

REFINITIV

DELTA REPORT

10-Q

SBUX - STARBUCKS CORP

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - JULY 02, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1118

■ CHANGES	305
■ DELETIONS	415
■ ADDITIONS	398

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **July 2, 2023** **December 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: **000-20322**

Starbucks Corporation

(Exact Name of Registrant as Specified in its Charter)



Washington
(State or Other Jurisdiction of
Incorporation or Organization)

91-1325671
(IRS Employer
Identification No.)

2401 Utah Avenue South, Seattle, Washington 98134
(Address of principal executive **offices** offices, zip code)

(206) 447-1575
(Registrant's Telephone Number, including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	SBUX	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares Outstanding as of July 26, 2023 **January 24, 2024**

1,145.4 **1,132.2** million

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PART I — FINANCIAL INFORMATION

Item 1. *Financial Statements*

STARBUCKS CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(in millions, except per share data)
(unaudited)

	Quarter Ended		Three Quarters Ended	
	Jul 2, 2023	Jul 3, 2022	Jul 2, 2023	Jul 3, 2022
Net revenues:	Dec 31, 2023			
Net revenues:	Dec 31, 2023			
Net revenues:	Dec 31, 2023			
Net revenues:				
Company-operated stores	Company-operated stores	\$	\$	\$
	7,556.7		6,675.5	
			21,782.4	
				19,674.7

Company-operated stores					
Company-operated stores					
Licensed stores					
Licensed stores					
Licensed stores	Licensed stores	1,136.2	956.8	3,325.2	2,657.0
Other	Other	475.4	517.8	1,494.4	1,504.4
Other					
Other					
Total net revenues					
Total net revenues					
Total net revenues	Total net revenues	9,168.3	8,150.1	26,602.0	23,836.1
Product and distribution costs	Product and distribution costs	2,864.2	2,613.6	8,476.1	7,606.4
Product and distribution costs					
Product and distribution costs					
Store operating expenses					
Store operating expenses					
Store operating expenses	Store operating expenses	3,697.6	3,302.5	10,998.9	10,017.1
Other operating expenses	Other operating expenses	138.7	135.1	394.1	338.4
Other operating expenses					
Other operating expenses					
Depreciation and amortization expenses					
Depreciation and amortization expenses					
Depreciation and amortization expenses	Depreciation and amortization expenses	342.2	356.8	1,011.2	1,090.5
General and administrative expenses	General and administrative expenses	604.3	486.7	1,805.6	1,494.0
General and administrative expenses					
General and administrative expenses					
Restructuring and impairments					
Restructuring and impairments					
Restructuring and impairments	Restructuring and impairments	7.1	14.0	21.8	10.9
Total operating expenses	Total operating expenses	7,654.1	6,908.7	22,707.7	20,557.3
Total operating expenses					
Total operating expenses					
Income from equity investees	Income from equity investees	69.7	54.1	179.0	143.5
Gain from sale of assets		—	—	91.3	—
Income from equity investees					
Income from equity investees					
Operating income					
Operating income					
Operating income	Operating income	1,583.9	1,295.5	4,164.6	3,422.3
Interest income and other, net	Interest income and other, net	21.3	19.8	51.1	66.0
Interest income and other, net					
Interest income and other, net					

Interest expense						
Interest expense						
Interest expense	Interest expense	(140.9)	(123.1)	(406.9)	(357.6)	
Earnings before income taxes	Earnings before income taxes	1,464.3	1,192.2	3,808.8	3,130.7	
Earnings before income taxes						
Earnings before income taxes						
Income tax expense						
Income tax expense	Income tax expense	322.4	278.5	903.4	725.9	
Net earnings including noncontrolling interests	Net earnings including noncontrolling interests	1,141.9	913.7	2,905.4	2,404.8	
Net earnings including noncontrolling interests						
Net earnings including noncontrolling interests						
Net earnings attributable to noncontrolling interests						
Net earnings attributable to noncontrolling interests						
Net earnings attributable to noncontrolling interests	Net earnings attributable to noncontrolling interests	0.2	0.8	0.2	1.5	
Net earnings attributable to Starbucks	Net earnings attributable to Starbucks	\$ 1,141.7	\$ 912.9	\$ 2,905.2	\$ 2,403.3	
Net earnings attributable to Starbucks						
Net earnings attributable to Starbucks						
Earnings per share - basic						
Earnings per share - basic						
Earnings per share - basic	Earnings per share - basic	\$ 1.00	\$ 0.80	\$ 2.53	\$ 2.08	
Earnings per share - diluted	Earnings per share - diluted	\$ 0.99	\$ 0.79	\$ 2.52	\$ 2.07	
Earnings per share - diluted						
Earnings per share - diluted						
Weighted average shares outstanding:						
Weighted average shares outstanding:						
Weighted average shares outstanding:	Weighted average shares outstanding:					
Basic	Basic	1,145.9	1,147.0	1,147.6	1,155.3	
Basic						
Basic						
Diluted	Diluted	1,150.5	1,151.0	1,152.0	1,160.5	
Diluted						
Diluted						

See Notes to Consolidated Financial Statements.

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STARBUCKS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions, unaudited)

		Quarter Ended		Three Quarters Ended	
		Jul 2, 2023	Jul 3, 2022	Jul 2, 2023	Jul 3, 2022
		Quarter Ended			
		Quarter Ended			
		Dec 31, 2023			
		Dec 31, 2023			
		Dec 31, 2023			
Net earnings including noncontrolling interests					
Net earnings including noncontrolling interests					
Net earnings including noncontrolling interests	Net earnings including noncontrolling interests	\$ 1,141.9	\$ 913.7	\$ 2,905.4	\$ 2,404.8
Other comprehensive income/(loss), net of tax:	Other comprehensive income/(loss), net of tax:				
Other comprehensive income/(loss), net of tax:					
Unrealized holding gains/(losses) on available-for-sale debt securities					
Unrealized holding gains/(losses) on available-for-sale debt securities					
Unrealized holding gains/(losses) on available-for-sale debt securities	Unrealized holding gains/(losses) on available-for-sale debt securities	(2.2)	(2.1)	3.4	(16.0)
Tax (expense)/benefit	Tax (expense)/benefit	0.5	0.5	(0.8)	3.9
Tax (expense)/benefit					
Tax (expense)/benefit					
Unrealized gains/(losses) on cash flow hedging instruments					
Unrealized gains/(losses) on cash flow hedging instruments					
Unrealized gains/(losses) on cash flow hedging instruments	Unrealized gains/(losses) on cash flow hedging instruments	4.6	54.4	(177.3)	210.3
Tax (expense)/benefit	Tax (expense)/benefit	(3.8)	(13.4)	25.8	(39.5)
Tax (expense)/benefit					
Tax (expense)/benefit					
Unrealized gains/(losses) on net investment hedging instruments					
Unrealized gains/(losses) on net investment hedging instruments					
Unrealized gains/(losses) on net investment hedging instruments	Unrealized gains/(losses) on net investment hedging instruments	101.0	109.2	33.7	188.8
Tax (expense)/benefit	Tax (expense)/benefit	(25.5)	(27.6)	(8.5)	(47.7)
Tax (expense)/benefit					
Tax (expense)/benefit					
Translation adjustment and other					

Translation adjustment and other					
Translation adjustment and other	Translation adjustment and other	(318.1)	(396.9)	(34.5)	(421.2)
Tax (expense)/benefit	Tax (expense)/benefit	—	—	—	—
Tax (expense)/benefit	Tax (expense)/benefit	—	—	—	—
Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale debt securities, hedging instruments, and translation adjustment	Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale debt securities, hedging instruments, and translation adjustment	—	—	—	—
Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale debt securities, hedging instruments, and translation adjustment	Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale debt securities, hedging instruments, and translation adjustment	—	—	—	—
Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale debt securities, hedging instruments, and translation adjustment	Reclassification adjustment for net (gains)/losses realized in net earnings for available-for-sale debt securities, hedging instruments, and translation adjustment	(16.5)	(59.2)	(181.5)	(109.5)
Tax expense/(benefit)	Tax expense/(benefit)	4.1	9.8	25.4	18.7
Tax expense/(benefit)	Tax expense/(benefit)	—	—	—	—
Tax expense/(benefit)	Tax expense/(benefit)	—	—	—	—
Other comprehensive income/(loss)	Other comprehensive income/(loss)	—	—	—	—
Other comprehensive income/(loss)	Other comprehensive income/(loss)	—	—	—	—
Other comprehensive income/(loss)	Other comprehensive income/(loss)	(255.9)	(325.3)	(314.3)	(212.2)
Comprehensive income including noncontrolling interests	Comprehensive income including noncontrolling interests	886.0	588.4	2,591.1	2,192.6
Comprehensive income including noncontrolling interests	Comprehensive income including noncontrolling interests	—	—	—	—
Comprehensive income attributable to noncontrolling interests	Comprehensive income attributable to noncontrolling interests	(0.5)	0.8	(0.5)	1.5
Comprehensive income attributable to noncontrolling interests	Comprehensive income attributable to noncontrolling interests	—	—	—	—
Comprehensive income attributable to Starbucks	Comprehensive income attributable to Starbucks	—	—	—	—
Comprehensive income attributable to Starbucks	Comprehensive income attributable to Starbucks	—	—	—	—
Comprehensive income attributable to Starbucks	Comprehensive income attributable to Starbucks	\$ 886.5	\$ 587.6	\$ 2,591.6	\$ 2,191.1

See Notes to Consolidated Financial Statements.

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STARBUCKS CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)
(unaudited)

Jul 2, 2023	Oct 2, 2022
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	Dec 31, 2023		Dec 31, 2023		Oct 1, 2023
ASSETS	ASSETS				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 3,357.0	\$ 2,818.4		
Short-term investments	Short-term investments	263.0	364.5		
Accounts receivable, net	Accounts receivable, net	1,140.2	1,175.5		
Inventories	Inventories	1,987.0	2,176.6		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	423.5	483.7		
Total current assets	Total current assets	7,170.7	7,018.7		
Long-term investments	Long-term investments	238.6	279.1		
Equity investments	Equity investments	384.4	311.2		
Property, plant and equipment, net	Property, plant and equipment, net	7,053.5	6,560.5		
Operating lease, right-of-use asset	Operating lease, right-of-use asset	8,178.5	8,015.6		
Deferred income taxes, net	Deferred income taxes, net	1,790.3	1,799.7		
Other long-term assets	Other long-term assets	541.7	554.2		
Other intangible assets	Other intangible assets	124.4	155.9		
Goodwill	Goodwill	3,250.9	3,283.5		
TOTAL ASSETS	TOTAL ASSETS	\$28,733.0	\$27,978.4		
LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)					
LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)					
Current liabilities:	Current liabilities:				
Current liabilities:					
Current liabilities:					
Accounts payable					
Accounts payable					
Accounts payable	Accounts payable	\$ 1,503.5	\$ 1,441.4		
Accrued liabilities	Accrued liabilities	2,060.5	2,137.1		
Accrued payroll and benefits	Accrued payroll and benefits	755.4	761.7		
Current portion of operating lease liability	Current portion of operating lease liability	1,265.2	1,245.7		

Stored value card liability and current portion of deferred revenue	Stored value card liability and current portion of deferred revenue	1,759.6	1,641.9
Short-term debt	Short-term debt	34.5	175.0
Current portion of long-term debt	Current portion of long-term debt	1,835.9	1,749.0
Total current liabilities	Total current liabilities	9,214.6	9,151.8
Long-term debt	Long-term debt	13,544.4	13,119.9
Operating lease liability	Operating lease liability	7,691.2	7,515.2
Deferred revenue	Deferred revenue	6,152.5	6,279.7
Other long-term liabilities	Other long-term liabilities	471.9	610.5
Total liabilities	Total liabilities	37,074.6	36,677.1
Shareholders' deficit:			
Common stock (\$0.001 par value) — authorized, 2,400.0 shares; issued and outstanding, 1,145.4 and 1,147.9 shares, respectively		1.1	1.1
Shareholders' deficit:			
Common stock (\$0.001 par value) — authorized, 2,400.0 shares; issued and outstanding, 1,132.2 and 1,142.6 shares, respectively			
Common stock (\$0.001 par value) — authorized, 2,400.0 shares; issued and outstanding, 1,132.2 and 1,142.6 shares, respectively			
Common stock (\$0.001 par value) — authorized, 2,400.0 shares; issued and outstanding, 1,132.2 and 1,142.6 shares, respectively			
Additional paid-in capital	Additional paid-in capital	38.3	205.3
Retained deficit	Retained deficit	(7,610.5)	(8,449.8)
Accumulated other comprehensive income/(loss)	Accumulated other comprehensive income/(loss)	(777.5)	(463.2)
Total shareholders' deficit	Total shareholders' deficit	(8,348.6)	(8,706.6)
Noncontrolling interests	Noncontrolling interests	7.0	7.9
Total deficit	Total deficit	(8,341.6)	(8,698.7)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)			
\$28,733.0 \$27,978.4			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)			

See Notes to Consolidated Financial Statements.

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STARBUCKS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions, unaudited)

		Three Quarters Ended			
		Jul 2, 2023	Jul 3, 2022		
		Quarter Ended			
		Dec 31, 2023	Dec 31, 2023	Jan 1, 2023	
OPERATING ACTIVITIES:	OPERATING ACTIVITIES:				
Net earnings including noncontrolling interests	Net earnings including noncontrolling interests	\$2,905.4	\$2,404.8		
Net earnings including noncontrolling interests	Net earnings including noncontrolling interests				
Adjustments to reconcile net earnings to net cash provided by operating activities:	Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	Depreciation and amortization				
Depreciation and amortization	Depreciation and amortization	1,073.8	1,169.0		
Deferred income taxes, net	Deferred income taxes, net	(30.2)	35.0		
Income earned from equity method investees	Income earned from equity method investees	(182.7)	(175.0)		
Distributions received from equity method investees	Distributions received from equity method investees	146.6	145.9		
Gain on sale of assets		(91.3)	—		
Stock-based compensation	Stock-based compensation	228.5	206.6		
Non-cash lease costs	Non-cash lease costs	998.4	1,090.4		
Loss on retirement and impairment of assets	Loss on retirement and impairment of assets	79.1	89.6		
Other	Other	22.8	(44.7)		
Cash provided by/(used in) changes in operating assets and liabilities:	Cash provided by/(used in) changes in operating assets and liabilities:				
Accounts receivable	Accounts receivable	44.3	(245.5)		
Accounts receivable					

Accounts receivable			
Inventories	Inventories	194.5	(557.3)
Income taxes payable			
Accounts payable	Accounts payable	47.3	341.7
Deferred revenue			
Operating lease liability	Operating lease liability	(1,056.1)	(1,201.4)
Other operating assets and liabilities	Other operating assets and liabilities	(308.5)	5.8
Net cash provided by operating activities	Net cash provided by operating activities	4,063.7	3,297.6
INVESTING ACTIVITIES:			
Purchases of investments	Purchases of investments	(357.1)	(117.3)
Purchases of investments			
Sales of investments	Sales of investments	2.0	72.6
Maturities and calls of investments	Maturities and calls of investments	515.0	59.5
Additions to property, plant and equipment	Additions to property, plant and equipment	(1,634.1)	(1,295.4)
Proceeds from sale of assets		110.0	—
Other	Other	(42.0)	(95.7)
Net cash used in investing activities	Net cash used in investing activities	(1,406.2)	(1,376.3)
FINANCING ACTIVITIES:			
Net (payments)/proceeds from issuance of commercial paper	(payments)/proceeds from issuance of commercial paper	(175.0)	200.0
Net (payments)/proceeds from issuance of commercial paper			
Net proceeds from issuance of short-term debt	Net proceeds from issuance of short-term debt	83.7	38.9
Repayments of short-term debt	Repayments of short-term debt	(46.7)	(38.9)
Net proceeds from issuance of long-term debt		1,497.8	1,498.1
Repayments of long-term debt			
Repayments of long-term debt	Repayments of long-term debt	(1,000.0)	(1,000.0)
Proceeds from issuance of common stock	Proceeds from issuance of common stock	149.4	75.5

Cash dividends paid	Cash dividends paid	(1,824.8)	(1,701.1)
Repurchase of common stock	Repurchase of common stock	(699.3)	(4,013.0)
Minimum tax withholdings on share-based awards	Minimum tax withholdings on share-based awards	(87.0)	(123.5)
Other		(11.0)	(9.2)
Net cash used in financing activities			
Net cash used in financing activities			
Net cash used in financing activities	Net cash used in financing activities	(2,112.9)	(5,073.2)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(6.0)	(126.3)
Net increase/(decrease) in cash and cash equivalents	Net increase/(decrease) in cash and cash equivalents	538.6	(3,278.2)
CASH AND CASH EQUIVALENTS:	CASH AND CASH EQUIVALENTS:		
Beginning of period	Beginning of period	2,818.4	6,455.7
Beginning of period			
Beginning of period			
End of period	End of period	<u>\$3,357.0</u>	<u>\$3,177.5</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:	Cash paid during the period for:		
Cash paid during the period for:	Cash paid during the period for:		
Interest, net of capitalized interest	Interest, net of capitalized interest		
Interest, net of capitalized interest	Interest, net of capitalized interest		
Interest, net of capitalized interest	Interest, net of capitalized interest	\$ 369.6	\$ 344.9
Income taxes	Income taxes	\$ 939.8	\$ 911.2

See Notes to Consolidated Financial Statements.

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STARBUCKS CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
For the Quarter Ended July 2, 2023 December 31, 2023 and July 3, 2022 January 1, 2023
(in millions, except per share data, unaudited)

	Accumulated							Total	
	Common Stock		Other		Shareholders' Equity/(Deficit)	Noncontrolling Interests			
	Shares	Amount	Additional Paid-in Capital	Retained Earnings/(Deficit)					
Balance, April 2, 2023	1,147.0	\$ 1.1	\$ 38.2	\$ (8,024.6)	\$ (521.6)	\$ (8,506.9)	\$ 7.5	\$ (8,499.4)	
Net earnings	—	—	—	1,141.7	—	1,141.7	0.2	1,141.9	
Other comprehensive loss	—	—	—	—	(255.2)	(255.2)	(0.7)	(255.9)	
Stock-based compensation expense	—	—	69.9	—	—	69.9	—	69.9	
Exercise of stock options/vesting of RSUs	0.3	—	1.6	—	—	1.6	—	1.6	

Sale of common stock	0.1	—	12.4	—	—	12.4	—	12.4
Repurchase of common stock	(2.0)	—	(83.8)	(121.1)	—	(204.9)	—	(204.9)
Cash dividends declared, \$0.53 per share	—	—	—	(606.5)	—	(606.5)	—	(606.5)
Purchase of non-controlling interests and other	—	—	—	—	(0.7)	(0.7)	—	(0.7)
Balance, July 2, 2023	1,145.4	\$ 1.1	\$ 38.3	\$ (7,610.5)	\$ (777.5)	\$ (8,348.6)	\$ 7.0	\$ (8,341.6)
Balance, April 3, 2022	1,146.9	\$ 1.1	\$ 41.1	\$ (9,070.5)	\$ 260.3	\$ (8,768.0)	\$ 6.8	\$ (8,761.2)
Net earnings	—	—	—	912.9	—	912.9	0.8	913.7
Other comprehensive loss	—	—	—	—	(325.3)	(325.3)	—	(325.3)
Stock-based compensation expense	—	—	58.2	—	—	58.2	—	58.2
Exercise of stock options/vesting of RSUs	0.2	—	5.8	—	—	5.8	—	5.8
Sale of common stock	0.2	—	12.0	—	—	12.0	—	12.0
Cash dividends declared, \$0.49 per share	—	—	—	(562.1)	—	(562.1)	—	(562.1)
Balance, July 3, 2022	1,147.3	\$ 1.1	\$ 117.1	\$ (8,719.7)	\$ (65.0)	\$ (8,666.5)	\$ 7.6	\$ (8,658.9)

	Accumulated							
	Common Stock				Other			
	Shares	Amount	Additional Paid-in Capital	Retained Earnings/(Deficit)	Comprehensive Income/(Loss)	Shareholders' Equity/(Deficit)	Noncontrolling Interests	Total
Balance, October 1, 2023	1,142.6	\$ 1.1	\$ 38.1	\$ (7,255.8)	\$ (778.2)	\$ (7,994.8)	\$ 7.0	\$ (7,987.8)
Net earnings	—	—	—	1,024.4	—	1,024.4	—	1,024.4
Other comprehensive income	—	—	—	—	220.2	220.2	0.2	220.4
Stock-based compensation expense	—	—	96.1	—	—	96.1	—	96.1
Exercise of stock options/vesting of RSUs	2.3	—	(75.8)	—	—	(75.8)	—	(75.8)
Sale of common stock	0.1	—	16.2	—	—	16.2	—	16.2
Repurchase of common stock	(12.8)	—	(36.4)	(1,224.0)	—	(1,260.4)	—	(1,260.4)
Cash dividends declared, \$0.57 per share	—	—	—	(642.1)	—	(642.1)	—	(642.1)
Other	—	—	—	—	0.2	0.2	(0.1)	0.1
Balance, December 31, 2023	1,132.2	\$ 1.1	\$ 38.2	\$ (8,097.5)	\$ (557.8)	\$ (8,616.0)	\$ 7.1	\$ (8,608.9)
Balance, October 2, 2022	1,147.9	\$ 1.1	\$ 205.3	\$ (8,449.8)	\$ (463.2)	\$ (8,706.6)	\$ 7.9	\$ (8,698.7)
Net earnings	—	—	—	855.2	—	855.2	—	855.2
Other comprehensive loss	—	—	—	—	(75.7)	(75.7)	—	(75.7)
Stock-based compensation expense	—	—	86.4	—	—	86.4	—	86.4
Exercise of stock options/vesting of RSUs	2.4	—	(44.7)	—	—	(44.7)	—	(44.7)
Sale of common stock	0.1	—	11.6	—	—	11.6	—	11.6
Repurchase of common stock	(1.9)	—	(191.4)	—	—	(191.4)	—	(191.4)
Cash dividends declared, \$0.53 per share	—	—	—	(608.6)	—	(608.6)	—	(608.6)
Balance, January 1, 2023	1,148.5	\$ 1.1	\$ 67.2	\$ (8,203.2)	\$ (538.9)	\$ (8,673.8)	\$ 7.9	\$ (8,665.9)

See Notes to Consolidated Financial Statements.

	Accumulated							
	Common Stock				Other			
	Shares	Amount	Additional Paid-in Capital	Retained Earnings/(Deficit)	Comprehensive Income/(Loss)	Shareholders' Equity/(Deficit)	Noncontrolling Interests	Total
Balance, October 2, 2022	1,147.9	\$ 1.1	\$ 205.3	\$ (8,449.8)	\$ (463.2)	\$ (8,706.6)	\$ 7.9	\$ (8,698.7)
Net earnings	—	—	—	2,905.2	—	2,905.2	0.2	2,905.4
Other comprehensive loss	—	—	—	—	(313.6)	(313.6)	(0.7)	(314.3)
Stock-based compensation expense	—	—	231.3	—	—	231.3	—	231.3

Exercise of stock options/vesting of RSUs	4.0	—	25.1	—	—	25.1	—	25.1
Sale of common stock	0.4	—	37.3	—	—	37.3	—	37.3
Repurchase of common stock	(6.9)	—	(457.7)	(242.5)	—	(700.2)	—	(700.2)
Cash dividends declared, \$1.59 per share	—	—	—	(1,823.4)	—	(1,823.4)	—	(1,823.4)
Purchase of noncontrolling interests and other	—	—	(3.0)	—	(0.7)	(3.7)	(0.4)	(4.1)
Balance, July 2, 2023	1,145.4	\$ 1.1	\$ 38.3	\$ (7,610.5)	\$ (777.5)	\$ (8,348.6)	\$ 7.0	\$ (8,341.6)
Balance, October 3, 2021	1,180.0	\$ 1.2	\$ 846.1	\$ (6,315.7)	\$ 147.2	\$ (5,321.2)	\$ 6.7	\$ (5,314.5)
Net earnings	—	—	—	2,403.3	—	2,403.3	1.5	2,404.8
Other comprehensive loss	—	—	—	—	(212.2)	(212.2)	—	(212.2)
Stock-based compensation expense	—	—	209.7	—	—	209.7	—	209.7
Exercise of stock options/vesting of RSUs	3.2	(0.1)	(82.7)	—	—	(82.8)	—	(82.8)
Sale of common stock	0.4	—	34.8	—	—	34.8	—	34.8
Repurchase of common stock	(36.3)	—	(890.8)	(3,122.2)	—	(4,013.0)	—	(4,013.0)
Cash dividends declared, \$1.47 per share	—	—	—	(1,685.1)	—	(1,685.1)	—	(1,685.1)
Net distributions to noncontrolling interests	—	—	—	—	—	—	(0.6)	(0.6)
Balance, July 3, 2022	1,147.3	\$ 1.1	\$ 117.1	\$ (8,719.7)	\$ (65.0)	\$ (8,666.5)	\$ 7.6	\$ (8,658.9)

See Notes to Consolidated Financial Statements.

STARBUCKS CORPORATION
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STARBUCKS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Summary of Significant Accounting Policies and Estimates

Financial Statement Preparation

The unaudited consolidated financial statements as of **July 2, 2023** December 31, 2023, and for the quarters ended December 31, 2023 and three quarters ended July 2, 2023 and July 3, 2022 January 1, 2023, have been prepared by Starbucks Corporation under the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, the financial information for the quarters ended December 31, 2023 and three quarters ended July 2, 2023 and July 3, 2022 January 1, 2023 reflects all adjustments and accruals, which are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the interim periods. In this Quarterly Report on Form 10-Q ("10-Q"), Starbucks Corporation is referred to as "Starbucks," the "Company," "we," "us," or "our."

Segment information is prepared on the same basis that our management reviews financial information for operational decision-making purposes.

The financial information as of **October 2, 2022** October 1, 2023 is derived from our audited consolidated financial statements and notes for the fiscal year ended **October 2, 2022** October 1, 2023 ("fiscal 2022" 2023") included in Item 8 in the **Fiscal 2022** fiscal 2023 Annual Report on Form 10-K ("10-K"). The information included in this 10-Q should be read in conjunction with the footnotes and management's discussion and analysis of the consolidated financial statements in the 10-K.

The results of operations for the quarter and three quarters ended **July 2, 2023** December 31, 2023 are not necessarily indicative of the results of operations that may be achieved for the entire fiscal year ending **October 1, 2023** September 29, 2024 ("fiscal 2023" 2024").

The novel coronavirus, known as the global COVID-19 pandemic, was first identified in December 2019 before spreading to markets where we have company-operated or licensed stores. We have since established the necessary protocols to operate safely, and in many of our markets, our businesses demonstrated powerful momentum beyond recovery from the COVID-19 pandemic. During the quarter ended July 2, 2023, our China market continued its recovery from pandemic-related business interruptions in previous quarters that had suppressed customer mobility. We continue to monitor the COVID-19 pandemic and its effect on our business and results of operations; however, we cannot predict the duration, scope or severity of the COVID-19 pandemic or its future impact on our business, results of operations, cash flows and financial condition.

Restructuring Recent Accounting Pronouncements Not Yet Adopted

In fiscal 2022, we announced our plan in the U.S. market to increase efficiency while elevating the partner and customer experience (the "Reinvention Plan"). We believe the company-operated market investments in partner wages and trainings have increased retention and productivity while the acceleration of purpose-built store concepts and innovations in technologies will provide additional convenience and connection with our customers. As a result of the restructuring efforts in connection with the Reinvention Plan, we recorded an immaterial charge on our consolidated statements of earnings during the quarter and three quarters ended July 2, 2023. Future restructuring and impairment costs attributable to our Reinvention Plan are not expected to be material.

As of July 2, 2023 and October 2, 2022, there were no material restructuring-related accrued liabilities on our consolidated balance sheets.

Recently Adopted Accounting Pronouncements

In the first quarter of fiscal 2022, we adopted **November 2023**, the Financial Accounting Standards Board ("FASB") issued guidance related expanding segment disclosure requirements. The amendments require enhanced disclosure for certain segment items and required disclosure on how management uses reported measures to reference rate reform, assess segment performance. The pronouncement provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The guidance was effective upon issuance and generally can be amendments do not change how segments are determined, aggregated, or how thresholds are applied to applicable contract modifications through December 31, 2024 determine reportable segments. We expect to adopt the guidance for the fiscal year ending September 28, 2025. **The** We are currently evaluating the expanded disclosure requirements and do not expect the adoption of the new guidance did not have a material impact on our financial statements.

Note 2: Acquisitions, Divestitures and Strategic Alliance

Fiscal 2023

On January 13, 2023, we sold the assets, primarily consisting of intellectual properties associated with the Seattle's Best Coffee brand, amendments to Nestlé for \$110.0 million. The transaction resulted in a pre-tax gain of \$91.3 million, which was included in gain from sale of assets on our consolidated statements of earnings. Results from Seattle's Best Coffee operations prior to the sale are reported in our Channel Development operating segment.

Fiscal 2022

In the fourth quarter of fiscal 2022, we sold our Evolution Fresh brand and business to Bolthouse Farms. This transaction did not have a material impact on our consolidated financial statements.

In December 2023, the FASB issued guidance expanding disclosure requirements related to income taxes. The amendments require enhanced jurisdictional disclosures for the income tax rate reconciliation and related to cash income taxes paid. Additionally, specific disclosures related to unrecognized tax benefits and indefinite reinvestment assertions were removed. The amendments are effective for our fiscal year ending September 27, 2026. While we are still evaluating the specific impacts and timing of adoption, we anticipate this guidance will have a significant impact on our annual income tax disclosures.

Note 3: Derivative Financial Instruments

Interest Rates

From time to time, we enter into designated cash flow hedges to manage the variability in cash flows due to changes in benchmark interest rates. We enter into interest rate swap agreements, including forward-starting interest rate swaps and treasury locks, which are synthetic forward sales of U.S. Treasury securities settled in cash based upon the difference between an agreed-upon treasury benchmark rate and the prevailing treasury benchmark rate at settlement. These agreements are cash generally settled at around the time of the pricing of the related debt. Each derivative agreement's gain or loss is recorded in accumulated other comprehensive income ("AOCI") and is subsequently reclassified to interest expense over the life of the related debt.

To hedge the exposure to changes in the fair value of our fixed-rate debt, we enter into interest rate swap agreements, which are designated as fair value hedges. The changes in fair values of these derivative instruments and the offsetting changes in fair values of the underlying hedged debt due to changes in the relevant benchmark interest rates are

recorded in interest expense. Refer to [Note 8.7](#), Debt, for additional information on our long-term debt.

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Foreign Currency

To reduce cash flow volatility from foreign currency fluctuations, we enter into forward and swap contracts to hedge portions of cash flows of anticipated intercompany royalty payments, inventory purchases, and intercompany borrowing and lending activities. The resulting gains and losses from these derivatives are recorded in AOCI and subsequently reclassified to revenue, product and distribution costs, or interest income and other, net, respectively, when the hedged exposures affect net earnings.

From time to time, we may enter into financial instruments, including, but not limited to, forward and swap contracts or foreign currency-denominated debt, to hedge the currency exposure of our net investments in certain international operations. The resulting gains and losses from these derivatives are recorded in AOCI and are subsequently reclassified to net earnings when the hedged net investment is either sold or substantially liquidated. **Gains and losses from these derivatives representing hedged components excluded from the assessment of effectiveness are amortized over the life of the hedging instrument using a systematic and rational method and recognized in interest expense.**

Foreign currency forward and swap contracts not designated as hedging instruments are used to mitigate the foreign exchange risk of certain other balance sheet items. Gains and losses from these derivatives are largely offset by the financial impact of translating foreign currency-denominated payables and receivables, and these gains and losses are recorded in interest income and other, net.

Commodities

Depending on market conditions, we may enter into coffee forward contracts, futures contracts, and collars to hedge anticipated cash flows under our price-to-be-fixed green coffee contracts, which are described further in [Note 5.4](#). Inventories, or our longer-dated forecasted coffee demand where underlying fixed price and price-to-be-fixed contracts are not yet available. The resulting gains and losses are recorded in AOCI and are subsequently reclassified to product and distribution costs when the hedged exposure affects net earnings.

Depending on market conditions, we may also enter into dairy forward contracts and futures contracts to hedge a portion of anticipated cash flows under our dairy purchase contracts and our forecasted dairy demand. The resulting gains or losses are recorded in AOCI and are subsequently reclassified to product and distribution costs when the hedged exposure affects net earnings.

Cash flow hedges related to anticipated transactions are designated and documented at the inception of each hedge. Cash flows from hedging transactions are classified in the same categories as the cash flows from the respective hedged items. For de-designated cash flow hedges in which the underlying transactions are no longer probable of occurring, the related accumulated derivative gains or losses are recognized in interest income and other, net on our consolidated statements of earnings. These derivatives may be accounted for prospectively as non-designated derivatives until maturity, re-designated to new hedging relationships, or terminated early. We continue to believe transactions related to our other designated cash flow hedges are probable to occur.

To mitigate the price uncertainty of a portion of our future purchases, including diesel fuel and other commodities, we enter into swap contracts, futures, and collars that are not designated as hedging instruments. The resulting gains and losses are recorded in interest income and other, net to help offset price fluctuations on our beverage, food, packaging, and transportation costs, which are included in product and distribution costs on our consolidated statements of earnings.

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Gains and losses on derivative contracts and foreign currency-denominated debt designated as hedging instruments included in AOCI and expected to be reclassified into earnings within 12 months, net of tax (in millions):

		Net Gains/(Losses) Included in AOCI		Gains/(Losses) Expected to be Reclassified from AOCI into Earnings within 12 Months		Outstanding Contract/Debt Remaining Maturity (Months)				
		Jul 2, 2023	Oct 2, 2022	within 12 Months	from AOCI into Earnings	Remaining Maturity (Months)	Outstanding Contract/Debt Remaining Maturity (Months)	Net Gains/(Losses) Included in AOCI	Net Gains/(Losses) Expected to be Reclassified from AOCI into Earnings within 12 Months	Outstanding Contract/Debt Remaining Maturity (Months)
Dec 31, 2023										
Cash Flow	Cash Flow									
Hedges:	Hedges:									
Cash Flow Hedges:										
Cash Flow Hedges:										
Coffee	Coffee	\$ (107.6)	\$ 153.9	\$ (95.6)	6	\$ 11.9	\$ (78.1)	\$ 3.2	7	7
Cross-currency swaps	Cross-currency swaps	(1.1)	(1.9)	—	17	Cross-currency swaps	(0.1)	(0.6)	(0.6)	—
										11

Dairy	Dairy	(5.2)	(2.6)	(5.2)	9	Dairy	(2.0)	(1.8)	(1.8)	(2.0)	(2.0)	8	8
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Foreign currency - other	Foreign currency - other	25.7	55.3	18.2	33	Foreign currency - other	11.7	39.6	39.6	10.1	10.1	33	33
Interest rates	Interest rates	(5.9)	(5.8)	(1.7)	0	Interest rates	(5.8)	(6.6)	(6.6)	(3.0)	(3.0)	0	0
Net Investment Hedges:	Net Investment Hedges:												
Cross-currency swaps	Cross-currency swaps	76.5	67.3	—	105								
Cross-currency swaps	Cross-currency swaps												
Cross-currency swaps	Cross-currency swaps						85.5	87.1	—	—	—	111	
Foreign currency	Foreign currency	16.0	16.1	—	0	Foreign currency	16.0	16.0	16.0	—	—	0	0
Foreign currency debt	Foreign currency debt	126.8	125.7	—	9	Foreign currency debt	116.2	140.2	140.2	—	—	3	3

Pre-tax gains and losses on derivative contracts and foreign currency-denominated long-term debt designated as hedging instruments recognized in other comprehensive income ("OCI") and reclassifications from AOCI to earnings (*in millions*):

Gains/(Losses) Recognized in OCI Before Reclassifications	Quarter Ended			
	Gains/(Losses) Reclassified from AOCI to Earnings			
	Quarter Ended		Gains/(Losses) Reclassified from AOCI to Earnings	
	Jul 2, Dec 31, 2023	Jul 3, 2022	Jul 2, Jan 1, 2023	Jul 3, 2022 Dec 31, 2023
Cash Flow Hedges:				
Coffee	\$ (20.0) 64.3	\$ (19.3) (119.4)	\$ 0.3 (40.4)	\$ 32.2 96.7
Cross-currency swaps	4.2 (1.6)	12.9 (11.7)	(3.5) 0.6	(2.1) (2.7)
Dairy	(6.1) (1.9)	(1.4) (3.6)	7.5 (2.7)	16.0 (9.1)
Foreign currency - other	26.5 (25.4)	43.4 (46.0)	6.1 8.8	6.6 8.0
Interest rates	—	18.8	0.8	(0.6)
Net Investment Hedges:				
Cross-currency swaps	47.6	37.0	7.8	3.8
Foreign currency debt	53.4	72.2	—	—
Three Quarters Ended				
	Gains/(Losses) Recognized in OCI Before Reclassifications		Gains/(Losses) Reclassified from AOCI to Earnings	
	Jul 2, 2023	Jul 3, 2022	Jul 2, 2023	Jul 3, 2022
Cash Flow Hedges:				
Coffee	\$ (139.9)	\$ 76.1	\$ 156.9	\$ 56.6
Cross-currency swaps	(10.0)	22.3	(9.2)	(3.7)
			(1.7)	32.3

Dairy	(12.0)	6.6	(8.6)	6.8
Foreign currency - other			18.0	11.0
	(15.7)	51.1	5.8	(2.5)
			0.2	—
Interest rates	0.3—	54.2—	0.5 (1.0)	(1.5) (0.5)
Net Investment Hedges:				
Cross-currency swaps ⁽¹⁾	6.6	32.5 (14.0)	51.2 8.9	20.1 5.3
Foreign currency debt	1.2 (31.8)	137.6 (50.6)	—	—

⁽¹⁾ Gains and losses recognized in earnings relate to components excluded from the assessment of effectiveness.

Pre-tax gains and losses on non-designated derivatives and designated fair value hedging instruments and the related fair value hedged item recognized in earnings

			Gains/(Losses) Recognized in Earnings		Gains/(Losses) Recognized in Earnings	Gains/(Losses) Recognized in Earnings
			Location of gain/(loss) recognized in earnings	Location of gain/(loss) recognized in earnings		
Non-Designated Derivatives:	Non-Designated Derivatives:				Quarter Ended	
					Jul 2, 2023	Jul 3, 2022
Dairy		Interest income and other, net	\$	(0.1)	\$	0.1
Non-Designated Derivatives:						
Non-Designated Derivatives:						
Foreign currency - other						
Foreign currency - other		Interest income and other, net		—		6.4
Coffee	Coffee	Interest income and other, net		—		(0.2)
Coffee						
Coffee						
Diesel fuel and other commodities						
Diesel fuel and other commodities						
Diesel fuel and other commodities	Diesel fuel and other commodities	Interest income and other, net		(1.0)		3.3
Fair Value Hedges:	Fair Value Hedges:					
Interest rate swap		Interest expense		(12.2)		(11.6)
Fair Value Hedges:						
Fair Value Hedges:						
Interest rate swaps						
Interest rate swaps						
Interest rate swaps						
Long-term debt (hedged item)						
Long-term debt (hedged item)						
Long-term debt (hedged item)	Long-term debt (hedged item)	Interest expense		3.4		14.5

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Notional amounts of outstanding derivative contracts (*in millions*):

	Jul 2, 2023	Oct 2, 2022
--	----------------	----------------

	Dec 31, 2023		Dec 31, 2023
Coffee	Coffee	\$ 373	\$ 649
Cross-currency swaps	Cross-currency swaps	1,092	741
Dairy	Dairy	67	94
Diesel fuel and other commodities	Diesel fuel and other commodities	24	33
Foreign currency - other	Foreign currency - other	1,190	1,269
Interest rate swaps	Interest rate swaps	1,100	1,100

Fair value of outstanding derivative contracts (*in millions*) including the location of the asset and/or liability on the consolidated balance sheets:

Balance Sheet Location

Designated Derivative Instruments:

Cross-currency swaps	Other long-term assets
Dairy	Prepaid expenses and other current assets
Foreign currency - other	Prepaid expenses and other current assets
	Other long-term assets

Non-designated Derivative Instruments:

Diesel fuel and other commodities	Prepaid expenses and other current assets
Foreign currency	Prepaid expenses and other current assets
	Other long-term assets

Balance Sheet Location

Designated Derivative Instruments:

Dairy	Accrued liabilities
Foreign currency - other	Accrued liabilities
	Other long-term liabilities
Interest rate swaps	Accrued liabilities
	Other long-term liabilities

Non-designated Derivative Instruments:

Diesel fuel and other commodities	Accrued liabilities
Foreign currency	Accrued liabilities

Balance Sheet Location

Designated Derivative Instruments:

Cross-currency swaps	Prepaid expenses and other current assets
Dairy	Other long-term assets
Foreign currency - other	Prepaid expenses and other current assets
	Prepaid expenses and other current assets
Interest rate swaps	Other long-term assets

Non-designated Derivative Instruments:

Diesel fuel and other commodities	Prepaid expenses and other current assets
-----------------------------------	---

Foreign currency	Prepaid expenses and other current assets	Balance Sheet Location
Designated Derivative Instruments:		
Cross-currency swaps	Other long-term liabilities	
Dairy	Accrued liabilities	
Foreign currency - other	Accrued liabilities	
Interest rate swaps	Other long-term liabilities	
Non-designated Derivative Instruments:		
Dairy	Accrued liabilities	
Diesel fuel and other commodities	Accrued liabilities	
Foreign currency	Accrued liabilities	
	Other long-term liabilities	

The following amounts were recorded on the consolidated balance sheets related to fixed-to-floating interest rate swaps designated in fair value hedging relationships:

	Carrying amount of hedged item		Cumulative amount of fair value hedging adjustment	
	Jul 2, 2023	Oct 2, 2022		
Carrying amount of hedged item			included in the carrying amount	
Dec 31, 2023	Jul 2, 2023	Oct 2, 2022		
Location on the balance sheet	Carrying amount of hedged item	Carrying amount of hedged item	Carrying amount of hedged item	Cumulative amount
Long-term debt	\$1,059.7	\$1,047.7	\$(40.3)	\$(52.3)
Long-term debt ⁽¹⁾				
Long-term debt ⁽¹⁾				
Long-term debt ⁽¹⁾				

⁽¹⁾ Balance as of October 1, 2023 includes \$750 million in Senior Notes that matured on October 1, 2023 but remained in current portion of long-term debt on the first day of fiscal 2024.

Additional disclosures related to cash flow gains and losses included in AOCI, as well as subsequent reclassifications to earnings, are included in [Note 11.10](#), Equity.

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Note 4: 3: Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis (*in millions*):

Balance at July 2, 2023	Fair Value Measurements at Reporting Date Using				Balance at December 31, 2023	Fair Value Measurements		
	Quoted Prices in							
	Active	Significant	Significant	Unobservable				
Markets for Identical Assets	Observables	Inputs	Inputs		Quoted Prices in Active Markets for Identical Assets			
(Level 1)	(Level 2)	(Level 3)			(Level 1)			

Assets:		Assets:			
Cash and cash equivalents	Cash and cash equivalents	\$3,357.0	\$3,357.0	\$	\$
Cash and cash equivalents					
Cash and cash equivalents					
Short-term investments:	Short-term investments:				
Available-for-sale debt securities	Available-for-sale debt securities				
Available-for-sale debt securities					
Available-for-sale debt securities					
Corporate debt securities					
Corporate debt securities					
Corporate debt securities	Corporate debt securities	68.4	68.4	—	—
U.S. government treasury securities	U.S. government treasury securities	6.9	6.9	—	—
Foreign government obligations	Foreign government obligations	3.9	3.9	—	—
Mortgage and other asset-backed securities					
Total available-for-sale debt securities					
Total available-for-sale debt securities					
Total available-for-sale debt securities	Total available-for-sale debt securities	79.2	72.3	6.9	—
Structured deposits	Structured deposits	111.1	111.1	—	—
Marketable equity securities	Marketable equity securities	72.7	—	72.7	—
Total short-term investments	Total short-term investments	263.0	183.4	79.6	—
Prepaid expenses and other current assets:	Prepaid expenses and other current assets:				
Derivative assets	Derivative assets	34.3	34.3	—	—
Derivative assets					
Derivative assets					
Long-term investments:	Long-term investments:				
Available-for-sale debt securities					
Available-for-sale debt securities					

Available-for-sale debt securities	Available-for-sale debt securities				
Corporate debt securities	Corporate debt securities	86.3	—	86.3	—
Corporate debt securities	Corporate debt securities				
Mortgage and other asset-backed securities	Mortgage and other asset-backed securities				
Mortgage and other asset-backed securities	Mortgage and other asset-backed securities				
Mortgage and other asset-backed securities	Mortgage and other asset-backed securities	47.5	—	47.5	—
State and local government obligations	State and local government obligations	1.3	—	1.3	—
U.S. government treasury securities	U.S. government treasury securities	103.5	103.5	—	—
Total long-term investments	Total long-term investments	238.6	103.5	135.1	—
Other long-term assets:	Other long-term assets:				
Derivative assets	Derivative assets	134.7	—	134.7	—
Derivative assets	Derivative assets				
Structured deposits	Structured deposits				
Total assets	Total assets	\$ 4,027.6	\$ 3,540.1	\$ 487.5	\$ —
Liabilities:	Liabilities:				
Accrued liabilities:	Accrued liabilities:				
Accrued liabilities:	Accrued liabilities:				
Derivative liabilities	Derivative liabilities				
Derivative liabilities	Derivative liabilities				
Derivative liabilities	Derivative liabilities	\$ 24.6	\$ —	\$ 24.6	\$ —
Other long-term liabilities:	Other long-term liabilities:				
Derivative liabilities	Derivative liabilities	42.6	—	42.6	—
Derivative liabilities	Derivative liabilities				
Derivative liabilities	Derivative liabilities				
Total liabilities	Total liabilities	\$ 67.2	\$ —	\$ 67.2	\$ —

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		Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets				Balance at October 1, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)
		Balance at October 2, 2022	Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets:	Assets:						
Cash and cash equivalents	Cash and cash equivalents	\$2,818.4	\$ 2,797.3	\$ 21.1	\$ —		
Cash and cash equivalents							
Cash and cash equivalents							
Short-term investments:	Short-term investments:						
Available-for-sale debt securities							
Available-for-sale debt securities							
Available-for-sale debt securities	Available-for-sale debt securities						
Corporate debt securities	Corporate debt securities	22.4	—	22.4	—		
U.S. government treasury securities	U.S. government treasury securities	9.3	9.3	—	—		
Corporate debt securities							
Corporate debt securities							
U.S. government treasury securities	U.S. government treasury securities						
Foreign government obligations	Foreign government obligations						
Total available-for-sale debt securities							
Total available-for-sale debt securities							
Total available-for-sale debt securities	Total available-for-sale debt securities	31.7	9.3	22.4	—		
Structured deposits	Structured deposits	275.1	—	275.1	—		
Marketable equity securities	Marketable equity securities	57.7	57.7	—	—		
Total short-term investments	Total short-term investments	364.5	67.0	297.5	—		
Prepaid expenses and other current assets:	Prepaid expenses and other current assets:						
Derivative assets	Derivative assets	75.1	—	75.1	—		
Derivative assets							
Derivative assets							
Long-term investments:	Long-term investments:						
Available-for-sale debt securities							

Available-for-sale debt securities						
Available-for-sale debt securities	Available-for-sale debt securities					
Corporate debt securities	Corporate debt securities	134.7	—	134.7	—	
Foreign government obligations		3.8	—	3.8	—	
Corporate debt securities						
Corporate debt securities						
Mortgage and other asset-backed securities						
Mortgage and other asset-backed securities						
Mortgage and other asset-backed securities	Mortgage and other asset-backed securities	56.5	—	56.5	—	
State and local government obligations	State and local government obligations	1.3	—	1.3	—	
U.S. government treasury securities	U.S. government treasury securities	82.8	82.8	—	—	
Total long-term investments	Total long-term investments	279.1	82.8	196.3	—	
Other long-term assets:	Other long-term assets:					
Derivative assets	Derivative assets	156.2	—	156.2	—	
Derivative assets						
Derivative assets						
Total assets	Total assets	\$ 3,693.3	\$ 2,947.1	\$ 746.2	\$ —	
Liabilities:	Liabilities:					
Accrued liabilities:	Accrued liabilities:					
Accrued liabilities:						
Accrued liabilities:						
Derivative liabilities						
Derivative liabilities						
Derivative liabilities	Derivative liabilities	\$ 21.0	\$ —	\$ 21.0	\$ —	
Other long-term liabilities:	Other long-term liabilities:					
Derivative liabilities	Derivative liabilities	34.0	—	34.0	—	
Derivative liabilities						
Derivative liabilities						
Total liabilities	Total liabilities	\$ 55.0	\$ —	\$ 55.0	\$ —	

There were no material transfers between levels, and there was no significant activity within Level 3 instruments during the periods presented. The fair values of any assets and liabilities when a legally enforceable master netting agreement exists.

Gross unrealized holding gains and losses on available-for-sale debt securities, structured deposits, and marketable equity securities were not material as of July 2, 2023.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recognized or disclosed at fair value on the consolidated financial statements on a nonrecurring basis include items such as property, plant and other investments, and other assets. These assets are measured at fair value if determined to be impaired.

The estimated fair value of our long-term debt based on the quoted market price (Level 2) is included at [Note 9.7](#), Debt. There were no material fair value adjustments in 2023 and [July 3, 2022](#) January 1, 2023.

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Note 5:4: Inventories (in millions):

		Jul 2, 2023		Oct 2, 2022			
		Dec 31, 2023				Dec 31, 2023	
Coffee:	Coffee:						
	Unroasted						
	Unroasted						
	Unroasted	Unroasted	\$ 926.7	\$ 1,018.6			
	Roasted	Roasted	270.9	310.3			
Other	Other						
merchandise	merchandise						
held for sale	held for sale	345.8	430.9				
Packaging	Packaging						
and other	and other						
supplies	supplies	443.6	416.8				
Total	Total	\$1,987.0	\$2,176.6				

Other merchandise held for sale includes, among other items, serveware, food, and tea. Inventory levels vary due to seasonality, commodity market supply, and price.

As of [July 2, 2023](#) December 31, 2023, we had committed to purchasing green coffee totaling \$300.5 million \$396.4 million under fixed-price contracts and an estimated portion of our price-to-be-fixed contracts are effectively fixed through the use of futures. See [Note 3.2](#), Derivative Financial Instruments, for further discussion. Price-quantity, delivery period, and other negotiated terms are agreed upon, but the date, and therefore the price, at which the base "C" coffee commodity price is determined. Starbucks or the seller has the option to "fix" the base "C" coffee commodity price prior to the delivery date. For other contracts, Starbucks and the seller may agree on price. Until prices are fixed, we estimate the total cost of these purchase commitments. We believe, based on established relationships with our suppliers and continuing commitments, that the risk of non-delivery is remote.

Note 6:5: Supplemental Balance Sheet and Statement of Earnings Information (in millions):

Property, Plant and Equipment, net

		Jul 2, 2023		Oct 2, 2022			
		Dec 31, 2023				Dec 31, 2023	
Land	Land	\$ 46.1	\$ 46.1				
Buildings	Buildings	622.7	555.4				
Leasehold	Leasehold						
improvements	improvements	9,731.5	9,066.8				
Store	Store						
equipment	equipment	3,203.9	3,018.2				
Roasting	Roasting						
equipment	equipment	829.1	838.5				
Furniture,	Furniture,						
fixtures and	fixtures and						
other	other	1,578.0	1,526.1				
Work in	Work in						
progress	progress	729.9	558.7				

Property, plant and equipment, gross	Property, plant and equipment, gross	16,741.2	15,609.8
Accumulated depreciation	Accumulated depreciation	(9,687.7)	(9,049.3)
Property, plant and equipment, net	Property, plant and equipment, net	\$7,053.5	\$6,560.5

Accrued Liabilities

Jul 2, 2023 Oct 2, 2022

	Dec 31, 2023	Dec 31, 2023
Accrued occupancy costs	Accrued occupancy costs	\$ 82.3 \$ 84.6
Accrued dividends payable	Accrued dividends payable	607.0 608.3
Accrued capital and other operating expenditures	Accrued capital and other operating expenditures	737.2 878.1
Self-insurance reserves		255.1 232.3
Insurance reserves		
Income taxes payable	Income taxes payable	184.2 139.2
Accrued business taxes	Accrued business taxes	194.7 194.6
Total accrued liabilities	Total accrued liabilities	\$2,060.5 \$2,137.1

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Store Operating Expenses

Quarter Ended

Jul 2, 2023

Jul 3, 2022

Jul

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
Wages and benefits				
Wages and benefits				
Wages and benefits	Wages and benefits	\$ 2,185.7	\$ 1,983.0	\$
Occupancy costs	Occupancy costs	727.4	652.9	
Occupancy costs				
Occupancy costs				

Other expenses	Other expenses	784.5	666.6
Total store operating expenses	Total store operating expenses	\$ 3,697.6	\$ 3,302.5
Total store operating expenses			
Total store operating expenses			

Note 7:6: Other Intangible Assets and Goodwill

Indefinite-Lived Intangible Assets

(in millions)	(in millions)	Jul 2, 2023	Oct 2, 2022	(in millions)	Dec 31, 2023
Trade names, trademarks and patents	Trade names, trademarks and patents	\$ 79.1	\$ 97.5		

Finite-Lived Intangible Assets

(in millions)	(in millions)	Jul 2, 2023		Oct 2, 2022		(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount				
		Dec 31, 2023											
		Gross Carrying Amount	Net Accumulated Amortization	Gross Carrying Amount	Net Accumulated Amortization								
Acquired and reacquired rights	Acquired and reacquired rights	\$ 966.5	\$ (966.5)	\$ —	\$ 990.0	\$ (990.0)	\$ —						
Acquired trade secrets and processes	Acquired trade secrets and processes	27.6	(27.6)	—	27.6	(27.3)	0.3						
Trade names, trademarks and patents	Trade names, trademarks and patents	130.2	(87.2)	43.0	124.6	(69.6)	55.0						
Licensing agreements	Licensing agreements	16.9	(14.6)	2.3	19.3	(16.2)	3.1						
Other finite-lived intangible assets	Other finite-lived intangible assets	20.3	(20.3)	—	20.6	(20.6)	—						
Total finite-lived intangible assets	Total finite-lived intangible assets	\$ 1,161.5	\$ (1,116.2)	\$ 45.3	\$ 1,182.1	\$ (1,123.7)	\$ 58.4						

Amortization expense for finite-lived intangible assets was \$5.4 million and \$16.4 million \$5.1 million for the quarter ended December 31, 2023 and three quarters ended July 3, 2022, respectively. January 1, 2023.

Estimated future amortization expense as of July 2, 2023 December 31, 2023 (in millions):

Fiscal Year	Fiscal Year	Total	Fiscal Year
2023 (excluding the three quarters ended July 2, 2023)		\$ 5.0	
2024		19.7	

2024 (excluding the quarter ended December 31, 2023)		
2025	2025	14.0
2026	2026	2.0
2027	2027	1.7
2028		
Thereafter	Thereafter	<u>2.9</u>
Total	Total	
estimated	estimated	
future	future	
amortization	amortization	
expense	expense	<u><u>\$45.3</u></u>

Goodwill

Changes in the carrying amount of goodwill by reportable operating segment (*in millions*):

	North America	International	Channel Developm
Goodwill balance at October 2, 2022	\$ 491.1	\$ 2,756.7	\$
Other ⁽¹⁾	0.9	(33.5)	
Goodwill balance at July 2, 2023	<u><u>\$ 492.0</u></u>	<u><u>\$ 2,723.2</u></u>	<u><u>\$</u></u>
	North America	International	Channel Developm
Goodwill balance at October 1, 2023	\$ 491.5	\$ 2,691.1	\$
Other ⁽¹⁾	0.5	84.0	
Goodwill balance at December 31, 2023	<u><u>\$ 492.0</u></u>	<u><u>\$ 2,775.1</u></u>	<u><u>\$</u></u>

⁽¹⁾ "Other" consists of changes in the goodwill balance resulting from foreign currency translation.

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Note 8: 7: Debt

Revolving Credit Facility

Our \$3.0 billion unsecured five-year revolving credit facility (the "2021 credit facility"), of which \$150.0 million may be used for issuances of letters of credit, is currently available for working capital, capital expenditures, and other corporate purposes, including acquisitions and share repurchases. We have the option, subject to negotiation, to increase the commitment amount by an additional \$1.0 billion.

Borrowings under the 2021 credit facility, which was most recently amended in April 2023, will bear interest at a variable rate based on Term SOFR, and, for U.S. dollars, defined in the 2021 credit facility), in each case plus an applicable margin. The applicable margin is based on the Company's long-term credit ratings assigned by the highest of (i) the Federal Funds Rate (as defined in the 2021 credit facility) plus 0.500%, (ii) Bank of America's prime rate, and (iii) Term SOFR plus 1.000%. Terms are based on the Chicago Mercantile Exchange plus a SOFR Adjustment of 0.100%.

The 2021 credit facility contains provisions requiring us to maintain compliance with certain covenants, including a minimum fixed charge coverage ratio, which means that as of December 31, 2023, we were in compliance with all applicable covenants. No amounts were outstanding under our 2021 credit facility as of July 2, 2023.

Short-term Debt

Under our commercial paper program, we may issue unsecured commercial paper notes up to a maximum aggregate amount outstanding at any time of \$3.0 billion as of the date of issue. Amounts outstanding under the commercial paper program are required to be backstopped by available commitments under our 2021 credit facility, which may be used for working capital needs, capital expenditures, and other corporate purposes, including, but not limited to, business expansion, payment of cash dividends, and share repurchases. As of December 31, 2023, we had no \$300.0 million in borrowings outstanding under the program. As of October 2, 2022, October 1, 2023, we had \$175.0 million in borrowings outstanding under the program.

Additionally, we hold the following Japanese yen-denominated credit facilities that are available for working capital needs and capital expenditures within our Japanese operations.

- A ¥5.0 billion, or \$34.5 million, credit facility is currently set to mature on January 4, 2024 December 30, 2024. Borrowings under this credit facility are based on Tokyo Interbank Offered Rate ("TIBOR" ("TIBOR")) plus an applicable margin of 0.400%.
- A ¥10.0 billion, or \$69.1 million, credit facility is currently set to mature on March 27, 2024. Borrowings under this credit facility are subject to a variable rate based on TIBOR plus an applicable margin of 0.300%.

As of **July 2, 2023** December 31, 2023, we had ¥5.7 billion, or \$34.5 million \$49.5 million, of borrowings outstanding under these credit facilities. As of **October 2, 2023**, borrowings outstanding under these credit facilities.

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Long-term Debt

Components of long-term debt including the associated interest rates and related estimated fair values by calendar maturity (in millions, except interest rates):

		Dec 31, 2023				Dec 31, 2023			
Issuance		Jul 2, 2023		Oct 2, 2022		Stated	Effective		
Issuance		Estimated	Fair Value	Estimated	Fair Value	Interest Rate	Interest Rate ⁽¹⁾		
		Amount		Amount					
March 2023 notes		\$ —	\$ —	\$ 1,000.0	\$ 996.5	3.100 %	3.107 %		
October 2023 notes ⁽²⁾									
October 2023 notes ⁽²⁾									
October 2023 notes ⁽²⁾	October 2023 notes ⁽²⁾	750.0	747.1	750.0	744.8	3.850 %	2.859 %	\$ —	\$ 750.0
February 2024 notes ⁽³⁾	February 2024 notes ⁽³⁾	500.0	500.4	500.0	497.3	5.600 %	5.830 %	notes ⁽³⁾	500.0
March 2024 notes ⁽⁴⁾	March 2024 notes ⁽⁴⁾	587.2	586.9	588.4	584.7	0.372 %	0.462 %	notes ⁽⁴⁾	601.1
August 2025 notes	August 2025 notes	1,250.0	1,209.1	1,250.0	1,209.6	3.800 %	3.721 %	notes	1,250.0
February 2026 notes	February 2026 notes	1,000.0	990.0	—	—	4.750 %	4.788 %	notes	1,000.0
June 2026 notes	June 2026 notes	500.0	464.6	500.0	458.3	2.450 %	2.511 %	notes	500.0
March 2027 notes	March 2027 notes	500.0	449.5	500.0	437.9	2.000 %	2.058 %	notes	500.0
March 2028 notes	March 2028 notes	600.0	563.2	600.0	554.8	3.500 %	3.529 %	notes	600.0
November 2028 notes	November 2028 notes	750.0	719.0	750.0	704.7	4.000 %	3.958 %	notes	750.0
August 2029 notes ⁽²⁾	August 2029 notes ⁽²⁾	1,000.0	931.1	1,000.0	900.3	3.550 %	3.840 %	notes ⁽²⁾	1,000.0
March 2030 notes	March 2030 notes	750.0	634.4	750.0	607.7	2.250 %	3.084 %	notes	750.0
November 2030 notes	November 2030 notes	1,250.0	1,061.2	1,250.0	1,017.9	2.550 %	2.582 %	notes	1,250.0
February 2032 notes	February 2032 notes	1,000.0	864.9	1,000.0	827.1	3.000 %	3.155 %	notes	1,000.0
February 2033 notes	February 2033 notes	500.0	493.1	—	—	4.800 %	3.798 %	notes	500.0

June 2045 notes	June 2045 notes	350.0	304.5	350.0	281.5	4.300 %	4.348 %	notes	June 2045	350.0	312.8	312.8	350.0
December 2047 notes	December 2047 notes	500.0	393.5	500.0	369.6	3.750 %	3.765 %	notes	December 2047	500.0	403.7	403.7	500.0
November 2048 notes	November 2048 notes	1,000.0	890.3	1,000.0	824.6	4.500 %	4.504 %	notes	November 2048	1,000.0	911.3	911.3	1,000.0
August 2049 notes	August 2049 notes	1,000.0	881.3	1,000.0	817.8	4.450 %	4.447 %	notes	August 2049	1,000.0	909.8	909.8	1,000.0
March 2050 notes	March 2050 notes	500.0	367.5	500.0	342.0	3.350 %	3.362 %	notes	March 2050	500.0	374.6	374.6	500.0
November 2050 notes	November 2050 notes	1,250.0	945.2	1,250.0	874.9	3.500 %	3.528 %	notes	November 2050	1,250.0	969.4	969.4	1,250.0
Total	Total	15,537.2	13,996.8	15,038.4	13,052.0								
Aggregate debt issuance costs and unamortized premium/(discount), net	Aggregate debt issuance costs and unamortized premium/(discount), net												
Hedge accounting fair value adjustment ⁽²⁾	Hedge accounting fair value adjustment ⁽²⁾												
Hedge accounting fair value adjustment ⁽²⁾	Hedge accounting fair value adjustment ⁽²⁾												
Hedge accounting fair value adjustment ⁽²⁾	Hedge accounting fair value adjustment ⁽²⁾												
Total	Total	<u>\$15,380.3</u>		<u>\$14,868.9</u>									
Total	Total												

⁽¹⁾ Includes the effects of the amortization of any premium or discount and any gain or loss upon settlement of related treasury locks or forward-starting interest rate swaps.

⁽²⁾ Amount includes the change in fair value due to changes in benchmark interest rates related to hedging our October 2023 notes and \$350 million of our August 2024 notes. See additional information on our interest rate swaps swap designated as a fair value hedges hedge.

⁽³⁾ Floating rate notes which bear interest at a rate equal to Compounded SOFR (as defined in the February 2024 notes) plus 0.420%, resulting in a stated interest rate of 4.420%.

⁽⁴⁾ Japanese yen-denominated long-term debt.

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The following table summarizes our long-term debt maturities as of July 2, 2023 December 31, 2023 by fiscal year (in millions):

Fiscal Year	Fiscal Year	Total	Fiscal Year
-------------	-------------	-------	-------------

2023		\$ 750.0	
------	--	----------	--

2024			
------	--	--	--

2024			
------	--	--	--

2024	2024	1,087.2	
------	------	---------	--

2025	2025	1,250.0	
------	------	---------	--

2026	2026	1,500.0	
------	------	---------	--

2027	2027	500.0	
------	------	-------	--

2028	
Thereafter	10,450.0
Total	<u><u>\$15,537.2</u></u>

Note 9:8: Leases

The components of lease costs (*in millions*):

		Quarter Ended					
		Jul 2, 2023		Jul 3, 2022		Jul 2, 2021	
Operating lease costs ⁽¹⁾			Quarter Ended		Quarter Ended		Quarter Ended
Operating lease costs ⁽¹⁾			Dec 31, 2023		Dec 31, 2023		Dec 31, 2023
Operating lease costs ⁽¹⁾							
Operating lease costs ⁽¹⁾	Operating lease costs ⁽¹⁾	\$ 401.6		\$ 386.5		\$ 386.5	
Variable lease costs	Variable lease costs	264.1		221.5		221.5	
Variable lease costs							
Variable lease costs							
Short-term lease costs							
Short-term lease costs							
Short-term lease costs	Short-term lease costs	7.0		6.9		6.9	
Total lease costs	Total lease costs	\$ 672.7		\$ 614.9		\$ 614.9	
Total lease costs							
Total lease costs							

⁽¹⁾ Includes immaterial amounts of sublease income and rent concessions.

The following table includes supplemental information (*in millions*):

		Quarter Ended			
		Dec 31, 2023			
Cash paid related to operating lease liabilities					
Operating lease liabilities arising from obtaining right-of-use assets					
		Three Quarters Ended			
		Jul 2, 2023	Jul 3, 2022		
Cash paid related to operating lease liabilities	\$ 1,234.8	\$ 1,248.7			
Operating lease liabilities arising from obtaining ROU assets	1,245.5	1,121.6			

	Jul 2, 2023	Jul 3, 2022	
	Dec 31, 2023	Dec 31, 2022	
	Dec 31, 2023	Dec 31, 2023	
Weighted-average remaining operating lease term			
Weighted-average remaining operating lease term	8.5 years	8.5 years	8.6
Weighted-average operating lease discount rate			
Weighted-average operating lease discount rate	3.0 %	2.5 %	3.1

Finance lease assets are recorded in property, plant and equipment, net with the corresponding lease liabilities included in accrued liabilities and other long-term liabilities as of **July 2, 2023** December 31, 2023 and **October 2, 2022** October 1, 2023.

Minimum future maturities of operating lease liabilities (*in millions*):

Fiscal Year	Fiscal Year	Total	Fiscal Year
2023 (excluding the three quarters ended July 2, 2023)		\$ 384.8	
2024 (excluding the quarter ended December 31, 2023)		1,527.5	
2025	2025	1,458.8	
2026	2026	1,313.8	
2027	2027	1,128.2	
2028			
Thereafter	Thereafter	4,428.2	
Total lease payments	Total lease payments	10,241.3	
Less imputed interest	Less imputed interest	(1,284.9)	
Total	Total	\$8,956.4	

As of **July 2, 2023** December 31, 2023, we have entered into operating leases that have not yet commenced of **\$1.4** **\$1.5** billion, primarily related to real estate lease year **2026** **2027** with lease terms ranging from two to twenty years.

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Note 10: 9: Deferred Revenue

Our deferred revenue primarily consists of the prepaid royalty from Nestlé, for which we have continuing performance obligations to support the Global Coffee Alliance points ("Stars") associated with our loyalty program.

As of July 2, 2023, the current December 31, 2023 and long-term deferred revenue related to Nestlé was \$177.0 million and \$6.0 billion, respectively. As of October 2, 2022, related to the Nestlé up-front payment was \$177.0 million and **\$6.2 billion** **\$6.0 billion**, respectively. During each of the quarter and three quarters ended July 2, 2023 and \$132.3 million of prepaid royalty revenue related to Nestlé. During the quarter and three quarters ended July 3, 2022, we recognized \$44.1 million and \$132.5 million, respectively.

Changes in our deferred revenue balance related to our stored value cards and loyalty program (*in millions*):

Quarter Ended July 2, 2023 December 31, 2023

Stored value cards and loyalty program at **April 2, 2023** **October 1, 2023**
Revenue deferred - card activations, card reloads and Stars earned
Revenue recognized - card and Stars redemptions and breakage
Other⁽¹⁾

Stored value cards and loyalty program at **July 2, 2023** **December 31, 2023**⁽²⁾

Quarter Ended July 3, 2022

Stored value cards and loyalty program at April 3, 2022
Revenue deferred - card activations, card reloads and Stars earned
Revenue recognized - card and Stars redemptions and breakage
Other⁽¹⁾

Stored value cards and loyalty program at July 3, 2022⁽²⁾

Three Quarters Ended July 2, 2023 January 1, 2023

Stored value cards and loyalty program at October 2, 2022
Revenue deferred - card activations, card reloads and Stars earned
Revenue recognized - card and Stars redemptions and breakage
Other⁽¹⁾

Stored value cards and loyalty program at **July 2, 2023** **January 1, 2023**⁽²⁾

1,448.5

⁽¹⁾ "Other" primarily consists of changes in the stored value cards and loyalty program balances resulting from foreign currency translation.

⁽²⁾ As of **July 2, 2023** **December 31, 2023** and **July 3, 2022** **January 1, 2023**, approximately **\$1.5 billion** **\$2.0 billion** and **\$1.5 billion** **\$1.9 billion**, respectively, of these

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Note 11: 10: Equity

Changes in AOCI by component, net of tax (*in millions*):

Quarter Ended

July 2, 2023

Net gains/(losses) in AOCI, beginning of period
Net gains/(losses) recognized in OCI before reclassifications
Net (gains)/losses reclassified from AOCI to earnings
Other comprehensive income/(loss) attributable to Starbucks
Other comprehensive income/(loss) attributable to NCI
Net gains/(losses) in AOCI, end of period

	Available-for-Sale Debt				Net
	Securities		Cash Flow Hedges		
Net gains/(losses) in AOCI, beginning of period	\$	(10.9)	\$	(88.1)	\$
Net gains/(losses) recognized in OCI before reclassifications		(1.7)		0.8	
Net (gains)/losses reclassified from AOCI to earnings		0.2		(6.8)	
Other comprehensive income/(loss) attributable to Starbucks		(1.5)		(6.0)	
Other comprehensive income/(loss) attributable to NCI		—		—	
Net gains/(losses) in AOCI, end of period	\$	(12.4)	\$	(94.1)	\$

July 3, 2022

Net gains/(losses) in AOCI, beginning of period
Net gains/(losses) recognized in OCI before reclassifications
Net (gains)/losses reclassified from AOCI to earnings
Other comprehensive income/(loss) attributable to Starbucks
Net gains/(losses) in AOCI, end of period

	Available-for-Sale Debt				Net
	Securities		Cash Flow Hedges		
Net gains/(losses) in AOCI, beginning of period	\$	(9.0)	\$	251.7	\$
Net gains/(losses) recognized in OCI before reclassifications		(1.6)		41.0	
Net (gains)/losses reclassified from AOCI to earnings		0.1		(46.7)	
Other comprehensive income/(loss) attributable to Starbucks		(1.5)		(5.7)	
Net gains/(losses) in AOCI, end of period	\$	(10.5)	\$	246.0	\$

Three Quarters Ended

July 2, 2023

Net gains/(losses) in AOCI, beginning of period
Net gains/(losses) recognized in OCI before reclassifications

	Available-for-Sale Debt				Net
	Securities		Cash Flow Hedges		
Net gains/(losses) in AOCI, beginning of period	\$	(15.5)	\$	199.0	\$
Net gains/(losses) recognized in OCI before reclassifications		2.6		(151.5)	

Net (gains)/losses reclassified from AOCI to earnings	0.5	(141.6)
Other comprehensive income/(loss) attributable to Starbucks	3.1	(293.1)
Other comprehensive income/(loss) attributable to NCI	—	—
Net gains/(losses) in AOCI, end of period	\$ (12.4)	\$ (94.1)

July 3, 2022

Net gains/(losses) in AOCI, beginning of period	\$ 1.5	\$ 158.3	\$
Net gains/(losses) recognized in OCI before reclassifications	(12.1)	170.8	
Net (gains)/losses reclassified from AOCI to earnings	0.1	(83.1)	
Other comprehensive income/(loss) attributable to Starbucks	(12.0)	87.7	
Net gains/(losses) in AOCI, end of period	\$ (10.5)	\$ 246.0	\$

Quarter Ended

December 31, 2023

Net gains/(losses) in AOCI, beginning of period
Net gains/(losses) recognized in OCI before reclassifications
Net (gains)/losses reclassified from AOCI to earnings
Other comprehensive income/(loss) attributable to Starbucks
Other comprehensive income/(loss) attributable to NCI
Net gains/(losses) in AOCI, end of period

January 1, 2023

- Net gains/(losses) in AOCI, beginning of period
- Net gains/(losses) recognized in OCI before reclassifications
- Net (gains)/losses reclassified from AOCI to earnings
- Other comprehensive income/(loss) attributable to Starbucks
- Net gains/(losses) in AOCI, end of period

Securities	Cash Flow Hedges	Net
\$ (12.3)	\$ (47.5)	\$
4.2	33.6	
0.2	29.6	
4.4	63.2	
—	—	
\$ (7.9)	\$ 15.7	\$
\$ (15.5)	\$ 199.0	\$
1.5	(151.2)	
0.1	(82.7)	
1.6	(233.9)	
\$ (13.9)	\$ (34.9)	\$

Impact of reclassifications from AOCI on the consolidated statements of earnings (in millions):

Quarter Quarter
Ended Ended

AOCl		Components		
Gains/(losses) on available-for-sale debt securities				
Gains/(losses) on available-for-sale debt securities				
Gains/(losses) on available-for-sale debt securities				
Gains/(losses) on available-for-sale debt securities			\$ (0.1)	\$ (0.2) Interest income and other, net

Gains/(losses) on cash flow hedges	8.8	55.6	Please refer to Note 3 . Derivative Financial Instruments for additional information.	Gains/(losses) on cash flow hedges	(33.5)	93.3	93.3	Please refer to Note 3 . Financial Instruments for additional information.
Gains/(losses) on net investment hedges	7.8	3.8	Interest expense	Gains/(losses) on net investment hedges	8.9	5.3	5.3	Interest expense
				(24.9)				
				(24.9)				
				(24.9)				
						98.4		Total before tax
							1.8	
							\$ (23.1)	
								\$
				16.5	59.2	Total before tax		
				(4.1)	(9.8)	Tax expense		
				\$ 12.4	\$49.4	Net of tax		

Three Quarters Ended

AOI Components	Amounts		Affected Line Item in the Statements of Earnings	
	Reclassified from			
	Jul 2, 2023	Jul 3, 2022		
Gains/(losses) on available-for-sale debt securities	\$ (0.5)	\$ (0.2)	Interest income and other, net	
Gains/(losses) on cash flow hedges	161.9	99.0	Please refer to Note 3 . Derivative Financial Instruments for additional information.	
Gains/(losses) on net investment hedges	20.1	10.7	Interest expense	
	181.5	109.5	Total before tax	
	(25.4)	(18.7)	Tax expense	
	\$156.1	\$90.8	Net of tax	

In addition to 2.4 billion shares of authorized common stock with \$0.001 par value per share, the Company has authorized we have 7.5 million shares of authorized [2023](#) December 31, 2023.

During the three quarters ended [July 2, 2023](#) December 31, 2023 and [July 3, 2022](#) January 1, 2023, we repurchased 6.9 million 12.8 million and 36.3 million 1.9 million \$1,250.1 million and \$4.0 billion \$191.4 million, respectively. As of [July 2, 2023](#) December 31, 2023, 45.7 million 29.8 million shares remained available for repurchase.

During the [third](#) first quarter of fiscal [2023](#) 2024, our Board of Directors approved a quarterly cash dividend to shareholders of \$0.53 \$0.57 per share to be paid on [A](#) close of business on [August 11, 2023](#) February 9, 2024.

Note 12: 11: Employee Stock Plans

As of **July 2, 2023** December 31, 2023, there were **92.5 million** **84.9 million** shares of common stock available for issuance pursuant to future equity-based compensation under our employee stock purchase plan.

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Stock-based compensation expense recognized in the consolidated statements of earnings (*in millions*):

		Quarter Ended	
		Jul 2, 2023	Jul 3, 2022
Restricted Stock Units ("RSUs")	Restricted Stock Units ("RSUs")	\$ 69.1	\$ 57.4
Restricted Stock Units ("RSUs")			
Restricted Stock Units ("RSUs")			
Options			
Options			
Options	Options	0.1	(0.1)
Total stock-based compensation expense	Total stock-based compensation expense	\$ 69.2	\$ 57.3
Total stock-based compensation expense			
Total stock-based compensation expense			

Stock option and RSU transactions from **October 2, 2022** **October 1, 2023** through **July 2, 2023** **December 31, 2023** (*in millions*):

Options outstanding/Nonvested RSUs, October 2, 2022

Granted
Options exercised/RSUs vested
Forfeited/expired

Options outstanding/Nonvested RSUs, July 2, 2023

Total unrecognized stock-based compensation expense, net of estimated forfeitures, as of July 2, 2023

Options outstanding/Nonvested RSUs, October 1, 2023

Granted
Options exercised/RSUs vested
Forfeited/expired

Options outstanding/Nonvested RSUs, December 31, 2023

Total unrecognized stock-based compensation expense, net of estimated forfeitures, as of December 31, 2023

Note 13: 12: Earnings per Share

Calculation of net earnings per common share ("EPS") — basic and diluted (*in millions, except EPS*):

		Quarter Ended	
		Jul 2, 2023	Jul 3, 2022
Net earnings attributable to Starbucks		Dec 31, 2023	
Net earnings attributable to Starbucks		Dec 31, 2023	
Net earnings attributable to Starbucks		Dec 31, 2023	
Net earnings attributable to Starbucks	Net earnings attributable to Starbucks	\$ 1,141.7	\$ 912.9
Weighted average common shares outstanding (for basic calculation)	Weighted average common shares outstanding (for basic calculation)	1,145.9	1,147.0

Weighted average common shares outstanding (for basic calculation)						
Weighted average common shares outstanding (for basic calculation)						
Dilutive effect of outstanding common stock options and RSUs						
Dilutive effect of outstanding common stock options and RSUs						
Dilutive effect of outstanding common stock options and RSUs	Dilutive effect of outstanding common stock options and RSUs		4.6		4.0	
Weighted average common and common equivalent shares outstanding (for diluted calculation)	Weighted average common and common equivalent shares outstanding (for diluted calculation)		1,150.5		1,151.0	
Weighted average common and common equivalent shares outstanding (for diluted calculation)						
Weighted average common and common equivalent shares outstanding (for diluted calculation)						
EPS — basic	EPS — basic	\$	1.00	\$	0.80	\$
EPS — diluted	EPS — diluted	\$	0.99	\$	0.79	\$
EPS — diluted						
EPS — diluted						

Potential dilutive shares consist of the incremental common shares issuable upon the exercise of outstanding stock options (both vested and non-vested) and unvested RSUs. The number of dilutive shares outstanding excludes anti-dilutive stock options or unvested RSUs, which were immaterial in the periods presented.

Note 14: 13: Commitments and Contingencies

Legal Proceedings

Starbucks is involved in various legal proceedings arising in the ordinary course of business, including litigation matters associated with labor union organizing efforts, class or collective actions, but is not currently a party to any legal proceeding that management believes could have a material adverse effect on our consolidated financial statements. We are monitoring the operational and financial impacts of labor union organizing efforts on our business, as of the date of this filing, we believe the risk of a material continuation of these proceedings is remote. For further discussion of potential risks to our brand and related impacts on our financial results, see the Risk Factors in Part I, Item 1A of our most recently filed 10-K.

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Note 15: 14: Segment Reporting

Segment information is prepared on the same basis that our chief executive officer, who is our chief operating decision maker, manages the segments, evaluates financial performance and allocates resources. Consolidated revenue mix by product type (in millions):

	Quarter Ended	Quarter Ended	Quarter Ended
	Jul 2, 2023	Jul 3, 2022	Jul 2, 2021
Beverage ⁽¹⁾			
Beverage ⁽¹⁾			
	Quarter Ended	Quarter Ended	Quarter Ended
	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023
Beverage ⁽¹⁾			
Beverage ⁽¹⁾			

Beverage ⁽¹⁾	Beverage ⁽¹⁾	\$ 5,587.9	61 %	\$ 4,944.6	61 %	\$ 15,988.9
Food ⁽²⁾	Food ⁽²⁾	1,704.5	19 %	1,472.0	18 %	4,861.0
Food ⁽²⁾						
Food ⁽²⁾						
Other ⁽³⁾						
Other ⁽³⁾						
Other ⁽³⁾	Other ⁽³⁾	1,875.9	20 %	1,733.5	21 %	5,752.1
Total	Total	\$ 9,168.3	100 %	\$ 8,150.1	100 %	\$ 26,602.0
Total						
Total						

(1) Beverage "Beverage" represents sales within our company-operated stores.

(2) Food "Food" includes sales within our company-operated stores.

(3) Other "Other" primarily consists of packaged and single-serve coffees and teas, royalty and licensing revenues, serveware, and beverage-related ingredients, air

The tables below present financial information for our reportable operating segments and Corporate and Other segment (*in millions*):

Quarter Ended

	North America	International	Channel Development	Corporate and Other	Total	
<i>July 2, 2023</i>						
North America						
December 31, 2023						
Total net revenues						
Total net revenues						
Total net revenues	\$ 6,737.8	\$ 1,972.9	\$ 448.8	\$ 8.8	\$ 9,168.3	
Depreciation and amortization expenses	230.4	83.1	0.0	28.7	342.2	
Income from equity investees	—	0.8	68.9	—	69.7	
Operating income/(loss)	1,463.9	374.5	208.0	(462.5)	1,583.9	
<i>July 3, 2022</i>						
January 1, 2023						
January 1, 2023						
January 1, 2023						
Total net revenues						
Total net revenues						
Total net revenues	\$ 6,058.4	\$ 1,584.7	\$ 479.7	\$ 27.3	\$ 8,150.1	
Depreciation and amortization expenses	201.2	125.0	0.0	30.6	356.8	
Income from equity investees	—	0.4	53.7	—	54.1	
Operating income/(loss)	1,330.1	135.3	191.7	(361.6)	1,295.5	

Three Quarters Ended						
	North America	International	Channel Development	Corporate and Other	Total	
<i>July 2, 2023</i>						
Total net revenues	\$19,669.7	\$ 5,507.8	\$ 1,407.7	\$ 16.8	\$26,602.0	
Depreciation and amortization expenses	673.5	250.8	0.1	86.8	1,011.2	
Income from equity investees	—	2.0	177.0	—	179.0	
Operating income/(loss)	3,894.3	929.6	696.4	(1,355.7)	4,164.6	
<i>July 3, 2022</i>						
Total net revenues	\$17,236.4	\$ 5,163.1	\$ 1,359.9	\$ 76.7	\$23,836.1	
Depreciation and amortization expenses	603.2	391.4	0.1	95.8	1,090.5	
Income from equity investees	—	1.6	141.9	—	143.5	
Operating income/(loss)	3,344.8	615.7	572.7	(1,110.9)	3,422.3	

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements contained herein are "forward-looking" statements within the meaning of applicable securities laws and regulations. Generally, these statements "believe," "continue," "could," "estimate," "expect," "feel," "forecast," "intend," "may," "outlook," "plan," "potential," "predict," "project," "seek," "should," "will," "would," a although not all forward-looking statements contain these identifying words. By their nature, forward-looking statements involve risks, uncertainties, and other factor materially from our historical experience or from our current expectations or projections. Our forward-looking statements, and the risks and uncertainties related their Factors" and "Management's **Management's Discussion and Analysis of Financial Condition and Results of Operations**" sections of the company's **our** most recently other filings with the SEC, as well as:

- our ability to preserve, grow, and leverage our brands; **brands, including the risk of negative responses by consumers (such as boycotts or negative publicity treatment) who object to certain actions taken or not taken by the Company, which responses could adversely affect our brand value;**
- the acceptance of the company's **Company's** products and changes in consumer preferences, consumption, or spending behavior and our ability to anticipa or unfavorable consumer reaction to new products, platforms, reformulations, or other innovations;
- our anticipated operating expenses, including our anticipated total capital expenditures;**
- the costs associated with, and the successful execution and effects of, our existing and any future business opportunities, expansions, initiatives, strategies, Two Pumps Plan ("Reinvention");**
- the impacts of partner investments and changes in the availability and cost of labor including any union organizing efforts and our responses to such efforts;**
- the ability of our business partners, suppliers, and third-party providers to fulfill their responsibilities and commitments;**
- higher costs, lower quality, or unavailability of coffee, dairy, energy, water, raw materials, or product ingredients;**
- the impact of significant increases in logistics costs;**
- a worsening in the terms and conditions upon which we engage with our manufacturers and source suppliers, whether resulting from broader local or global**
- unfavorable global or regional economic conditions and related economic slowdowns or recessions, low consumer confidence, high unemployment, weak ci austerity measures, higher interest rates, higher taxes, political instability, higher inflation, or deflation;**
- inherent risks of operating a global business including geopolitical considerations related to our business in China and any potential negative effects stemming from such risks;**
- failure to attract or retain key executive or partner talent or successfully transition executives;**
- the potential negative effects of incidents involving food or beverage-borne illnesses, tampering, adulteration, contamination, or mislabeling;**
- negative publicity related to our company, **Company**, products, brands, marketing, executive leadership, partners, board **Board** of directors, **Directors**, founders, and officers;**
- potential negative effects of a material breach, failure, or corruption of our information technology systems or those of our direct and indirect business partners, including the risk of data protection laws;**
- our environmental, social, and governance ("ESG") efforts and any reaction related thereto, such as the rise in opposition to ESG and inclusion and diversity;**
- risks associated with acquisitions, dispositions, business partnerships, or investments – such as acquisition integration, termination difficulties or costs, or in the case of divestitures, the risk of capital losses;**
- the impact of foreign currency translation, particularly a stronger U.S. dollar;**
- the impact of substantial competition from new entrants, consolidations by competitors, and other competitive activities, such as pricing actions (including price increases, discounts, or promotional offers), product introductions, or entry or expansion in our geographic markets;**
- the impact of changes in U.S. tax law and related guidance and regulations that may be implemented, including on tax rates and the Inflation Reduction Act;**
- the impact of health epidemics, pandemics, or other public health events on our business and financial results, and the risk of negative economic impacts at place, including restrictions on business operations or social distancing requirements, and the duration and efficacy of such restrictions;**

- *failure to comply with anti-corruption laws, trade sanctions, and restrictions or similar laws or regulations; and*
 - *the impact of significant legal disputes and proceedings, or government investigations.*

In addition, many of the foregoing risks and uncertainties are, or could be, exacerbated by any worsening of the global business and economic environment. A forward-looking statement is not a guarantee of future performance and involves risks and uncertainties, and actual results may differ materially from those in the forward-looking statement. Events or circumstances, and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking forward-looking statement.

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looking statements, which speak only as of the date of this report. We are under no obligation to update or alter any forward-looking statements, whether as a result

This information should be read in conjunction with the unaudited consolidated financial statements and the notes included in Item 1 of Part I of this 10-Q and the audited financial statements and the notes included in Item 8 of Part II of this 10-Q, and the MD&A, contained in the 10-K filed with the SEC on November 18, 2022 November 17, 2022.

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Introduction and Overview

Starbucks is the premier roaster, marketer, and retailer of specialty coffee in the world, operating in 86 markets. As of **July 2, 2023** December 31, 2023, Starbucks has increased its revenue by 7% from the prior year. Additionally, we sell a variety of consumer-packaged goods, primarily through the Global Coffee Alliance established with Nestlé.

We have three reportable operating segments: 1) North America, which is inclusive of the U.S. and Canada, Canada; 2) International, which is inclusive of China, Japan, and the rest of the world, International; and 3) Channel Development. Non-reportable operating segments and unallocated Unallocated corporate expenses are reported within Corporate and Other.

We believe our financial results and long-term growth model will continue to be driven by new store openings, comparable store sales growth, and operating margin. These key operating metrics are useful to investors because management uses these metrics to assess the growth of our business and the effectiveness of our market strategy. We will discuss the following key operating metrics:

- New store openings and store count
 - Comparable store sales growth
 - Operating margin

Comparable store sales growth represents the percentage change in sales in one period from the same prior year period for company-operated stores open for 13 months or more. We analyze comparable store sales growth on a constant currency basis as this helps identify underlying business trends, without distortion from the effects of foreign exchange rates. Stores operating at reduced hours due to the COVID-19 pandemic remain in comparable store sales while stores identified for permanent closure have been removed.

Our fiscal year ends on the Sunday closest to September 30. Fiscal 2023/2024 and 2022/2023 include 52 weeks. All references to store counts, including data for new stores, are as of the end of the fiscal year.

Starbucks results for the third quarter of fiscal 2023/2024 continue to demonstrate the overall strength of our brand. Brand and efficiencies realized from Reinvention increased 12% to \$9.2 billion. \$9.4 billion in the third quarter of fiscal 2024 compared to \$8.7 billion in the first quarter of fiscal 2023, compared to \$8.2 billion in the third quarter of fiscal 2023. U.S. North America business and international licensed markets as well as continued recovery from our International segment, largely related to lapping prior year challenges. During the quarter ended July 2, 2023/December 31, 2023, our global comparable store sales grew 10% / 5%, primarily driven by 7% / 5% growth in the U.S. market and 13% / 10% growth in International. The growth was driven by continued expansion of the Starbucks brand globally. Consolidated operating margin increased 140 basis points from the prior year to 17.3% / 15.8%, primarily driven by sales leverage primarily in stores, in-store operational efficiencies. These increases were partially offset by previously-committed increased investments in labor, including enhancements in retail and administrative costs related expenses, primarily in support of Reinvention.

We anticipate these headwinds experienced in the first quarter of fiscal 2024, although transitory, may continue to impact the balance of our fiscal year. Despite this durable business model, as our Triple Shot Reinvention Plan is unlocking multiple levers to drive balanced earnings growth, as evidenced in our first quarter of fiscal

Results of Operations (in millions)

Revenues

Company-operated stores	Company-operated stores	\$ 7,556.7	\$ 6,675.5	\$ 881.2	13.2 %	\$ 21,782.4
Licensed stores	Licensed stores	1,136.2	956.8	179.4	18.8	3,325.2
Licensed stores						
Licensed stores						
Other						
Other						
Other	Other	475.4	517.8	(42.4)	(8.2)	1,494.4
Total net revenues	Total net revenues	\$ 9,168.3	\$ 8,150.1	\$ 1,018.2	12.5 %	\$ 26,602.0
Total net revenues						

For the quarter ended **July 2, 2023** December 31, 2023 compared with the quarter ended **July 3, 2022** January 1, 2023

Total net revenues for the **third** first quarter of fiscal 2023 2024 increased \$1.0 billion, \$711 million, primarily due to higher revenues from company-operated stores (\$ driven by a **10%** 5% increase in comparable store sales (\$632 369 million), attributable to a **5%** 3% increase in comparable transactions and a **4%** 2% increase in av were incremental revenues from 1,265 1,475 net new Starbucks® company-operated

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stores, or a **7%** an 8% increase, over the past 12 months (\$336 326 million). Partially offsetting these increases was unfavorable foreign currency translation (\$96 30 Licensed stores revenue increased \$179 million \$73 million contributing to the increase in total net revenues, driven by higher product and equipment sales to and revenues from 942 net new licensed store openings, or a 5% increase, over the past 12 months.

Other revenues decreased \$42 million \$33 million, primarily due to a decline in revenue in the Global Coffee Alliance (\$31 million) and following the absence sale of Seattle's Best Coffee brand to Nestlé in the **fourth** second quarter of fiscal 2022 2023 (\$18 19 million) and lower revenue in our global ready-to-drink business (\$11 m

For the three quarters ended July 2, 2023 compared with the three quarters ended July 3, 2022

Total net revenues for the first three quarters of fiscal 2023 increased \$2.8 billion, primarily due to higher revenues from company-operated stores (\$2.1 billion). The increase in comparable store sales (\$1.6 billion) attributed to a 5% increase in average ticket and a 3% increase in transactions. Also contributing to the increase we operated stores, or a 7% increase, over the past 12 months (\$907 million). Partially offsetting these increases was unfavorable foreign currency translation (\$484 mi

Licensed stores revenue increased \$668 million contributing to the increase in total net revenues, driven by higher product and equipment sales to and royalty revenue was unfavorable foreign currency translation (\$66 million).

Other revenues decreased \$10 million, primarily due to the absence of revenues from the Evolution Fresh business following its sale in the fourth quarter of fiscal 2020 Coffee Alliance (\$32 million).

Operating Expenses

Quarter Ended					
Jul 2, 2023	Jul 3, 2022	\$ Change	Jul 2, 2023	Jul 3, 2022	Jul 2, 2023
As a % of Total Net Revenues					
Dec 31, 2023					
Dec 31, 2023					
Dec 31, 2023					
As a % of Total Net Revenues					
As a % of Total Net Revenues					

											As a % of Total Net Revenues		
Product and distribution costs													
Product and distribution costs													
Product and distribution costs	Product and distribution costs	\$ 2,864.2	\$ 2,613.6	\$ 250.6	31.2	%	32.1	%	\$ 8,476.1	\$			
Store operating expenses	Store operating expenses	3,697.6	3,302.5	395.1	40.3		40.5						10,998.9
Store operating expenses													
Store operating expenses													
Other operating expenses													
Other operating expenses	Other operating expenses	138.7	135.1	3.6	1.5		1.7						394.1
Depreciation and amortization expenses	Depreciation and amortization expenses	342.2	356.8	(14.6)	3.7		4.4						1,011.2
Depreciation and amortization expenses													
Depreciation and amortization expenses													
General and administrative expenses	General and administrative expenses	604.3	486.7	117.6	6.6		6.0						1,805.6
General and administrative expenses													
General and administrative expenses													
Restructuring and impairments													
Restructuring and impairments													
Restructuring and impairments	Restructuring and impairments	7.1	14.0	(6.9)	0.1		0.2						21.8
Total operating expenses	Total operating expenses	7,654.1	6,908.7	745.4	83.5		84.8						22,707.7
Total operating expenses													
Total operating expenses													
Income from equity investees	Income from equity investees	69.7	54.1	15.6	0.8		0.7						179.0
Gain from sale of assets		—	—	—	—		—						91.3
Income from equity investees													
Income from equity investees													
Operating income													
Operating income													
Operating income	Operating income	\$ 1,583.9	\$ 1,295.5	\$ 288.4	17.3	%	15.9	%	\$ 4,164.6	\$			
Store operating expenses as a percentage of company-operated stores revenue					48.9	%	49.5	%					
% of company-operated stores revenue													
Store operating expenses as a percentage of company-operated stores revenue													
Store operating expenses as a percentage of company-operated stores revenue													

For the quarter ended **July 2, 2023** **December 31, 2023** compared with the quarter ended **July 3, 2022** **January 1, 2023**

Product and distribution costs as a percentage of total net revenues decreased 90 basis points for the third quarter of fiscal 2023, 2024, primarily due to the improvement in the mix of products sold.

Store operating expenses as a percentage of total net revenues decreased 20 basis points for the third quarter of fiscal 2023. Store operating expenses 60 basis points, primarily due to in-store operational efficiencies (approximately 210 basis points), and sales leverage (approximately 250 basis points) and were partially offset by previously-committed increased investments in labor, including enhancements in retail store partner wages and benefits (approximately 340 basis points).

Other operating expenses increased \$21 million, primarily due to support costs in wages and increased spend on partner training (approximately 50 basis points). b

Depreciation and amortization expenses as a percentage of total net revenues decreased 70 basis points, primarily due to lapping amortization expenses on assets that are now fully amortized. [our retail stores](#).

General and administrative expenses increased \$118 million to \$67 million, primarily due to investments in partner wages and benefits (\$33 million) and incremental in strategic initiatives including the our Reinvention Plan (\$27 million), higher performance-based compensation (\$20 million) and a donation to the Starbucks Foundation (\$10 million).

Income from equity investees increased \$16 million, primarily due to higher income from our North American Coffee Partnership joint venture.

The combination of these changes resulted in an overall increase in operating margin of 140 basis points for the **third** first quarter of fiscal 2023.

For the three quarters ended July 2, 2023 compared with the three quarters ended July 3, 2022

Store operating expenses as a percentage of total net revenues decreased 70 basis points for the first three quarters of fiscal 2023. Store operating expenses as a points, primarily due to pricing (approximately 180 basis points), sales leverage (approximately 160 basis points) and productivity improvement (approximately 130 basis points), partially offset by investments in labor, including enhancements in retail store partner wages and benefits (approximately 340 basis points) and increased spend on partner training (approximately 10 basis points).

Other operating expenses increased \$56 million for the first three quarters of fiscal 2023, primarily due to higher strategic investments in technology and other initiatives (\$21 million).

Depreciation and amortization expenses as a percentage of total net revenues decreased 80 basis points, primarily due to lapping amortization expenses of acquisitions.

General and administrative expenses increased \$32 million, primarily due to incremental investments in technology (\$103 million), increased support costs of stratified performance-based compensation (\$45 million), donations to the Starbucks Foundation (\$30 million) and other labor and leadership support costs (\$26 million).

Income from equity investees increased \$36 million, primarily due to higher income from our North American Coffee Partnership joint venture.

Gain from sale of assets includes the sale of our Seattle's Best Coffee brand to Nestle in the second quarter of fiscal 2023.

The combination of these changes resulted in an overall increase in operating margin of 130 basis points for the first three quarters of fiscal 2023. 2024.

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Other Income and Expenses

Quarter Ended					
Jul 2, 2023	Jul 3, 2022	\$ Change	Jul 2, 2023	Jul 3, 2022	Jul 2, 2023
As a % of Total Net Revenues					
Dec 31, 2023					
Dec 31, 2023					
Dec 31, 2023					
Dec 31, 2023					
As a % of Total Net Revenues					
As a % of Total Net Revenues					
As a % of Total Net Revenues					
As a % of Total Net Revenues					
Operating income					
Operating income					
Operating income	Operating income	\$ 1,583.9	\$ 1,295.5	\$ 288.4	17.3 % 15.9 %
Interest income and other, net	Interest income and other, net	21.3	19.8	1.5	0.2 0.2
					\$ 4,164.6 51.1

Interest income and other, net								
Interest income and other, net								
Interest expense								
Interest expense								
Interest expense	Interest expense	(140.9)	(123.1)	(17.8)	(1.5)	(1.5)	(1.5)	(406.9)
Earnings before income taxes	Earnings before income taxes	1,464.3	1,192.2	272.1	16.0	14.6		3,808.8
Earnings before income taxes								
Earnings before income taxes								
Income tax expense								
Income tax expense								
Income tax expense	Income tax expense	322.4	278.5	43.9	3.5	3.4		903.4
Net earnings including noncontrolling interests	Net earnings including noncontrolling interests	1,141.9	913.7	228.2	12.5	11.2		2,905.4
Net earnings including noncontrolling interests								
Net earnings including noncontrolling interests								
Net earnings attributable to noncontrolling interests	Net earnings attributable to noncontrolling interests	0.2	0.8	(0.6)	0.0	0.0		0.2
Net earnings attributable to Starbucks	Net earnings attributable to Starbucks	\$ 1,141.7	\$ 912.9	\$ 228.8	12.5 %	11.2 %	\$	2,905.2
Net earnings attributable to Starbucks								
Net earnings attributable to Starbucks								
Effective tax rate including noncontrolling interests	Effective tax rate including noncontrolling interests				22.0 %	23.4 %		
Effective tax rate including noncontrolling interests								
Effective tax rate including noncontrolling interests								

For the quarter ended **July 2, 2023** December 31, 2023 compared with the quarter ended **July 3, 2022** January 1, 2023

Interest income and other, net increased \$22 million and interest expense increased \$18 million \$10 million, both primarily due to higher debt balances and a rising interest rate environment.

The effective tax rate for the quarter ended **July 2, 2023** December 31, 2023 was 22.0% 25.7% compared to 23.4% 24.6% for the same period in fiscal 2022. The decrease in the effective tax rate was primarily due to the release of valuation allowances recorded against certain deferred tax assets of an international jurisdiction (approximately 300 basis points), partially offset by lapsing beneficial valuation allowance activity in the U.S.

For the three quarters ended **July 2, 2023** compared with the three quarters ended **July 3, 2022**

Interest income and other, net decreased \$15 million, primarily due to lapsing higher investment gains in the prior year.

Interest expense increased \$49 million, primarily due to higher debt balances and a rising interest rate environment.

The effective tax rate for the first three quarters ended **July 2, 2023** was 23.7% compared to 23.2% for the same period in fiscal 2022. The increase was primarily due to the release of valuation allowances recorded against certain deferred tax assets of an international jurisdiction (approximately 50 basis points), offset by the release of valuation allowances recorded against certain deferred tax assets of an international jurisdiction (approximately 300 basis points).

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Segment Information

Results of operations by segment (*in millions*):

North America

		Quarter Ended																	
		Jul 2, 2023	Jul 3, 2022	\$ Change	Jul 2, 2023	Jul 3, 2022	Jul 2, 2023	As a % of North America											
								Total Net Revenues											
Dec 31, 2023																			
Dec 31, 2023																			
Dec 31, 2023																			
As a % of North America																			
Total Net Revenues																			
As a % of North America																			
Total Net Revenues																			
As a % of North America																			
Total Net Revenues																			
Net revenues:																			
Net revenues:																			
Net revenues:	Net revenues:																		
Company-operated stores	Company-operated stores	\$ 6,080.6	\$ 5,513.2	\$ 567.4	90.2	%	91.0	%	\$ 17,693.9	\$									
Company-operated stores																			
Company-operated stores																			
Licensed stores																			
Licensed stores																			
Licensed stores	Licensed stores	655.8	544.2	111.6	9.7		9.0		1,973.2										
Other	Other	1.4	1.0	0.4	0.0		0.0		2.6										
Other																			
Other																			
Total net revenues																			
Total net revenues																			
Total net revenues	Total net revenues	6,737.8	6,058.4	679.4	100.0		100.0		19,669.7										
Product and distribution costs	Product and distribution costs	1,885.4	1,713.2	172.2	28.0		28.3		5,624.7										
Product and distribution costs																			
Product and distribution costs																			
Store operating expenses																			
Store operating expenses																			
Store operating expenses	Store operating expenses	2,990.1	2,670.0	320.1	44.4		44.1		8,973.2										
Other operating expenses	Other operating expenses	67.8	55.4	12.4	1.0		0.9		196.7										

Other operating expenses							
Other operating expenses							
Depreciation and amortization expenses							
Depreciation and amortization expenses							
Depreciation and amortization expenses	Depreciation and amortization expenses	230.4	201.2	29.2	3.4	3.3	673.5
General and administrative expenses	General and administrative expenses	93.1	76.5	16.6	1.4	1.3	286.6
General and administrative expenses							
General and administrative expenses							
Restructuring and impairments	Restructuring and impairments	7.1	12.0	(4.9)	0.1	0.2	20.7
Restructuring and impairments							
Restructuring and impairments							
Total operating expenses							
Total operating expenses							
Total operating expenses	Total operating expenses	5,273.9	4,728.3	545.6	78.3	78.0	15,775.4
Operating income	Operating income	\$ 1,463.9	\$ 1,330.1	\$ 133.8	21.7 %	22.0 %	\$ 3,894.3
Operating income							
Operating income							
Store operating expenses as a % of company-operated stores revenue	Store operating expenses as a % of company-operated stores revenue				49.2 %	48.4 %	
Store operating expenses as a % of company-operated stores revenue							
Store operating expenses as a % of company-operated stores revenue							

For the quarter ended July 2, 2023 December 31, 2023 compared with the quarter ended July 3, 2022 January 1, 2023

Revenues

North America total net revenues for the third first quarter of fiscal 2023 2024 increased \$679 million \$569 million, or 11% 9%, primarily due to a 7% 5% increase in average ticket, primarily due to annualization of pricing, and a 1% increase in comparable transactions. Also contributing to these increases revenue growth were the past 12 months (\$206 222 million) and higher product and equipment sales to and royalty revenues from our licensees (\$108 million).

Operating Margin

North America operating income for the third quarter of fiscal 2023 increased 10% to \$1.5 billion, compared to \$1.3 billion in the third quarter of fiscal 2022. Operating previously-committed investments in labor, including enhancements in retail store partner wages and benefits (approximately 360 basis points) and increased spending (approximately 220 basis points), labor productivity (approximately 210 basis points) and sales leverage.

For the three quarters ended July 2, 2023 compared with the three quarters ended July 3, 2022

Revenues

North America total net revenues for the first three quarters of fiscal 2023 increased \$2.4 billion, or 14%, primarily due to a 10% increase in comparable store sales increase in transactions. Also contributing to these increases were net new company-operated store openings over the past 12 months (\$593 million) and higher prices (\$390 49 million).

Operating Margin

North America operating income for the first three quarters quarter of fiscal 2023 2024 increased 16% 25% to \$3.9 billion \$1.5 billion, compared to \$3.3 billion for \$1.2 billion. margin increased 40 290 basis points to 19.8% 21.4%, primarily due to pricing in-store operational efficiencies (approximately 350 basis points), labor productivity (approximately 150 basis points), and cost leverage (approximately 180 basis points), partially offset by previously-committed increased investments in labor, including enhancements in retail store partner spend on partner training (approximately 50 basis points) as well as inflationary pressures on commodities and our supply chain (approximately 100 120 basis points).

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International

	Quarter Ended					
	Jul 2, 2023	Jul 3, 2022	\$ Change	Jul 2, 2023	Jul 3, 2022	Jul 2, 2023
	As a % of International Total Net Revenues					
Net revenues:						
Company-operated stores	\$ 1,476.1	\$ 1,162.3	\$ 313.8	74.8 %	73.3 %	\$ 4,088.5
Licensed stores	480.4	412.6	67.8	24.3	26.0	1,352.0
Other	16.4	9.8	6.6	0.8	0.6	67.3
Total net revenues	1,972.9	1,584.7	388.2	100.0	100.0	5,507.8
Product and distribution costs	677.3	550.3	127.0	34.3	34.7	1,903.8
Store operating expenses	707.5	632.5	75.0	35.9	39.9	2,025.7
Other operating expenses	54.3	60.2	(5.9)	2.8	3.8	155.0
Depreciation and amortization expenses	83.1	125.0	(41.9)	4.2	7.9	250.8
General and administrative expenses	77.0	81.8	(4.8)	3.9	5.2	244.9
Total operating expenses	1,599.2	1,449.8	149.4	81.1	91.5	4,580.2
Income from equity investees	0.8	0.4	0.4	0.0	0.0	2.0
Operating income	\$ 374.5	\$ 135.3	\$ 239.2	19.0 %	8.5 %	\$ 929.6
Store operating expenses as a % of company-operated stores revenue						
				47.9 %	54.4 %	

	Dec 31, 2023	Jan 1, 2023
Net revenues:		
Company-operated stores		
Company-operated stores	\$ 1,374.1	\$ 1,211.1
Licensed stores	454.2	433.1
Other	18.0	20.0
Total net revenues	1,846.3	1,684.2
Product and distribution costs	666.5	591.5
Store operating expenses	703.8	633.8
Other operating expenses	60.1	59.0
Depreciation and amortization expenses	84.1	83.0
General and administrative expenses	90.5	89.0
Total operating expenses	1,605.0	1,444.3
Income from equity investees	0.2	0.1
Operating income	\$ 241.5	\$ 240.1
Store operating expenses as a % of company-operated stores revenue		

For the quarter ended July 2, 2023 December 31, 2023 compared with the quarter ended July 3, 2022 January 1, 2023

Revenues

International total net revenues for the third first quarter of fiscal 2023 2024 increased \$388 million \$166 million, or 24% 10%, primarily due to 1,016 net new Starbucks stores (1,042 million), as well as a 7% increase in comparable store sales (\$253.81 million) driven by a 21% an 11% increase in customer transactions, primarily attributed to pandemic related disruptions in China. Also contributing were 863 net new company-operated store openings, or an 11% increase, over the past 12 months (\$131 million) from our licensees (\$77 million). These increases were partially offset by unfavorable foreign currency translation (\$86.30 million).

Operating Margin

International operating income for the third quarter of fiscal 2023 increased 177% to \$375 million, compared to \$135 million in the third quarter of fiscal 2022. Operating leverage (approximately 860 basis points), including lapping prior year mobility restrictions in China. Also contributing to the increase in revenue was lapping amortized fully amortized (approximately 260 basis points), partially offset by digital investments (approximately 110 basis points) and inflationary pressures (approximately 100 basis points).

For the three quarters ended July 2, 2023 compared with the three quarters ended July 3, 2022

Revenues

International total net revenues for the first three quarters of fiscal 2023 increased \$345 million, or 7%, primarily due to growth related to higher product and equipment sales. 863 net new company-operated licensed store openings, or an 11% increase over the past 12 months, (\$314 million). Also contributing was a 5% increase in customer transactions. These increases were partially offset by unfavorable foreign currency translation (\$485 million). Impacts related to certain headwinds.

Operating Margin

International operating income for the first three quarters of fiscal 2023 increased 51% to \$930 million, compared to \$616 million for the first three quarters of fiscal 2022. The margin increased 500 basis points to 16.9% from 13.1%, primarily due to investments in store partner wages and benefits (approximately 130 basis points), 120 basis points), and strategic investments (approximately 100 basis points). These decreases were partially offset by sales leverage (approximately 290 basis points) and assets that are now fully amortized (approximately 250 basis points).

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Channel Development

										Quarter Ended		Quarter Ended		Quarter Ended		Quarter Ended		As a % of Channel Development				
										Jul 2, 2023		Jul 3, 2022		\$ Change		Jul 2, 2023		Jul 3, 2022		Jul 2, 2023		
																Total Net Revenues		Total Net Revenues		Total Net Revenues		
Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	Net revenues	As a % of Channel Development						
Net revenues	Net revenues	\$	448.8	\$	479.7	\$	(30.9)			\$	1,407.7	\$	932.7									
Product and distribution costs	Product and distribution costs		293.0		325.8		(32.8)		65.3	%	67.9	%	932.7									
Product and distribution costs	Product and distribution costs																					
Other operating expenses	Other operating expenses		14.8		13.6		1.2		3.3		2.8		40.6									
Depreciation and amortization expenses	Depreciation and amortization expenses		0.0		0.0		0.0		0.0		0.0		0.1									
Other operating expenses	Other operating expenses																					
General and administrative expenses	General and administrative expenses																					
General and administrative expenses	General and administrative expenses		1.9		2.3		(0.4)		0.4		0.5		6.2									

Total operating expenses	Total operating expenses	309.7	341.7	(32.0)	69.0	71.2	979.6
Total operating expenses							
Total operating expenses							
Income from equity investees	Income from equity investees	68.9	53.7	15.2	15.4	11.2	177.0
Gain from sale of assets	—	—	—	—	nm	nm	91.3
Income from equity investees	—	—	—	—	—	—	—
Income from equity investees	—	—	—	—	—	—	—
Operating income	Operating income	\$ 208.0	\$ 191.7	\$ 16.3	46.3 %	40.0 %	\$ 696.4
Operating income							
Operating income							

For the quarter ended **July 2, 2023** December 31, 2023 compared with the quarter ended **July 3, 2022** January 1, 2023

Revenues

Channel Development total net revenues for the **third** first quarter of fiscal 2023 2024 decreased **\$31 million** \$30 million, or 6%, primarily due to a decline in revenue

Operating Margin

Channel Development operating income for **following** the third sale of our Seattle's Best Coffee brand to Nestlé in the second quarter of fiscal 2023 increased 9% to Operating margin increased 630 basis points to 46.3%, primarily due to growth in our North American Coffee Partnership joint venture income (approximately 410 b

For the three quarters ended July 2, 2023 compared with the three quarters ended July 3, 2022

Revenues

Channel Development total net revenues for the first three quarters of fiscal 2023 increased \$48 million, or 4%, primarily due to an increase in revenue in the Global ready-to-drink business (**\$27.11 million**).

Operating Margin

Channel Development operating income for the first three quarters quarter of fiscal 2023 increased 22% 2024 decreased 7% to **\$696 million** \$210 million, compared 2022. 2023. Operating margin increased 740 decreased 50 basis points to **49.5% 46.8%**, primarily due driven by product costs related to the gain from sale of our Se points) and growth in our North American Coffee Partnership joint venture income (approximately 200 430 basis points), partially offset by impairment charges again 120 370 basis points).

Corporate and Other

		Quarter Ended								
		Jul 2, 2023	Jul 3, 2022	\$ Change	% Change	Jul 2, 2023				
Net revenues:	Net revenues:	Dec 31, 2023	Dec 31, 2023	—	—	—				
Net revenues:	Net revenues:	Dec 31, 2023	Dec 31, 2023	—	—	—				
Net revenues:	Net revenues:	Dec 31, 2023	Dec 31, 2023	—	—	—				
Other	Other	\$ 8.8	\$ 27.3	\$ (18.5)	(67.8) %	\$ 16.8				
Other	Other	—	—	—	—	—				
Total net revenues	Total net revenues	8.8	27.3	(18.5)	(67.8) %	16.8				
Total net revenues										
Total net revenues										
Product and distribution costs										

Product and distribution costs							
Product and distribution costs	Product and distribution costs	8.5	24.3	(15.8)	(65.0)		14.9
Other operating expenses	Other operating expenses	1.8	5.9	(4.1)	(69.5)		1.8
Other operating expenses							
Other operating expenses							
Depreciation and amortization expenses							
Depreciation and amortization expenses							
Depreciation and amortization expenses	Depreciation and amortization expenses	28.7	30.6	(1.9)	(6.2)		86.8
General and administrative expenses	General and administrative expenses	432.3	326.1	106.2	32.6		1,267.9
General and administrative expenses							
General and administrative expenses							
Restructuring and impairments	Restructuring and impairments	—	2.0	(2.0)	nm		1.1
Restructuring and impairments							
Restructuring and impairments							
Total operating expenses							
Total operating expenses							
Total operating expenses	Total operating expenses	471.3	388.9	82.4	21.2		1,372.5
Operating loss	Operating loss	\$ (462.5)	\$ (361.6)	\$ (100.9)	27.9	%	\$ (1,355.7)
Operating loss							
Operating loss							

Corporate and Other primarily consists of our unallocated corporate expenses and Evolution Fresh, prior to its sale in the fourth quarter of fiscal 2022. **expenses**. Unthat support the operating segments but are not specifically attributable to or managed by any segment and are not included in the reported financial results of the o

For the quarter ended **July 2, 2023** December 31, 2023 compared with the quarter ended **July 3, 2022** January 1, 2023

Corporate and Other operating loss increased by **28%** **14%** to **\$463 million** **\$487 million** for the **third** **first** quarter of fiscal **2023** **2024** compared to **\$362 million** **\$426 m** primarily driven by incremental investments in technology (\$38 million), increased in support costs of strategic initiatives including the our Reinvention Plan (\$27 milli donation to the Starbucks Foundation higher partner wages and benefits (\$15 million).

For the three quarters ended **July 2, 2023** compared with the three quarters ended **July 3, 2022**

Corporate and Other operating loss increased by **22%** to **\$1.4 billion** for the first three quarters of fiscal 2023 compared to **\$1.1 billion** for the same period in fiscal 20 technology (\$100 million), increased support costs of strategic initiatives including the Reinvention Plan (\$57 million), higher performance-based compensation (\$33

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Quarterly Store Data

Our store data for the periods presented is as follows:

Net stores opened/(closed) and transferred during the period						
Quarter	Three Quarters			Stores open as of	Net stores opened/(closed) and transferred during the period	
Ended	Ended	Ended	Ended	Jul 2, 2023	Jul 3, 2023	Dec 31, 2023
Jul 2, 2023	Jul 3, 2023	Jul 2, 2023	Jul 3, 2023	Jul 2, 2023	Jul 3, 2023	Dec 31, 2023
Dec 31, 2023						

North America	North America						
Company-operated stores							
Company-operated stores							
Company-operated stores	Company-operated stores	105	96	236	189	10,452	10,050
Licensed stores	Licensed stores	5	28	61	35	7,140	7,000
Total North America	Total North America	110	124	297	224	17,592	17,050
International	International						
Company-operated stores							
Company-operated stores							
Company-operated stores	Company-operated stores	272	130	543	445	8,580	7,717
Licensed stores	Licensed stores	206	64	671	446	11,050	10,181
Total International	Total International	478	194	1,214	891	19,630	17,898
Total Company	Total Company	588	318	1,511	1,115	37,222	34,948
Total Company							
Total Company							

Financial Condition, Liquidity and Capital Resources

Cash and Investment Overview

Our cash and investments totaled \$3.9 billion were \$3.6 billion as of July 2, 2023 December 31, 2023 and \$3.5 billion \$4.2 billion as of October 2, 2022 October 1, 2022 fund operating needs, make scheduled interest and principal payments on our borrowings, make fund acquisitions, and return cash to shareholders through common portfolio primarily includes highly liquid available-for-sale securities, including corporate debt securities, government treasury securities (foreign (domestic and domestic) structured deposits. As of July 2, 2023 December 31, 2023, approximately \$2.5 billion \$2.4 billion of cash and short-term investment investments were held in foreign

Borrowing Capacity

Revolving Credit Facility

Our \$3.0 billion unsecured five-year revolving credit facility (the "2021 credit facility"), of which \$150.0 million may be used for issuances of letters of credit, is currently available for working capital, capital expenditures, and other corporate purposes, including acquisitions and share repurchases. We have the option, subject to negotiation, to increase the commitment amount by an additional \$1.0 billion.

Borrowings under the 2021 credit facility, which was most recently amended in April 2023, will bear interest at a variable rate based on Term SOFR, and, for U.S. dollars defined in the 2021 credit facility), in each case plus an applicable margin. The applicable margin is based on the Company's long-term credit ratings assigned by the rating agencies, the highest of (i) the Federal Funds Rate (as defined in the 2021 credit facility) plus 0.500%, (ii) Bank of America's prime rate, and (iii) Term SOFR plus 1.000%. The margin is based on the Chicago Mercantile Exchange plus a SOFR Adjustment of 0.100%.

The 2021 credit facility contains provisions requiring us to maintain compliance with certain covenants, including a minimum fixed charge coverage ratio, which means that as of July 2, 2023 December 31, 2023, we were in compliance with all applicable covenants. No amounts were outstanding under our 2021 credit facility as of July 2, 2023 December 31, 2023.

Commercial Paper

Under our commercial paper program, we may issue unsecured commercial paper notes up to a maximum aggregate amount outstanding at any time of \$3.0 billion as of the date of issue. Amounts outstanding under the commercial paper program are required to be backstopped by available commitments under the our 2021 credit facility. The commercial paper program may be used for working capital needs, capital expenditures, and other corporate purposes, including, but not limited to, business expansion and share repurchases. As of July 2, 2023 December 31, 2023, we had no \$300.0 million in borrowings.

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outstanding under our commercial paper program. As of October 2, 2022 October 1, 2023, we had \$175.0 million in no borrowings outstanding under this program. The maximum aggregate amount outstanding at any time under this program as of the end of our third first quarter of fiscal 2023, 2024.

Credit facilities Facilities in Japan

Additionally, we hold the following Japanese yen-denominated credit facilities for the use of our Japan subsidiary. These that are available for working capital needs.

- A **¥5.0 billion**, or **\$34.5 million**, credit facility is currently set to mature on **January 4, 2024**. Borrowings under this credit facility are at a variable rate based on TIBOR plus an applicable margin of 0.400%.
 - A **¥10.0 billion**, or **\$69.1 million**, credit facility is currently set to mature on **March 27, 2024**. Borrowings under this credit facility are subject to a variable rate based on TIBOR plus an applicable margin of 0.300%.

As of **July 2, 2023** December 31, 2023, we had ¥5.7 billion, or **\$34.5 million** \$49.5 million, of borrowings outstanding under these credit facilities. As of **October 2, 2023**, borrowings outstanding under these credit facilities.

See Note 8, **7.** Debt, to the consolidated financial statements included in Item 1 of Part I of this 10-Q for details of the components of our long-term debt.

Our ability to incur new liens and conduct sale and leaseback transactions on certain material properties is subject to compliance with terms of the indentures under 2023, we were in compliance with all applicable covenants.

Use of Cash

We expect to use our available cash and investments, including, but not limited to, additional potential future borrowings under the credit facilities, commercial paper, businesses, including investing in new ways to serve our customers and supporting our store partners, repaying maturing debts, as well as returning cash to shareh share repurchases, and investing in new business opportunities related to our core and developing businesses. Furthermore, we may use our available cash resour also seek strategic acquisitions to leverage existing capabilities and further build our business. Acquisitions may include increasing our ownership interests in our in driven by valuation and fit with our ownership strategy.

We believe that net future cash flows generated from operations and existing cash and investments both domestically and internationally, combined with our ability to sufficient to finance capital requirements for our core businesses as well as shareholder distributions for at least the next 12 months. We are currently not aware of a result in, or that are reasonably likely to result in, our liquidity increasing or decreasing in any material way that will impact our capital needs during or beyond the next the ability to do so at reasonable interest rates; however, additional borrowings would result in increased interest expense in the future. In this regard, we may incur capital programs, including cash returns to shareholders through future dividends and discretionary share repurchases, refinancing debt maturities, as well as invest additional sources of financing, including both short-term and long-term borrowings and debt issuances.

We regularly review our cash positions and our determination of partial indefinite reinvestment of foreign earnings. In the event we determine that all or another portion may be subject to additional foreign withholding taxes, and U.S. state income taxes, which could be material. While we do not anticipate the need for repatriated funds, earnings which are not indefinitely reinvested may be repatriated at management's discretion. In anticipation of repatriation of current-year earnings of certain foreign operations, we will pay withholding taxes during the first quarter of fiscal year 2024.

During the **third** **first** quarter of fiscal **2023** **2024**, our Board of Directors approved a quarterly cash dividend to shareholders of **\$0.53** **\$0.57** per share to be paid on **A** close of business on **August 11, 2023** **February 9, 2024**.

During the first quarter of fiscal 2023, we resumed our share repurchase program which was temporarily suspended in April 2022. During the three quarters ended December 31, 2023, 45.7 million 29.8 million shares remained available for repurchase.

Other than normal operating expenses, cash requirements for the remainder of fiscal 2023/2024 are expected to consist primarily of capital expenditures for investment facilities. Total capital expenditures for fiscal 2023/2024 are expected to be approximately \$2.5 billion/\$3.0 billion.

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In the MD&A included in the 10-K, we disclosed that we had \$33.2 billion \$33.9 billion of current and long-term material cash requirements as of October 2, 2022 October 2, 2022. Our requirements during the period covered by this 10-Q outside of the normal course of our business.

Cash Flows

Cash Net cash provided by operating activities was \$4.1 billion \$2.4 billion for the first three quarters quarter of fiscal 2023, 2024, compared to \$3.3 billion \$1.6 billion to a decrease an increase in net cash used provided by changes in operating assets and liabilities and higher net earnings during the period.

Cash Net cash used in investing activities totaled \$1.4 billion \$568.8 million for each of the first three quarters of fiscal 2023 and 2024, compared to \$279.3 million in 2023. The change was primarily due to an increase in purchases of investments in fiscal 2023 were offset by increased capital expenditures and

Cash net cash used in financing activities for the first three quarters of fiscal 2023 totaled \$2.1 billion, compared to cash used in financing activities and repayments of debt, partially offset by proceeds from issuances of debt and equity.

Commodity Prices, Availability and General Risk Conditions

Commodity price risk represents our primary market risk, generated by our purchases of green coffee and dairy products, among other items. We purchase, roast, and blend coffee and dairy products, and we also purchase significant amounts of dairy products to support the needs of our company-operated : results of operations, and we expect commodity prices, particularly coffee, to impact future results of operations. For additional details, see Product Supply in Item 1

Seasonality and Quarterly Results

Our business is subject to moderate seasonal fluctuations, of which our fiscal second quarter typically experiences lower revenues and operating income. Additionally, by customers during the holiday season, we tend to have higher cash flows from operations during the first quarter of the fiscal year. However, since revenues from and not when cash is loaded onto the Starbucks Card, the impact of seasonal fluctuations on the consolidated statements of earnings is much less pronounced. As necessarily indicative of the results that may be achieved for the full fiscal year.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles and the Company's discussion and Company's management to make judgments, assumptions, and estimates that affect the amounts reported. [Note 1](#). Summary of Significant Accounting Policies and

Part I of this 10-Q and in the Notes to Consolidated Financial Statements in Part II, Item 8 of the 10-K describe the significant accounting policies and methods used. There have been no material changes to the Company's critical accounting estimates since the 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

See [Note 1](#), Summary of Significant Accounting Policies and Estimates, to the consolidated financial statements included in Item 1 of Part I of this 10-Q, for a detailed description of the accounting policies used.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the commodity price risk, foreign currency exchange risk, equity security price risk, or interest rate risk discussed in Item 7A of Part I of this 10-Q.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed or submitted under the Exchange Act ("Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, are designed to ensure that the information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as soon as possible after the information is recorded, processed, summarized, and reported within the specified time periods. Our disclosure controls and procedures are designed to provide reasonable assurance regarding required disclosure.

During the [third](#) [first](#) quarter of fiscal [2023](#), [2024](#), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the design and operation of the [our](#) disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, we conclude that our disclosure controls and procedures were effective, as of the end of the period covered by this report (July 2, [December 31, 2023](#)).

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

See [Note 14](#) [13](#), Commitments and Contingencies, to the consolidated financial statements included in Item 1 of Part I of this 10-Q for information regarding certain legal proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this 10-Q, you should carefully consider the risks and uncertainties discussed in Part I, Item 1A. Risk Factors in our 10-K and in the Notes to Consolidated Financial Statements in Part II, Item 8 of the 10-K describe the significant risk factors that may affect our business and financial performance. There have been no material changes to the risk factors disclosed in our 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Information regarding repurchases of our common stock during the quarter ended [July 2, 2023](#) [December 31, 2023](#):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased
					Period ⁽¹⁾
					Total Number of Shares Purchased
					Total Number of Shares Purchased
					Average Price Paid per Share
					Period ⁽¹⁾
					April 3, October 2, 2023 - April 30, 2023 October 29, 2023
					May 1, October 30, 2023 - May 28, 2023 November 26, 2023
					707,551 3,877,436 \$107.42 92.8
					759,649 4,146,201 105.30 101.3

May
29, November
27, 2023 - July
2,
2023 December
31, 2023 487,157 4,754,654 98.54 98.8
Total 1,954,357 12,778,291 \$104.38 97.8

(1) Monthly information is presented by reference to or
fiscal 2023.2024.

(2) Share repurchases are conducted under our ongoing share repurchase program, which began in September 2001, which has no expiration date, and has been increased by our Board of Directors numerous times, most recently in January 2004, authorizing the repurchase of up to an additional 4,000,000 shares.

(3) This column includes the total number of shares available for repurchase under the Company's ongoing share repurchase program. The Company's ongoing share repurchase program may be repurchased in open market purchases or through privately negotiated transactions. The timing and amount of purchases will be determined at our discretion and the share repurchase program may be modified at any time for any reason.

Item 3. *Defaults upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended **July 2, 2023** December informed us of the adoption modification or termination Rule 10b-5 trading arrangement," as those terms are as described in the table below:

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Name & Title	Date Adopted	Character of Arrangement	Common Stock to be Sold Pursuant to Arrangement	Aggregate Number of Shares Sold
Rachel Ruggeri, executive vice president, chief financial officer	November 28, 2023	Rule 10b5-1 Trading Arrangement	Up to \$900,000 can be sold ⁽²⁾ <i>Plus</i>	Up to \$900,000 can be sold ⁽²⁾ <i>Plus</i>
			Up to 4,979 shares sold ⁽³⁾	Up to 2,165 shares sold ⁽⁴⁾

(1) Except as indicated by footnote, each trading arrangement is intended to satisfy the affirmative defense

(2) Ms. Ruggeri's trading plan provides for the sale of up to 100,000 shares of the Company's common stock, subject to the terms of the arrangement, as intended to satisfy the affirmative vote.

price of \$80 during the applicable good-until-cancelled period.

(3) Ms. Ruggeri's trading plan provides for the sale, on a pre-arranged basis, of 2,165 shares to be received by Ms. Ruggeri upon the vesting of restricted stock units.

(4) Ms. Ruggeri's trading plan provides for the sale, on a pre-arranged basis, of 2,165 shares to be received by Ms. Ruggeri upon the vesting of restricted stock units.

(5) Except as indicated by footnote, each trading arrangement is a "Broker-Assisted Transaction" and including the earlier to occur of (a) the completion of the orders relating to such trades, or (b) the date listed. The term "Broker-Assisted Transaction" means a transaction that is made in accordance with "Rule 10b5-1 Trading Arrangement" only permits transactions during a mandatory cooling-off period under the Rule.

(6) The arrangement also provides for automatic expiration in the event of bankruptcy, or insolvency, notice from Ms. Ruggeri or her broker, or a determination by the broker that the trading arrangement has been violated, or that Mr. Ruggeri has occurred or upon the broker's exercise of his right to terminate the arrangement.

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Item 6. Exhibits

Exhibit No.	Exhibit Description
3.1	Restated Articles of Incorporation of Starbucks Corporation
3.2	Amended and Restated Bylaws of Starbucks Corporation (As amended and restated through March 17, 2021)
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial statements from the Company's 10-Q for the fiscal quarter ended July 2, 2023, formatted in iXBRL: (i) Consolidated Statements of Earnings, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity and (vi) Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

Exhibit No.	Exhibit Description
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104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

* Furnished herewith.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

August 1, 2023 January 30, 2024

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CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302

I, Laxman Narasimhan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended **2023 December 31, 2023**, of Starbucks Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period covered by this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(d)) and internal control over financial reporting (as defined in Rule 13a-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures to be designed under the supervision and with the participation of the registrant, including its principal executive officer and principal financial officer, or persons performing similar functions, or others within those entities, particularly prepared;
 - (b) Designed such internal control over financial reporting to be designed under the supervision and with the participation of the registrant, including its principal executive officer and principal financial officer, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's internal control over financial reporting included in this report our conclusion about the effectiveness of such procedures, as of the end of the period covered by this report based on the evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report, or reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, to the registrant's board of directors (or persons performing similar functions), all significant deficiencies and material weaknesses in the registrant's internal control over financial reporting which are reasonably likely to materially affect, the registrant's ability to record, process, sum up, and disclose financial data.
- (a) All significant deficiencies and material weaknesses in the registrant's internal control over financial reporting which are reasonably likely to materially affect, the registrant's ability to record, process, sum up, and disclose financial data;
- (b) Any fraud, whether or not material, that involves management or other persons who have a significant role in the registrant's internal control over financial reporting.

Date: **August 1, 2023** January 30, 2024

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rachel Ruggeri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended **2023 December 31, 2023**, of Starbucks Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, in this report, fairly present in all material respects the financial condition of the registrant as of, and the results of operations for, the period covered by this report;
3. Based on my knowledge, the financial statements included in this report fairly present in all material respects the financial condition of the registrant as of, and the results of operations for, the period covered by this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(d)) and internal control over financial reporting (as defined in Rule 13a-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures to be designed under the supervision and with the participation of the registrant, including its chief executive officer and chief financial officer, or persons performing similar functions, or others within those entities, particularly prepared;
 - (b) Designed such internal control over financial reporting to be designed under the supervision and with the participation of the registrant, including its chief executive officer and chief financial officer, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's internal control over financial reporting included in this report and presented our conclusions about the effectiveness of such internal control, based on the evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report, or reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have: (a) Disclosed to the registrant's board of directors (or persons performing similar functions) all significant deficiencies and material weaknesses in the registrant's internal control over financial reporting which are reasonably likely to materially affect, the registrant's ability to record, process, sum up, and disclose financial data; and (b) Any fraud, whether or not material, that involves management or other persons who have a significant role in the registrant's internal control over financial reporting.

Date: **August 1, 2023** **January 30, 2024**

CERTIFICATIONS PURSUANT
AS ADOPTED PURSUANT TO SECTION 906

In connection with the Quarterly Report of Starbucks Corporation for the fiscal quarter ended July 2, 2023 December 31, 2023, as filed with the Securities and Exchange Commission on August 1, 2023 January 30, 2024 (the "Report"), each officer of Starbucks, and Rachel Ruggeri, executive vice president of Starbucks, each hereby certifies, pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

- (1) the Report fully complies with the requirements of the Securities and Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents the financial condition and results of operations of Starbucks.

August 1, 2023 January 30, 2024

August 1, 2023 January 30, 2024

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