JAB Holding Company

Annual Report 2020

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JAB[1] at a glance

A global Investment Company, with a solid investment grade rating, focused on the consumer goods and services sector

$50bn+
JAB Managed Capital

$23bn
JAB Holding Net Asset Value

Our leading investment categories

- Coffee & Beverages
- Fast-Casual Restaurants
- Petcare
- Beauty & Luxury
- Indulgence

With a total Enterprise Value of $120bn+

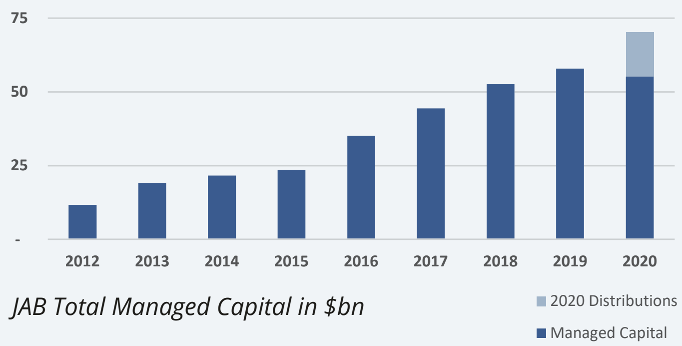
JAB's Managed Capital has significantly increased since its formation in 2012

JAB Holding Company

JAB Consumer Fund

S&P: BBB+ with stable outlook

Moody's: Baa2 with stable outlook



JAB Total Managed Capital in $bn

Keurig Dr Pepper · Panera Bread · Caribou Coffee · Espresso House · NVA · COTY · Krispy Kreme Doughnuts · JDE Peet's · Pret · Bagel Brands · Compassion-First Pet Hospitals · BALLY

A privately held partnership of ~50 professionals with global investment offices in Washington D.C., London, Amsterdam, São Paulo, Luxembourg and Mannheim

with a long-term global ambition to invest in industry-leading consumer businesses.

[1] *JAB in this context refers to JAB Holding Company, together with JAB Consumer Fund and other Co-investors*

A global leading private Investment Company in Consumer Goods and Services, with a strong heritage

Our heritage

1823

The incorporation of Benckiser as chemicals producer in Germany

1980 - 1990

- Peter Harf joins Benckiser
- Benckiser acquisition of North American and European household products and cosmetics including the spin off of the cosmetics activities

1990 - 2010

- Started investing in the Beauty & Luxury category

Beauty & Luxury

- IPO Benckiser and Merger to form Reckitt Benckiser
- M&A of several cosmetics companies

COTY BALLY

2012 - 2013

- The formation of JAB Holding Company and core JAB team.

JAB Holding Company

- Olivier Goudet joins JAB
- The creation of the Coffee & Beverages portfolio via the take private of Peet's Coffee and D.E Masterblenders 1753 ('DEMB')

Peet's · D.E Master Blenders 1753

Coffee & Beverages

- IPO of Coty

2013 - 2015

- The creation of the fast casual multi channel restaurant investment portfolio starting with investments in Caribou Coffee, Einstein Bagels and Espresso House

Fast-Casual Restaurants

Caribou Coffee · Einstein Bros Bagels · Espresso House

- Creation of the JAB Consumer Fund ("JCF")

JCF JAB Consumer Fund

2015

Creation of Jacobs Douwe Egberts (JDE) through the merger of DEMB and MDLZ Coffee

2016

→ Take private of Krispy Kreme, representing the first investment in the Indulgence category

Indulgence

→ Take private of Keurig Green Mountain

2017

→ Take private of Panera Bread

2018

→ Creation of Keurig Dr Pepper through the merger of Dr Pepper Snapple and Keurig Green Mountain

→ Acquisition of Pret a Manger

2019

→ The creation of the pet care investment portfolio

Pet Care

→ Acquisition of Compassion-First Pet Hospitals

2020

→ Acquisition of NVA

→ IPO of JDE Peet's

→ Closing of the third major fund raising of JAB Consumer Fund. Total of $17bn of committed capital raised since 2014

About JAB Holding Company S.à r.l

JAB Holding Company S.à. r.l. (the "Company") together with its consolidated subsidiaries (the "Group" or "JAB Holding") is a privately held global investment company focused on the consumer goods and services sector. In 2012, JAB Holding was formed as a partner-led investment firm, with $9bn equity placed under one holding company.

JAB Holding, including the JAB Consumer Fund ("JCF"), together referred to as "JAB", is responsible for managing total capital, including Co-investors, in excess of $50bn as at 31 December 2020.

JAB is focused on long-term value creation by investing in companies with premium brands, attractive growth and strong cash flow, and has controlling and anchor stakes in companies across the following five categories within the consumer goods and services industry:

- Coffee & Beverages
- Fast-Casual Restaurants
- Petcare
- Luxury and Beauty
- Indulgence

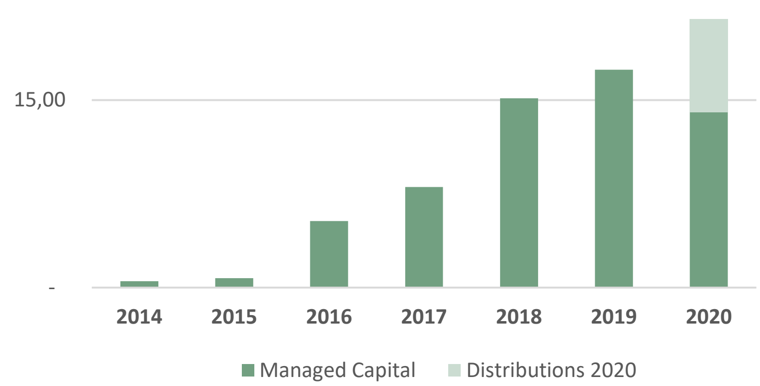
Currently JAB has investment offices in Washington D.C., London, Amsterdam, São Paulo, Luxembourg and Mannheim. JAB employs approximately 50 professionals, including 10 partners, who have extensive industry and investment experience.

JAB HOLDING COMPANY

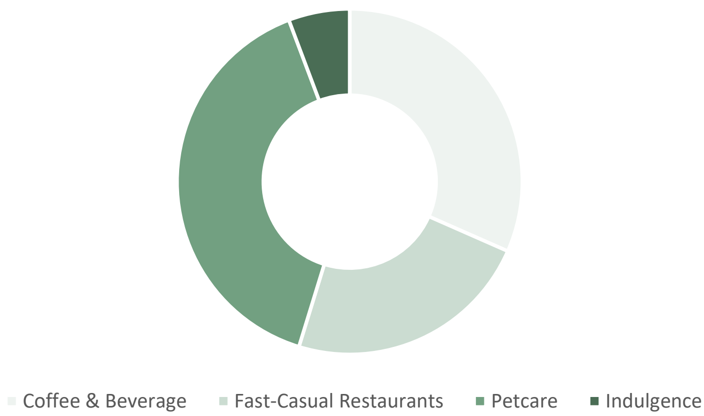
About JAB Consumer Fund (JCF)

Driven by investor demand to participate in the investment strategy of JAB Holding, JCF was established in 2014. JCF is a Luxembourg based regulated investment fund comprised of institutional investors, family offices, endowments and other professional investors. JCF is managed collectively with JAB Holding by the same group of partners, and JCF always invests alongside JAB Holding. As at 31 December 2020, JCF has capital invested of $15bn+ and has distributed $8bn+ of capital.

JAB Consumer Fund - Managed Capital in $bn



JCF Managed Capital by Investment Category



JCF 2020 Highlights

- Completion of over $8bn in aggregate distributions, a major JCF milestone, in cash and shares of Keurig Dr Pepper, driven by the significant value creation in the Coffee & Beverages platform
- The successful closing of the Global Consumer Brands - III Fund, the Petcare Co-Investment and the Co-Investment IX Funds
- Deployment of $3bn investment into the Petcare category, alongside JAB Holding

JCF is a unique investment fund, investing alongside JAB Holding for long-term value creation

As a controlling or anchor shareholder, JAB exerts significant influence over its investments

JAB Holding, JCF and Co-investors' aggregate % of direct and indirect ownership. [3]

JAB Holding Company

J | CF JAB Consumer Fund

JAB Holding Company and JAB Consumer Fund, together with Co-investors, established a strong capital structure to support long-term growth and sustainable value creation leading to solid compounded returns.

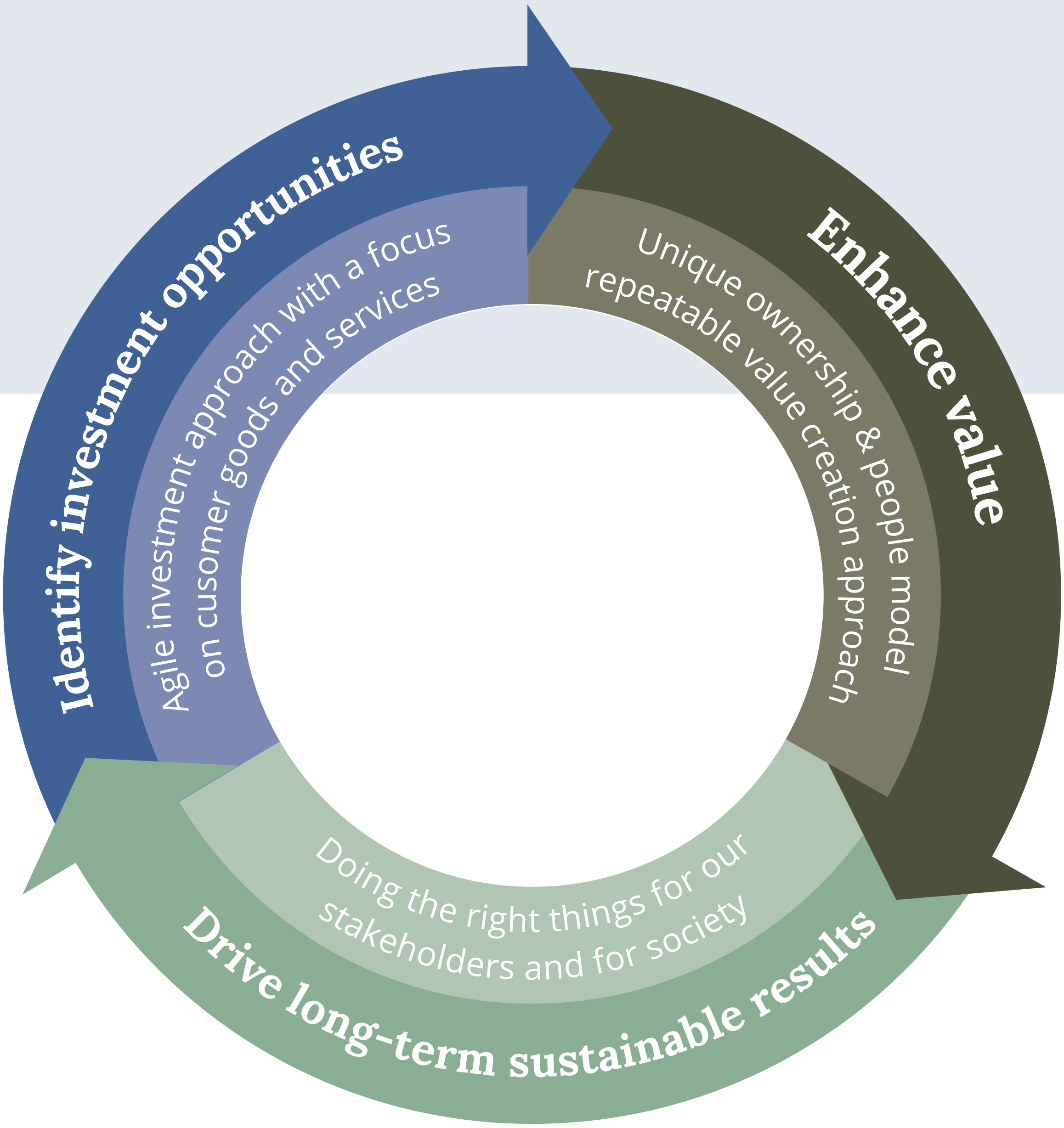
[2] *Coty and Bally are investments of JAB Holding only, without the participation of JAB Consumer Fund*

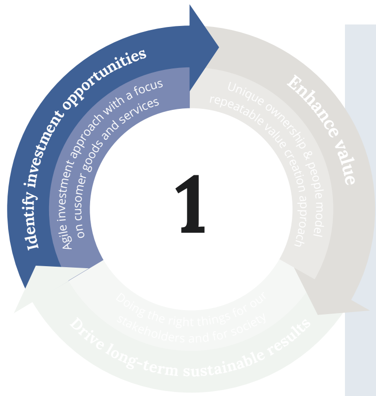
[3] *As of Dec 31, 2020. Only includes investments with JAB Holdings, JCF and Co-Investors participation; does not include shares owned by management*

Our Investment Philosophy

We believe sustainable long-term value creation is built through partnership and a core focus on shared values and benefits. Our investment philosophy to achieve a long-term compounding return is based on the following three pillars:

- Identify investment opportunities through an agile and flexible investment approach, with a focus on consumer goods and services companies, leveraging the deep institutional experience and insights of our team
- Enhance value through a unique ownership and people model combined with a tested and repeatable value-creation approach
- Drive long-term sustainable results by doing the right things for our stakeholders





Identify investment opportunities through an agile and flexible investment approach, with a focus on consumer goods and services companies, leveraging the deep institutional experience and insights of our team

Our investment approach is distinct and allows us the flexibility to structure investment solutions for each particular situation

We invest in categories with attractive long-term dynamics, including strong growth prospects, attractive margins and cash flow characteristics, and proven resilience. Our investment team has deep institutional experience in investing, operating and overseeing consumer businesses. This has created a robust, proprietary network which provides us with best-in-class access to deal flow for premium and iconic brands that are well-recognised and strongly positioned within their respective categories and markets. We have a long track record of leveraging our investment approach and people model to attract the best teams, with the highest quality assets, to partner with us for the long-term.

Long-term value is created by identifying the highest quality assets and investing behind them over a sustained period of time. Such value-creation opportunities include platform-consolidation, channel expansions, product and category innovation, digitisation, and complete business transformations of turn-around businesses to allow them to fully benefit from the underlying strength of their brands and the category. Maintaining an investment portfolio across different categories is important to our philosophy, as it drives resilience of investment returns.

Our large, consumer centric and innovation driven investment portfolio, as well as the institutional experience of our team, provides us with a unique window into consumer trends and changing behaviours. We proactively identify contemporary brands, new technologies and disruptive innovation and digitisation in order to investment behind winners, further driving long-term growth.

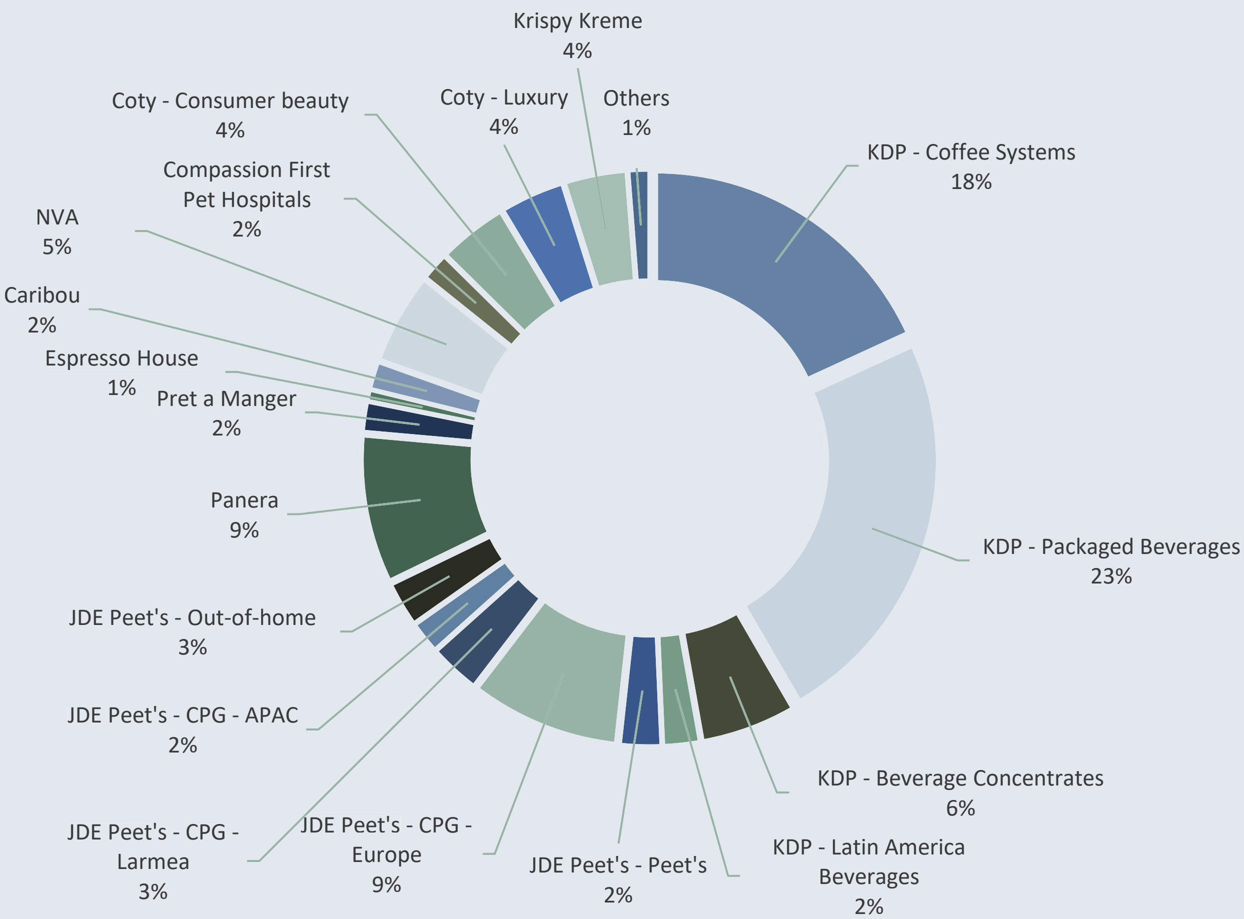
Our investment approach is distinct. Our long-term focus investment model allows us to create flexible, tailored investment structures as needed so that we can find solutions to partner with the best people and the best businesses. Our track record demonstrates that we act quickly and maintain a solution-based, agile approach to reviewing potential investments.

Our leading investment categories

- **Coffee & Beverages**
- **Fast-Casual Restaurants**
- **Petcare**
- **Beauty & Luxury**
- **Indulgence**

A global investment portfolio with strong asset diversity[4]

Our investment philosophy is focused on building a diversified portfolio within the consumer and services sectors, with low or negative correlation between the assets and with businesses that are diversified by themselves through their unique combination of brands, product and service categories, and distribution channels.



An overview of JAB Holding's investment portfolio

[4] *The underlying FY19 sales data by investment has not been subject to the scope of the JAB Holding Company external audit*

Our Business Diversity

JAB is exposed to multiple business segments, either through the categories in which our businesses operate or through the underlying diversification within the businesses held. Below we present a simplified overview of diversification within our investment portfolio.

Our leading investment categories

Coffee & Beverages

Coffee & Beverages through direct, wholesale, retail, bottlers, food service and e-commerce

- Premium coffee brands
- Mainstream coffee brands
- Coffee systems
- Carbonated soft Drinks
- Juices
- Water
- Energy drinks

Petcare

Petcare through at-premise, home-delivery and online

- General care
- Specialty
- Vaccine & pharmacy
- Pet resorts

Fast-Casual Restaurants

Fast Casual Restaurants through retail-owned, retail-franchised, digital, catering and CPG

Covering all meals:

- Breakfast
- Lunch
- Dinner

Beauty & Luxury

Beauty & Luxury through retail, wholesale, online, and other

- Fragrance
- Color cosmetics
- Skin and body care
- Luxury
- Hair care

Indulgence

Indulgence through retail-owned, retail-franchised, digital, home delivery and CPG

- Doughnuts
- Cookies

Enhance value through a unique ownership and people model combined with a tested and repeatable value creation approach

Our unique ownership and people model is a core part of the JAB DNA. Our investment philosophy is centred around investment and entrepreneurship. We believe we can only attract the best people by identifying those who want to invest alongside and partner with JAB, and who have a long-term value creation mindset. With the aim of achieving solid investment returns for our stakeholders, we are closely involved in the selection and recruitment of management teams at our businesses, and ensure alignment with JAB through shared ownership.

Through our long-term partnerships and value creation approach we are able to generate sustainable growth

We are an active partner for our investments. As a controlling or anchor shareholder we exert significant influence over the capital structure and the dividend policy of our investments, and we embed the JAB ownership and management culture in each of our investments. Together, we continuously re-assess the strategy of our businesses, and review opportunities to enhance operational and financial performance. We strongly believe continued challenge and refinement of strategy to be necessary for sustained long-term value creation.

The incentives of our management teams are tied to the businesses for which they are responsible. This fosters a culture of accountability and focus for our respective CEOs and management teams, who receive strong support from JAB and who are able to fully utilise the extensive and industry-leading network of our ecosystem.

Drive long-term sustainable results by doing the right things for our stakeholders

We are an investment firm with a clear understanding and appreciation of the next generation of consumers, combined with a strong focus on ESG (Environmental, Social, Governance). We have a fundamental belief that taking a sustainable approach to business pays off for our consumers, our businesses, our Co-investors, our debt investors, and us.

With a clear understanding and appreciation of the next generation of consumers, we generate sustainable investment results

We are committed to an investment philosophy of working collaboratively and serving as long-term stewards of the organisations and brands, and to build long-term sustainable businesses. We achieve this by incorporating ESG principles into our investment philosophy. We encourage our investments to embed sustainability activities in their policies and procedures, and we regularly evaluate our investment's sustainability performance based on key performance indicators.

Working with trusted debt and equity capital partners enables us, and our investments, to generate long-term growth. We maintain strong relationships with our capital partners, and we are confident that our long-term vision and sustainable investment philosophy are supported by our investors. JCF and other Co-investors are primary equity capital partners to JAB Holding and are important contributors to the success of our long-term investment philosophy.

JAB participates in G7 Business for Inclusive Growth coalition

As part of our ongoing commitment to ESG, JAB participates in the G7 Business for Inclusive Growth (B4IG) coalition powered by the OECD and sponsored by French President Emmanuel Macron. This initiative is designed to pool and strengthen efforts by public and private companies to reduce inequalities linked to opportunity, gender and territory, and to build greater synergies with government led efforts in these areas. This focus is also presented within our investment strategy. JAB recognises that this is a long-term challenge and we commit to putting our passion and energy into ensuring that JAB and our investments help to bring this to life over time, for the benefit of all. Underpinning our pledge is the view that such engagement is not just good corporate responsibility but rather the future of successful business. Business benefits from more inclusive growth models through a more educated and engaged workforce; a larger middle-class of consumers with greater purchasing power; more stable operating environments; and a high level of trust from employees, consumers, customers and other stakeholders.

Our People

A high-performing team is at the heart of our success.

Our team has deep institutional investment and sector knowledge and experience. The fast-paced and dynamic environment in which we operate requires a team with an entrepreneurial spirit focused on the collective success of JAB.

We operate from investment offices in Washington D.C., London, Amsterdam, São Paulo, Luxembourg and Mannheim. Our team is led by our managing partners Peter Harf and Olivier Goudet, together with 8 other partners, each of whom has significant experience and success in investing and overseeing businesses in the consumer goods and services industries. They are supported by a global team of 40+ investment and industry professionals.

An environment with compounding performance opportunities

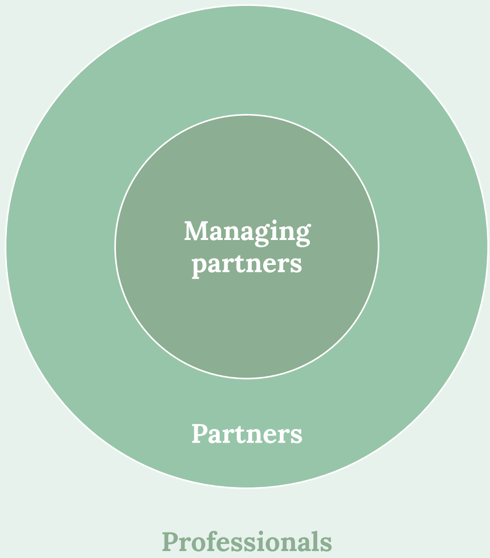
We attract, evaluate and compensate talent with the objective of successfully delivering compounding long-term value of our investments. As such, we provide our team with opportunities and stretch goals for continuous development and growth.

Working together as a powerful team

Our culture is entrepreneurial, high energy and high performance. We have an ambitious and motivated team which drives our long-term ambition. A core characteristic in all of us is the aligned focus on value creation for all of JAB and its stakeholders.

In an invested and full-on environment

Our team is invested towards the same goals as our shareholders and Co-investors. Invested means that financial interests are aligned to enable our value-enhancing strategy. Invested also means personal commitment and being full-on to deliver sustainable results in a fast-paced and highly demanding environment.



JAB partners

JAB is overseen by its two Managing Partners, Peter Harf as our Chairman and Olivier Goudet as our CEO, together with eight other partners and our CFO.

Peter Harf

Managing Partner, Chairman

Mr. Harf joined JAB in 1981 and is the visionary and founder of the current JAB investment company structure created in 2012. Over the past 40 years he has overseen JAB as managed capital has grown from $100 million to over $50 billion. Mr. Harf has been CEO and Chairman of several of JAB's portfolio companies, and is currently the Chairman of Coty and a member of the Board of Directors of JDE Peet's and Keurig Dr Pepper. He is also the Founder of Delete Blood Cancer ("DKMS"), a global cancer fighting organization which has over 10m donors registered. Mr. Harf has previously been Chairman of Anheuser-Busch InBev and a Board member of Burger King.

Olivier Goudet

Managing Partner, CEO

Mr Goudet joined JAB as CEO and Managing Partner in 2012. Mr. Goudet is the key architect of and leads JAB's portfolio investment strategy for all areas of the Group and has led $40bn+ increase in managed capital in the last nine years. He is currently the Chairman of Krispy Kreme , JDE Peet's, and Pret a Manger and is a member of the Board of Directors of several other portfolio companies including Keurig Dr Pepper, Coty, NVA and Panera. Previously, he spent 20 years at Mars, where he was EVP and CFO, and was also previously the Chairman of Anheuser-Busch InBev.

David Bell

Partner

Mr Bell is in his 10th year at JAB, having joined in 2012. Over the past nine years he has led all of JAB's major portfolio transactions. He has over 25 years of investment, oversight and business strategy experience, which includes spending four years at Mars driving Corporate Strategy and M&A, and eight years in the Consumer Investment Banking Group at Goldman Sachs.

Joachim Creus

Partner

Mr Creus joined JAB in 2010. Since then, he has been responsible for creating and overseeing the Group structure, including all legal, tax, and regulatory matters, and has played a core role in all of JAB's transactions. A lawyer by training, he has over 20 years of experience in M&A, complex and cross border legal & tax matters, and equity and debt financing. Prior to joining JAB he held senior legal & tax positions at Siemens, Rodl & Partners and at Tieberghien Lawyers.

Frank Engelen

Partner

Mr. Engelen joined JAB in 2020. Previously, he was a partner at PwC for more than 15 years, of which five years were as a member of the Management Board of PwC Netherlands and two years were as a member of the Executive Board of PwC Europe. He has almost 25 years of experience in international tax, business restructurings and M&A. After having obtained his PhD at the Erasmus University Rotterdam, he was appointed Professor of International Tax Law at Leiden University in 2005.

Luuk Hoogeveen

Chief Financial Officer

Mr Hoogeveen joined JAB in 2019 as a principal and was promoted to Chief Financial Officer in 2021. He brings 15+ years of finance expertise including in the area of finance transformations, capital market transactions, internal & external financial reporting, and risk management. Prior to JAB he held senior finance positions at JDE and PwC.

Manuel Martinez

Partner

Mr Martinez joined JAB in 2014 as a partner and previously held senior HR positions at Louis Vuitton, Bic and Hermes. He brings 20+ years of experience in the areas of HR including executive recruitment, compensation and retention.

Konrad Meyer

Partner

Mr Meyer joined JAB in 2018 as principal and was promoted to partner in 2020. He brings 15+ years of industry and investment expertise and previously held a position as Investment Director at Waterland Private Equity and as interim CFO at Pret a Manger.

Ricardo Rittes

Partner

Mr Rittes joined JAB in 2019. He brings 20+ years of financial risk management and capital markets experience and started his career as an investment banker in London, NY and Latin America. Subsequently, he spent 14 years as part of a small leadership team building AB InBev (NY, Brussels and Latin America). In that capacity, he has partnered with rating agencies and financial institutions across the world as the Finance VP responsible for cash flow integration, banking relationship and treasury where he, among others, executed $75+ billion financings. He also served as CFO of Ambev, a NYSE listed company, and led its successful expansion in Central America.

Jacek Szarzynski

Partner

Mr Szarzynski joined JAB in 2019. Prior to Joining JAB, Mr Szarzynski held various senior Finance, Demand and Supply positions in his 20+ years at Mars. During his career he consistently achieved above market growth while also delivering significant margin improvement and is currently translating this experience to the fast-casual restaurant investment category. He has a strong passion for ESG and is an inspiring leader who engages teams to only deliver the best results.

Justine Tan

Partner

Ms Tan, CFA, joined JAB in 2020 as a partner. She has more than 20 years of international experience in investing, banking and operations, having lived in and covered key markets in North America, Europe and Asia across a range of transaction types and businesses including in the consumer retail, real estate, services and industrial sectors. Prior to JAB, she was a founding member of Temasek USA and an investment banker at Goldman Sachs.

Our Governance

Governance

JAB is overseen by the two Managing Partners, Peter Harf and Olivier Goudet, supported by eight other partners and our Chief Financial Officer. The Group's governance principles are based on mutuality, trust and consensus. Management and decision-making are delegated to the managing partners and require unanimous consent. There is full alignment between JAB management and our shareholders, since the partners are also heavily invested into JAB.

Our businesses are managed independently by their respective CEOs and related leadership teams. The members of these leadership teams invest their own wealth into their businesses resulting in strong alignment of interests with those of JAB. Each of our companies has an independent Board of Directors on which JAB partners are represented.

JAB signed the UN Principles for Responsible Investment

In June 2020, we signed the UN Principles for Responsible Investments (PRI). Doing so, we embrace the PRI principles for incorporating ESG matters into our investment practice, investment policies, disclosures, reporting and responsibilities. Important requirements for a signatory to meet are the Responsible Investment ("RI") policy, senior-level oversight over, and our professionals implementing, responsible investing. In order to provide the Company and our investments with an experienced sounding board on ESG-related issues and questions, we are proud to cooperate with Mr Bertrand Badré.

PRI Principles for Responsible Investment

Our senior advisors

JAB is partnering with two globally recognized senior advisors, Antonio Weiss and Bertrand Badré, who provide us with advice on various governance and strategy matters, which are within their respective areas of expertise including business development, mergers and acquisitions, and social and environmental matters. As JAB, we highly value independent advice as it provides us with a fresh perspective on where we stand, on our intentions and on our journey.

Antonio Weiss

Senior Advisor

Mr Weiss has advised JAB since its formation as a global investment company in 2012. His work spans business strategy and public policy. He is a research fellow at Harvard Kennedy School's Mossavar-Rahmani Center for Business and Government. From 2014 to 2017, he served as Counselor to the Secretary of the U.S. Treasury, where he oversaw the domestic finance department. Prior to this, he held various leadership roles at Lazard over twenty years in the US and Europe, including as Global Head of Investment Banking from 2009 to 2014.

Bertrand Badré

Senior Advisor

Mr Badré is the founder and CEO of Blue like an Orange Sustainable Capital, an investment Company that manages investments for social and environmental impact to foster inclusive and sustainable growth and reduce risk. Mr Badré also serves as a guarantor to the 'One Planet Lab' initiative. Previously, he served as Managing Director and CFO of the World Bank Group, Group CFO of both Société Générale and Crédit Agricole, Partner at Lazard and was an advisor to previous French President Jacques Chirac's diplomatic team.

Risk Management

Risk management is an integral part of the Group's governance structure. The Group's risk management approach is established to identify and analyse risks faced by JAB Holding, to monitor risks and to implement remediation initiatives to ensure adherence to limits. The risk management approach is reviewed regularly to reflect changes in market conditions and the activities of JAB.

Risk Management Policy

Our risk management policy contemplates a broad range of stakeholders, including fixed income investors, equity investors, and the communities where we operate.

On financial risk management, the policy's objective is to maintain a level of cash flow uncertainty that is acceptable to our stakeholders, including equity and fixed income investors, given a certain expected return.

In practice, we monitor closely topics related to:

- Capital structure, financing, and liquidity
- Transactional risks
- Translational and balance sheet risk
- Counterparty credit risk (cash, marketable securities and derivatives)
- Environmental, Social, Governmental and Reputation risks

Principal Risks and Uncertainties

Our financial position is impacted by the performance of our investments, including the resulting impact on valuation. By having a controlling or anchor stake in our investments, and via representation on the Boards, we are able to oversee and influence the financial and operational performance of our portfolio companies, with the aim to achieve solid compounded investment returns.

The loss of key talent could have a negative impact on our operations. This risk is mitigated by investment and long-term equity opportunity of our leadership teams, and by promoting a culture of ownership and opportunity. In this way we continue to attract talented people with the mindset and skillsets to drive long-term value creation.

The impact of the COVID-19 pandemic remains unpredictable and, if significant, may have an adverse effect on our business, financial condition, results of operations and prospects. After taking initial measures to protect our employees, customers and businesses, COVID-19 provides an opportunity to accelerate business transformations. We believe COVID-19 accelerates trends, such as digitisation and channel-expansion, and we will continue to support our businesses to adapt to these trends and emerge out of the crisis even stronger.

From our investing and financing activities, we are exposed to a variety of risks including market risks, price risk, credit risk, liquidity risk, and cash flow risk. It is our objective to manage and mitigate these risks to acceptable levels. Market risk refers to the Group's exposure to fluctuations in foreign exchange rates and interest rates. Foreign exchange risk on transactions is hedged through forward exchange contracts as necessary. The Group is exposed to price risk as a result of its investments and subsidiaries. This exposure is not hedged as at 31 December 2020. We actively manage our exposure to interest rate fluctuations. When the Group is exposed to such fluctuations on floating rate long-term debt the Group enters, when thresholds have been exceeded, into interest swap agreements. No hedge accounting is applied on any of the derivative transactions as at 31 December 2020. Our exposure to credit risk mainly relates to cash and cash equivalents and is mitigated by transacting with counterparties with high credit ratings. Exposure to liquidity risk is limited, as sufficient liquidity is available in the form of cash, and under our credit facilities. The exposure of the Group to these risks is described in more detail in note 4.4 to the consolidated financial statements.

Within our risk management framework continued consideration is given to fraud risk. Our approach is to minimize fraud risks from the start, both internal and external, and to continuously monitor and update our procedures to detect and if applicable remediate from potential fraudulent events. As an example, our Code of Conduct outlines the norms, and responsibility of our team with the aim to reduce the likelihood of unethical actions and to protect JAB and its stakeholders.

As a long-term investor we are dedicated to having our businesses acting in accordance with the highest ethical and professional standards and together address Environmental, Social, Governmental and Reputation risks. We are commited to an investment management philosophy of working with our businesses to address and monitor their material sustainability issues. JAB incorporates sustainability issues into decision-making and ownership practices across its majority owned portfolio of investments. In cases where we have limited ability to influence, we encourage companies to consider relevant activities covered in the Investment monitoring section of this policy.

Consolidated Management Report (continued)

Our Results

Our long-term investment philosophy has been tested and remains a cornerstone of our strategy and resilience

In 2020, the world was faced with unprecedented challenges, many of which continue today. From the start of the Covid-19 pandemic, we have taken appropriate measures to protect our investment portfolio with the aim to continue to deliver long-term growth and sustainable value to our stakeholders.

In line with our strategy, most of our investments have proven to be resilient from the start, in particular those in the coffee and beverages, indulgence and petcare categories. Our investments within beauty and luxury and the fast-casual restaurant category have been more exposed to the impact of Covid-19 and related lockdown restrictions but have shown solid recovery in business performance during the second half of 2020.

For the long-term, our portfolio companies have adapted their business models to emerge stronger from Covid-19 and benefit from the multi-year consumer trends accelerated by the crisis including digital experience, convenience, health & wellness, and enjoyment.

We significantly strengthened our capital structure to capture future growth opportunities with an investment portfolio that performed well during an unprecedented year

Strengthened Capital Structure

During 2020, we strengthened our capital structure, resulting in a $1.9bn increase of shareholder's equity to $22.8bn compared to $20.9bn at the end of 2019. The improved capital structure is the result of resilient investment performance, measured across the portfolio, combined with the effect of our amended share and options program.

A Growing Investment Portfolio

The fair value of our investment portfolio increased from $29.3bn to $30.4bn during 2020. Our investments in Petcare, Krispy Kreme, JAB Beverage as well as our direct investments in KDP and JDE Peet's have realized solid investment returns, partially offset by a significant decline of the Coty share price.

Coty's share price traded at a lower level at the end of 2020 compared to the share price on 31 December 2019. At the same time, the upward trend in Coty's share price since November 2020, the debt reduction following the closing of the Wella transaction and positive early signs of business recovery are encouraging for 2021 and onwards.

The fair value of our investment in Pret Panera has been relatively stable in a turbulent environment and declined less than 5% thanks to strong recovery during the second half of 2020. Our investment in Krispy Kreme finished another excellent year with accelerated growth across channels.

Strong Liquidity with Extended Debt Maturity Profile

JAB Holding's net debt position as of 31 December 2020 was $7.6bn (2019: $4.7bn). The net increase is mainly related to a $1.6bn investment in Petcare G.P. to finance the acquisition of NVA, a $1.8bn capital contribution to Cottage Holdco B.V. and a $1.0bn currency translation result from the weakened US dollar against the Euro, partially offset by the $1.8bn of net distributions from Acorn and JAB Beverage.

In 2020, JAB Holding issued $1.7bn of new bonds maturing 2027, 2030 and 2035, including a successful inaugural US Dollar bond issuance of $0.5bn, improving the debt maturity profile of the group.

We ended the year with a record liquidity position of $6.4bn, including $3.7bn of undrawn credit facility and $2.7bn of cash and cash equivalents.

Annual Results Impacted by Weakening of the Dollar against the Euro

We closed the year with a break-even comprehensive income (2020: $0.0bn/ 2019: $3.8bn). Mainly as a result of the decrease in value of the US dollar against the Euro, we report a net loss for the period of $2.0bn (2019: profit for the period: $4.0bn).

Our Investments

During 2020, JAB Beverage Platform B.V. ('JAB Beverage') and Acorn Holdings B.V. ('Acorn') together completed $2.0bn of net distributions to JAB Holding. In addition, we realized a net fair value gain for the year of $0.8bn on the investment in JAB Beverage /Acorn. As a result of the aforementioned distribution and fair value gain, the value of the investment in JAB Beverage / Acorn declined from $18.9bn as at 31 December 2019 to $17.7bn as at 31 December 2020.

JAB Holding's investment in Pret Panera

Consolidated Management Report (continued)

is valued at $4.1bn as at 31 December 2020 compared to $4.3bn at the start of 2020.

JAB Holding's investment in Petcare increased by $1.4bn during 2020 and is valued at $3.3bn as at 31 December 2020.

As at 31 December 2020, JAB Holding's investment in Cottage Holdco B.V ('Cottage') is valued at $3.2bn. The fair value of our investment in Cottage decreased by $0.2bn. During 2020, JAB Holding made capital contributions in cash to Cottage in the amount of $1.8bn to allow Cottage to repay its credit facility.

JAB Holding's investment in JAB Luxury GmbH is valued at $0.2bn as at 31 December 2020. The fair value of the investment decreased by $0.1bn during 2020.

The value of Krispy Kreme G.P. increased by $0.1bn during 2020 and JAB Holding's investment in Krispy Kreme G.P. is valued at $1.1bn as at December 31, 2020.

Future outlook

Following resilient performance in 2020, our investments started 2021 with good momentum across the entire portfolio including those categories more affected by Covid-19 last year.

In 2021, we will remain steadfastly focused on our long-term investment philosophy, investing behind important consumer megatrends that were accelerated by the COVID-19 pandemic and will further position our investment portfolio for long-term growth and value creation.

Consolidated Financial Statements

Consolidated statement of financial position

As of 31 December

	Notes	2020 in $m	2019 in $m	2018 in $m
ASSETS				
Investments in subsidiaries	3.1	30,248.8	28,268.0	22,288.2
Other investments	3.1	132.2	997.4	3,468.8
Loans to investments	3.1	117.1	169.6	20.6
Other loans	3.2	50.9	42.0	18.3
Other assets	3.3	33.4	24.3	15.7
Cash and cash equivalents	3.4	2,674.2	2,903.4	1,253.3
Total assets		**33,256.6**	**32,404.7**	**27,064.9**
EQUITY AND LIABILITIES				
Total equity attributable to owners of the parent	3.5	22,843.2	20,954.6	17,468.1
Borrowings	3.8	10,274.3	7,638.6	6,815.2
Redeemable shares	3.6	-	2,869.5	2,206.3
Other liabilities	3.9	139.1	942.0	575.3
Total liabilities		**10,413.4**	**11,450.1**	**9,596.8**
Total equity and liabilities		**33,256.6**	**32,404.7**	**27,064.9**

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the years ended 31 December

	Notes	2020 in $m	2019 in $m
Net gain / (loss) on investments in subsidiaries and other investments	3.1	(3,005.5)	5,027.1
Dividend income	3.1	531.7	373.4
Finance income	3.10	489.7	30.0
Finance expenses	3.10	(237.1)	(717.8)
Other income / (expense)	3.12	284.5	(443.9)
General and administrative expenses	3.11	(80.7)	(86.3)
Profit / (loss) before income tax		**(2,017.4)**	**4,182.5**
Income tax expense	3.13	(0.8)	(12.3)
Profit / (loss) for the period		**(2,018.2)**	**4,170.2**
Attributable to owners of the parent		(2,018.2)	4,170.2
Items that may be reclassified subsequently to profit and loss:			
Foreign operations – Foreign currency translation differences		1,971.4	(362.0)
Other comprehensive income / (loss)		**1,971.4**	**(362.0)**
Total comprehensive income / (loss)		**(46.8)**	**3,808.2**
Attributable to owners of the parent		(46.8)	3,808.2

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Share capital in $m	Share premium in $m	Other reserves in $m	Foreign currency translation reserve in $m	Retained earnings in $m	Total equity in $m
Balance as of 31 December 2018		8.9	9,899.1	0.0	(2,121.2)	9,681.3	17,468.1
Repayment of share premium	3.5	-	(101.5)	-	-	-	(101.5)
Reclassification of shares	3.5	(0.1)	(160.3)	-	-	(59.8)	(220.2)
Other comprehensive loss for the period		-	-	-	(362.0)	-	(362.0)
Profit for the period		-	-	-	-	4,170.2	4,170.2
Total comprehensive income/(loss)		**-**	**-**	**-**	**(362.0)**	**4,170.2**	**3,808.2**
Balance as of 31 December 2019		**8.8**	**9,637.3**	**-**	**(2,483.2)**	**13,791.7**	**20,954.6**
Contributions	3.5	-	2.5	-	-	-	2.5
Reclassification of shares	3.5	1.3	1,599.5	-	-	-	1,600.8
Reclassification of share-based payments	3.7	-	-	454.8	-	-	454.8
Equity-settled share-based payments	3.7	-	-	24.1	-	-	24.1
Repayment of share premium	3.5	-	(146.8)	-	-	-	(146.8)
Other comprehensive income for the period		-	-	-	1,971.4	-	1,971.4
(Loss) for the period		-	-	-	-	(2,018.2)	(2,018.2)
Total comprehensive income/(loss)		**-**	**-**	**-**	**1,971.4**	**(2,018.2)**	**(46.8)**
Balance as of 31 December 2020		**10.1**	**11,092.5**	**478.9**	**(511.7)**	**11,773.5**	**22,843.2**

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the years ended 31 December

	Notes	2020 in $m	2019 in $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		**(2,017.4)**	**4,182.5**
Adjustments for:			
Net (gain)/loss from change in fair value of investments	3.1	3,005.5	(5,027.1)
Finance expenses	3.10	237.1	717.8
Share-based payment (income) / expenses	3.7	(285.0)	416.4
Gain from change in fair value of redeemable shares		(478.0)	-
Other adjustments		(8.6)	(10.9)
Changes in other assets and liabilities from operating activities:			
(Net increase)/decrease in loans	3.1, 3.2	35.2	(165.9)
(Net increase)/decrease in other assets	3.3	4.9	(6.0)
Net increase/(decrease) in other liabilities	3.9	(7.6)	9.2
(Payments) on acquisition of / proceeds from sale of investments	3.1	(1,239.7)	1,056.8
Income taxes paid and withholding taxes	3.13	3.4	(8.8)
Net cash from/(used in) operating activities		**(750.3)**	**1,164.0**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution owners of the parent		2.5	-
Repayment of share premium to owners of the parent	3.5	(146.8)	(101.5)
Proceeds from borrowings	3.8	1,929.6	1,641.8
Repayment of borrowings	3.8	(252.5)	(703.9)
Interest paid	3.10	(197.2)	(216.7)
Proceeds from issue of redeemable shares	3.6	5.9	10.4
Capital repayments on redeemable shares	3.6	(884.1)	(141.7)
Payment of lease liability	3.9	(0.3)	(0.2)
Net cash from/(used in) financing activities		**457.1**	**488.2**
Cash and cash equivalents at beginning of period	3.4	2,903.4	1,253.3
Net cash from/(used in) operating activities		(750.3)	1,164.0
Net cash from/(used in) financing activities		457.1	488.2
Effect of exchange rate fluctuations on cash and cash equivalents		64.0	(2.1)
Cash and cash equivalents at end of period		**2,674.2**	**2,903.4**

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

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 is a global leading investor in consumer goods and services, with the ambition to develop resilient, high-performing and sustainable businesses. The Company makes long-term investments in premium brands and categories that align with shifting consumer preferences. As of 31 December 2020, the Company's main shareholder is Joh. A. Benckiser B.V.

The Company is an entity that obtains funds from investors for the purpose of providing those investors – directly or indirectly through its consolidated subsidiaries (together "the Group") – with investment management services. The funds are invested solely for returns from capital appreciation and investment income. The Group measures and evaluates the performance of substantially all its investments on a fair value basis.

The Group holds several strategic investments in controlled and non-controlled entities. As of 31 December 2020, the Group invested in the following significant subsidiaries and other investments:

- JAB Beverage Platform B.V., Netherlands
- Keurig Dr Pepper Inc., USA
- JDE Peet's N.V., Netherlands
- Pret Panera I G.P., USA & Pret Panera III G.P., USA (together referred to as "Pret Panera")
- Petcare G.P., USA
- Cottage Holdco B.V., Netherlands
- JAB Luxury GmbH, Switzerland
- KK G.P., USA

2. Accounting policies

The Group has applied the accounting policies consistently to all periods presented in these consolidated financial statements. The most significant accounting policies applied are presented in this note and, in some cases, as part of the relevant notes to the consolidated financial statements.

2.1. Basis of preparation

The consolidated financial statements were:

- prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS");
- prepared under the historical cost convention, except for the valuation of financial assets and financial liabilities (including derivative financial instruments) which are carried at fair value through profit or loss;
- prepared on a going concern basis;
- presented assets and liabilities in increasing order of liquidity, since this presentation provides reliable and more relevant information compared to a current and non-current classification;
- presented in millions of US Dollar unless otherwise stated. Amounts are commercially rounded. Therefore, rounding differences may appear; and
- authorised for issue by the Managing Directors on 23 February 2021.

2.2. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires 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.

Assessment as an investment entity

The Company is an entity that obtains funds from investors for the purpose of providing those investors – directly or indirectly through subsidiaries (together “the Group”) – with investment management services. The funds are invested for returns from capital appreciation and investments income. The Group measures and evaluates the performance of substantially all its investments on a fair value basis.

The judgement refers to the classification of JAB Holding Company S.à r.l. as an investment entity according to IFRS 10. The management has concluded that the entity meets the definition of an investment entity as the following conditions exist:

- The Company obtained funds from investors for the purpose of providing directly or via subsidiaries - those investors with investment services.
- The obtained funds are solely invested for returns from capital appreciation, investment income, or both.
- The performance of substantially all of its investments is measured and evaluated on a fair value basis.

The management has also concluded that the Company meets the following additional characteristics of an investment entity: it has more than one investment, it has more than one investor and the investments are predominantly in the form of equity or similar interests. One typical characteristics of an investment entity is that the investors are not related parties. For JAB Group most investors are related parties. However, the management believes it is nevertheless an investment entity, because the majority of the investors is not actively involved in the investment process and it is ensured that there are no returns from investments that are other than capital appreciation or investment income. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changed.

Following the classification as an investment entity, management has made judgement with regard to the consolidation of JAB Group's subsidiaries. Only subsidiaries providing services that relate to the investment entity's investment activities are consolidated in accordance with IFRS 10.32. Management therefore assessed the functions and services provided by the subsidiaries and concluded on the scope of consolidation based on this assessment.

Fair value determinations

Other key assumptions and estimations relate to the fair value determination of the Group's investments, redeemable shares and share-based payments. Management uses judgment in selecting appropriate valuation techniques. Reference is made to note 3.1.4 for investments, and to note 3.6 and 3.7 for redeemable shares.

In order to estimate expenses in connection with share-based payments (see note 3.7), adequate measurement methods have to be adopted and adequate parameters for those measurement methods have to be determined. Those parameters comprise expected life of options, volatility, dividend yield, risk-free interest rate and assumptions on time of exercise.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are either recognised in the period in which the estimate is revised only, or in the period of the revision and future periods, if the revision affects both current and future periods.

2.3. Preparation of the consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method. Net cash flows from operating activities are reconciled from profit before tax from continuing operations.

Changes in consolidated statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, contributions in kind and conversions of debt to equity have been eliminated for the purpose of preparing this statement.

Proceeds from sale of subsidiaries and other investments, payments on acquisition of subsidiaries and other investments, changes in loans and other assets, dividends, capital repayments from investees and interest received have been classified as cash flows from operating activities because the investment activities are the Group's principal activities.

In the event short-term facilities are drawn and repaid within a three months period, such drawdown and repayment will be netted in the cash flow statement.

2.4. Accounting policies and disclosures

New standards, amendments, and interpretations

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2020:

- Definition of material – amendments to IAS 1 and IAS 8
- Definition of a business – amendments to IFRS 3
- Interest rate benchmark reform – amendments to IFRS 9 and IFRS 7
- Revised conceptual framework for financial reporting.

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 for the year ended 31 December 2020 and not early adopted.

Certain new accounting standards have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted. The Company is still investigating the impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.5. Foreign currency

Functional and presentation currency:

The consolidated financial statements are presented in US Dollar ($), which is the Company's functional currency. Until 31 December 2019, the Company presented its consolidated financial statements in Euro (€). The change of the presentation currency from Euro to US Dollar was applied to all periods presented.

The functional currency is the currency of the primary economic environment in which an entity operates. Each company within the Group determines its functional currency independently. The results and financial positions in the financial statements of each company are measured using the company's functional currency.

Foreign currency translations:

The assets and liabilities are translated into the Group's presentation currency, the US Dollar, using exchange rates prevailing at the end of each reporting period. Income and expenses are translated using the average foreign exchange rate for the reporting period except for dividend income translated at the foreign exchange rate prevailing at the date of the transaction. Exchange differences arising, if any, are recognised in other comprehensive income and are accumulated in equity. At disposal of the foreign operation, foreign exchange differences are reclassified from other comprehensive income to profit or loss.

Foreign currency transactions:

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on translation of these transactions and monetary assets and liabilities are recognised in profit or loss.

Except for monetary financial assets and liabilities measured at fair value, foreign exchange gains and losses arising from translation of transactions and monetary assets and liabilities are presented in profit or loss for the period, under financial income or financial expense.

2.6. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally, purchases and sales are accounted for at the settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal or, in its absence, the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible for the Group.

The most reliable evidence of fair value is quoted prices in an active market. 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. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Valuation techniques include using recent at arm's length transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

2.7. Change of presentation

In 2020, the Group's management decided that it was no longer advantageous to dispose of its investment in JAB Luxury GmbH. From December 2020, the investment therefore no longer classifies as non-current assets-held-for-sale.

As the investment ceases to be classified as held-for-sale, also the comparative amounts in the statement of financial position are reclassified accordingly. As of 31 December 2019, the investments in subsidiaries increased by $337.1m. The reclassification had no effect on the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year ended 31 December 2019.

In 2020, the Group decided to change the presentation of items in its Statement of Financial Position. Also, comparative amounts were reclassified. As of 31 December 2019, other investments increased by $957.4m and corporate debt securities decreased by $957.4m. Furthermore, loans of $211.7m were reclassified to loans to investments ($169.6m) and other loans ($42.0m).

Furthermore, expense for share-based payment transactions in the amount of $443.9m were reclassified from general and administrative expenses to other income / (expense) in 2019.

3. Notes to the Accounts

3.1. Investments

3.1.1. Investments in subsidiaries

Accounting Policy
The Company qualifies as an investment entity in accordance with IFRS 10.27 and is required to apply the exception to consolidation and instead accounts for its investments in a subsidiary at fair value through profit or loss ("FVTPL").

Only subsidiaries providing services that relate to the Group's investment activities are consolidated in accordance with IFRS 10.32. Consequently, the consolidated financial statements of the Group incorporate the financial statements of the Company and its intermediate holding companies controlled by the Company, but not its subsidiaries that qualify as investments.

The Group focuses on investments in a number of different sectors. The Group does not have an explicit time horizon with regard to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

The following subsidiaries are consolidated in the Group's consolidated financial statements:

Company	Registered	Shareholding in %
JAB Holding Company S.à r.l.	Luxembourg	parent company
JAB Investments S.à r.l	Luxembourg	100.0%
JAB Holdings B.V.	Netherlands	100.0%
JAB Cosmetics B.V.	Netherlands	100.0%
JAB Forest B.V.	Netherlands	100.0%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%
LABELUX Group GmbH in Liqu.	Austria	100.0%

Control is achieved when the Group has power over the consolidated entity, is exposed, or has rights, to variable returns from its involvement with a consolidated entity and has the ability to use its power to affect its returns. The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including the contractual arrangement with the other holders of voting rights of the entity, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
As at 31 December 2020, the following non-consolidated subsidiaries qualify as investments and are therefore measured at fair value:

Company	Registered	Shareholding in %
JAB Beverage Platform B.V.	Netherlands	100.0%
Pret Panera I G.P.	USA	53.8%
Pret Panera III G.P.	USA	16.3%
Cottage Holdco B.V.	Netherlands	100.0%
Petcare G.P.	USA	38.5%
KK G.P.	USA	49.4%
JDE Peet’s N.V.	Netherlands	1.9%
Keurig Dr Pepper Inc.	USA	0.4%
JAB Luxury GmbH	Switzerland	100.0%

The stated shareholdings reflect the portion of shares held directly or indirectly by the Company in its non-consolidated subsidiaries and the voting rights.

All acquisitions are measured at fair value at the time of acquisition or contribution. After initial measurement, all investments in non-consolidated subsidiaries are subsequently measured at FVTPL.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

The following table gives an overview of material non-consolidated investments in subsidiaries at year-end:

Entity	Principal place of business	Proportion of ownership interest		Fair Value of ownership interest	
		2020 in %	2019 in %	2020 in $m	2019 in $m
JAB Beverage Platform B.V.	Netherlands	100.0	-	17,693.5	-
Acorn Holdings B.V.	Netherlands	-	57.0	-	18,920.9
Pret Panera I G.P.	USA	53.8	53.8	2,769.5	2,911.1
Pret Panera III G.P.	USA	16.3	16.3	1,359.9	1,429.4
Cottage Holdco B.V.	Netherlands	100.0	100.0	3,227.3	3,416.5
Petcare G.P.	USA	38.5	33.1	3,273.9	249.7
KK G.P.	USA	49.4	49.6	1,068.0	997.5
JDE Peet's N.V.	Netherlands	1.9	-	431.8	-
Keurig Dr Pepper Inc.	USA	0.4	-	173.5	-
Other				251.4	342.9
Total				30,248.8	28,268.0

The Group controls its investments in Pret Panera III G.P., KK G.P. and Petcare G.P. by virtue of agreements with its co-investors. Therefore, the investments are presented as investments in subsidiaries.

The Group is directly and indirectly (through JAB Beverage Platform B.V.) invested in Keurig Dr Pepper Inc. and JDE Peet's N.V. The Group controls JAB Beverage Platform B.V. since the Group no longer controls Keurig Dr Pepper Inc. and JDE Peet's N.V.

The movements in investments in non-consolidated subsidiaries can be detailed as follows:

	JAB Beverage Platform B.V. in $m	Acorn Holdings B.V. in $m	Pret Panera in $m	Cottage Holdco B.V. in $m	Petcare G.P. in $m	KK G.P. in $m	JDE Peet's N.V. in $m	Keurig Dr Pepper Inc in $m	Other in $m	Total in $m
Balance as of 31 December 2018	**-**	**17,229.3**	**3,840.1**	**-**	**-**	**749.7**	**-**	**-**	**469.1**	**22,288.2**
Additions	-	2.6	84.8	3,376.2	250.0	37.9	-	-	44.7	3,796.2
Disposals	-	(969.8)	-	-	-	-	-	-	-	(969.8)
Change in Fair value	-	2,658.8	415.6	40.3	(0.3)	209.9	-	-	(170.9)	3,153.4
Balance as of 31 December 2019	**-**	**18,920.9**	**4,340.5**	**3,416.5**	**249.7**	**997.5**	**-**	**-**	**342.9**	**28,268.0**
Additions	17,536.9	964.8	-	1,813.0	1,636.9	-	334.1	428.6	420.5	23,134.8
Disposals	(1,141.8)	(19,183.3)	-	(27.2)	(2.5)	(2.4)	-	(289.4)	(297.0)	(20,943.6)
Change in Fair value	1,298.4	(702.4)	(211.1)	(1,975.0)	1,389.8	72.9	97.7	34.3	(215.0)	(210.4)
Balance as of 31 December 2020	**17,693.5**	**-**	**4,129.4**	**3,227.3**	**3,273.9**	**1,068.0**	**431.8**	**173.5**	**251.4**	**30,248.8**

JAB Beverage Platform B.V. / Acorn Top Holdings B.V.

As of December 2020, the Group is mainly invested in Keurig Dr Pepper Group (KDP) and JDE Peet's (JDEP) through JAB Beverage Platform B.V.

In 2020, the Group exchanged its preferred shares in Acorn Holdings B.V. to ordinary shares in Acorn Holdings B.V. for an amount of $958.0m and acquired further shares for an amount of $6.8m. the Group received capital repayments of $1,935.8m from Acorn Holdings B.V. and subsequently, in September 2020, the investment in Acorn Holdings B.V. ($17,247.6m) was contributed to the newly established intermediate holding JAB Beverage Platform B.V. Subsequently, the Group contributed further shares in Acorn Holdings B.V. ($85.0m) and Keurig Dr Pepper Inc. ($204.4m) to JAB Beverage Platform B.V. The Group received capital repayments of $1,141.8m from JAB Beverage Platform B.V.

In 2019, the Group received capital repayments of $963.4m from Acorn Holdings B.V., sold shares for an amount of $6.4m and acquired further shares in Acorn Holdings B.V. for an amount of $2.6m.

Pret Panera

The Group is invested in Pret Panera Holding Company Group through the direct investments in Pret Panera I G.P. and Pret Panera III G.P. Pret Panera Holding Company Group is the direct shareholder of further interim holding companies and their investments in Pret A Manger Group, Panera Group, Caribou Coffee Group and Espresso House Group.

In 2019, the Group made capital contributions in cash to Pret Panera III G.P. in the amount of $78.0m and converted loans ($6.8m) to Pret Panera III G.P. equity (see also note 3.1.3).

Cottage Holdco B.V.

The Group is invested in Coty Inc. through Cottage Holdco B.V. As of 31 December 2020, Cottage Holdco B.V. holds 60.5% (463,607,984 shares) in Coty Inc. (2019: 60.2% directly; 458,038,894 shares).

In 2020, the Group made capital contributions to Cottage Holdco B.V. in the amount of $1,813.0m and received share premium repayments of $27.2m.

In April 2019, the investment in Coty Inc. (301 million shares) was contributed to the newly established intermediate holding Cottage Holdco B.V. (see note 3.2 on Coty Inc.).

Petcare G.P.

The Group is invested in Compassion-First Group (VSNA LLC) and National Veterinary Associates (NVA) through a 38.5% investment in Petcare G.P. ('Petcare Group').

In March 2019, the Group made an investment in Compassion-First Group (through Petcare G.P.) in the amount of $250.0m. In February 2020, the Group made capital contributions in cash to Petcare Group in the amount of $1,604.7m for the acquisition of NVA. Subsequently, in December 2020 both businesses were combined into NVA.

In 2019, the Group had granted a loan to Petcare Intermediate Inc. This loan together with further loans granted to Petcare Group in February 2020 amounting to $32.2m were converted to equity in 2020. In 2020, the Group distributed shares for an amount of $2.5m.

At the end of 2020 the Group has committed additional contributions for 2021 up to $402.0m to Petcare G.P. to fund the continued growth of the Petcare business.

KK G.P.

The Group is invested in Krispy Kreme Group through the direct investment in KK G.P.

In 2020, the Group distributed shares for an amount of $2.4m. In 2019, the Group made capital contributions to KK G.P. in the amount of $37.9m.

JDE Peet's N.V.

In 2020, the Group acquired direct shares in JDE Peet's N.V. in the amount of $334.1m.

Keurig Dr Pepper Inc.

In 2020, the Group acquired direct shares in Keurig Dr Pepper Inc. in the amount of $428.6m. Thereof, shares in the amount of $204.4m were contributed to JAB Beverage Platform B.V. and shares in the amount of $85.0m were exchanged for shares in Acorn Holdings B.V.

Other

In 2020, the Group's management decided that at this stage it was no longer advantageous to dispose of JAB Luxury GmbH. As of 31 December 2020, JAB Luxury GmbH therefore no longer classifies as non-current assets held-for-sale.

The net gain/(loss) and dividend income from investments in non-consolidated subsidiaries at FVTPL is detailed below:

	Net gain/(loss) on non-consolidated investments in subsidiaries at FVTPL		Dividend Income from non-consolidated investments in subsidiaries at FVTPL		Total net income from non-consolidated investments in subsidiaries at FVTPL	
	2020 in $m	2019 in $m	2020 in $m	2019 in $m	2020 in $m	2019 in $m
JAB Beverage Platform B.V.	710.3	-	236.2	-	946.5	-
Acorn Holdings B.V.	(1,718.7)	2,973.5	255.3	213.3	(1,463.4)	3,186.8
Pret Panera	(569.4)	485.6	-	54.9	(569.4)	540.5
Cottage Holdco B.V.	(2,351.4)	43.4	-	-	(2,351.4)	43.4
Petcare G.P.	1,072.9	(0.2)	16.6	-	1,089.5	(0.2)
KK G.P.	(17.9)	223.6	8.9	9.1	(9.0)	232.7
JDE Peet'S N.V.	59.3	-	-	-	59.3	-
Keurig Dr Pepper Inc.	(6.3)	-	5.6	-	(0.7)	-
Others	(244.2)	(161.9)	-	-	(244.2)	(161.9)
Total	**(3,065.4)**	**3,564.0**	**522.6**	**277.3**	**(2,542.8)**	**3,841.3**

In 2020, the Group also received $1,935.8m (2019: $963.3m) capital repayments from Acorn Holdings B.V. and further capital repayment of $1,466.0m ($0.0m) from other subsidiaries.

The change in fair value from investments in non-consolidated subsidiaries at FVTPL is detailed below:

	2020 in $m	2019 in $m
Net gain / (loss) on non-consolidated investments in subsidiaries at FVTPL	(3,065.4)	3,564.0
Translation difference	2,855.0	(410.6)
Total	**(210.4)**	**3,153.4**

3.1.2. Other Investments

Accounting Policy

Other investments are initially measured at fair value. The Group measures its non-derivative financial assets subsequently at FVTPL or at amortised cost, based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Corporate Debt Securities:

Corporate debt securities are those that are managed with their performance evaluated on a fair value basis. Those investments are initially recognised at fair value with changes being recognised in profit or loss. Attributable transaction costs are expensed in profit or loss as incurred.

Associates:

An associate is an entity over which the Group has significant influence, but no control over the financial and operating policy decisions of the investee. Investments in associates are measured at FVTPL in accordance with IAS 28.18.

Derivative financial instruments:

Derivatives are initially recognised at fair value at the transaction date and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In the year ended 31 December 2020, the Group did not designate derivates as hedging instruments and therefore did not apply hedge accounting.

The following table gives an overview of other investments at year-end:

	2020		2019	
	Short-term in $m	Long-term in $m	Short-term in $m	Long-term in $m
BALANCE AT 31 DECEMBER	-	-	-	-
Corporate debt securities				
Acorn Holdings B.V. preferred shares	-	-	-	957.4
Associates				
Other associates	-	128.4	-	40.0
Derivatives				
Other derivatives	0.4	-	-	-
Others	-	3.3	-	-
Total	**0.4**	**131.7**	**-**	**997.4**

Corporate Debt Securities

In 2020, the Group exchanged its preferred shares in Acorn Holdings B.V. for a value of $958.0m to ordinary shares in Acorn Holdings B.V. These preferred shares were measured at FVTPL and carried coupon rates of 5.5% to 6.5% as of 31 December 2019.

Per 31 December 2019, management assessed the original acquisition cost of the preferred shares to be the best fair value estimate.

Derivatives

Derivatives generally reflect option investment positions on publicly traded equity shares. For derivatives related to hedging foreign exchange and interest rate risk, refer to note 3.3 Other Assets and note 3.9 Other Liabilities.

The movements in other investments can be detailed as follows:

	Corporate debt securities in $m	Associates in $m	Derivatives in $m	Others in $m	Total in $m
Balance as of 31 December 2018	**975.8**	**40.0**	**-**	**2,453.0**	**3,468.8**
Disposals	-	-	-	(3,876.4)	(3,876.4)
Change in fair value	(18.4)	-	-	1,423.4	1,405.0
Balance as of 31 December 2019	**957.4**	**40.0**	**-**	**-**	**997.4**
Additions	-	-	32.9	3.3	36.2
Disposals	(958.0)	-	(2.4)	-	(960.4)
Change in fair value	0.6	88.4	(30.0)	-	59.0
Balance as of 31 December 2020	**-**	**128.4**	**0.5**	**3.3**	**132.2**

	Net gain/(loss) on Other Investments		Dividend Income from Other Investments		Total net Income from Other Investments	
	2020 in $m	2019 in $m	2020 in $m	2019 in $m	2020 in $m	2019 in $m
Corporate debt securities						
Acorn Holdings B.V. preferred shares	10.9	-	9.1	52.2	20.0	52.2
Associates						
Other associates	78.8	0.8	-	-	78.8	0.8
Derivatives						
Other derivatives	(29.6)	-	-	-	(29.6)	-
Others						
Coty Inc.	-	1,431.2	-	37.6	-	1,468.8
Reckitt Benckiser Group Plc.	-	22.8	-	6.3	-	29.1
Others	(0.2)	8.5	-	-	(0.2)	8.5
Total	**59.9**	**1,463.3**	**9.1**	**96.1**	**69.0**	**1,559.4**

The change in fair value from other investments at FVTPL is detailed below:

	2020 in $m	2019 in $m
Net gain / (loss) on non-consolidated investments in subsidiaries at FVTPL	59.9	1,463.3
Translation difference	(0.9)	(58.3)
Total	**59.0**	**1,405.0**

3.1.3. Loans to investments

Accounting Policy

In accordance with IFRS 9, the Group classifies its loans to investments as subsequently measured at amortised cost based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Loans to investments are classified as measured at amortised cost in accordance with IFRS 9, which includes the requirement to calculate expected credit losses ("ECLs") on initial recognition. These assets are recognised initially at fair value plus any directly attributable transaction costs. Any ECLs are recognised directly in profit or loss, with any subsequent reversals recognised in profit or loss.

The movements in the loans to investments and investments' subsidiaries can be detailed as follows:

	Pret Panera		Petcare				
	Pret Panera Company in $m	Pret Panera Holding Company in $m	Petcare Intermediate Inc. in $m	Dino Grand-parent Inc. in $m	Petcare Holding LLC in $m	National Veterinary Associates in $m	Total in $m
Balance as of 31 December 2018	**-**	**20.6**	**-**	**-**	**-**	**-**	**20.6**
New loans issued	-	5.0	29.6	-	-	140.0	174.7
Loans repaid	-	(18.8)	-	-	-	-	(18.8)
Contribution to investment's equity	-	(6.8)	-	-	-	-	(6.8)
Balance as of 31 December 2019	**-**	**-**	**29.6**	**-**	**-**	**140.0**	**169.6**
New loans issued	46.8	69.3	-	69.7	2.5	100.0	288.3
Transfer	69.3	(69.3)	-	-	-	-	-
Loans repaid	-	-	-	(69.7)	-	(240.0)	(309.7)
Contribution to investment's equity	-	-	(29.7)	-	(2.5)	-	(32.2)
Translation differences	1.0	-	0.1	-	-	-	1.1
Balance as of 31 December 2020	**117.1**	**-**	**-**	**-**	**-**	**-**	**117.1**
Current	-	-	-	-	-	-	-
Non-current	117.1	-	-	-	-	-	117.1

Interest rates for fixed rate receivables range is 2.0% to 3.0% p.a. (2019: 4.5% to 7.2%). Interest rates for floating rate receivables are based on Libor plus a margin of 4.25% (2019: no floating rate receivables).

In 2020, interest income from loans granted to investments amounts to $6.2m (2019: $4.7m).

3.1.4. Investment in subsidiaries valuation

For information on the fair value hierarchy applied by the Group, refer to note 4 Financial Instruments – Fair Value and Risk Management. 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. The Group's assets in this category include direct shares held by the Group in 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. The Group's assets in this category include Cottage Holdco B.V. which 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. The Group's assets in this category include investments in JAB Beverage Platform B.V., Pret Panera I G.P., Pret Panera III G.P, Petcare G.P., JAB Luxury GmbH. and KK G.P. (2019: Acorn Holding B.V., Pret Panera I G.P., Pret Panera III G.P., Petcare G.P., Cottage Holdco B.V., 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 other assets/liabilities and other observable inputs include JDE Peet's and KDP share price within JAB Beverage Platform B.V.

Valuation process

The Group uses market-based valuation techniques for its level 3 fair value investments. The market-based valuations are prepared by the Group. The Group receives support in this valuation process from an external service provider. The Group holds directly or through its portfolio companies 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, the Group aggregates the valuations of the underlying investments in line with the portfolio company 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 and JDE Peet's), fair value is determined by reference to the quoted market price on the balance sheet closing date.

Valuation method – private companies: price of a recent investment

Underlying investments of private companies that were acquired recently, generally within the last year, are measured at the acquisition price, except where the underlying company's economic performance (e.g. operations, financial position and liquidity) has significantly changed.

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 comparable publicly listed companies and are applied to the figures of the underlying investments as of December 2020 and December 2019. 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 as described here before; and
- The financial inputs from the portfolio companies and any normalization adjustments to such financial inputs.

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 and will be disclosed.

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

	Fair value	
Company	**2020**	**2019**
Investments in subsidiaries	30,248.8	28,268.0

		Range	
Valuation technique	**Input**	**2020**	**2019**
Publicly listed	Quotes share price	N/A	N/A
Market approach - Comparable companies	EBITDA multiples (LTM)	20.9 – 22.4	16.3 – 19.5
	EBITDA multiples (NTM/2022e)	10.0 -19.6	N/A
Market approach - Comparable companies	Sales multiples (LTM)	4.6	1.11 – 4.3
	Sales multiples (NTM/2022e)	1.2 – 5.0	N/A
Market approach - Comparable companies	P/E multiples (LTM)	30.1 – 36.4	24.7 – 30.9
	P/E multiples (NTM/2022e)	17.0 – 29.9	N/A

Underlying investments valued based on a market approach using comparable companies multiples technique are either valued using LTM multiples (KK G.P, Petcare G.P.), consistent with prior years, or NTM / 2022e multiples in case these better reflect the pre- and post COVID-19 results impact on the respective valuations (Pret Panera I G.P., Pret Panera III G.P. and JAB Luxury GmbH).

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 a 50%/50% EV/EBITDA and P/E multiple weighting for Petcare G.P., a 40%/40%/20% EV/EBITDA, P/E and EV/Sales weighting of KK G.P., Pret Panera I G.P., Pret Panera III G.P., and a 10%/10%/80% EV/EBITDA, P/E and Sales multiple weighting for JAB Luxury GmbH for the valuations as at 31 December 2020.

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 are the applied multiples. The estimated fair value would increase (decrease) if the adjusted market multiples were higher (lower). A change of the applied multiples by 10% would change the fair value estimate as follows:

	31 December 2020		31 December 2019	
	increase	decrease	increase	decrease
	in $m	in $m	in $m	in $m
Pret Panera I G.P. and Pret Panera III G.P.	547.6	(547.6)	472.6	(472.6)
Petcare G.P.	392.6	(392.6)	-	-
JAB Luxury GmbH	34.1	(34.1)	39.3	(39.3)
KK G.P.	132.9	(132.9)	124.6	(124.6)
Acorn Holdings B.V.	-	-	930.3	(894.0)

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 4.8.

3.2. Other loans

Accounting Policy

For the accounting policy related to other loans, refer to note 3.1.3 Loans to Investments.

The movements in the other loans can be detailed as follows:

	JAB Management in $m	JAB Holding Company LLC in $m	Total in $m
Balance as of 31 December 2018	**14.4**	**3.9**	**18.3**
New loans issued	24.4	-	24.4
Accrued interest	0.3	-	0.3
Loans repaid	(1.0)	-	(1.0)
Balance as of 31 December 2019	**38.1**	**3.9**	**42.0**
New loans issued	20.3	-	20.3
Accrued interest	0.8	0.1	0.9
Loans repaid	(12.3)	-	(12.3)
Balance as of 31 December 2020	**46.9**	**4.0**	**50.9**
Current	46.9	4.0	50.9
Non-current	0.0	0.0	0.0

Receivables from JAB management relate to loans that were granted to the Group’s management or personal holding companies of the Group’s management as part of a management participation plan of the Group.

3.3. Other assets

Accounting Policy

For the accounting policy related to foreign exchange contracts (Derivatives), refer to note 3.1 Other investments.

	2020 in $m	2019 in $m
BALANCE AT 31 DECEMBER		
Receivables from shareholders	18.7	-
Prepayments	7.2	8.2
Accrued interest	2.0	5.1
Refund withholding tax	-	3.5
Foreign exchange contracts	-	0.3
Other	5.5	7.2
Total	**33.4**	**24.3**
Current	9.0	20.0
Non-current	24.4	4.3

The prepayments relate to prepaid bank fees, which are amortised over the maturity of the underlying credit facilities or expensed at early termination of such facilities.

3.4. Cash and cash equivalents

Accounting Policy
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term investments traded in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. Cash and cash equivalents were placed with quality financial institutions and could be withdrawn on short notice. Therefore, the ECLs on cash and cash equivalents, as well as the identified impairment loss for the other financial assets subject to the expected credit loss model, were immaterial.

Cash and cash equivalents as of 31 December 2020 ($2,674.2m; 2019: $2,903.4) include bank deposits and liquidity funds available on demand ($797.5m; 2019: $2,004.7m) and deposits with a short-term maturity of less than 3 months.

3.5. Equity

Share capital and share premium

Until December 2020, certain of the Company's shares contained put features towards the Company and consequently those shares were classified as a liability for the period ending 31 December 2019. In December 2020, the terms and conditions of the Company's shares including the underlying contractual arrangements have been amended so that the Company has no longer an obligation to repurchase shares. As a result of these amendments, the redeemable shares in the amount of $1,600.8m were reclassified from liabilities to equity.

At year-end issued capital comprises of the following numbers of shares:

	31 December 2020				31 December 2019			
	Number by classification		Total Shares	Nominal value	Number by classification		Total shares	Nominal value
	Equity	Liability		In $m	Equity	Liability		In $m
Ordinary Class A shares	8,763,050	-	8,763,050	8.8	8,796,619	91,963	8,888,582	8.9
Ordinary Class B shares	814,413	-	814,413	0.8	-	780,118	780,118	0.8
Special Class S shares	496,473	-	496,473	0.5	-	1,347,563	1,347,563	1.3
Issued share capital	**10,073,936**	**-**	**10,073,936**	**10.1**	**8,796,619**	**2,219,644**	**11,016,263**	**11.0**

Each share has a nominal value of $1.0.

The movement in total issued share capital was as follows:

	Ordinary Class A shares	Ordinary Class B shares	Special Class S shares	Total shares
Balance as of 31 December 2018	**8,888,582**	**767,184**	**1,407,023**	**11,062,789**
Shares issued for cash	-	16,229	30,998	47,227
Exercise of share options	-	37,000	-	37,000
Redeemed to the Company	-	(40,295)	(90,458)	(130,753)
Balance as of 31 December 2019	**8,888,582**	**780,118**	**1,347,563**	**11,016,263**
Shares issued for cash	-	8,496	52,665	61,161
Exercise of share options	-	12,206	171,495	183,701
Redesignation from Class A to Class B	(125,532)	125,532	-	-
Redeemed to the Company	-	(111,939)	(1,075,250)	(1,187,189)
Balance as of 31 December 2020	**8,763,050**	**814,413**	**496,473**	**10,073,936**

The movement in share capital and share premium classified as equity, hence excluding shares that classified as liabilities, was as follows:

	Ordinary Class A shares		Ordinary Class B shares		Ordinary Class S shares		Total	
	Share capital in $m	Share premium in $m	Share capital in $m	Share premium in $m	Share capital in $m	Share premium in $m	Share capital in $m	Share premium in $m
Balance as of 31 December 2018	**8.9**	**9,899.1**	**-**	**-**	**-**	**-**	**8.9**	**9,899.1**
Reclassification of shares	(0,1)	(160.3)	-	-	-	-	(0,1)	(160.3)
Capital repayments	-	(101.5)	-	-	-	-	-	(101.5)
Balance as of 31 December 2019	**8.8**	**9,637.3**	**-**	**-**	**-**	**-**	**8.8**	**9,637.3**
Contributions	-	2.5	-	-	-	-	-	2.5
Redesignation from Class A to Class B	(0.0)	(48.8)	0.0	48.8	-	-	-	-
Reclassification of shares	-	-	0.8	1,573.4	0.5	26.1	1.3	1,599.5
Capital repayments	-	(146.8)	-	-	-	-	-	(146.8)
Balance as of 31 December 2020	**8.8**	**9,444.2**	**0.8**	**1,622.2**	**0.5**	**30.0**	**10.1**	**11,092.6**

Reclassification of financial liabilities as equity was measured at the carrying value of the financial liability at the date of reclassification.

Other reserves

Refer to note 3.7 Share-Based Payments

Foreign currency translation reserve

The translation reserve comprises all currency differences arising from the translation of financial statements of operations into the Group's presentation currency, being the US Dollar.

Retained earnings

In 2020 and 2019, no dividend was paid to the equity shareholders.

In respect of the current year, the Managing Directors propose no dividend and to carry forward the retained earnings. This proposal is subject to approval by shareholders at the annual general meeting.

3.6. Redeemable shares

Accounting Policy
The redeemable shares were carried at the redemption amount that would have been payable as of the reporting date if the holders would have put the shares at this date.

The redemption amount was determined based on valuation rules that have been contractually agreed with the shareholders. As of 31 December 2019, the redemption amount was calculated on the basis of the Company's direct and indirect investments.

The following table shows the movements in the total carrying amount of the liability recognised for the redeemable shares:

	Carrying amount in $m
Balance as of 31 December 2018	**2,206.3**
Issued for cash	37.3
Exercise of share options	81.8
Redeemed shares	(189.7)
Reclassification of shares	220.2
Capital repayments/distributions	(17.1)
Change in redemption amount	530.7
Balance as of 31 December 2019	**2,869.5**
Issued for cash	32.0
Exercise of share options	382.8
Redeemed shares	(1,201.4)
Capital repayments/distributions	(19.1)
Change in redemption amount	(481.8)
Reclassification of shares	(1,582.0)
Balance as of 31 December 2020	**-**

As a result of the amendments in December 2020 (see note 3.5), the redeemable shares have been entirely reclassified from redeemable shares to equity and as a consequence of these amendments the redemption amount is nil as from the date of modification.

As of 31 December 2019, the redeemable shares included shares held by the management in the amount of $2,692.0m. Amounts with an earliest possible due date within twelve months after the reporting period were classified as current liabilities (2019: $1,284.9m) and the other redemption amounts with an earliest possible due date of at least twelve months after the reporting period were classified as non-current liabilities (2019: $1,586.8m).

In 2019, 91,963 Class A shares were reclassified from equity to a financial liability following a transfer of shares in connection with the granting of redemption rights. The redesignation of these Class A shares to Class B shares was formally resolved and completed in January 2020. Reclassification was measured at the shares' fair value estimated with the potential redemption amount at the date of reclassification. Any difference between the carrying value of the equity instrument and the fair value was recognised in equity.

The average issue price (for one ordinary share or five special shares) was $2,066 (2019: $2,207).

3.7. Share-Based Payments

Accounting Policy
Share-based payment transactions are recognised over the period in which the performance and/or service conditions are fulfilled. Equity-settled transactions are recognised in the share-based payment reserve in equity, while cash-settled transactions are recognised as a liability, including transactions with instruments that contain put features.

The cumulative expense recognised for share-based payment transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of instruments that will ultimately vest. Equity-settled transactions are measured at the grant date fair value of the equity instruments granted. For cash-settled transactions, the liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss.

If the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes equity-settled (refer to section 'Modification in December 2020' below), the transaction is accounted for as equity-settled from the modification date. The equity-settled share-based payment transaction is measured by reference to the modification date fair value of the equity instruments granted. This fair value is recognised in equity on the modification date to the extent the vesting period has expired, and any difference between the amount of equity recognised and the carrying amount of the liability derecognised is recognised immediately in profit or loss.

The members of the Advisory Committee (see note 3.14) as well as members of its Management and executives and senior managers of the Company and its affiliates have acquired shares in the Company.

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.

Modification in December 2020

In December 2020, the terms and conditions of the Company's share purchase agreements and the share option schemes have been amended. The put features contained in the original terms and conditions, which provided the holder of the Class B and Class S shares and certain Class A shares, with a right to sell shares back to the Company for cash, have been amended so that the Company no longer has an obligation to repurchase shares or otherwise settle these agreements in cash. Further, the share option schemes have been amended so that options can only be settled by issuing shares. As a result of these amendments, the Company's share-based payment arrangements are accounted for as equity-settled from the modification date (December 2020).

As the other terms and conditions were not amended, the fair values of the equity-settled shares and options were equal to the fair values of the cash-settled shares and options, all values measured at the modification date using the same models and principles as described above. Since the modification did not result in an incremental fair value to be recognised, the carrying amounts of the liabilities ($454.8m) were reclassified to equity on the modification date. The remaining fair values of the unvested share options, as determined on the modification date, will be recognised as equity-settled expenses over the period from the modification date to the end of the applicable vesting periods.

Share purchase agreements

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 recorded a liability for the potential redemption amounts.

As a result of the amendments in December 2020, the share purchase agreements are accounted for as equity instrument and the liability for the potential redemption amounts is nil as from the modification.

Share option schemes

The share options have a 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 equal to the redemption amount of the underlying shares at the grant date (see note 3.6).

The net value of an option is determined by the amount, if any, by which the share price at the exercise date exceeded the strike price. The Company recognised a liability for the options until December 2020 as they allowed for cash settlement of the net value or, in case of non-cash settlement, contained put features to sell shares back to the Company for cash. See also paragraph "Modification in December 2020" above.

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 year was $815 (2019: $762).

The following table lists the weighted average inputs for the fair value measurement at respectively the grant date for options granted during the year and the outstanding options at the end of the year:

	Grant date 2020	Modification date 16 Dec. 2020	Grant date 2019	Measurement date 31 Dec. 2019
Dividend yield	0.7%	0.7%	0.7%	0.7%
Expected volatility	30.0%-35.0%	35.0%	30.0%	30.0%
Risk-free interest rate	0.7%	0.4%	2.4%	1.8%
Expected life of options	7.5 years	4.0 years	7.5 years	4.0 years
Exercise price (USD)	1,904	1,902	2,205	1,858
Share price (redemption amount) (USD)	1,904	2,014	2,205	2,521

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. In 2020, the expected volatility was increased from 30.0% to 35.0% due to the impacts of Covid-19 leading to higher volatility in financial markets.

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the year:

	Number of options 2020	Weighted average exercise price 2020 in $	Number of options 2019	Weighted average exercise price 2019 in $
Balance at beginning of year (outstanding)	**1,343,376**	**1,858**	**1,334,874**	**1,819**
Granted during the year	80,169	1,938	104,092	2,205
Lapsed during the year	233,120	1,899	-	-
Exercised during the year	215,955	1,745	95,590	1,686
Expired during the year	-	-	-	-
Balance at end of year (outstanding)	974,470	1,902	**1,343,376**	**1,858**
Vested and exercisable at end of year	**-**	**-**	**188,135**	**1,737**

The intrinsic value of liabilities for vested options is $147.5m as of 31 December 2019.

The weighted-average share price at the date of exercise for share options exercised in 2020 was $2,123 (2019: $2,274). During the year 44,460 (2019: 58,590) options were settled in cash and 171,495 (2019: 37,000) options were exercised by payment of the strike price in cash for the issue of redeemable shares (thereof 12,206 Ordinary Class B Shares (2019: 37,000)).

The range of exercise prices for options outstanding at the end of the year was $1,616 to $2,521 (2019: $1,501 to $2,333) and these outstanding options have a weighted-average remaining contractual life of 4 years (2019: 4 years).

The following liabilities have been recognised in the statement of financial position relating to the Group's cash-settled share option schemes:

	31 December 2020 in $m	31 December 2019 in $m
Carrying amount at beginning of year	**845.6**	**457.9**
Expense / (income) recognised for the period	(308.6)	443.9
Settlement during the year	(82.2)	(56.2)
Modification	(454.8)	-
Carrying amount at end of year	**-**	**845.6**
Current portion of liability	-	107.1
Non-current portion of liability	-	738.5

The income recognised for the period arising from the cash-settled share option schemes during the year was $308.6m (2019: expense $445.1m). The expense recognised for the period arising from the equity-settled share-option schemes during the year was $3.4m (2019: $0.0m).

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 share-based payments reserves in equity. The expense recognised for the period arising from other share-based payments during the year was $20.8m (2019: expense $0.0m).

3.8. Borrowings

Accounting Policy
After initial recognition at fair value, net of transactions costs incurred, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

	Borrowings in $m
Balance as of 31 December 2018	**6,815.2**
Proceeds from issuance of bonds	1,638.6
Repayments	(705.2)
Amortisation of discounts and fees	8.6
Translation differences	(118.6)
Balance as of 31 December 2019	**7,638.6**
Proceeds from issuance of bonds	1,775.1
Additions / Repayments	(107.1)
Amortisation of discounts and fees	10.9
Translation differences	956.8
Balance as of 31 December 2020	**10,274.3**
Current	828.5
Non-current	9,445.8

Overview of borrowings

Note	Original Principal	Remaining Principal	Issued	Due	Carrying Value 2020 In $m	Carrying Value 2019 In $m
Eurobond 2021	€ 750.0	€ 475.8	Nov. 2014	Nov. 2021	583.1	603.2
Eurobond 2022	€ 750.0	€ 524.0	Sep. 2015	Sep. 2022	640.7	585.3
Eurobond 2023	€ 750.0	€ 642.0	May 2016	May 2023	786.6	785.7
Eurobond 2024	€ 750.0	€ 664.5	May 2017	May 2024	810.9	836.6
Eurobond 2025	€ 600.0	€ 600.0	Apr. 2015	Apr. 2025	730.6	667.7
Eurobond 2026	€ 750.0	€ 750.0	June 2018	June 2026	912.2	833.8
Eurobond 2027	€ 750.0	€ 750.0	Dec. 2019	Dec. 2027	908.4	829.9
Eurobond 2027	€ 500.0	€ 500.0	Apr. 2020	Apr. 2027	606.7	0.0
Eurobond 2028	€ 750.0	€ 750.0	May 2017	May 2028	910.6	832.6
Eurobond 2029	€ 750.0	€ 750.0	June 2018	June 2029	915.4	837.6
Senior Note 2030	$ 500.0	$ 500.0	Nov. 2020	Nov. 2030	495.6	0.0
Eurobond 2035	€ 500.0	€ 500.0	Apr. 2020	Apr. 2035	604.1	0.0
Eurobond 2039	€ 750.0	€ 750.0	Dec. 2019	Dec. 2039	903.4	826.2
Eurobond 2039	€ 175.0	€ 175.0	Jan. /Dec. 2020	Dec. 2039	220.6	0.0
Bank loan	€200.0	€200.0	Dec. 2020	March 2021	245.4	0.0
					10,274.3	**7,638.6**

Note	Early repurchased notes and additional issuances
Eurobond 2021	In December 2020, the Group early repurchased notes in the principal amount of €62.5m ($76.6m; 2019: €211.7m, $235.3m) for an amount of €63.6m ($78.0m; 2019: €218.0, $242.3m) with a remaining principal amount outstanding of €475.8m ($583.9m; 2019: €538.3m, $604.7m)
Eurobond 2022	In December 2019, the Group early repurchased notes in the principal amount of €226.0m ($251.2m) for an amount of €239.5m ($266.2m) with a remaining principal amount outstanding of €524.0m ($643.0m; 2019: $588.6m)
Eurobond 2023	In December 2020, the Group early repurchased notes in the principal amount of €58.9m ($72.2m; 2019: €199.1m, $221.3m) for an amount of €61.8m ($75.7m; 2019: €210.1m, $233.5m) with a remaining principal amount outstanding of €642.0m ($787.8m; 2019: €700.9m, $787.4m)
Eurobond 2024	In December 2020, the Group early repurchased notes in the principal amount of €85.5m ($104.8m) for an amount of €89.3m ($109.5m) with a remaining principal amount outstanding of €664.5m ($815.1m)

Eurobond 2027	**In April 2020, the Group issued long-term notes in the aggregate principal amount of €500.0m.**
Senior Note 2030	In November 2020, the Group issued long-term notes in the aggregate principal amount of $500.0. The notes are a private placement in the US market.
Eurobond 2035	In April 2020, the Group issued long-term notes in the aggregate principal amount of €500.0m.
Eurobond 2039	In January 2020, the Group issued long-term notes in the aggregate principal amount of €100.0m. In December 2020, the long-term notes were increased by €75.0m having the same terms as the original notes. The notes are traded on the open market of the Frankfurt Stock Exchange.

The proceeds from the issuance of the new bonds in 2019 and 2020 were primarily set off against the acquisition costs for the early repurchased notes. The expenses on early repurchased notes have been included as part of the finance expenses.

The Eurobonds (except for Eurobond 2039 issued in 2020) are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange.

The Group has access to currently undrawn credit facilities totalling €3.0 billion (2019: €3.0 billion). As of 31 December 2020 and 2019, the Group had no outstanding payable under its credit facilities. During the financial year the Group used the credit facility on a number of occasions, though the cash proceeds have been repaid shortly after such draw downs.

Interest rates for fixed rate financial liabilities range from 0.3% to 3.4% p.a. (2019: 1.0% to 2.5% p.a.). As of 31 December 2020, the Group has no floating rate financial liabilities (2019: $0.0m).

From time to time, the Group enters into interest swap agreements to manage its interest rate risk exposures, including exposures from potential transactions. As of 31 December 2020, the Group has no interest swap agreements (2019: total nominal amount $1,572.8m).

3.9. Other liabilities

Accounting Policy
Trade and other payables
Trade and other payables include liabilities for goods and services. After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

	31 December 2020 in $m	31 December 2019 in $m
Share-based payment liabilities	-	845.6
Derivatives	1.8	14.8
Accrued interest and other bank fees	87.6	57.0
Lease liability	1.7	2.0
Trade and other payables	48.0	22.6
Total	**139.1**	**942.0**
Current	134.1	196.0
Non-current	5.0	746.0

Other payables amounting to $1.6m (2019: $4.9m) relate to a service agreement with JAB Holding Company LLC.

The derivatives liability relates to the fair value of foreign exchange contracts in 2020 (2019: interest rate swap contracts). The fair value is determined based on quoted interest rates. For the accounting policy related to foreign interest rate swap contracts (derivatives), refer to note 3.1 Other Investments.

3.10. Finance income and expenses

Finance income can be detailed as follows:

	2020 in $m	2019 in $m
Change in fair value of redeemable shares	478.0	-
Interest income	11.1	25.4
Net foreign exchange gain	-	4.6
Other	0.6	-
Total	**489.7**	**30.0**

Finance expenses can be detailed as follows:

	2020 in $m	2019 in $m
Change in fair value of redeemable shares	-	(531.3)
Interest expense	(210.6)	(163.0)
Expenses from repurchases of borrowings	-	(37.2)
Change in fair value of interest rate contracts	15.1	27.0
Net foreign exchange loss	(30.5)	-
Bank fees	(11.1)	(13.3)
Total	**(237.1)**	**(717.8)**

3.11. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2020 in $m	2019 in $m
Service fees	(33.5)	(59.5)
Salary and personnel related expenses	(19.1)	(13.5)
Legal, tax, audit and consultancy fees	(12.9)	(10.1)
Others	(15.2)	(3.2)
Total	**(80.7)**	**(86.3)**

Service and other fees include no expenses for share-based payment transactions (2019: $445.1m) and fees charged by the related parties Donata Service GmbH, JAB Service GmbH and JAB Holding Company LLC.

Fees billed to the Company and its fully consolidated subsidiaries by KPMG Luxembourg, Société coopérative, and other member firms of the KPMG network during the year are as follows: Audit fees (annual accounts / consolidated accounts) amounting to $0.5m (2019: $0.6m) and audit-related fees amounting to $0.5m (2019: $0.3m).

3.12. Other income / expense

Other income and expense can be detailed as follows:

	2020 in $m	2019 in $m
Remeasurement of share option schemes	308.6	(443.9)
Other share-based payments	-24.1	-
Total	**284.5**	**(443.9)**

3.13. Income tax

Accounting Policy

Income tax
Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is calculated in accordance with the tax regulations of the state of residence of the Company and its subsidiaries and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual Company basis as the tax laws do not permit consolidated tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group has a net loss carry-forward amounting to approximately $1,341.4m (2019: $1,158.0m). A deferred tax asset has not been recognised, due to the uncertainty of the future taxable income.

The reconciliation of the movement in the loss carry-forward can be detailed as follows:

	Notes	2020 in $m	2019 in $m
Accounting profit/(loss) for the period		(2,018.2)	4,170.2
Dividend income	3.1	(531.7)	(373.4)
Tax exempt (gain) / loss on investments in subsidiaries and other investments	3.1	2,975.9	(5,018.6)
Non-deductible interest expense		278.6	195.9
Other adjustments		(831.0)	960.6
Taxable loss for the period		**(126.4)**	**(65.3)**
Tax losses carry-forward as of 1 January		(1,158.0)	(1,131.9)
Adjustment due to translation differences		(80.3)	16.7
Expired		23.3	22.5
Tax losses carry-forward as of 31 December		**(1,341.4)**	**1,158.0**

Other adjustments mainly include changes in the value of redeemable shares of $-478.0m (2019: $531.3m) and accrual for share option schemes in the amount of $309.9m (2019: expense $445.1m).

JAB Holdings B.V. together with JAB Forest B.V., JAB Cosmetics B.V., Cottage Holdco B.V. and JAB Beverage Platform B.V. (part of the fiscal unity as of 2 September 2020) form a fiscal unity for corporate income tax purposes. The taxable loss for the Group therefore includes taxable losses from non-consolidated members of the fiscal unity.

	2020 in $m	2019 in $m
Withholding tax on dividends and finance income	(0.8)	(12.3)
Tax losses carry-forward as of 31 December	**(0.8)**	**(12.3)**

Dividends and finance income can be subject to withholding taxes. These dividends are tax exempt under the Dutch participation exemption. Withholding taxes have been recognised as part of income tax expense, with dividend income recognised on a gross basis.

3.14. Related parties

3.14.1. Group structure

Agnaten SE	Ultimate parent of JAB Holding Company S.à r.l. and the majority shareholder of Joh. A. Benckiser B.V. Agnaten SE established the Company and is a party in the comprehensive agreement with Lucresca SE and the Advisory Committee.
Lucresca SE and affiliated companies	Further shareholder of Joh. A. Benckiser B.V. Lucresca SE is a holding company controlled closely by members of the family of the shareholders of Agnaten SE and is non-controlling shareholder of Joh. A. Benckiser B.V. Lucresca SE is a party in the comprehensive agreement with the Advisory Committee.
Joh. A. Benckiser B.V.	Subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l.
JAB Service GmbH	Subsidiary of Joh. A. Benckiser B.V.
JAB Consumer Fund	JAB Consumer Fund was created to share the JAB investment strategy with professional and semi-professional investors.
Alfred Landecker Foundation (formerly Benckiser Stiftung Zukunft)	The members of the "Stiftungsrat" of the Foundation are appointed by the executive board of Agnaten SE or successor companies.
Donata Service GmbH	Subsidiary of Agnaten SE.

3.14.2. Management

The Group and its investments are managed by an Advisory Committee which is supported by further executives and senior managers employed by the Company, its subsidiaries or affiliates (including JAB Holding Company LLC). The Company's agreements with management comprise agreements on base remunerations, share-based payments, loans as well as management's investment in the Company.

Wages, salaries and other compensation of key management personnel amount to $0.2m in 2020 (2019: $1.8m). Reference is made to note 3.7 for share-based payments transactions, of which the vast majority were with management. Loans to management are disclosed in note 3.2, and total interest income thereon amounted to $0.9m (2019: $0.6m).

Share transactions with Management

Year	Shares	Amount	Carrying Value In $m
SHARES ISSUED TO MEMBERS OF MANAGEMENT (EITHER IN CASH OR EXERCISE OF OPTIONS)			
2020	Class B	20,702	414.8
	Special Class S	224,160	
2019	Class B	53,229	119.1
	Special Class S	30,998	
SHARES REDEEMED BY (FORMER) MEMBERS OF MANAGEMENT			
2020	Class B	111,939	1,201.4
	Special Class S	1,075,250	
2019	Class B	35,295	178.0
	Special Class S	90,458	

During the financial year, no advances or guarantees were granted to members of the Board of Managers or other administrative bodies.

3.14.3. Non-consolidated subsidiaries and transactions with related parties other than management

Interest in non-consolidated subsidiaries and transactions with related parties other than management are set out in note 3.1.

3.15. Contingent liabilities

As of 31 December 2020, the Group provides no material guarantees for third parties (2019: $0).

Group Companies (JAB Holdings B.V., JAB Cosmetics B.V., Cottage Holdco B.V.) are a defendant in stockholder class action and derivative lawsuit, which the complaint alleges all have acted in concert to control Coty Inc. The plaintiffs, stockholders of Coty Inc., allege that controlling stockholders of Coty Inc. breached fiduciary duties to the non-controlling stockholders in connection with a partial tender offer for shares of Coty Inc. Plaintiffs contend that the tender offer injured the stockholders who tendered because it was purportedly coercive and unfairly priced. Plaintiffs also contend that the non-tendering stockholders were injured because the Group gained mathematical control of Coty Inc. as a result of the tender offer, thereby depriving the non-controlling stockholders of a control premium. At the current status, the Group Companies are preparing for the hearing.

3.16. Employees

The Group had on average 22 employees in 2020 (2019: 17 employees).

4. Financial instruments – Fair Value and Risk Management

Accounting Policy

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned categories.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Non-derivative financial liabilities are classified at amortised cost and include loans and borrowings, lease liabilities, trade and other payables. The Group did not designate financial liabilities as at FVTPL.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position if the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1. Capital Management

The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Managers together with the Advisory Committee monitor the return on capital and the value enhancement of the Group's investments.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantage and security of having a sound capital position.

As of 31 December 2020, equity amounts to $22,843.2m (2019: $20,954.6m) and liabilities amount to $10,413.4m (2019: $11,450.1m).

4.2. Financial instruments and fair value hierarchy

The Group classifies its financial instruments by category as set out below:

Assets as per statement of financial position

	31 December 2020			31 December 2019		
	Amortised cost in $m	FVTPL in $m	**Total in $m**	Amortised cost in $m	FVTPL in $m	**Total in $m**
Investments in subsidiaries	-	30,248.8	**30,248.8**	-	28,268.0	**28,268.0**
Other investments	-	132.2	**132.2**	-	997.4	**997.4**
Loans to investments	117.1	-	**117.1**	169.6	-	**169.6**
Other loans	50.9	-	**50.9**	42.0	-	**42.0**
Other assets	29.4	-	**29.4**	19.8	0.3	**20.1**
Cash and cash equivalents	2,674.2	-	**2,674.2**	2,903.4	-	**2,903.4**
Total	**2,871.6**	**30,381.0**	**33,252.6**	**3,134.8**	**29,265.7**	**32,400.5**

Liabilities as per statement of financial position

	31 December 2020			31 December 2019			
	Amortised cost in $m	FVTPL in $m	**Total in $m**	Amortised cost in $m	FVTPL in $m	Redeemable shares in $m	**Total in $m**
Borrowings	10,274.3	-	**10,274.3**	7,638.6	-	-	**7,638.6**
Redeemable shares	-	-	**-**	-	-	2,869.5	**2,869.5**
Other liabilities	137.3	1.8	**139.1**	81.8	14.8	-	**96.6**
Total	**10,411.6**	**1.8**	**10,413.4**	**7,720.3**	**14.8**	**2,869.5**	**10,604.7**

Cash and cash equivalents, as well as other receivables, are subject to the impairment requirements of IFRS 9. As of 31 December 2020 and 31 December 2019, 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, as well as the identified impairment loss for the other receivables subject to the expected credit loss model, were immaterial. The following table shows financial instruments carried at fair value by their valuation technique. It does not include fair value information of financial assets and financial liabilities not measured at fair value. The issued long-term notes have a carrying amount of $10,028.9m (2019: $7,638.6m), the fair value is $10,948.6m (2019: $8,066.4m) based on dealer-quotes (Level 2). For all other financial assets and liabilities, the carrying amounts are a reasonable approximate of fair values.

The Group 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.

	31 December 2020			
	Level 1 in $m	Level 2 in $m	Level 3 in $m	Total in $m
FINANCIAL ASSETS AT FVTPL				
Investments in subsidiaries				
Listed equity investments	605.3	-	-	605.3
Unlisted equity investments	-	3,227.3	26,416.2	29,643.5
Other investments	0.5	-	131.7	132.2
Total financial assets	**605.0**	**3,227.3**	**26,547.8**	**30,381.0**
FINANCIAL LIABILITIES AT FVTPL				
Foreign exchange contracts	-	1.8	-	1.8
Total financial liabilities	**-**	**1.8**	**-**	**1.8**

	31 December 2019			
	Level 1 in $m	Level 2 in $m	Level 3 in $m	Total in $m
FINANCIAL ASSETS AT FVTPL				
Investments in subsidiaries and other investments				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	-	28,268.0	28,268.0
Other investments	-	-	997.4	997.4
Other assets	-	0.3	-	0.3
Total financial assets	**-**	**0.3**	**29,265.4**	**29,265.7**
FINANCIAL LIABILITIES AT FVTPL				
Interest rate contracts	-	14.8	-	14.8
Total financial liabilities	**-**	**14.8**	**-**	**14.8**

In 2020, FVTPL equity instruments with a carrying amount of $2,336.0m were transferred from Level 3 to Level 2 since there are no longer unobservable inputs relevant. In 2019, FVTPL equity instruments with a carrying amount of $3,267.9m were transferred from Level 1 to Level 3. To determine the fair value of the equity instruments, management used a valuation technique in which significant inputs were based on observable and unobservable data. There were no transfers from Level 2 or 3 to Level 1 in 2020 and 2019.

Transfers between the levels of the fair value hierarchy are deemed to have occurred at the date of the event that caused the transfer.

The following tables show 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.

	Investments in subsidiaries Unlisted equity investments In $m	**Other investments** Unlisted equity investments In $m	**Other investments** Preferred shares In $m
Balance as of 31 December 2018	**22,288.2**	**40.0**	**975.8**
Additions	499.4	-	-
Disposals	(966.5)	-	-
Transfer from Level 1 to Level 3	3,267.9	-	-
Change in fair value [1]	3,564.0	0.8	-
(thereof included in OCI)	(385.0)	(0.8)	(18.4)
Balance as of 31 December 2019	**28,268.0**	**40.0**	**957.4**
Additions	21,904.3	3.3	-
Disposals	(19,934.7)	-	(984.2)
Transfer from Level 3 to Level 2	(2,336.0)	-	-
Change in fair value [1]	(3,661.7)	78.6	10.9
(thereof included in OCI)	2,176.2	9.8	16.0
Balance as of 31 December 2020	**26,416.2**	**131.7**	**0.0**

[1] *included in net gain/(loss) on investments in subsidiaries and other investments*

Level 3 valuation techniques of equity investments are appropriate in the circumstance and reflect recent transactions and market multiples.

Cash and cash equivalents, loans receivable, loans payable and other assets and liabilities, except for derivative financial instruments, were valued at amortised cost which is a reasonable approximate of fair values.

4.3. Other financial instruments

The Group is party to agreements under which it is obliged to purchase shares from certain non-controlling shareholders of non-consolidated subsidiaries. The Group's obligation to purchase shares under these agreements is contingent on certain events. The Group has qualified the obligations to purchase such investor's interest as financial instruments. As at 31 December 2020 the fair value of these agreements was $0 (31 December 2019: $0), given that either the expected cash outflow was nil, or because the obligation was exercisable at the fair value of the underlying item.

4.4. Overview of financial risk factors

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

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

Moreover, the Group is subject to inherent risks due to its investment activities. The value development of the investments depends on various external and internal factors which also might lead to negative variances from the expected developments.

Information is presented about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Managers has ultimate responsibility for the establishment and oversight of the Group's risk management framework but has delegated the responsibility for identifying and controlling risks to the Group's operative management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risks. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.5. Concentration risk

As of 31 December 2020, the Group's holding in JAB Beverage Platform B.V. represented 53.2% (2019: Acorn Holdings B.V. 58.4%) of the gross asset value of the Group's assets. Other assets such as Keurig Dr Pepper Inc., JDE Peet's N.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Cottage Holdco B.V., Petcare G.P. and JAB Luxury GmbH, represented 46.8% (2019: Pret Panera I G.P., Pret Panera III G.P., KK G.P., Cottage Holdco B.V., Petcare G.P. and JAB Luxury GmbH 41.6%) of the gross asset value of the Group's assets. Hence, there is a concentration risk within the portfolio whereby a loss affecting a single investment may have a significant negative impact on the overall performance of the Group. There is, however, diversification within JAB Beverage Platform B.V. as it holds investments in two different companies, being JDE Peet's and KDP. These investments are diversified by nature of the different markets that they service, the different sales channels in which they operate, and the different products that they sell. The result is that, despite a significant proportion of the Group's investment is in a single investment, the downside risk of this concentration in fact is limited.

4.6. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's investment in debt securities, loans receivable, other receivables, derivatives and cash and cash equivalents.

Cash and cash equivalents

The Group's cash and cash equivalents are placed with quality rated financial institutions, such that management does not expect these institutions to fail to meet repayments of amounts held in the name of the Group.

Loans and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Risk is limited by the Group's policy on dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. As all major counterparties are related parties the risk is limited.

Derivative financial instruments

The Group's exposure to credit risk is limited, as the counterparties are banks with quality credit ratings by international rating agencies; furthermore, netting arrangements are concluded.

Other investments

The Group is subject to credit risk on its investments in debt securities. The credit risk relating to these assets is reflected through the measurement at FVTPL.

Guarantees

The Group's policy generally is to avoid providing financial guarantees to third parties.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit exposure. The table below contains the carrying amounts and their due dates as of 31 December 2019 and 31 December 2018.

	Note	Due in $m	Less than 1 year in $m	1 to 5 years in $m	More than 5 years in $m	Total in $m
31 DECEMBER 2020						
Loans	3.1, 3.2	-	50.9	117.1	-	168.0
Other assets	3.3	-	23.6	5.8	-	29.4
Cash and cash equivalents	3.4	797.5	1,876.7	-	-	2,674.2
		797.5	**1,951.2**	**122.9**	**-**	**2,871.6**
31 DECEMBER 2019						
Loans	3.1, 3.2	-	211.6	-	-	211.6
Other assets	3.3	-	13.5	6.6	-	20.1
Cash and cash equivalents	3.4	2,004.7	898.7	-	-	2,903.4
		2,004.7	**1,123.8**	**6.6**	**-**	**3,135.2**

In respect of the financial assets shown, no impairments were recognised and no financial assets were past due as of 31 December 2020 and 31 December 2019.

4.7. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's strategy as well as the management's approach in managing liquidity risk is to ensure sufficient cash on demand, including cash from related parties. Management monitors the planning of liquidity reserves and cash flows and coordinates the due dates of financial assets and liabilities. As of 31 December 2020 and 31 December 2019, the Group has unused credit facilities, which reduce liquidity risk.

The table below contains the due dates of the carrying amounts as of 31 December 2020 and 31 December 2019. As of 31 December 2019, all redeemable shares are redeemable in short-term, if specific criteria are met. The right to put the shares will be suspended if the redemption would lead to a default under the financing agreements of the indirect subsidiary JAB Holdings B.V. The table below contains the earliest possible due dates for repayment of the redeemable shares as of 31 December 2019 assuming that the shares had been put at the reporting date. During 2020 the redeemable shares are reclassified to equity, see note 3.5:

	Note	Due in $m	Less than 1 year in $m	1 to 5 years in $m	More than 5 years in $m	Total in $m
31 DECEMBER 2020						
Non-derivative liabilities						
Borrowings	3.7	-	828.5	2,968.7	6,477.1	10,274.3
Other liabilities	3.8	-	137.7	0.6	0.8	139.1
		-	**966.2**	**2,969.3**	**6,477.9**	**10,413.4**
Derivatives		-	**1.8**	**-**	**-**	**1.8**
31 DECEMBER 2019						
Non-derivative liabilities						
Borrowings	3.7	-	-	2,810.6	4,827.9	7,638.6
Redeemable shares	3.5	-	1,282.8	705.2	881.5	2,869.5
Other liabilities	3.8	-	80.1	0.8	0.9	81.8
		-	**1,362.9**	**3,516.6**	**5,710.4**	**10,589.8**
Derivatives		**-**	**14.8**	**-**	**-**	**14.8**

Derivatives are presented at their fair value. The liquidity risk of derivatives might be subject to short-term and significant changes due to the high volatility of the fair values.

4.8. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and incurs financial liabilities, in order to manage market risks. Hedge accounting is not applied.

Exposure to currency risk

The Group invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Group is exposed to the risk that changes in foreign exchange rates may have a favourable or unfavourable effect on the fair values of its financial instruments and the fair values of its future cash flows.

Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts, and by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's exposure to foreign currency risk was as follows based on notional amounts and arises from group entities with EUR (€) as functional currency:

	31 December 2020		31 December 2019	
	in £m	in $m	in £m	in $m
Other investments	-	0.4	-	-
Loans	35.0	120.2	-	211.7
Other assets	0.1	1.9	-	8.5
Cash and cash equivalents	0.7	1,410.8	0.7	1,381.9
Borrowings	-	(496.2)	-	-
Other liabilities	-	(3.4)	-	(0.4)
Gross balance sheet exposure	**35.8**	**1,033.7**	**0.7**	**1,601.7**
Forward exchange contracts	(35.0)	46.0	-	(25.0)
Net exposure	**0.8**	**1,079.7**	**0.7**	**1,576.7**

The GBP/USD forward exchange contracts expire in February 2021 (£35.0m). The USD forward exchange contracts expired in March 2020 ($25.0m).

The following significant exchange rates applied during the year:

	Average rate 2020	Average rate 2019	Year-end rate 2020	Year-end rate 2019
	1 Euro	1 Euro	1 Euro	1 Euro
USD	1.14	1.12	1.23	1.12
GBP	0.89	0.88	0.90	0.85

Sensitivity analysis

The sensitivity analyses below have been determined on the Group's exposure to currency risk for both derivative and non-derivative financial instruments at the end of the reporting period. A 10% increase or decrease represents management's assessment of the reasonably possible change in foreign exchange rates. These analyses assume that all other variables remain constant.

	% strengthening (weakening)	Impact Profit or loss 2020 in $m	2019 in $m	Impact OCI 2020 in $m	2019 in $m
EUR/USD exchange rate	10.0	108.0	157.6	-	-
EUR/GBP exchange rate	10.0	0.1	0.1	-	-

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities exposed to interest rate risk include loans receivable and other receivables, derivative financial instruments, borrowings and cash and bank balances.

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings, including exposures from potential transactions, is limited. Interest rate risk exposure is managed by the Group by maintaining an appropriate mix between fixed and floating rate financial instruments and, if considered appropriate, using interest rate swap contracts or other interest rate derivatives. Hedging activities are evaluated regularly to align with interest rate views and the Group's investment and risk policies. At the reporting date the Group has no interest rate swap agreements (2019: notional value of €1,400.0m).

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount 31 December 2020 in $m	Carrying amount 31 December 2019 in $m
FIXED RATE INSTRUMENTS		
Financial assets	2,794.4	3,115.1
Borrowings	(10,274.3)	(7,638.6)
FLOATING RATE INSTRUMENTS		
Financial assets	47.7	0.3
Borrowings	-	-

Fixed rate financial assets include cash and cash equivalents. Derivative financial instruments are not included in the table above.

The sensitivity analyses below have been determined on the Group's exposure to interest rates for financial instruments at the end of the reporting period. For the floating rate instruments, the analyses are prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

Fair value sensitivity analysis for fixed rate instruments

In 2019, the Group had fixed rate financial assets (interest rate swaps) at FVTPL (2020: nil). The Group did not designate these derivatives (interest rate swaps) as hedging instruments under a hedge accounting model. A decrease of 50 basis points in the market interest rate would have resulted in an additional loss of approximately $3.9m in 2019. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. Other comprehensive income would not have changed.

Cash flow sensitivity analysis for floating rate instruments

For floating rate instruments an increase of 50 basis points in the market interest rate at the reporting date would have resulted in an additional loss of approximately $0.2m (2019: loss $0.0m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all instruments traded in the market.

Sensitivity analysis – equity price risk

The Group's exposure to changes in share prices of its investments was as follows:

	Carrying amount 31 December 2020 in $m	Carrying amount 31 December 2019 in $m
INVESTMENTS		
JDE Peet's	431.8	-
KDP	173.6	-
Total	**605.4**	**-**

The sensitivity analyses below have been determined on the exposure to equity price risks for direct investments at the end of the reporting period. If share prices had been 5% higher/lower, profit for the year ended 31 December 2020 would have increased/decreased by $30.3m as a result of changes in the fair value of these investments (2019: $0.0m). Other comprehensive income for the year ended 31 December 2020 and 2019 would have been unaffected.

Further, the Company has indirect exposure to equity price risk from indirect investments at the end of the reporting period. If share prices had been 5% higher or lower, the result for the period ended 31 December 2020 would have increased/decreased by $1,482 million as result of changed in the fair value of the equity investments classified as at FVTPL (2019: $1,062 million).

There are no further significant assets or liabilities that could be exposed to material direct market risks.

5. Subsequent Events

The Group's management has evaluated subsequent events through the date of issuance of the consolidated financial statements. There have been no significant subsequent events during such period that would require disclosure in these consolidated financial statements or would be required to be recognised in the consolidated financial statements as of and for the year ending 31 December 2020.

Luxembourg, 23 February 2021

J. Creus *Managing Director*	C. Thun-Hohenstein *Managing Director*

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

Following our appointment by the Annual General Meeting of the Shareholders, we have audited the consolidated financial statements of JAB Holding Company S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, 23 February 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Yves Thorn
Partner