

# **JAB Holding Company S.à r.l.**

Luxembourg

Interim Condensed  
Consolidated Financial Statements

As at and for the six months period ended 30 June 2020

4, Rue Jean Monnet, L-2180 Luxembourg  
B 164.586

## JAB Holding Company S.à r.l., Luxembourg

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

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

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of JAB Holding Company S.a r.l. ("the Company") as at 30 June 2020, the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the six month period then ended, and notes to the interim condensed consolidated financial statements ("the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

***Scope of Review***

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

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the six month period ended 30 June 2020 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 18 September 2020

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

Yves Thorn  
Partner

## **JAB Holding Company S.à r.l., Luxembourg**

### **Consolidated Management Report**

Management of JAB Holding Company S.à r.l. (the "Company" or the "JAB Group") hereby presents its consolidated financial statements for the six months period ended on 30 June 2020.

#### **General information**

JAB Holding Company is a privately held group focused on long-term investments in companies with premium brands, attractive growth and strong cash flow.

The investments are overseen by two senior partners: Peter Harf and Olivier Goudet, together with 8 other partners. JAB Holding Company is assessed to be an Investment Entity in accordance with IFRS 10.27 and is required to apply the exception to consolidate and instead accounts for its investments in a subsidiary at fair value through profit or loss (FVTPL).

#### **Impacts of Covid-19**

Since the end of the last annual reporting period, the spread of Covid-19 has evolved into a pandemic and has resulted in a sharp decline in global economic activities, at least temporarily. It has negatively impacted global financial markets and global economic growth expectations. As of the end of the interim reporting period the economic activities have recovered to some extent. However, the impacts of Covid-19 are not all apparent yet and the position will remain fluid until the length and extent of the crisis become clearer. These impacts depend on a number of factors, such as the duration and spread as well as the timing, suitability and effectiveness of measures imposed by authorities, the availability of resources, including human, material, infrastructure and financial required to implement effective response to the pandemic situation as well as the level of civil compliance with such measures.

The Covid-19 pandemic and the related impact on financial markets also adversely affected the fair value of JAB Group's investments. In the reporting period, a change in fair value of €-4,737.7m (six months ended 30 June 2019: gain €5,543.8m) of investments in subsidiaries and other investments was recognised. The change in fair value includes the impacts of the Covid-19 pandemic. Depending on the further evolvement of the Covid-19 pandemic, the direct and indirect investments' fair values might be further affected.

JAB Group has a key focus on assessment of the impact of the Covid-19 pandemic on its investments and their performance. It monitors and follows closely the information released from governments, regulatory bodies and health organisations in the countries in which JAB Group and its investments operate. Evidently not all industries or companies are and will be impacted to the same degree. While majority of the investment portfolio of JAB Group is focused on business sectors that JAB Group considers to be resilient and non-discretionary, certain other investments, primarily in the retail restaurant, cosmetic and luxury sectors, are negatively affected.

## **JAB Holding Company S.à r.l., Luxembourg**

### **Investments**

As of 30 June 2020, JAB Group's portfolio includes participations in Acorn Holdings B.V. and its underlying investments in Keurig Dr Pepper Inc. and JDE Peet's N.V., Keurig Dr Pepper Inc., JDE Peet's N.V., Pret Panera Holding Company Group (through Pret Panera I G.P. and Pret Panera III G.P.), Krispy Kreme Group (through KK G.P.), Coty Inc. (through Cottage Holdco B.V.), Compassion-First Group and National Veterinary Associates (through Petcare G.P.) and JAB Luxury GmbH.

Acorn Holdings B.V. is the holding company of Keurig Dr Pepper Group (KDP), a leading producer and distributor of hot and cold beverages and JDE Peet's Group (JDEP) a global leader in Coffee and a leading premium retail coffee brand in the US. As of 30 June 2020, the investment was valued at €15,850.5m. The value of the shares decreased by €971.1m (six months ended 30 June 2019: increase €2,622.2m) and JAB Group received total dividend income of €64.8m. In March 2020, JAB Group exchanged its preferred shares in Acorn Holdings B.V. to ordinary shares in Acorn Holdings B.V. for an amount of €861.8m. JAB Group received capital repayments of €882.8m mainly funded through the disposal of Keurig Dr Pepper shares held by Acorn Holdings B.V. On 29 May 2020, JDE Peet's exercised an IPO and became a listed company (Euronext Amsterdam).

In the six months period ended 30 June 2020, JAB Group acquired shares in Keurig Dr Pepper Inc. in the amount of €377.3m. As of 30 June 2020, the investment was valued at €374.8m. The value of the shares decreased by €2.5m.

In the six months period ended 30 June 2020, JAB Group acquired shares in JDE Peet's N.V. in the amount of €300.0m. As of 30 June 2020, the investment was valued at €343.7m. The value of the shares increased by €43.7m.

Pret Panera I G.P. and Pret Panera III G.P. are the holding companies of Pret Panera Holding Company Group and its investments in leading bakery coffee companies, Pret A Manger Group and Panera Group, and in premium retail coffee brands, Caribou Coffee Group and Espresso House Group. As of 30 June 2020, the investment was valued at €3,074.5m. The value of the shares decreased by €789.2m (six months ended 30 June 2019: increase €706.3m).

KK G.P. is the holding company of the leading international premium retailer of sweet treats, Krispy Kreme Group. As of 30 June 2020, the investment was valued at €862.1m. The value of the shares decreased by €25.9m (six months ended 30 June 2019: increase €102.4m).

Petcare G.P. is the holding company of National Veterinary Associates and Compassion-First, pure play speciality pet clinics in the US. In February 2020, JAB Group made capital contributions in cash to Petcare Group in the amount of €1,478.7m for the acquisition of National Veterinary Associates. In 2019 JAB Group had granted a loan to Petcare Intermediate Inc. This loan together with further loans granted to Petcare Group in February 2020 amounting to €29.8m were converted to equity in 2020. As of 30 June 2020, the investment was valued at €1,684.1m. The value of the shares decreased by €46.6m (six months ended 30 June 2019: decrease €2.8m).

Cottage Holdco B.V. is the holding company of Coty Inc., a global leader in the world of beauty. As of 30 June 2020, the investment was valued at €1,850.7m. In the six months period ended 30 June 2020, JAB Group made capital contributions in cash in the amount of €1,672.2m to repay stand-alone debt at Cottage Holdco B.V. JAB Group received capital repayments in cash of €24.7m.

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As of 30 June 2020, the value of the shares decreased by €2,838.0m (six months ended 30 June 2019: increase of Cottage Holdco B.V. / Coty Inc. €2,081.8m).

As of 30 June 2020, the investment in JAB Luxury GmbH was valued at €215.3m. The value of the shares decreased by €196.6m (six months ended 30 June 2019: increase €6.0m). JAB Group has the intention to dispose of its investment in JAB Luxury GmbH and therefore classified the shares as assets held-for-sale.

The following describes the valuation techniques used to value the private investments of JAB Group:

### Acorn Holdings B.V.:

JAB Group holds 61.5% of Acorn Holdings B.V. which is the direct shareholder of further interim holding companies and their investments in Keurig Dr Pepper Group (KDP) and JDE Peet's Group (JDEP).

In 2019, Acorn Holdings B.V.'s investments in Jacob Douwe Egberts Group (JDE) and Peet's Coffee Group (Peet's) combined creating JDE Peet's Group. On 29 May 2020, JDEP exercised an IPO and became a listed company (Euronext Amsterdam).

As of 30 June 2020, the shares in Acorn Holdings B.V. were valued at €15,850.5m. Acorn Holdings B.V.'s fair value was calculated as the net asset value of the different investments. These investments were valued as follows:

- As of 30 June 2020 and 31 December 2019, KDP is a listed company (New York Stock Exchange). The shares in KDP were valued based on the quoted market price at the reporting date.
- As of 30 June 2020, JDEP is a listed company (Euronext Amsterdam). The shares in JDEP were valued based on the quoted market price at the reporting date.
- As of 31 December 2019, JDE fair value was calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The JDE valuation as of 31 December 2019 was made as of 30 June 2019 and was not updated in the light of the IPO, though concluded to be relevant and appropriate for JDE fair value as of 31 December 2019. The following LTM (based on 12 months) multiples were used for the valuation of JDE: EBITDA multiple of 16.3x and P/E multiple of 23.1x.
- As of 31 December 2019, Peet's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The Peet's valuation as of 31 December 2019 was made as of 30 June 2019 and was not updated in the light of the IPO, though concluded to be relevant and appropriate for Peet's fair value as of 31 December 2019. The following LTM multiples were used for the valuation of Peet's: EBITDA multiple of 18.1x, P/E multiple of 28.1x and Sales multiple of 4.2x.
- The multiples applied to the LTM figures ending June 2019 were the median of the LTM multiples of these comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

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### Pret Panera I G.P. and Pret Panera III G.P.:

JAB Group is invested in Pret Panera Holding Company Group through a 53.8% investment in Pret Panera I G.P. and a 16.3% investment in 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.

As of 30 June 2020, the shares in Pret Panera I G.P. and Pret Panera III G.P. were valued at €3,074.5m. Pret Panera I G.P.'s and Pret Panera III G.P.'s fair value was calculated as the net asset value of their different investments. These investments were valued as follows:

- As of 30 June 2020, Pret A Manger Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Pret A Manger: EBITDA multiple of 17.9x, P/E multiple of 26.1x and Sales multiple of 3.8x.
- As of 31 December 2019, management assessed the original acquisition cost to be the best estimate of fair value for Pret A Manger Group.
- As of 30 June 2020 and 31 December 2019, Panera Group's, Caribou Coffee Group's and Espresso House Group's fair value were calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting.
- For Panera Group the following LTM multiples were used for the valuation: EBITDA multiple of 18.0x (31 December 2019: 19.5x), P/E multiple of 26.9x (31 December 2019: 30.9x) and Sales multiple of 4.4x (31 December 2019: 4.3x).
- For Caribou Coffee Group the following LTM multiples were used for the valuation: EBITDA multiple of 17.4x (31 December 2019: 18.1x), P/E multiple of 25.2x (31 December 2019: 24.7x) and Sales multiple of 1.4x (31 December 2019: 1.8x).
- For Espresso House Group the following LTM multiples were used for the valuation: EBITDA multiple of 17.2x (31 December 2019: 18.6x), P/E multiple of 21.2x (31 December 2019: 24.7x) and Sales multiple of 1.5x (31 December 2019: 2.0x).
- In the light of Covid-19, LTM figures ending June 2020 were not reflective of Pret A Manger Group's, Panera Group's, Caribou Coffee Group's and Espresso House Group's underlying business. Depending on which time period best reflects each investment's underlying business in a normalised environment, the multiples were applied to such LTM period before Covid-19.
- The multiples applied to the LTM figures, using the normalised environment as stated above, are the 30 June 2020 median of the LTM multiples of the peer group, consisting of comparable publicly listed companies. Such multiples are based on the most recent peer group results available in the public domain (generally 31 March 2020) which were only to a limited extent affected by Covid-19.
- In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets as of 30 June 2020 and 31 December 2019.

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### KK G.P.:

JAB Group is invested in Krispy Kreme Group through a 49.6% investment in KK G.P.

As of 30 June 2020, the shares in KK G.P. were valued at €862.1m. KK G.P.'s investment was valued as follows:

- As of 30 June 2020 and 31 December 2019, Krispy Kreme Group's fair value were calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Krispy Kreme Group's: EBITDA multiple of 20.0x (31 December 2019: 18.6x), P/E multiple of 27.0x (2019: 25.5x) and Sales multiple of 4.3x (31 December 2019: 4.3x).
- The multiples applied to the LTM figures ending June 2020 and December 2019 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies and are reflective of Krispy Kreme Group's respective LTM results periods. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

### Cottage Holdco B.V.:

JAB Group is invested in Coty Inc. through Cottage B.V.

As of 30 June 2020, the shares in Cottage Holdco B.V. were valued at €1,850.7m. The investment was valued as follows:

Cottage Holdco B.V. is the direct shareholder of an investment in Coty Inc. For 31 December 2019, it was valued by adjusting its investment in Coty Inc. for financial debt. As of 30 June 2020 and 31 December 2019, Coty Inc. is a listed company (New York Stock Exchange). The shares in Coty Inc. were valued based on the quoted market price at the reporting date.

### Petcare G.P.:

JAB Group is invested in Compassion-First Group (VSNA LLC) and National Veterinary Associates (NVA) through a 40.8% investment in Petcare G.P.

As of 30 June 2020, the shares in Petcare G.P. were valued at €1,684.1m. Petcare G.P.'s fair value was calculated as the net asset value of its different investments. These investments were valued as follows:

- The investment in Compassion-First Group occurred in March 2019. As of 30 June 2020 and 31 December 2019, management assessed the original acquisition cost to be the best estimate of fair value.
- The investment in NVA occurred in February 2020. As of 30 June 2020, management assessed the original acquisition cost to be the best estimate of fair value.

## **JAB Holding Company S.à r.l., Luxembourg**

### JAB Luxury GmbH.:

JAB Group is the sole owner of JAB Luxury GmbH, Switzerland. JAB Group has the intention to dispose of its investment in Labelux Group GmbH in Liqu. and therefore classified the shares as assets held for sale.

As of 30 June 2020, the shares in JAB Luxury GmbH, Switzerland were valued at €215.3m.

### **Financing**

As of 30 June 2020, JAB Group's capital comprises 8,673,319 Class A shares, 1,001,356 Class B shares and 1,028,102 Class S shares. Class B shares include shares that are redeemable under certain conditions that are out of JAB Group's control. Those shares are classified as a liability. Other Class B shares which do not include an obligation for the issuer to redeem have been classified as equity. Class S shares are redeemable under certain conditions that are out of the Company's control and have been classified as a liability. These redeemable shares are carried at the redemption amount of €1,838.1m (31 December 2019: €2,554.3m).

JAB Group operates share option schemes for members of the Advisory Committee as well as members of the management team and executives and senior managers of the Company and its affiliates with a carrying amount of €455.5m as of 30 June 2020 (31 December 2019: €752.7m). The change in the carrying amount is mainly due to a decrease in the value of the underlying shares in the six months period ended 30 June 2020.

As of 30 June 2020, JAB Group has borrowings of in total €8,375.1m (31 December 2019: €6,799.5m). The outstanding amount in the current period consists of long-term notes with a carrying value of €7,890.1m (31 December 2019: €6,799.5m) and credit facilities of €485.0m (31 December 2019: €0.0m). Thereof, long-term notes with an aggregate principal amount of €1,100.0 were issued in the six months period ended 30 June 2020.

The cash flows from financing activities during the six months period ended 30 June 2020 include share premium repayments to the shareholders (€-133.1m; six months ended 30 June 2019: €-89.3m), capital repayments on redeemable shares (€-386.5m; six months ended 30 June 2019: €-35.4m), proceeds from issue of shares (€1.0m; six months ended 30 June 2019: €9.3m), financial expenses paid (€-106.7m; six months ended 30 June 2019: €-92.1m) and the net change in borrowings (€1,576.0m; six months ended 30 June 2019: €0.0m).

In the six months period ended 30 June 2020, JAB Group's equity decreased from €18,652.8m to €14,421.0m, mainly due to an decrease in the value of JAB Group's investment portfolio.

### **Financial information**

The loss for the six months period ended 30 June 2020 amounts to €-4,098.7m (six months ended 30 June 2019: gain €4,983.5m), mainly relating to the net loss on investments in subsidiaries, other investments, corporate debt securities and short-term financial investments (€-4,737.7m; six months ended 30 June 2019: gain €5,543.8m), dividends received (€74.0m), interest expense (€-77.8m), income from the revaluation of redeemable shares (€395.8m) and income from the share-option scheme (€269.8m).

## **JAB Holding Company S.à r.l., Luxembourg**

### **Future developments and outlook**

In September 2020, JAB Group has received certain cash distributions resulting in a material reduction of the Group's net debt of approx. €1.9bn.

JAB management is committed to further reduce the Net Debt to Investment Value ratio of the JAB Group towards the low end of the previously communicated finance policy range of 15-20% by the end of 2021.

Luxembourg, 18 September 2020

Managing Directors:

J. Creus

C. Thun-Hohenstein

## JAB Holding Company S.à r.l., Luxembourg

### Interim Condensed Consolidated Statement of Financial Position as of 30 June 2020

		30 June 2020	31 December 2019
	note	in €m	in €m
<b>ASSETS</b>			
Investments in subsidiaries	3.1	24,045.5	24,862.8
Other investments	3.2	114.7	35.6
Corporate debt securities	3.3	0.0	852.2
Loans	3.4	139.9	188.4
Other assets	3.5	19.3	21.6
Cash and cash equivalents	3.6	609.5	2,584.5
Non-current assets held-for-sale	3.7	215.3	300.1
<b>Total assets</b>		<b>25,144.2</b>	<b>28,845.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	3.8, 3.9	<b>14,421.0</b>	<b>18,652.8</b>
Attributable to owners of the parent		14,421.0	18,652.8
Borrowings	3.12	8,375.1	6,799.5
Redeemable shares	3.10	1,838.1	2,554.3
Other liabilities	3.11, 3.13	510.0	838.6
<b>Total liabilities</b>		<b>10,723.2</b>	<b>10,192.4</b>
<b>Total equity and liabilities</b>		<b>25,144.2</b>	<b>28,845.2</b>

The notes on pages 15 to 41 are an integral part of these interim condensed consolidated financial statements.

## JAB Holding Company S.à r.l., Luxembourg

### Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months period ended 30 June 2020

	note	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
Net gain / (loss) on investments in subsidiaries, other investments, corporate debt securities and short-term financial investments	3.14	-4,737.7	5,543.8
Dividend income	3.15	74.0	62.2
Finance income	3.17	435.0	6.6
Finance expenses	3.17	-82.1	-374.8
Other income	3.18	269.8	0.0
General and administrative expenses	3.19	-28.6	-232.1
<b>Profit/(loss) before income tax</b>		<b>-4,069.6</b>	<b>5,005.7</b>
Taxes on income	3.20	-0.2	-11.5
<b>Profit/(loss) for the period</b>		<b>-4,069.8</b>	<b>4,994.2</b>
Attributable to owners of the parent		-4,069.8	4,994.2
Items that may be reclassified subsequently to profit and loss			
Currency translation differences		-28.9	-10.7
<b>Other comprehensive loss</b>		<b>-28.9</b>	<b>-10.7</b>
<b>Total comprehensive income/(loss)</b>		<b>-4,098.7</b>	<b>4,983.5</b>
Attributable to owners of the parent		-4,098.7	4,983.5

The notes on pages 15 to 41 are an integral part of these interim condensed consolidated financial statements.

## JAB Holding Company S.à r.l., Luxembourg

### Interim Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2020

		Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
	note	in €m	in €m	in €m	in €m	in €m
<b>Balance as of 1 January 2019</b>		<b>6.7</b>	<b>7,654.3</b>	<b>-149.6</b>	<b>7,744.4</b>	<b>15,255.9</b>
Repayment of share premium	3.9	0.0	-89.3	0.0	0.0	-89.3
Total income and expense recognised directly in equity		0.0	0.0	-10.7	0.0	-10.7
Loss for the period		0.0	0.0	0.0	4,994.2	4,994.2
Total comprehensive loss		0.0	0.0	-10.7	4,994.2	4,983.5
<b>Balance as of 30 June 2019</b>		<b>6.7</b>	<b>7,565.0</b>	<b>-160.3</b>	<b>12,738.6</b>	<b>20,150.1</b>
<b>Balance as of 1 January 2020</b>		<b>6.6</b>	<b>7,444.2</b>	<b>-192.9</b>	<b>11,394.8</b>	<b>18,652.8</b>
Repayment of share premium	3.9	0.0	-133.1	0.0	0.0	-133.1
Total income and expense recognised directly in equity		0.0	0.0	-28.9	0.0	-28.9
Profit for the period		0.0	0.0	0.0	-4,069.8	-4,069.8
Total comprehensive income		0.0	0.0	-28.9	-4,069.8	-4,098.7
<b>Balance as of 30 June 2020</b>		<b>6.6</b>	<b>7,311.1</b>	<b>-221.8</b>	<b>7,325.0</b>	<b>14,421.0</b>

The notes on pages 15 to 41 are an integral part of these interim condensed consolidated financial statements.

## JAB Holding Company S.à r.l., Luxembourg

### Interim Condensed Consolidated Cash Flow Statement for the six months period ended 30 June 2020

		For the six months ended 30 June 2020	For the six months ended 30 June 2019
	note	in €m	in €m
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		-4,069.6	5,005.7
Finance expenses	3.17	82.1	374.8
Gain from change in fair value of redeemable shares	3.17	-395.8	0.0
Net (gain) / loss from change in fair value of investments in subsidiaries, other investments, corporate debt securities and short-term financial investments	3.14	4,737.7	-5,543.8
Payments on acquisition of investments in subsidiaries, other investments and short-term financial investments	3.1, 3.2	-4,007.2	-326.0
Proceeds from sale of investments in subsidiaries, other investments and short-term financial investments	3.1, 3.2	974.7	1,408.2
Adjustment for share-based payment transactions		-272.2	187.2
Other adjustment		-3.1	0.0
Changes in other assets and liabilities from operating activities			
(Net increase) / decrease in loans	3.4	36.6	-56.4
(Net increase) / decrease in other assets	3.5	-0.1	-2.1
Net increase / (decrease) in other liabilities	3.13	-6.4	-1.7
Income taxes paid and withholding taxes	3.20	-0.1	-11.5
<b>Net cash from / (used in) operating activities</b>		<b>-2,923.4</b>	<b>1,034.4</b>
<b>Cash flows from financing activities</b>			
Repayment of share premium to owners of the parent	3.9	-133.1	-89.3
Changes in borrowings	3.12	1,576.0	0.0
Financial expenses paid		-106.7	-92.1
Proceeds from issue of redeemable shares	3.10	1.0	9.3
Capital repayments on redeemable shares	3.10	-386.5	-35.4
Payment of lease liability	3.13	-0.1	-0.1
<b>Net cash from / (used in) financing activities</b>		<b>950.6</b>	<b>-207.6</b>
<b>Cash and cash equivalents at beginning of period</b>	3.6	<b>2,584.5</b>	<b>1,094.6</b>
Net cash from / (used in) operating activities		-2,923.4	1,034.5
Net cash from / (used in) financing activities		950.6	-207.6
Effect of exchange rate fluctuations on cash and cash equivalents		-2.2	-16.0
<b>Cash and cash equivalents at end of period</b>	3.6	<b>609.5</b>	<b>1,905.4</b>

The notes on pages 15 to 41 are an integral part of these interim condensed consolidated financial statements.

## JAB Holding Company S.à r.l., Luxembourg

### Notes to the Interim Condensed 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's object is to act as a holding company and therefore the acquisition of participations. The Company is focused on generating superior returns from long-term investments in companies with premium brands and strong growth and margin dynamics.

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2019, as they provide an update of previously reported information. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in JAB Group's financial position and performance since the last financial statements.

Since the end of the last annual reporting period, the spread of Covid-19 has evolved into a pandemic and has resulted in a sharp decline in global economic activities, at least temporarily. It has negatively impacted global financial markets and global economic growth expectations. As of the end of the interim reporting period the economic activities have recovered to some extent. However, the impacts of Covid-19 are not all apparent yet and the position will remain fluid until the length and extent of the crisis become clearer. These impacts depend on a number of factors, such as the duration and spread as well as the timing, suitability and effectiveness of measures imposed by authorities, the availability of resources, including human, material, infrastructure and financial required to implement effective response to the pandemic situation as well as the level of civil compliance with such measures.

The Covid-19 pandemic and the related impact on financial markets also adversely affected the fair value of JAB Group's investments. In the reporting period, a change in fair value of €-4,737.7m (six months ended 30 June 2019: gain of €5,543.8m) of investments in subsidiaries and other investments was recognised. The change in fair value includes the impacts of the Covid-19 pandemic. Depending on the further evolution of the Covid-19 pandemic, the direct and indirect investments' fair values might be further affected.

JAB Group has a key focus on assessment of the impact of the Covid-19 pandemic on its investments and their performance. It monitors and follows closely the information released from governments, regulatory bodies and health organisations in the countries in which JAB Group and its investments operate. Evidently not all industries or companies are and will be impacted to the

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same degree. While majority of the investment portfolio of JAB Group is focused on business sectors that JAB Group considers to be resilient and non-discretionary, certain other investments, primarily in the retail restaurant, cosmetic and luxury sectors, are negatively affected.

## **2. Accounting policies**

### **2.1 Statement of compliance**

The interim condensed consolidated financial statements for the six months period ended 30 June 2020 have been prepared applying the same accounting policies as are applied in JAB Group's annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statement that are to be reflected in the next annual financial statements.

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

The interim consolidated financial statements for the six months period ended June 2020 therefore have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union.

### **2.2 Significant accounting judgements, estimates and assumptions**

The interim condensed consolidated financial statements require the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates, especially in relation to the impact of the Covid-19 pandemic, and the results reported should not be regarded as necessarily indicative of results that may be expected for the entire year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements made by management in applying JAB Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2019.

### **2.3 Consolidation**

There were no material changes in the composition of JAB Group in the half year ended 30 June 2020.

### **2.4 Foreign currency transactions**

The consolidated financial statements are presented in Euro (€), which is different from JAB Holding Company S.à r.l.'s functional currency, which is US-Dollar (\$).

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### **2.5 Accounting policies and disclosures**

Except as described below, the accounting policies applied by JAB Group for these interim condensed consolidated financial statements are consistent with those described in the Consolidated Financial Statements 2019, as are the methods of computation.

#### **New and amended standards adopted by JAB Group**

A number of new standards issued by the International Accounting Standards Board (IASB) are effective for the first time for an accounting period that begins on or after 1 January 2020. Their adoption has not had a significant impact on the consolidated financial statements of JAB Group but may impact the accounting for future transactions or arrangements.

#### **New standards and interpretations not yet adopted by JAB Group**

A number of new standards are effective later than annual periods beginning after 1 January 2020 and earlier application is permitted; however, JAB Group has not early adopted the new or amended standards in preparing these interim condensed financial statements. None of these is expected to have a significant effect on the consolidated financial statements of JAB Group.

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### 3. Notes to the Consolidated Financial Statements

#### 3.1 Investments in subsidiaries

The following table gives an overview of material investments in subsidiaries as of 30 June 2020:

	30 June 2020	31 December 2019
	%	%
Acorn Holdings B.V., Netherlands	61.5	57.0
Keurig Dr Pepper Inc., USA	1.1	0.0
JDE Peet's N.V., Netherlands	1.9	0.0
Pret Panera I G.P., USA	53.8	53.8
Pret Panera III G.P., USA	16.3	16.3
KK G.P., USA	49.6	49.6
Cottage Holdco B.V., Netherlands	100.0	100.0
Petcare G.P., USA	40.8	33.1

JAB Group controls its investments in Pret Panera III G.P., KK G.P. and Petcare G.P. by virtue of agreements with its other shareholders. Therefore, the investments are presented as investments in subsidiaries.

JAB Group is directly and indirectly (through Acorn Holdings B.V.) invested in Keurig Dr Pepper Inc. and JDE Peet's N.V. and controls these investments.

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

	Balance as of 31 Dec 2019 in €m	Additions in €m	Disposals in €m	Change in fair value in €m	Balance as of 30 June 2020 in €m
Acorn Holdings B.V.	16,842.6	861.9	-882.8	-971.1	15,850.5
Keurig Dr Pepper Inc.	0.0	377.3	0.0	-2.5	374.8
JDE Peet's N.V.	0.0	300.0	0.0	43.7	343.7
Pret Panera I G.P.	2,591.3	0.0	0.0	-529.3	2,062.0
Pret Panera III G.P.	1,272.4	0.0	0.0	-259.9	1,012.5
KK G.P.	888.0	0.0	0.0	-25.9	862.1
Cottage Holdco B.V.	3,041.2	1,672.2	-24.7	-2,838.0	1,850.7
Petcare G.P.	222.2	1,508.5	0.0	-46.6	1,684.1
Others	5.1	0.0	0.0	0.0	5.1
	<b>24,862.8</b>	<b>4,719.8</b>	<b>-907.5</b>	<b>-4,629.6</b>	<b>24,045.5</b>

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### ***Acorn Holdings B.V.***

In the six months period ended 30 June 2020, JAB Group exchanged its preferred shares in Acorn Holdings B.V. to ordinary shares in Acorn Holdings B.V. for an amount of €861.9m. JAB Group received capital repayments of €882.8m from Acorn Holdings B.V.

### ***Keurig Dr Pepper Inc.***

In the six months period ended 30 June 2020, JAB Group acquired shares in Keurig Dr Pepper Inc. in the amount of €377.3m.

### ***JDE Peet's N.V.***

In the six months period ended 30 June 2020, JAB Group acquired shares in JDE Peet's N.V. in the amount of €300.0m.

### ***Cottage Holdco B.V.***

In the six months period ended 30 June 2020, JAB Group made capital contributions in cash to Cottage Holdco B.V. in the amount of €1,672.2m and received repayments in cash of €24.7m.

### ***Petcare G.P.***

In February 2020, JAB Group made capital contributions in cash to Petcare Group in the amount of €1,478.7m for the acquisition of National Veterinary Associates. In 2019, JAB Group had granted a loan to Petcare Intermediate Inc. This loan together with further loans granted to Petcare Group in February 2020 amounting to €29.8m were converted to equity in 2020.

## **3.2 Other investments**

The movements in other investments can be detailed as follows:

	Others in €m
Balance as of 31 December 2019	<u>35.6</u>
Change in fair value	79.1
<b>Balance as of 30 June 2020</b>	<b><u>114.7</u></b>

## **3.3 Corporate debt securities**

In the six months period ended 30 June 2020, JAB Group exchanged its preferred shares in Acorn Holdings B.V. for a value of €861.9m to ordinary shares in Acorn Holdings B.V. (31 December 2019: €852.2m).

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### 3.4 Loans

The movements in the loans can be detailed as follows:

	JAB Management in €m	JAB Holding Company LLC in €m	Dino Grand-parent Inc. in €m	Panera Holding Company Inc. in €m	Pret Petcare Intermediate Inc. in €m	Petcare Holding LLC in €m	National Veterinary Associates in €m	Total in €m
Balance as of 31 December 2019	33.8	3.6	0.0	0.0	26.4	0.0	124.6	188.4
Additions	11.8	0.0	64.4	62.0	0.0	2.3	91.2	231.7
Repayments	-5.6	0.0	-28.0	0.0	0.0	0.0	-221.9	-255.5
Equity contribution	0.0	0.0	0.0	0.0	-27.5	-2.3	0.0	-29.8
Translation differences	0.1	0.0	-2.1	-0.1	1.1	0.0	6.1	5.1
<b>Balance as of 30 June 2020</b>	<b>40.1</b>	<b>3.6</b>	<b>34.3</b>	<b>61.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>139.9</b>
Thereof current	40.1	3.6	34.3	0.0	0.0	0.0	0.0	78.0
Thereof non-current	0.0	0.0	0.0	61.9	0.0	0.0	0.0	61.9

### 3.5 Other assets

	30 June 2020 in €m	31 December 2019 in €m
Prepayments	6.6	7.3
Refund withholding tax	3.1	3.1
JAB Holding Company LLC	1.9	0.0
Accrued interest	1.5	4.5
Foreign exchange contracts	0.7	0.3
Other	5.5	6.4
<b>Total</b>	<b>19.3</b>	<b>21.6</b>

### 3.6 Cash and cash equivalents

Cash and cash equivalents as of 30 June 2020, include bank deposits and liquidity funds available on demand in the amount of €573.8m (31 December 2019: €1,784.5m) and deposits in the amount of €35.7m with a maturity in July 2020 (31 December 2019: €800.0m with a maturity in January 2020).

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### 3.7 Non-current assets held-for-sale

JAB Group is 100% shareholder in JAB Luxury GmbH.

In June 2017, management committed to a plan to dispose of its investment in JAB Luxury GmbH and classified the investment in JAB Luxury GmbH and loans to JAB Luxury GmbH as held-for-sale.

As of 30 June 2020, the non-current assets held-for-sale comprised assets of €215.3m and detailed as follows:

	Subsidiary JAB Luxury GmbH in €m	Loan JAB Luxury GmbH in €m	<b>Total</b> in €m
Balance as of 31 December 2019	300.1	0.0	300.1
Additions	179.0	112.1	291.1
Distribution/Repayment	-67.2	-112.1	-179.3
Change in fair value	-196.6	0.0	-196.6
<b>Balance as of 30 June 2020</b>	<b>215.3</b>	<b>0.0</b>	<b>215.3</b>

### 3.8 Issued capital

Issued capital comprises:

	30 June 2020		31 December 2019	
	Number	Nominal Value in \$m	Number	Nominal Value in \$m
Ordinary Class A shares	8,673,319	8.7	8,888,582	8.9
Ordinary Class B shares	1,001,356	1.0	780,118	0.8
Special Class S shares	1,028,102	1.0	1,347,563	1.3
<b>Issued share capital</b>	<b>10,702,777</b>	<b>10.7</b>	<b>11,016,263</b>	<b>11.0</b>

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Each share has a nominal value of \$1.00.

Class A shares regularly do not contain put features and are classified as equity unless transferred to shareholders with redemptions rights. Reclassification from equity to a financial liability is recognised upon such transfer of shares. Following the transfer these shares are redesignated to another share class (Class B shares or Class S shares).

Class B shares are redeemable and include shares that are redeemable to the Company under certain conditions that are out of the Company's control. Those shares have been classified as a liability (see note 3.10). Other Class B shares which do not include an obligation for the issuer to redeem have been classified as equity.

Class S shares are redeemable under certain conditions that are out of the Company's control and have been classified as a liability (see note 3.10).

### **3.9 Shareholder's equity**

As of 30 June 2020, the Company's share capital and share premium recognised in equity consist of 8,673,319 Class A shares (31 December 2019: 8,796,619) with a total nominal value of \$8.7m (€6.5m; 31 December 2019: \$8.8m, €6.6m) and a share premium of \$9,318.5m (€7,208.6m; 31 December 2019: \$9,637.3m, €7,444.2m) and 123,300 (31 December 2019: 0) Class B shares with a total nominal value of \$0.1m (€0.1m; 31 December 2019: \$0) and a share premium of \$172.1m (€102.5m; 31 December 2019: \$0.0m).

No Class A shares were issued in the six months period ended 30 June 2020 (2019: \$0m).

In the six months period ended 30 June 2020, 123,300 Class A shares with a nominal value of \$123,300 and a share premium in the amount of \$172.2m (€102.6m) were transferred to a new shareholder and redesignated to Class B.

In the six months period ended 30 June 2020, no dividend was paid to the Class A shareholders. Capital repayments out of the share premium in the amount of \$146.8m (€133.1m; 2019: \$101.5m, €89.3m) were made to shareholders of Class A shares.

### **3.10 Redeemable shares**

The redeemable shares classified as a liability are carried at €1,838.1m (31 December 2019: €2,554.3m), including shares held by the management in the amount of €1,709.5m (31 December 2019: €2,396.3m).

As of 30 June 2020 and 31 December 2019, all redeemable shares are redeemable in short-term, if specific criteria are met. The payment obligation following the exercise of the put rights can result in long-term obligations for specific shares. The right to put the shares will be suspended if the redemption would lead to a default under the financing agreements of JAB Holdings B.V.

Payment obligations following the exercise of the put rights for certain shares are due to be settled in short-term and for other shares are due to be settled over a period of 10 years after redemption with the Company's right to pre-pay the outstanding amount. Redemption amounts with an earliest possible due date within twelve months after the reporting period are presented as current

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liabilities (€761.4m; 31 December 2019: €1,141.9m) and the other redemption amounts with an earliest possible due date of at least twelve months after the reporting period are presented as non-current liabilities (€1,076.7m; 31 December 2019: €1,412.4m).

The following table illustrates the movements in the redeemable shares classified as a liability in the six months period ended 30 June 2020:

	Ordinary Class B shares		Ordinary Class B shares		Special Class S shares		Carrying amount in \$m	Carrying amount in €m
	Number	Nominal Value in \$k	Number	Nominal Value in \$k	Number	Nominal Value in \$k		
In issue as of 1 January 2019			767,184	767	1,407,022	1,407	2,206.3	1,926.9
Issued for cash			16,229	16	30,998	31	37.3	
Exercise of share options			37,000	37			81.8	
Redeemed to the Company			-40,295	-40	-90,458	-90	-189.7	
Reclassification of shares	91,963	92	0	0	0	0	220.2	
Capital repayment/distributions							-17.1	
Change in redemption amount							530.7	
<b>In issue as of 31 December 2019</b>	<b>91,963</b>	<b>92</b>	<b>780,118</b>	<b>780</b>	<b>1,347,563</b>	<b>1,348</b>	<b>2,869.5</b>	<b>2,554.3</b>
Redesignation Class A to Class B shares	-91,963	-92	91,963	92			0.0	
Issued for cash			7,584	8			15.3	
Exercise of share options			12,206	12	9,495	9	52.8	
Redeemed to the Company			-13,815	-14	-328,956	-329	-422.5	
Capital repayment/distributions							-18.4	
Change in redemption amount							-438.4	
<b>In issue as of 30 June 2020</b>	<b>0</b>	<b>0</b>	<b>878,056</b>	<b>878</b>	<b>1,028,102</b>	<b>1,028</b>	<b>2,058.3</b>	<b>1,838.1</b>

In the six months period ended 30 June 2020, 241,860 Special Class S shares with a carrying amount of \$243.4m and 23,087 Class B shares with a carrying amount of \$58.2m were redeemed to the Company with legal effect in September 2020. Furthermore, 48,521 Class B shares with a carrying amount of \$100.0m were redeemed to the Company with legal effect in July 2020. Therefore, those shares continue to be included under redeemable shares as of 30 June 2020.

The average issue price (for one ordinary share or five special shares) was \$2,326 (31 December 2019: \$2,207).

In the six months period ended 30 June 2020, no dividend was paid to Class B and special Class S shareholders out of retained earnings (31 December 2019: \$0.0m). Capital repayments to these shareholders in the amount of \$18.4m were made in the six months period ended 30 June 2020 (six months period ended 30 June 2019: \$17.0m)

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### 3.11 Share-based payments

The Company has share purchase agreements with the members of the Advisory Committee as well as with members of its management team and executives and senior managers of the Company and its affiliates. The shares contain put features to sell shares back to the Company for cash. As such the shares are recorded as a liability at potential redemption amount (see note 3.10).

Further the Company has share option schemes for the members of the Advisory Committee as well as members of its management team and executives and senior managers of the Company and its affiliates. Options may be exercised at any time from the date of vesting to the date of their expiry. The exercise of an option will be suspended if the redemption would lead to a default under the financing agreements of JAB Holdings B.V.

All options related to share-based compensation plans were granted at the redemption amount of the underlying shares at the time of grant (see note 3.10).

In the six months period ended 30 June 2020, the options granted have the following vesting conditions and contractual lives:

Options granted	Number of Options	Vesting Conditions	Contractual Life of Options
Six months ended 30 June 2020	41,834	Vesting after 5 years' service from grant date	10 years

The following table lists the weighted average inputs for the measurement of the fair values at grant date for the share option granted for the six months ended 30 June 2020 and the inputs used for the measurement of the fair values of the outstanding share options as of 30 June 2020:

	Grant date 2020	Measurement date 30 June 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 (%)	0.8%	0.3%	2.4%	1.8%
Expected life of options (years)	7.5 years	4.1 years	7.5 years	4.0 years
Exercise price (USD)	2,104	1,899	2,205	1,858
Share price (redemption amount) (USD)	2,104	2,061	2,205	2,521

As of 30 June 2020, the expected volatility was increased from 30.0% to 35.0% due to impacts of Covid-19 leading to higher volatility in financial markets.

The weighted average fair value of options granted during the six months period ended 30 June 2020 was \$1,008 (31 December 2019: \$762).

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The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the six months period ended 30 June 2020:

	Number of options 30 June 2020	Weighted average exercise price 30 June 2020	Number of options 30 June 2019	Weighted average exercise price 30 June 2019
Balance at 1 January (outstanding)	1,343,376	1,858	1,334,874	1,819
Granted during the period	41,834	2,104	101,542	2,201
Lapsed during the period	194,638	1,833	0	0
Exercised during the period	53,955	2,380	95,590	1,686
Expired during the period	0	0	0	0
Balance at 30 June (outstanding)	1,136,617	1,880	1,340,826	1,857
Vested and exercisable at end of period	163,640	1,768	15,000	1,501

As of 30 June 2020, the carrying amount of the liability relating to the share option schemes is \$510.0m (€455.5m; 31 December 2019: \$845.6m, €752.7m). As of 30 June 2020, options amounting to €40.2m (31 December 2019: €95.3m) are qualified as current and €415.3m (31 December 2019: €657.4m) as non-current.

163,640 options had vested and are exercisable as of 30 June 2020 (31 December 2019: 188,135). The intrinsic value of liabilities for vested and exercisable options is \$44.0m (€39.3m; 31 December 2019: \$147.5m, €131.3m).

In the six months period ended 30 June 2020, 162,000 options were noticed to be exercised with legal effect in September 2020 and December 2020. Therefore, those options continue to be included under the liability relating to the share option scheme as of 30 June 2020.

The weighted-average share price at the date of exercise for share options exercised in the six months period ended 30 June 2020 was \$2,380 (six months ended 30 June 2019: \$2,274).

9,495 options were exercised by payment of the strike price in cash for the issue of 9,495 redeemable shares (Class S shares). 44,460 options were settled by issuing redeemable shares (Class B share) with an aggregate value equal to the amount of the option gain.

The range of exercise price for options outstanding at the end of the period was \$1,616 to \$2,521 (six months ended 30 June 2019: \$1,501 to \$2,211).

The income recognised for the period arising from the share-option schemes during the period was \$297.3m (€269.8m; six months ended 30 June 2019: expense \$227.7m; €201.5m).

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### 3.12 Borrowings

The movements in borrowings can be detailed as follows:

	Long-term notes in €m	Credit Facilities in €m	Total in €m
Balance as of 31 December 2019	6,799.5	0.0	6,799.5
Additions	1,085.8	485.0	1,570.8
Amortisation disagio and fees	4.8	0.0	4.8
<b>Balance as of 30 June 2020</b>	<b>7,890.1</b>	<b>485.0</b>	<b>8,375.1</b>

In January 2020, JAB Group issued long-term notes in the aggregate principal amount of €100.0m (DE000A28SVV0). The notes are traded on the open market of the Frankfurt Stock Exchange. The notes are unconditionally and irrevocably guaranteed by JAB Holdings Company S.à r.l. As of 30 June 2020, the carrying value of the notes is €99.6m with a maturity in December 2039.

In April 2020, JAB Group issued long-term notes in the aggregate principal amount of €500.0m (DE000A28V301) and €500.0m (DE000A28V319). The notes are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange. As of 30 June 2020, thereof notes with a carrying value of €494.1m have a maturity in April 2027 and notes with a carrying value of €492.2m have a maturity in April 2035.

As of 30 June 2020, JAB Group has outstanding payables under its credit facilities in the amount of €485.0m (31 December 2019: €0.0m).

### 3.13 Other liabilities

	30 June 2020 in €m	31 December 2019 in €m
Share-based transactions	455.5	752.7
Derivatives	0.0	13.2
Accrued interest and other bank fees	39.8	50.7
Lease liability	1.5	1.8
Trade and other payables	13.2	20.2
<b>Total</b>	<b>510.0</b>	<b>838.6</b>
Thereof current	90.3	174.5
Thereof non-current	419.7	664.1

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### 3.14 Net gain / (loss) on investments in subsidiaries, other investments, corporate debt securities and short-term financial investments

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
<b>Net (loss) / gain on investments in subsidiaries at FVTPL</b>		
Acorn Holdings B.V.	-971.1	2,622.2
Keurig Dr Pepper Inc.	-2.5	0.0
JDE Peet's N.V.	43.7	0.0
Pret Panera I G.P.	-529.3	475.0
Pret Panera III G.P.	-259.9	231.3
KK G.P.	-25.9	102.4
Petcare G.P.	-46.6	-2.8
JAB Luxury GmbH	-196.6	6.0
Cottage Holdco B.V.	-2,838.0	803.4
<b>Net gain on other investments at FVTPL</b>		
Coty Inc.	0.0	1,278.4
Reckitt Benckiser Group Plc.	0.0	20.4
Others	79.1	0.2
<b>Net gain on corporate debt securities</b>	<b>9.4</b>	<b>0.0</b>
<b>Net gain on short-term financial investments at FVTPL</b>	<b>0.0</b>	<b>7.3</b>
<b>Total</b>	<b>-4,737.7</b>	<b>5,543.8</b>

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### 3.15 Dividend income

In the six months period ended 30 June 2020, JAB Group recognised dividend income from the following investments measured at FVTPL:

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
Acorn Holdings B.V.	64.8	0.0
Acorn Holdings B.V. preferred dividend	8.2	23.4
Keurig Dr Pepper Inc.	1.0	0.0
Coty Inc.	0.0	33.1
Reckitt Benckiser Group Plc.	0.0	5.7
<b>Total</b>	<b>74.0</b>	<b>62.2</b>

In the six months period ended 30 June 2020, JAB Group also received €882.8m (six months ended 30 June 2019: €980.3m) capital repayments from Acorn Holdings B.V.

### 3.16 Net income from investments at FVTPL

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
<b>Financial assets measured at FVTPL</b>		
Investments in subsidiaries	-4,760.5	4,237.5
Other investments	79.1	1,337.8
Corporate debt securities	17.7	23.4
Short-term financial investments	0.0	7.3
<b>Total</b>	<b>-4,663.7</b>	<b>5,606.0</b>

Net income from investments at FVTPL comprises net gain/(loss) on investments in subsidiaries, other investments, corporate debt securities and short-term financial investments and dividend income from investments at FVTPL.

## JAB Holding Company S.à r.l., Luxembourg

### 3.17 Finance income and finance expenses

Finance income can be detailed as follows:

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
Change in redemption amount of redeemable shares	395.8	0.0
Net foreign exchange gain	30.2	0.0
Interest income	8.4	6.6
Other	0.6	0.0
<b>Total</b>	<b>435.0</b>	<b>6.6</b>

Finance expenses can be detailed as follows:

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
Interest expense on financial liabilities	-91.0	-71.2
Valuation of interest rate contracts	13.2	10.2
Bank fees	-4.3	-4.7
Change in redemption amount of redeemable shares	0.0	-301.2
Net foreign exchange loss	0.0	-7.9
<b>Total</b>	<b>-82.1</b>	<b>-374.8</b>

### 3.18 Other Income

In the six months ended 30 June 2020, JAB Group incurred other income in the amount of €269.8m from the remeasurement of share-based payment transactions (six months ended 30 June 2019: €0.0m).

## JAB Holding Company S.à r.l., Luxembourg

### 3.19 General and administrative expenses

General and administrative expenses can be detailed as follows:

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
Service fees	-12.3	-222.9
Salary and personnel related expenses	-9.0	-4.7
Legal, tax, audit and consultancy fees	-4.9	-3.5
Others	-2.4	-1.0
<b>Total</b>	<b>-28.6</b>	<b>-232.1</b>

Service and other fees include expenses for share-based payment transactions in the amount of €0.1m (six months ended 30 June 2019: expense €201.5m).

### 3.20 Taxes on income

	For the six months ended 30 June 2020 in €m	For the six months ended 30 June 2019 in €m
Withholding tax on dividends and finance income	-0.2	-11.5
<b>Income tax expense</b>	<b>-0.2</b>	<b>-11.5</b>

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.

### 3.21 Related parties

The related parties are disclosed in the consolidated financial statements 2019. Related party transactions which have taken place in the period and have materially affected the Interim Condensed Consolidated financial statements are disclosed in the notes to the Interim Condensed Consolidated financial statements.

## **JAB Holding Company S.à r.l., Luxembourg**

### **3.22 Contingent liabilities**

As of 30 June 2020, JAB Group provides no material guarantees for third parties.

JAB Group Companies (JAB Holdings B.V., JAB Cosmetics B.V., Cottage Holdco B.V.) are a defendant in stockholder class action and derivative lawsuit. JAB Holding Company S.à r.l., which was previously a defendant, has been dismissed as a defendant. The complaint alleges, among other things, that the defendants 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 minority 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 JAB Group gained mathematical control of Coty Inc. as a result of the tender offer, thereby depriving the minority stockholders of a control premium. The case is still at its early stages with discovery just commencing. A trial schedule has not yet been set.

## JAB Holding Company S.à r.l., Luxembourg

### 4. Financial instruments – Fair Value and Risk Management

#### 4.1 Financial instruments and fair value hierarchy

JAB Group classified its financial instruments by category as set out below:

	30 June 2020			31 December 2019		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	in €m	in €m	in €m	in €m	in €m	in €m
Assets as per statement of financial position						
Investments in subsidiaries	0.0	24,045.5	24,045.5	0.0	24,862.8	24,862.8
Other investments	0.0	114.7	114.7	0.0	35.6	35.6
Corporate debt securities	0.0	0.0	0.0	0.0	852.2	852.2
Loans	139.9	0.0	139.9	188.4	0.0	188.4
Other receivables	15.9	0.0	15.9	17.6	0.3	17.9
Cash and cash equivalents	609.5	0.0	609.5	2,584.5	0.0	2,584.5
Non-current assets held-for-sale	0.0	215.3	215.3	0.0	300.1	300.1
<b>Total</b>	<b>765.3</b>	<b>24,375.5</b>	<b>25,140.8</b>	<b>2,790.5</b>	<b>26,051.0</b>	<b>28,841.5</b>

	30 June 2020				31 December 2019			
	Amortised cost	FVTPL	Redeemable shares	Total	Amortised cost	FVTPL	Redeemable shares	Total
	in €m	in €m	in €m	in €m	in €m	in €m	in €m	in €m
Liabilities as per statement of financial position								
Borrowings	8,375.1	0.0	0.0	8,375.1	6,799.5	0.0	0.0	6,799.5
Redeemable shares	0.0	0.0	1,838.1	1,838.1	0.0	0.0	2,554.3	2,554.3
Other liabilities	54.5	0.0	0.0	54.5	72.8	13.2	0.0	86.0
<b>Total</b>	<b>8,429.6</b>	<b>0.0</b>	<b>1,838.1</b>	<b>10,267.7</b>	<b>6,872.3</b>	<b>13.2</b>	<b>2,554.3</b>	<b>9,439.8</b>

## **JAB Holding Company S.à r.l., Luxembourg**

The redeemable shares classified as a liability are carried at amortised cost which corresponds to the redemption amount that would be payable at the reporting date if the holder would put the shares at this date. Since the redemption amount is calculated based on the fair value of JAB Group's direct and indirect investments the redeemable shares are presented separately from the other financial liabilities at amortised cost.

Cash and cash equivalents as well as other receivables are subject to the impairment requirements of IFRS 9. As of 30 June 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 was immaterial, as well as the identified impairment loss for the other receivables subject to the expected credit loss model.

JAB 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.

## JAB Holding Company S.à r.l., Luxembourg

### Financial instruments in Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

The following table analyses financial instruments carried at fair value by valuation technique. It does not include fair value information of financial assets and liabilities not measured at fair value. The issued long-term notes have a carrying amount of €7,890.1m (31 December 2019: €6,799.5m), the fair value is €8,224.0m (31 December 2019: €7,180.3m) based on dealer-quotes (Level 2). For all other financial assets and liabilities, the carrying amounts are a reasonable approximate of fair values.

	30 June 2020			Total in €m
	Level 1 in €m	Level 2 in €m	Level 3 in €m	
<b>Financial assets at FVTPL</b>				
Investments in subsidiaries and other investments				
Listed equity investments	718.5	0.0	0.0	718.5
Unlisted equity investments	0.0	1,850.7	21,591.0	23,441.7
Non-current assets held-for-sale				
Unlisted equity investments	0.0	0.0	215.3	215.3
<b>Total financial assets</b>	<b>718.5</b>	<b>1,850.7</b>	<b>21,806.3</b>	<b>24,375.5</b>

	31 December 2019			Total in €m
	Level 1 in €m	Level 2 in €m	Level 3 in €m	
<b>Financial assets at FVTPL</b>				
Investments in subsidiaries and other investments				
Unlisted equity investments	0.0	0.0	24,898.4	24,898.4
Non-current assets held-for-sale				
Unlisted equity investments	0.0	0.0	300.1	300.1
Corporate debt securities	0.0	0.0	852.2	852.2
Other receivables	0.0	0.3	0.0	0.3
<b>Total financial assets</b>	<b>0.0</b>	<b>0.3</b>	<b>26,050.7</b>	<b>26,051.0</b>
<b>Financial Liabilities at FVTPL</b>				
Interest rate contracts	0.0	13.2	0.0	13.2
<b>Total financial liabilities</b>	<b>0.0</b>	<b>13.2</b>	<b>0.0</b>	<b>13.2</b>

## JAB Holding Company S.à r.l., Luxembourg

In the six months period ended 30 June 2020, FVTPL equity instruments with a carrying amount of €2,154.4m were transferred from Level 3 to Level 2. In the six months period ended 30 June 2019, FVTPL equity instruments with a carrying amount of €2,930.8m 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 during the six months period ended 30 June 2020 and during the six months ended 30 June 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.

	<b>Investments in subsidiaries</b>	<b>Other investments</b>	<b>Corporate debt securities</b>	<b>Non-current assets held-for-sale</b>
	Unlisted equity investments in €m	Unlisted equity investments in €m	Preferred shares in €m	Unlisted equity investments in €m
Balance as of 31 December 2019	24,862.8	35.6	852.2	300.1
Additions	4,042.5	0.0	0.0	179.0
Disposals	-882.8	0.0	-852.2	-67.2
Transfers from Level 3 to Level 2	-2,154.4	0.0	0.0	0.0
Change in fair value	-4,391.8	79.1	0.0	-196.6
<b>Balance as of 30 June 2020</b>	<b>21,476.3</b>	<b>114.7</b>	<b>0.0</b>	<b>215.3</b>

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 are a reasonable approximate of fair values.

### Investments in subsidiaries categorised in Level 3

JAB Group's investments include equity participations in Acorn Holdings B.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Petcare G.P. and JAB Luxury GmbH., which are not quoted in active markets (31 December 2019: Acorn Holdings B.V., Cottage Holdco B.V., JAB Luxury GmbH, Pret Panera I G.P., Pret Panera III G.P., KK G.P. and Petcare G.P.). JAB Group uses a market-based valuation technique based on market multiples applied on LTM figures or, if appropriate, third-party transactions (at-arm's length) for measuring its investments.

The valuation models were based on market multiples derived from quoted prices of comparable public companies based on industry, size, leverage and strategy.

## JAB Holding Company S.à r.l., Luxembourg

The following details show the valuation techniques in measuring Level 3 fair values, as well as the unobservable inputs used, for JAB Group's equity investments:

Acorn Holdings B.V.:

JAB Group holds 61.5% of Acorn Holdings B.V. which is the direct shareholder of further interim holding companies and their investments in Keurig Dr Pepper Group (KDP) and JDE Peet's Group (JDEP).

In 2019, Acorn Holdings B.V.'s investments in Jacob Douwe Egberts Group (JDE) and Peet's Coffee Group (Peet's) combined creating JDE Peet's Group. On 29 May 2020, JDEP exercised an IPO and became a listed company (Euronext Amsterdam).

As of 30 June 2020, the shares in Acorn Holdings B.V. were valued at €15,850.5m. Acorn Holdings B.V.'s fair value was calculated as the net asset value of the different investments. These investments were valued as follows:

- As of 30 June 2020 and 31 December 2019, KDP is a listed company (New York Stock Exchange). The shares in KDP were valued based on the quoted market price at the reporting date.
- As of 30 June 2020, JDEP is a listed company (Euronext Amsterdam). The shares in JDEP were valued based on the quoted market price at the reporting date.
- As of 31 December 2019, JDE fair value was calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The JDE valuation as of 31 December 2019 was made as of 30 June 2019 and was not updated in the light of the IPO, though concluded to be relevant and appropriate for JDE fair value as of 31 December 2019. The following LTM (based on 12 months) multiples were used for the valuation of JDE: EBITDA multiple of 16.3x and P/E multiple of 23.1x.
- As of 31 December 2019, Peet's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The Peet's valuation as of 31 December 2019 was made as of 30 June 2019 and was not updated in the light of the IPO, though concluded to be relevant and appropriate for Peet's fair value as of 31 December 2019. The following LTM multiples were used for the valuation of Peet's: EBITDA multiple of 18.1x, P/E multiple of 28.1x and Sales multiple of 4.2x.
- The multiples applied to the LTM figures ending June 2019 were the median of the LTM multiples of these comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

In 2017, JAB Group entered into agreements regarding its investment in Acorn Holdings B.V. with certain non-controlling shareholders in this company. Under these agreements, certain subsidiaries of JAB Holdings B.V. may be obliged to purchase such person's ordinary shares in Acorn Holdings B.V., conditional on the occurrence of Acorn Holdings B.V.'s engagement in certain business activities. Since JAB Group controls Acorn Holdings B.V., this contingent obligation is under the Company's control. Acorn Holdings B.V. has not engaged in such business activities as of 30 June 2020 and 31 December 2019. In the event certain subsidiaries of JAB Holdings B.V. are required to purchase the ordinary shares of any such non-controlling shareholder of Acorn Holdings B.V., then JAB Group may be obliged to subscribe for ordinary shares. JAB Group qualified

## JAB Holding Company S.à r.l., Luxembourg

these contingent payment obligations as financial instruments. As of 30 June 2020 and 31 December 2019, the financial instruments fair value is measured at nil since the probability of the cash-outflow upon this agreement is estimated to be remote.

### Pret Panera I G.P. and Pret Panera III G.P.:

JAB Group is invested in Pret Panera Holding Company Group through a 53.8% investment in Pret Panera I G.P. and a 16.3% investment in 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.

As of 30 June 2020, the shares in Pret Panera I G.P. and Pret Panera III G.P. were valued at €3,074.5m. Pret Panera I G.P.'s and Pret Panera III G.P.'s fair value was calculated as the net asset value of their different investments. These investments were valued as follows:

- As of 30 June 2020, Pret A Manger Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Pret A Manger: EBITDA multiple of 17.9x, P/E multiple of 26.1x and Sales multiple of 3.8x.
- As of 31 December 2019, management assessed the original acquisition cost to be the best estimate of fair value for Pret A Manger Group.
- As of 30 June 2020 and 31 December 2019, Panera Group's, Caribou Coffee Group's and Espresso House Group's fair value were calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting.
- For Panera Group the following LTM multiples were used for the valuation: EBITDA multiple of 18.0x (31 December 2019: 19.5x), P/E multiple of 26.9x (31 December 2019: 30.9x) and Sales multiple of 4.4x (31 December 2019: 4.3x).
- For Caribou Coffee Group the following LTM multiples were used for the valuation: EBITDA multiple of 17.4x (31 December 2019: 18.1x), P/E multiple of 25.2x (31 December 2019: 24.7x) and Sales multiple of 1.4x (31 December 2019: 1.8x).
- For Espresso House Group the following LTM multiples were used for the valuation: EBITDA multiple of 17.2x (31 December 2019: 18.6x), P/E multiple of 21.2x (31 December 2019: 24.7x) and Sales multiple of 1.5x (31 December 2019: 2.0x).
- In the light of Covid-19, LTM figures ending June 2020 were not reflective of Pret A Manger Group's, Panera Group's, Caribou Coffee Group's and Espresso House Group's underlying business. Depending on which time period best reflects each investment's underlying business in a normalised environment, the multiples were applied to such LTM period before Covid-19.
- The multiples applied to the LTM figures, using the normalised environment as stated above, are the 30 June 2020 median of the LTM multiples of the peer group, consisting of comparable publicly listed companies. Such multiples are based on the most recent peer group results available in the public domain (generally 31 March 2020) which were only to a limited extent affected by Covid-19.
- In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets as of 30 June 2020 and 31 December 2019.

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In 2018, JAB Group entered into an agreement with Pret Panera I GP, Pret Panera Holding Company Inc. and certain other persons that hold direct or indirect non-controlling interests in Pret Panera Holding Company Inc. Under this agreement, certain of these non-controlling shareholders can request an IPO of Pret Panera Holding Company Inc. after April 1st, 2023. Upon such request, Pret Panera Holding Company Inc., at its option, may purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. If such IPO is not completed within 13 months, JAB Group may be obliged to purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. JAB Group has qualified the contingent obligation to purchase such person's interest as a financial instrument. Its fair value is 0, since it is exercisable at the fair value of the underlying item.

### KK G.P.:

JAB Group is invested in Krispy Kreme Group through a 49.6% investment in KK G.P.

As of 30 June 2020, the shares in KK G.P. were valued at €862.1m. KK G.P.'s investment was valued as follows:

- As of 30 June 2020 and 31 December 2019, Krispy Kreme Group's fair value were calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Krispy Kreme Group's: EBITDA multiple of 20.0x (31 December 2019: 18.6x), P/E multiple of 27.0x (2019: 25.5x) and Sales multiple of 4.3x (31 December 2019: 4.3x).
- The multiples applied to the LTM figures ending June 2020 and December 2019 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies, and are reflective of Krispy Kreme Group's respective LTM results periods. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

In 2018, JAB Group entered into an agreement with KK GP, Krispy Kreme Holdco Inc. and certain other persons that hold direct or indirect non-controlling interests in Krispy Kreme Holdco Inc. Under this agreement, certain of these non-controlling shareholders can request an IPO of Krispy Kreme Holdco Inc. after April 1st, 2023. Upon such request, Krispy Kreme Holdco Inc, at its option, may purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. If such IPO is not completed within 13 months, JAB Group may be obliged to purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. JAB Group has qualified the contingent obligation to purchase such person's interest as a financial instrument. Its fair value is 0, since it is exercisable at the fair value of the underlying item.

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### Cottage Holdco B.V.:

JAB Group is invested in Coty Inc. through Cottage B.V.

As of 30 June 2020, the shares in Cottage Holdco B.V. were valued at €1,850.7m. The investment was valued as follows:

- Cottage Holdco B.V. is the direct shareholder of an investment in Coty Inc.
- For 31 December 2019 it was valued by adjusting its investment in Coty Inc. for financial debt. As of 30 June 2020, the investment in Cottage Holdco B.V. is categorised in Level 2.
- As of 30 June 2020 and 31 December 2019, Coty Inc. is a listed company (New York Stock Exchange). The shares in Coty Inc. were valued based on the quoted market price at the reporting date.

### Petcare G.P.:

JAB Group is invested in Compassion-First Group (VSNA LLC) and National Veterinary Associates (NVA) through a 40.8% investment in Petcare G.P.

As of 30 June 2020, the shares in Petcare G.P. were valued at €1,684.1m. Petcare G.P.'s fair value was calculated as the net asset value of its different investments. These investments were valued as follows:

- The investment in Compassion-First Group occurred in March 2019. As of 30 June 2020 and 31 December 2019, management assessed the original acquisition cost to be the best estimate of fair value.
- The investment in NVA occurred in February 2020. As of 30 June 2020, management assessed the original acquisition cost to be the best estimate of fair value.

### JAB Luxury GmbH.:

JAB Group is the sole owner of JAB Luxury GmbH, Switzerland. JAB Group has the intention to dispose of its investment in Labelux Group GmbH in Liqu. and therefore classified the shares as assets held for sale.

As of 30 June 2020, the shares in JAB Luxury GmbH, Switzerland were valued at €215.3m.

## **Sensitivity 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 in the amount of €414.7m (increase/decrease) (31 December 2019: €1,394.7m (increase) / €-1,362.4m (decrease)). As of 30 June 2020, the sensitivity to unobservable inputs comprises the investment in Pret Panera I G.P., Pret Panera III G.P., KK G.P. and JAB Luxury GmbH (31 December 2019: Acorn Holdings B.V., Pret Panera I G.P., Pret Panera III G.P. and KK G.P.)

## **JAB Holding Company S.à r.l., Luxembourg**

### **Redeemable shares**

The Company recorded its own shares containing put features as a liability at the potential redemption amount (€1,838.1m: 31 December 2019: €2,554.3m), which is based on valuation rules that have been contractually agreed with the shareholders.

### **4.2 Overview of financial risk factors**

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

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

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with JAB Group's 31 December 2019 consolidated financial statements. There have been no changes in the risk management policies and procedures since year-end.

## **JAB Holding Company S.à r.l., Luxembourg**

### **5. Subsequent Events**

In September 2020, JAB Group has received certain cash distributions resulting in a material reduction of the Group's net debt of approx. €1.9bn.

Luxembourg, 18 September 2020

Managing Directors:

J. Creus

C. Thun-Hohenstein