

**Condensed
Consolidated
Unaudited
Interim Financial
Statements**

For the six-month period
ended 30 June 2020



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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

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

In EUR million, unless stated otherwise

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

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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

In EUR million

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

In EUR million

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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

In EUR million	Share capital	Share premium	Retirement Benefit Obligation Related Items	Currency Translation Reserve	Cash flow hedge reserve	Total Other Comprehensive Income	Share-based payments reserve	Retained Earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total Equity
Balance — 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
<i>Profit for the period</i>	—	—	—	—	—	—	—	183	183	67	250
Retirement benefit obligation	—	—	(23)	—	—	(23)	—	—	(23)	(8)	(31)
Foreign currency translation	—	—	—	46	—	46	—	—	46	15	61
Foreign currency contracts	—	—	—	—	(3)	(3)	—	—	(3)	(1)	(4)
Interest rate contracts	—	—	—	—	(14)	(14)	—	—	(14)	(5)	(19)
<i>Total Comprehensive Income/ (Loss)</i>	—	—	(23)	46	(17)	6	—	183	189	68	257
Share-based payments	—	—	—	—	—	—	—	—	—	(2)	(2)
Dividends	—	—	—	—	—	—	—	—	—	(67)	(67)
Purchase of shares from non-controlling shareholders	—	—	—	—	—	—	—	(5)	(5)	—	(5)
Issuance of shares	—	—	—	—	—	—	—	—	—	—	—
Balance — As of 30 June 2019	1	7,474	139	(313)	(72)	(246)	26	812	8,067	2,842	10,909

In EUR million	Share capital	Share premium	Treasury Stock	Retirement Benefit Obligation Related Items	Currency Translation Reserve	Cash flow hedge reserve	Total Other Comprehensive Income	Share-based payments reserve	Retained Earnings	Total equity attributable to the shareholders of the Company	Non-controlling interest	Total Equity
Balance — 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
<i>Profit for the period</i>	—	—	—	—	—	—	—	—	119	119	60	179
Retirement benefit obligation	—	—	—	28	—	—	28	—	—	28	30	58
Foreign currency translation	—	—	—	—	(240)	—	(240)	—	—	(240)	(79)	(319)
Foreign currency contracts	—	—	—	—	—	(3)	(3)	—	—	(3)	1	(2)
Interest rate contracts	—	—	—	—	—	9	9	—	—	9	3	12
<i>Total Comprehensive Income/ (Loss)</i>	—	—	—	28	(240)	6	(206)	—	119	(87)	15	(72)
Share-based payments	—	—	—	—	—	—	—	12	—	12	3	15
Dividends	—	(10)	—	—	—	—	—	—	(1)	(11)	(77)	(88)
Capital contribution by shareholder	—	300	—	—	—	—	—	—	—	300	—	300
Proceeds IPO	4	786	—	—	—	—	—	—	—	790	—	790
Transactions among shareholders	—	2,760	—	58	(151)	(17)	(110)	10	100	2,760	(2,760)	—
Deconsolidation of subsidiary	—	—	—	—	—	—	—	—	—	—	3	3
Result of dilution	—	—	—	—	—	—	—	—	16	16	(14)	2
Balance — As of 30 June 2020	5	9,871	—	164	(653)	(70)	(559)	75	831	10,223	148	10,371

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

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

In EUR million

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION

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

Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

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

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

Functional and presentation currency

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

Use of estimates and judgments

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

2. ACCOUNTING POLICIES

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

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

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

3. FINANCIAL RISKS

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

Fair values

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

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

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

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

COVID-19

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

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

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

4. SEGMENT INFORMATION

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

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

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

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

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

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

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

Entity-wide disclosures:

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

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

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

5. REVENUE

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

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

6. EXPENSES BY NATURE

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

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

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

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

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

7. EARNINGS PER SHARE

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

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

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

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

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

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

8. FINANCE INCOME AND EXPENSE

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

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

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

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

9. GOODWILL AND OTHER INTANGIBLES ASSETS

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

11. SHAREHOLDERS' EQUITY

Reserves

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

Time-weighted average number of shares

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

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

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

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

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

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

12. BORROWINGS

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

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

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

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

13. POST EMPLOYMENT AND OTHER LONG TERM EMPLOYEE BENEFIT PLANS

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

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

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

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

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

14. CONTINGENCIES

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

15. RELATED PARTY TRANSACTIONS

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

16. SUBSEQUENT EVENTS

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

OTHER INFORMATION

Responsibilities of the Directors

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

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

Auditor's involvement

The content of this report has not been audited or reviewed by an external auditor.