

JAB HOLDING COMPANY

Interim Condensed Financial Statements

As at and for the six months period ended 30 June 2021



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Interim Condensed Financial statements

for the six months period ended 30 June 2021

Interim Condensed Statement of Financial Position as of 30 June 2021

	Notes	30 June 2021 in \$k	31 December 2020 in \$k
NON-CURRENT ASSETS			
Investments in subsidiaries	4	26,536,495	22,865,166
Other receivables	5	21,518	18,643
Total non-current assets		26,558,013	22,883,809
CURRENT ASSETS			
Other receivables	5	1,335	1,335
Cash and cash equivalents	6	5,835	66
Total current assets		7,170	1,401
Total assets		26,565,183	22,885,210
SHAREHOLDER'S EQUITY			
Issued share capital	7.1	10,261	10,074
Share premium	7.1	10,993,152	11,096,399
Share-based payments reserve	8	547,679	478,934
Retained earnings	7.3	15,005,831	11,261,055
Total equity		26,556,923	22,846,462
NON-CURRENT LIABILITIES			
Other liabilities	9	3,147	1,981
Total non-current liabilities		3,147	1,981
CURRENT LIABILITIES			
Other liabilities	9	5,113	36,767
Total current liabilities		5,113	36,767
Total equity and liabilities		26,565,183	22,885,210

The notes on pages 7 to 23 are an integral part of these financial statements.

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months period ended 30 June 2021

	Notes	For the six months ended 30 June 2021 in \$k	For the six months ended 30 June 2020 in \$k
Net gain / (loss) on investments in subsidiaries	10	3,831,034	(5,381,133)
Finance income	11	48	436,821
Finance result		3,831,082	(4,944,312)
General and administrative expenses	12	(25,538)	(13,632)
Other income / (expenses)	13	(60,762)	297,390
Profit / (loss) before income tax		3,744,782	(4,660,554)
Income tax expense	14	(6)	(5)
Profit / (loss) for the period		3,744,776	(4,660,559)
Total comprehensive income / (loss) attributable to equity holder		3,744,776	(4,660,559)

The notes on pages 7 to 23 are an integral part of these financial statements.

Interim Condensed Statement of Changes in Equity for the six months period ended 30 June 2021

	Note	Share capital in \$k	Share premium in \$k	Share-based payments reserve in \$k	Retained earnings in \$k	Total equity in \$k
Balance as of 1 January 2020		8,797	9,637,312	-	11,309,899	20,956,008
Repayment of share premium	7.1	-	(146,796)	-	-	(146,796)
Loss for the period		-	-	-	(4,660,559)	(4,660,559)
Total comprehensive loss		-	-	-	(4,660,559)	(4,660,559)
Balance as of 30 June 2020		8,797	9,490,516	-	6,649,340	16,148,653
Balance as of 1 January 2021		10,074	11,096,399	478,934	11,261,055	22,846,462
Issue of shares	7.1	23	23,577	-	-	23,600
Share-based payments transactions	8	164	(35,378)	68,745	-	33,531
Repayment of share premium	7.1	-	(91,446)	-	-	(91,446)
Profit for the period		-	-	-	3,744,776	3,744,776
Total comprehensive income		-	-	-	3,744,776	3,744,776
Balance as of 30 June 2021		10,261	10,993,152	547,679	15,005,831	26,556,923

The notes on pages 7 to 23 are an integral part of these financial statements.

Interim Condensed Cash Flow Statement for the six months period ended 30 June 2021

	Notes	For the six months ended 30 June 2021 in \$k	For the six months ended 30 June 2020 in \$k
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		3,744,776	(4,660,559)
<i>Adjustments for:</i>			
Share-based payment transactions	8	60,761	(300,250)
Net (gain) / loss from change in fair value of investments in subsidiaries	10	(3,831,034)	5,381,133
Income tax expenses		6	5
Finance income	11	(48)	(436,821)
		(25,539)	(16,491)
Changes in other receivables	5	(2,876)	(130)
Changes in other liabilities	9	4,196	(7,465)
Net foreign exchange gain		3	6
Income taxes paid		(6)	(5)
Net cash used in operating activities		(24,222)	(24,085)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital repayments from investments in subsidiaries	4	89,095	448,500
Contribution payments to investments in subsidiaries	4	(40,000)	(3,000)
Net cash from investing activities		49,095	445,500
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	7.1	23,600	-
Payments from issue of redeemable shares		-	13,334
Capital repayments on share capital		(8,017)	(152)
Capital repayments on redeemable shares		(34,687)	(425,952)
Net cash used in financing activities		(19,104)	(412,770)
Movement in cash and cash equivalents		5,769	8,645
Cash and cash equivalents as of 1 January		66	349
Cash and cash equivalents at end of period	6	5,835	8,994

The notes on pages 7 to 23 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

JAB Holding Company S.à r.l. (the "Company") is a Company domiciled in Luxembourg. The address of the Company's registered office is 4, Rue Jean Monnet, L-2180 Luxembourg. The Company's object is to act as a holding company and therefore the acquisition of participations. The Company is focused on generating superior returns from long-term investments in companies with premium brands and strong growth and margin dynamics.

The Company is formed for an unlimited period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020, as they provide an update of previously reported information. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last financial statements.

Since the end of the last annual reporting period, the impact of Covid-19 on the economic activities have recovered.

JAB Group has a key focus on assessment of the impact of the Covid-19 pandemic on its investments and their performance. It continues to monitor and follow closely the information released from governments, regulatory bodies and health organisations in the countries in which JAB Group and its investments operate.

2. Statement of compliance

The interim condensed financial statements for the six months period ended 30 June 2021 ("interim condensed financial statements") have been prepared applying the same accounting policies as are applied in the Company's annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statement that are to be reflected in the next annual financial statements.

The Company's annual financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The interim financial statements for the six months period ended 30 June 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

3. Significant accounting policies

The interim condensed financial statements require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates, especially in relation to the impact of the Covid-19 pandemic. The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2020.

The estimates and associated assumptions are based on historical experience and various other factors, such as planning as well as expectations and forecasts of future events that are deemed to be reasonable. As a consequence of the uncertainty actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The financial statements of the Company have been prepared on the basis of the going concern assumption.

The financial statements are presented in thousands of US-Dollars (\$), which is the functional currency of the Company.

The accounting policies set out below have been applied consistently during the year presented in these separate financial statements.

3.1. Changes in significant accounting policies and disclosures

New standards, amendments, and interpretations

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform – amendments to IFRS 9, IAS 39, IFRS 4, IFRS 16 and IFRS 7

The amendments listed above did not have any impact on the amounts recognised in current and prior periods and are not expected to significantly affect future periods.

New standards, amendments and interpretations issued, but not effective and adopted yet

Certain new accounting standards have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted. The Company is still investigating the impact on the financial statements in the current or future reporting periods and on foreseeable future transactions.

4. Investments in subsidiaries

At year-end, the Company holds interest in the following investments in subsidiaries:

	30 June 2021 %	31 Dec. 2020 %
JAB Investments S.à r.l. 4, Rue Jean Monnet, 2180 Luxembourg	100.0	100.0

	30 June 2021 in \$k	31 Dec. 2020 in \$k
JAB Investments S.à r.l.		
Share capital	25	25
Total equity	26,536,495	22,865,166
Profit / (loss) for the period	3,831,034	(776,161)

The movements in the investments in subsidiaries can be detailed as follows:

	JAB Investments S.à r.l. in \$k
Balance as of 31 December 2020	22,865,166
Contribution	48,151
Capital repayment	(137,383)
Transfer	(70,473)
Change in fair value	3,831,034
Balance as of 30 June 2021	26,536,495

In the six months period ended 30 June 2021, the Company made contributions to JAB Investments S.à r.l. in the amount of \$48.2m (thereof in cash \$40.0m) and received repayments from JAB Investments S.à r.l. in the amount of \$137.4m (thereof in cash \$54.0m). Capital repayments amounting to \$83.4m were made directly by JAB Holdings B.V. to shareholders of the Company. Furthermore, JAB Investments S.à r.l. transferred \$70.5m in the course of share-based payments transactions.

5. Other receivables

	30 June 2021 in \$k	31 Dec. 2020 in \$k
Receivables from shareholders	21,518	18,643
Others	1,335	1,335
	22,853	19,978
Thereof current	1,335	1,335
Thereof non-current	21,518	18,643

6. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2021 in the amount of \$5,835k (31 December 2020: \$66k) only include bank deposits available on demand.

7. Shareholder's equity

7.1. Share capital and share premium

At the end of the period, issued capital comprises of the following number of shares:

	30 June 2021		31 December 2020	
	Number by classification Equity	Nominal value in \$k	Number by classification Equity	Nominal value in \$k
Ordinary Class A shares	8,763,050	8,763	8,763,050	8,763
Ordinary Class B shares	837,922	838	814,413	814
Special Class S shares	567,783	568	496,473	496
Class PI shares	92,157	92	-	-
Issued share capital	10,260,912	10,261	10,073,936	10,074

Each share has a nominal value of \$1.00.

The movement in total issued share capital was as follows:

	Ordinary Class A shares	Ordinary Class B shares	Special Class S shares	Class PI shares	Total shares
Balance as of 31 December 2020	8,763,050	814,413	496,473	-	10,073,936
Shares issued for cash	-	10,042	12,661	-	22,703
Share-based payments	-	13,467	58,649	92,157	164,273
Balance as of 30 June 2021	8,763,050	837,922	567,783	92,157	10,260,912

The movement in share capital and share premium classified as equity was as follows:

	Ordinary Class A shares		Ordinary Class B shares		Special Class S shares		Class PI shares		Total	
	Share capital in \$k	Share premium in \$k	Share capital in \$k	Share premium in \$k	Share capital in \$k	Share premium in \$k	Share capital in \$k	Share premium in \$k	Share capital in \$k	Share premium in \$k
Balance as of 31 December 2020	8,763.1	9,444,203.1	814.4	1,622,221.6	496.5	29,975.3	-	-	10,073.9	11,096,400.0
Issue of share capital	-	-	10.0	20,243.2	12.7	3,333.3	-	-	22.7	23,576.5
Share-based payments	-	-	13.5	(23,739.2)	58.6	(11,638.8)	92.2	-	164.3	(35,378.0)
Capital repayment / distributions	-	(83,401.0)	-	(7,846.9)	-	(198.6)	-	-	-	(91,446.4)
Balance as of 30 June 2021	8,763.1	9,360,802.1	837.9	1,610,878.7	567.8	21,471.2	92.2	-	10,260.9	10,993,152.1

7.2. Share-based payments reserve

Refer to note 8 Share-based Payments.

7.3. Retained earnings

In the six months period ended 30 June 2021, no dividend was paid to the shareholders.

8. Share-based payments

The members of the Advisory Committee as well as members of its Management executives and senior managers of the Company and its affiliates have acquired shares in the Company.

The Company operates share grant agreements with the members of the Advisory Committee as well as with members of its management team and executives and senior managers of the Company and its affiliates.

The Company also operates share option schemes for the members of the Advisory Committee, the management team, executives and senior managers of the Company and its affiliates.

Until December 2020, the agreements contained put features that provided the holders of the shares with a right to sell shares back to the Company for cash, and the Company accounted for the share-grant agreements as cash-settled instruments. In December 2020, the terms and conditions of the Company's share grant agreements and the share option schemes have been amended. As a result of the amendments in December 2020, the share-based payment arrangements are accounted for as equity-settled instruments.

Share grant agreements

The expense recognised arising from share grant agreements during the period was \$11.0m. Share grant agreements include awards with the Company's subsidiaries JAB Investments S.à r.l. and JAB Holdings B.V. as the service receiving entity. Those awards were accounted for as contribution and therefore as an addition to the cost of the Company's investments in JAB Investments S.à r.l. in the amount of \$3.9m.

In the six months period ended 30 June 2020, the Company incurred other income in the amount of \$297.4m from the remeasurement of cash-settled share-based payment transactions.

Share option schemes

The share options have graded vesting or cliff vesting features and they vest over a service period of 5 years. Options may be exercised at any time from the vesting date to the date of their expiry (10 years from the grant date). All options related to share-based compensation plans were granted with an exercise price (in USD) being an approximate to the fair value of the underlying shares at the grant date.

The fair value of each option granted is estimated using the Black-Scholes option-pricing model. The weighted average fair value of the options granted during the six months period ended 30 June 2021 was \$720 (31 December 2020: \$815).

The following table lists the weighted average inputs for the fair value measurement at the grant date for options granted during the period:

	Grant date Six months ended 30 June 2021	Grant date 2020	Modification date Dec. 2020
Dividend yield (%)	0.7%	0.7%	0.7%
Expected volatility (%)	35.0%	30.0%-35.0%	35.0%
Risk-free interest rate (%)	0.9%	0.7%	0.4%
Expected life of options (years)	7.5 years	7.5 years	4.0 years
Exercise price (USD)	2,025	1,904	1,902
Average share price (USD)	2,025	1,904	2,014

The expected life of the options is based on management's estimate and is below the contractual life. The expected volatility is based on a peer group analysis using historical information.

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the six months period ended 30 June 2021:

	Number of options 30 June 2021	Weighted average exercise price 30 June 2021	Number of options 30 June 2020	Weighted average exercise price 30 June 2020
Balance at beginning of period (outstanding)	974,470	1,902	1,343,376	1,858
Granted during the period	99,070	2,025	41,834	2,104
Lapsed during the period	-	-	194,638	1,833
Exercised during the period	-	-	53,955	2,380
Expired during the period	-	-	-	-
Balance at end of period (outstanding)	1,073,540	1,913	1,136,617	1,880
Vested and exercisable at end of year	2,400	1,897	163,340	1,768

As of 30 June 2021, the intrinsic value of liabilities for vested options is \$1.2m (31 December 2020: \$0.0m).

In the six months period ended 30 June 2021, no options were exercised. The weighted-average share price at the date of exercise for share options exercised in the six months period ended 30 June 2020 was \$2,380.

The range of exercise prices for options outstanding at the end of the period was \$1,616 to \$2,521 (31 December 2020: \$1,616 to \$2,521) and these outstanding options have a weighted-average remaining contractual life of 4 years (31 December 2020: 4 years).

The expense recognised arising from share option schemes during the period was \$34.9m. Share option schemes include awards with the Company's subsidiaries JAB Investments S.à r.l. and JAB Holdings B.V. as the service receiving entity. Those awards were accounted for as contribution and therefore as an addition to the cost of its investments in JAB Investments S.à r.l. in the amount of \$4.3m.

In the six months period ended 30 June 2020, the Company incurred other income in the amount of \$297.3m from the remeasurement of cash-settled share option schemes.

Other share-based payments

In 2020, a member of the management was granted shares in the Company by other shareholders. The Company accounts for the award as an equity-settled share-based payment transaction in other reserves in equity. The expense recognised for the period arising from other share-based payments during the year was \$14.8m (six months ended 30 June 2020: expense \$0.0m).

9. Other liabilities

	30 June 2021 in \$k	31 Dec. 2020 in \$k
Other liabilities	-	34,687
Trade and other payables	8,260	4,061
	8,260	38,748
Thereof current	5,113	36,767
Thereof non-current	3,147	1,981

Other payables include an amount of \$4.5m (31 December 2020: \$1.6m) related to a service agreement with JAB Holding Company LLC.

10. Net gain / (loss) on investments in subsidiaries

	For the six months ended 30 June 2021 in \$k	For the six months ended 30 June 20 in \$k
Net gain / (loss) on investments in subsidiaries at FVTPL		
JAB Investments S.á r.l.	3,831,034	(5,381,133)
	3,831,034	(5,381,133)

11. Finance income

Finance income can be detailed as follows:

	For the six months ended 30 June 21 in \$k	For the six months ended 30 June 20 in \$k
Net foreign exchange gain	48	615
Change in redemption amount of redeemable shares	-	436,206
	48	436,821

12. General and administrative expenses

General and administrative expenses can be detailed as follows:

	For the six months ended 30 June 21 in \$k	For the six months ended 30 June 20 in \$k
Service fees	(25,079)	(13,373)
Legal, tax, audit and consultancy fees	(455)	(228)
Others	(4)	(31)
	(25,538)	(13,632)

13. Other income and expenses

Other income and expenses can be detailed as follows:

	For the six months ended 30 June 21 in \$k	For the six months ended 30 June 20 in \$k
Expenses from share-based payments (equity-settled)	(60,762)	-
Income from share-based payments (cash-settled)		297,390
	(60,762)	297,390

14. Taxes on income

No income tax (other than minimum corporate tax) was recognised in the six months period ended 30 June 2021 (six months ended 30 June 2020: \$0.0m).

15. Related parties

The related parties are disclosed in the financial statements 2020. Related party transactions which have taken place in the period and have materially affected the Interim Condensed Financial Statements are disclosed in the notes to the Interim Condensed Financial Statements.

15.1. Management

Share transactions with management

In the six months period ended 30 June 2021, shares issued to members of managements are disclosed in note 8.

16. Contingent liabilities

As of 30 June 2021, the Company provides a guarantee to banks for credit facilities of its affiliated Company JAB Holdings B.V. amounting to €3,000.0m (31 December 2020: €3,000.0m). Furthermore, the Company provides an unconditional and irrevocable guarantee for bond liabilities of its affiliated company JAB Holdings B.V. amounting to \$10,223.5m (31 December 2020: \$10,028.9m).

17. Financial instruments – Fair Value and Risk Management

17.1. Financial instruments and fair value hierarchy

The Company classified its financial instruments by category as set out below:

Assets as per statement of financial position

	30 June 2021			31 December 2020		
	Amortised cost in \$k	FVTPL in \$k	Total in \$k	Amortised cost in \$k	FVTPL in \$k	Total in \$k
Investments in subsidiaries	-	26,536,495	26,536,495	-	22,865,166	22,865,166
Other receivables	22,853	-	22,853	19,978	-	19,978
Cash and cash equivalents	5,835	-	5,835	66	-	66
Total	28,688	26,536,495	26,565,183	20,044	22,865,166	22,885,210

Liabilities as per statement of financial position

	30 June 2021		31 December 2020	
	Amortised cost in \$k	Total in \$k	Amortised cost in \$k	Total in \$k
Other liabilities	8,260	8,260	38,748	38,748
Total	8,260	8,260	38,748	38,748

Cash and cash equivalents as well as other receivables are subject to the impairment requirements of IFRS 9. As of 30 June 2021 and 31 December 2020, cash and cash equivalents were placed with quality financial institutions and could be withdrawn on short notice. Therefore, the expected credit loss on cash and cash equivalents and other receivables was immaterial, as well as the identified impairment loss for the other receivables subject to the expected credit loss model.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Financial instruments in Level 2

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

Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Financial instruments included in Level 3 comprise shares in JAB Investments S.à r.l.

The table below analyses financial instruments carried at fair value by valuation technique. It does not include fair value information of financial assets and liabilities not measured at fair value because their carrying amounts are a reasonable approximate of fair values.

	30 June 2021			Total in \$k
	Level 1 in \$k	Level 2 in \$k	Level 3 in \$k	
FINANCIAL ASSETS AT FVTPL				
Investments in subsidiaries				
Unlisted equity investments	-	-	26,536,495	26,536,495
Total financial assets	-	-	26,536,495	26,536,495

	31 December 2020			Total in \$k
	Level 1 in \$k	Level 2 in \$k	Level 3 in \$k	
FINANCIAL ASSETS AT FVTPL				
Investments in subsidiaries				
Unlisted equity investments	-	-	22,865,166	22,865,166
Total financial assets	-	-	22,865,166	22,865,166

There were no transfers between the levels for the periods ended 30 June 2021 and 31 December 2020.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	30 June 2021 in \$k
Balance as of 1 January	22,865,166
Contributions	48,151
Capital repayment	(137,383)
Transfer	(70,473)
Change in fair value	3,831,034
Balance as of 30 June	26,536,495

As of 30 June 2021 and 31 December 2020, the unlisted equity investments relate to the 100% participation in JAB Investments S.à r.l. JAB Investments S.à r.l. is a holding company with direct participation in JAB Holdings B.V. As of 30 June 2021 and 31 December 2020, the fair value was determined by using valuation techniques. The valuation accounts for JAB Investments S.à r.l.'s objective to act as a holding company. JAB Investments S.à r.l.'s fair value is estimated as its net asset value and is calculated as the total fair value of its assets and liabilities. The main asset of JAB Investments S.à r.l. is its participation in JAB Holdings B.V. which directly and indirectly holds a diversified investment portfolio that includes assets that are traded on a securities exchange (Level 1) as well as assets and liabilities that are valued using valuation techniques (Level 2 and Level 3). The assets are valued by objective criteria on an evaluation by the management.

Determination of JAB Investments S.à r.l.'s net asset value can be detailed as follows (including indirect investments through JAB Holdings B.V.):

	30 June 2021 in \$k	31 Dec. 2020 in \$k
Equity investments measured using Level 1	46,700	605,854
Equity investments measured using Level 2	4,238,905	3,227,474
Derivative instruments measured using Level 2	-	(1,827)
Equity investments measured using Level 3	29,754,967	26,548,923
Corporate debt securities using Level 3	213,803	-
Loans receivable	39,718	167,957
Loans payable	(10,460,980)	(10,274,318)
Cash and cash equivalents	2,760,013	2,672,770
Other assets and liabilities	(56,631)	(81,667)
Net asset value	26,536,495	22,865,166

Cash and cash equivalents, loans receivable, loans payable and other assets and liabilities were valued at amortised cost which are a reasonable approximate of fair values.

The Group qualifies its investments in subsidiaries in Level 1, Level 2 and Level 3 financial assets:

Level 1

The fair value of financial assets in this category is based on observable inputs only. JAB Holdings B.V.'s assets in this category include other investments (31 December 2020: KDP and JDE Peet's).

Level 2

The fair value of financial assets in this category is based on valuation techniques maximising the use of observable market data. JAB Holdings B.V.'s assets in this category include JAB Cosmetics B.V. which indirectly holds an underlying investment in the public listed company Coty Inc.

Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. JAB Holdings B.V.'s assets in this category include investments in JAB Coffee & Beverages B.V. (through JAB Forest B.V.; formerly JAB Beverage Platform B.V.), Pret Panera Holdings B.V. (formerly Pret Panera I G.P. and Pret Panera III G.P.), Petcare G.P., JAB Luxury GmbH., JAB Indulgence B.V. and JAB Ventures B.V. (31 December 2020: JAB Beverage Platform B.V. (through JAB Forest B.V.), Pret Panera I G.P., Pret Panera III G.P., Petcare G.P., JAB Luxury GmbH and KK G.P.), none of which are directly quoted in an active market. Unobservable inputs include LTM/NTM results, peer multiples and transaction prices and other observable inputs include JDE Peet's and KDP share price within JAB Coffee & Beverages Platform B.V. as well as Krispy Kreme share price within JAB Indulgence B.V.

Valuation process

JAB Holdings B.V. uses market-based valuation techniques for its level 3 fair value investments. The market-based valuations are prepared by JAB Holdings B.V. JAB Holdings B.V. receives support in this valuation process from an external service provider. JAB Holdings B.V. holds directly or through its investment platforms stakes in private and public companies (together referred to as 'underlying investments' or individually 'underlying investment'). The valuations of the underlying investments are reviewed by the valuation committees, which comprise of independent and executive board members of those underlying investments. Once the valuation committee has unanimously approved the valuations, JAB Holdings B.V. aggregates the valuations of the underlying investments in line with the investment platform structures. Other portfolio company assets and liabilities are considered in the valuation, together with the aggregated underlying investments against their respective ownership stake. The platform valuations are subsequently approved by the Directors of the platform investments.

Valuation method – public companies

For underlying investments that are publicly traded (KDP, Coty, JDE Peet's and Krispy Kreme), fair value is determined by reference to the quoted market price on the balance sheet closing date. As Krispy Kreme went public on 1 July 2021, the valuation is based on the volume weighted average share price of the first two trading days (\$19.13).

Valuation method – private companies: price of a recent transaction

Underlying investments of private companies that were acquired recently, generally within the last year, or for which a recent market transaction is available, are measured at the transaction price, except where the underlying company's economic performance (e.g. operations, financial position and liquidity) has significantly changed. As part of the analysis, JAB Holdings B.V. calibrates the price of a recent transaction by using a market approach on a case by case basis.

Valuation method – private companies: market approach using comparable multiples

This valuation method is applied for underlying investments which are not quoted in an active market. In using the market approach, to determine the fair value of an underlying investment, a market multiple is established based on a selected group of comparable publicly traded peer group companies that is considered representative of the underlying investment. The determination of the peer group companies is generally based on the risk profile, growth prospect, strength of brand or brand portfolio, leverage and certain other financial characteristics (e.g. market capitalization, EBITDA margin levels, etc).

The selected multiples are the median of the comparable publicly listed companies and are applied to the figures of the underlying investments as of June 2021 and December 2020. In addition, adjustments between the enterprise value and the equity value are made for financial debt, and, where relevant, for non-controlling interest and financial assets.

The main elements and related sensitivities in the valuations of the privately held underlying investments are:

- The formula of weighted average multiples which include the selected ratios for: price earnings ("P/E"), EV/EBITDA and EV/Sales;
- The multiples of comparable public companies in the peer group based on industry, size, leverage and strategy;
- The selection of forward looking (NTM) or historical market multiples (LTM) for selected peers; and
- The financial inputs from the portfolio companies.

Other considerations

The valuation methods have been applied consistently over time, for which by exception amendments were made due to triggering events (e.g. COVID-19). In the event of the occurrence of a triggering event, such event has been disclosed.

The following table summarises key unobservable inputs for the underlying investments used within the Level 3 fair value measurement of investments in subsidiaries:

COMPANY	Fair value	
	30 June 2021 in \$m	31 December 2020 in \$m
Investments in subsidiaries	26,536.5	22,865.2

Company	Fair value		Valuation technique	Input	Range	
	30 June 2021 in \$m	31 Dec. 2020 in \$m			30 June 2021	31 Dec. 2020
Investments in subsidiaries	26,536.5	22,865.2	Publicly listed	Quoted share price	N/A	N/A
			Transaction price	Price of a recent transaction	N/A	N/A
			Market approach - Comparable companies	EBITDA multiples (LTM)	N/A	20.9 – 22.4
				EBITDA multiples (NTM)	12.7 – 19.7	10.0 – 19.6
			Market approach - Comparable companies	Sales multiples (LTM)	N/A	4.6
				Sales multiples (NTM)	1.5 – 4.8	1.2 – 5.0
			Market approach - Comparable companies	P/E multiples (LTM)	N/A	30.1 – 36.4
				P/E multiples (NTM)	17.0 – 32.3	17.0 – 29.9

Underlying investments valued based on a market approach using comparable companies multiples technique are valued using NTM multiples (Pret Panera, JAB Luxury GmbH; 31 December 2020: LTM multiples – KK G.P., Petcare G.P.; NTM multiples – Pret Panera I G.P., Pret Panera III G.P., JAB Luxury GmbH).

As of 30 June 2021, JAB Indulgence is direct shareholder in Krispy Kreme Inc. JAB Indulgence's fair value was determined on the basis of its investment in Krispy Kreme Inc. As Krispy Kreme Inc. went public on 1 July 2021, the valuation is based on the weighted average share price of the first two trading days (\$19.13).

As of 30 June 2021, Petcare G.P.'s fair value was determined based on the transaction price of a recent market transaction.

A weighting is applied to the multiples used to determine the fair value of the investment. The weighting applied depends on various circumstances include the stage at which the company is, resulting in the following weightings:

COMPANY	30 June 2021			31 December 2020		
	EV/EBITDA	P/E	EV/Sales	EV/EBITDA	P/E	EV/Sales
Pret Panera	40%	40%	20%	40%	40%	20%
JAB Luxury	20%	20%	60%	10%	10%	80%
Petcare	N/A	N/A	N/A	50%	50%	-
KK	N/A	N/A	N/A	40%	40%	20%

As of 30 June 2021, a weighting of 50% EV/EBITDA and 50% P/E was applied for Petcare to calibrate the transaction price of a recent market transaction by using a market approach.

Sensitivity analysis to unobservable inputs

Changes in the valuation methodologies or assumptions could lead to different measurements of fair value. The most significant unobservable inputs in respect of the valuation techniques in measuring JAB Holdings B.V.'s material investments are the applied multiples and transaction prices. The estimated fair value would increase (decrease) if the adjusted market multiples or transaction prices were higher (lower). A change of the applied multiples and transaction prices by 10% would change the fair value estimate as follows:

	30 June 2021		31 December 2020	
	increase	decrease	increase	decrease
	in \$m	in \$m	in \$m	in \$m
Pret Panera	630.0	(630.0)	547.6	(547.6)
JAB Luxury	35.9	(35.9)	34.1	(34.1)
Petcare	480.4	(480.4)	392.6	(392.6)
Krispy Kreme	141.7	(141.7)	132.9	(132.9)
	1,288.0	(1,288.0)	1,107.2	(1,107.2)

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 17.2.

17.2. Overview of financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

The interim condensed financial statements do not include all financial risk management information and disclosure required in annual financial statements and should be read in conjunction with the Company's 31 December 2020 financial statements. There have been no changes in risk management policy and procedures since year-end.

Sensitivity analysis – equity price risk

The Company has indirect exposure to equity price risks for indirect investments at the end of the reporting period. If share prices had been 5% higher/lower, the result for the period ended 31 December 2020 would have increased/decreased by \$1,250.7m as a result of changes in the fair value of the equity investments classified as at FVTPL (31 December 2019: \$1,237.7m). Other comprehensive income for the six months period ended 30 June 2021 would have been unaffected (31 December 2020: \$0.0m).

18. Subsequent Events

The Company's management has evaluated subsequent events through the date of issuance of the financial statements.

In July 2021,

- the Krispy Kreme IPO was completed successfully; between the date of IPO and date of issuance of the interim condensed financial statements, the share price traded between \$12.82 and \$21.69.
- the investment in Cottage Holdco B.V., held through JAB Holdings B.V.'s subsidiary JAB Cosmetics B.V., was transferred to the Company.

Luxembourg, 31 August 2021

J. Creus
Managing Director

C. Thun-Hohenstein
Managing Director

Report of the Réviseur d'Entreprises agréé



KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Board of Managers of
JAB Holding Company S.à r.l.
4, rue Jean Monnet
L-2180 Luxembourg

**Report of the Reviseur d'Entreprises agréé
on the review of the interim condensed financial statements**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of JAB Holding Company S.à r.l. ("the Company") as at 30 June 2021, the interim condensed statement of profit or loss and other comprehensive income, interim condensed statement of changes in equity and interim condensed cash flow statement for the six month period then ended, and notes to the interim condensed financial statements ("the interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the "Institut des Reviseurs d'Entreprises" ("IRE"). A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements do not give a true and fair view of the financial position of the entity as at 30 June 2021, and of its financial performance and its cash flows for the six month period then ended in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 31 August 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Yves Thorn
Partner