JAB Holding Company

Financial Statements 2020

Index

Report of the Réviseur d'Entreprises agréé

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

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

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

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of JAB Holding Company S.à r.l. (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

T.V.A. LU 27351518
R.C.S. Luxembourg B 149133

In preparing the financial statements, the Board of Managers is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

— Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Luxembourg, 23 February 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Yves Thorn
Partner

Financial statements for the year 2020

Statement of Financial Position as of 31 December 2020

	Notes	31 December 2020 in $k	31 December 2019 in $k
NON-CURRENT ASSETS			
Investments in subsidiaries	4	22,865,166	24,681,262
Other receivables	5	18,643	-
Total non-current assets		**22,883,809**	24,681,262
CURRENT ASSETS			
Other receivables	5	1,335	1,335
Cash and cash equivalents	6	66	349
Total current assets		**1,401**	1,684
Total assets		**22,885,210**	**24,682,946**
SHAREHOLDER'S EQUITY			
Issued share capital	7.1	10,074	8,797
Share premium	7.1	11,096,399	9,637,312
Other reserves	9	478,934	-
Retained earnings	7.3	11,261,055	11,309,899
Total equity		**22,846,462**	**20,956,008**
NON-CURRENT LIABILITIES			
Redeemable shares	8	-	1,586,782
Other liabilities	10	1,981	741,603
Total non-current liabilities		**1,981**	**2,328,385**
CURRENT LIABILITIES			
Redeemable shares	8	-	1,284,894
Other liabilities	10	36,767	113,659
Total current liabilities		**36,767**	**1,398,553**
Total equity and liabilities		**22,885,210**	**24,682,946**

The notes on pages 11 to 34 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	Notes	2020 in $k	2019 in $k
Net gain / (loss) on investments in subsidiaries	11	(776,162)	4,840,870
Finance income	12	478,567	421
Finance expenses	12	(0)	(531,328)
Finance result		**(297,595)**	**4,309,963**
General and administrative expenses	13	(36,962)	(54,841)
Other income / (expenses)	14	285,718	(445,481)
Profit / (loss) before income tax		**(48,839)**	**3,809,641**
Income tax expense	15	(5)	(6)
Profit / (loss) for the period		**(48,844)**	**3,809,635**
Total comprehensive income / (loss) attributable to equity holder		**(48,844)**	**3,809,635**

The notes on pages 11 to 34 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2020

	Note	Share capital in $k	Share premium in $k	Other reserve in $k	Retained earnings in $k	Total equity in $k
Balance as of 31 December 2018		8,889	9,899,089	-	7,560,016	17,467,994
Repayment of share premium	7.1	-	(101,462)	-	0	(101,462)
Reclassification of shares	7.1	(92)	(160,315)	-	(59,752)	(220,159)
Profit for the period		-	-	-	3,809,635	3,809,635
Total comprehensive income		-	-	-	3,809,635	3,809,635
Balance as of 31 December 2019		**8,797**	**9,637,312**	**-**	**11,309,899**	**20,956,008**
Contributions	7.1	-	2,500	-	-	2,500
Repayment of share premium	7.1	-	(146,795)	-	-	(146,795)
Reclassification of shares	7.1	1,277	1,603,383	-	-	1,604,660
Equity-settled share-based payments	9	-	-	478,934	-	478,934
Loss for the period		-	-	-	(48,844)	(48,844)
Total comprehensive loss		-	-	-	(48,844)	(48,844)
Balance as of 31 December 2020		**10,074**	**11,096,399**	**478,934**	**11,261,052**	**22,846,462**

The notes on pages 11 to 34 are an integral part of these financial statements.

Cash Flow Statement for the year ended 31 December 2020

	Notes	2020 in $k	2019 in $k
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		(48,844)	3,809,635
Adjustments for:			
Share-based payment transactions	9	(287,539)	415,746
Net (loss) / gain from change in fair value of investments in subsidiaries	11	776,162	(4,840,870)
Income tax expenses		5	6
Finance income	12	(478,567)	(421)
Finance expenses	12	0	531,328
		(38,783)	**(84,576)**
Changes in other liabilities	10	(3,594)	405
Net foreign exchange (loss) / gain		(2)	118
Income taxes paid		(5)	(6)
Net cash used in operating activities		**(42,384)**	**(84,059)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital repayments from investments in subsidiaries	4	899,500	194,020
Contribution payments to investments in subsidiaries	4	(5,600)	(5,800)
Net cash from investing activities		**893,900**	**188.220**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	7.1	2,500	-
Payments from issue of redeemable shares	8	29,974	37,319
Capital repayments on share capital		(152)	-
Capital repayments on redeemable shares	8	(884,121)	(141,662)
Interest paid		-	343
Net cash used in financing activities		**(851,799)**	**(104,000)**
Movement in cash and cash equivalents		**(283)**	**161**
Cash and cash equivalents as of 1 January		349	188
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of period	6	**66**	**349**

The notes on pages 11 to 34 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

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

The Company is formed for an unlimited period.

As of 31 December 2020, the Company's main shareholder is Joh. A. Benckiser B.V. Joh. A. Benckiser B.V. is domiciled in Piet Heinkade 55, 1019 GM Amsterdam, the Netherlands.

In December 2011, the Company entered into a comprehensive agreement with Agnaten SE, Lucresca SE, an Advisory Committee and further investors. The agreement envisages a long-term support for Agnaten SE and Lucresca SE by the Advisory Committee to further develop the Group's business. The agreement provides for a service agreement and a long-term incentive plan for the Advisory Committee as well as capital contributions of the Advisory Committee and other investors.

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

JAB Group has a key focus on assessment of the impact of the Covid-19 pandemic on its investments and their performance. It monitors and follows closely the information released from governments, regulatory bodies and health organisations in the countries in which JAB Group and its investments operate. Evidently not all industries or companies are and will be impacted to the same degree. In line with our strategy, most of our businesses have proven to be resilient from the start, in particular those in the coffee and beverages, indulgence and petcare categories. Our businesses within the beauty and luxury, and fast-casual restaurant categories have been more exposed to the impact of Covid-19 and related lockdown restrictions but have shown strong recovery in business performance during the second half of 2020.

The Covid-19 pandemic and the related impact on financial markets also adversely affected the fair value of JAB Group's investments throughout 2020. In the reporting period, a change in fair value of $-776.2m of investments in subsidiaries was recognised whereas the decline is primarily a result of the weakened US Dollar against the Euro and the performance of the underlying investments held indirectly by the Company. Depending on the further evolvement of the Covid-19 pandemic, the direct and indirect investments' fair values might be further affected.

2. Statement of compliance

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

These financial statements were authorised for issue by the Board of Managers on 23 February 2021.

These financial statements represent the statutory annual accounts.

3. Significant accounting policies

The financial statements prepared in conformity with IFRS require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates, especially in relation to the impact of the Covid-19 pandemic. The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date relate to the fair value determination of the Company´s investments and the valuation of the share-based payment scheme. Management uses its judgment in selecting appropriate valuation techniques.

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

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

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

The financial statements have been 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.

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

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

3.1. Changes in significant accounting policies and disclosures

New standards, amendments, and interpretations

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

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

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

New standards, amendments and interpretations issued, but not effective for the year ended 31 December 2020 and not early adopted

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

3.2. Consolidation

The Company prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. The consolidated financial statements which are subject to publication as prescribed by the Luxembourg Law are available at the Companies' Register of Luxembourg.

3.3. Foreign currency transactions

The 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.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the exchange rate at that date. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

In the financial report $ is used as a symbol for US-Dollar and € is used as a symbol for Euro.

3.4. 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. Purchases and sales are in general 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 Company.

The most reliable evidence of fair value is quoted prices in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

3.5. Investments in subsidiaries

Subsidiaries are those entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. According to IAS 27, the Company is applying the same accounting policy choice for each category of investments. Investments in subsidiaries are accounted for in accordance with IFRS 9 at FVTPL.

3.6. Financial instruments

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 Company 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 Company 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.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if the Company 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.

Financial assets

In accordance with IFRS 9, the Company classifies its non-derivative financial assets as subsequently measured at FVTPL or at amortised cost based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at FVTPL

Financial assets classified at FVTPL are those that are managed with their performance evaluated on a fair value basis. The Company's investments measured at FVTPL include equity instruments and debt instruments. Those investments are initially recognised at the fair value and changes therein recognised in profit or loss. Attributable transaction costs are expensed in profit or loss as incurred.

The Company is focused on long-term investments, which are presented as non-current assets.

Financial assets at FVTPL that the Company acquires or incurs principally for the purpose of selling in the near-term or holds as part of a portfolio that is managed together for short-term profit or position taking are presented in the statement of financial position as short-term financial investments.

Financial assets at amortised cost

Other non-derivative financial assets 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.

The Company's financial assets at amortised cost include cash and cash equivalents, loans at amortised cost and other receivables. Those 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.

Cash and cash equivalents

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

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

Financial liabilities

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

Loans and borrowings

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

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.

Amortised cost is calculated by taking into account 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.

Redeemable shares

Shares that are redeemable under certain conditions that are out of the Company's control are recognised as liability. Those shares are carried at amortised cost which corresponds to the redemption amount that would be payable at the reporting date if the holder would put the shares at this date. Changes in the measurement of that financial liability are recognised in profit or loss.

3.7. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

3.8. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Net gain / (loss) on investments in subsidiaries comprises changes in the fair value and gains on the disposal of financial assets at FVTPL.

3.10. Dividend income

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

3.11. Finance income and finance expenses

Finance income comprises interest income on bank deposits and liquidity funds. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, dividends on redeemable shares classified as liabilities and changes in the redemption amount of redeemable shares classified as liabilities. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Income and expenses are presented on a net basis only when permitted under IFRS, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at FVTPL.

3.12. Income tax expense

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the 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 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.

3.13. Share-based payment transactions

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 share-based payments reserves 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 Company's best estimate of the number of instruments that will ultimately vest. Equity-settled transactions are measured at the grant date fair value of the equity instruments granted. For cash-settled transactions, the liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss.

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

3.14. Preparation of the cash flow statement

The cash flow statement is presented using the indirect method. Net cash flows from operating activities are reconciled from profit for the period.

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

Dividends paid and capital repayments to ordinary shareholders are included in financing activities. Dividends, capital repayments from investees and interest received are classified as investing activities. Interest paid is included in financing activities.

4. Investments in subsidiaries

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

	2020 %	2019 %
JAB Investments S.à r.l. 4, Rue Jean Monnet, 2180 Luxembourg	100.0	100.0

	2020 in $k	2019 in $k
JAB Investments S.à r.l.		
Share capital	25	25
Total equity	22,865,166	24,681,262
Profit / (loss) for the period	(776,161)	4,840,870

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

	JAB Investments S.à r.l. in $k
Balance as of 31 December 2018	**20,137,589**
Contribution	8,100
Capital repayment	(305,297)
Change in fair value	4,840,870
Balance as of 31 December 2019	**24,681,262**
Contribution	5,600
Capital repayment	(1,045,534)
Change in fair value	(776,162)
Balance as of 31 December 2020	**22,865,166**

In 2020, the Company made cash contributions to JAB Investments S.à r.l. in the amount of $5.6m and received repayments from JAB Investments S.à r.l. in the amount of $1,045.5m. Thereof, capital repayments amounting to $146.0m were made directly by JAB Holdings B.V. to shareholders of the Company (see note 7).

In 2019, the Company made cash contributions to JAB Investments S.à r.l. in the amount of $8.1m and received repayments from JAB Investments S.à r.l. in the amount of $305.3m. Thereof, contributions amounting to $2.3m were directly made to its indirect subsidiary JAB Holdings B.V., whereas capital repayments amounting to $101.5m were made directly by JAB Holdings B.V. to shareholders of the Company (see note 7) and an amount of $10.1m was received in kind.

All contributions were measured at fair value at the time of contribution. After initial measurement the subsidiary is subsequently measured at FVTPL.

5. Other receivables

	2020 in $k	2019 in $k
Receivables from shareholders	18,643	-
Others	1,335	1,335
	19,978	**1,335**
Thereof current	1,335	1,335
Thereof non-current	18,643	-

6. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2020 in the amount of $66k (2019: $349k) only include bank deposits available on demand.

7. Shareholder's equity

7.1. Share capital and share premium

Until December 2020, certain of the company's shares contained put features and those shares were classified as a liability for the period ending 31 December 2019. In December 2020, the terms and conditions of the Company's shares have been amended so that the Company no longer has an obligation to repurchase shares. As a result of these amendments, the redeemable shares in the amount of $1,604.7m were reclassified as equity.

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

	31 December 2020		31 December 2019			
	Number by classification		Number by classification			
	Equity	Nominal value in $k	Equity	Liability	Total Shares	Nominal value in $k
Ordinary Class A shares	8,763,050	8,763	8,796,619	91,963	8,888,582	8,889
Ordinary Class B shares	814,413	814	0	780,118	780,118	780
Special Class S shares	496,473	496	0	1.347,563	1,347,563	1,348
Issued share capital	**10,073,936**	**10,074**	**8,796,619**	**2,219,644**	**11,016,263**	**11,017**

Each share has a nominal value of $1.00.

The movement in total issued share capital was as follows:

	Ordinary Class A shares	Ordinary Class B shares	Ordinary Class S shares	Total shares
Balance as of 31 December 2018	**8,888,582**	**767,184**	**1,407,022**	**11,062,788**
Shares issued for cash	-	16,229	30,998	47,227
Exercise of share options	-	37,000	-	37,000
Redeemed to the Company	-	(40,295)	(90,458)	(130,753)
Balance as of 31 December 2019	**8,888,582**	**780,118**	**1,347,562**	**11,016,262**
Shares issued for cash	-	8,496	52,665	61,161
Exercise of share options	-	12,206	171,495	183,701
Redesignation from Class A to Class B	(125,532)	125,532	-	-
Redeemed to the Company		(111,939)	(1,075,249)	(1,187,188)
Balance as of 31 December 2020	**8,763,050**	**814,413**	**496,473**	**10,073,936**

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

	Ordinary Class A shares		Ordinary Class B shares		Ordinary Class S shares		Total	
	Share capital in $k	Share premium in $k	Share capital in $k	Share premium in $k	Share capital in $k	Share premium in $k	Share capital in $k	Share premium in $k
Balance as of 31 December 2018	8,888.6	9,899,089.3	-	-	-	-	8,888.6	9,899,089.3
Reclassification of shares	(92.0)	(160,315.3)	-	-	-	-	(92.0)	(160,315.3)
Capital repayment / distributions	-	(101,461.6)	-	-	-	-	-	(101,461.6)
Balance as of 31 December 2019	8,796.6	9,637,312.4	-	-	-	-	8,796.6	9,637,312.4
Contributions	-	2,500.0	-	-	-	-	-	2,500.0
Redesignation from Class A to Class B	(33.6)	(48,814.0)	33.6	48,814.0	-	-	-	-
Reclassification of shares	-	-	780.8	1,573,407.6	496.5	29,975.3	1,277.3	1,603,382.9
Capital repayment / distributions	-	(146,795.3)	-	-	-	-	-	(146,795.3)
Balance as of 31 December 2020	8,763.1	9,444,203.1	814.4	1,622,221.6	496.5	29,975.3	10,073.9	11,096,400.0

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

7.2. Other reserves

Refer to note 9 Share-Based Payments.

7.3. Retained earnings

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

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

8. Redeemable shares

	Carrying amount in $k
In issue as of 31 December 2018	**2,206,319**
Issued for cash	37,319
Exercise of share options	81,807
Redeemed to the Company	(189,704)
Reclassification of shares	220,159
Capital repayment/distributions	(17,092)
Change in redemption amount	532,868
In issue as of 31 December 2019	**2,871,676**
Issued for cash	31,974
Exercise of share options	382,812
Redeemed to the Company	(1,201,421)
Capital repayment/distributions	(19,139)
Change in redemption amount	(479,886)
Reclassification of shares	(1,586,017)
In issue as of 31 December 2020	**-**

As a result of the amendments in December 2020 (see note 7.1), the redeemable shares have been entirely reclassified from redeemable share to equity and as a consequence of these amendments the redemption amount is nil as from the date of modification.

The redeemable shares were carried at the redemption amount that would have been payable as of the reporting date if the holders would have put the shares at this date until the amendments in December 2020.

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

As of 31 December 2019, the redeemable shares included shares held by the management in the amount of $2,692.0m.

As of 31 December 2019, redemption amounts with an earliest possible due date within twelve months after the reporting period were presented as current liabilities (2019: $1,284.9m) and the other redemption amounts with an earliest possible due date of at least twelve months after the reporting period were presented as non-current liabilities (2019: $1,586.8m).

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

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

9. Share-based payments

The members of the Advisory Committee (see note 16) as well as members of its Management and executives and senior managers of the Company and its affiliates have acquired shares in the Company.

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

Modification in December 2020

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

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

Share purchase agreements

The Company has share purchase agreements with the members of the Advisory Committee as well as with members of its management team and executives and senior managers of the Company and its affiliates. Until December 2020, the agreements contained put features that provided the holders of the shares with a right to sell shares back to the Company for cash, and the Company recorded a liability for the potential redemption amounts.

The expense recognised arising from share purchase agreements during the year was $0.3m (2019: $1.2m).

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

Share option schemes

The share options have a graded vesting or cliff vesting features and they vest over a service period of 5 years. Options may be exercised at any time from the vesting date to the date of their expiry (10 years from the grant date). All options related to share-based compensation plans were granted with an exercise price (in USD) being equal to the redemption amount of the underlying shares at the grant date (see note 8).

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

The fair value of each option granted is estimated using the Black-Scholes option-pricing model. The weighted average fair value of the options granted during the year was $815 (2019: $762).

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

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

The expected life of the options is based on management's estimate and is below the contractual life. The expected volatility is based on a peer group analysis using historical information. In 2020, the expected volatility was increased from 30.0% to 35.0% due to the impacts of Covid-19 leading to higher volatility in financial markets.

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

	Number of options 2020	**Weighted average exercise price** 16 Dec. 2020	**Number of options** 2019	**Weighted average exercise price** 31 Dec. 2019
Balance at beginning of year (outstanding)	**1,343,376**	**1,737**	**1,334,874**	**1,819**
Granted during the year	80,169	1,938	104,092	2,205
Lapsed during the year	233,120	1,899	-	-
Exercised during the year	215,955	1,745	95,590	1,686
Expired during the year	-	-	-	-
Balance at end of year (outstanding)	**974,470**	**1,902**	**1,343,376**	**1,858**
Vested and exercisable at end of year	-	-	188,135	1,737

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

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

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

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

	2020 in $k	**2019** in $k
Carrying amount at beginning of year	845,608	457,850
(Income) / expense recognised for the period	(308,732)	443,943
Settlement during the year	(82,074)	(56,185)
Modification	(454,802)	-
Carrying amount at end of year	-	845,608
Current portion of liability	-	107,099
Non-current portion of liability	-	738,509

The income recognised for the period arising from the share option schemes during the year was $308.4m (2019: expense $445.1m).

Other share-based payments

In 2020, a member of the management was granted shares in the Company by other shareholders. The Company accounts for the award as an equity-settled share-based payment transaction in share-based payments reserves in equity. The expense recognised for the period arising from other share-based payments during the year was $20.8m (2019: expense $0.0m).

10. Other liabilities

	2020 in $k	**2019** in $k
Share-based transactions	-	845,608
Other liabilities	34,687	-
Trade and other payables	4,061	9,654
	38,748	**855,262**
Thereof current	36,767	113,659
Thereof non-current	1,981	741,603

Other liabilities in the amount of $1.6m (2019: $4.9m) relate to a service agreement with JAB Holding Company LLC.

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

	2020 in $k	2019 in $k
Net gain / (loss) on investments in subsidiaries at FVTPL		
JAB Investments S.á r.l.	(776,162)	4,840,870
	(776,162)	**4,840,870**

12. Finance income and finance expenses

Finance income can be detailed as follows:

	2020 in $k	2019 in $k
Interest income	1	-
Change in redemption amount of redeemable shares	477,959	-
Net foreign exchange gain	607	421
	478,567	**421**

Finance expenses can be detailed as follows:

	2020 in $k	2019 in $k
Change in redemption amount of redeemable shares	-	(531,321)
Interest expense on financial liabilities	-	(7)
	-	**(531,328)**

Changes in the measurement of redeemable shares (see note 8) are recognised in profit or loss.

13. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2020 in $k	2019 in $k
Salary and personnel related expenses	-	(893)
Service fees	(32,046)	(53,137)
Legal, tax, audit and consultancy fees	(907)	(777)
Others	(4,009)	(34)
	(36,962)	**(54,841)**

14. Other income and expenses

Other income and expenses can be detailed as follows:

	2020 in $k	2019 in $k
Remeasurement of share option schemes	309,850	(445,481)
Other share-based payments	(24,132)	-
	285,718	**(445,481)**

15. Taxes on income

The Company has a net loss carry-forward amounting to approximately $285.7m (2019: $254.4m). Thereof $122.9m expire between 2034 and 2035. 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:

	2020 in $k	2019 in $k
Accounting profit / (loss) for the period	(48,844)	3,809,635
Income tax expense	5	6
Tax exempt profit / (loss) on investments in subsidiaries	776,162	(4,840,870)
Non-deductible expenses for tax purposes	(758,672)	977,152
Taxable profit / (loss) for the period	**(31,354)**	**(54,077)**

16. Related parties

Agnaten SE	Ultimate parent of JAB Holding Company S.à r.l. and the majority shareholder of Joh. A. Benckiser B.V. Agnaten SE established the Company and is a party in the comprehensive agreement with Lucresca SE and the Advisory Committee.
Lucresca SE and affiliated companies	Further shareholder of Joh. A. Benckiser B.V. Lucresca SE is a holding company controlled closely by members of the family of the shareholders of Agnaten SE and is non-controlling shareholder of Joh. A. Benckiser B.V. Lucresca SE is a party in the comprehensive agreement with the Advisory Committee.
Joh. A. Benckiser B.V.	Subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l.
JAB Service GmbH	Subsidiary of Joh. A. Benckiser B.V.
JAB Consumer Fund	JAB Consumer Fund was created to share the JAB investment strategy with professional and semi-professional investors.

Alfred Landecker Foundation (formerly Benckiser Stiftung Zukunft)	The members of the "Stiftungsrat" of the Foundation are appointed by the executive board of Agnaten SE or successor companies.
Donata Service GmbH	Subsidiary of Agnaten SE.

16.1. Management

The Company and its investments are managed by an Advisory Committee and further management including executives and senior managers of the Company and its affiliates. The Company's agreements with management comprise agreements on base remunerations, share-based payments (see note 9), loans as well as management's investment (see note 8) in the Company.

Wages, salaries and other compensation of key management personnel amounts to $0.0m in 2020 (2019: 1.8m). Reference is made to note 9 for share-based payments transactions, of which the vast majority were with management.

Share transactions with management

Year	Shares	Amount	Carrying Value In $k
SHARES ISSUED TO MEMBERS OF MANAGEMENT (EITHER IN CASH OR EXERCISE OF OPTIONS)			
2020	Class B	20,702	414,786
	Special Class S	224,160	
2019	Class B	53,229	119,126
	Special Class S	30,998	
SHARES REDEEMED BY MEMBERS OF MANAGEMENT			
2020	Class B	111,939	(1,200,802)
	Special Class S	1,075,249	
2019	Class B	35,295	178,039
	Special Class S	90,458	

During the financial year, no loans, advances or guarantees were granted to members of the board of managers or other administrative bodies (2019: $0m).

16.2. Employees

The Company had no employees in 2020 (2019: one employee).

17. Contingent liabilities

As of 31 December 2020, the Company provides a guarantee to banks for credit facilities of its affiliated Company JAB Holdings B.V. amounting to €3,000.0m (2019: €3,000.0m). Furthermore, the Company provides an unconditional and irrevocable guarantee for bond liabilities of its affiliated company JAB Holdings B.V. amounting to $10,028.9m (2019: $7,638.6m).

18. Financial instruments – Fair Value and Risk Management

18.1. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of managers together with the Advisory Committee monitors the return on capital and the value enhancement of the Company'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 afforded by a sound capital position. The Company has no direct investments and no material liabilities except for liabilities due to share-based transactions and shares with put-rights. Its only material asset is the participation in JAB Investments S.à r.l., an intermediary holding company.

As of 31 December 2020, equity amounts to $22,846.5m (2019: $20,956.0m) and liabilities amount to $38.7m (2019: $3,726.9m).

The Company is not subject to externally imposed capital requirements.

18.2. Financial instruments and fair value hierarchy

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

Assets as per statement of financial position

	31 December 2020			31 December 2019		
	Amortised cost in $k	FVTPL in $k	**Total in $k**	Amortised cost in $k	FVTPL in $k	**Total in $k**
Investments in subsidiaries	-	22,865,166	**22,865,166**	-	24,681,262	**24,681,262**
Other receivables	19,978	-	**19,978**	1,335	-	**1,335**
Cash and cash equivalents	66	-	**66**	349	-	**349**
Total	**20,044**	**22,865,166**	**22,885,210**	**1,684**	**24,681,262**	**24,682,946**

Liabilities as per statement of financial position

	31 December 2020			31 December 2019		
	Amortised cost in $k	Redeemable shares in $k	**Total in $k**	Amortised cost in $k	Redeemable shares in $k	**Total in $k**
Redeemable shares	-	-	**-**	-	2,871,676	2,871,676
Other liabilities	38,748	-	38,748	9,654	-	9,654
Total	38,748	-	38,748	9,654	2,871,676	2,881,329

Until December 2020, the redeemable shares classified as liability were carried at amortised cost which corresponded to the redemption amount that would have been payable at the reporting date if the holder would have put the shares at this date. Since the redemption amount was calculated based on the fair value of the Company's direct and indirect investments the redeemable shares were presented separately from the other financial liabilities at amortised cost.

Cash and cash equivalents as well as other receivables are subject to the impairment requirements of IFRS 9. As of 31 December 2020 and 2019, cash and cash equivalents were placed with quality financial institutions and could be withdrawn on short notice. Therefore, the expected credit loss on cash and cash equivalents and other receivables was immaterial, as well as the identified impairment loss for the other receivables subject to the expected credit loss model.

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

Financial instruments in Level 1

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

Financial instruments in Level 2

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

Financial instruments in Level 3

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

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

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

	31 December 2019			
	Level 1 in $k	Level 2 in $k	Level 3 in $k	Total in $k
FINANCIAL ASSETS AT FVTPL				
Investments in subsidiaries				
Unlisted equity investments	-	-	24,681,262	24,681,262
Total financial assets	-	-	24,681,262	24,681,262

There were no transfers between the levels for the years ended 31 December 2020 and 2019.

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

	Investments in subsidiaries Unlisted equity investments	
	2020 in $k	2019 in $k
Balance as of 1 January	**24,681,262**	**20,137,589**
Contributions	5,600	8,100
Capital repayment	(1,045,534)	(305,297)
Change in fair value	(776,162)	4,840,870
Balance as of 31 December	**22,865,166**	**24,681,262**

As of 31 December 2020 and 2019, the unlisted equity investments relate to the 100% participation in JAB Investments S.à r.l. JAB Investments S.à r.l. is a holding company with direct participation in JAB Holdings B.V. As of 31 December 2020 and 2019, the fair value was determined by using valuation techniques. The valuation accounts for JAB Investments S.à r.l.'s objective to act as a holding company. JAB Investments S.à r.l.'s fair value is estimated as its net asset value and is calculated as the total fair value of its assets and liabilities. The main asset of JAB Investments S.à r.l. is its participation in JAB Holdings B.V. which directly and indirectly holds a diversified investment portfolio that includes assets that are traded on a securities exchange (Level 1) as well as assets and liabilities that are valued using valuation techniques (Level 2 and Level 3). The assets are valued by objective criteria on an evaluation by the management.

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

	2020 in $k	2019 in $k
Equity investments measured using Level 1	605,854	-
Equity investments measured using Level 2	3,227,474	-
Derivative instruments measured using Level 2	(1,827)	(14,450)
Equity investments measured using Level 3	26,548,923	28,313,935
Corporate debt securities using Level 3	-	957,389
Loans receivable	167,957	212,026
Loans payable	(10,274,318)	(7,638,602)
Cash and cash equivalents	2,672,770	2,902,115
Other assets and liabilities	(81,667)	(51,151)
Net asset value	**22,865,166**	**24,681,262**

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

Until December 2020, the Company recorded its own shares containing put features as liability at the potential redemption amount (2019: $2,871.7m), which was based on valuation rules that have been contractually agreed with the shareholders.

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

Level 1

The fair value of financial assets in this category is based on observable inputs only. JAB Holdings B.V.'s assets in this category include direct shares held by the Group in KDP and JDE Peet's.

Level 2

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

Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. JAB Holdings B.V.'s assets in this category include investments in JAB Beverage Platform B.V. (through JAB Forest B.V.), Pret Panera I G.P., Pret Panera III G.P, Petcare G.P., JAB Luxury GmbH. and KK G.P. (2019: Acorn Holding B.V., Pret Panera I G.P., Pret Panera III G.P., Petcare G.P., Cottage Holdco B.V., JAB Luxury GmbH and KK G.P.), none of which are directly quoted in an active market. Unobservable inputs include LTM/NTM results, peer multiples and other assets/liabilities and other observable inputs include JDE Peet's and KDP share price within JAB Beverage Platform B.V.

Valuation process

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

Valuation method – public companies

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

Valuation method – private companies: price of a recent investment

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

Valuation method – private companies: market approach using comparable multiples

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

The selected multiples are the median of the comparable publicly listed companies and are applied to the figures of the underlying investments as of December 2020 and December 2019. In addition, adjustments between the enterprise value and the equity value are made for financial debt, and, where relevant, for non-controlling interest and financial assets.

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

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

Other considerations

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

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

	Fair value 2020 in $k	Fair value 2019 in $k
COMPANY		
Investments in subsidiaries	22,865.2	24,681.3

Company	Fair value 2020 in €m	Fair value 2019 in €m	Valuation technique	Input	Range 2020	Range 2019
Investments in subsidiaries	22,865.2	24,681.3	Publicly listed	Quotes share price	N/A	N/A
			Market approach -	EBITDA multiples (LTM)	20.9 – 22.4	16.3 – 19.5
			Comparable companies	EBITDA multiples (NTM/2022e)	10.0 – 19.6	N/A
			Market approach -	Sales multiples (LTM)	4.6	1.11 – 4.3
			Comparable companies	Sales multiples (NTM/2022e)	1.2 – 5.0	N/A
			Market approach -	P/E multiples (LTM)	30.1 – 36.4	24.7 – 30.9
			Comparable companies	P/E multiples (NTM/2022e)	17.0 – 29.9	N/A

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

A weighting is applied to the multiples used to determine the fair value of the investment. The weighting applied depends on various circumstances include the stage at which the company is, resulting in a 50%/50% EV/EBITDA and P/E multiple weighting for Petcare G.P., a 40%/40%/20% EV/EBITDA, P/E and EV/Sales weighting of KK G.P., Pret Panera I G.P., Pret Panera III G.P., and a 10%/10%/80% EV/EBITDA, P/E and Sales multiple weighting for JAB Luxury GmbH for the valuations as at 31 December 2020.

Sensitivity analysis to unobservable inputs

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

	31 December 2020		31 December 2019	
	increase	decrease	increase	decrease
		in $m	in $m	in $m
Pret Panera I G.P. and Pret Panera III G.P.	547.6	(547.6)	472.6	(472.6)
Petcare G.P.	392.6	(392.6)	-	-
JAB Luxury GmbH	34.1	(34.1)	39.3	(39.3)
KK G.P.	132.9	(132.9)	124.6	(124.6)
Acorn Holdings B.V.	-	-	930.3	(894.0)
	1,107.2	**(1,107.2)**	**1,566.8**	**(1,530.5)**

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 18.6.

18.3. Overview of financial risk factors

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

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

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

The board of managers has ultimate responsibility for the establishment and oversight of the Company's risk management framework but has delegated the responsibility for identifying and controlling risks to the Company's operative management.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risks. The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

18.4. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from counterparties.

Loans and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. As all counterparties are related parties the risk is limited.

Cash and cash equivalents

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

Guarantees

The Company's policy generally is to avoid providing financial guarantees to third parties. As of 31 December 2020, the Company provides a guarantee to banks for credit facilities of its affiliated Company JAB Holdings B.V. amounting to €3,000.0m (2019: €3,000.0m). Furthermore, the Company provides an unconditional and irrevocable guarantee for bond liabilities of its affiliated company JAB Holdings B.V. amounting to €8,238.8m (2019: €6,863.2m).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount 31 December 2020 in $k	Carrying amount 31 December 2019 in $k
Other receivables	5	19,978	1,335
Cash and cash equivalents	6	66	349
		20,044	**1,684**

In respect of the other receivables, the Company is subject to the impairment requirements of IFRS 9. The expected credit loss on other receivables is immaterial.

18.5. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company actively manages cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Until December 2020, all redeemable shares were redeemable in short-term, if specific criteria were met. The right to put the shares would have been suspended if the redemption would have led to a default under the financing agreements of the indirect subsidiary JAB Holdings B.V. The table below contains the earliest possible due dates for repayment of the redeemable shares as of 31 December 2019 assuming that the shares had been put at the reporting date:

	Note	Due in $k	Less than 1 year in $k	1 to 5 years in $k	More than 5 years in $k	Total in $k
31 DECEMBER 2019						
Redeemable shares	8	-	1,284,928	705,203	881,546	2,871,676

As of 31 December 2020, the redeemable shares are nil.

18.6. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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.

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 Company has indirect exposure to equity price risks for indirect investments at the end of the reporting period. If share prices had been 5% higher/lower, the result for the period ended 31 December 2020 would have increased/decreased by $1,237.7m as a result of changes in the fair value of the equity investments classified as at FVTPL (2019: $948.8m). Other comprehensive income for the year ended 31 December 2020 would have been unaffected (2019: $0.0m).

Summary of risks

The Company is a holding company with its 100% subsidiary JAB Investments S.à r.l. as its only significant asset and indirectly exposed to its credit, liquidity and market risk. JAB Investments S.à r.l. itself only has one significant asset – the participation in the 100% subsidiary JAB Holdings B.V. JAB Holdings B.V. is an investment and financing company with a diversified investment portfolio. JAB Holdings B.V.’s investments include participations in JAB Beverage Platform B.V. (through JAB Forest B.V.), Keurig Dr Pepper Inc., JDE Peet’s N.V., Pret Panera Holding Company Group (through Pret Panera I G.P. and Pret Panera III G.P.), Krispy Kreme Group (through KK G.P.), Cottage Holdco B.V. (through JAB Cosmetics B.V.), Compassion-First Group and National Veterinary Associates (through Petcare G.P.) and JAB Luxury GmbH.

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

19. Subsequent Events

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

Luxembourg, 23 February 2021

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