

REFINITIV

## DELTA REPORT

### 10-Q

SBUX - STARBUCKS CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - DECEMBER 31, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 843

█ **CHANGES** 228

█ **DELETIONS** 233

█ **ADDITIONS** 382

**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 **December 31, 2023** **March 31, 2024**

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, 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 January 24, 2024 **April 24, 2024**

**1,132.2** **1,132.7** million

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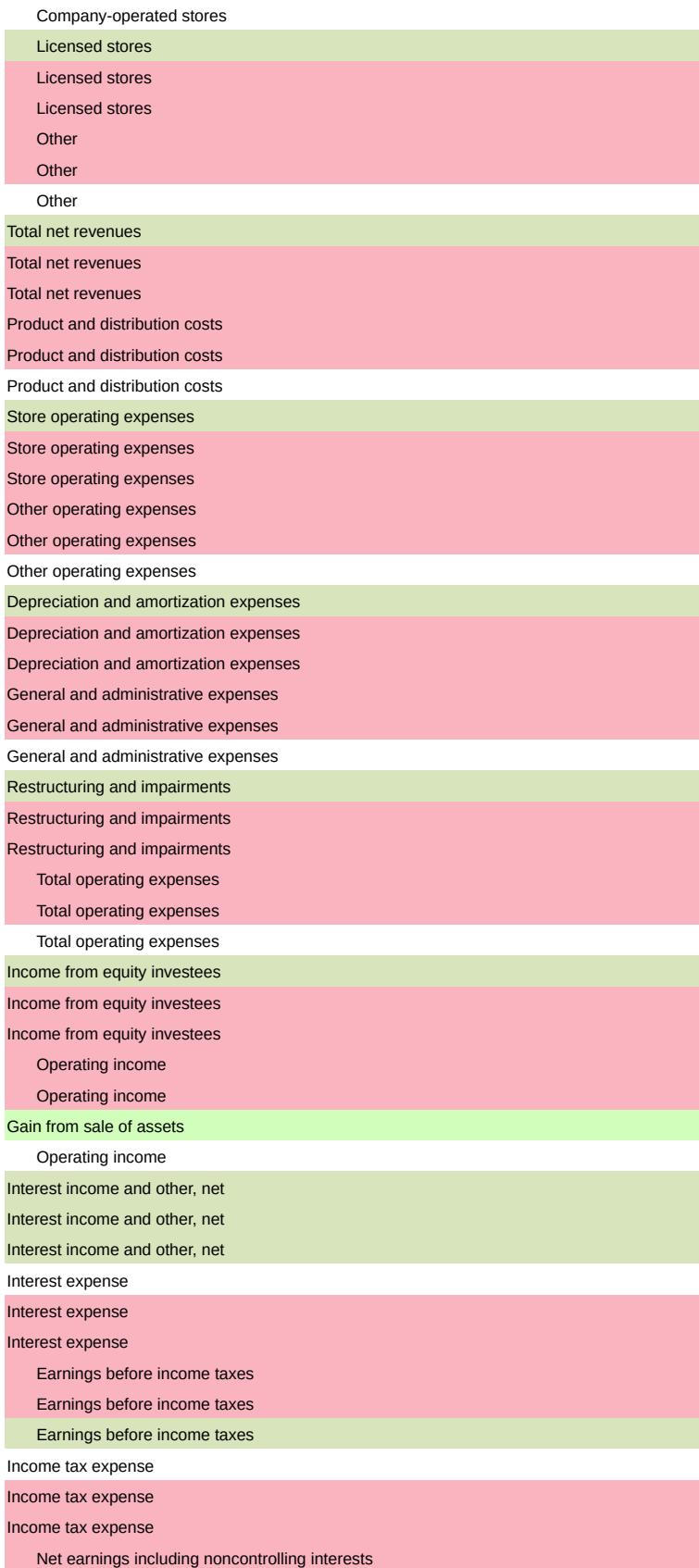
## PART I — FINANCIAL INFORMATION

### Item 1. *Financial Statements*

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

*(unaudited)*

	Quarter Ended	Two Quarters Ended
	Dec 31, 2023	
	Dec 31, 2023	
	Dec 31, 2023	
Net revenues:		
Net revenues:	Mar 31, 2024	Apr 2, 2023
Net revenues:	Mar 31, 2024	Mar 31, 2024
Company-operated stores		Apr 2, 2023
Company-operated stores		Apr 2, 2023



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 Starbucks
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 - diluted
Earnings per share - diluted
Earnings per share - diluted
Weighted average shares outstanding:
Weighted average shares outstanding:
Weighted average shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

See Notes to Consolidated Financial Statements.

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

	Quarter Ended	Quarter Ended	Two Quarters Ended
Quarter Ended	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023
Quarter Ended	Dec 31, 2023	Dec 31, 2023	Mar 31, 2024
Quarter Ended	Dec 31, 2023	Dec 31, 2023	Apr 2, 2024
Net earnings including noncontrolling interests			Mar 31, 2023
Net earnings including noncontrolling interests			Apr 2, 2024
Net earnings including noncontrolling interests			Mar 31, 2024
Other comprehensive income/(loss), net of tax:			Apr 2, 2023

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
Tax (expense)/benefit
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
Tax (expense)/benefit
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
Tax (expense)/benefit
Tax (expense)/benefit
Tax (expense)/benefit
Translation adjustment and other
Translation adjustment and other
Translation adjustment and other
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
Tax expense/(benefit)
Tax expense/(benefit)
Tax expense/(benefit)
Other comprehensive income/(loss)
Other comprehensive income/(loss)
Other comprehensive income/(loss)
Comprehensive income including noncontrolling interests
Comprehensive income including noncontrolling interests
Comprehensive income including noncontrolling interests
Comprehensive income attributable to noncontrolling interests
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

See Notes to Consolidated Financial Statements.

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

	Dec 31, 2023	Oct 1, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,000.4	\$ 3,551.5
Short-term investments	383.0	401.5
Accounts receivable, net	1,165.1	1,184.1
Inventories	1,646.3	1,806.4
Prepaid expenses and other current assets	374.7	359.9
Total current assets	6,569.5	7,303.4
Long-term investments	239.8	247.4
Equity investments	401.0	439.9
Property, plant and equipment, net	7,611.7	7,387.1
Operating lease, right-of-use asset	8,638.6	8,412.6
Deferred income taxes, net	1,769.4	1,769.8
Other long-term assets	531.1	546.5
Other intangible assets	115.8	120.5
Goodwill	3,302.8	3,218.3
<b>TOTAL ASSETS</b>	<b>\$ 29,179.7</b>	<b>\$ 29,445.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 1,460.7	\$ 1,544.3
Accrued liabilities	2,326.9	2,145.1
Accrued payroll and benefits	648.5	828.3
Current portion of operating lease liability	1,309.4	1,275.3
Stored value card liability and current portion of deferred revenue	2,199.8	1,700.2
Short-term debt	349.5	33.5
Current portion of long-term debt	1,100.8	1,818.6
Total current liabilities	9,395.6	9,345.3
Long-term debt	13,564.8	13,547.6
Operating lease liability	8,139.0	7,924.8
Deferred revenue	6,129.0	6,101.8
Other long-term liabilities	560.2	513.8
Total liabilities	37,788.6	37,433.3
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	1.1	1.1
Additional paid-in capital	38.2	38.1
Retained deficit	(8,097.5)	(7,255.8)
Accumulated other comprehensive income/(loss)	(557.8)	(778.2)
Total shareholders' deficit	(8,616.0)	(7,994.8)
Noncontrolling interests	7.1	7.0
Total deficit	(8,608.9)	(7,987.8)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)</b>	<b>\$ 29,179.7</b>	<b>\$ 29,445.5</b>

	Mar 31, 2024	Oct 1, 2023
<b>ASSETS</b>		
Current assets:		

Cash and cash equivalents	\$ 2,764.1	\$ 3,551.5
Short-term investments	362.5	401.5
Accounts receivable, net	1,110.3	1,184.1
Inventories	1,744.0	1,806.4
Prepaid expenses and other current assets	484.1	359.9
Total current assets	6,465.0	7,303.4
Long-term investments	280.4	247.4
Equity investments	440.2	439.9
Property, plant and equipment, net	7,817.4	7,387.1
Operating lease, right-of-use asset	8,686.5	8,412.6
Deferred income taxes, net	1,746.5	1,769.8
Other long-term assets	587.2	546.5
Other intangible assets	110.7	120.5
Goodwill	3,229.3	3,218.3
<b>TOTAL ASSETS</b>	<b>\$ 29,363.2</b>	<b>\$ 29,445.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 1,487.4	\$ 1,544.3
Accrued liabilities	2,016.0	2,145.1
Accrued payroll and benefits	704.8	828.3
Current portion of operating lease liability	1,406.6	1,275.3
Stored value card liability and current portion of deferred revenue	1,872.0	1,700.2
Short-term debt	42.1	33.5
Current portion of long-term debt	—	1,818.6
Total current liabilities	7,528.9	9,345.3
Long-term debt	15,547.5	13,547.6
Operating lease liability	8,180.3	7,924.8
Deferred revenue	6,058.4	6,101.8
Other long-term liabilities	490.3	513.8
Total liabilities	37,805.4	37,433.3
Shareholders' deficit:		
Common stock (\$0.001 par value) — authorized, 2,400.0 shares; issued and outstanding, 1,132.7 and 1,142.6 shares, respectively	1.1	1.1
Additional paid-in capital	141.7	38.1
Retained deficit	(7,970.7)	(7,255.8)
Accumulated other comprehensive income/(loss)	(621.5)	(778.2)
Total shareholders' deficit	(8,449.4)	(7,994.8)
Noncontrolling interests	7.2	7.0
Total deficit	(8,442.2)	(7,987.8)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)</b>	<b>\$ 29,363.2</b>	<b>\$ 29,445.5</b>

See Notes to Consolidated Financial Statements.

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

Quarter Ended	Two Quarters Ended
Dec 31, 2023	Jan 1, 2023

	Mar 31, 2024	Apr 2, 2023
<b>OPERATING ACTIVITIES:</b>		
Net earnings including noncontrolling interests		
Net earnings including noncontrolling interests		
Net earnings including noncontrolling interests		
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Deferred income taxes, net		
Income earned from equity method investees		
Distributions received from equity method investees		
Gain on sale of assets		
Stock-based compensation		
Non-cash lease costs		
Loss on retirement and impairment of assets		
Other		
Cash provided by/(used in) changes in operating assets and liabilities:		
Accounts receivable		
Accounts receivable		
Accounts receivable		
Inventories		
Income taxes payable		
Accounts payable		
Deferred revenue		
Operating lease liability		
Other operating assets and liabilities		
Net cash provided by operating activities		
<b>INVESTING ACTIVITIES:</b>		
Purchases of investments		
Purchases of investments		
Purchases of investments		
Sales of investments		
Maturities and calls of investments		
Additions to property, plant and equipment		
Proceeds from sale of assets		
Other		
Net cash used in investing activities		
<b>FINANCING ACTIVITIES:</b>		
Net (payments)/proceeds from issuance of commercial paper		
Net (payments)/proceeds from issuance of commercial paper		
Net (payments)/proceeds from issuance of commercial paper		
Net proceeds from issuance of short-term debt		
Repayments of short-term debt		
Repayments of long-term debt		
Repayments of long-term debt		
Net proceeds from issuance of long-term debt		
Repayments of long-term debt		
Proceeds from issuance of common stock		
Cash dividends paid		

Repurchase of common stock
Minimum tax withholdings on share-based awards
Net cash used in financing activities
Net cash used in financing activities
Other
Net cash used in financing activities
Effect of exchange rate changes on cash and cash equivalents
Net increase/(decrease) in cash and cash equivalents
<b>CASH AND CASH EQUIVALENTS:</b>
Beginning of period
Beginning of period
Beginning of period
End of period
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>
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
Income taxes

See Notes to Consolidated Financial Statements.

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STARBUCKS CORPORATION CONSOLIDATED STATEMENTS OF EQUITY												
For the Quarter Ended December 31, 2023 March 31, 2024 and January 1, 2023 April 2, 2023												
(in millions, except per share data, unaudited)												
Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Loss)	Shareholders' Equity/(Deficit)	Noncontrolling Interests	Total	Common Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Accumulated Other Comprehensive Income/(Loss)	Shareholders' Equity/(Deficit)
Balance, October 1, 2023												
Balance, October 1, 2023												
Balance, October 1, 2023												
Balance, December 31, 2023												
Balance, December 31, 2023												
Balance, December 31, 2023												
Net earnings												
Net earnings												
Net earnings												
Other comprehensive income												
Other comprehensive loss												

Stock-based  
compensation  
expense

Exercise of  
stock  
options/vesting  
of RSUs

Sale of  
common stock

Repurchase of  
common  
stock(1)

Cash dividends  
declared,  
\$0.57 per  
share

Other  
Other  
Other

**Balance,  
December 31,  
2023**

**Balance,  
March 31,  
2024**

**Balance, October 2,  
2022**

**Balance, October 2,  
2022**

**Balance, October 2,  
2022**

**Balance, January 1,  
2023**

**Balance, January 1,  
2023**

**Balance, January 1,  
2023**

Net earnings

Net earnings

Net earnings

Other  
comprehensive  
loss

Other  
comprehensive  
income

Stock-based  
compensation  
expense

Exercise of  
stock  
options/vesting  
of RSUs

Sale of  
common stock

Repurchase of  
common stock

Cash dividends declared, \$0.53 per share

**Balance, January 1, 2023**

**Balance, January 1, 2023**

**Balance, January 1, 2023**

Purchase of noncontrolling interests

**Balance, April 2, 2023**

<sup>(1)</sup> Includes excise tax on share repurchases.

See Notes to Consolidated Financial Statements.

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**STARBUCKS CORPORATION**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
*For the Two Quarters Ended March 31, 2024 and April 2, 2023*  
*(in millions, except per share data, unaudited)*

	Accumulated								Total	
	Common Stock				Other					
	Shares	Amount	in Capital	Earnings/(Deficit)	Retained	Comprehensive	Shareholders' Equity/(Deficit)	Noncontrolling Interests		
<b>Balance, October 1, 2023</b>	1,142.6	\$ 1.1	\$ 38.1	\$ (7,255.8)	\$ (778.2)	\$ (7,994.8)	\$ 7.0	\$ (7,987.8)		
Net earnings	—	—	—	1,796.8	—	1,796.8	0.1	1,796.9		
Other comprehensive income	—	—	—	—	156.6	156.6	0.1	156.7		
Stock-based compensation expense	—	—	175.2	—	—	175.2	—	175.2		
Exercise of stock options/vesting of RSUs	2.6	—	(64.9)	—	—	(64.9)	—	(64.9)		
Sale of common stock	0.3	—	29.2	—	—	29.2	—	29.2		
Repurchase of common stock <sup>(1)</sup>	(12.8)	—	(35.9)	(1,223.9)	—	(1,259.8)	—	(1,259.8)		
Cash dividends declared, \$1.14 per share	—	—	—	(1,287.8)	—	(1,287.8)	—	(1,287.8)		
Other	—	—	—	—	0.1	0.1	—	0.1		
<b>Balance, March 31, 2024</b>	1,132.7	\$ 1.1	\$ 141.7	\$ (7,970.7)	\$ (621.5)	\$ (8,449.4)	\$ 7.2	\$ (8,442.2)		
<b>Balance, October 2, 2022</b>	1,147.9	\$ 1.1	\$ 205.3	\$ (8,449.8)	\$ (463.2)	\$ (8,706.6)	\$ 7.9	\$ (8,698.7)		
Net earnings	—	—	—	1,763.6	—	1,763.6	—	1,763.6		
Other comprehensive loss	—	—	—	—	(58.4)	(58.4)	—	(58.4)		
Stock-based compensation expense	—	—	161.4	—	—	161.4	—	161.4		
Exercise of stock options/vesting of RSUs	3.7	—	23.5	—	—	23.5	—	23.5		
Sale of common stock	0.3	—	24.9	—	—	24.9	—	24.9		
Repurchase of common stock	(4.9)	—	(373.9)	(121.5)	—	(495.4)	—	(495.4)		
Cash dividends declared, \$1.06 per share	—	—	—	(1,216.9)	—	(1,216.9)	—	(1,216.9)		
Purchase of noncontrolling interests	—	—	(3.0)	—	—	(3.0)	(0.4)	(3.4)		
<b>Balance, April 2, 2023</b>	1,147.0	\$ 1.1	\$ 38.2	\$ (8,024.6)	\$ (521.6)	\$ (8,506.9)	\$ 7.5	\$ (8,499.4)		

<sup>(1)</sup> Includes excise tax on share repurchases.

See Notes to Consolidated Financial Statements.

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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 **December 31, 2023** **March 31, 2024**, and for the quarters and two quarters ended **December 31, 2023** **March 31, 2024** and **January 1, 2023** **April 2, 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 and two quarters ended **December 31, 2023** **March 31, 2024** and **January 1, 2023** **April 2, 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.

Certain prior period information on the consolidated statements of cash flows have been reclassified to conform to the current presentation.

The financial information as of October 1, 2023 is derived from our audited consolidated financial statements and notes for the fiscal year ended October 1, 2023 ("fiscal 2023") included in Item 8 in the 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 two quarters ended **December 31, 2023** **March 31, 2024** are not necessarily indicative of the results of operations that may be achieved for the entire fiscal year ending September 29, 2024 ("fiscal 2024").

*Recent Accounting Pronouncements Not Yet Adopted*

In November 2023, the Financial Accounting Standards Board ("FASB") issued guidance expanding segment disclosure requirements. The amendments require enhanced disclosure for certain segment items and **required** **require** disclosure on how management uses reported measures to assess segment performance. The amendments do not change how segments are determined, aggregated, or how thresholds are applied to determine reportable segments. We expect to adopt the guidance for the fiscal year ending September 28, 2025. We are currently evaluating the expanded disclosure requirements and do not expect the adoption of **the amendments** **this guidance** to 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.

In March 2024, the SEC issued its final climate disclosure rules, which require the disclosure of climate-related information in annual reports and registration statements. The rules require disclosure in the audited financial statements of certain effects of severe weather events and other natural conditions above certain financial thresholds, as well as amounts

related to carbon offsets and renewable energy credits or certificates, if material. Disclosure requirements will begin phasing in for fiscal years beginning on or after January 1, 2025. On April 4, 2024, the SEC determined to voluntarily stay the final rules pending certain legal challenges. We are currently evaluating the impact of the new rules and expect to include updated climate-related disclosures in our Annual Report on Form 10-K for our fiscal year ending September 27, 2026, depending on the outcome of the legal challenges.

## **Note 2: Acquisitions, Divestitures, and Strategic Alliance**

On January 13, 2023, we sold the assets, primarily consisting of intellectual properties associated with the Seattle's Best Coffee brand, 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 for the quarter and two quarters ended April 2, 2023. Results from Seattle's Best Coffee operations prior to the sale are reported in our Channel Development operating segment.

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## **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, settled in cash based upon the difference between an agreed-upon benchmark rate and the prevailing benchmark rate at settlement. These agreements are generally settled 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 7B](#), 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 4B](#), 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 or where price variability in the underlying cash flow ceases to exist, 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	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)	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	Mar 31, 2024						
Cash Flow Hedges:								
Cash Flow Hedges:								
Cash Flow Hedges:								
Coffee								
Coffee	\$11.9	\$ (78.1)	\$ 3.2	7	7	\$16.2	\$ (78.1)	\$ 16.2
Cross-currency swaps	(0.1)	(0.6)	(0.6)	—	—	11	0.2	(0.6)
Dairy	(2.0)	(1.8)	(1.8)	(2.0)	(2.0)	8	Dairy (1.3)	(1.8)
Foreign currency - other	11.7	39.6	39.6	10.1	10.1	33	Foreign currency - other 30.6	39.6
Interest rates	(5.8)	(6.6)	(6.6)	(3.0)	(3.0)	0	Interest rates (5.1)	(6.6)
Net Investment Hedges:								
Cross-currency swaps								
Cross-currency swaps								
Cross-currency swaps	85.5	87.1	87.1	—	—	111	127.9	87.1
Foreign currency	16.0	16.0	16.0	—	—	0	Foreign currency 16.0	16.0
Foreign currency debt	116.2	140.2	140.2	—	—	3	Foreign currency debt 135.3	140.2

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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			
	Quarter Ended		Gains/(Losses) Reclassified from AOCI to Earnings	
	Dec 31, 2023	Mar 31, 2024	Apr 2, 2023	Jan 1, 2023 Mar 31, 2024
Cash Flow Hedges:				
Coffee	\$ 64.3 (1.2)	\$ (119.4) (0.5)	\$ (40.4) (6.2)	\$ 0.4
Cross-currency swaps	(1.6) 4.0	(11.7) (2.5)	(0.6) 0.4	

					Two Quarters Ended	
					Gains/(Losses) Recognized in OCI Before Reclassifications	Gains/(Losses) Reclassified from AOCI to Earnings
					Mar 31, 2024	Apr 2, 2023
Cash Flow Hedges:					Mar 31, 2024	Apr 2, 2023
Coffee	\$	63.1	\$	(119.9)	\$ (46.6)	\$ 1.0
Cross-currency swaps		2.4		(14.2)		0.6
Dairy		(3.2)		(5.9)		(3.9)
Foreign currency - other		9.5		(42.2)		16.2
Interest rates		—		—		5.0
Net Investment Hedges:					—	—
Cross-currency swaps <sup>(1)</sup>		6.6	73.6	(14.0)	19.1	8.9
Foreign currency debt		(31.8)	(6.3)	(50.6)	(52.2)	—

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

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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

		Location of gain/(loss) recognized in earnings
Non-Designated Derivatives:		
Foreign currency - other		Interest income and other, net
Coffee		Interest income and other, net
Diesel fuel and other commodities		Interest income and other, net
Fair Value Hedges:		
Interest rate swaps		Interest expense
Long-term debt (hedged item)		Interest expense

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		Location of gain/(loss) recognized in earnings	Mar 31, 2024	Quarter End
Non-Designated Derivatives:				
Foreign currency - other		Interest income and other, net	\$ 3.6	\$ 3.6
Coffee		Interest income and other, net	—	—
Diesel fuel and other commodities		Interest income and other, net	0.3	0.3
Fair Value Hedges:				

Interest rate swaps	Interest expense	(8.7)
Long-term debt (hedged item)	Interest expense	5.7
Notional amounts of outstanding derivative contracts ( <i>in millions</i> ):		
Coffee		
Cross-currency swaps		
Dairy		
Diesel fuel and other commodities		
Foreign currency - other		
Interest rate swaps		
<a href="#">Table of Contents</a>		
Fair value of outstanding derivative contracts ( <i>in millions</i> ) including the location of the asset and/or liability on the consolidated balance sheets:		
	Balance Sheet Location	Balance Sheet Location
		Dec 31, 2023
Designated Derivative Instruments:		
Cross-currency swaps		
Cross-currency swaps		
Dairy		
Dairy		
Dairy		
Foreign currency - other		
Foreign currency - other		
Interest rate swaps		
Non-designated Derivative Instruments:		
Non-designated Derivative Instruments:		
Non-designated Derivative Instruments:		
Diesel fuel and other commodities		
Diesel fuel and other commodities		
Dairy		
Dairy		
Dairy		
Diesel fuel and other commodities		
Foreign currency		
	Derivative Liabilities	
	Derivative Liabilities	
	Derivative Liabilities	
Designated Derivative Instruments:	Balance Sheet Location	Balance Sheet Location
		Dec 31, 2023
Cross-currency swaps		
Cross-currency swaps		
Cross-currency swaps		
Dairy		
Dairy		
Dairy		
Foreign currency - other		
	Other long-term liabilities	
Interest rate swaps		
Interest rate swaps		

Interest rate swaps  
 Non-designated Derivative Instruments:  
 Dairy  
 Dairy  
 Dairy  
 Diesel fuel and other commodities  
 Foreign currency

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	Carrying amount of hedged item	Cumulative amount of fair value hedging adjustment included in the carrying amount		Carrying amount
Dec 31, 2023	Oct 1, 2023	Dec 31, 2023	Oct 1, 2023	Oct 1, 2023
		Mar 31, 2024	Oct 1, 2023	Oct 1, 2023

Location on the balance sheet

Long-term debt<sup>(1)</sup>  
 Long-term debt<sup>(1)</sup>  
 Long-term debt<sup>(1)</sup>

<sup>(1)</sup> Balance as of October 1, 2023 includes \$750 million in Senior Notes senior notes that matured on October 1, 2023 but remained in current portion of long-term debt as of October 1, 2023 due to 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 10.11](#), Equity.

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**Note 3:4: Fair Value Measurements**

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

	Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using
	Balance at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets:</b>					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Short-term investments:					
Available-for-sale debt securities					
Available-for-sale debt securities					
Available-for-sale debt securities					
Corporate debt securities					
Corporate debt securities					
Corporate debt securities					
Foreign corporate bonds					
Foreign corporate bonds					
Foreign corporate bonds					
Mortgage and other asset-backed securities					
State and local government obligations					
U.S. government treasury securities					

Foreign government obligations
Mortgage and other asset-backed securities
Total available-for-sale debt securities
Total available-for-sale debt securities
Total available-for-sale debt securities
Structured deposits
Marketable equity securities
Total short-term investments
Prepaid expenses and other current assets:
Derivative assets
Derivative assets
Derivative assets
Long-term investments:
Available-for-sale debt securities
Available-for-sale debt securities
Available-for-sale debt securities
Corporate debt securities
Corporate debt securities
Corporate debt securities
Mortgage and other asset-backed securities
Mortgage and other asset-backed securities
Mortgage and other asset-backed securities
State and local government obligations
U.S. government treasury securities
Total available-for-sale debt securities
Structured deposits
Total long-term investments
Other long-term assets:
Derivative assets
Derivative assets
Derivative assets
Structured deposits
Total assets
<b>Liabilities:</b>
Accrued liabilities:
Accrued liabilities:
Accrued liabilities:
Derivative liabilities
Derivative liabilities
Derivative liabilities
Other long-term liabilities:
Derivative liabilities
Derivative liabilities
Derivative liabilities
Total liabilities

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	Balance at October 1, 2023	Quoted Prices in Markets for Identical (Level 1)
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,551.5	\$
Short-term investments:		
Available-for-sale debt securities		
Corporate debt securities	64.0	
U.S. government treasury securities	2.8	
Foreign government obligations	3.9	
Total available-for-sale debt securities	70.7	
Structured deposits	261.2	
Marketable equity securities	69.6	
Total short-term investments	401.5	
Prepaid expenses and other current assets:		
Derivative assets	41.0	
Long-term investments:		
Available-for-sale debt securities		
Corporate debt securities	91.1	
Mortgage and other asset-backed securities	50.2	
State and local government obligations	1.3	
U.S. government treasury securities	104.7	
Total long-term investments	247.3	
Other long-term assets:		
Derivative assets	153.0	
Total assets	<u><u>\$ 4,394.3</u></u>	<u><u>\$</u></u>
<b>Liabilities:</b>		
Accrued liabilities:		
Derivative liabilities	\$ 3.6	\$
Other long-term liabilities:		
Derivative liabilities	43.2	
Total liabilities	<u><u>\$ 46.8</u></u>	<u><u>\$</u></u>

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 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 **December 31, 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 equipment, 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 78](#). Debt. There were no material fair value adjustments between **January 1, 2023** and **April 2, 2023**.

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**Note 4:5: Inventories (in millions):**

Coffee:

    Unroasted

Unroasted  
Unroasted  
Roasted  
Other merchandise held for sale  
Packaging and other supplies  
Total

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 **December 31, 2023** **March 31, 2024**, we had committed to purchasing green coffee totaling **\$396.4 million** **\$398.6 million** under fixed-price contracts and an es our price-to-be-fixed contracts are effectively fixed through the use of futures. See [Note 23](#), Derivative Financial Instruments, for further discussion. Price-to-be-fixed and other negotiated terms are agreed upon, but the date, and therefore the price, at which the base "C" coffee commodity price component will be fixed has not yet to "fix" the base "C" coffee commodity price prior to the delivery date. For other contracts, Starbucks and the seller may agree upon pricing parameters determined t cost of these purchase commitments. We believe, based on established relationships with our suppliers and continuous monitoring, the risk of non-delivery on these

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

**Property, Plant and Equipment, net**

Land  
Buildings  
Leasehold improvements  
Store equipment  
Roasting equipment  
Furniture, fixtures and other  
Work in progress  
Property, plant and equipment, gross  
Accumulated depreciation  
Property, plant and equipment, net

**Accrued Liabilities**

Accrued occupancy costs  
Accrued dividends payable  
Accrued capital and other operating expenditures  
Insurance reserves  
Income taxes payable  
Accrued business taxes  
Total accrued liabilities

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**Store Operating Expenses**

	Quarter Ended	
Wages and benefits	Dec 31, 2023	
Wages and benefits	Dec 31, 2023	
Wages and benefits	Dec 31, 2023	
Occupancy costs		Mar 31, 2024
		Apr 2, 2023

Occupancy costs  
Occupancy costs  
Other expenses  
Other expenses  
Other expenses  
Total store operating expenses  
Total store operating expenses  
Total store operating expenses

**Note 6: 7: Other Intangible Assets and Goodwill**

**Indefinite-Lived Intangible Assets**

	(in millions)	(in millions)	Dec 31, 2023	Oct 1, 2023
Trade names, trademarks and patents				Oct 1, 2023

**Finite-Lived Intangible Assets**

	(in millions)	Dec 31, 2023		Oct 1, 2023		Net Carrying Amount	(in millions)	Dec 31, 2023			
		Mar 31, 2024		Oct 1, 2023				Mar 31, 2024			
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Accumulated Amortization			Gross Carrying Amount	Accumulated Amortization		
Acquired and reacquired rights											
Acquired trade secrets and processes											
Trade names, trademarks and patents											
Licensing agreements											
Other finite-lived intangible assets											
Total finite-lived intangible assets											

Amortization expense for finite-lived intangible assets was \$5.1 million and \$10.2 million for the quarter and two quarters ended December 31, 2023 March 31, 2024 quarters ended January 1, 2023 April 2, 2023, respectively.

Estimated future amortization expense as of December 31, 2023 March 31, 2024 (in millions):

**Fiscal Year**

2024 (excluding the quarter ended December 31, 2023)

2024 (excluding the two quarters ended March 31, 2024)

2025

2026

2027

2028

Thereafter

Total estimated future amortization expense

**Goodwill**

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

	North America	North America	International	Channel Development	Corporate and Other	Total	N
Goodwill balance at October 1, 2023							
Other <sup>(1)</sup>							
Other <sup>(1)</sup>							
Other <sup>(1)</sup>							
Goodwill balance at December 31, 2023							
Goodwill balance at March 31, 2024							

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

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### **Note 7:8: 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 current working capital, capital expenditures, and other corporate purposes, including acquisitions and share repurchases. We have the option, subject to negotiation and a 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. dc 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 Moody's and Funds Rate (as defined in the 2021 credit facility) plus 0.500%, (i) Bank of America's prime rate, and (ii) Term SOFR plus 1.000%. Term SOFR means the forward-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 mea 2024, we were in compliance with all applicable covenants. No amounts were outstanding under our 2021 credit facility as of December 31, 2023 March 31, 2024 or

#### **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 issue. Amounts outstanding under the commercial paper program are required to be backstopped by available commitments under our 2021 credit facility. The proc capital needs, capital expenditures, and other corporate purposes, including, but not limited to, business expansion, payment of cash dividends on our common stock borrowings No amounts were outstanding under the program. As our commercial paper program as of March 31, 2024 and October 1, 2023, we had no borrowings

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

- A ¥5.0 billion, or \$35.4 million \$33.0 million, credit facility is currently set to mature on December 30, 2024. Borrowings under this credit facility are subject to Tokyo Interbank Offered Rate ("TIBOR") plus an applicable margin of 0.400%.
- A ¥10.0 billion, or \$70.7 million \$66.1 million, credit facility is currently set to mature on March 27, 2024 March 27, 2025. Borrowings under this credit facility based on TIBOR plus an applicable margin of 0.300%.

As of December 31, 2023 March 31, 2024, we had ¥7.0 ¥5.0 billion, or \$49.5 million \$33.0 million, of borrowings outstanding under these credit facilities. As of Octo 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		Oct 1, 2023		Stated Interest Rate		Effective Interest Rate <sup>(1)</sup>		Stated Interest Rate	
	Mar 31, 2024	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023	Oct 1, 2023
<b>Issuance</b>										
October 2023 notes <sup>(2)</sup>	\$ —	\$ —	\$ 750.0	\$ 749.9	3.850	3.850	% 2.859	% \$ —	\$ —	\$ —
October 2023 notes <sup>(2)</sup>	\$ —	\$ —	\$ 500.0	\$ 500.0	504.2	504.2	5.998	5.998	% 6.229	% notes <sup>(3)</sup> —
October 2023 notes <sup>(2)</sup>	\$ —	\$ —	\$ 601.1	\$ 601.0	569.3	569.3	569.3	0.372	0.372	0.462 % notes <sup>(4)</sup> —
February 2024 notes <sup>(3)</sup>	500.0	500.0	500.0	500.0	500.0	504.2	504.2	5.998	5.998	% 6.229 % notes <sup>(3)</sup> —
March 2024 notes <sup>(4)</sup>	601.1	601.0	601.0	569.3	569.3	569.3	569.3	0.372	0.372	0.462 % notes <sup>(4)</sup> —
August 2025 notes <sup>(4)</sup>	1,250.0	1,227.2	1,227.2	1,250.0	1,250.0	1,210.5	1,210.5	3.800	3.800	% 3.721 % notes <sup>(4)</sup> —
February 2026 notes <sup>(4)</sup>	1,000.0	1,004.6	1,004.6	1,000.0	1,000.0	985.5	985.5	4.750	4.750	% 4.788 % notes <sup>(4)</sup> —
June 2026 notes <sup>(4)</sup>	500.0	475.5	475.5	500.0	500.0	463.5	463.5	2.450	2.450	% 2.511 % notes <sup>(4)</sup> —
February 2027 notes <sup>(4)</sup>	1,000.0	998.0	—	—	—	4.850	4.850	% 4.958 %	500.0	472.5 472.5

March	March														
2027	2027														
notes	notes	500.0	462.5	462.5	500.0	500.0	446.1	446.1	2.000	2.000	% 2.058 %	notes	500.0	459.6	459.6
March	March														
2028	2028														
notes	notes	600.0	575.4	575.4	600.0	600.0	554.7	554.7	3.500	3.500	% 3.529 %	notes	600.0	570.4	570.4
November	November														
2028	2028														
notes	notes	750.0	739.5	739.5	750.0	750.0	704.5	704.5	4.000	4.000	% 3.958 %	notes	750.0	726.8	726.8
August	August														
2029	2029														
notes <sup>(2)</sup>	notes <sup>(2)</sup>	1,000.0	964.1	964.1	1,000.0	1,000.0	904.1	904.1	3.550	3.550	% 3.840 %	notes <sup>(2)</sup>	1,000.0	942.6	942.6
March	March														
2030	2030														
notes	notes	750.0	659.1	659.1	750.0	750.0	615.1	615.1	2.250	2.250	% 3.084 %	notes	750.0	646.4	646.4
November	November														
2030	2030														
notes	notes	1,250.0	1,105.0	1,105.0	1,250.0	1,250.0	1,027.1	1,027.1	2.550	2.550	% 2.582 %	notes	1,250.0	1,083.6	1,083.6
February	2031	notes	500.0	497.4	—	—	—	—	4.900	4.900	% 5.046 %	notes	500.0	497.4	497.4
February	February														
2032	2032														
notes	notes	1,000.0	896.1	896.1	1,000.0	1,000.0	828.0	828.0	3.000	3.000	% 3.155 %	notes	1,000.0	874.8	874.8
February	February														
2033	2033														
notes	notes	500.0	510.2	510.2	500.0	500.0	470.7	470.7	4.800	4.800	% 3.798 %	notes	500.0	495.0	495.0
February	2034	notes	500.0	496.5	—	—	—	—	5.000	5.000	% 5.127 %	notes	500.0	496.5	496.5
June	2045	June	2045												
notes	notes	350.0	312.8	312.8	350.0	350.0	275.3	275.3	4.300	4.300	% 4.348 %	notes	350.0	303.7	303.7
December	December														
2047	2047														
notes	notes	500.0	403.7	403.7	500.0	500.0	354.0	354.0	3.750	3.750	% 3.765 %	notes	500.0	393.7	393.7
November	November														
2048	2048														
notes	notes	1,000.0	911.3	911.3	1,000.0	1,000.0	799.0	799.0	4.500	4.500	% 4.504 %	notes	1,000.0	878.0	878.0
August	August														
2049	2049														
notes	notes	1,000.0	909.8	909.8	1,000.0	1,000.0	792.7	792.7	4.450	4.450	% 4.447 %	notes	1,000.0	869.5	869.5
March	March														
2050	2050														
notes	notes	500.0	374.6	374.6	500.0	500.0	328.6	328.6	3.350	3.350	% 3.362 %	notes	500.0	355.8	355.8
November	November														
2050	2050														
notes	notes	1,250.0	969.4	969.4	1,250.0	1,250.0	843.4	843.4	3.500	3.500	% 3.528 %	notes	1,250.0	925.9	925.9
Total															
Aggregate debt issuance costs and unamortized premium/(discount), net															
Aggregate debt issuance costs and unamortized premium/(discount), net															

Aggregate debt  
issuance costs and  
unamortized  
premium/(discount),  
net

Hedge accounting  
fair value  
adjustment<sup>(2)</sup>

Hedge accounting  
fair value  
adjustment<sup>(2)</sup>

Hedge accounting  
fair value  
adjustment<sup>(2)</sup>

Total

Total

Total

<sup>(1)</sup> 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.

<sup>(2)</sup> Amount includes the change in fair value due to changes in benchmark interest rates related to hedging our October 2023 notes and \$350 million \$350.0 million additional information on our interest rate swap agreements designated as a fair value hedge. **hedges**.

<sup>(3)</sup> Floating rate notes that 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 4.20%.

<sup>(4)</sup> Japanese yen-denominated long-term debt.

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The following table summarizes our long-term debt maturities as of December 31, 2023 March 31, 2024 by fiscal year (*in millions*):

<u>Fiscal Year</u>	<u>Fiscal Year</u>	Total	<u>Fiscal</u>
2024			
2024			
2024			
2025			
2026			
2027			
2028			
Thereafter			
Total			

#### **Note 8: 9: Leases**

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

	Quarter Ended	Quarter Ended	Quarter Ended
Operating lease costs <sup>(1)</sup>	Dec 31, 2023		
Operating lease costs <sup>(1)</sup>	Dec 31, 2023		
Operating lease costs <sup>(1)</sup>	Dec 31, 2023		
Operating lease costs <sup>(1)</sup>		Mar 31, 2024	Apr 2, 2023
Variable lease costs			
Variable lease costs			
Variable lease costs			
Short-term lease costs			

Short-term lease costs

Short-term lease costs

Total lease costs

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
	Two Quarters Ended
	Mar 31, 2024
Cash paid related to operating lease liabilities	
Operating lease liabilities arising from obtaining right-of-use assets	
	Dec 31, 2023
	Dec 31, 2023
	Dec 31, 2023
	Jan 1, 2024
	Mar 31, 2024
	Mar 31, 2024
	Mar 31, 2024
	Apr 2, 2024
Weighted-average remaining operating lease term	Weighted-average remaining operating lease term
Weighted-average operating lease discount rate	Weighted-average operating lease discount rate

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 December 31, 2023 March 31, 2024 and October 1, 2023.

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

**Fiscal Year**

2024 (excluding the quarter ended December 31, 2023)

2024 (excluding the two quarters ended March 31, 2024)

**Fiscal Year**

2025

2026

2027

2028

Thereafter

Total lease payments

Less imputed interest

Total

As of December 31, 2023 March 31, 2024, we have entered into operating leases that have not yet commenced of \$1.5 \$1.6 billion, primarily related to real estate leases with lease terms ranging from two to twenty years.

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**Note 9:10: 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 ("Stars") associated with our loyalty program.

As of December 31, 2023 March 31, 2024, the current and long-term deferred revenue related to the Nestlé up-front payment was \$177.0 million and \$5.9 billion, respectively. As of December 31, 2023 March 31, 2024, the current and long-term deferred revenue related to the Nestlé up-front payment was \$177.0 million and \$6.0 billion, respectively. During each of the quarters ended December 31, 2023 March 31, 2024 and January 1, 2024, we recognized \$88.2 million of prepaid royalty revenue related to Nestlé.

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

**Quarter Ended March 31, 2024**

Stored value cards and loyalty program at December 31, 2023

Revenue deferred - card activations, card reloads and Stars earned

Revenue recognized - card and Stars redemptions and breakage

Other<sup>(1)</sup>

Stored value cards and loyalty program at March 31, 2024<sup>(2)</sup>

**Quarter Ended April 2, 2023**

Stored value cards and loyalty program at January 1, 2023

Revenue deferred - card activations, card reloads and Stars earned

Revenue recognized - card and Stars redemptions and breakage

Other<sup>(1)</sup>

Stored value cards and loyalty program at April 2, 2023<sup>(2)</sup>

**Two Quarters Ended March 31, 2024**

Stored value cards and loyalty program at October 1, 2023

Revenue deferred - card activations, card reloads and Stars earned

Revenue recognized - card and Stars redemptions and breakage

Other<sup>(1)</sup>

Stored value cards and loyalty program at **December 31, 2023** **March 31, 2024**<sup>(2)</sup>

**Quarter Two Quarters Ended January 1, 2023 April 2, 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<sup>(1)</sup>

Stored value cards and loyalty program at **January 1, 2023** **April 2, 2023**<sup>(2)</sup>

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

<sup>(2)</sup> As of **December 31, 2023** **March 31, 2024** and **January 1, 2023** **April 2, 2023**, approximately **\$2.0 billion** **\$1.7 billion** and **\$1.9 billion** **\$1.6 billion**, respectively, of th

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**Note 10: 11: Equity**

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

Quarter Ended	Quarter Ended	Available-for-Sale Debt Securities	Cash Flow Hedges	Net Investment Hedges	Translation Adjustment and Other	Quarter Ended
<i>December 31, 2023</i>						
<b>March 31, 2024</b>						
Net gains/(losses) in AOCI, beginning of period						
Net gains/(losses) in AOCI, beginning of period						
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						
Other comprehensive income/(loss) attributable to NCI						
Other comprehensive income/(loss) attributable to NCI						

Statement of Comprehensive Income (Loss) for the Three Months Ended March 31, 2024					
Comprehensive Income (Loss) Attributable to Starbucks					
Comprehensive Income (Loss) Attributable to Non-Controlling Interest					
	Available-for-Sale Debt Securities	Cash Flow Hedges	Net Investment Hedges	Translation Adjustment and Other	Total
Net gains/(losses) in AOCI, beginning of period					
January 1, 2023					
January 1, 2023					
January 1, 2023					
April 2, 2023					
April 2, 2023					
April 2, 2023					
Net gains/(losses) in AOCI, beginning of period					
Net gains/(losses) in AOCI, beginning of period					
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					
Net gains/(losses) in AOCI, end of period					
Net gains/(losses) in AOCI, end of period					
<b>Two Quarters Ended</b>					
<b>Two Quarters Ended</b>					
<b>Two Quarters Ended</b>					
March 31, 2024					
Net gains/(losses) in AOCI, beginning of period					
Net gains/(losses) in AOCI, beginning of period					
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					
Other comprehensive income/(loss) attributable to NCI					
Other comprehensive income/(loss) attributable to NCI					
Net gains/(losses) in AOCI, end of period					
April 2, 2023					
April 2, 2023					
April 2, 2023					
Net gains/(losses) in AOCI, beginning of period					
Net gains/(losses) in AOCI, beginning of period					
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					
Net gains/(losses) in AOCI, end of period					
Net gains/(losses) in AOCI, end of period					

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

**Quarter**  
**Ended**

AOCI Components		Amounts Reclassified from AOCI			Affected Line Item in the Statements of Earnings	AOCI Components
AOCI Components	AOCI 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		\$ (0.3)	\$ (0.2)	Interest income and other, net	Interest income and other, net	Gains/(losses) on available-for-sale debt securities
Gains/(losses) on cash flow hedges	Gains/(losses) on cash flow hedges	(33.5)	93.3	93.3	Please refer to <a href="#">Note 2, Derivative Financial Instruments</a> for additional information.	Please refer to <a href="#">Note 2, Derivative Financial Instruments</a> for additional information.
Gains/(losses) on net investment hedges	Gains/(losses) on net investment hedges	8.9	5.3	5.3	Interest expense	Interest expense
		(24.9)	13.6			Gains/(losses) on net investment hedges
		(24.9)	13.6			
		(24.9)	98.4	Total before tax		
		1.8	(11.8)		Tax expense	
		13.6	66.6	Total before tax		
		(4.0)	(9.5)		Tax expense	
		\$ (23.1)	\$ 86.6	Net of tax		
<b>Two Quarters Ended</b>		=====	=====	=====		
<b>Two Quarters Ended</b>						
<b>Two Quarters Ended</b>						
AOCI Components						
AOCI Components		Amounts Reclassified from AOCI			Affected Line Item in the Statements of Earnings	
Gains/(losses) on available-for-sale debt securities						
Gains/(losses) on available-for-sale debt securities						

Gains/(losses) on available-for-sale debt securities	<u>\$ (0.7)</u>	<u>\$ (0.4)</u>	Interest income and other, net
Gains/(losses) on cash flow hedges	<u>(29.7)</u>	<u>153.1</u>	Please refer to <a href="#">Note 3, Derivative Financial Instruments</a> for additional information.
Gains/(losses) on net investment hedges	<u>19.1</u>	<u>12.3</u>	Interest expense
	<u>(11.3)</u>	<u>(11.3)</u>	
	<u>(11.3)</u>	<u>165.0</u>	Total before tax
	<u>(2.2)</u>	<u>(21.3)</u>	
	<u><u>\$ (13.5)</u></u>	<u><u>\$143.7</u></u>	Tax expense
			Net of tax

In addition to 2.4 billion shares of authorized common stock with \$0.001 par value per share, we have 7.5 million shares of authorized preferred stock, none of which

During the two quarters ended [December 31, 2023](#) [March 31, 2024](#) and [January 1, 2023](#) [April 2, 2023](#), we repurchased 12.8 million and [1.9 million](#) [4.9 million](#) shares respectively. As of [December 31, 2023](#) [March 31, 2024](#), 29.8 million shares remained available for repurchase under current authorizations.

During the [first](#) [second](#) quarter of fiscal 2024, our Board of Directors approved a quarterly cash dividend to shareholders of \$0.57 per share to be paid on [February 2](#) [February 9, 2024](#) [May 17, 2024](#).

#### [Note 11: 12: Employee Stock Plans](#)

As of [December 31, 2023](#) [March 31, 2024](#), there were 84.9 million shares of common stock available for issuance pursuant to future equity-based compensation awards under the stock purchase plan.

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

	Quarter Ended	
Restricted Stock Units ("RSUs")	Mar 31, 2024	Apr 2, 2024
Restricted Stock Units ("RSUs")		
Restricted Stock Units ("RSUs")		
Options		
Options		
Options		
Total stock-based compensation expense		
Total stock-based compensation expense		
Total stock-based compensation expense		
Stock option and RSU transactions from October 1, 2023 through <a href="#">December 31, 2023</a> <a href="#">March 31, 2024</a> ( <i>in millions</i> ):		
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		
Options outstanding/Nonvested RSUs, March 31, 2024		
Total unrecognized stock-based compensation expense, net of estimated forfeitures, as of March 31, 2024		

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#### [Note 12: 13: Earnings per Share](#)

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

Net earnings attributable to Starbucks	Dec 31, 2023
Net earnings attributable to Starbucks	Dec 31, 2023
Net earnings attributable to Starbucks	Dec 31, 2023
Weighted average common shares outstanding (for basic calculation)	Dec 31, 2023
Weighted average common shares outstanding (for basic calculation)	Dec 31, 2023
Weighted average common shares outstanding (for basic calculation)	Dec 31, 2023
Dilutive effect of outstanding common stock options and RSUs	Dec 31, 2023
Dilutive effect of outstanding common stock options and RSUs	Dec 31, 2023
Dilutive effect of outstanding common stock options and RSUs	Dec 31, 2023
Weighted average common and common equivalent shares outstanding (for diluted calculation)	Dec 31, 2023
Weighted average common and common equivalent shares outstanding (for diluted calculation)	Dec 31, 2023
Weighted average common and common equivalent shares outstanding (for diluted calculation)	Dec 31, 2023
EPS — basic	Dec 31, 2023
EPS — basic	Dec 31, 2023
EPS — basic	Dec 31, 2023
EPS — diluted	Dec 31, 2023
EPS — diluted	Dec 31, 2023
EPS — diluted	Dec 31, 2023
Potential dilutive shares consist of the incremental common shares issuable upon the exercise of outstanding stock options (both vested and non-vested) and unvested shares outstanding excludes anti-dilutive stock options or unvested RSUs, which were immaterial in the periods presented.	Dec 31, 2023

**Note 13: 14: 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 effort 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 position. 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 contingent loss associated with the legal proceedings described in Note 1A of our most recently filed 10-K for further discussion of potential risks to our brand and related impacts on our financial results.

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**Note 14: 15: 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
	Quarter Ended		Quarter Ended		Quarter Ended
	Quarter Ended		Quarter Ended		Quarter Ended
Dec 31, 2023		Dec 31, 2023		Dec 31, 2023	
Beverage <sup>(1)</sup>		Beverage <sup>(1)</sup>		Beverage <sup>(1)</sup>	
Beverage <sup>(1)</sup>					
	Mar 31, 2024		Apr 2, 2023		Mar 31, 2024
Beverage <sup>(1)</sup>	\$ 5,160.6	60 %	\$ 5,226.9	60 %	\$ 10,856
Food <sup>(2)</sup>	Food <sup>(2)</sup>	1,583.0	18 %	1,590.9	18 %
Food <sup>(2)</sup>					3,339
Food <sup>(2)</sup>					
Other <sup>(3)</sup>					

Other <sup>(3)</sup>								
Other <sup>(3)</sup>	Other <sup>(3)</sup>	1,819.4	22	22	%	1,902.0	22	22
Total	Total	\$ 8,563.0	100	100	%	\$ 8,719.8	100	100

Total

Total

<sup>(1)</sup> "Beverage" represents sales within our company-operated stores.

<sup>(2)</sup> "Food" includes sales within our company-operated stores.

<sup>(3)</sup> "Other" primarily consists of packaged and single-serve coffees and teas, royalty and licensing revenues, serveware, beverage-related ingredients, and beverag

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

##### **Quarter Ended**

	North America	North America	International	Channel Development	Corporate and Other
<i>December 31, 2023</i>					
<i>March 31, 2024</i>					
Total net revenues					
Total net revenues					
Total net revenues					
Depreciation and amortization expenses					
Income from equity investees					
Operating income/(loss)					
<i>January 1, 2023</i>					
<i>January 1, 2023</i>					
<i>January 1, 2023</i>					
<i>April 2, 2023</i>					
<i>April 2, 2023</i>					
<i>April 2, 2023</i>					
Total net revenues					
Total net revenues					
Total net revenues					
Depreciation and amortization expenses					
Income from equity investees					
Operating income/(loss)					
<b>Two Quarters Ended</b>					
<b>Two Quarters Ended</b>					
<b>Two Quarters Ended</b>					
	North America				
	North America				
	North America				
	International				
	Channel Development				
	Corporate and Other				
<i>March 31, 2024</i>					
Total net revenues					
Total net revenues					
Total net revenues					
Depreciation and amortization expenses					
Income from equity investees					
Operating income/(loss)					

April 2, 2023
April 2, 2023
April 2, 2023
Total net revenues
Total net revenues
Total net revenues
Depreciation and amortization expenses
Income from equity investees
Operating income/(loss)

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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 "continue," "could," "estimate," "expect," "feel," "forecast," "intend," "may," "outlook," "plan," "potential," "predict," "project," "seek," "should," "will," "would," and similar forward-looking statements contain these identifying words. By their nature, forward-looking statements involve risks, uncertainties, and other factors (many beyond experience or from our current expectations or projections. Our forward-looking statements, and the risks and uncertainties related thereto, include, but are not limited to, the following:

- our ability to preserve, grow, and leverage our brands, including the risk of negative responses by consumers (such as boycotts or negative publicity campaigns) to certain actions taken or not taken by the Company, which responses could adversely affect our brand value;
- the acceptance of the Company's products and changes in consumer preferences, consumption, or spending behavior and our ability to anticipate or react to 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, ("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, **cocoa**, 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 economic conditions;
- unfavorable global or regional economic conditions and related economic slowdowns or recessions, low consumer confidence, high unemployment, weak consumer measures, higher interest rates, higher taxes, political instability, higher inflation, or deflation;
- inherent risks of operating a global business including geopolitical instability;
- 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, products, brands, marketing, executive leadership, partners, Board of Directors, founder, operations, business practices, and other corporate matters;
- 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 legal action under applicable 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 initiatives;
- risks associated with acquisitions, dispositions, business partnerships, or investments – such as acquisition integration, termination difficulties or costs, or in-licensing fees;
- 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, category expansion, 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;
- the impact of health epidemics, pandemics, or other public health events on our business and financial results, and the risk of negative economic impacts associated with such events, 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 may not be an accurate representation of future events or circumstances, and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements, and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements.

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circumstances, and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements.

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looking forward-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, which may be made from time to time by our management or on our behalf. 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 and Analysis of Financial Condition and Results of Operations ("MD&A"), contained in the 10-K filed with the SEC on November 17, 2023.

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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 December 31, 2023 March 31, 2024, Starbucks' revenue increased 7% 6% from the prior year. Additionally, we sell a variety of consumer-packaged goods, primarily through the Global Coffee Alliance established with Nestlé and other partners.

We have three reportable operating segments: 1) North America, which is inclusive of the U.S. and Canada; 2) International, which is inclusive of China, Japan, Asia, and Europe; and 3) Corporate and Other. Channel Development. 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 operating metrics are useful to investors because management uses these metrics to assess the growth of our business and the effectiveness of our marketing and 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 or more months. We also report global comparable store sales growth on a constant currency basis as this helps identify underlying business trends, without distortion from the effects of currency movement. We also report global comparable store sales while stores identified for permanent closure have been removed.

Our fiscal year ends on the Sunday closest to September 30. Fiscal 2024 and 2023 include 52 weeks. All references to store counts, including data for new store openings, are based on the Sunday closest to September 30. Starbucks results for the first second quarter of fiscal 2024 reflect a complex operating environment globally, including softening consumer sentiment, a pervasive inflationary environment, and a challenging labor market. However, efficiencies continue to demonstrate the overall strength of our brand and efficiencies can be realized from the strategies underpinning Reinvention, despite challenging market conditions. Consolidated net revenues increased 8% to \$9.4 billion in During the first second quarter of fiscal 2024, consolidated net revenues decreased 2% to \$8.6 billion compared to the same period last year. This growth was driven by a decline in our North America business, global comparable store sales and our International segment, largely related to lapping prior year COVID-19 pandemic impacts, partially offset by incremental revenues from net new company-operated store openings over the past 12 months. During the quarter ended December 31, 2023 March 31, 2024, net revenues increased 5% compared to the prior year to 15.8% 12.8%, primarily driven by sales leverage and in-store operational efficiencies. These increases were partially offset by deleverage, increased promotional activity, lapping the gain from the sale of our Seattle's Best Coffee brand in the second quarter of fiscal 2023, and higher general and administrative expenses.

These decreases were partially offset by strategic pricing and in-store operational efficiencies.

We anticipate these the complex global operating environment and the related headwinds we experienced in the first quarter half of fiscal 2024 although transitory, non-persistent, and challenging, we remain confident have many strengths to build upon, including our global brand, our loyal global customer base, strong new store performance, and Reinvention-related operational efficiencies. Our Triple Shot Reinvention strategy is progressing, enhancing our capabilities and giving us continued confidence in our ability to unlock multiple levers to drive balanced earnings growth, as evidenced in our first quarter of fiscal 2024 results. model.

### **Results of Operations (in millions)**

#### Revenues

		Quarter Ended	
		Dec 31, 2023	Dec 31, 2023
		Dec 31, 2023	Dec 31, 2023
Company-operated stores	Company-operated stores		
Company-operated stores	Company-operated stores	\$ 7,052.6	\$ 7,142.3
Licensed stores	Licensed stores		
Licensed stores	Licensed stores		

For the quarter ended December 31, 2023 March 31, 2024 compared with the quarter ended January 1, 2023 April 2, 2023

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Total net revenues for the **first** quarter of fiscal 2024 increased \$711 million, primarily due to higher revenues from company-operated stores revenue was driven by a 5% increase in comparable store sales (\$369 million), attributable to a 3% increase in company-operated stores revenue were unfavorable foreign currency translation impacts (\$91 million). Partially offsetting these decreases were incremental revenue

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stores, or an 8% increase, over the past 12 months (\$326 million). Partially offsetting these increases was unfavorable foreign currency translation (\$30.255 million). Licensed stores revenue increased \$73 million contributing to the increase in total net revenues, decreased \$15 million, primarily driven by higher lower product and primarily driven by revenues from 942 net new licensed store openings, or a 5% increase, over the past 12 months. and unfavorable foreign currency translation im Other revenues decreased \$33 million \$52 million, primarily due to a decline in revenue in the Global Coffee Alliance (\$59 million) following the sale of our Seattle's SKU optimization.

For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023

Total net revenues for the first two quarters of fiscal 2024 increased \$555 million, primarily due to higher revenues from company-operated stores (\$19.582 million), revenues from 1,454 net new company-operated stores, or an 8% increase, over the past 12 months (\$582 million). Also contributing to the growth of company-operable attributable to a 2% increase in average ticket, partially offset by a 1% decrease in comparable transactions. Partially offsetting these increases is company-operable million).

Licensed stores revenue increased \$58 million, driven by higher product and lower equipment sales to, and royalty revenues from, our licensees (\$51 million), primarily over the past 12 months.

Other revenues decreased \$85 million, primarily due to a decline in revenue in the Global Coffee Alliance (\$78 million) following the sale of our global ready-to-drink coffee business in fiscal 2023 as well as product SKU optimization.

## Operating Expenses

Product and distribution costs											
Store operating expenses											
Store operating expenses											
Store operating expenses											
Other operating expenses											
Other operating expenses											
Other operating expenses											
Depreciation and amortization expenses											
Depreciation and amortization expenses											
Depreciation and amortization expenses											
General and administrative expenses											
General and administrative expenses											
General and administrative expenses											
Restructuring and impairments											
Restructuring and impairments											
Restructuring and impairments											
Total operating expenses											
Total operating expenses											
Total operating expenses											
Income from equity investees											
Income from equity investees											
Income from equity investees											
<b>Operating income</b>											
<b>Operating income</b>											
Gain from sale of assets											
<b>Operating income</b>	<b>Operating income</b>	\$		1,098.9	\$	\$1,327.5	\$ \$(228.6)	12.8	12.8	%	

Store operating expenses as a % of company-operated stores revenue	Store operating expenses as a % of company-operated stores revenue	52.
Store operating expenses as a % of company-operated stores revenue	Store operating expenses as a % of company-operated stores revenue	
Store operating expenses as a % of company-operated stores revenue	Store operating expenses as a % of company-operated stores revenue	
Store operating expenses as a % of company-operated stores revenue	Store operating expenses as a % of company-operated stores revenue	

For the quarter ended December 31, 2023 March 31, 2024 compared with the quarter ended January 1, 2023 April 2, 2023

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Product and distribution costs as a percentage of total net revenues decreased 60 120 basis points for the first second quarter of fiscal 2024, primarily due to the reduction in supply chain costs (approximately 50 basis points).

Store operating expenses as a percentage of total net revenues decreased 120 increased 180 basis points for the first second quarter of fiscal 2024. Store operating 200 increased 190 basis points, primarily due to in-store operational efficiencies (approximately 210 basis points), and sales leverage (approximately 160 basis points) benefits (approximately 130 160 basis points), deleverage (approximately 110 basis points), and increased promotional activity (approximately 60 basis points). The 180 basis points.

Other operating expenses increased \$21 million \$7 million, primarily due to support costs in wages and benefits and marketing for our growing licensed markets.

Depreciation and amortization expenses as a percentage of total net revenues increased 10 40 basis points, primarily due to higher capital investments in support of

General and administrative expenses increased \$67 million \$34 million, primarily due to investments in partner wages certain proxy solicitation and benefits advisory million). These increases were partially offset by the lapping of a donation to the Starbucks Foundation made in support of the second quarter of fiscal 2023 (\$15 million).

Gain from sale of assets includes the sale of our Reinvention (\$32 million). Seattle's Best Coffee Brand to Nestlé in the second quarter of fiscal 2023.

Income from equity investees increased \$17 million, primarily due to higher income from our North American Coffee Partnership joint venture.

The combination of these changes resulted in an overall increase decrease in operating margin of 140 240 basis points for the second quarter of fiscal 2024.

For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023

Product and distribution costs as a percentage of total net revenues decreased 90 basis points for the first two quarters of fiscal 2024, primarily due to the impact of

Other operating expenses increased \$28 million, primarily due to support costs for our growing licensed markets.

Depreciation and amortization expenses as a percentage of total net revenues increased 30 basis points, primarily due to deleverage.

General and administrative expenses increased \$101 million, primarily due to incremental investments in technology (\$52 million), investments in partner wages and (\$30 million). These increases were partially offset by the lapping of a donation to the Starbucks Foundation made in the second quarter of fiscal 2023 (\$15 million).

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

Income from equity investees increased \$15 million, primarily due to higher income from our North American Coffee Partnership joint venture.

The combination of these changes resulted in an overall decrease in operating margin of 40 basis points for the first two quarters of fiscal 2024.

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### Other Income and Expenses

	Quarter Ended		Tw		
	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023	
	Mar 31, 2024	Apr 2, 2023	\$ Change	Mar 31, 2024	Apr 2, 2023
Operating income					
Operating income					
Operating income	Operating income	\$ 1,098.9	\$ 1,327.5	\$ (228.6)	12.8 %
Interest income and other, net					
Interest income and other, net					
Interest income and other, net					
Interest expense					
Interest expense					
Interest expense					
Earnings before income taxes					
Earnings before income taxes					
Earnings before income taxes					
Income tax expense					
Income tax expense					
Income tax expense					
Net earnings including noncontrolling interests					

For the quarter ended December 31, 2023 March 31, 2024 compared with the quarter ended January 1, 2023 April 2, 2023

The effective tax rate for the quarter ended December 31, 2023 March 31, 2024 was 25.7% 22.2% compared to 24.6% 24.9% for the same period in fiscal 2023. The certain foreign jurisdiction that resulted in a tax benefit in the second quarter of fiscal 2024 (approximately 300 basis points).

For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023

Interest income and other, net increased \$38 million and interest expense increased \$15 million, both primarily due to higher interest rates in the current year.

The effective tax rate for the first two quarters ended March 31, 2024 was 24.2% compared to 24.8% for the same period in fiscal 2023. The decrease was due to the tax benefit in the second quarter of fiscal 2024 (approximately 130 basis points), partially offset by the accrual of foreign withholding taxes related to the current-year points).

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## Segment Information

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

## ***North America***

### Net revenues:

### Net revenues:

For the quarter ended December 31, 2023 March 31, 2024 compared with the quarter ended January 1, 2023 April 2, 2023

## Revenues

North America total net revenues for the first quarter of fiscal 2024 increased \$569 million, or 9%, were nearly flat when compared to the prior year period, primarily driven by a 7% decrease in comparable transactions, partially offset by a 4% increase in average ticket, primarily due to annualization of pricing and a 1% increase in store sales. The store sales increase was partially offset by performance of net new company-operated store openings over the past 12 months. Royalty revenues from our licensees (\$49.14 million).

## Operating Margin

North America operating income for the second quarter of fiscal 2024 decreased 6% to \$1.1 billion, compared to \$1.2 billion in the second quarter of fiscal 2023. Op (approximately 190 basis points), increased investments in store partner wages and benefits (approximately 140 basis points), and increased promotional activity (a

basis points) and in-store operational efficiencies (approximately 180 basis points).

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*For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023*

#### Revenues

North America total net revenues for the first two quarters of fiscal 2024 increased \$569 million, or 4%, primarily due to net new company-operated store openings (\$110 million) driven by a 4% increase in average ticket, primarily due to annualization of pricing. This was partially offset by a 3% decrease in comparable transactions to, and royalty revenues from, our licensees (\$63 million).

#### Operating Margin

North America operating income for the first quarter two quarters of fiscal 2024 increased 25% to \$1.5 billion, compared to \$1.2 billion in the prior year. The increase was driven by in-store operational efficiencies (approximately 240 basis points) and sales leverage strategic pricing (approximately 120 basis points) and increased promotional activity (approximately 70 basis points).

#### International

	Quarter Ended						As a % of International Total Net Revenues
	Mar 31, 2024		Apr 2, 2023		\$ Change	Mar 31, 2024	
<b>Net revenues:</b>							
Company-operated stores	\$ 1,328.1	\$ 1,399.6	\$ (71.5)	75.6 %	75.5 %	\$ 2,702.2	
Licensed stores	399.7	432.1	(32.4)	22.7	23.3	853.9	
Other	29.5	23.1	6.4	1.7	1.2	47.5	
<b>Total net revenues</b>	<b>1,757.3</b>	<b>1,854.8</b>	<b>(97.5)</b>	<b>100.0</b>	<b>100.0</b>	<b>3,603.6</b>	
Product and distribution costs	619.8	632.9	(13.1)	35.3	34.1	1,286.4	
Store operating expenses	686.7	684.4	2.3	39.1	36.9	1,390.5	
Other operating expenses	50.0	49.9	0.1	2.8	2.7	110.1	
Depreciation and amortization expenses	84.3	86.3	(2.0)	4.8	4.7	168.3	
General and administrative expenses	82.9	87.4	(4.5)	4.7	4.7	173.3	
<b>Total operating expenses</b>	<b>1,523.7</b>	<b>1,540.9</b>	<b>(17.2)</b>	<b>86.7</b>	<b>83.1</b>	<b>3,128.6</b>	
Income from equity investees	0.2	0.8	(0.6)	0.0	0.0	0.3	
<b>Operating income</b>	<b>\$ 233.8</b>	<b>\$ 314.7</b>	<b>\$ (80.9)</b>	<b>13.3 %</b>	<b>17.0 %</b>	<b>\$ 475.3</b>	
Store operating expenses as a % of company-operated stores revenue				51.7 %	48.9 %		

*For the quarter ended March 31, 2024 compared with the quarter ended April 2, 2023*

#### Revenues

International total net revenues for the second quarter of fiscal 2024 decreased \$98 million, or 5%, primarily due to unfavorable foreign currency translation impacts driven by a 3% decline in comparable transactions and a 3% decline in average ticket. Also contributing to the decline in international total net revenues were lower revenues from licensees (\$63 million), largely driven

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#### International

	Dec 31, 2023	Dec 31, 2024
<b>Net revenues:</b>		
Company-operated stores	\$ 1,374.1	\$ 1,374.1

Licensed stores	454.2
Other	18.0
<b>Total net revenues</b>	<b>1,846.3</b>
Product and distribution costs	666.5
Store operating expenses	703.8
Other operating expenses	60.1
Depreciation and amortization expenses	84.1
General and administrative expenses	90.5
<b>Total operating expenses</b>	<b>1,605.0</b>
Income from equity investees	0.2
<b>Operating income</b>	<b>\$ 241.5</b>

Store operating expenses as a % of company-operated stores revenue

For the quarter ended December 31, 2023 compared with the quarter ended January 1, 2023

#### Revenues

International total net revenues for the first quarter of fiscal 2024 increased \$166 million, or 10%, primarily by disruptions due to 1,016 multiple international conflicts, stores, store openings, or a 12% increase, over the past 12 months (\$104.95 million), as well as a 7% increase in comparable store sales (\$81 million) driven by an impacts from COVID-19 pandemic related disruptions in China. These increases were partially offset by unfavorable foreign currency translation (\$30 million). Also, store openings, an 8% increase over the past 12 months, partially offset by unfavorable impacts related to certain headwinds.

#### Operating Margin

International operating income for the first second quarter of fiscal 2024 increased decreased to \$242 million \$234 million, compared to \$240 million \$315 million in the points to 13.1% 13.3%, primarily due to increased promotional activity (approximately 220 basis points), increased investments in store partner wages and benefits (approximately 90 basis points), partially offset by pricing in certain markets (approximately 100 basis points).

For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023

#### Revenues

International total net revenues for the first two quarters of fiscal 2024 increased \$69 million, or 2%, primarily due to 974 net new company-operated stores store openings, partially offset by unfavorable foreign currency translation impacts (\$130 million).

#### Operating Margin

International operating income for the first two quarters of fiscal 2024 decreased to \$475 million, compared to \$555 million for the same period in fiscal 2023. Operating promotional activity (approximately 190 basis points), increased investments in store partner wages and benefits (approximately 120 basis points), and strategic investments partially offset by sales leverage (approximately 300 120 basis points) and pricing in certain markets (approximately 70 basis points).

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#### Channel Development

	Quarter Ended Mar 31, 2024	Quarter Ended Apr 2, 2023	\$ Change	Quarter Ended Mar 31, 2024	Quarter Ended Apr 2, 2023	Quarter Ended Mar 31, 2024
As a % of Channel Development						
Total Net Revenues						
As a % of Channel Development						
Net revenues						
Net revenues						
Net revenues						
Product and distribution costs						
Product and distribution costs						
Product and distribution costs	252.6	345.6	(93.0)	(93.0)	60.4	60.4 %
Other operating expenses						
						71.9 %
						531.5 €

Other operating expenses												
Other operating expenses												
General and administrative expenses												
General and administrative expenses												
Depreciation and amortization expenses												
General and administrative expenses												
Total operating expenses												
Total operating expenses												
Total operating expenses												
Income from equity investees												
Income from equity investees												
Income from equity investees												
Gain from sale of assets												
<b>Operating income</b>	<b>Operating income</b>	<b>\$ 216.3</b>		<b>\$ 262.1</b>		<b>\$ (45.8)</b>		<b>51.7</b>	<b>51.7 %</b>	<b>54.5 %</b>	<b>\$ 426.0</b>	
<b>Operating income</b>												
<b>Operating income</b>												

For the quarter ended December 31, 2023 March 31, 2024 compared with the quarter ended January 1, 2023 April 2, 2023

#### Revenues

Channel Development total net revenues for the first second quarter of fiscal 2024 decreased \$30 million \$63 million, or 6% 13%, primarily due to a decline in revenue from our Seattle's Best Coffee brand to Nestlé in the second quarter of fiscal 2023 as well as product SKU optimization.

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#### Operating Margin

Channel Development operating income for the second quarter of fiscal 2024 decreased 17% to \$216 million, compared to \$262 million in the second quarter of fiscal 2023. Lapping the gain from the sale of our Seattle's Best Coffee brand in the second quarter of fiscal 2023 (approximately 1,900 basis points), partially offset by growth in revenue from our Global Ready-to-Drink business (approximately 100 basis points), mix shift (approximately 510 basis points), lapping impairment charges against certain manufacturing assets in the second quarter of fiscal 2023 (approximately 100 basis points), and growth in our North American Coffee Partnership joint venture income (approximately 240 basis points).

For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023

#### Revenues

Channel Development total net revenues for the first two quarters of fiscal 2024 decreased \$93 million, or 10%, primarily due to a decline in revenue in the Global Ready-to-Drink business (\$11.21 million) and the Seattle's Best Coffee brand to Nestlé in the second quarter of fiscal 2023 as well as product SKU optimization, and lower revenue in our global ready-to-drink business (\$11.21 million).

#### Operating Margin

Channel Development operating income for the first quarter two quarters of fiscal 2024 decreased 7% 13% to \$210 million \$426 million, compared to \$226 million \$426 million in the first two quarters of fiscal 2023. Decreased 50 170 basis points to 46.8% 49.2%, primarily driven by product costs related to lapping the gain from the sale of our Seattle's Best Coffee Alliance (approximately 370 440 basis points) and growth in our North American Coffee Partnership joint venture income (approximately 240 basis points), partially offset by business mix shift (approximately 370 440 basis points) and growth in our Global Ready-to-Drink business (approximately 100 basis points).

#### Corporate and Other

	Quarter Ended			Two Quarters Ended			
	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023	Mar 31, 2024	Apr 2, 2023	\$ Change	% Change
Net revenues:							
Net revenues:							
Net revenues:							
Other							
Other							

Other	\$ 7.5	\$ 3.7	\$ 3.8	102.7	% 1
<b>Total net revenues</b>					
<b>Total net revenues</b>					
<b>Total net revenues</b>					
Product and distribution costs					
Product and distribution costs					
Product and distribution costs					
Other operating expenses					
Other operating expenses					
Other operating expenses					
Depreciation and amortization expenses					
Depreciation and amortization expenses					
Depreciation and amortization expenses					
General and administrative expenses					
General and administrative expenses					
General and administrative expenses					
Restructuring and impairments	Restructuring and impairments	—	0.3	0.3 (0.3)	(0.3) nm nm
Restructuring and impairments					
Restructuring and impairments					
Total operating expenses					
Total operating expenses					
Total operating expenses					
<b>Operating loss</b>					
<b>Operating loss</b>					
<b>Operating loss</b>	\$ (499.5)	\$ (467.2)	\$ (32.3)	6.9 6.9	% \$ (98)

Corporate and Other primarily consists of our unallocated corporate expenses. Unallocated corporate expenses include corporate administrative functions that support segment and are not included in the reported financial results of the operating segments.

For the quarter ended December 31, 2023 March 31, 2024 compared with the quarter ended January 1, 2023 April 2, 2023

Corporate and Other operating loss increased by 14% 7% to \$487 million \$500 million for the first second quarter of fiscal 2024 compared to \$426 million \$467 million proxy solicitation and advisory services costs (\$30 million) and incremental investments in technology in support of Reinvention (\$22 million). These increases were second quarter of fiscal 2023 (\$15 million).

For the two quarters ended March 31, 2024 compared with the two quarters ended April 2, 2023

Corporate and Other operating loss increased to \$986 million for the first quarter two quarters of fiscal 2024, or 10%, compared to \$893 million for the same period in technology in support of our Reinvention (\$52 million), certain proxy solicitation and advisory services costs (\$30 million), and higher investments in partner wages a donation to the Starbucks Foundation made in the second quarter of fiscal 2023 (\$15 million).

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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 Ended		
Net stores opened/(closed) and transferred during the period		
Quarter Ended		Stores opened/(closed)
Dec 31, 2023		Jan 1, 2023
Mar 31, 2024		Apr 2, 2023

#### North America

- Company-operated stores
- Company-operated stores
- Company-operated stores

Licensed stores
Total North America
International
Company-operated stores
Company-operated stores
Company-operated stores
Licensed stores
Total International
<b>Total Company</b>
<b>Total Company</b>
<b>Total Company</b>

#### **Financial Condition, Liquidity and Capital Resources**

##### **Cash and Investment Overview**

Our cash and investments were \$3.6 billion **\$3.4 billion** as of **December 31, 2023** **March 31, 2024** and \$4.2 billion as of October 1, 2023. We actively manage our cash, interest and principal payments on our borrowings, fund acquisitions, and return cash to shareholders through common stock cash dividend payments and share repurchases, including corporate debt securities, government treasury securities (domestic and foreign), and commercial paper, as well as principal-protected structured products. **\$3.4 billion** of cash and short-term investments were held in foreign subsidiaries.

##### **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 and a vote of our shareholders, to increase the size of the facility 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. dollar denominated borrowings under 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 Moody’s and S&P Global Ratings (as defined in the 2021 credit facility) plus 0.500%, (ii) Bank of America’s prime rate, and (iii) Term SOFR plus 1.000%. Term SOFR means the forward-looking 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** **March 31, 2024**, we were in compliance with all applicable covenants. No amounts were outstanding under our 2021 credit facility as of **December 31, 2023** **March 31, 2024** or under our Commercial Paper program.

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. Amounts outstanding under the commercial paper program are required to be backstopped by available commitments under our 2021 credit facility. The program is used for working capital needs, capital expenditures, and other corporate purposes, including, but not limited to, business expansion, payment of cash dividends on our common stock and other corporate purposes. No amounts were outstanding under our commercial paper program as of **December 31, 2023** **March 31, 2024**.

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outstanding under our commercial paper program. As of **March 31, 2024** and **October 1, 2023**, we had no borrowings outstanding under this program. Our total available credit facilities were **\$3.0 billion** as of the end of our **first** **second** quarter of fiscal 2024.

###### Credit Facilities in Japan

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 **\$35.4 million** **\$33.0 million**, credit facility is currently set to mature on December 30, 2024. Borrowings under this credit facility are subject to a variable rate based on TIBOR plus an applicable margin of 0.400%.
- A ¥10.0 billion, or **\$70.7 million** **\$66.1 million**, credit facility is currently set to mature on **March 27, 2024** **March 27, 2025**. Borrowings under this credit facility are subject to a variable rate based on TIBOR plus an applicable margin of 0.300%.

As of **December 31, 2023** **March 31, 2024**, we had ¥7.0 billion **¥5.0 billion**, or **\$49.5 million** **\$33.0 million**, of borrowings outstanding under these credit facilities. As of October 1, 2023, we had no borrowings outstanding under these credit facilities.

See [Note 7.8](#). 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 which these properties are held. 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, and other corporate purposes, including investing in new ways to serve our customers and supporting our store partners, repaying maturing debts, returning cash to shareholders through common stock repurchases, and other corporate purposes.

in new business opportunities related to our core and developing businesses. Furthermore, we may use our available cash resources to make proportionate capital to existing capabilities and further build our business. Acquisitions may include increasing our ownership interests in our investees. Any decisions to increase such ownership interest will be made in accordance with our corporate governance principles.

We believe that net future cash flows generated from operations and existing cash and investments both domestically and internationally, combined with our ability 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 any trends or 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 12 months. We have reasonable interest rates; however, additional borrowings would result in increased interest expense in the future. In this regard, we may incur additional debt, whether in the form of term loans or other borrowings, to return capital to shareholders through future dividends and discretionary share repurchases, refinancing debt maturities, as well as investing in new business opportunities, including acquisitions, through 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 of our foreign earnings should be repatriated, we may be subject to additional foreign withholding taxes, which could be material. Any foreign earnings that are not indefinitely reinvested may be repatriated at management's discretion. During the first quarter of fiscal 2024, we accrued approximately \$10 million for foreign withholding taxes during the first quarter of fiscal year 2024.

During the first quarter of fiscal 2024, our Board of Directors approved a quarterly cash dividend to shareholders of \$0.57 per share to be paid on **February 2, 2024**. The dividend will be paid on **February 9, 2024** to shareholders of record as of **May 17, 2024**.

During the quarter ended **December 31, 2023**, we repurchased 12.8 million shares of common stock for \$1,250.1 million on the open market. We have \$1.2 billion available for repurchase under current authorizations.

Other than normal operating expenses, cash requirements for the remainder of fiscal 2024 are expected to consist primarily of capital expenditures for investments in property, plant and equipment. Capital expenditures for fiscal 2024 are expected to be approximately \$3.0 billion.

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In the MD&A included in the 10-K, we disclosed that we had \$33.9 billion of current and long-term material cash requirements as of October 1, 2023. There have been no significant changes to these requirements.

### **Cash Flows**

Net cash provided by operating activities was \$2.4 billion for the first quarter of fiscal 2024, compared to \$1.6 billion for the same period in the previous year. This increase was primarily driven by changes in operating assets and liabilities, an increase in non-cash lease costs, and higher net earnings during the period. The gain on sale of assets was \$2.4 billion.

Net cash used in investing activities totaled \$568.8 million for the first quarter of fiscal 2024, compared to \$279.3 million for the same period in the previous year. This increase was primarily driven by capital expenditures, purchases of investments, and higher capital expenditures. The proceeds from sale of assets from the prior year sale of Seattle's Best Coffee were \$907.0 million.

Net cash used in financing activities for the first quarter of fiscal 2024 totaled \$2.4 billion, compared to \$1.0 billion for the same period in the previous year. This increase was primarily driven by an increase in share repurchase activities, and repayments of debt, partially offset by net proceeds from issuance of commercial paper.

### **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 green coffee. In addition to coffee, we also purchase significant amounts of dairy products to support the needs of our company-operated stores. The price of coffee is volatile, and we expect commodity prices, particularly coffee, to impact future results of operations. For additional details, see Product Supply in Item 1 of the 10-K.

### **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, 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 Starbucks Card, Starbucks Cards, the impact of seasonal fluctuations on the consolidated statements of earnings is much less pronounced. As a result of moderate seasonal fluctuations, we expect revenues to be relatively flat 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 analysis of financial condition and results of operations require management to make judgments, assumptions, and estimates that affect the amounts reported. [Note 1](#), Summary of Significant Accounting Policies and Estimates, in the Notes to Consolidated Financial Statements in Part II, Item 8 of the 10-K describe the significant accounting policies and methods used in the preparation of the financial statements and the 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 discussion of recent accounting pronouncements.

### **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 the 10-K.

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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 to the SEC is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that the information required to be disclosed in our periodic reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate.

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

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 134](#), 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, including 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 December 31, 2023:

Period <sup>(1)</sup>	Total Number of Shares Purchased	Average Price Paid per Share
October 2, 2023 - October 29, 2023	3,877,436	\$
October 30, 2023 - November 26, 2023	4,146,201	
November 27, 2023 - December 31, 2023	4,754,654	
<b>Total</b>	<b>12,778,291</b>	<b>\$</b>

<sup>(1)</sup> Monthly information is presented by reference to our fiscal months during the first quarter of fiscal 2024.

<sup>(2)</sup> Share repurchases are conducted under our ongoing share repurchase program announced in September 2001, which has no expiration date, and for which the Company has repurchased shares numerous times, with our Board of Directors most recently authorizing the repurchase of up to an additional 40 million shares in March 2022.

<sup>(3)</sup> This column includes the total number of shares available for repurchase under the Company's ongoing share repurchase program. Shares under our ongoing share repurchase program may be repurchased, terminated, or modified at any time for any reason. **During the second fiscal quarter ended March 31, 2024, the Company repurchased 12,778,291 shares under its ongoing share repurchase program.**

### **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 **December 31, 2023** **March 31, 2024**, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading plan" as defined in Regulation S-K, Item 408, except as described in the table below: [408](#).

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

<sup>(1)</sup> Except as indicated by footnote, each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" is intended to satisfy the affirmative defense of Rule

<sup>(2)</sup> Ms. Ruggeri's trading plan provides for the sale of up to \$300,000 of shares pursuant to each of three orders, to be entered in March, May, and August 2024, respectively, until-cancelled period for such order.

<sup>(3)</sup> Ms. Ruggeri's trading plan provides for the sale, on November 11, 2024, at market price, of up to 4,979 shares to be received by Ms. Ruggeri upon the vesting of

<sup>(4)</sup> Ms. Ruggeri's trading plan provides for the sale, on November 18, 2024, at market price, of up to 2,165 shares to be received by Ms. Ruggeri upon the vesting of

<sup>(5)</sup> Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier to occur of (a) the completion of all

the date listed in the table. The trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" only permits transactions upon expiration of the applicable ma

<sup>(6)</sup> The arrangement also provides for automatic expiration in the event of Ms. Ruggeri's death, bankruptcy, or insolvency, notice from Ms. Ruggeri or her agent of ter

mining that the trading arrangement has been terminated or that a breach by Mr. Ruggeri has occurred or upon the broker's exercise of its termination rights under the trading arra

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### **Item 6. Exhibits**

Exhibit No.	Exhibit Description	Form
<a href="#">3.1</a>	<a href="#">Restated Articles of Incorporation of Starbucks Corporation</a>	10-Q
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of Starbucks Corporation (As amended and restated through March 17, 2021)</a>	8-K
<a href="#">31.1</a>	<a href="#">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</a>	—
<a href="#">31.2</a>	<a href="#">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</a>	—
<a href="#">32*</a>	<a href="#">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</a>	—
<a href="#">101</a>	The following financial statements from the Company's 10-Q for the fiscal quarter ended December 31, 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	—
<a href="#">104</a>	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)	—

Exhibit No.	Exhibit Description	Form
<a href="#">3.1</a>	<a href="#">Restated Articles of Incorporation of Starbucks Corporation</a>	10-Q
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of Starbucks Corporation (As amended and restated through March 17, 2021)</a>	8-K
<a href="#">4.1</a>	<a href="#">Tenth Supplemental Indenture, dated as of February 8, 2024, by and between Starbucks Corporation and U.S. Bank Trust Company, National Association, as trustee and successor in interest to U.S. Bank National Association</a>	8-K
<a href="#">4.2</a>	<a href="#">Form of 4.850% Senior Notes due 2027 (included as Exhibit A to Exhibit 4.1)</a>	8-K
<a href="#">4.3</a>	<a href="#">Form of 4.900% Senior Notes due 2031 (included as Exhibit B to Exhibit 4.1)</a>	8-K
<a href="#">4.4</a>	<a href="#">Form of 5.000% Senior Notes due 2034 (included as Exhibit C to Exhibit 4.1)</a>	8-K
<a href="#">31.1</a>	<a href="#">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</a>	—
<a href="#">31.2</a>	<a href="#">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</a>	—

32*	<a href="#">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</a>	—
101	The following financial statements from the Company's 10-Q for the fiscal quarter ended March 31, 2024, 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)	—

\* Furnished herewith.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereupon January [April](#) 30, 2024

**STARBUCK**

By:

**3944**

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

I, Laxman Narasimhan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended [December 31, 2023](#) [March 31, 2024](#), 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 statement misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information 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 periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is accumulated and communicated to us, and our principal executive officer or principal financial officer, or persons performing similar functions, as appropriate, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, that has materially affected, or is 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, based on our most recent evaluation of internal control over financial reporting, to the registrant (or persons performing similar functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to occur in the future; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2024 April 30, 2024

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

I, Rachel Ruggeri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2023 March 31, 2024, 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 statement misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information 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 periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information, including financial data, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of these controls and procedures, based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is 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, based on our most recent evaluation of internal control over financial reporting, to the registrant's principal executive officer and principal financial officer (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to materially affect the registrant's financial condition and results of operations;
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2024 April 30, 2024

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF

In connection with the Quarterly Report of Starbucks Corporation ("Starbucks") on Form 10-Q for the fiscal quarter ended December 31, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on April 30, 2024 (the "Report"), Laxman Narasimhan, chief executive officer of Starbucks, and Rachel Ruggeri, executive vice president, chief financial officer of Starbucks, each

Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Starbucks.

January~~April~~ 30, 2024

January~~April~~ 30, 2024

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