (24) | – | – | 12 | 293 |
| All: Unamortised discounts and costs | | (19) | (14) | – | 20 | – | – | (13) |
| Non-current | | 6,130 | 56 | (443) | 20 | 34 | 46 | 5,843 |
| JDE: Other financing | Various | 38 | 102 | (142) | – | 19 | 3 | 20 |
| Loan from related party | EUR | 1,259 | – | (1,259) | – | – | – | – |
| Peet's: Related party borrowing | USD | – | 259 | – | – | – | – | 259 |
| All: Revolving credit facilities | Various | – | 165 | (100) | – | – | – | 65 |
| Current | | 1,297 | 526 | (1,501) | – | 19 | 3 | 344 |
| Total borrowings | | 7,427 | 582 | (1,944) | 20 | 53 | 49 | 6,187 |

| | Currency | 31 December 2018 | Unwinding discount | Additions | Repaid/ Capitalisation | Amortisation | Recognition of lease liability(3) | Currency translation | 31 December 2019 |
|---|---|---|---|---|---|---|---|---|---|
| *JDE: Credit Agreement:* | | | | | | | | | |
| - Term Loan(s) A | EUR | 4,471 | – | – | (500) | – | – | – | 3,971 |
| - Term Loan(s) B | EUR | 401 | – | – | – | – | – | – | 401 |
| - Term Loan(s) B | USD | 674 | – | – | (90) | – | – | 16 | 600 |
| JDE: Other financing | Various | 17 | – | 1 | (5) | – | | 1 | 14 |
| Loan from related party | EUR | – | – | 1,704 | – | – | – | – | 1,704 |
| Peet's: Senior Credit Facility | USD | 293 | – | 31 | (13) | – | – | 7 | 318 |
| All: Lease liabilities | | – | 12 | – | (29) | – | 217 | – | 200 |
| All: Unamortised discounts and costs | | (13) | – | – | – | 4 | – | – | (9) |
| Non-current | | 5,843 | 12 | 1,736 | (637) | 4 | 217 | 24 | 7,199 |
| JDE: Other financing | Various | 20 | – | 2 | (20) | – | | (2) | – |
| Peet's: Related party borrowing | USD | 259 | – | – | (267) (2) | – | – | 8 | – |
| All: Lease liabilities | USD | – | – | – | (47) | – | 106 | (1) | 58 |
| All: Revolving credit facilities | Various | 65 | – | 55 | (85) | – | – | – | 35 |
| Current | | 344 | – | 57 | (419) | – | 106 | 5 | 93 |
| Total borrowings | | 6,187 | 12 | 1,793 | (1,056) | 4 | 323 | 29 | 7,292 |

1) The loan included under loan from related party is dissolved in 2018, for further accounting impact refer to Note 28.
2) The related loan receivable was contributed from Acorn to the Company, thereby eliminating with the intercompany payable of the Company
3) This includes the initial recognition of lease liabilities of €276 million as per 1 January 2019. See Note 3 for more details.

### *JDE: Credit Agreement*

On 23 July 2014, JDE entered into a €7.6 billion Credit Agreement which subsequently was amended, restated and/or supplemented. The Credit Agreement consists of various Euro and US Dollar denominated Term Loans and a €500 million Revolving Credit Facility ("RCF"). The Term Loans are repayable in full on the respective maturity dates, except for any annual excess cashflow sweep requirements.

On 3 May 2017, JDE amended the Credit Agreement as it repriced and increased its Euro and US Dollar denominated Term Loans B, which was accounted for as a modification under IAS 39. As part of this transaction additional funds were raised amounting to €200 million and US$ 350 million, respectively. The proceeds were partially used to refinance the temporary drawing under the RCF following the acquisition of Super Group. The interest margins were renegotiated as follows: Term Loan B (€) 2.00%, Term Loan B ($) 2.25%.

At the time of the inception of the new Term Loans B on 3 May 2017 the interest floors embedded in the facilities were assessed, resulting in a bifurcation of the interest floor in the Euro denominated Term Loan B. Its fair value at inception amounted to €22 million and was recognised as a discount to be amortised over the term of the loan. The change in fair value of the interest floor was recognised in the income statement.

On 1 November 2018, JDE amended and restated the Credit Agreement as it negotiated with lenders improved interest conditions and an extension of the maturity dates of all facilities. Interest margins were renegotiated as follows: Term Loan A (€) 1.75%, Term Loan B (€) 2.00% plus 0.50% floor (down from 0.75%), Term Loan B ($) 2.00%. The Term Loans A3 and A4 outstanding on 1 November 2018 (also at 31 December 2017) were combined into a single Term Loan A, Term Loans B4 (€) and B5 (€) into Term Loan B (€) and Term Loans B4 ($) and B5 ($) into Term Loan B ($). Under IFRS 9, the amended and restated Credit Agreement was accounted for as a substantial modification, which resulted in a derecognition of the outstanding Term Loans as of 1 November 2018, including the associated unamortised discount and the recognition of the new Term Loans at their fair value, taking into account costs incurred, which were deferred as 'unamortised discounts and costs'.

The Term Loan A, Term Loan B (€) and RCF are denominated in Euro and bear interest based on the Euribor rate plus the above applicable margin. The Term Loan B ($) is denominated in US Dollar and carries an interest based on Libor increased with the above-referenced margin. Interest floors are applicable to the Euro denominated Term Loans B of 0.5% and the Term Loan A, RCF and the US Dollar denominated Term Loans B of 0%. The assessment of the interest floors embedded in the Term Loans did not result in the requirement to bifurcate any of these floors from the host contract. The interest margins of the Term Loan A, RCF and Term Loan B (€) are subject to a further step-down when the JDE's leverage ratio is or is less than 3.25x, which was reached as of the third quarter of 2019 and resulted in a further decrease in interest margin for both the Term Loan A with 0.15% to 1.60% and the Term Loan B (€) with 0.25% to 1.75% plus 0.50% floor.

The commitment fee for the unused portion of the RCF is 0.61%, which reduced from 0.8% before the refinancing on 1 November 2018.

At 31 December 2019, 31 December 2018 and 31 December 2017, the RCF was fully available to the Group, except for some limited utilised trade and documentary credit related ancillary allocations. During the years 2017 through 2019, the RCF was used temporarily to partially finance the acquisition of Super Group in 2017.

To hedge the foreign currency and variable interest rate exposure associated with the term loans, the Group has entered into various cross currency and interest rate swaps. Hedge accounting under IFRS 9 (and prior to 2019 under IAS 39) is being applied to JDE's interest rate and cross currency swap portfolio to the extent they qualify. However, due to the various refinancing transactions the majority of the swaps entered into in prior years no longer meet the required effectiveness criteria and therefore any fair value changes were recognised in the income statement. For further information, reference is made to Note 15.

The JDE Credit Agreement requires the Group to comply with customary affirmative, negative and financial covenants. There is only one financial covenant throughout the years 2017 through 2019, which requires the leverage ratio of the Group's total Net Debt to Adjusted EBITDA for the last twelve months to be less than 5.95x.

JDE monitors covenant compliance closely, including the prospective development over the next few years. In the opinion of JDE there is currently no indication that covenants are at risk of being breached. JDE was in compliance with all covenants throughout the contract period, including 31 December 2019.

### *Other JDE financing*

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

In connection with the acquisitions, JDE assumed in 2017 €79 million and in 2018 €53 million of borrowings.

### *Lease liability*

The lease liability relates to Implementation of IFRS 16 which has led to the recognition of the on-balance recognition lease liability as of January 1st, 2019. In the disclosure note the short and long term part of the lease liability is presented and the movement is split between the initial recognition, additions during the year and movements in the lease liability. More information regarding the initial recognition is disclosed in Note 3.

### *Peet's Group*

*Senior Credit Facility*

Peet's entered into a five-year senior credit facility agreement for $600 million with Wells Fargo Bank, N.A. and a syndicate of other lenders on 1 December 2017. Obligations under this agreement are secured by substantially all of the assets of Peet's. Prior to 1 December 2017, Peet's had a five-year credit facility agreement with Rabobank and a syndicate of other lenders, entered into on 6 February 2015. This refinancing was treated as an extinguishment and as such, the unamortised debt issuance costs of the Rabobank facility were written-off.

The Wells Fargo Bank facility is subject to commitment fees for unused credit ranging from 0.20% to 0.30% of the unused amount. Loans under the agreement bear interest at a base rate plus an applicable margin. The base rate is the greater of: (i) the prime rate, (ii) the federal funds effective rate plus 0.50% or (iii) an adjusted LIBOR rate for a one-month interest period for a Eurodollar loan plus 1.00% and the applicable margin ranges from 0.00% to 0.75% on base rate loans and ranges from 1.00% to 1.75% on Eurodollar loans. Peet's does not apply hedge accounting in relation to their borrowings.

The credit facility contains customary representations, warranties and negative and affirmative covenants, including a requirement to maintain a maximum leverage ratio, as defined, of 4.50:1 and a minimum interest coverage ratio, as defined, of 3.50:1. Peet's was in compliance with the covenants throughout the contract period, including 31 December 2019.

*Loan from related party*

Peet's related party borrowing related to a loan of $297 million against a weighted average interest rate of 6.6% with Acorn Holdings B.V. The start date of the loan was 28 December 2018, which on 30 December 2019 was transferred to the Company as part of Peet's share transfer and consequently eliminated. There were no restrictions or covenants on these facilities.

### *Loan from related party*

JDE Holdings Minority B.V. had a loan from related party Maple Holdings II B.V. originated 25 February 2016, for a notional amount of €1,259 million with an interest rate of 6.5% which was transferred to Maple Holdings B.V. in December 2017.

JDE Holdings Minority B.V. had a loan from Maple Holdings B.V., transferred in December 2017, for a notional amount of €1,259 million with an interest rate of 6.5% which was fully dissolved in August 2018. As part of the dissolvement of the loan an interest payable of €52 million was waived as well, resulting in an informal capital contribution. This combined with the contribution of the loan to related parties related to a total informal capital contribution of €43 million in 2018.

On 30 December 2019, following the Peet's transfer from Acorn, Oak 1753 B.V. entered into a €1,704 million borrowing with Acorn. The loan bears 3-month Euribor plus a margin of 1.6% interest, with a floor of 0.0% for the Euribor rate. The loan matures 30 December 2024. There were no restrictions or covenants on this facility.

### *Holding structure*

On 25 September 2018, an indirect holding company of the Group, DEMB Holdings B.V., entered into a revolving credit facility with BNP Paribas for an amount of €75 million. The interest on the amount drawn is Euribor plus a margin of 1.45% and a floor of 0%. The commitment fee on the undrawn amount is approx. 0.51%. As of 31 December 2018, an amount of €65 million was drawn under this facility, which was repaid during January 2019. In March 2019 an amount of €20 million was drawn and repaid in April 2019 and in December 2019 an amount of €35 million was drawn. The facility was committed for one year before being renewed for another year. It is now available until 1 October 2020. The facility agreement requires compliance with certain customary covenants, however no financial covenants are applicable. DEMB Holdings B.V. was in compliance with the covenants throughout the contract period, including 31 December 2019.

# 21. Post-employment and other long-term employee benefit plans

The Group operates a number of defined benefit and defined contribution plans for its employees.

### *Defined Contribution Plans*

The Group sponsors defined contribution pension plans for its employees. The Group's 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 2019 was €31 million (2018: €31 million; 2017: €29 million).

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

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

***United Kingdom*** – On 16 November 2018, the D.E. UK Pension Plan and the JDE UK Legacy Retirement Benefits Plan merged into the JDE UK Pension Plan. The JDE 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.

In 2018, Pensioners of the D.E. UK Pension Plan were offered a Pension Increase Exchange ("PIE") on their Pre April 1997 Pension. On 26 October 2018, the European Court of Justice published her judgement in the Lloyds case which dealt with Guaranteed Minimum Pension ("GMP") equalisation. The financial effect of this GMP equalisation for the JDE UK Pension Plan is estimated on 0.3% of total plan liabilities. The PIE and GMP equalisation resulted in past service costs of €1 million.

Some groups of Deferred Members were offered a Trivial Commutation ("TC") of their benefits. In total 1,703 members opted to cash out their benefits. A total of 102 Members opted for a Retirement Transfer Option ("RTO"). The TC and RTO resulted in a settlement loss of €9 million.

The value of JDE UK Plan as at 31 December 2019 amounted to a net asset of €306 million (2018: €337 million; 2017: €399 million). No asset ceiling applies to this plan.

The defined benefit pension plan in the UK is funded by contributions from the associates and the relevant Group entities, taking into account applicable government regulations and the recommendations of independent, qualified actuaries.

***The Netherlands*** – This plan was settled during 2017 reducing both the defined benefit obligation and fair value of plan assets by €1,765 million.

***Switzerland and France*** – Restructurings of the Group's businesses in France and Switzerland resulted in a curtailment gain in 2017 of €10 million.

A summary of the amounts recognised in the Combined and Consolidated Special Purpose Financial Statements related to the pension, jubilee and post-employment medical plans is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Defined benefit obligation of funded plans | (1,692) | (1,439) | (1,447) |
| Fair value of plan assets | 1,998 | 1,776 | 1,846 |
| Funded defined benefit plans with a surplus | 306 | 337 | 399 |
| Defined benefit obligation of funded plans | (358) | (286) | (421) |
| Fair value of plan assets | 113 | 108 | 238 |
| Funded defined benefit plans with a deficit | (245) | (178) | (183) |
| Defined benefit obligation—post-employment medical & jubilee benefits | (13) | (12) | (12) |
| Defined benefit liability | (258) | (190) | (195) |

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 millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Total defined benefit obligation | (2,050) | (1,725) | (1,868) |
| Total fair value of plan assets | 2,111 | 1,884 | 2,084 |
| Net defined benefit position | 61 | 159 | 216 |

Information on plan assets and defined benefit obligation per country

The defined benefit obligation per 31 December per country and the plan assets per country can be specified as follows:

| | 2019 | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|
| | Plan Assets | Defined Benefit Contribution | Plan Assets | Defined Benefit Contribution | Plan Assets | Defined Benefit Contribution |
| United Kingdom | 1,998 | (1,693) | 1,774 | (1,439) | 1,962 | (1,581) |
| Germany | 80 | (297) | 76 | (234) | 79 | (227) |
| Other | 33 | (60) | 34 | (52) | 43 | (60) |

The weighted average duration of the defined benefit obligations for the UK per 31 December 2019 is 15.4 years (2018: 14.9 years; 2017: 16.5 years) and for Germany per 31 December 2019is 22.1 years (2018: 21.5 years 2017: 21.7 years).

The movement in the defined benefit obligation over the year is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Defined benefit obligation at the beginning of the period | 1,725 | 1,868 | 3,823 |
| Employer service costs | 15 | 15 | 21 |
| Past service costs | – | 1 | – |
| Interest costs | 44 | 46 | 64 |
| Plan participants' contributions | – | – | 1 |
| Administration costs | 1 | 1 | 4 |
| Actuarial (gain)/loss due to experience | 21 | (12) | (14) |
| Actuarial (gain)/loss due to demographic assumption changes | (14) | (10) | (28) |
| Actuarial (gain)/loss due to financial assumption changes | 239 | (30) | (42) |
| Foreign currency translation | 98 | (18) | (73) |
| Benefits paid | (79) | (90) | (114) |
| Settlements | – | (46) | (1,765) |
| Curtailment | – | – | (10) |
| Other | – | – | 1 |
| Defined benefit obligation at current period end | 2,050 | 1,725 | 1,868 |

The movement in the fair value of plan assets is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Fair value of plan assets at the beginning of the period | 1,884 | 2,084 | 3,905 |
| Employer contributions | 12 | 9 | 13 |
| Plan participants' contributions | – | – | 1 |
| Benefits paid | (79) | (90) | (114) |
| Settlements | – | (55) | (1,765) |
| Interest income | 49 | 52 | 68 |
| Return on plan assets greater/(less) than interest income | 128 | (93) | 58 |
| Foreign currency translation | 117 | (23) | (82) |
| Fair value of plan assets at current period end | 2,111 | 1,884 | 2,084 |

The amounts recognised in the income statement are as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Employer service cost | 15 | 15 | 21 |
| Past service cost | – | 1 | – |
| Curtailments | – | – | (10) |
| Settlements | – | 9 | – |
| Interest expense on defined benefit obligation | 44 | 46 | 64 |
| Interest income on plan assets | (49) | (52) | (68) |
| Administration cost | 1 | 1 | 4 |
| Total defined benefit cost (income) recognised in combined and consolidated income statement | 11 | 20 | 11 |

Of the total defined benefit cost recognised in the combined and consolidated income statement €15 million (2018: €25 million; 2017: €11 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 millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance | (214) | (258) | (106) |
| Actuarial (gains) / losses on the defined benefit obligation | 246 | (52) | (84) |
| Actuarial (gains) / losses on the plan assets | (128) | 93 | (58) |
| Foreign currency translation | (19) | 3 | 5 |
| Other reclassifications | – | – | (15) |
| Closing balance | (115) | (214) | (258) |

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 millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Liability (gain) or loss due to experience | 21 | (12) | (14) |
| Liability (gain) or loss due to demographic and financial assumptions changes | 225 | (40) | (70) |
| Actuarial (gains) / losses on the defined benefit obligation | 246 | (52) | (84) |
| Asset (gain) or loss due to experience | (128) | 93 | (58) |
| Actuarial (gain) or loss recognised | 118 | 41 | (142) |

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

| | 2019 | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|
| | UK | Germany | UK | Germany | UK | Germany |
| Discount rate | 1.85% | 1.00% | 2.65% | 1.90% | 2.60%/2.80% | 1.90% |
| Indexation rate inactive participants - deferred | 2.25% | N/A | 2.30% | N/A | 2.30%/2.40% | N/A |
| Indexation rate inactive participants - pensioners | 2.85% | 1.75% | 3.05% | 1.75% | 3.00%/3.10% | 1.75% |
| Inflation rate | 3.00% | 1.75% | 3.30% | 1.75% | 3.40% | 1.75% |
| Future salary increases | 3.25% | 2.50%/3.00% | 3.30% | 2.50%/3.00% | 2.90% | 2.50%/3.00% |

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 year age rating with CMI Core Projection Model 2018 (2018: CMI Core Projection Model 2017) update, with a 1.25% long term trend and for 2019 an 0.25% initial addition to improvements.
- Germany: Heubeck 2018G (2017: Heubeck 2005).

Sensitivity to changes in individual parameters used as of 31 December 2019 can be estimated as follows:

- A 50 basis point decrease in the discount rate of interest would increase the defined benefit obligation by approximately 2019 €180 million (2018: €143 million; 2017: €168 million);
- A 50 basis point increase in inflation assumption would increase the defined benefit obligation by an approximately 2019 €109 million (2018: €91 million; 2017: €107 million);
- A 50 basis point increase in the salary growth rate would increase the defined benefit obligation by approximately 2019 €19 million (2018: €15 million; 2017: €17 million).

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Equity instruments | 10.1% | 9.2% | 13.8% |
| Bond instruments | 28.0% | 23.9% | 23.5% |
| Property | – | – | 0.1% |
| Other | 61.9% | 66.9% | 62.6% |
| Total | 100.0% | 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 Group's 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 2020 are €13 million (2019: €11 million; 2018: €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 the Group operates the tax deductibility of amounts funded and arrangements made with the trustees of certain foreign plans.

Jubilee and Post-Employment Medical Benefits—The Group 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 millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance | 12 | 12 | 12 |
| Employer service cost | 1 | 1 | 1 |
| Employer contribution | – | (1) | (1) |
| Closing balance | 13 | 12 | 12 |

## 22. Share-based payments

The Group recognised total share-based payment expenses of €25.4 million in fiscal year 2019 (2018: €21.9 million; 2017: €31.5 million). The total expense consisted of €8.7 million (2018: €20.5 million; 2017: €19.4 million) related to JDE's Long-Term Incentive Share Plan 2013+ and JDE's Executive Ownership Plan and €16.7 million (2018: €1.3 million; 2017: €12.0 million) related to Peet's Long-Term Incentive Share plan and Executive Ownership Plan. The expense related to JDE's Share Purchase Plan Senior Management in 2019, 2018 and 2017 (as defined below) were insignificant.

### *Description of the Plans under which Awards were granted to Employees of the Group*

*Long-Term Incentive Share Plan 2013+ (JDE)*

In fiscal year 2013, a long-term incentive plan (“LTIP 2013+”) was established, under which restricted share units (“RSUs”) were awarded to key employees of JDE. These key employees participate in JDE through indirect share ownership in a foundation. Each RSU entitles the relevant participant to receive one Certificate. As the RSUs are to be settled in Certificates issued by the Foundation in exchange for shares in JDE with no present obligation to settle in cash or repurchase, the Group accounts for the RSU awards as equity-settled share-based payment transactions.

*Executive Ownership Plan (JDE)*

The JDE Executive Committee members were given the opportunity to invest in JDE through an indirect share ownership in a Management Company (“ManCo”). 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 JDE does not have a present obligation to settle in cash or purchase the JDE’s shares owned by the ManCo, the Executive Ownership Plan is classified as an equity-settled share-based payment transaction.

*Share Purchase Plan Senior Management (JDE)*

Senior Management is given the opportunity to initially invest in JDE 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 up to 150% of their base salary. Each RSU entitles the relevant participant to receive one Certificate. As the RSUs are to be settled in Certificates issued by the Foundation in exchange for shares in JDE with no present obligation to settle in cash or repurchase, JDE accounts for the RSU awards as equity-settled share-based payment transactions.

*Long-Term Incentive Share Plan and Executive Ownership Plan (Peet’s)*

Peet’s has a Long-Term Incentive Share Plan (“LTIP”) and Executive Ownership Plan (“EOP”) in place, under which certain employees can invest in shares of Peet’s immediate parent, Peet’s Inc. (“Peet’s Inc.”). The EOP also provides the employees with the right to sell their shares back to Peet’s Inc. at fair value during certain periods, resulting in the classification as cash-settled plans. This put right was in place for the full years 2017 and 2018 and for the period 1 January 2019 through 17 December 2019. On 17 December 2019, the terms and conditions were amended so that the participant’s put right towards Peet’s was removed. Subsequently, Peet’s no longer has an obligation to make future cash payments and consequently the plans changed to equity-settled. 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. The reclassification amounted to €35 million. The share price at modification date is assumed to be the updated grant date fair value and used in determining the expense over the remaining vesting period. The amendment had no impact on the income statement.

### *Summary of Awards Granted by Plan*

*Long-Term Incentive Share Plan 2013+ (JDE)*

In 2013, Matching RSUs were granted to eligible participants that elected to participate in the roll-over (as explained below), regular RSU awards were awarded to eligible participants that did not participate in the roll-over and retention RSUs were awarded to certain employees in order to incentivise them to continue their employment after the transaction. For all these awards, the terms and conditions of the LTIP 2013+ are applicable.

The awarded RSUs will be settled in Certificates issued over JDE ordinary shares, subject to the participants completing the specified periods of service. The vesting date is 5 years after the grant date, with the first vesting on 23 September 2018 for the regular RSU awards and the Matching RSUs, while the retention RSU awards are divided into three tranches with vesting dates in the 3 years following the grant. Accordingly, the expenses for employee services are recognised straight-line over the periods between the applicable service commencement dates and the respective vesting dates, based on the fair value of the RSUs as determined on the grant date.

During the year, regular RSUs were granted to eligible employees in March and September 2019. The vesting dates of these grants are in March and September 2024, respectively.

As the RSUs will be settled in Certificates issued over JDE's ordinary shares, the fair value of an RSU award equals the estimated share value of an ordinary share at the grant date. This resulted in a grant date fair value of €10.9 million in 2019 (2018: €11.6 million; 2017: €2.2 million) to be recognised as a share-based payment expense over the applicable vesting period of generally five years, taking into account an estimated forfeiture rate between 0% and 33% of awards that will eventually vest.

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| *In shares of JDE:* | | | |
| Opening balance as of 1 January | 44,695 | 48,130 | 55,196 |
| Granted | 9,369 | 11,805 | (199) |
| Forfeited | (13,039) | (3,714) | (5,175) |
| Vested | (6,071) | (11,526) | (1,692) |
| Balance as of 31 December | 34,954 | 44,695 | 48,130 |

The weighted average grant date fair value at 31 December 2019 of the outstanding RSU share awards was €1,347 (2018: €1,219; 2017: €1,119).

Prior to implementing the LTIP 2013+, certain employees of the Group participated in the 2012 Long-Term Incentive Share Plan operated by D.E MASTER BLENDERS 1753. The awards of performance share units ("PSUs") under this plan were settled upon the acquisition of D.E MASTER BLENDERS 1753 by the JAB-led investor consortium in September 2013. However, on a voluntary basis employees could elect to participate in the LTIP 2013+ for an equivalent amount of the accrued value of their PSUs under the former 2012 Long-Term Incentive Share Plan. This investment in roll-over RSUs will be matched by the Group with a 1-for-1 matching (the "Matching RSUs" referred to above). Special terms and conditions apply to the investments in roll-over RSUs based on the accrued value of the vested PSUs under the former D.E MASTER BLENDERS 1753 2012 Long-Term Incentive Share Plan. At settlement after the 5-year service period in September 2018, all the roll-over RSUs were settled – net of wage taxes – by the Group in Certificates.

Since the participants had a right to receive cash if voluntary leaving the Group prior to September 2018, the investment roll-over RSU was classified as a cash-settled share-based payment arrangement with changes in fair value through the income statement. The carrying amount of the liability recognised for the roll-over RSUs was €8.7 million as of 31 December 2017 and were settled for the same amount during 2018. Subsequently, no expense was recognised during 2019 (2018: no expense; 2017: €1.8 million).

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

| | 2018 | 2017 |
|---|---|---|
| Opening balance as of 1 January | 5,889 | 6,517 |
| Settled during the year | (5,889) | (628) |
| Balance as of 31 December | – | 5,889 |

*Executive Ownership Plan (JDE)*

The Executive Committee was invited to invest in shares in JDE. The new investments equalled a grant date fair value of €6.5 million (2018: €33.0 million; 2017: €6.8 million) to be recognised as a share-based payment expense generally over a five-year period.

Details of the number of share awards (indirect investments in D and E shares) outstanding are as follows:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance as of 1 January | 43,314 | 43,325 | 47,601 |
| Awarded | 4,018 | 22,462 | 5,158 |
| Forfeited | (20,282) | (917) | (6,924) |
| Vested | (5,606) | (21,556) | (2,510) |
| Balance as of 31 December | 21,444 | 43,314 | 43,325 |

The weighted average grant date fair value at 31 December 2019 of the outstanding share awards was €1,283 (2018: €1,294; 2017: €1,093)

The JDE Executive Committee members financed their share investment in the Management Company through own funds, loans issued by the Group, or a combination of own funds and loans. The total amount of loans provided to the JDE Executive Committee members amounted to €10.3 million (2018: €14.1 million; 2017: €22.8 million). For further details refer to Note 28 – Related party transactions.

*Share Purchase Plan Senior Management*

During 2014, the Group implemented a new Share Purchase Plan ("SPP") for JDE Senior Management. Under this plan, eligible participants were invited to invest in JDE. The eligible participants will participate in JDE through indirect share ownership via a foundation, holder of JDE shares and issuer of Certificates to the participants. For every three shares held for a period of at least five years, the participant will be entitled to receive one matching share up to 150% of their base salary. The LTIP 2013+ plan rules apply to this plan; therefore reference is made to the 'Long-Term Incentive Share Plan 2013+' details as explained above.

This resulted in a total grant date fair value of €0.6 million (2018: €0.2 million; 2017: €0.2 million) to be recognised as a share-based payment expense over the applicable vesting periods. For the awards made under the LTIP 2013+, a forfeiture rate between 0% and 50% was used when estimating the number of awards that will eventually vest.

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance as of 1 January | 658 | 503 | 378 |
| Granted | 438 | 172 | 158 |
| Forfeited | (207) | (17) | (33) |
| Balance as of 31 December | 889 | 658 | 503 |

The weighted average grant date fair value at 31 December 2019 of the outstanding RSU share awards was €1,403 (2018: €1,230; 2017: € 1,148).

*Long-Term Incentive Share Plan and 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.

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance as of 1 January | 245,756 | 212,901 | 278,481 |
| Granted | 101,793 | 133,652 | 53,848 |
| Vested | (67,811) | (74,195) | (32,897) |
| Forfeited | (22,624) | (26,603) | (86,531) |
| Balance as of 31 December | 257,114 | 245,756 | 212,901 |

The weighted average grant date fair value at 31 December 2019 of the outstanding RSU share awards was €98.00 per share (2018: €84.73 per share; 2017: €69.43 per share).

Details of the number of options outstanding are as follows regarding the LTIP:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance as of 1 January | 160,913 | 229,433 | 171,472 |
| Granted | – | 55,623 | 74,311 |
| Exercised | (10,015) | (24,870) | (1,824) |
| Forfeited | (22,961) | (99,273) | (14,526) |
| Balance as of 31 December | 127,937 | 160,913 | 229,433 |

The weighted average exercise price of the options at 31 December 2019 is €54.51 per share (2018: €48.32 per share; 2017: €37.11 per share) with a weighted average remaining contractual life of 2.2 years (2018: 3.0 years; 2017: 2.8 years).

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

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Opening balance as of 1 January | 241,004 | 267,431 | 227,158 |
| Granted | 40,150 | 108,918 | 81,397 |
| Vested | (58,420) | (8,859) | – |
| Forfeited | (33,644) | (126,486) | (41,124) |
| Balance as of 31 December | 189,090 | 241,004 | 267,431 |

The weighted average grant date fair value at 31 December 2019 of the outstanding RSU share awards was €98.00 per share (2018: €84.24 per share; 2017: €71.74 per share).

As at the end of fiscal year 2019 total unrecognised compensation cost related to all non-vested stock-based payment plans was approximately €27.3 million (2018: €25.9 million; 2017: €25.4 million), net of estimated forfeitures. This unrecognised cost is expected to be recognised over a weighted-average period of approximately 3.3 years. At 31 December 2019, no liability was recognised as the share based plans are no longer cash settled and were reclassified as equity-settled plans (2018: €30 million; 2017: €38 million).

During 2019, the terms and conditions were amended so that the participants' put right towards the Company was removed. Subsequently, the Company does not have an obligation to make a future cash payment after this amendment, and therefore no longer classify the transactions as cash-settled.

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 2019 are limited recourse loans which may be pre-paid by participants at any time. The total amount of loans provided to eligible employees amounted to €11.7 million at 31 December 2019 (31 December 2018: € 12.4 million and 31 December 2017: € 12.0 million).

# 23. Provisions

The change in provisions was as follows (in millions of €):

| | Restructuring | Legal and Other | Total |
|---|---|---|---|
| Opening balance as of 1 January 2017 | 72 | 137 | 209 |
| Additions charged to income statement | 37 | 5 | 42 |
| Payments | (57) | (47) | (104) |
| Reductions related from re-measurement or settlement without cost | 1 | 1 | 2 |
| Currency translation differences | 1 | (6) | (5) |
| Carrying amount as of 31 December 2017 | 54 | 90 | 144 |
| Non-current | – | 63 | 63 |
| Current | 54 | 27 | 81 |
| Carrying amount as of 31 December 2017 | 54 | 90 | 144 |
| Additions charged to income statement | 22 | 1 | 23 |
| Payments | (31) | (9) | (40) |
| Reductions related from re-measurement or settlement without cost | – | (29) | (29) |
| Currency translation differences | 1 | (3) | (2) |
| Carrying amount as of 31 December 2018 | 46 | 50 | 96 |
| Non-current | 1 | 30 | 31 |
| Current | 45 | 20 | 65 |
| Carrying amount as of 31 December 2018 | 46 | 50 | 96 |
| Acquired in business combinations | – | – | – |
| Additions charged to income statement | 21 | 4 | 25 |
| Payments | (37) | (11) | (48) |
| Reductions related from re-measurement or settlement without cost | (8) | 2 | (6) |
| Carrying amount as of 31 December 2019 | 22 | 45 | 67 |
| Non-current | – | 21 | 22 |
| Current | 22 | 24 | 45 |
| Carrying amount as of 31 December 2019 | 22 | 45 | 67 |

***Restructuring***—During the period presented, the Group took a number of actions to improve the efficiency of their operations which resulted in a reduction in headcount on some locations. In connection with these actions, the Group recognised restructuring expenses of €14 million during the year ended 31 December 2019 (2018: €22 million, 2017: €37 million). The Group expects that the majority of the remaining restructuring provisions will be paid out within the next 12 months.

### *Legal and other provisions*

The composition of legal and other provisions is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Branded Apparel | 16 | 18 | 21 |
| Warranty provision | 1 | 1 | 1 |
| Contingent liabilities from PPA | 1 | 1 | 27 |
| Other | 28 | 30 | 41 |
| Total | 46 | 50 | 90 |

***Contingent liability***—On 31 August 2012, JDE Brazil received an Infraction Notice from the Brazil tax authorities covering 5 items related to assumed incorrect claimed refunds of PIS/ Cofins, an indirect tax within Brazil. In September 2013, a contingent liability was recognised related to this notice. In 2018, 3 of the 5 items claimed were ruled in favour of JDE. This resulted in reductions related from re-measurements or settlement without cost in the legal and other category. For the remaining two items no court decision has been made and this is still included as a contingent liability as per December 2018. In 2019, these two remaining items are settled and no longer included as a contingent liability.

***Branded Apparel***—The provision relates to Branded Apparel, a previously divested business. The provisions include medical claims related to injuries caused to prior 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 these provisions 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;
- Liabilities assumed in connection with the separation from Sara Lee.

## 24. Other non-current and current liabilities

The composition of other non-current and current liabilities is as follows (in millions of €):

| | Note | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Deferred revenue | | 50 | 48 | 32 |
| Financial liabilities | | – | 107 | 108 |
| Share-based payment liability | 22 | – | 13 | 17 |
| Non-current finance lease liability | | – | 9 | 7 |
| Provisions | 23 | 22 | 31 | 63 |
| Other | | 8 | 14 | 11 |
| Total non-current liabilities | | 80 | 222 | 238 |
| Derivative financial instruments | 15 | 21 | 19 | 16 |
| Provisions | 23 | 45 | 65 | 81 |
| Dividend payable to related party | | 300 | – | – |
| Total current liabilities | | 366 | 84 | 97 |

***Deferred revenue***—Deferred revenue relates to the JDE's customer loyalty programmes as further described in accounting policies (Note 4). The current portion of this deferred revenue is included in trade and other payables (Note 25).

***Dividends payable to related party***—On 20 December 2019, the Company made a capital distribution of €300 million to Acorn.

***Financial liabilities***—The financial liabilities recognised related to Peet's common shares issued, which included an obligation towards certain Peet's shareholders to repurchase these in exchange for cash at the discretion of the holder of the shares. This liability is recognised at fair value representing Peet's share price. Changes in fair value were recognised in the income statement as finance expense. Since the end of 2019, this feature no longer economically creates an obligation to the Group to buy those shares. Subsequently, the investment is considered an equity transaction and an amount of €112 million was reclassified to equity.

The movement in the value of the financial liabilities at fair value over the year was as follows (all amounts in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Balance as at 1 January | 107 | 108 | 101 |
| Investments | 5 | 10 | 18 |
| Fair value through income statement | 21 | (2) | – |
| Repayments | (32) | (19) | (4) |
| Issuance at vesting of share-based payments | 7 | 5 | 5 |
| Currency translation | 4 | 5 | (12) |
| Reclassification to equity | (112) | – | – |
| Balance as at 31 December | – | 107 | 108 |

## 25. Trade and other payables

The composition of trade and other payables is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Trade payables | 2,245 | 2,101 | 1,849 |
| Accrued payroll and benefits | 179 | 210 | 168 |
| Accrued trade promotion | 306 | 286 | 283 |
| Non-income taxes payable | 43 | 28 | 40 |
| Deferred revenue: contract liability | 9 | 19 | 20 |
| Payable to affiliated companies | 39 | 35 | 152 |
| Other accrued expenses | 150 | 163 | 195 |
| Total | 2,971 | 2,842 | 2,707 |

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

Some of the Group's suppliers with extended payment terms participate in a variety of supply chain finance and trade finance offerings.

The Group offers certain suppliers the opportunity to use supply chain financing arrangements ("SCF"), which allows them to collect the receivable before the invoice date. The Group evaluates supply contracts against a number of indicators to assess if the payables hold the characteristics of a trade payable or should be classified as borrowings. As at 31 December 2019 none of the payables subject to SCF met the criteria to be classified as borrowings. The amount outstanding under SCF as per 31 December 2019 amounted to €441 million (2018: €332 million; 2017: €160 million).

Separately, the Group has a contract with an intermediary, with an outstanding amount as per 31 December 2019 of €191 million (31 December 2018: €225 million, 31 December 2017: €196 million), which includes financing elements. This contract qualifies as trade payables. The related transactions under SCF and the supply contract are reflected under cash flows from operating activities.

## 26. Income taxes

The components of the Group's income tax expense are as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Current tax expense | (191) | (145) | (412) |
| Deferred tax (expense)/benefit | (65) | 93 | 333 |
| Total income tax expense | (256) | (52) | (79) |

A reconciliation between the computed weighted average rate of income tax expense, which is generally applicable to the companies of the Group, and the actual rate of taxation charged is as follows (in millions of €):

| | 2019 | | 2018 | | 2017 | |
|---|---|---|---|---|---|---|
| Profit before income taxes | 841 | | 715 | | 511 | |
| | Tax | % | Tax | % | Tax | % |
| Income tax using the Group's calculated weighted average statutory income tax [(a)] | (178) | 21.2% | (157) | 22.2% | (87) | 17.0% |
| Differences between computed rate of tax and effective tax rate due to: | | | | | | |
| Tax exempt and non-taxable income | 5 | (0.6%) | 4 | (0.6%) | 7 | (1.4%) |
| Non-deductible expenses | (23) | 2.7% | (37) | 5.2% | (40) | 7.8% |
| Tax rate changes | (35) | 4.2% | 136 | (19.0%) | 17 | (3.3%) |
| Repatriation taxation of earnings and withholding tax | (3) | 0.4% | (4) | 0.6% | (453) | 88.6% |
| Tax credits and interest deduction carry forwards offsetting repatriation tax | – | – | – | – | 453 | (88.6%) |
| Recognition/(non-recognition) of deferred tax assets | (22) | 2.6% | – | – | (7) | 1.4% |
| Tax reserves and tax audit adjustments | (6) | 0.7% | 12 | (1.7%) | 28 | (5.5%) |
| Other taxes | 6 | (0.8%) | (6) | 0.6% | 3 | (0.5%) |
| Effective tax rate | (256) | 30.4% | (52) | 7.3% | (79) | 15.5% |

([a]) The Group'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 the Group 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.

The effective income tax rate in 2017 was lower than the Group's calculated weighted average statutory income tax in 2017, mainly due to U.S. Tax Reform, which reduced the U.S. corporate tax rate from a top rate of 35% to a flat 21% and resulted in a one-off net deferred tax benefit of €36 million; and the release of the tax reserves with €23 million due to the positive outcome of a German tax audit for the years 2011-2013. This was partly offset by the impact of an increase in the enacted tax rate for the application of the Dutch innovation box regime, which resulted in a net deferred tax expense of €19 million; and other smaller recurring and non-recurring items, such as non-deductible long term share-based payment costs, acquisition costs and foreign exchange translation results. The additional tax expense as presented under "Repatriation taxation of earnings and withholding tax" and the offsetting effect as presented under "Tax Credits and interest carry forwards off-setting repatriation tax" relate for €453 million to a one-time "toll charge" as further explained under "U.S. Tax Reform" below.

The effective income tax rate in 2018 was lower than the Group's calculated weighted average statutory income tax in 2018, mainly due to enacted tax rate changes in the Netherlands (reducing the tax rate from 25% to 22.55% in 2020 and further to 20.5% in 2021), which resulted in the realisation of a one-off net deferred tax benefit of €136 million. This was slightly offset by the impact of non-deductible expenses and other smaller recurring and non-recurring items.

The effective income tax rate in 2019 was higher than the Group's calculated weighted average statutory income tax in 2019, mainly due to enacted tax rate changes in the Netherlands (increasing the tax rate from 22.55% to 25% in 2020 and from 20.5% to 21.7% in 2021), which resulted in the realisation of a one-off net deferred tax expense of €35 million; and the impact of non-deductible expenses and derecognition of deferred tax assets for tax losses, tax credits and temporary differences (mainly in the US, China and Mexico).

*Deferred Income Tax Assets and Liabilities*

The analysis of the deferred tax assets and liabilities is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Deferred income tax assets | 61 | 44 | 49 |
| Deferred income tax liabilities | (949) | (871) | (921) |
| Net deferred income tax | (888) | (827) | (872) |

Deferred tax assets and liabilities are attributable to the following items (in millions of €):

| | 31 December 2019 | | | 31 December 2018 | | | 31 December 2017 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Deferred tax assets | Deferred tax liabilities | Net deferred tax asset/ (liability) | 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 | 5 | (120) | (115) | 10 | (82) | (72) | 8 | (85) | (77) |
| Goodwill and other intangible assets | 14 | (1,097) | (1,083) | 3 | (1,023) | (1,020) | 3 | (1,123) | (1,120) |
| Other non-current financial assets | 142 | (1) | 141 | 138 | (1) | 137 | 159 | – | 159 |
| Retirement benefit asset/obligations | 68 | (52) | 16 | 48 | (57) | (9) | 52 | (65) | (13) |
| Share-based payments | 5 | – | 5 | 4 | – | 4 | 6 | – | 6 |
| Borrowings | 63 | (2) | 61 | 24 | – | 24 | 33 | – | 33 |
| Derivative financial instruments | 20 | – | 20 | 19 | – | 19 | 44 | – | 44 |
| Provisions and other | 14 | (2) | 12 | 8 | (3) | 5 | 22 | (6) | 16 |
| Trade and other receivables/payables | 27 | (1) | 26 | 36 | (1) | 35 | 41 | – | 41 |
| Inventories | 7 | – | 7 | 3 | (1) | 2 | 3 | – | 3 |
| Tax on repatriation of earnings | – | (39) | (39) | – | (40) | (40) | – | (493) | (493) |
| Tax credits and other carry forwards offsetting repatriation tax | – | – | – | – | – | – | 453 | – | 453 |
| Other tax credits carry forwards | 4 | – | 4 | 5 | – | 5 | 3 | – | 3 |
| Tax loss carry forwards | 57 | – | 57 | 83 | – | 83 | 73 | – | 73 |
| Subtotal | 426 | (1,314) | (888) | 381 | (1,208) | (827) | 900 | (1,772) | (872) |
| Offset of deferred tax positions | (365) | 365 | – | (337) | 337 | – | (851) | 851 | – |
| Net deferred tax asset/(liability) | 61 | (949) | (888) | 44 | (871) | (827) | 49 | (921) | (872) |

In 2017 the net deferred tax position decreased with €282 million from a net deferred liability of €1,154 million on 1 January 2017 to a net deferred liability of €872 million as per 31 December 2017. This decrease was predominantly driven by a deferred tax benefit due to the acceleration of a deferred payment facility that arose in connection with the Mondelēz acquisition in 2015 and exercise of the related call option on 30 December 2017; and a deferred tax benefit due to U.S. Tax Reform, which reduced the U.S. corporate tax rate from a top rate of 35% to a flat 21%. This was partially offset by a deferred tax expense from changes in temporary differences through the Income Statement and additional deferred tax assets and liabilities following the acquisitions that took place in 2017.

In 2018 the net deferred tax position decreased with €45 million from a net deferred liability of €872 million in 2017 to a net deferred liability of €827 million in 2018. This decrease was predominantly driven by a deferred tax benefit due to enacted tax rate changes in the Netherlands, partially offset by a deferred tax expense from changes in temporary differences through the Income Statement and additional deferred tax assets and liabilities following the acquisitions that took place in 2018.

In 2019 the net deferred tax position increased with €61 million from a net deferred liability of €827 million in 2018 to a net deferred liability of €888 million in 2019. This increase was predominantly driven by a deferred tax expense due to enacted tax rate changes in the Netherlands; and derecognition of deferred tax assets for tax losses, tax credits and temporary differences (mainly in the UK, US, China and Mexico).

*Deemed repatriation of earnings – U.S. Tax Reform*

On 22 December 2017, the U.S. Tax Cuts and Jobs Act ("TCJA") was signed into law, a tax reform package which, among others, subjects certain foreign earnings on which U.S. income has been deferred to a one-time transition tax ("Toll Charge"). Generally, U.S. corporations need to include in income for each specified foreign subsidiary's last tax year beginning before 2018 their pro rata share of the net post-1986 historical E&P of the foreign subsidiary if E&P has not been previously subject to U.S. tax. For the Group the Toll Charge tax liability became effective in 2017 and 2018 as the relevant foreign subsidiaries – being the specified foreign subsidiaries for the Group's U.S. corporations - have their relevant tax years ended during either 2017 or 2018.

In respect of the subsidiaries part of the Group for which the Toll Charge tax liability became effective in 2017, the Group made a reasonable estimate of the effects of the one-time transition tax and estimated the current tax liability to amount to zero on 31 December 2017. During 2018, further guidance issued by the Internal Revenue Service ("IRS") came out and based thereon the U.S. tax return for this Toll Charge tax liability was filed, which did not result in an additional Toll Charge tax liability at the reporting date on 31 December 2018.

In respect of the subsidiaries part of the Group for which the Toll Charge tax liability became effective in 2018, the Group made a reasonable estimate of the effects of the one-time transition tax and estimated the deferred tax liability to amount to €453 million, which liability was expected to be fully offset by available tax credits and interest deduction carry forwards at the reporting date on 31 December 2017. During 2018, this estimated Toll Charge tax liability was refined as a result of guidance issued by the IRS. This resulted in a net zero Toll Charge tax liability (i.e. the Toll Charge liabilities remain to be fully offset by available tax credits and interest deductions), which was reclassified to a current tax liability at the reporting date on 31 December 2018. During 2019 the Group filed the U.S. tax return, which includes the Toll Charge tax liability and based on that the Group still believes that it has sufficient tax credits available to offset this transition tax liability.

Although the Group believes that it has sufficient tax credits available to offset the transition tax liability, this fundamental legislation was introduced only in late December 2017, and the possibility of further clarifications and/or modifications on this one-time Toll Charge exists; therefore, this inherently carries an element of uncertainty that the Group may not be able to eventually offset the Group's (entire) liability.

*Actual repatriation of unremitted earnings*

Upon an actual repatriation of unremitted earnings, taxation could occur at the level of the distributing company, as well as the recipient company. The consolidated amount of additional paid in capital and retained earnings available as per 31 December 2019 amounted to €10,431 million, which is the best estimate of the aggregate amount of the underlying temporary differences.

The Group is able to control the timing of the distribution of unremitted earnings for almost all its (in)direct subsidiaries and in principle does not have the intention to distribute unremitted earnings bearing any significant tax costs in the foreseeable future. In principle, the Group therefore does not recognise a deferred tax liability in respect of the underlying temporary differences relating to undistributed earnings of subsidiaries, joint ventures and associates. This because the Group 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 except for the items described below for which the Group recognised a deferred tax liability on unremitted earnings for a total amount of €39 million (2018: €40 million; 2017: €493 million) as per year-end 2019.

- There are subsidiaries for which the Group runs a considerable foreign currency translation exposure if these subsidiaries do not distribute their unremitted earnings as dividend. When the Group needs to mitigate these foreign currency translation exposures by distributing unremitted earnings as dividends, such tax costs are deemed acceptable. In this respect a deferred tax liability for unremitted earnings for subsidiaries in Russia and China was recognised for a total amount of €2 million (2018: €3 million; 2017: €3 million).
- Similar to previous years, a deferred tax liability of €37 million was recognised per year-end 2019 in relation to Spanish recapture tax that will be due upon future income in the French branch of JDE Spain for which no tax credit will be available (2018: €37 million; 2017: €37 million).
- Further, as explained above, a deferred tax liability for a one-time transition tax of €453 million on 31 December 2017 (which has decreased to nil as from 2018).

The net deferred income tax liability relates to the following statement of financial position items and tax loss and other carry forwards, of which the movements during 2019, 2018 and 2017 respectively are as follows (in millions of €):

| | Balance as of 31 December 2018 | Reclassi-fication | Balance as of 31 December 2018 after re-classifications | (Charged) Credited to the Income Statement | (Charged) Credited directly to Equity | Currency Translation and other | Business Combinations and other acquisitions | Balance as of 31 December 2019 |
|---|---|---|---|---|---|---|---|---|
| Property, plant and equipment | (72) | – | (72) | (41) | – | (2) | – | (115) |
| Goodwill and other intangible assets | (1,020) | – | (1,020) | (60) | – | (3) | – | (1,083) |
| Other non-current financial assets | 137 | – | 137 | 4 | – | – | – | 141 |
| Retirement benefit asset/obligations | (9) | – | (9) | 1 | 28 | (4) | – | 16 |
| Share based payments | 4 | – | 4 | 1 | – | – | – | 5 |
| Borrowings | 24 | – | 24 | 37 | – | – | – | 61 |
| Derivative financial instruments | 19 | – | 19 | (2) | 3 | – | – | 20 |
| Provisions and other | 5 | – | 5 | 9 | – | – | (2) | 12 |
| Trade/other receivables/payables | 35 | – | 35 | (11) | – | 2 | – | 26 |
| Inventories | 2 | – | 2 | 5 | – | – | – | 7 |
| Tax on repatriation of earnings | (40) | – | (40) | 1 | – | – | – | (39) |
| Tax credits and interest deduction carry forwards offsetting repatriation tax | – | – | – | – | – | – | – | – |
| Other tax credits carry forwards | 5 | 3 | 8 | (4) | – | – | – | 4 |
| Tax loss carry forwards | 83 | (3) | 80 | (5) | (23) | 5 | – | 57 |
| Net deferred tax asset/(liability) | (827) | – | (827) | (65) | 8 | (2) | (2) | (888) |

| | Balance as of 31 December 2017 | Reclassi-fication | Balance as of 31 December 2017 after re-classifications | (Charged) Credited to the Income Statement | (Charged) Credited directly to Equity | Currency Translation and other | Business Combinations and other acquisitions | Balance as of 31 December 2018 |
|---|---|---|---|---|---|---|---|---|
| Property, plant and equipment | (77) | – | (77) | 8 | – | – | (3) | (72) |
| Goodwill and other intangible assets | (1,120) | – | (1,120) | 140 | – | (5) | (35) | (1,020) |
| Other non-current financial assets | 159 | – | 159 | (22) | – | – | – | 137 |
| Retirement benefit asset/obligations | (13) | – | (13) | (6) | 9 | 1 | – | (9) |
| Share based payments | 6 | – | 6 | (2) | – | – | – | 4 |
| Borrowings | 33 | – | 33 | (9) | – | – | – | 24 |
| Derivative financial instruments | 44 | – | 44 | (13) | (12) | – | – | 19 |
| Provisions and other | 16 | – | 16 | (11) | – | – | – | 5 |
| Trade/other receivables/payables | 41 | – | 41 | (4) | – | (2) | – | 35 |
| Inventories | 3 | – | 3 | – | – | – | (1) | 2 |
| Tax on repatriation of earnings | (493) | – | (493) | 453 | – | – | – | (40) |
| Tax credits and interest deduction carry forwards offsetting repatriation tax | 453 | – | 453 | (453) | – | – | – | – |
| Other tax credits carry forwards | 3 | – | 3 | 2 | – | – | – | 5 |
| Tax loss carry forwards | 73 | – | 73 | 10 | – | (1) | 1 | 83 |
| Net deferred tax asset/(liability) | (872) | – | (872) | 93 | (3) | (7) | (38) | (827) |

| | Balance as of 31 December 2016 | Reclassi-fication | Balance as of 1 January 2017 after re-classifications | (Charged) Credited to the Income Statement | (Charged) Credited directly to Equity | Currency Translation and other | Business Combinations and other acquisitions | Balance as of 31 December 2017 |
|---|---|---|---|---|---|---|---|---|
| Property, plant and equipment | (81) | (3) | (84) | 23 | – | 1 | (17) | (77) |
| Goodwill and other intangible assets | (1,096) | – | (1,096) | (5) | – | 20 | (39) | (1,120) |
| Other non-current financial assets | 158 | – | 158 | 1 | – | – | – | 159 |
| Retirement benefit asset/obligations | 8 | – | 8 | (9) | (14) | 2 | – | (13) |
| Share based payments | 6 | – | 6 | 1 | – | (1) | – | 6 |
| Borrowings | 29 | – | 29 | 4 | – | – | – | 33 |
| Derivative financial instruments | 21 | – | 21 | 21 | 2 | – | – | 44 |
| Provisions and other | 8 | – | 8 | 5 | – | 3 | – | 16 |
| Trade/other receivables/payables | (240) | – | (240) | 284 | – | (3) | – | 41 |
| Inventories | 4 | – | 4 | – | – | (1) | – | 3 |
| Tax on repatriation of earnings | (47) | – | (47) | (446) | – | – | – | (493) |
| Tax credits and interest deduction carry forwards offsetting repatriation tax | – | – | – | 453 | – | – | – | 453 |
| Other tax credits carry forwards | 1 | – | 1 | 3 | – | (1) | – | 3 |
| Tax loss carry forwards | 75 | 3 | 78 | (2) | – | (4) | 1 | 73 |
| Net deferred tax asset/(liability) | (1,154) | – | (1,154) | 333 | (12) | 16 | (55) | (872) |

In 2019 the Group had approximately €709 million (2018: €649 million; 2017: €616 million) of tax losses in the jurisdictions in which it operates, which are available to offset future taxable income. These losses expire as to the table below (in millions of €):

| | Tax losses unrecognised | | | Tax losses recognised | | | Total tax losses | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Within 1 year | – | 2 | 2 | 1 | – | – | 1 | 2 | 2 |
| 1 to 2 years | 7 | 3 | 1 | 1 | 1 | – | 8 | 4 | 1 |
| 2 to 3 years | 6 | 6 | 5 | 3 | 2 | 1 | 9 | 8 | 6 |
| 3 to 4 years | 6 | 9 | 13 | 2 | 8 | 3 | 8 | 17 | 16 |
| 4 to 5 years | 4 | 4 | 10 | – | 6 | 7 | 4 | 10 | 17 |
| Later | 42 | 11 | 4 | 67 | 62 | 41 | 109 | 73 | 45 |
| Unlimited | 260 | 133 | 139 | 309 | 402 | 390 | 569 | 535 | 529 |
| Balance as of 31 December | 325 | 168 | 174 | 383 | 481 | 442 | 708 | 649 | 616 |

As of 31 December 2019, the tax effect of these losses (taking into account the tax rate of the applicable jurisdiction) amounted to €131 million (2018: €125 million; 2017: €116 million), for which the Group recognised, based on the expectation of future taxable profits, €57 million as a deferred tax asset (2018: €83 million;2017: €73 million). Unrecognised deferred tax assets on tax losses amount to €74 million in 2019 (2018: €42 million; 2017: €43 million).

The Group has U.S. and Netherlands tax credits carry forwards at year-end 2019 of €15 million (2018: €14 million; 2017: €367 million) for which a deferred tax asset was recognised for €3 million (2018: €5 million; 2017: €329 million). The unrecognised tax credits amount to €12 million in 2019 (2018: €9 million; 2017: €38 million). Furthermore, in 2017 interest deductions carry forward were recognised for €127 million (all relating to the US). Further, the Group has temporary differences at year-end 2019 with a tax effect of €15 million (2018: €2 million; 2017: €2 million) for which no deferred tax asset was recognised as future taxable profit is not deemed probable.

# 27. Commitments and contingencies

***Commitments***—The Group's off-balance sheet commitments consist of the following (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Purchase commitments | 885 | 730 | 691 |
| Operating leases | 26 | 265 | 247 |
| Guarantees | 2 | 15 | 20 |
| | 913 | 1,010 | 959 |

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

*Operating lease commitment* – The Group 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. As of 1 January 2019, the Group applies IFRS 16, resulting in a decrease in the operating lease commitments in 2019. 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 millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Not later than one year | 9 | 74 | 69 |
| Later than one year and not longer than five years | 15 | 144 | 141 |
| Later than five years | 2 | 47 | 37 |
| | 26 | 265 | 247 |

*Guarantees*—The Group 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 the Group is conditioned on the other party making a claim pursuant to the procedures specified in the contract. These procedures allow the Group to challenge the other party's claims. In addition, the Group's obligations under these agreements may be limited in terms of time and/or amount, and in some cases the Group may have recourse against third parties for certain payments made by the Group. Historically, payments made by the Group under these agreements have not had a material effect on the Group's business, financial condition or results of operations.

***Contingencies***—The Group has various contingent liabilities the most significant contingencies are described below:

- *The Group 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 the Group's financial position are likely to arise in respect of these matters. Furthermore, the exposures cannot be reliably estimated.
- *Taxes*—The Group operates in a high number of jurisdictions and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. From time to time the Group is involved in tax disputes and proceedings relating to taxes arising in the ordinary course of business. As a result, the Group is required to exercise significant judgement in the recognition of taxes payable and determination of tax contingencies. The Group provides for the outcome of tax disputes and proceedings when it is probable that the uncertain tax treatment will not be accepted and a reliable estimate of the outflow can be made (refer to Note 26 for Income taxes and Note 25 for non-income taxes). The ultimate liability for such matters may vary significantly from the amounts provided and is dependent upon the outcome of litigation proceedings and negotiations with the relevant tax authorities. The Group's contingent tax liabilities are possible obligations that are not probable. They arise in respect of tax litigation against group companies or investigations by fiscal authorities. In many countries, there is a high degree of complexity in the local tax regimes. The majority of the Group's contingent liabilities that arise in respect of tax litigation or investigations by fiscal authorities are in respect of fiscal matters in Brazil. Assessing the amount of such liabilities that are not probable is highly judgemental, and the timing of possible outflows is uncertain. Management believes the Group will prevail in further proceedings with the tax authorities, however there can be no guarantee of success in court. In each case the Group believes the position is strong and therefore not been provided for.
- *Brazilian tax case*—D.E Cafes do Brasil initiated court proceedings in Brazil to contest a tax assessment which was raised in fiscal year 2012 in relation to fiscal year 2006. The assessment partially relates to the disallowance of goodwill amortisation. D.E Cafes do Brasil already successfully litigated and received a final favourable decision in February 2017 on a similar case on disallowance of goodwill amortisation relating to fiscal years 2000-2003. The assessment further relates to allegedly incorrect documented returned sales. The case is now pending the decision by the Administrative Council of Tax Appeals. During a trial hearing the judgment was converted into a request for further investigation to be carried out by the tax authorities. This is currently still pending. The corporate income tax exposure of this case was assessed and included in the measurement of uncertain tax liabilities provided for.

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

# 28. Related-party transactions

***Key management compensation***—The compensation related to the key management and non-executive directors of the Group and its subsidiaries for employee services is as follows (in millions of €):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Salaries | 29 | 24 | 13 |
| Share based payment compensation | 18 | 22 | 27 |
| Severance payments | 1 | 3 | 1 |
| Other | 1 | 1 | 1 |
| Total | 49 | 50 | 42 |

***Contribution by parent & distribution to parent***—During 2019 no contributions were made by Acorn (2018: €1 million; 2017: €1 million). In addition, the Company distributed an amount of €552 million (2018: €30 million; 2017: €516 million) to its shareholders.

***Share-based payments***—As discussed in Note 22, the Group's directors and certain eligible employees 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. The asset related to this is recognised in Note 13.

***Shares (Non-)Executive Directors***—(Non-)Executive Directors purchased shares under the stock purchase agreement of Peet's. The participants have a right to offer the shares for sale at a purchase price equal to the fair market value as included in Note 24. The following transactions occurred in 2017-2019 with (Non-)Executive Directors:

2017: €0 million

2018: €1.6 million

2019: €17.1 million

***Trading transactions***—During the year, group entities entered into the following transactions with related parties who are not members of the Group (in millions of €):

| | Sales to related parties | | | Purchases from related parties | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Keurig Dr Pepper | 11 | 6 | 3 | 59 | 48 | 39 |
| Caribou | 32 | 28 | 29 | 17 | 18 | 16 |
| Mondelēz International Inc Group | 19 | 27 | 25 | 39 | 45 | 50 |
| Total | 62 | 61 | 57 | 115 | 111 | 105 |

The following amounts were outstanding from/to related parties at reporting date (in millions of €):

| | Owed by the related party | | | Owed to the related party | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Keurig Dr Pepper | 1 | 2 | – | 28 | 25 | 18 |
| Mondelēz International Inc Group | 2 | 5 | 2 | 10 | 11 | 6 |
| Total | 3 | 7 | 2 | 38 | 26 | 24 |

Sales of goods to related parties were made at the Group'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 the Group 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 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.

***Douwe Egberts Pensioenfonds***—The Group has several transactions with the pension fund in the Netherlands, refer to Note 21. All transactions are related to payments to- and/or to fund the pension fund.

### *Loans to related parties*

*The Company to Maple Holdings B.V.*—Delta Charger HoldCo B.V. had a loan to related party Maple Holdings B.V. originated 25 February 2016, for a notional amount of €1,259 million with an interest rate of 5.2%. This loan, including accrued interest of €10 million, was transferred to Acorn. in February 2018. This resulted in a deduction of share premium, which was offset by the loan from related parties as described below.

*The Company to Acorn*—The Company entered into a loan with Acorn (its parent company) on 24 October 2019. This loan receivable had a notional amount of €250 million with an interest rate of 3-month Euribor plus a margin of 1.6%, with a floor of Euribor of 0.0%. On 20 December 2019, the Company distributed this Note of €250 million to Acorn. This note was distributed from retained earnings and resulted in a reduction of equity.

### *Loans from related parties*

*Maple Holdings II B.V. to the Company*—JDE Holdings Minority B.V. had a loan from related party Maple Holdings II B.V. originated 25 February 2016, for a notional amount of €1,259 million with an interest rate of 6.5% which was transferred to Maple Holdings B.V. in December 2017. An interest payable of €52 million was waived which resulted in an informal capital contribution of €52 million in 2017.

*Maple Holdings B.V. to the Company*—JDE Holdings Minority B.V. had a loan from Maple Holdings B.V., transferred in December 2017, for a notional amount of €1,259 million with an interest rate of 6.5% which was fully dissolved in August 2018. As part of the dissolvement of the loan an interest payable of €51 million was waived as well, resulting in an informal capital contribution. This combined with the contribution of the loan to related parties related to a total informal capital contribution of €41 million in 2018.

*Acorn to the Company*—Peet's entered into a borrowing from Acorn for a notional amount of $297 million. The loan is against a weighted average interest rate of 6.6%. Start date of the loan was 28 December 2018. In 2019 the loan was contributed to the Company resulting in elimination of the loan and an increase of share premium by €265 million. Part of this loan was ultimately due to an entity in which now a (former) member of key management of the intermediate parent company had a controlling interest, this amount was transferred to Acorn.

*Acorn to the Company*—On 20 December 2019, the Company made a capital distribution of €300 million to related party Acorn. The amount remained outstanding as other current liability.

*Acorn to the Company*—On 30 December 2019, the Company acquired the shares in Peet's HoldCo, Inc (US) from Acorn in exchange for a note payable to Oak 1753 B.V. with a principal amount of €1,704 million. The loan bears 3-month Euribor plus a margin of 1.6% interest, with a floor of 0.0% for the Euribor rate and matures on 30 December 2024.

***Reconciliation to equity statement***–The transactions described above, between Acorn to the Company (capital decrease of €252 million) and Maple Holdings B.V. to the Company (capital increase of €41 million), resulted in a net decrease of parent net investment of €211 million as disclosed in the statement of changes in equity for the year 2018.

For 2019, the transactions between Acorn and the Company (capital decrease of €1,704 million) and Acorn to the Company (capital decrease of €265 million) resulted in a net decrease in additional paid in capital of €1,439 million as disclosed in the statement of changes in equity. In addition, the distribution of a loan as described above from the Company to Acorn of €250 million is also disclosed in the statement of changes in equity.

***Fiscal unity***- Certain Dutch subsidiaries of the Company, and the operations of Peet's were included with affiliates not part of the Group 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. An affiliated party not part of the Group was the head of this Dutch fiscal unity for the period from 1 January 2017 through 30 November 2017. Peet's was part of a tax grouping for U.S. corporate income tax purposes during 2017 and in 2018 for the period through 27 December.

# 29. Subsequent events

On 17 January 2020, the Company received a capital contribution from Acorn of €300 million as share premium which offsets the outstanding other current liability per 31 December 2019.

In February 2020, Mondelēz ("MDLZ") and Acorn entered into an 'exchange agreement' in which both parties conditionally agree to exchange all of MDLZ's shares in JDE into shares of the Company, immediately prior to first settlement of the intended initial public offering of the Company.

First Acorn will partially capitalise the loan between the Company and Acorn in amount of approx. €250 million. Subsequently, MDLZ shall exchange its shares in JDE for shares in the capital of the Company, such that, immediately following MDLZ's exchange of shares for the Company, MDLZ will hold the same percentage ownership of the Company as its percentage ownership of JDE immediately prior to such exchange.

# 30. Legal entities

The following table provides an overview of the Group's operating subsidiaries (refer to the basis of preparation in note 1 for further clarification of the group):

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| *Holding structure* | | | | |
| Oak 1753 B.V. | The Netherlands | 100% | 100% | 100% |
| DE US Inc | United States | 100% | 100% | 100% |
| DEMB Participations B.V. | The Netherlands | 100% | 100% | 100% |
| Oak Swiss B.V. | The Netherlands | 100% | 100% | 100% |
| DEMB Holding B.V. | The Netherlands | 100% | 100% | 100% |
| Oak International B.V. | The Netherlands | 100% | 100% | 100% |
| DE Holdco UK Ltd | United Kingdom | 100% | 100% | 100% |
| Nutri-Metics International | Hong Kong | 100% | 100% | 100% |
| Oak InvestCo B.V. | The Netherlands | 100% | 100% | 100% |
| Delta Charger HoldCo B.V. | The Netherlands | 100% | 100% | 100% |
| Oak HoldCo B.V. | The Netherlands | 100% | 100% | 100% |
| Douwe Egberts Finance B.V. | The Netherlands | 100% | 100% | 100% |
| SL Malaysia Sdn Bhd | Malaysia | 100% | 100% | 100% |
| PT D.E. Utama Indonesia | Indonesia | 100% | 100% | 100% |
| PT D.E. Indonesia | Indonesia | 100% | 100% | 100% |
| PT Prem. Ventures Indonesia | Indonesia | 85% | 85% | 85% |
| PT Suria Yozani (ID) | Indonesia | 99% | 99% | 99% |
| JDE Holdings Minority B.V. | The Netherlands | 100% | 100% | 100% |
| JACOBS DOUWE EGBERTS B.V. | The Netherlands | 100% | 100% | 100% |
| OAK CH GmbH (previously Jacobs Douwe Egberts Holding CH GmbH) | Switzerland | 100% | 100% | 100% |
| New Oak 2 B.V. (incorporated 2019) | The Netherlands | 100% | – | – |
| *JDE Group* | | | | |
| D.E Holding Australia Pty. Ltd. | Australia | 73% | 73% | 73% |
| D.E Investments Australia Pty. Ltd. | Australia | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS AU Pty. Ltd. | Australia | 73% | 73% | 73% |
| D.E Holding Asia Pty. Ltd. | Australia | 73% | 73% | 73% |
| Café Express Australia Pty Ltd | Australia | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS AT GmbH | Austria | 73% | 73% | 73% |
| LLC «JACOBS DOUWE EGBERTS Bel» | Belarus | 73% | 73% | 73% |
| D.E. Investments Belgium BVBA (liquidated 2018) | Belgium | – | – | 73% |
| JACOBS DOUWE EGBERTS PRO BE BVBA | Belgium | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS BE BVBA | Belgium | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS BR Comercialização de Cafés Ltda. | Brazil | 73% | 73% | 73% |
| FOODS Indústria e Comércio Ltda. | Brazil | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS OPS BG EOOD | Bulgaria | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS BG EOOD | Bulgaria | 73% | 73% | 73% |
| April Eight (China) Limited (acquired 2018) | China | 51% | 51% | – |
| JACOBS DOUWE EGBERTS PRO CN Trading Ltd. | China | 48% | 48% | 48% |
| JACOBS DOUWE EGBERTS OPS CN Ltd. | China | 48% | 48% | 48% |
| JACOBS DOUWE EGBERTS Trading CN Ltd. | China | 48% | 48% | 48% |

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Shantou SEZ Perfect Foods Industries Co. Ltd. | China | 43% | 43% | 43% |
| Changzhou Super Food Co., Ltd. | China | 73% | 73% | 73% |
| Changzhou Super Chartered Food Co., Ltd. | China | 73% | 73% | 73% |
| Changzhou Super Technology Development Co. Ltd. (liquidated 2019) | China | – | 73% | 73% |
| Super Continental (Wuxi) Food Ingredients Sales and Marketing Co., Ltd. | China | 73% | 73% | 73% |
| Wuxi Super Food Technology Co., Ltd. | China | 73% | 73% | 73% |
| Guangzhou Supreme Food Service Limited (acquired 2018) | China | 51% | 51% | – |
| Shenzhen Kopitiam Asia Pacific Limited (acquired 2018) | China | 73% | 73% | – |
| Shenzhen Oldtown White Coffee Trading Co., Ltd (acquired 2018) | China | 73% | 73% | – |
| DECC N.V. (liquidated 2018) | Curacao | – | – | 73% |
| JACOBS DOUWE EGBERTS CZ s.r.o. | Czech Republic | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS OPS CZ s.r.o. | Czech Republic | 73% | 73% | 73% |
| Cafax APS (liquidated 2019) | Denmark | – | 73% | 73% |
| JACOBS DOUWE EGBERTS DK ApS | Denmark | 73% | 73% | 73% |
| JOBmeal Oy (acquired 2018) | Finland | 73% | 73% | – |
| CAFEINE SAS (liquidated 2018) | France | – | – | 73% |
| CAPDA ROANNE EURL (liquidated 2018) | France | – | – | 73% |
| CAPDA SASU (liquidated 2019) | France | – | 73% | 73% |
| DAREA SAS (liquidated 2019) | France | – | 73% | 73% |
| D.E. Investments France SNC | France | 73% | 73% | 73% |
| Courtaulds Textiles Holdings SAS | France | 73% | 73% | 73% |
| DEF Holding S.N.C. | France | 73% | 73% | 73% |
| DICAF EURL (liquidatd 2018) | France | – | – | 73% |
| Distribution 2000 (liquidatd 2018) | France | – | – | 73% |
| JACOBS DOUWE EGBERTS PRO FR S.N.C. | France | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS FR S.N.C. | France | 73% | 73% | 73% |
| DEF Finance S.N.C. | France | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS FR SAS | France | 73% | 73% | 73% |
| Maison Lyovel SAS | France | 73% | 73% | 73% |
| Finap SASU | France | 73% | 73% | 73% |
| Société de Management Lyovel EURL | France | 73% | 73% | 73% |
| Lyovel Academie EURL (liquidated 2019) | France | – | 73% | 73% |
| LYOVEL SASU | France | 73% | 73% | 73% |
| Tremplin Restauration SASU | France | 73% | 73% | 73% |
| Tremplin Team SASU (liquidated 2019) | France | – | 73% | 73% |
| SOGEDIA SASU | France | 73% | 73% | 73% |
| TD DISTRIBUTION EURL (liquidated 2018) | France | – | – | 73% |
| INSTANTS DELICES EURL | France | 73% | 73% | 73% |
| VILLEPINTE SCI | France | 73% | 73% | 73% |
| ORMES SCI | France | 73% | 73% | 73% |
| SLG SASU (liquidated 2018)) | France | – | – | 73% |
| DOMART SCI | France | 73% | 73% | 73% |
| ALTER EGO SASU (acquired 2019) | France | 73% | – | – |
| D'ACCUEIL Management SASU (acquired 2019) | France | 73% | – | – |

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| SFD Capitaine Ferro SASU (acquired 2019) | France | 73% | – | – |
| Pause Café Vending SASU (acquired 2019) | France | 73% | – | – |
| D'ACCUEIL Angers SASU (acquired 2019) | France | 73% | – | – |
| D'ACCUEIL Le Mans SASU (acquired 2019) | France | 73% | – | – |
| JACOBS DOUWE EGBERTS Georgia LLC | Georgia | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS PRO Office DE GmbH (liquidated 2018) | Germany | – | – | 73% |
| JACOBS DOUWE EGBERTS Real Estate DE GmbH | Germany | 73% | 73% | 73% |
| Jacobs Deutschland Holding GmbH | Germany | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS DE GmbH | Germany | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Holding Elm DE GmbH (incorporated 2019) | Germany | 73% | – | – |
| JACOBS DOUWE EGBERTS OPS DE GmbH & Co KG (incorporated 2019) | Germany | 73% | – | – |
| JACOBS DOUWE EGBERTS GR E.P.E. | Greece | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Coffee Trade GR E.P.E. | Greece | 73% | 73% | 73% |
| Bonsai Ventures Hong Kong Ltd. | Hong Kong | 48% | 48% | 48% |
| JACOBS DOUWE EGBERTS HK Ltd | Hong Kong | 73% | 73% | 73% |
| Oldtown White Coffee Limited (acquired 2018) | Hong Kong | 73% | 73% | – |
| OTK (HK) Investment Limited (acquired 2018) | Hong Kong | 73% | 73% | – |
| Super U&U (Hong Kong) Ltd. | Hong Kong | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS HU ZRT | Hungary | 73% | 73% | 73% |
| PT Super Aneka Foods & Beverages | Indonesia | 73% | 73% | 73% |
| PT Dwisindo Mas | Indonesia | 58% | 58% | 58% |
| JACOBS DOUWE EGBERTS IE Limited | Ireland | 73% | 73% | 73% |
| Linnyshaw Insurance Ltd. | Isle of Man | 73% | 73% | 73% |
| 12 Oz Coffee Joint S.r.l. (acquired 2018) | Italy | 37% | 37% | – |
| D.E Holding Italy S.R.L. | Italy | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS OPS IT S.r.l. | Italy | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS IT S.r.l. | Italy | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Kazakhstan LLP | Kazachstan | 73% | 73% | 73% |
| UAB JACOBS DOUWE EGBERTS LT | Lithuania | 73% | 73% | 73% |
| D.E Holding Luxembourg S.à r.l. | Luxembourg | 73% | 73% | 73% |
| Conneczone Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Dynasty Confectionery Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Emperor's Kitchen Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Gongga Food Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Kopitiam Asia Pacific Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Old Town (M) Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Old Town Kopitiam Butterworth Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Old Town Kopitiam Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| Old Town Kopitiam Kuala Lumpur Sdn Bhd | Malaysia | 73% | 73% | – |
| Oldtown APP Sdn Bhd (liquidated 2019) | Malaysia | – | 73% | – |
| Oldtown Logistic Sdn Bhd (acquired 2018) | Malaysia | 73% | 73% | – |
| White Cafe Sdn Bhd | Malaysia | 73% | 73% | – |
| White Cafe Marketing Sdn Bhd | Malaysia | 73% | 73% | – |
| Esquire Chef Sdn Bhd | Malaysia | 73% | 73% | – |

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Dynasty Kitchen Sdn Bhd | Malaysia | 73% | 73% | – |
| Old Town Kopitiam Cheras Sdn Bhd | Malaysia | 73% | 73% | – |
| Super Food Technology Sdn Bhd | Malaysia | 73% | 73% | 73% |
| Super Food Specialists Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Super Bio-Food Ingredients (M) Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Super Dairy Sdn. Bhd. (liquidated 2019) | Malaysia | – | 73% | 73% |
| Super FI (M) Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Owl Food Manufacture (M) Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Super Coffeemix Marketing Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Super NHF Canning Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Super Food Marketing Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| Super FO Sdn. Bhd. | Malaysia | 58% | 58% | 58% |
| Super Power Station Sdn. Bhd. | Malaysia | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS MX, S. DE R.L. DE C.V. | Mexico | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS MA SARLAU | Morocco | 73% | 73% | 73% |
| Super Coffeemix Ltd. | Myanmar | 44% | 44% | 44% |
| SHWE Super Light (liquidated 2018) | Myanmar | – | – | 44% |
| Global Joure Brands B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Holdings B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS International B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Minority B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS CC Holding B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Coffeecompany B.V. | The Netherlands | 73% | 73% | 73% |
| Jacobs Douwe Egberts Holdings Asia NL B.V. | The Netherlands | 73% | 73% | 73% |
| Koninklijke Douwe Egberts B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Treasury B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Export NL B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS PRO NL B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS NL B.V. | The Netherlands | 73% | 73% | 73% |
| D.E Global Finance B.V. | The Netherlands | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Holdings Nordics NL B.V. (incorporated 2018) | The Netherlands | 73% | 73% | – |
| deOudedoelen B.V. (incorporated 2019) | The Netherlands | 73% | – | – |
| Hummingbird Coffee Limited (liquidated 2018) | New Zealand | – | – | 73% |
| JACOBS DOUWE EGBERTS NZ Limited | New Zealand | 73% | 73% | 73% |
| Kiwi (Nigeria) Ltd (liquidated 2018) | Nigeria | – | – | 73% |
| JACOBS DOUWE EGBERTS NORGE AS | Norway | 73% | 73% | 73% |
| Midtunhaugen 6 AS | Norway | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS PL sp. z o.o. | Poland | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS PT, Unipessoal Lda. | Portugal | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS RO Srl | Romania | 73% | 73% | 73% |
| Douwe Egberts Rus LLC | Russia | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS Rus LLC | Russia | 73% | 73% | 73% |
| Super Investment Holdings Pte Ltd. | Singapore | 73% | 73% | 73% |
| Strategic Marketing & Distribution Pte. Ltd. | Singapore | 73% | 73% | 73% |

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Beecomb Food Industries Pte. Ltd. | Singapore | 43% | 43% | 43% |
| Owl Beverage Specialist Pte. Ltd. (liquidated 2018) | Singapore | – | – | 73% |
| Owl International Pte. Ltd. (liquidated 2018) | Singapore | – | – | 73% |
| Sara Lee Singapore PTE LTD (liquidated 2019) | Singapore | – | 73% | 73% |
| SCML Overseas Pte. Ltd. (liquidated 2018) | Singapore | – | – | 73% |
| Super Coffee Corporation Pte. Ltd (liquidated 2018) | Singapore | – | – | 73% |
| Super Continental Pte. Ltd (liquidated 2018) | Singapore | – | – | 73% |
| Super Food Investment International Pte. Ltd. (liquidated 2018) | Singapore | – | – | 73% |
| Super Grandex Investment Pte. Ltd (liquidated 2018) | Singapore | – | – | 73% |
| Super Group Pte. Ltd (liquidated 2018) | Singapore | – | – | 73% |
| JACOBS DOUWE EGBERTS HLD INV SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS HLD SCM SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS HLD SCP SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS HLD SGI SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS HLD SGP SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS PRO OBS SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS RTL OWL SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| JACOBS DOUWE EGBERTS RTL SCC SG PTE. LTD. (incorporated 2018) | Singapore | 73% | 73% | – |
| Oldtown Singapore Pte Ltd (acquired 2018) | Singapore | 73% | 73% | – |
| Sara Lee Slovakia s.r.o (liquidated 2018) | Slovakia | – | – | 73% |
| JACOBS DOUWE EGBERTS SK s.r.o. | Slovakia | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS ZA (Pty) Ltd | South Africa | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS ES S.L.U. | Spain | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS S.E. AB | Sweden | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS OPS S.E. AB | Sweden | 73% | 73% | 73% |
| Ames Automatservice AB (liquidated 2019) | Sweden | – | 73% | – |
| JOBmeal AB (acquired 2018) | Sweden | 73% | 73% | – |
| JOBmeal Group AB (acquired 2018) | Sweden | 73% | 73% | – |
| JOBmeal Holding AB (liquidated 2019) | Sweden | – | 73% | – |
| JACOBS DOUWE EGBERTS Sourcing CH GmbH | Switzerland | – | 73% | 73% |
| JACOBS DOUWE EGBERTS CH GmbH | Switzerland | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS TH Ltd. | Thailand | 73% | 73% | 73% |
| SCML (Thailand) | Thailand | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS TR Gıda Ticareti Sanayi Limited Şirketi | Turkey | 51% | 51% | 73% |
| Of Çaysan Tarım Ürünleri Entegre Tesisleri Sanayi ve Ticaret Anonim Şirketi (acquired 2018) | Turkey | 51% | 51% | – |
| JACOBS DOUWE EGBERTS TURKEY ÇAY KAHVE HİZMETLERİ LİMİTED ŞİRKETİ (acquired 2019) | Turkey | 73% | – | – |
| LLC Jacobs Douwe Egberts Ukraina | Ukraine | 73% | 73% | 73% |
| D.E Holding UK Ltd | United Kingdom | 73% | 73% | 73% |
| Jacobs Coffee UK Ltd | United Kingdom | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS OPS GB Ltd | United Kingdom | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS R&D GB Ltd | United Kingdom | 73% | 73% | 73% |
| Courtaulds Textiles Ltd. | United Kingdom | 73% | 73% | 73% |
| Courtaulds Textiles (Holdings) Ltd. | United Kingdom | 73% | 73% | 73% |

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| JACOBS DOUWE EGBERTS PRO GB Ltd | United Kingdom | 73% | 73% | 73% |
| JACOBS DOUWE EGBERTS GB LTD | United Kingdom | 73% | 73% | 73% |
| D.E Finance UK Ltd | United Kingdom | 73% | 73% | 73% |
| New Way Packaged Products Ltd | United Kingdom | 73% | 73% | 73% |
| DE HoldCo UK Limited (acquired 2019) | United Kingdom | 73% | 73% | – |
| Tea Forté Inc. | USA | 73% | 73% | 73% |
| Super Coffeemix Vietnam Ltd. | Vietnam | 73% | 73% | 73% |
| Owl International Viet Nam Ltd (liquidated 2018) | Vietnam | – | – | 73% |
| TNBT Company Limited | Vietnam | 73% | 73% | 73% |
| | | | | |
| *Peet's Group* | | | | |
| Stumptown Coffee Corporation | USA | 89% | 89% | 89% |
| Maple Tree Holding Co., Inc. | USA | 58% | 58% | 58% |
| Maple Leaf Holding Co., Inc. | USA | 58% | 58% | 58% |
| Intelligentsia Coffee, Inc. | USA | 57% | 57% | 57% |
| Kilogram Tea Manager, Inc. | USA | 57% | 57% | 57% |
| Kilogram Tea, LLC | USA | 57% | 57% | 57% |
| HH Peet's Holdings Limited | Hong Kong | 58% | 58% | 58% |
| HH Peet's China Limited | Hong Kong | 58% | 58% | 58% |
| Peet's Coffee - Shanghai | China | 58% | 58% | 58% |
| Seed Leaf LLC | USA | 55% | 55% | 55% |
| Revive Brands | USA | 74% | 74% | – |
| Peet's Coffee & Tea, LLC | USA | 98% | 98% | 98% |
| Peet's HoldCo, Inc. | USA | 100% | 100% | 100% |
| Peet's Coffee, Inc. | USA | 91% | 91% | 91% |

The following table provides an overview of entities were the Group holds a non-controlling interest.

| | | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Tianjin Super Lifestyle Food Development Company Ltd | China | 37% | 37% | 37% |
| Ningxia Yin Ou Super Lifestyle Food Co., Ltd | China | 37% | 37% | 37% |
| Wuxi Tian Feng Food Ingredient Co., Ltd. | China | 29% | 29% | 29% |
| Prodia+ | France | 4% | 4% | 4% |
| Darea | France | 18% | 18% | 18% |
| OTK Eatery Sdn Bhd | Malaysia | 29% | 29% | – |
| Plus One Solution Sdn Bhd | Malaysia | 37% | 37% | – |
| San Miguel Super Coffeemix Co., Inc. | Philippines | 22% | 22% | 22% |
| SmartPort Zapad | Russia | 37% | 37% | 37% |
| Ceres Super Pte. Ltd. | Singapore | 29% | 29% | 29% |
| OTK Singapore Pte Ltd | Singapore | 37% | 37% | – |

Amsterdam, 14 February 2020

L. Burgers
Director

L.J. Hoogeveen
Director

M.M. Broers
Director

# Independent Auditor's Report

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of JDE-Peet's B.V.

## REPORT ON THE COMBINED AND CONSOLIDATED SPECIAL PURPOSE FINANCIAL STATEMENTS OF JDE-PEET'S B.V. FOR THE THREE YEARS PERIOD ENDED 31 DECEMBER 2019, 2018 AND 2017

### Our opinion

We have audited the accompanying Combined and Consolidated Special Purpose Financial Statements for the purpose of the prospectus (hereafter "the Special Purpose Financial Statements") for the years ended 31 December 2019, 2018 and 2017 of JDE-Peet's B.V. (the "Company"), based in Amsterdam.

In our opinion the accompanying Special Purpose Financial Statements give a true and fair view of the combined and consolidated financial position of JD-Peet's as at 31 December 2019, 2018 and 2017 and of its consolidated and combined results and consolidated and combined cash flows for each of the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The Special Purpose Financial Statements for the purpose of the prospectus comprise:

1. The consolidated statement of financial position as at 31 December 2019, and the combined statements of financial position at 31 December 2018 and 31 December 2017.

2. The consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and the combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended 31 December 2018 and 31 December 2017.

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 Special Purpose Financial Statements' section of our report.

We are independent of JDE-Peet's 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. 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.

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**Emphasis of the basis of accounting and special purpose of the combined and consolidated financial statements**

We draw attention to the Basis of Preparation section in Note 1 "Description of the Business" of the Special Purpose Financial Statements, which describes the basis of accounting. As the JDE Peet's Group did not operate as one combined group in the past, the Special Purpose Financial Statements may not necessarily be indicative of the results that would have occurred had the JDE Peet's Group been a separate combined group.

The Special Purpose Financial Statements have been prepared only for enclosure in the prospectus in connection with the anticipated admission to listing and trading on the Euronext Amsterdam. This report is required by Annex 1 item 18.3.1 of Commission delegated regulation (EU) No 2019/980 and is given for the purpose of complying with that requirement and for no other purpose. As a result, the Special Purpose Financial Statements are not suitable for any other purpose. As a consequence we do not accept or assume any liability or duty of care if our report is used for any other purpose than described above. Our report is not qualified in respect of this matter.

**DESCRIPTION OF RESPONSIBILITIES REGARDING THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Responsibilities of management for the Special Purpose Financial Statements**

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statements in accordance with EU-IFRS. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Special Purpose Financial Statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the Special Purpose 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 Special Purpose Financial Statements.

**Our responsibilities for the audit of the Special Purpose 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 this balance sheet and the notes. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Deloitte.

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

- Identifying and assessing the risks of material misstatement of the Special Purpose 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 Special Purpose 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 Special Purpose Financial Statements, including the disclosures.

- Evaluating whether the Special Purpose 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 of Directors regarding, among 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.

Amsterdam, 14 February 2020

Deloitte Accountants B.V.

Signed on the original: G.M. Dekker

**The Company**
**JDE Peet's N.V.**
Oosterdoksstraat 80
1011 DK Amsterdam
The Netherlands

**Selling Shareholders**

**JAB Holding Company S.à r.l.**
(through its subsidiary Acorn Holdings B.V.)
Oosterdoksstraat 80
1011 DK Amsterdam
The Netherlands

**Mondelēz International, Inc.**
(through its subsidiary Mondelez Coffee HoldCo B.V.)
Wilhelminakanaal Zuid 110
4903RA Oosterhout
The Netherlands

**Legal Advisers to the Company and Acorn Holdings B.V.**

*in respect of Dutch law*
**Allen & Overy LLP**
Apollolaan 15
1077 AB Amsterdam
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*in respect of English and U.S. law*
**Allen & Overy LLP**
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United Kingdom

**Legal Advisers to Mondelez Coffee HoldCo B.V.**

*in respect of Dutch law*
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*in respect of English and U.S. law*
**Clifford Chance LLP**
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United Kingdom

**Joint Global Coordinators and Joint Bookrunners**

**BNP Paribas**
16 boulevard des Italiens
75009 Paris
France

**Goldman Sachs International**
Plumtree Court
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London EC4A 4AU
United Kingdom

**J.P. Morgan Securities plc**
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

**Joint Bookrunners**

**Banco Santander, S.A.**
Paseo de Pereda 9-12
39004 Santander
Spain

**Citigroup Global Markets Limited**
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**Crédit Agricole Corporate and Investment Bank**
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