Annual Report 2022

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2022 Highlights & Results
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About this Report

This Annual Report sets out JAB Holding Company S.à r.l.'s ('JAB Holding Company') consolidated results and developments in 2022, and was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Integrated Annual Report 2022 is in accordance with the International Integrated Reporting Council (IIRC) which includes elements from the Corporate Sustainability Reporting Directive (CSRD) as adopted by the European Union, as well the Global Reporting Initiative (GRI) Standards (referenced option).

This Report summarizes how we create value for our shareholders and other stakeholders over time, as well as how we strive to make a positive impact on the planet and society.

To meet the specific needs of our stakeholders, we publish an extended report on an annual basis which further details and reflects on our ESG strategy and commitments.

INTEGRATED REPORTING ⟨IR⟩

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Details on our value creation strategy can be found in the following sections:

Highlights

JAB at a Glance

JAB Holding Company

Evergreen Capital Structure →
Consumer Sector Focus →
Investment Grade Ratings from both Moody's and S&P →

JAB

A unique partnership of long-term investors in consumer goods & services

J|CP

← High Quality Long-Term Investor Group
← Invests Alongside JAB Holding Company
← Raised $22bn+ in Equity Commitments

$50bn+	50+	6
Managed Capital	Investment & industry professionals	Global Offices
Unique Platform Investing Approach	Strong ESG Commitments	Attractive Compounding Returns

Keurig Dr Pepper, JDE Peet's, Panera Brands, Espresso House, Pret, Krispy Kreme, NVA, Independence Pet Group, Pinnacle Pet Group, VPG Veterinary Pathology Group, Coty since 1904, Bally

Investment Grade Rated since 2014

Moody's Investors Service — Upgraded
Moody's:
Baa1 with stable outlook
(former rating Baa2)

S&P Global Ratings — S&P:
BBB+ with stable outlook

Strong ESG Progress

61%
of portfolio companies have SBTi targets committed or approved

Science Based Targets — Driving ambitious corporate climate action

#1 and #2
JAB Holding was rated #1 in the category of diversified financials and #2 globally by Sustainalytics for ESG risk rating

ESG Global 50 Top Rated | ESG Industry Top Rated | ESG Regional Top Rated

2022 Highlights & Results

Resilient investment performance with robust results of our portfolio companies in the current macroeconomic environment

During 2022, the MSCI World Index contracted by -17.6% as benchmark rates were lifted quickly by central banks across the world, increasing the cost of capital. The return of our investments was -9.4% for the same period, an outperformance of more than 800 bps.

Our return for the first two months of 2023 was +4.0%, as our publicly traded investments reported resilient results with strong organic growth while protecting their margins and generating free cash flow. The MSCI World Index's returned +4.3% for the same period.

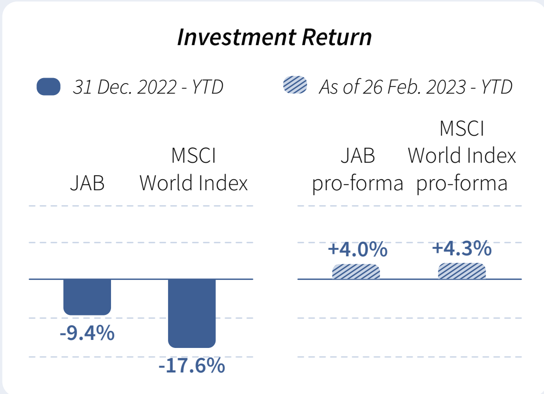
As a long-term and evergreen investor, the success of our investment philosophy is designed to be measured over several years. At the same time, our recent outperformance against the MSCI World Index gives us confidence that our investment approach is working and will continue to be resilient in today's market and macroeconomic environment.

During 2021 and 2022, we took decisive action across our portfolio companies to benefit from the more favorable environment, as we saw inflationary pressures early on across our supply chain. This action included refinancing our portfolio companies, pricing ahead of inflation, and securing access to long-term debt (10 to 30-year bonds) for JAB and its portfolio companies. Today, most of JAB portfolio companies have fixed interest rate debt, without any meaningful funding needs in the near-term.

Above all, we continued our trajectory based on our core investment strategy of focusing on resilient companies with above market growth potential, premium and leading brands, assets with strong pricing power and solid cash flow generation in the consumer goods and services sectors.

We continued to further diversify our investment portfolio with strategic acquisitions in specialty veterinary care and building a leading global pet insurance platform.

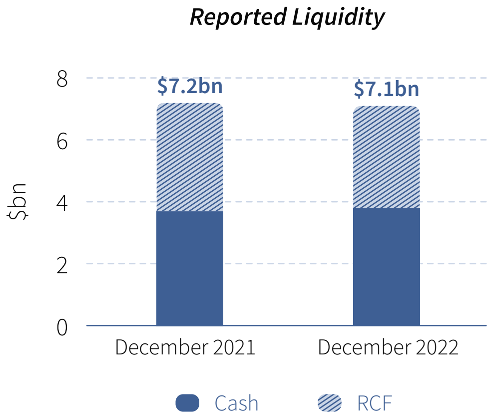
During 2022, the value of our investment portfolio reduced from $51.7 billion to $49.5 billion while generating $1.0 billion of dividend income. Reduction in investment portfolio value is primarily driven by unrealized mark-to-market losses.

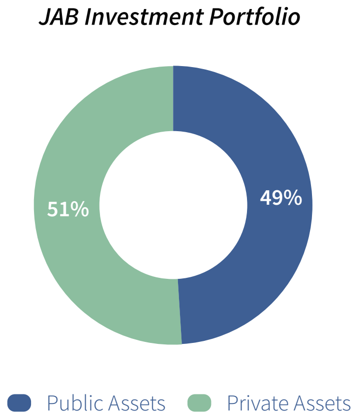


Our best-in-class debt and liquidity profile led to a Moody's rating upgrade to Baa1 from Baa2

Our robust credit profile did not remain unnoticed, as Moody's upgraded us in November 2022. On an absolute basis, our liquidity was $7.1bn including $3.8bn of cash & cash equivalents and $3.3bn of undrawn credit facility. Additionally, 49% of our investments are directly and indirectly in publicly traded companies, which also represents a strong source of liquidity. Our leverage, as measured by the Loan-to-Value ratio, remained within the range of our financial policy, which demonstrates the resilient nature of the portfolio and the conservativeness of our capital structure.

We successfully extended our debt maturity profile in the first six months of 2022 when interest rates were lower, leading to an essentially fixed interest rate structure. In this context, in April 2022, we issued the first 30-year maturity sustainability-linked bond ever issued in global capital markets. Through this $500 million bond issuance, we further extended and improved our debt maturity profile while simultaneously reconfirming our ESG commitments.
In June 2022, we issued a 10 year sustainability-linked bond with a nominal value of €500m. In September 2022, one bond was repaid. When issuing the two bonds, we committed to meet certain sustainability targets (2025-2030), which Sustainalytics classified as highly ambitious. These bonds align with our ambition of sustainable, long-term value creation.





Financial Highlights

Loan-to-value ratio

As of December 31, 2022, our Loan-to-Value ratio on a reported basis, measuring the relationship between our Net Debt and the value of our Investment Portfolio was 12.8% and largely unchanged from June 30, 2022. Excluding the effect of equity attributable to non-controlling interests, the Loan-to-Value ratio was 19.6% on a stand-alone basis. As an investment holding company, we report our borrowings at amortized cost. If, like our investments, borrowings were also to be reported at market value, this would have resulted in a reduction of $1.4bn of our net debt as of December 31, 2022. This reduction mainly represents the economic benefit resulting from our decision to lock in long-term interest rates (e.g.: 20-year, 30-year bonds).

	As Reported (IFRS) in $m 30 June 2022	*As Reported (IFRS)* in $m 31 December 2022	*Stand-Alone LTV (Pro forma)* in $m 31 December 2022
Investments in Subsidiaries	47,046	49,119	32,054[1]
Other Investments	311	371	371
JAB Group's Investment Portfolio	**47,357**	**49,490**	**32,425**
Cash & Cash Equivalents	4,053	3,837	3,837
Borrowings	(10,083)	(10,196)	(10,196)
JAB Group's Net Debt	**(6,030)**	**(6,359)**	**(6,359)**
Loan-to-Value Ratio	**12.7%**	**12.8%**	**19.6%**

1 *Investment in Subsidiaries, reduced by non-controlling interest*

Business Development

We continued our expansion in veterinary care and adjacent animal health categories with several strategic acquisitions throughout 2022

Petcare

Since our investment in 2019, NVA Compassion-First has achieved exceptional growth. NVA has achieved this by expanding its footprint and global reach, entering into premier platform partnerships, and implementing a strategic repositioning of its revenue mix, resulting in a near tripling of NVA's revenue and EBITDA run rate. Besides the successful closing of two acquisitions in specialty and emergency care (SAGE Veterinary Centers in June 2022 and Ethos Veterinary Health in July 2022), NVA added over 120 sites across the five geographies in which it operates (United States, Canada, Australia, New Zealand and Singapore).

We are on track to build a global leading pure-play pet insurance platform

Pet Insurance

We are building a leading global pet insurance platform in an underpenetrated market that is growing by over 20% per annum. With the formation of Independence Pet Group (IPG) in North America and Pinnacle Pet Group in Europe, we believe to be well positioned to capture above market growth through company-owned brands and white-label partnerships on an organic and inorganic basis.

On October 31, 2022, IPG successfully closed the acquisition of Crum & Foster Pet Insurance Group and Pethealth, the global pet insurance businesses of Fairfax Financial Holdings. Crum & Foster Pet Insurance Group and Pethealth operate multiple owned, licensed and 3rd party pet insurance brands, including but not limited to ASPCA, 24petprotect, Hartville, Spot, Pumpkin and Pets Plus Us, in the US and Canada. Pethealth also operates shelter software, microchip and pet location services that are complimentary to IPG's existing breeder software and pet location services business.

In addition, the previously announced acquisition of Veterfina and Agila's pet insurance business are expected to close in the coming months. Both transactions are subject to customary closing conditions, including applicable regulatory approvals.

Pet Labs

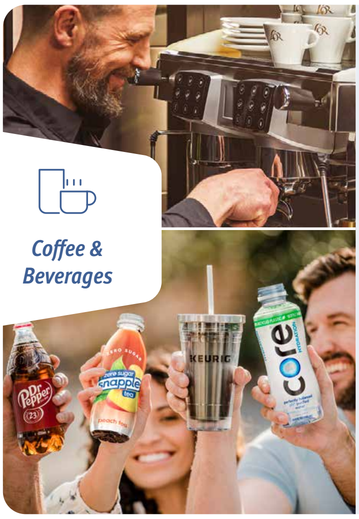
Building upon our proven success within the pet industry and by leveraging our deep institutional industry insights, we expanded further into the pet health services market with the acquisition of Veterinary Pathology Group (VPG) in September 2022. VPG is a leading pet diagnostics laboratory group in the United Kingdom and Ireland that was a carve-out from Synlab, a European human diagnostics laboratory group.

VPG is a highly respected pet diagnostics laboratory group with a full range of leading capabilities in molecular, toxicology, cytology, and histopathology testing. The group has an extraordinary reputation in the market for offering world-class service and advice to clients. VPG has a diversified client base between leading veterinary platforms, referral hospitals, and independent veterinarians.

2022 Highlights & Results (continued)

Investment Performance

Company-by-company results



JDE Peet's (JDEP)

JDE Peet's delivered double-digit sales growth of +16% for full year 2022, increased its absolute gross profit, delivered strong free cash flow of EUR 1.4 billion and higher EPS, while increasing investments to support its long-term growth ambition in areas such as marketing, innovation, digital commerce, emerging market capabilities and sustainability.

Keurig Dr Pepper (KDP)

KDP reported strong net sales growth of +11% for full year 2022, significantly ahead of the Company's initial guidance of mid-single-digit growth. KDP grew market share in Cold Beverages, expanded Keurig brewing systems to 38 million U.S. households and expanded its presence in the strategically compelling energy and non-alcohol beer and cocktail categories. Finally, KDP returned $1.5bn in dividends and share buy backs to its shareholders in 2022 while keeping its management leverage ratio below 3x.

Coty (COTY)

Coty continues to deliver strong results. LFL sales increased by +6%, and the company had strong and growing Free Cash Flow. Across 2022, the company reduced net debt by approximately $1.4bn.

Including stake at Wella, economic leverage now stands below 3x

Krispy Kreme (DNUT)

Krispy Kreme reported organic sales growth of 12% for full year 2022 nearing 11,837 points of access globally, up 14% year on year. Krispy Kreme expects to open in five to seven new countries in 2023, including France, as they continue their journey to become the most loved sweet treat brand in the world.

Panera Brands

Panera Brands continued its strong business momentum by increasing its sales by +12% on a full year CY22 basis while increasing its Adjusted EBITDA by +14% for the same period, fueled by sales from its increasing number of loyalty members and new product innovations, including Unlimited Sip Club, Chef's Chicken Sandwich and warm & hearty baguette.

NVA

NVA's run rate revenue surpassed $5.5bn by year-end 2022 driven by M&A, including the acquisitions of Sage Veterinary Centers, Ethos Veterinary Health and other bolt-ons, combined with strong organic growth. NVA continued to drive medical innovations in the specialty veterinary sector and building on its market leading denovo expansion strategy.

IPG and PPG

Our pet insurance businesses continued to deliver above market organic growth, coupled with the closing of the Crum & Foster Pet Insurance Group and Pethealth business acquisitions on October 31, 2022. Following the closing of the transactions, AM Best has affirmed it's A- (excellent) rating of Independence American Insurance Company, the underwriter owned by Independence Pet Group.

2022 Highlights & Results (continued)

Committed to delivering superior long-term shareholder returns, which are fundamentally dependent on a healthy planet and people

Throughout 2022, we continued to integrate ESG into our ways of working, while further developing our responsible and sustainable investing practices. This helped us to further solidify ESG as a cornerstone in our organization, leading to several key achievements throughout 2022, including:

1. JAB Holding was rated #1 in the category of diversified financials and #2 globally by Sustainalytics for ESG risk rating
2. We priced two Sustainability Linked Bonds ($500m and €500m) tying JAB to several "ambitious" and "highly ambitious" sustainability targets as defined by Sustainalytics
3. 61% of portfolio companies by fair value have approved SBTi decarbonisation targets in place and/or are committed to SBTi
4. JAB supported portfolio companies on improving gender diversity progress – now approx. three quarters of Boards and Executive teams have at least 30% gender diversity
5. All of our portfolio companies have defined an ESG strategy and are working towards publishing externally for the financial year 2022

This is the second year where we have reported on our ESG KPIs and the progress made to-date in achieving our targets. For details, please refer to our Extended Annual Report.

Our 2022 ESG efforts were continuously recognised. Sustainalytics, one of the global top ESG rating agencies, once again awarded JAB the top position among industry peers. This ranking included the lowest ESG risk ("negligible ESG risk") in the industry, and the 2nd lowest globally, which, together with our focus on resilient Consumer Goods & Services categories, allows us to deliver superior risk-adjusted returns.

ESG GLOBAL 50 TOP RATED

ESG INDUSTRY TOP RATED

ESG REGIONAL TOP RATED

JAB made a market leading commitment that 80% of its portfolio companies will set a SBTi-approved target by 2025

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Portfolio Companies ESG Highlights

→ KDP set the aspirational goal to achieve net water positive impact by 2050

Keurig Dr Pepper

→ JDE Peet's increased its responsibly sourced coffee target from 30% to 80% globally in 2022 and committed a EUR 150 million investment in a responsible sourcing programme which will ultimately lead to 100% responsibly sourced coffee by 2025

JDE Peet's

→ Coty published new near-term reduction targets for greenhouse gas emissions (GHG), approved by the Science Based Targets initiative (SBTi).

COTY SINCE 1904

→ Panera launched its new flagship Panera Dream Project™, offering a leadership acceleration program for underserved talent and the Panera Bread Foundation to support children and youth in its communities

Panera BREAD

→ Pret A Manger launched a dedicated Ukraine refugee hiring program through which they helped over 250 people in employment

PRET A MANGER

About JAB

Our Investment Partnership

JAB is a partnership with strategic alignment and full control over its managed capital.

A unique partnership of long-term investors in consumer goods & services

JAB is a unique investment partnership between JAB Holding Company as an evergreen investor and creator of global leading Investment Platforms and JCP as a strategic co-investor. With almost 200 years of heritage, JAB invests in consumer goods and services and is focused on long-term value creation through its unique Platform Investing Philosophy.

Our Managing Partners oversee the investments of both JAB Holding Company and JCP, with a single and fully aligned investment strategy. Investment decisions always require unanimity of the Managing Partners.

$50bn+

Managed Capital

In 2012, JAB Holding Company was formed as a partner-led investment firm, with $9bn of invested capital placed under one holding company, which has increased to $50 billion+ of managed capital as of December 31, 2022.

JAB Holding Company has a diverse team of professionals with a clear understanding and appreciation of the next generation of consumers as well as a strong focus on ESG and superior risk-adjusted compounded returns.

JCP was established in 2014, driven by investors' demand to participate in the investment strategy of JAB Holding Company.

JCP is a Luxembourg-based regulated investment fund with institutional investors, family offices, endowments and other professional investors. JCP always invests alongside JAB Holding Company in the consumer goods and services sector.

$17bn

Invested Capital

$22bn+

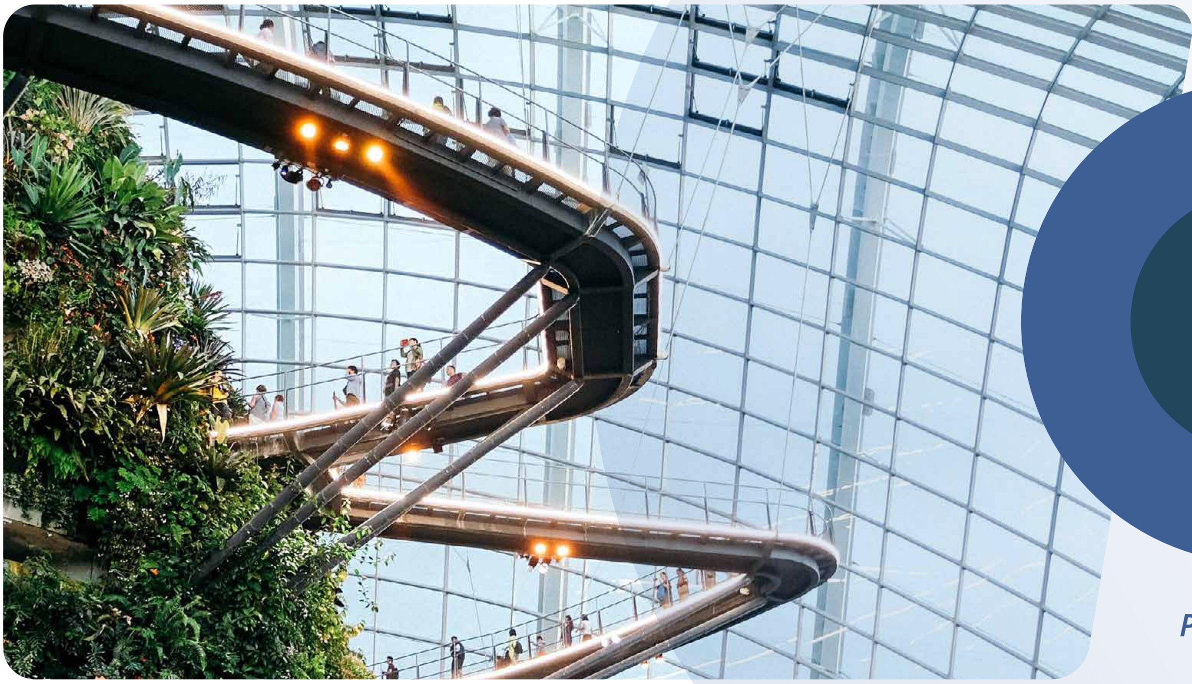
Total Capital Raised

$12bn

Distributions Since 2019

JAB Holding Company and JCP are jointly invested to execute JAB's platform investing strategy. The Private Placement Memorandum and Co-Investment Agreements govern the Investment Partnership between JAB Holding Company and JCP. Notwithstanding the consolidation of our Investment Platforms, JCP remains an independent regulated investment fund based in Luxembourg and managed by JAB Consumer Fund Management S.à.r.l. ('AIFM'), an alternative investment fund manager which is authorized and approved by the Luxembourg financial supervisory authority, the *Commission de Surveillance du Secteur Financier* ('CSSF'). Any decision by the AIFM to invest or divest requires a positive recommendation by our Managing Partners, who are the key persons of the fund.

Our Diverse Team of Professionals



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 – CEO Olivier Goudet, Chairman Peter Harf and Vice Chairman Joachim Creus – together with the senior partners, partners, CFO and Head of Responsible and Sustainable Investing, each of whom has significant experience 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 returns through our Investment Platforms. As such, we provide our team with opportunities and ambitions for continuous development and personal and professional growth.

Working together with 'skin in the game'

Our team, at JAB and our portfolio companies, is invested towards the same goals as our shareholders and 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.

We have an entrepreneurial, high energy, and high performance culture, with an ambitious and motivated team. A common characteristic in all of us is the aligned focus on creating value for our shareholders and other stakeholders.

Our Diverse Team of Professionals (continued)

Our leadership team

200+	150+	100+	8
Years of Consumer Industry Expertise & Insights	*Years of Investing Expertise*	*Years of Executive Committee and Board Experience*	*Nationalities*

JAB is overseen by its leadership team including our three Managing Partners, Olivier Goudet (CEO), Peter Harf (Chairman) and Joachim Creus (Vice Chairman), together with eight (Senior) Partners, our CFO and Head of Responsible and Sustainable Investing.

JAB's Leadership team is supported by:

- a global team of 40+ Investment and Industry Professionals
- a carefully selected team of world class CEOs and Executive Teams with skin in the game
- two globally recognized Senior Advisors, Bertrand Badré and Antonio Weiss, who provide advice on governance and strategy matters

Olivier Goudet
Managing Partner, CEO

Peter Harf
Managing Partner, Chairman

Joachim Creus
Managing Partner, Vice Chairman

David Bell
Senior Partner

Frank Engelen
Senior Partner

Ricardo Rittes
Senior Partner

Trevor Ashley
Partner

Patricia Capel
Partner

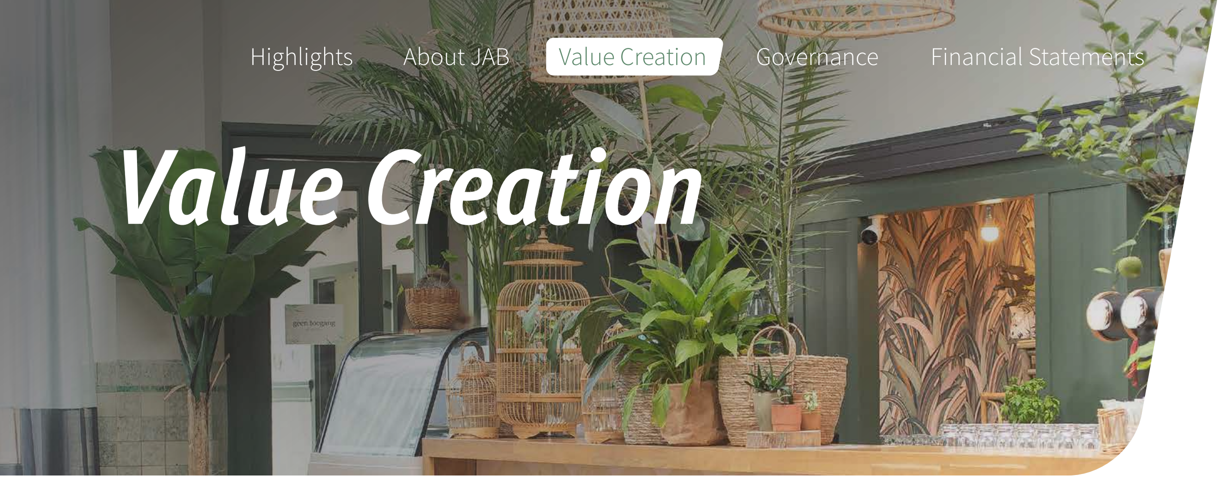
Rafael Cunha
Chief Financial Officer

Konrad Meyer
Partner

Lubomira Rochet
Partner

Jacek Szarzynski
Partner

Yoana Nenova
Head of Responsible and Sustainable Investing



Value Creation

Platform Investing Philosophy

With almost 200 years of heritage, JAB has centered its investment approach around a unique Platform Investing Philosophy which is a critical part of our long-term success.

Identify Investment Opportunities

Agile investment approach with a focus on consumer goods and services

Enhance Value

Unique ownership & people model with repeatable value creation approach

Drive Long-term Sustainable Compounding Returns

Doing the right things for our stakeholders

Our unique set of strengths

- *A long-term and evergreen investor*
- *Proprietary business insights & deal flow*
- *An ecosystem of trusted debt & equity partners*
- *Unlocking synergies*
- *Resilient categories with attractive growth fundamentals*
- *Flexible exit strategies*
- *An invested team*

A long-term and evergreen investor

We are evergreen investors with a long-term investment horizon. JAB's evergreen capital structure enables us to build better, stronger and future-proof businesses in a healthy and sustainable way, without cannibalizing long-term value creation opportunities to realize short-term financial gains. In addition, our structure allows us to unlock value and access growth pools over longer periods of time.

An ecosystem of trusted debt & equity partners

We have a unique ecosystem of trusted and high-quality debt and long-term equity partners. Together with our partners, we are building Investment Platforms with controlling or anchor stakes in global leading businesses, which allows us to create blue-chip companies that are ready for the next generation of consumers and their preferences.

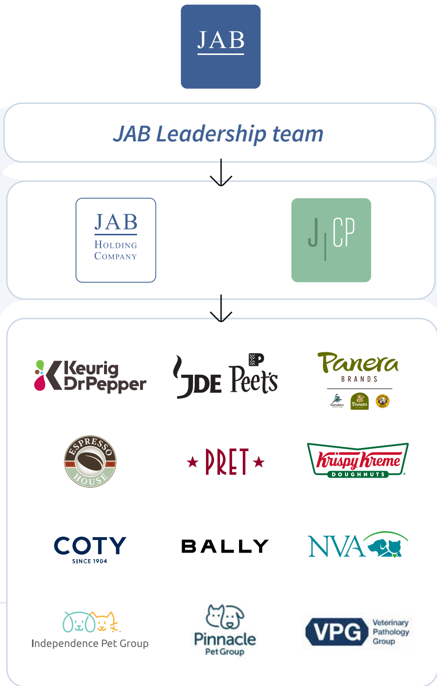
Platform Investing Philosophy (continued)

An invested team

We have a global network of leading professionals in the consumer goods and services industry. Our strong network has enabled us to establish a high-quality team of senior investment and industry professionals at JAB, as well as a team of industry-leading CEOs, senior executives, and independent directors at our portfolio companies. We are all invested in long-term value creation for our shareholders and other stakeholders, and our financial and non-financial interests are aligned. We promote a regular, informal, and hands-on communication flow between all participants in our ecosystem.

Strategic Alignment

- The JAB leadership team oversees both JAB Holding Company and JAB Consumer Partners, with a single and fully aligned investment strategy
- Investment decisions require unanimity of the Managing Partners
- Our Private Placement Memorandum and Co-Investment Agreement governs the unique partnership between JAB Holding Company and JCP



Financial Alignment

- JAB Leadership Team and managers have invested majority of their personal wealth in JAB, contributing to their aligned interest with other shareholders and investors
- CEOs and Executive Teams have invested a very substantial portion of their personal wealth in JAB's investments resulting in a focus on long-term value creation and creating alignment with interests of JAB.

Resilient categories with attractive growth fundamentals

We invest in categories that have a proven track record of resiliency across the economic cycle, with strong growth momentum and attractive cash flow dynamics.

Proprietary business insights & deal flow

We develop real-time superior business insights across industry sectors by combining data, information, and people knowledge. These insights provide us with a strategic advantage in our deal sourcing processes, resulting in us being frequently selected as the partner of choice. This allows us to establish deals on a proprietary and bilateral basis, and to do a more timely and effective investment approach based on real-time market and industry trends, our people network, consumer behaviors and technological developments.

Unlocking synergies

Through our Platform Investment approach, we can achieve levels of synergies that go beyond those that could be realized by each of the individual investments. These synergies are captured by leveraging and scaling the unique opportunities and capabilities of our Platform Investments. To be competitive on all fronts, we focus on both soft and hard synergies, including revenue and cost synergies, balance sheet optimization, talent acquisition, knowledge sharing, and building of new growth capabilities.

Flexible exit strategies

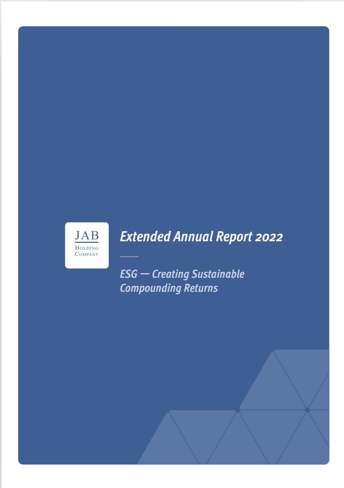
When combining our long-term investment horizon with our decades of investment experience, we recognize that providing future flexibility for our investors is a critical competitive advantage. Therefore, our Investment Platforms are designed to facilitate flexible exit scenarios, which allows us to minimize exit friction and maximize long-term value creation for investors.

Platform Investing Philosophy (continued)

How We Create Sustainable Compounding Returns

JAB is committed to delivering superior long-term compounding shareholder returns, which are fundamentally dependent on a healthy planet and people.

As part of our annual integrated reporting we have issued an extended report, which details and reflects on our ESG strategy, our commitments and results of the value creation we pursue with our Investment Philosophy. This section includes Climate-Related Financial Disclosures (TCFD) reporting along with other ESG-focused data.



Annual Report 2022 – Extended
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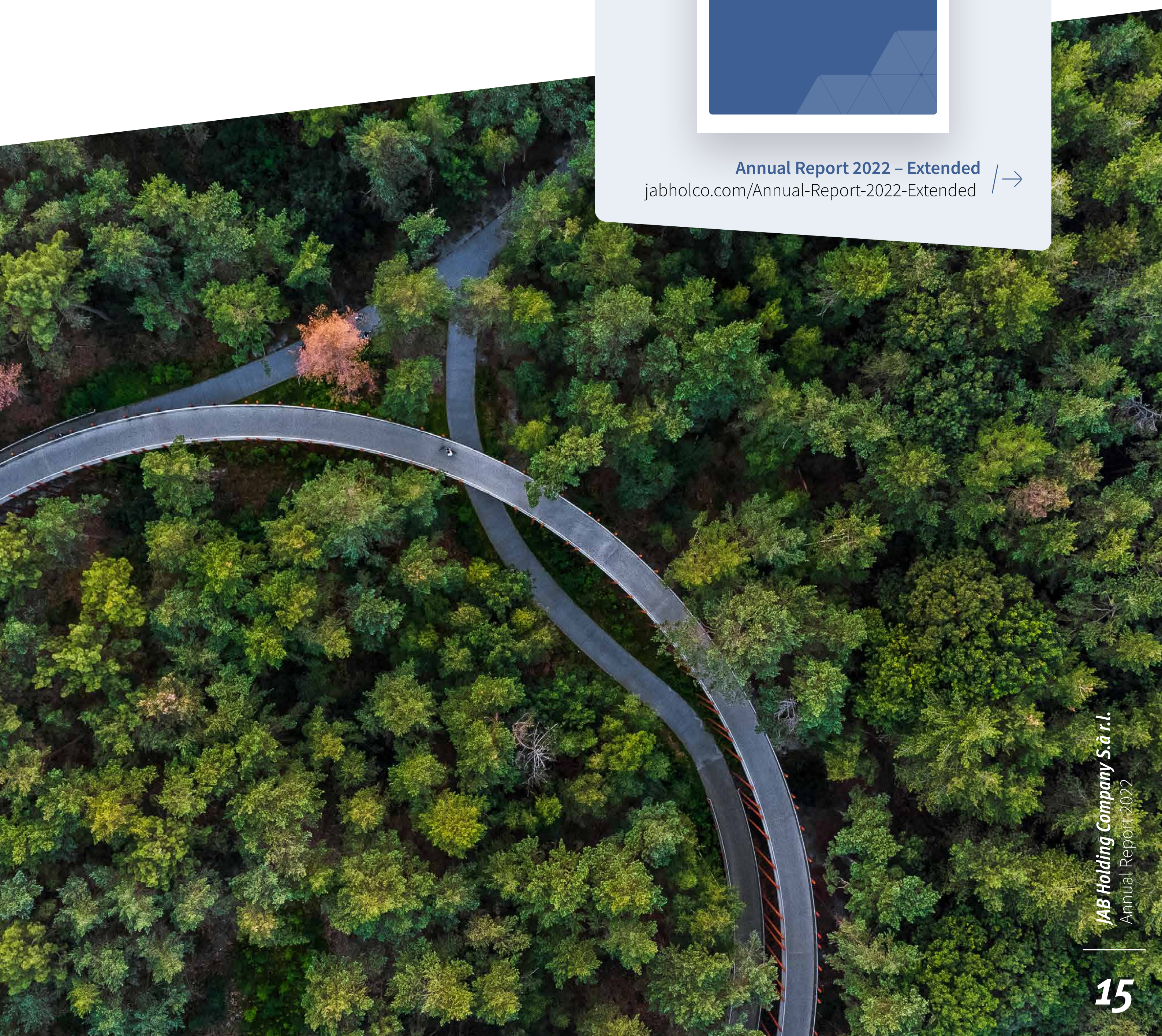


Our Global Leading Investment Platforms

Coffee & Beverages
Fast Casual Restaurants
Indulgence
Petcare
Pet Insurance
Pet Labs
Beauty & Luxury

Since the formation of JAB Holding Company in 2012, we have diversified our investment portfolio by expanding into different categories in the consumer goods and services sectors.

Through our Global Investment Platforms, we control businesses that operate in multiple segments. Each business has established its own robust business model and strategy by leveraging industry-leading brands and a tailored products and services portfolio. These brands are distributed through a variety of channels in different geographies, and, as a result, address the needs of a broad consumer base.

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
- Tea & Juices
- Premium water
- Sport & Energy drinks

Keurig Dr Pepper

JDE Peet's

Fast Casual Restaurants

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

Covering all occasions:

- Breakfast
- Lunch
- Dinner

Panera BRANDS

PRET

Espresso House

Our Global Leading Investment Platforms (continued)

Indulgence

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

- Doughnuts
- Cookies

Krispy Kreme DOUGHNUTS

insomnia cookies

Petcare

Petcare through on-premise, home-delivery, and online services

- General care
- Specialty & emergency care
- Vaccine & pharmacy
- Pet Resorts
- Equine

NVA

NVA Compassion-First Specialty + ER Hospitals

SAGE VETERINARY CENTERS

ETHOS VETERINARY HEALTH

Pet Insurance

Pet Insurance through breeder, shelter, direct-to-consumer, veterinary, mass retail, and employee benefits channels:

- Accident & Illness
- Accident only
- Wellness and other add-ons
- 24/7 vet helpline
- Pet Pharmacy

Independence Pet Group

Pinnacle Pet Group

Pet Labs

Pet Labs with laboratories across England and Ireland

- Companion animal diagnostics
- Leading capabilities and service

VPG Veterinary Pathology Group

Beauty & Luxury

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

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

COTY SINCE 1904

BALLY

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

* *Includes combined JAB Holding Company and JAB Consumer Partners stakes and excludes other co-investors.*

	JAB Ownership*
Keurig Dr Pepper	31%
JDE Peet's	57%
Panera Brands	85%
Pret	75%
Espresso House	84%
Krispy Kreme Doughnuts	45%
NVA	90%
Independence Pet Group	91%
Pinnacle Pet Group	67%
VPG Veterinary Pathology Group	98%
COTY since 1904	53%
BALLY	98%

Our Global Leading Investment Platforms (continued)

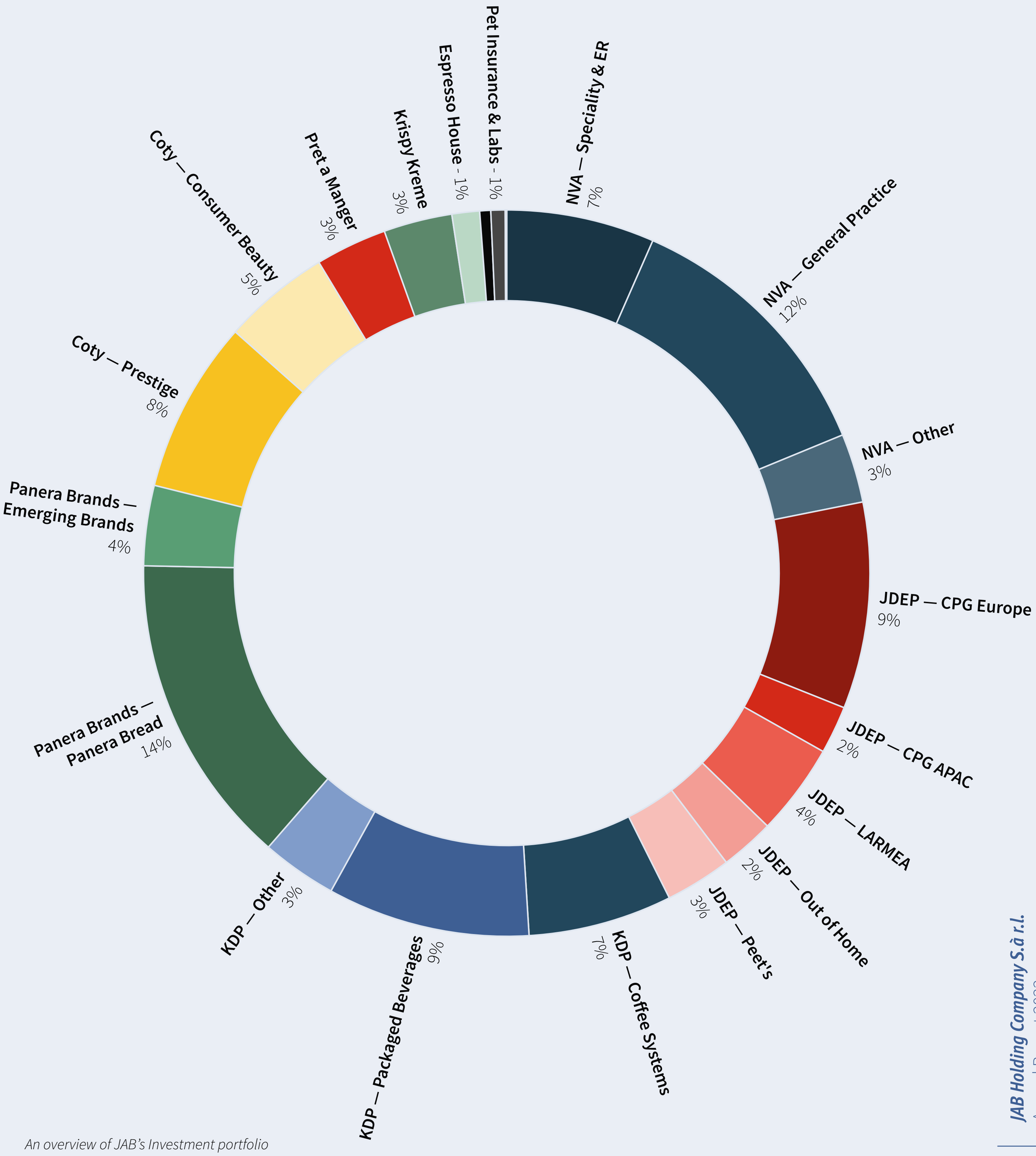
JAB's Investment Platforms leverage a strong portfolio of premium and iconic brands that are well-recognized and strongly positioned within their respective categories and markets.

Here is a selection of key brands from our portfolio.

Our Global Leading Investment Platforms (continued)

A global investment portfolio with strong asset diversity

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 through their unique combination of brands, product and service categories, and distribution channels. Asset diversity was calculated by calculating JAB's ownership against the trailing twelve months revenue of the portfolio companies.



An overview of JAB's Investment portfolio

How We Create Value

Within our Platform Investment Philosophy, we have a clear understanding and appreciation of the next generation of consumers, combined with a strong focus on ESG-related matters. We summarize the main results here for readability purposes.
See About this Report for further background information.

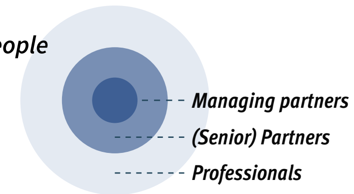
Input

Our Strategic Resources

Financial

- Strong capital structure with $42 billion of common equity from evergreen shareholders and long-term co-investors and $10 billion of borrowings from high-quality fixed-income investors

People



- A team of 50+ professionals across 6 global offices with significant investment and consumer expertise
- A network of industry leading CEOs, Senior Executives and Independent Directors at JAB portfolio companies
- Global network of best-in-class advisors

Social

- Long-term relationships with our stakeholders and industry networks
- Close partnership between JAB and JAB portfolio companies throughout the investment ownership cycle

Environmental

- Investment philosophy focused on investing in consumer goods and services categories which have a relative low transition risk to a 1.5 Degree Celsius Scenario

Our Platform Investing Philosophy

- *Identify investment opportunities*
- *Enhance value*
- *Drive long-term Sustainable Compounding Returns*

Our unique set of strengths

- *Long-Term & Evergreen*
- *Trusted Capital Partners*
- *Resilient & Attractive Categories*
- *An Invested Team*
- *Proprietary Business Insights*
- *Unlocking Synergies*
- *Flexible Exit Strategies*

Investment Platforms

UN Sustainable Development Goals

Output

Our Results

Financial Impact

- All-weather business performance across market cycles
- +$7bn liquidity, including undrawn credit facility, as of 31 December 2022

People Impact

- A diverse and inclusive team including 11 different nationalities and average female representation of 45% (including 18% of Partners and 32% of Management Group)
- Portfolio companies with 78% of Board of Directors and 73% of Executive Leadership teams having female representation of >30%

Social Impact

- Continued to participate in the work of Business For Inclusive Growth (B4IG) and supported the initiation of the Taskforce on Social-related Financial Disclosures (TSFD)
- Visionary charitable sponsor and fundraising partner of DKMS, an international charity dedicated to the fight against blood cancer and blood disorders
- Held quarterly ESG Collaboration Forums for portfolio companies where they share best practices, discuss innovations and jointly solve problems associated with ESG implementation

Environmental Impact

- 61% of portfolio companies by fair value have approved SBTi decarbonisation targets in place and/or are committed to SBTi
- On track towards committment to 46% Scope 1 and Scope 2 carbon emissions reduction by 2030 from base year and fully offset business travel emissions at Holding level

Value we create for our stakeholders

Investors

Long-term sustainable value creation with compounding returns of 15%-20% year on year

Society

High-quality Investment Portfolio which contributes positively to consumers and society

People

Strong organizational culture with equality of opportunity, a diverse team and an inclusive working environment

Environment

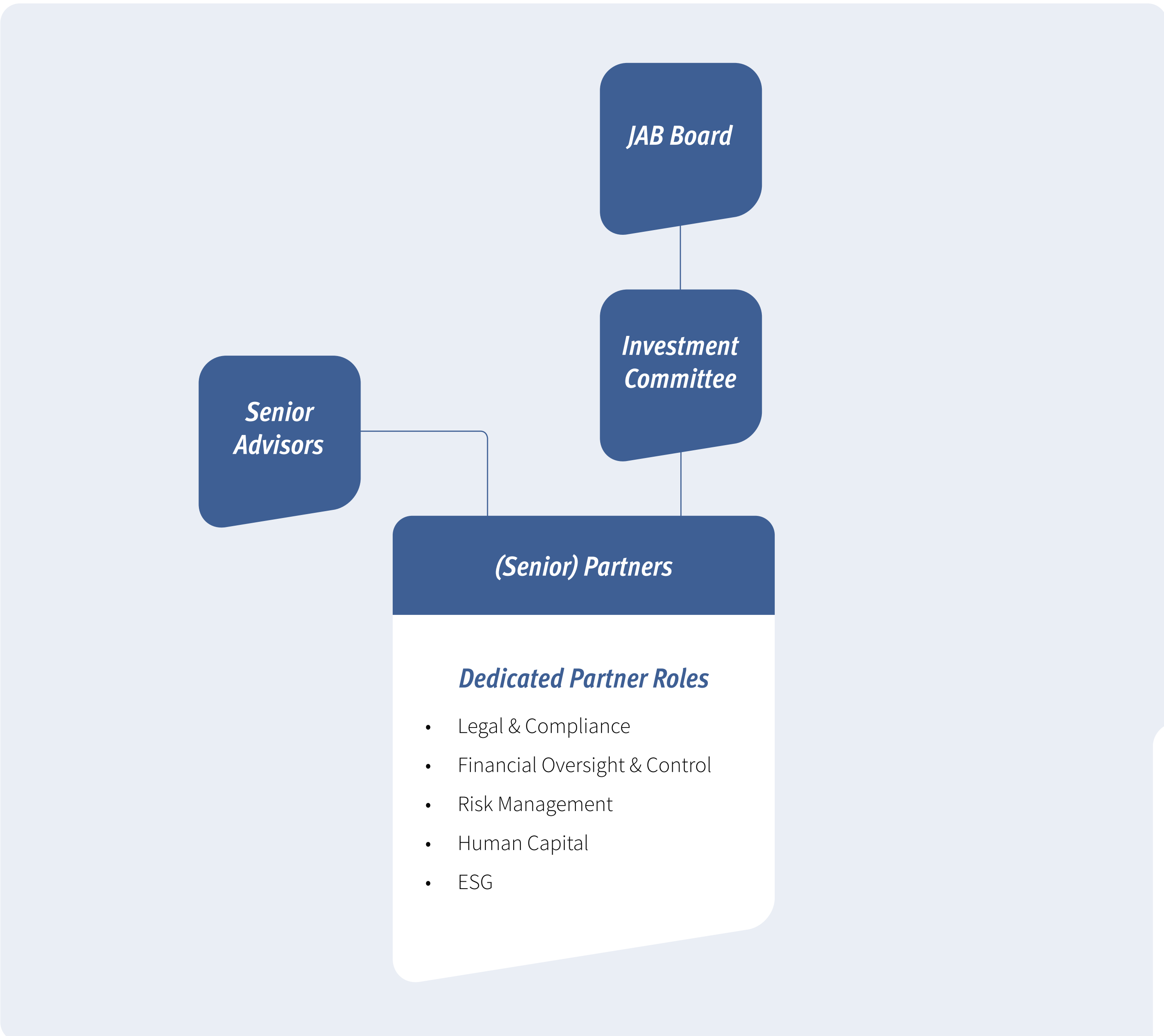
Positive contributions to climate goals defined in the 2015 Paris Climate Agreement

Governance

JAB Governance

JAB Holding Company has four statutory Managers, including the CEO, and has implemented a governance framework for strategy, finance, risk and compliance, remuneration, and ESG. This framework is overseen by the JAB Board. The Chairman and Vice Chairman are each members of the JAB Board and the Investment Committee.

The organization is led by the CEO, who is also a member of the Investment Committee, together with the Chairman and Vice Chairman of the JAB Board. The members of the Investment Committee are referred to as Managing Partners. The Investment Committee obtains independent advice from two globally recognized Senior Advisors with extensive expertise on governance and strategy matters.



JAB Governance (continued)

The **JAB Board** exercises typical shareholder rights (e.g. approval of distributions and valuations, and admission of shareholders) and is responsible for defining and monitoring JAB Holding Company's governance model, including the mandate of the Investment Committee and key elements of management's remuneration framework. The JAB Board meets periodically in Luxembourg together with the Managing Partners and (Senior) Partners of the firm.

The **Investment Committee** is responsible for JAB Holding Company's investment and exit strategy, including ESG. Investment and divestment decisions require the unanimous approval of the Managing Partners. The Investment Committee is also responsible for the remuneration of the broader management team, including eight (Senior) Partners, our Chief Financial Officer and Head of Responsible and Sustainable Investing.

On a number of **specified domains** there is an individual partner responsible for the execution of our strategy. For example, there is one JAB Partner with overall execution responsibility for ESG matters across JAB and its investment portfolio. For each of our portfolio companies, ESG issues are also monitored by the respective Board of Directors, with each business reporting to the Board at least once per year on ESG priority matters.

Our portfolio companies are managed by their respective CEOs and leadership teams who have also invested their personal wealth into their businesses, resulting in strong alignment of interests with those of JAB. Each of our portfolio companies, private and public, has a Board of Directors, an Audit Committee and Remuneration Committee, with Independent Directors and JAB representatives.

Our Senior Advisors

JAB partners 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 ESG matters. At JAB, we highly value independent advice as it provides us with a fresh perspective on where we stand, our intentions and our journey.

Antonio Weiss

Senior Advisor

Mr Weiss has advised JAB since its formation as a global investment firm 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.

Managing Risks and Uncertainties

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

Our policies and programs

Our risk management considers a broad range of stakeholders, including fixed income investors, equity investors, and the communities in which we operate.

Risk management is an integral part of our business and is among others governed by a comprehensive set of policies and programs.

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

In particular, we monitor closely topics related to:

- Capital structure, financing and liquidity
- Transactional risks
- Foreign currency and balance sheet risk
- Counterparty risk (cash, marketable securities and derivatives)
- ESG and reputation risks

Our risk management and other material company policies are reviewed and updated periodically, with ESG more strongly integrated where applicable.

The following policies are in place:

- Governance Framework
- Code of Conduct
- Anti-Money Laundering policy
- Anti-Bribery and Anti-Corruption policy
- Speaking Up - Whistleblower policy
- Human Capital policy
- Human Rights policy
- Supplier Code of Conduct
- Environmental Policy and Environmental Management System

Towards our investments, we developed a Responsible Investment & Stewardship policy and a Human Rights policy to provide further guidance on ESG in our investment practices.

- Responsible Investment & Stewardship policy

The Responsible Investment & Stewardship policy describes how we formally incorporate ESG matters in our entire investment process.

Our Sustainability Linked Bond Framework covers our ESG commitments in relation to Sustainability-Linked Financing which Sustainalytics has reviewed.

- Sustainability Linked Bond Framework
- Review by Sustainalytics

Material risks and uncertainties

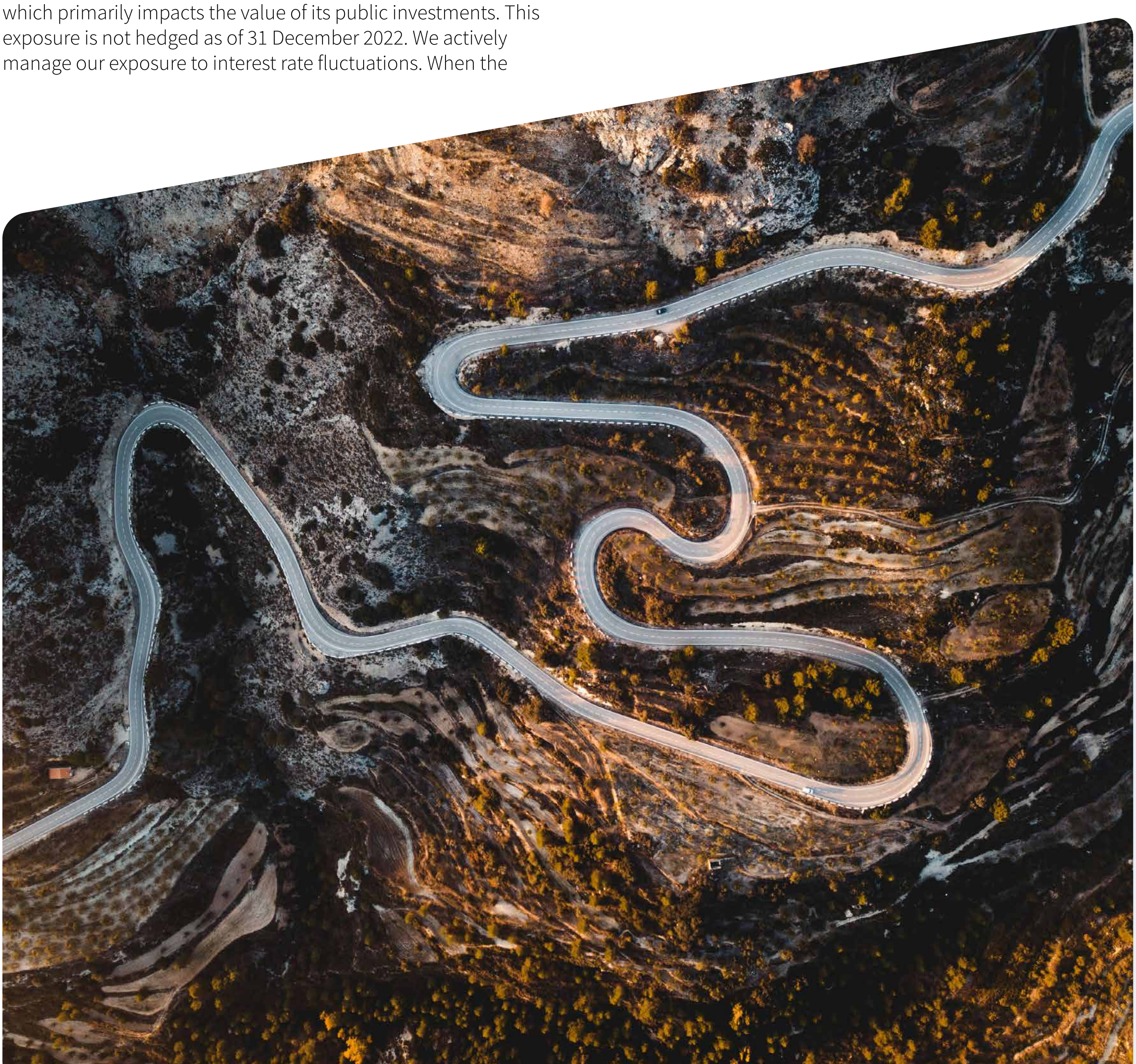
Our financial position is impacted by the performance of our investments, including the resulting impact on valuation. By having a controlling or anchor stake and via representation on the Boards, we are able to oversee and influence the financial and operational performance of our portfolio companies,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

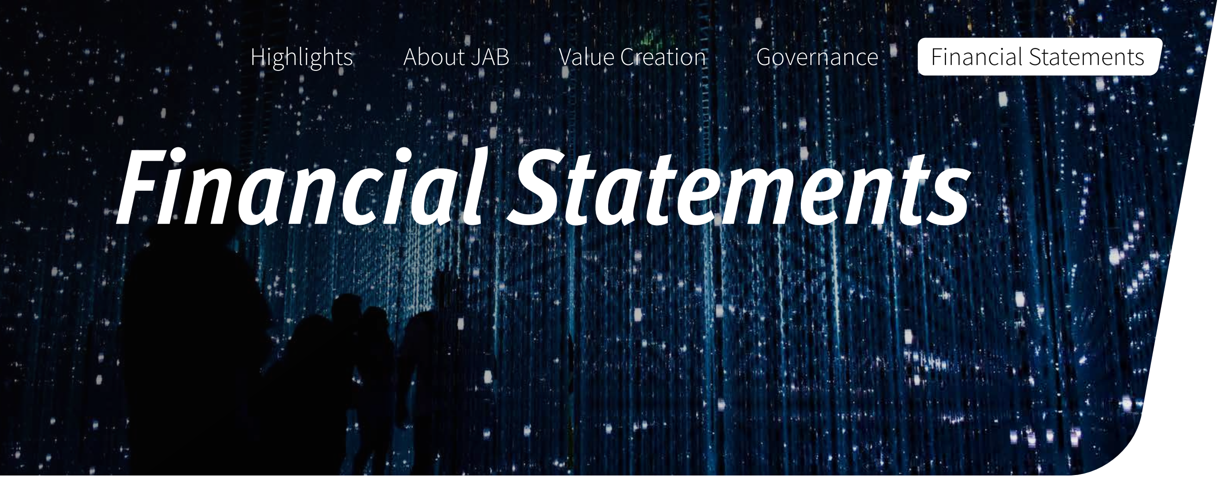
The loss of key talent could have a negative impact on our operations. This risk is mitigated by investment and long-term equity incentive plans of our leadership teams, and by promoting a culture of ownership and opportunity. In this way, we continue to attract talented people with entrepreneurial mindsets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

Through our investing and financing activities, we are exposed to a variety of risks, including market risks, credit risks and liquidity risks. It is our objective to manage and mitigate these risks to acceptable levels. Market risk refers to JAB's exposure to fluctuations in market prices, including foreign exchange rates and interest rates. Foreign exchange risk on transactions is hedged through forward contracts and other derivatives as necessary. The Firm is exposed to volatility in equity markets which primarily impacts the value of its public investments. This exposure is not hedged as of 31 December 2022. We actively manage our exposure to interest rate fluctuations. When the Firm is exposed to such fluctuations on floating rate long-term debt, the Firm enters, when thresholds have been exceeded, into interest rate swaps. No hedge accounting is applied on any of the derivative transactions as of 31 December 2022. 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 cash equivalents, and under our credit facilities.

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 potential fraudulent events. Our Code of Conduct defines the norms and responsibilities of our team with the aim of reducing the likelihood of unethical actions and to protect JAB and its stakeholders.

JAB's climate related risk and opportunity analysis is annually published as part of the Extended Annual Report.





Financial Statements

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Consolidated Statement of Financial Position

As of 31 December

	Notes	2022 in $m	2021 in $m
Assets			
Investments in subsidiaries	3.1	49,119.3	51,409.8
Other investments	3.1	371.3	300.4
Other loans	3.2	52.6	42.3
Other assets	3.3	53.2	37.6
Cash and cash equivalents	3.4	3,837.4	3,759.5
Total assets		**53,433.8**	**55,549.6**
Equity and liabilities			
Total equity attributable to owners of the parent	3.5	24,858.5	27,962.5
Non-controlling interests		17,065.2	16,543.7
Total equity		**41,923.7**	**44,506.2**
Borrowings	3.7	10,195.5	9,811.8
Related party payable	3.8	1,044.2	1,087.3
Other liabilities	3.9	270.4	144.3
Total liabilities		**11,510.1**	**11,043.4**
Total equity and liabilities		**53,433.8**	**55,549.6**

The notes on pages 31 to 74 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	2022 in $m	2021 in $m
Net (loss) / gain on investments in subsidiaries and other investments	3.1	(5,171.2)	4,453.2
Dividend income	3.1	1,009.2	545.9
Finance income	3.10	430.6	687.3
Finance expenses	3.10	(230.9)	(232.6)
General and administrative expenses	3.11	(84.0)	(120.1)
Other expense	3.12	(424.6)	(206.8)
(Loss) / profit before income tax		**(4,470.9)**	**5,126.9**
Income tax expense	3.13	(1.4)	(1.6)
(Loss) / profit for the period		**(4,472.3)**	**5,125.3**
Attributable to owners of the parent		(3,019.6)	5,124.0
Non-controlling interests		(1,452.7)	1.3
Total comprehensive (loss) / income		**(4,472.3)**	**5,125.3**
Attributable to owners of the parent		(3,019.6)	5,124.0
Non-controlling interests		(1,452.7)	1.3

The notes on pages 31 to 74 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital in $m	Share premium in $m	Share-based payments reserve in $m	Foreign currency translation reserve in $m	Retained earnings in $m	Equity – Group share in $m	Non-controlling interests in $m	Total equity in $m
Balance as of 31 December 2020		**10.1**	**11,092.5**	**478.9**	**(511.7)**	**11,773.5**	**22,843.2**	**-**	**22,843.2**
Issue of share capital	3.5	0.2	41.2	-	-	-	41.4	-	41.4
Decrease in share capital and repayment of share premium	3.5	(0.0)	(183.1)	-	-	-	(183.1)	-	(183.1)
Share-based payment transactions	3.6	0.2	(31.5)	168.4	-	-	137.1	-	137.1
Change in scope of consolidation		-	-	-	-	-	-	16,533.2	16,533.2
Other comprehensive income for the period		-	-	-	(0.0)	-	(0.0)	-	(0.0)
Profit for the period		-	-	-	-	5,124.0	5,124.0	-	5,124.0
Total comprehensive income		**-**	**-**	**-**	**(0.0)**	**5,124.0**	**5,124.0**	**-**	**5,124.0**
Transactions with non-controlling interests	3.5	-	-	-	-	-	-	10.4	10.4
Balance as of 31 December 2021		**10.5**	**10,919.1**	**647.3**	**(511.7)**	**16,897.5**	**27,962.5**	**16,543.7**	**44,506.2**
Issue of share capital	3.5	0.2	559.7	-	-	-	559.9	-	559.9
Decrease in share capital and repayment of share premium	3.5	(0.3)	(1,002.6)	-	-	-	(1,002.9)	-	(1,002.9)
Share-based payment transactions	3.6	0.3	372.7	(14.4)	-	-	358.6	-	358.6
Other comprehensive income for the period		-	-	-	(0.0)	-	(0.0)	-	(0.0)
Loss for the period		-	-	-	-	(3,019.6)	(3,019.6)	-	(3,019.6)
Total comprehensive loss		**-**	**-**	**-**	**(0.0)**	**(3,019.6)**	**(3,019.6)**	**-**	**(3,019.6)**
Transactions with non-controlling interests	3.5	-	-	-	-	-	-	521.5	521.5
Balance as of 31 December 2022		**10.6**	**10,848.9**	**632.9**	**(511.7)**	**13,877.9**	**24,858.5**	**17,065.2**	**41,923.7**

The notes on pages 31 to 74 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the years ended 31 December

	Notes	2022 in $m	2021 in $m
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before income tax		**(4,470.9)**	**5,126.9**
Adjustments for:			
Net loss / (gain) from change in fair value of investments	3.1	5,171.2	(4,453.2)
Finance (income) and expenses	3.10	(199.8)	(454.7)
Share-based payment (income) / expenses	3.6, 3.12	373.5	175.0
Changes in other assets and liabilities from operating activities:			
(Net increase)/decrease in loans	3.1, 3.2	(0.5)	39.9
(Net increase)/decrease in other assets	3.3	(12.4)	(10.1)
Net increase/(decrease) in other liabilities	3.9	15.1	30.8
(Payments) on acquisition of / proceeds from sale of investments	3.1	(2,940.6)	(497.2)
Interest and foreign exchange results		(2.2)	(62.4)
Income taxes paid and withholding taxes	3.14	(1.4)	(1.6)
Net cash (used in) operating activities		**(2,068.0)**	**(102.1)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution owners of the parent		413.5	13.8
Repayment of share premium to owners of the parent and cancellation of shares	3.5	(813.3)	(183.2)
Transactions with non-controlling interests		1,971.6	2.5
Proceeds from borrowings	3.7	1,425.4	1,086.0
Repayment of borrowings	3.7	(516.6)	(766.4)
Interest paid	3.10	(201.6)	(236.1)
Net foreign exchange results		(60.1)	-
Other	3.9	(1.6)	(35.3)
Net cash from / (used in) financing activities		**2,217.3**	**(118.7)**
Cash and cash equivalents at beginning of period	3.4	**3,759.5**	**2,674.2**
Net cash (used in) operating activities		(2,068.0)	(102.1)
Net cash from / (used in) financing activities		2,217.3	(118.7)
Effect of change in scope of consolidation		-	1,344.3
Effect of exchange rate fluctuations on cash and cash equivalents		(71.4)	(38.2)
Cash and cash equivalents at end of period		**3,837.4**	**3,759.5**

The notes on pages 31 to 74 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 (R.C.S. Luxembourg B 164.586). 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 2022, 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.

These consolidated financial statements as of 31 December 2022 comprise the Company and its subsidiaries.

The Group holds several strategic investments in controlled and non-controlled entities. As of 31 December 2022, the Group invested in the following significant subsidiaries and other investments:

- JAB Coffee & Beverages Holdings B.V., Netherlands
- Pret Panera III G.P., USA
- JAB Indulgence B.V., Netherlands
- Petcare Holding LP, USA
- JAB Pet Holdings Ltd., UK
- JAB Beauty B.V. (former Cottage Holdco B.V.), Netherlands
- JAB Luxury S.à r.l., Luxembourg
- JAB Ventures B.V., Netherlands
- JAB Pet Labs Ltd., United Kingdom

For changes in significant subsidiaries and other investments, please refer to note 2.3.

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, where possible, as part of the relevant notes to which they specifically relate in order to improve the reader's understanding.

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;
- prepared presenting 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. The amounts expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

(a) no more than twelve months after the reporting period:

Assets

- Other loans, 2022: $52.6m (2021: $42.3m)
  Please refer to the note 3.2;
- Other assets, 2022: $34.7m (2021: $18.1m)
  Please refer to the note 3.3;
- Cash and cash equivalents, 2022: $3,837.4m (2021: $3,759.5m).

Liability

- Borrowings, 2022: $684.7m (2021: $592.7m)
  Please refer to the note 3.7;
- Related party payable, 2022 $1,044.2m (2021: $1,087.3m)
  Please refer to the note 3.8;
- Other liabilities, 2022 $229.3m (2021: $118.6m)
  Please refer to the note 3.9;

(b) more than twelve months after the reporting period:

Assets

- In general, "Investments in subsidiaries" and "other investments" are recoverable in more than twelve months after the reporting period this being also due to the size of the individual "Investments in subsidiaries". Not within the aforementioned and due to the uncertainty of the exact timing of the closing of transactions, certain amounts maybe recoverable within the next twelve months after the reporting;
- Other assets, 2022: $18.5m (2021: $19.5m)
  Please refer to the note 3.3;

Liability

- Borrowings, 2022: $9,510.8m (2021: $ 9,219.1m)
  Please refer to the note 3.7;
- Other liabilities, 2022 $41.1m (2021: $25.7m)
  Please refer to the note 3.9.

- presented in millions of US Dollar unless otherwise stated. Amounts are commercially rounded. Therefore, rounding differences may appear; and
- authorised for issue by the Managers on 6 March 2023.

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 essential elements 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 typical characteristics of an investment entity:

- it has more than one investment;
- it has more than one investor;
- the investments are predominantly in the form of equity or similar interests and the Company has identified different potential strategies for different types of portfolios of investments, including potential substantive time frames for exiting its investments.

One typical characteristics of an investment entity is that the investors are not related parties. For the 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 the 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 and share-based payments. Management uses judgment in selecting appropriate valuation techniques. Reference is made to note 3.1.3 for investments.

In order to estimate expenses in connection with share-based payments (see note 3.6), 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.

As the world started to recover from Covid-19, the geopolitical turmoil with the war between Russia and Ukraine accentuated the inflationary pressure inside the portfolio companies with rising input costs, major labour shortages upon reopening post pandemic. Governments and authorities worldwide, including the United States and the European Union, have imposed sanctions on Russia. These and any additional sanctions, as well as any potential responses that may be provided by the government of Russia or other jurisdictions, adversely affect business and may do so in the future. The impacts from crisis are considered in the fair value determination of fair value and adequately reflected through the sensitivity analysis.

As of the date of the signing of these consolidated financial statements there are no further material impacts from the above mentioned matter in the Group’s business. Management is continuously monitoring the development of the conflict to assess any potential future impacts that may arise as a result of the ongoing crisis.

Determination of functional currency

In addition, significant judgement was applied in determining the Company's functional currency and the trigger for a change. The Company's conclusion that, effective from January 2021, the functional currency has changed from Euro to US Dollar for certain Group entities was based on an analysis of the underlying economic environment considering the relevant currency's impact on the Company's finance investment and finance activities.

2.3. Consolidation

The Group's scope of consolidation changed as of 31 December 2021. Comparative information regarding consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement refers to the scope of consolidation before changes.

The Group's investment strategy includes an Investment Platform structure and the delivery of industry and sector specific investment related services through different platform entities. The primary reason for such structure is to strengthen the Group's focus and oversight on continued value creation on a platform-by-platform basis. The platform entities hold the Group's investments but do not themselves qualify as investment entities. The different platform entities are controlled by the Group and may have co-investors which hold non-controlling interests.

Before 31 December 2021, the following platform entities were accounted for as the Group's investments and measured at fair value in accordance with IFRS 10.31:

- JAB Coffee & Beverages B.V.
- Pret Panera Holdings B.V.
- Petcare G.P.
- JAB Pet Services B.V.

In 2021, the evolution and formalisation of the Investment Platform structure required management to re-assess the Group's scope of consolidation based on those entities' functions and services. It was concluded that their main purpose is to provide investors with platform-specific investment management services. Management considered the change in the platform entities' main purpose to be fully effective by 31 December 2021. Therefore, the scope of consolidation was changed and beginning with 31 December 2021 the platform entities have been consolidated in accordance with IFRS 10.32., whereas the platform entities' investments were accounted for as the Group's investment in a non-consolidated subsidiary.

As of 31 December 2021, the change in scope of consolidation led to the recognition of non-controlling interests in the amount of $16,533.2m, attributable to JAB Consumer Partners SCA SICAR ("JCP" or "co-investor").

In 2022, the scope of consolidation did not change.

2.4. 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.

2.5. 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 2022:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

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 2022 and not early adopted.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 17 (issued June 2020)
- Initial Application of IFRS 17 and IFRS 9—Comparative Information – Amendment to IFRS 17
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 "Classification of Liabilities as Current or Non-Current Amendments to IAS 1"
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

These amendments should be applied for annual periods beginning on or after 1 January 2023.

No impact is foreseen in the consolidated financial statements of the Company.

2.6. Foreign currency

Functional and presentation currency:

The consolidated financial statements are presented in US Dollar ($), which is the Company's functional currency.

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.

2.7. 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.

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 include the financial statements of the Company and its controlled and consolidated subsidiaries, 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 as of 31 December 2022:

Company	Registered	Economic ownership in %[1]	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l	Luxembourg	99.9%	0.1%
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
Pret Panera Holdings B.V. [2]	Netherlands	57.4%	42.6%
Petcare G.P. [3]	USA	38.3%	61.7%
JAB Pet Services B.V. [4]	Netherlands	39.3%	60.7%
JAB Coffee & Beverages B.V. [5]	Netherlands	87.3%	12.7%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	100.0%	-

1 *Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held either by JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership.*

2 *The Group holds 59.0% of the voting rights in Pret Panera Holdings B.V.*

3 *The Group controls Petcare G.P. by virtue of agreements with its co-investors.*

4 *The Group holds 100.0% of the voting rights in JAB Pet Services B.V.*

5 *The Group presents ownership in JAB Coffee & Beverages B.V. based on dividend entitlement.*

Notes to the Consolidated Financial Statements (continued)

The following subsidiaries were consolidated in the Group's consolidated financial statements as of 31 December 2021:

Company	***Registered***	***Economic ownership in %*** [6]	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l	Luxembourg	99.9%	0.1%
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
Pret Panera Holdings B.V. [7]	Netherlands	57.4%	42.6%
Petcare G.P. [8]	USA	36.1%	63.9%
JAB Pet Services B.V. [9]	Netherlands	40.0%	60.0%
JAB Coffee & Beverages B.V. [10]	Netherlands	85.6%	14.4%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	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.

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6 *Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held by either JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership*

7 *The Group holds 59.0% of the voting rights in Pret Panera Holdings B.V.*

8 *The Group controls Petcare G.P. by virtue of agreements with its co-investors.*

9 *The Group holds 100.0% of the voting rights in JAB Pet Services B.V.*

10 *The Group holds 100% of the voting rights in JAB Coffee & Beverages B.V.*

Notes to the Consolidated Financial Statements (continued)

As of 31 December 2022, the following non-consolidated subsidiaries qualify as investments in subsidiaries and are therefore measured at fair value:

Company	Registered	Shareholding in %
JAB Coffee & Beverages Holdings B.V.	Netherlands	100.0%
Pret Panera III G.P.	USA	86.3%
JAB Beauty B.V. (former Cottage Holdco B.V.)	Netherlands	100.0%
Petcare Holding LP	USA	98.2%
JAB Indulgence B.V.	Netherlands	100.0%
JAB Pet Holdings Ltd.	United Kingdom	99.4%
JAB Ventures B.V.	Netherlands	100.0%
JAB Luxury S.à r.l.	Luxembourg	100.0%
JAB Pet Labs Ltd.	United Kingdom	100.0%

As of 31 December 2021, the following non-consolidated subsidiaries qualified as investments in subsidiaries and were therefore measured at fair value:

Company	Registered	Shareholding in %
Acorn Holdings B.V.	Netherlands	99.57%
Pret Panera III G.P.	USA	86.3%
JAB Beauty B.V.	Netherlands	100.0%
Petcare Holding LP	USA	97.9%
JAB Indulgence B.V.	Netherlands	100.0%
JAB Pet Holdings Ltd.	United Kingdom	100.0%
JAB Ventures B.V.	Netherlands	100.0%
JAB Luxury S.à r.l.	Luxembourg	100.0%

The stated shareholdings reflect the portion of shares held by the Group together with its non-controlling interests in its non-consolidated investments in subsidiaries.

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.

Notes to the Consolidated Financial Statements (continued)

The following table gives an overview of material non-consolidated investments in subsidiaries at year-end, grouped at the level of our investment platforms, those being Coffee & Beverages, Fast Casual Restaurants, Indulgence, Petcare, Pet Insurance, Beauty & Luxury and Others:

Entity	*Principal place of business*	*Proportion of ownership interest*		*Fair Value of ownership interest*	
		2022 in %	**2021** in %	**2022** in $m	**2021** in $m
JAB Coffee & Beverages Holdings B.V.	Netherland	100.0	-	19,856.1	-
Acorn Holdings B.V.	Netherlands	-	99.6	-	22,255.4
Coffee & Beverages				**19,856.1**	**22,255.4**
Pret Panera III G.P.	USA	86.3	86.3	9,081.4	8,761.2
Fast Casual Restaurants				**9,081.4**	**8,761.2**
JAB Indulgence B.V.	Netherlands	100.0	100.0	603.6	1,081.9
Indulgence				**603.6**	**1,081.9**
Petcare Holding LP	USA	98.2	97.9	13,674.2	14,357.6
Petcare				**13,674.2**	**14,357.6**
JAB Pet Holdings Ltd. [1]	UK	99.4	100.0	2,134.5	580.6
Pet Insurance				**2,134.5**	**580.6**
JAB Beauty B.V.	Netherlands	100.0	100.0	3,684.6	4,739.7
JAB Luxury S.à r.l.	Luxembourg	100.0	100.0	25.6	222.1
Beauty & Luxury				**3,710.2**	**4,961.8**
Other				59.3	(588.7)
Total				**49,119.3**	**51,409.8**

1 *As of 31 December 2022, the fair value of ownership interest in JAB Pet Holdings Ltd. also includes ownership in Pinnacle Pet Holdings Ltd. ($0.5m, 2021: $0m) and Independence Pet Holdings Inc. ($0.1m, 2021: $0m).*

Notes to the Consolidated Financial Statements (continued)

A detailed reconciliation from the investments as of beginning of the period to the investments as of the end of period for both level II and level III investments:

	Coffee & Beverages in $m	*Fast Casual Restaurants* in $m	*Indulgence* in $m	*Petcare* in $m	*Pet Insurance* in $m	*Beauty & Luxury* in $m	*Other* in $m	*Total* in $m
Balance as of 31 December 2020	**18,298.8**	**4,129.4**	**1,068.0**	**3,273.9**	**-**	**3,227.3**	**251.4**	**30,248.8**
Additions / contributions	515.2	2.7	220.6	402.0	-	11.6	8.0	1,160.1
Disposals / distributions	(365.4)	-	(290.2)	-	-	-	(1.5)	(657.1)
Reclassification from other investments	-	-	-	-	-	-	128.4	128.4
Transfer	-	-	-	-	-	246.0	(246.0)	-
Change in fair value	(107.0)	901.2	83.5	1,792.6	-	1,476.9	104.2	4,251.4
Balance as of 31 December 2021 before change in scope of consolidation	**18,341.6**	**5,033.3**	**1,081.9**	**5,468.5**	**-**	**4,961.8**	**244.5**	**35,131.6**
Change in scope of consolidation	3,913.8	3,727.9	-	8,889.1	580.6	-	27.9	17,139.2
Intra-group investment elimination	-	-	-	-	-	-	(861.1)	(861.1)
Balance as of 31 December 2021	**22,255.4**	**8,761.2**	**1,081.9**	**14,357.6**	**580.6**	**4,961.8**	**(588.7)**	**51,409.8**
Additions / contributions	-	-	-	1,840.2	1,553.9	55.8	213.4	3,663.3
Disposals / distributions	(1,287.8)	-	-	-	-	(165.0)	(3.0)	(1,455.7)
Change in fair value	(1,111.6)	320.3	(478.4)	(2,523.5)	-	(1,142.4)	(116.1)	(5,051.7)
Intra-group investment elimination	-	-	-	-	-	-	553.7	553.7
Balance as of 31 December 2022	**19,856.1**	**9,081.4**	**603.6**	**13,674.2**	**2,134.5**	**3,710.2**	**59.3**	**49,119.3**

Notes to the Consolidated Financial Statements (continued)

Coffee & Beverages

As of 31 December 2022, the Group is indirectly invested in Keurig Dr Pepper Group (KDP) and JDE Peet's (JDEP) through its investment in JAB Coffee & Beverages Holdings B.V., via its consolidated subsidiary JAB Coffee & Beverages B.V. which is held together with a non-controlling interest from JCP.

The investment in KDP and JDEP is held through an intermediate holding structure, which was reorganised in 2022. Before the reorganisation, the investment in KDP and JDEP was held through the 100% investment holding Acorn Holdings B.V., which was accounted for as the Group's investment.

In 2022, JAB Coffee & Beverages B.V. incorporated a new 100% intermediate holding subsidiary JAB Coffee & Beverages Holdings B.V., which then incorporated a new 100% intermediate holding subsidiary JAB Coffee & Beverages Holdings 2 B.V. Consequently, Acorn Holdings B.V. was transferred to JAB Coffee & Beverages Holdings 2 B.V.

Therefore, after the reorganisation the investment in KDP and JDEP is held through that newly established intermediate holding structure with JAB Coffee & Beverages Holdings B.V. accounted for as the Group's investment.

During 2022, the Group decreased its investment in Coffee & Beverages by way of a distribution in kind of $1,287.8m.

During 2021 the Group increased its investment in Coffee & Beverages by way of a $37.6m purchase of JDEP shares and through a $499.1m capital contribution to JAB Coffee & Beverages B.V. It decreased its investment in Coffee & Beverages by an amount of $365.4m through the disposal of shares in JDEP.

Fast Casual Restaurants

As of 31 December 2022, the Group is indirectly invested in Pret A Manger, Panera Brands and Espresso House through its investment in Pret Panera III G.P., via its consolidated subsidiary Pret Panera Holdings B.V. which is held together with a non-controlling interest from JCP.

In 2021, the Group reorganised its shareholding in Pret Panera. The direct investments in Pret Panera I G.P. and Pret Panera III G.P. were contributed to the newly established intermediate holding Pret Panera Holdings B.V., which is invested solely and directly in Pret Panera III G.P. as of 31 December 2021.

In 2021, loans granted to Pret Panera in the amount of $2.7m were converted to equity and increased the Group's investment.

Indulgence

As of 31 December 2022, the Group is indirectly invested in Krispy Kreme through JAB Indulgence B.V., which is accounted for as the Group's investment.

In 2022, an investment of the Group subscribed for shares in JAB Indulgence in the amount of $163.7m. The shares were subsequently transferred to the Group increasing the investment in JAB Indulgence by $163.7m. The transfer is included in the line "change in fair value".

During 2021 the Group reorganised its shareholding in Krispy Kreme. The direct investment in KK G.P. was transferred to the newly established intermediate holding company JAB Indulgence B.V. The Group increased its investment by $220.6 through capital contributions to KK G.P. ($67.7m) and acquisition of further shares in Krispy Kreme Inc. ($152.9m). Additionally, the Group made capital distributions of $290.2m.

Petcare

As of 31 December 2022, the Group is indirectly invested in National Veterinary Associates Group (NVA) through its investment in holding company Petcare Holdings LP, via its consolidated subsidiary Petcare G.P which is held together with a non-controlling interest from JCP. Petcare Holdings LP is accounted for as the Group's investment.

In 2022, the Group increased its investment in Petcare by $1,840.2m.

Pet Insurance

The Group is indirectly invested in Independence Pet Group and Pinnacle Pet Group through holding company JAB Pet Holdings Ltd, which is accounted for as the Group's investment.

In 2022, the Group increased its investment in Pet Insurance by $1,553.9m.

Beauty & Luxury

The Group is indirectly invested in Coty Inc. through JAB Beauty B.V. and indirectly invested in Bally through JAB Luxury S.à r.l. being the Group's investments. As of 31 December 2022, JAB Beauty B.V. holds 53.3% (453,853,684 shares) in Coty Inc. (2021: 54.1% 453,853,684 shares).

In 2022, the Group increased its investment by $55.8m in JAB Luxury S.à r.l. and received capital repayments of $165.0m from JAB Beauty B.V.

Other

As of 31 December 2022, the Group is directly and indirectly invested in several other non-consolidated investments in subsidiaries which are grouped into Other.

In September 2022, the Group acquired an investment in JAB Pet Labs Ltd. in the amount of $89.6m.

In 2022, the Group received $3.0m of distributions.

As of 31 December 2022, the intra-group investment elimination was $307.4m unallocated to a single platform (2021: $861.1m).

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*	
	2022 in $m	***2021*** in $m	***2022*** in $m	***2021*** in $m	***2022*** in $m	***2021*** in $m
Coffee & Beverages	(1,111.6)	(107.0)	699.3	282.8	(412.3)	175.8
Fast Casual Restaurants	320.3	901.2	-	-	320.3	901.2
Indulgence	(642.1)	83.5	-	227.5	(642.1)	311.0
Petcare	(2,523.5)	1,792.6	151.3	30.1	(2,372.2)	1,822.7
Beauty & Luxury	(1,142.4)	1,476.9	105.2	-	(1,037.2)	1,476.9
Others	(116.1)	104.2	50.6	-	(65.5)	104.2
Total	**(5,215.4)**	**4,251.4**	**1,006.4**	**540.4**	**(4,209.0)**	**4,791.8**

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.

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 2022, 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:

	2022		2021	
	Short-term in $m	Long-term in $m	Short-term in $m	Long-term in $m
Balance at 31 December				
Corporate debt securities	-	274.0	-	213.8
Others	-	97.3	-	86.6
Total	**-**	**371.3**	**-**	**300.4**

Corporate Debt Securities

On 25 January 2021, the Group acquired 270.7 thousand preference shares together with 1.6 million warrants in Panera Brands, Inc., at an amount of $270.7m for the combined instrument. The preference shares were issued with a nominal value of $0.01 and a 7% coupon dividend and the warrants have an exercise price of $0.01, with 0.5 million warrants being subject to a 3-year pro-rata vesting condition. Both, the preferred shares and warrants are measured at FVTPL.

On 7 May 2021, the preference shares were redeemed by the issuer at 102% of the nominal value. The total redeemed value was $276.2m plus $5.3m of coupon dividends.

The fair value of the vested warrants of $274.0m as of 31 December 2022 (2021: $213.8m) was determined using the fair value of the Panera Brands, Inc. ordinary share price for the warrants that are exercisable at the reporting date. Unvested warrants were valued at zero as of 31 December 2022.

As of 31 December 2021, the other investment in The Brandtech Group LLC (former You&MrJones LLC) was transferred from JAB Holdings B.V. to JAB Ventures B.V., JAB Ventures B.V. being now the investment, please refer to table here after.

Notes to the Consolidated Financial Statements (continued)

The movements in other investments can be detailed as follows:

	Corporate debt securities in $m	*Associates* in $m	*Others* in $m	*Total* in $m
Balance as of 31 December 2020	**-**	**128.4**	**3.8**	**132.2**
Additions	270.7	-	101.1	371.8
Disposals	(276.2)		(34.0)	(310.2)
Reclassification to investments in subsidiaries	-	(128.4)	-	(128.4)
Change in fair value	219.3		15.7	235.0
Balance as of 31 December 2021	**213.8**	**-**	**86.6**	**300.4**
Additions	-	-	30.5	30.5
Change in fair value	60.2	-	(84.9)	(24.7)
Balance as of 31 December 2022	**274.0**	**-**	**32.2**	**306.2**
thereof other investments	274.0	-	97.3	371.3
thereof other liabilities from derivatives	-	-	(65.1)	(65.1)

The net gain/(loss) and dividend income from other investments at FVTPL is detailed below:

	Net gain/(loss) on Other Investments		*Dividend Income from Other Investments*		*Total net Income from Other Investments*	
	2022 in $m	***2021*** in $m	***2022*** in $m	***2021*** in $m	***2022*** in $m	***2021*** in $m
Corporate debt securities						
Panera Brands, Inc.	60.2	219.3	-	5.3	60.2	224.6
Others						
Others	(84.9)	15.7	2.8	0.2	(82.1)	15.9
Total	**(24.7)**	**235.0**	**2.8**	**5.5**	**(21.9)**	**240.5**

3.1.3. Investment in subsidiaries valuation

For information on the fair value hierarchy applied by the Group, please 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. As of 31 December 2022, the Group's assets in this category include other investments (2021: other investments).

Level 2

The fair value of financial assets in this category is based on valuation techniques maximising the use of observable market data. As of 31 December 2022 and 31 December 2021, the Group's assets in this category include JAB Beauty B.V. which directly holds an underlying investments in the public listed companies Coty Inc. with little or no other assets or liabilities for which no observable market data is available and other investments.

Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. As of 31 December 2022, the Group's assets in this category include investments in JAB Coffee & Beverages Holdings B.V., Pret Panera III G.P, JAB Indulgence B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l. and JAB Ventures B.V. (2021: Acorn Holdings B.V., Pret Panera III G.P, JAB Indulgence B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l. and JAB Ventures B.V.), none of which are directly quoted in an active market. Unobservable inputs include NTM results, peer multiples, discounted cash flows ("intrinsic values") and other observable inputs include JDE Peet's and KDP share price within JAB Coffee & Beverages Holdings B.V. as well as Krispy Kreme share price within JAB Indulgence 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's investment platforms hold stakes in private and public companies (together referred to as 'underlying investments'). 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 investment platform structures. Other assets and liabilities are considered in the valuation, together with the aggregated underlying investments against their respective ownership stake. The platform valuations are subsequently approved by the Directors of the platform investments.

Valuation method – public companies

For underlying investments that are publicly traded (KDP, Coty, JDE Peet's and Krispy Kreme), fair value is determined by reference to the quoted market price on the reporting date.

Valuation method – private companies - price of a recent transaction

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

Valuation method – private companies - comparable market multiples approach

This valuation method is applied for underlying investments which are not quoted in an active market. In using the market-multiple method, 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.

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, market leadership, recession resilience, etc).

The multiples selected are the median of the comparable publicly listed companies and are applied to the figures of the underlying investments as of December 2022 and December 2021. In addition, adjustments between the enterprise value and the equity value are made for financial debt, and, where relevant, for non-controlling interest and financial assets.

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

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

Other considerations

The valuation methods have been applied consistently over time, for which by exception amendments were made due to triggering events (e.g. COVID-19, other macroeconomic events). 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				Range	
Company	**31 Dec. 2022**	**31 Dec. 2021**	**Valuation technique**	**Input**	**31 Dec. 2022**	**31 Dec. 2021**
Investments in subsidiaries	45,434.7	46,670.1	Publicly listed	Quotes share price	N/A	N/A
			Transaction price	Price of a recent transaction	N/A	N/A
			Comparable companies	EBITDA multiples	9.9 – 18.2	8.2 – 24.8
			Comparable companies	Sales multiples	1.1 – 4.3	1.3 – 4.8
			Comparable companies	P/E multiples	16.8 – 29.4	17.8 – 40.0
			Precedent transactions	EBITDA	23.5	-

All comparable companies' multiples used within the Level 3 fair value measurement of investments in subsidiaries are based on NTM, except for Precedent transactions which was calculated based on LTM/NTM average.

Underlying investments valued based on a market approach using comparable companies multiples technique are valued using NTM multiples (Pret Panera III G.P. and JAB Luxury S.à r.l.; 2021: Pret Panera III G.P., Petcare Holding LP and JAB Luxury S.à r.l.).

As of 31 December 2022, NVA Holdings LP, an investment held through Petcare Holding LP, is valued using a weighted average methodology of three approaches: market approach using NTM multiples, precedent transactions and intrinsic value. The Group assigned a minority weighting of 20% of the overall valuation based to precedent transactions and 20% of the overall valuation based on intrinsic value of the underlying company. The Group believes adding these valuation approaches leads to a better outcome in determining fair value.

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

Company	31 December 2022					31 December 2021		
	Multiples			Precedent transactions	Intrinsic value	Multiples		
	EV/EBITDA	P/E	EV/Sales	EV/EBITDA		EV/EBITDA	P/E	EV/Sales
Petcare	24%	24%	12%	20%	20%	50%	50%	-
Pret Panera	40%	40%	20%	-	-	40%	40%	20%
JAB Luxury	20%	20%	60%	-	-	20%	20%	60%

For the Group's investment in Pet Insurance and Pet Labs, as of 31 December 2022, management assessed the original capital deployed to be the best estimate of fair value.

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 and inputs (including discount rates and terminal growth rates) for determination of intrinsic value. The estimated fair value would increase (decrease) if the adjusted market multiples, intrinsic value or precedent transaction prices were higher (lower). A sensitivity of 10% was applied to the market multiples and transaction prices. A sensitivity of +/- 0.5% for the discount rate and +/- 0.25% for the terminal growth rate was applied to the inputs used for determining intrinsic value. The impacts of those sensitivities to the fair value estimate would be as follows:

Company	31 December 2022		31 December 2021	
	Increase in $m	Decrease in $m	Increase in $m	Decrease in $m
Petcare	1,529.5	(1,529.5)	1,836.5	(1,836.5)
Pret Panera	1,143.2	(1,143.2)	1,109.6	(1,109.6)
Pet Insurance	212.5	(212.5)	58.1	(58.1)
JAB Luxury	26.8	(26.8)	33.0	(33.0)
	2,912.0	**(2,912.0)**	**3,037.2**	**(3,037.2)**

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

3.1.4. 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:

	Fast Casual Restaurants in $m	*Total* in $m
Balance as of 31 December 2020	**117.1**	**117.1**
New loans issued	25.1	25.1
Loans repaid	(70.8)	(70.8)
Contribution to investment's equity	(2.7)	(2.7)
Conversion to preferred shares	(69.3)	(69.3)
Translation differences	0.6	0.6
Balance as of 31 December 2021 and 31 December 2022	**-**	**-**

Any loans to the Group's investments do not represent a separate substantial business activity or a separate substantial source of income of the Group and its subsidiaries such loans being solely undertaken to maximise the investment return from these investments.

3.2. Other loans

Accounting Policy

For the accounting policy related to other loans, please refer to note 3.1.4 Loans to Investments.

	2022 in $m	*2021* in $m
Balance at 31 December		
JAB Management	49.6	42.2
Others	3.0	0.1
Total	**52.6**	**42.3**
Current	52.6	42.3

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

	2022 in $m	2021 in $m
Balance at 31 December		
Receivables from shareholders	15.0	14.5
Prepayments	3.8	5.8
Accrued interest	1.5	0.1
Foreign exchange contracts	7.4	-
Other	25.5	17.2
Total	**53.2**	**37.6**
Current	34.7	18.1
Non-current	18.5	19.5

Receivables from shareholders mainly relate to current payments with shareholders other than Joh. A. Benckiser B.V.

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 and deposits held at call with banks including notional cash pool deposits, other short-term investments traded in an active market with original maturities of three months or less, and money market funds. Deposits at call with banks including notional cash pool deposits can be withdrawn within three months or less with an insignificant risk of changes in fair value and are therefore considered highly liquid financial instruments.

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.

As of 31 December 2022, cash and cash equivalents ($3,837.4m; 2021: $3,759.5) include cash on hand ($435.4m; 2021: $276.2m) and cash equivalents with a maturity of less than 3 months or with short-term liquidity ($3,402.0m; 2021: $3,483.3m).

The Company and certain subsidiaries have set up a multi-currency notional cash pool arrangement with a financial institution in the Netherlands to manage its global liquidity. Under the arrangement cash deposits in the notional cash pool can be withdrawn within 3 months or less to meet short term liquidity needs.

3.5 Equity

Share capital and share premium

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

	31 December 2022		31 December 2021	
	Number by classification	Nominal value	Number by classification	Nominal value
	Equity	In $m	Equity	In $m
Ordinary Class A shares	8,633,945	8.6	8,633,945	8.6
Ordinary Class B shares	838,638	0.8	782,534	0.8
Special Class S shares	1,216,057	1.0	1,157,298	0.9
Class PI shares	135,119	0.1	103,533	0.1
Issued share capital	**10,823,759**	**10.6**	**10,677,310**	**10.5**

10,433,759 shares have a nominal value of $1.0 and 390,000 shares have a nominal value of $0.5.

The movement in total issued share capital was as follows:

	Ordinary Class A shares	Ordinary Class B shares	Special Class S shares	Class PI shares	Total shares
	In $	In $	In $	In $	In $
Balance as of 31 December 2020	**8,763,050**	**814,413**	**496,473**	**-**	**10,073,936**
Shares issued for cash	-	10,063	214,176	-	224,239
Share-based payments	-	23,953	58,649	103,533	186,135
Redesignation share class	(128,105)	(65,895)	193,000	-	(1,000)
Cancellation of shares	(1,000)	-	-	-	(1,000)
Balance as of 31 December 2021	**8,633,945**	**782,534**	**962,298**	**103,533**	**10,482,310**
Shares issued for cash	-	70,345	114,021	31,586	215,952
Decrease in share capital	-	(40,957)	(282,160)	-	(323,117)
Share-based payments	-	26,716	226,898	-	253,614
Balance as of 31 December 2022	**8,633,945**	**838,638**	**1,021,057**	**135,119**	**10,628,759**

Decrease in share capital includes conversions and redesignation of shares between the share classes.

Shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account.

Share-based payments reserve is transferred to share premium on expiry or exercise of options or on vesting or forfeiture of other share-based payment transactions.

Share-based payments reserve

Please refer to note 3.6 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 2022 and 2021, no dividend was paid to the equity shareholders.

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

Non-controlling interests

Non-controlling interests (NCI) represent that part of the net results and net assets of a subsidiary that is attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Group.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The movements in non-controlling interests were as follows:

	Non-controlling interests in $m
Balance as of 31 December 2020	**-**
Share issue to NCI	2.5
Share-based payment transactions	6.6
Profit for the period	1.3
Change in scope of consolidation	16,533.2
Balance as of 31 December 2021	**16,543.7**
Share-based payment transactions	7.4
Transactions with non-controlling interests	1,966.8
(Loss) for the period	(1,452.7)
Balance as of 31 December 2022	**17,065.2**

NCI in the amount of $17,048.1m (2021: $16,533.2m) are attributable to JAB Consumer Partners SCA SICAR. Further, minor non-controlling interests are attributable to share-based payment transactions and management participation plans.

JCP has been established on 22 July 2013 to invest alongside JAB Holding Company S.à r.l. as a co-investor in the Group's investments in subsidiaries. JCP is a regulated investment company in risk capital (société d'investissement en capital à risque) with multiple compartments organized under the laws of the Grand Duchy of Luxemburg, each compartment having a limited life. Based on JCP's Private placement memorandum, being the legal binding document between JCP and its investors, JCP, through its Alternative Investment Fund Management company ("AIFM") called JAB Consumer Fund Management S.à r.l. ("JCFM") may request in case of occurrence of predetermined events and conditions an IPO or a sale of certain investments in subsidiaries, the Group itself being a potential buyer, without though having a formal obligation leading to a future cash out-flow.

Due to the change in the scope of consolidation (please refer to note 2.3) and effective 31 December 2021 the Group recognised NCI in the amount of $16,533.2m for the shares held by JCP in the Platform entities.

In 2022, the net assets attributed to non-controlling interest in JAB Coffee & Beverages B.V. in the amount of $2,611.9m (2021 $2,852.3m) mainly comprise of investments in subsidiaries.

In 2022, the net assets attributed to non-controlling interest in Pret Panera Holdings B.V. in the amount of $3,850.8m (2021: $3,724.0m) mainly comprise of investments in subsidiaries.

In 2022, the net assets attributed to non-controlling interest in Petcare G.P. in the amount of $8,695.3m (2021: $9,282.0m) mainly comprise of investments in subsidiaries.

In 2022, the net assets attributed to non-controlling interest in JAB Pet Services B.V. in the amount of $1,890.1m (2021: $675.0m) mainly comprise of investments in subsidiaries.

3.6. 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. The impact of the revision of the estimates, if any, as well as the impact of the actual number of forfeitures, cancellations, modifications and early vestings are recognised in profit or loss with a corresponding adjustment to equity at each reporting date.

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.

The Group operates different types of share-based compensation agreements with the members of the Investment Committee as well as with members of its management team and other employees.

Those arrangements include share grant agreements, share option schemes and loan funded share purchases. While the arrangements are basically settled in the Company's shares, there are minor individual agreements, which are based on shares in other Group entities.

Further, the members of the Investment Committee (see note 3.14) as well as members of its management team and other employees of the Company and its affiliates were given the opportunity to acquire shares in the Company at fair value.

Share grant agreements

The Group operates various types of share grant agreements. The entitlement to the share grants is awarded conditionally, subject to fulfilment of service conditions between the grant date and the vesting date. The share grants have graded vesting or cliff vesting features and typically vest over a service period of 5 years.

The fair value of share grants is the share price at grant date. In 2022, 7,456 share grants (2021: 25,356) were awarded. The share grants are funded by newly issued shares at the time of grant subject to clawback. The impact of service conditions is not included in the fair value measurement of the grant. It is expected that all service conditions are fully met.

The following table illustrates the number and weighted average exercise prices of, and movements in, share awards based on the Company's shares during the year.

	Number of share awards 2022	*Weighted average grant date fair value* 2022 in $	*Number of share awards* 2021	*Weighted average grant date fair value* 2021 in $
Balance of unvested share awards at beginning of year	**23,544**		**3,006**	
Granted during the year	7,456	$2,619	25,356	$2,090
Forfeited during the year	547		-	
Lapsed during the year	-		-	
Vested during the year	6,589		4,818	
Balance of unvested share awards at end of year	**23,864**		**23,544**	

Because the investment agreements concern different classes of shares the table was calculated on an adjusted basis as if all share grants comprise of the Company's ordinary Class B shares. Awards including discounts for share purchases were converted to the discount's fair value equivalent in Ordinary Class B shares.

Notes to the Consolidated Financial Statements (continued)

The expense recognised arising from share grant agreements during the period was $23.3m (2021: $25.1m).

As of 31 December 2022, the unrecognised expense related to share grant agreements amounts to $29.0m (2021: $32.9m). That expense is expected to be realised over a weighted average period of 4 years (2021: 4 years).

Share option schemes

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

Share option schemes include special shares with appreciation rights which have comparable economic effects to options. Those special shares are included in the following disclosures on an option equivalent basis.

The intrinsic 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 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 $1,074 (2021: $847).

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

	Grant date measurement 2022	*Grant date measurement* 2021
Dividend yield	0.7%	0.7%
Expected volatility	35.0%	35.0%
Risk-free interest rate	2.694%	0.7%
Expected life of options	7.4 years	7.5 years
Exercise price (USD)	$2,739	$2,336
Average share price (USD)	$2,739	$2,336

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.

Notes to the Consolidated Financial Statements (continued)

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

	Number of options 2022	*Weighted average exercise price* 2022 in $	*Number of options* 2021	*Weighted average exercise price* 2021 in $
Balance at beginning of year (outstanding)	**1,486,905**	**2,036**	**974,470**	**1,902**
Granted during the year	415,842	2,739	512,435	2,336
Forfeited during the year	(20,614)	2,013	-	-
Lapsed during the year	(363,377)	1,804	-	-
Exercised during the year	(249,731)	1,697	-	-
Expired during the year	-	-	-	-
Balance at end of year (outstanding)	**1,269,025**	**2,402**	**1,486,905**	**2,036**
Vested and exercisable at end of year	**-**	**-**	**315,045**	**1,618**

The intrinsic value of vested options is $324.4m as of 31 December 2021. As of 31 December 2022, no options are vested.

The weighted-average share price at the date of exercise for share options exercised in 2022 was $2,730. In 2021, no options were exercised.

The range of exercise prices for options outstanding at the end of the year was $1,616 to $2,759 (2021: $1,616 to $2,521) and these outstanding options have a weighted-average remaining contractual life of 6 years (2021: 5 years).

The expense recognised arising from share option schemes during the period was $248.7m (2021: $106.5m).

Loan funded share purchase agreements

The Group offers its management the opportunity to participate in share purchase plans funded by limited-recourse loans. Those agreements are classified as a share purchase under IFRS 9 and the outstanding loan is recognised as a financial asset if the investor carries all reasonable losses from the agreement. Otherwise, the agreements are classified as equity-settled option-plans under IFRS 2 and the loan is not recognised as a financial asset. The classification is made on a case-by-case basis.

In 2022, no loan funded shares purchases under IFRS 9 (2021: 12,284) were realised. As of 31 December 2022, the outstanding loans (including interest) for the funding of those share purchases amount to $0.1m (2021: $42.2m).

In 2022, no loan funded share purchases under IFRS 2 (2021: 12,125 shares) were realised. As of 31 December 2022, the purchase of 27,645 shares (2021: 27,645) funded by limited-recourse loans in the amount of $58.1m was accounted for as an equity-settled option plan. The fair value of those agreements is estimated using the Black-Scholes option-pricing model. The expected life of the underlying loans and the vesting period was estimated at five years. The expense recognised arising during the period was $1.5m (2021: $1.8m).

Other share-based payments

In 2022, the expense recognised for equity-settled share-based payment agreements with other Group entities was $7.4m (2021: $6.7m) and the expense for cash-settled share-based payments with other Group entities was $7.8m (2021: $0m).

In 2022, loan funded shares purchases under IFRS 9 with other Group entities in the amount of 610,000 shares were realised. As of 31 December 2022, the outstanding loans (including interest) for the funding of those share purchases amount to $49.5m (2021: $0m).

In 2020, a member of the management was granted shares in the Company by other shareholders. In 2021, share-option schemes were granted to a member of the management by other shareholders. The Group accounts for those awards as an equity-settled share-based payment transaction in share-based payments reserves in equity and recognises the expense over the vesting period.

The expense recognised for the period arising from those share-based payments during the period was $84.9m (2021: $50.6m).

3.7 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.

	Notes In $m	Bank Loans In $m	Total In $m
Balance as of 31 December 2020	**10,274.3**	**-**	**10,274.3**
Proceeds from issuance of bonds	1,075.0	-	1,075.0
Repayments	(766.4)	-	(766.4)
Amortisation of disagio and fees	9.1	-	9.1
Translation differences	(780.3)	-	(780.3)
Balance as of 31 December 2021	**9,811.8**	**-**	**9,811.8**
Proceeds from issuance of bonds	1,008.3	-	1,008.3
Additions	-	405.8	405.8
Repayments	(521.6)	-	(521.6)
Amortisation of disagio and fees	11.4	0.3	11.7
Translation differences	(548.3)	27.8	(520.5)
Balance as of 31 December 2022	**9,761.6**	**433.9**	**10,195.5**
Current	684.7	-	684.7
Non-current	9,076.9	433.9	9,510.8

Notes to the Consolidated Financial Statements (continued)

Overview of borrowings

Note	*Issued*	*Due*	*Original Principal* in m	*Remaining Principal* in m	*Coupon*	*Carrying Value 2022* in $m	*Carrying Value 2021* in $m	*Fair Value 31 Dec. 2022* in $m
Eurobond 2025	Apr. 2015	Apr. 2025	€ 600.0	€ 600.0	1.625%	636.8	675.2	607.8
Eurobond 2022	Sep. 2015	Sep. 2022	€ 750.0	-	2.125%	-	592.7	-
Eurobond 2023	May 2016	May 2023	€ 750.0	€ 642.0	1.750%	684.7	726.5	682.3
Eurobond 2024	May 2017	May 2024	€ 750.0	€ 664.5	1.250%	707.0	749.4	684.5
Eurobond 2028	May 2017	May 2028	€ 750.0	€ 750.0	2.000%	792.8	841.0	712.2
Eurobond 2026	June 2018	June 2026	€ 750.0	€ 750.0	1.750%	794.7	842.7	742.9
Eurobond 2029	June 2018	June 2029	€ 750.0	€ 750.0	2.500%	796.1	845.1	712.2
Eurobond 2027	Dec. 2019	Dec. 2027	€ 750.0	€ 750.0	1.000%	791.4	839.2	686.9
Eurobond 2039	Dec. 2019	Dec. 2039	€ 750.0	€ 750.0	2.250%	784.6	833.3	539.1
Eurobond 2039	Jan.2020	Dec. 2039	€ 175.0	€ 175.0	2.000%	191.9	203.8	118.8
Eurobond 2027	Apr. 2020	Apr. 2027	€ 500.0	€ 500.0	2.500%	528.8	560.6	502.0
Eurobond 2035	Apr. 2020	Apr. 2035	€ 500.0	€ 500.0	3.375%	525.3	557.6	447.6
Senior Note 2030	Nov. 2020	Nov. 2030	$500.0	$500.0	2.200%	495.4	494.8	371.0
Senior Note 2051	May 2021	May 2051	$500.0	$500.0	3.750%	491.1	490.8	294.7
Eurobond 2031	July 2021	July 2031	€ 500.0	€ 500.0	1.000%	526.6	559.1	403.0
Senior Note 2052	April 2022	April 2052	$ 500.0	$ 500.0	4.500%	484.8	-	349.7
Eurobond 2032	June 2022	June 2032	€ 500.0	€ 500.0	4.750%	529.6	-	535.5
Bonds						**9,761.6**	**9,811.8**	**8,390.2**
Bank loan JPY	Oct. 2022	Oct. 2024	¥29,385	¥29,385		221.1	-	-
Bank loan EUR	Nov. 2022	Nov. 2024	€ 100.0	€ 100.0		106.1	-	-
Bank loan EUR	Dec. 2022	Dec. 2024	€ 100.0	€ 100.0		106.7	-	-
Bank loans						**433.9**	**-**	**-**

Note	Repaid notes and additional issuances
Senior Note 2051	In May 2021, the Group issued long-term notes in the aggregate principal amount of $500.0m at an interest rate of 3.75% p.a. The notes are a private placement in the US market.
Eurobond 2031	In July 2021, JAB Group issued long-term notes in the aggregate principal amount of €500.0m ($599.1m).
Senior Note 2052	In April 2022, the Group issued a sustainability-linked note with a nominal value of $500.0m at an interest rate of 4.5%. When issuing the note, the Group committed to meet certain sustainability targets between 2025 and 2030. These targets relate to the reduction of Scope 1 and 2 GHG emissions, to a minimum percentage of Portfolio Companies to set SBTi-approved targets and to a minimum representation of biological or self-identified women in non-executive board positions in the portfolio companies. The coupon rate would be raised by up to 0.25% (commencing in October 2031) per annum depending on the number of targets missed. The accounting (effective interest) is based on the assumptions that the targets will be met.
Euronote 2032	In June 2022, the Group issued a sustainability-linked note with a nominal value of €500m at an interest rate of 4.75%. When issuing the note, the Group committed to meet certain sustainability targets between 2025 and 2030. These targets relate to the reduction of Scope 1 and Scope 2 GHG emissions and to a minimum percentage of Portfolio Companies to set SBTi-approved targets. The coupon rate would be raised by up to 0.1% (commencing in June 2026) and up to 0.85% (commencing in June 2031) per annum depending on the number of targets missed. The accounting (effective interest) is based on the assumptions that the targets will be met.
Eurobond 2022	In September 2022, the Group repaid notes with a remaining principal amount of €524.0m.

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

The Group has access to a €3.1 billion undrawn credit facilities totalling $3.3 billion (2021: $3.4 billion). As of 31 December 2022 and 31 December 2021, the Group had no outstanding under its credit facilities.

Interest rates for fixed rate financial liabilities range from 1.0% to 4.75% p.a. (2021: 1.0% to 3.75% p.a.). As of 31 December 2022, the floating rate financial liabilities were based on Euribor or Libor plus a margin of 0.85% to 1.0%. As of 31 December 2021, the Group had no floating rate financial liabilities.

3.8. Related party payables

JAB Coffee & Beverages B.V. has a short-term intra-company loan outstanding of $1,044.2m to an intermediate holding entity within the same investment platform structure as JAB Coffee & Beverages B.V. For the Group, this position is treated as a related party payable (2021: short-term intra-company loan from JAB Ventures B.V. in the amount of $1,087.3m).

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 2022 in $m	*31 December 2021* in $m
Accrued interest and other bank fees	99.4	89.9
Other investments	65.1	-
Foreign exchange contracts	33.0	-
Cash-settled share-based payments	26.9	18.8
Lease liability	7.6	9.7
Trade and other payables	38.4	25.9
Total	**270.4**	**144.3**
Current	229.3	118.6
Non-current	41.1	25.7

The liability from foreign exchange contracts relates to the derivative's fair value. Hedge accounting is not applied.

3.10. Finance income and expenses

Finance income can be detailed as follows:

	2022 in $m	*2021* in $m
Interest income	10.4	7.6
Net foreign exchange gain	419.7	679.7
Other	0.5	-
Total	**430.6**	**687.3**

In 2022 and 2021, foreign exchange gains mainly result from the translation of borrowings denominated in EUR to USD.

Finance expenses can be detailed as follows:

	2022 in $m	*2021* in $m
Interest expense	(211.4)	(218.7)
Bank fees	(19.1)	(13.9)
Other	(0.4)	-
Total	**(230.9)**	**(232.6)**

3.11. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2022 in $m	2021 in $m
Salary and personnel related expenses	(11.7)	(23.1)
Consulting fees, service fees and others	(72.3)	(97.0)
Total	**(84.0)**	**(120.1)**

Service and other fees include fees charged by the related parties Joh. A. Benckiser Service GmbH, JAB Service GmbH and JAB Holding Company LLC.

Fees billed to the Company and its fully consolidated subsidiaries by KPMG Audit S.à r.l., and other member firms of the KPMG network during the year are as follows: Audit fees (annual accounts / consolidated accounts) amounting to $0.7m (2021: $0.7m) and audit-related fees amounting to $0.3m (2021: $0.6m).

3.12. Other expense

Other income and expense can be detailed as follows:

	2022 in $m	2021 in $m
Expenses from share-based payments (equity-settled)	(373.5)	(190.7)
Other	(51.1)	(16.1)
Total	**(424.6)**	**(206.8)**

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 returns.

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 $1,379.7m (2021: $1,286.9m). 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	2022 in $m	2021 in $m
Accounting (loss) / profit for the period		(4,472.3)	5,125.3
Dividend income	3.1	(1,009.2)	(545.9)
Tax exempt (gain) / loss on investments in subsidiaries and other investments	3.1	5,171.2	(4,453.1)
Non-deductible interest expense		124.6	116.8
Other adjustments		45.7	(345.7)
Taxable loss for the period		**(140.0)**	**(102.6)**
Tax losses carry-forward as of 1 January		(1,286.9)	(1,341.4)
Adjustment due to translation differences		47.2	75.0
Expired		-	82.0
Tax losses carry-forward as of 31 December		**(1,379.7)**	**(1,286.9)**

JAB Holdings B.V. together with JAB Forest B.V., JAB Cosmetics B.V. (part of the fiscal unity until 31 December 2021), Cottage Holdco B.V. (part of the fiscal unity until 28 July 2021) and JAB Ventures B.V. (part of the fiscal unity as of 28 May 2021) 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.

	2022 in $m	2021 in $m
Withholding tax on dividends and finance income	(0.4)	(1.6)
Income tax and federal taxes	(1.0)	-
Tax losses carry-forward as of 31 December	**(1.4)**	**(1.6)**

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 Investment 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.	Subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l.
Joh. A. Benckiser S.à r.l.	Subsidiary of Agnaten SE.
JAB Service GmbH	Subsidiary of Joh. A. Benckiser B.V.
JAB Consumer Partners SCA, SICAR	JAB Consumer Partners SCA, SICAR was created to share the JAB investment strategy with professional and semi-professional investors.
Alfred Landecker Foundation	The members of the “Stiftungsrat” of the Foundation are appointed by the executive board of Agnaten SE or successor companies.
Joh. A. Benckiser Service GmbH	Subsidiary of Agnaten SE.

3.14.2. Management

The Group and its investments are managed by an Investment Committee which is supported by further executives and senior managers employed by the Company or its subsidiaries. The Company’s agreements with management comprise agreements on base remunerations, share-based payments, loans as well as management’s investment in the Group.

Wages, salaries and other compensation of key management personnel amount to $18.2m in 2022 (2021: $15.7m). Reference is made to note 3.6 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 $0.6m (2021: $0.7m).

Share transactions with Management

Year	Shares	Amount	Carrying Value in $m
Shares issued to members of management (either in cash or exercise of options)			
2022	Class B	68,045	186.4
	Special Class S	114,021	
	Class PI	31,586	
2021	Class B	10,063	41.5
	Special Class S	214,176	

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 2022, the Group provides no material guarantees for third parties (2021: $0).

JAB Holdings B.V. and JAB Beauty B.V. (the "Group Companies") are defendants in a stockholder class action and derivative lawsuit, which the complaint alleges have all 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. The parties to the litigation have reached an agreement-in-principle to settle the litigation which is subject to further documentation and approval by the Delaware Court of Chancery.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V. and JAB Coffee & Beverages B.V to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

3.16. Employees

The Group had on average 58 employees in 2022 (2021: 54 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 Investment 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 2022, equity attributable to the owners of the parent amounts to $24,858.5m (2021: $27,962.5m), equity attributable to non-controlling interest amounts to $17,065.2m (2021: $16,543.7m) and liabilities amount to $11,510.1m (2021: $11,043.4m).

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 2022			31 December 2021		
	Amortised cost	*FVTPL*	*Total*	*Amortised cost*	*FVTPL*	*Total*
	In $m	In $m	In $m	In $m	In $m	In $m
Investments in subsidiaries	-	49,119.3	**49,119.3**	-	51,409.8	**51,409.8**
Other investments	-	371.3	**371.3**	-	300.4	**300.4**
Other loans	52.6	-	**52.6**	42.3	-	**42.3**
Other assets	33.9	7.4	**41.3**	24.5	-	**24.5**
Cash and cash equivalents	3,837.4	-	**3,837.4**	3,759.5	-	**3,759.5**
Total	**3,923.9**	**49,498.0**	**53,421.9**	**3,826.3**	**51,710.2**	**55,536.5**

Notes to the Consolidated Financial Statements (continued)

Liabilities as per statement of financial position

	31 December 2022			31 December 2021		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	In $m	In $m	In $m	In $m	In $m	In $m
Borrowings	10,195.5	-	**10,195.5**	9,811.8	-	**9,811.8**
Related party payable	1,044.2	-	**1,044.2**	1,087.3	-	**1,087.3**
Other liabilities	145.4	98.1	**243.5**	125.6	-	**125.6**
Total	**11,385.1**	**98.1**	**11,483.2**	**11,024.7**	**-**	**11,024.7**

Cash and cash equivalents, as well as other receivables, are subject to the impairment requirements of IFRS 9. As of 31 December 2022 and 31 December 2021, 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 $9,761.5m (2021: $9,811.8m), the fair value is $8,390.2m (2021: $10,393.5m) 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.

Notes to the Consolidated Financial Statements (continued)

	31 December 2022			
	Level 1	***Level 2***	***Level 3***	***Total***
	In $m	In $m	In $m	In $m
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	3,684.6	45,434.7	49,119.3
Other investments	96.3	1.0	274.0	371.3
Foreign exchange contracts	-	7.4	-	7.4
Total financial assets	**96.3**	**3,693.0**	**45,708.7**	**49,498.0**
Financial liabilities at FVTPL				
Other investments	-	65.1	-	65.1
Foreign exchange contracts	-	33.0	-	33.0
Total financial assets	**-**	**98.1**	**-**	**98.1**

	31 December 2021			
	Level 1	***Level 2***	***Level 3***	***Total***
	In $m	In $m	In $m	In $m
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	4,739.7	46,670.1	51,409.8
Other investments	75.7	10.9	213.8	300.4
Total financial assets	**75.7**	**4,750.6**	**46,883.9**	**51,710.2**

There were no transfers between levels (2021: no transfers).

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	*Other investments*	*Other investments*
	Unlisted equity investments	*Unlisted equity investments*	*Preferred shares*
	In $m	In $m	In $m
Balance as of 31 December 2020	**26,416.2**	**131.7**	**0.0**
Additions / contributions	1,160.1	28.9	270.7
Disposals / distributions	(657.1)	(33.3)	(276.2)
Transfer	645.5	(128.4)	-
Change in fair value	2,827.3	1.1	219.3
Change in scope of consolidation	17,139.2	-	-
Intra-group investment elimination	(861.1)	-	-
Balance as of 31 December 2021	**46,670.1**	**-**	**213.8**
Additions / contributions	3,663.3	-	-
Disposals / distributions	(1,290.7)	-	-
Change in fair value	(4,161.7)	-	60.2
Intra-group investment elimination	553.7	-	-
Balance as of 31 December 2022	**45,434.7**	**-**	**274.0**

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 of 31 December 2022 the fair value of these agreements was $0 (31 December 2021: $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 2022, the Group's holding in JAB Coffee & Beverages Holdings B.V. represented 40.4% (2021: Acorn Holdings B.V. 43.0%) of the gross asset value of the Group's investments in subsidiaries and other investments. Other assets such as Pret Panera III G.P., Indulgence B.V., JAB Beauty B.V., Petcare Holdings L.P. and JAB Luxury S.à r.l., represented 59.6% (2021: Pret Panera III G.P., Indulgence B.V., JAB Beauty B.V., Petcare Holdings L.P. and JAB Luxury S.à r.l. 57.0%) 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 Coffee & Beverages Holdings B.V. (2021: Acorn Holdings 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.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V. and JAB Coffee & Beverages B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

Exposure to credit risk

The carrying amount of financial assets represent their maximum credit exposure. The table below contains the carrying amounts and their due dates as of 31 December 2022 and 31 December 2021.

	Note	Due	Less than 1 year	1 to 5 years	More than 5 years	Total
		in $m	in $m	in $m	in $m	in $m
31 December 2022						
Loans	3.1, 3.2	-	52.6	-	-	52.6
Other assets	3.3	-	22.8	18.5	-	41.3
Cash and cash equivalents	3.4	3,837.4	-	-	-	3,837.4
		3,837.4	**75.4**	**18.5**	**-**	**3,931.3**
31 December 2021						
Loans	3.1, 3.2	-	42.3	-	-	42.3
Other assets	3.3	-	5.8	18.7	-	24.5
Cash and cash equivalents	3.4	3,759.5	-	-	-	3,759.5
		3,759.5	**48.1**	**18.7**	**-**	**3,826.3**

In respect of the financial assets shown, no impairments were recognised and no financial assets were past due as of 31 December 2022 and 31 December 2021.

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 has sufficient access to cash on demand including cash on hand, cash equivalents and unused credit facilities. All cash on demand is available within three months or less to meet the Company's short term liquidity needs. Management monitors the planning of liquidity reserves and cash flows and coordinates the liquidity and due dates of financial assets and liabilities.

The table below contains the due dates of the carrying amounts as of 31 December 2022 and 31 December 2021.

	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 2022						
Non-derivative liabilities						
Borrowings	3.7	-	684.7	3,892.6	5,618.2	10,195.5
Related party payable	3.8	-	1,044.2	-	-	1,044.2
Other liabilities	3.9	-	131.2	13.8	0.4	145.4
		-	**1,860.1**	**3,906.4**	**5,618.6**	**11,385.1**
Derivatives		-	33.0	65.1	-	98.1
31 December 2021						
Non-derivative liabilities						
Borrowings	3.7	-	592.7	2,993.8	6,225.3	9,811.8
Related party payable	3.8	-	1,087.3	-	-	1,087.3
Other liabilities	3.9	-	118.8	6.9	-	125.6
		-	**1,798.7**	**3,000.7**	**6,225.3**	**11,024.7**

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.

Notes to the Consolidated Financial Statements (continued)

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2022			31 December 2021	
	in £m	In €m	In ¥m	in £m	In €m
Loans	-	46.4	-	-	-
Other assets	-	12.6	-	-	-
Cash and cash equivalents	(53.7)	1,485.5	(282.0)	1.1	755.2
Borrowings	-	(8,031.5)	(29,385.0)		(7,855.5)
Related party payables	-	(979.0)	-	-	(960.0)
Other liabilities	-	(116.5)	(48.4)	-	(71.9)
Gross balance sheet exposure	**(53.7)**	**(7,582.5)**	**(29,715.4)**	**1.1**	**(8,132.2)**
Cross-currency swap	-	(204.6)	29,385.0		
Forward exchange contracts	-	641.9	-	-	-
Net exposure	**(53.7)**	**(7,145.2)**	**(330.4)**	**1.1**	**(8,132.2)**

The USD forward exchange contract expire in May 2023 with a nominal amount of $724.2m. Furthermore, the Group holds Cross-Currency Rate Swaps GBP / EUR that expire in October 2023 and JPY / EUR that expire in November 2024.

As of 31 December 2021, the Group does not hold forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate 2022	*Average rate 2021*	*Year-end rate 2022*	*Year-end rate 2021*
	1 Dollar	*1 Dollar*	*1 Dollar*	*1 Dollar*
EUR	0.95	0.85	0.94	0.88
GBP	0.84	0.73	0,83	0.74
JPY	131.07	-	131.88	-

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.

		Impact Profit of loss		*Impact OCI*	
	% strengthening (weakening)	***2022*** in $m	***2021*** in $m	***2022*** in $m	***2021*** in $m
USD/EUR exchange rate	10.0	762.1	921.1	-	-
USD/GBP exchange rate	10.0	6.5	0.2	-	-
USD/JPY exchange rate	10.0	0.3	-	-	-

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. As of 31 December 2021 the Group has no interest rate swap agreements.

Profile

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

	Carrying amount 31 December 2022 In $m	Carrying amount 31 December 2021 In $m
Fixed rate instruments		
Financial assets	3,890.0	3,807.6
Borrowings	(9,761.5)	(9,811.8)
Floating rate instruments		
Borrowings	(433.9)	-
Related party payable	(1,044.2)	(1,087.3)

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.

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 $7.4m (2021: loss $5.4m). 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 2022 In $m	Carrying amount 31 December 2021 In $m
Investments		
Other investments	96.3	86.6
Other liabilities	(65.1)	-
Total	**32.2**	**86.6**

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 2022 would have increased/decreased by $22.0m as a result of changes in the fair value of these investments (2021: $3.8m). Other comprehensive income for the year ended 31 December 2022 and 2021 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 2022 would have increased/decreased by $1,417.6m as result of changes in the fair value of the equity investments classified as at FVTPL (2021: $1,609.2m).

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 2022.

Luxembourg, 6 March 2023

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

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 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2022 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 as adopted for Luxembourg by the CSSF 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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 the "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 the 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 the "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 the 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 the "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 the "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 applicable legal requirements.

Luxembourg, 6 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

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