

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

JAB Holding Company S.à r.l.
Luxembourg

Interim Condensed Financial Statements
as at and for the six months period ended 30 June 2019

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

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To the Board of Managers of
JAB Holding Company S.à r.l.
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Report of the Réviseur d'Entreprises agréé on the review of the interim condensed financial statements

Introduction

We have reviewed the accompanying interim condensed statement of financial position of JAB Holding Company S.à r.l. ("the Company") as at 30 June 2019, the interim condensed statement of profit or loss and other comprehensive income, interim condensed statement of changes in equity and interim condensed cash flows statement for the six month period then ended, and notes to the interim condensed financial statements ("the interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at and for the six month period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 6 September 2019

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Yves Thorn

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Interim Condensed Statement of Financial Position as of 30 June 2019

	Note	30 June 2019		31 December 2018	
		in \$k	in \$k	in \$k	in \$k
<u>Non-current assets</u>					
Subsidiaries	4	26,115,771		20,137,589	
			26,115,771		20,137,589
<u>Current assets</u>					
Other receivables	5	5,460		1,335	
Cash and cash equivalents	6	25,300		188	
			30,760		1,523
			26,146,531		20,139,112
<u>Shareholder's equity</u>					
Issued share capital	7.1	8,889		8,889	
Share premium	7.1	9,797,627		9,899,089	
Retained earnings		13,125,360		7,560,016	
			22,931,876		17,467,994
<u>Non-current liabilities</u>					
Other liabilities	9, 10	604,994		433,950	
			604,994		433,950
<u>Current liabilities</u>					
Redeemable shares	8	2,569,471		2,206,319	
Other liabilities	9, 10	40,190		30,849	
			2,609,661		2,237,168
			26,146,531		20,139,112

The notes on pages 8 to 23 are an integral part of these interim condensed financial statements.

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**Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the six months period ended 30 June 2019**

		For the six months ended 30 June 2019	For the six months ended 30 June 2018
	Note	in \$k	in \$k
Net gain / (loss) on subsidiaries	4, 11	6,156,841	-1,672,970
Finance income	12	353	1,409
Finance expenses	12	-340,271	-230
Finance result		5,816,923	-1,671,791
General and administrative expenses	13	-251,573	-206,767
Result before income taxes		5,565,350	-1,878,558
Income tax expense	14	-6	-33
Result for the period		5,565,344	-1,878,591
Other comprehensive income		0	0
Total comprehensive result attributable to equity holder		5,565,344	-1,878,591

The notes on pages 8 to 23 are an integral part of these interim condensed financial statements.

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Interim Condensed Statement of Changes in Equity for the six months period ended 30 June 2019

	Note note	Share capital in \$k	Share premium in \$k	Retained earnings in \$k	Total equity in \$k
Balance as of 1 January 2018		8,800	9,836,177	9,522,610	19,367,587
Capital increase	7.1	89	173,582	0	173,671
Repayment of share premium	7.1	0	-110,670	0	-110,670
Result for the period		0	0	-1,878,591	-1,878,591
Balance as of 30 June 2018		8,889	9,899,089	7,644,019	17,551,997
Balance as of 1 January 2019		8,889	9,899,089	7,560,016	17,467,994
Capital increase		0	0	0	0
Repayment of share premium	7.1	0	-101,462	0	-101,462
Result for the period		0	0	5,565,344	5,565,344
Balance as of 30 June 2019		8,889	9,797,627	13,125,360	22,931,876

The notes on pages 8 to 23 are an integral part of these interim condensed financial statements.

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Interim Condensed Cash Flow Statement for the six months period ended 30 June 2019

	Note	For the six months ended 30 June 2019 in \$k	For the six months ended 30 June 2018 in \$k
Cash flows from operating activities			
Result for the period		5,565,344	-1,878,591
Adjustments for:			
Share based payment transactions	9	211,340	192,332
Net (gain) / loss from change in fair value of subsidiaries	4, 11	-6,156,841	1,672,970
Income tax expense		6	33
Finance income and finance expenses	12	339,919	-1,179
		-40,232	-14,435
Change in other receivables	5	-4,125	-480
Change in other current liabilities	10	-3,519	232
Net foreign exchange gain / (loss)		49	-13
Income taxes paid		-6	-33
Net cash used in operating activities		-47,833	-14,729
Cash flows from investing activities			
Capital repayments from subsidiaries		77,500	86,029
Net cash from investing activities		77,500	86,029
Cash flows from financing activities			
Payments from issue of redeemable shares	8	35,336	6,683
Capital repayments on redeemable shares	8	-40,029	-74,284
Interest Paid		138	0
Net cash used in financing activities		-4,555	-67,601
Movement in cash and cash equivalents		25,112	3,699
Cash and cash equivalents as of 1 January		188	123
Cash and cash equivalents as of 30 June		25,300	3,822

The notes on pages 8 to 23 are an integral part of these interim condensed financial statements.

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Notes to the Interim Condensed 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 long-term investments in companies with premium brands, attractive growth and strong cash flow.

The Company is formed for an unlimited period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018, as they provide an update of previously reported information. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

2. Statement of compliance

The interim condensed financial statements for the six months period ended 30 June 2019 have been prepared applying the same accounting policies as are applied in the Company's annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements.

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

The interim financial statements for the six months period ended 30 June 2019 have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

3. Significant accounting policies

The interim condensed financial statements require the management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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 revision and future periods if the revision affects both current and future periods. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2018.

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The interim condensed financial statements are presented in thousands of US-Dollar's (\$), which is the functional currency of the Company.

Changes in accounting policies and disclosures

Except as described below, the accounting policies applied by the Company for the interim condensed financial statements are consistent with those described in the financial statements 2018, as are the methods of computation.

New and amended standards adopted by the Company

A number of new standards issued by the International Accounting Standards Board (IASB) are effective for the first time for an accounting period that begins on or after 1 January 2019. Their adoption has not had any significant impact on the Company's financial statements but may impact the accounting for future transactions or arrangements.

New standards and interpretations not yet adopted by the Company

A number of new standards are effective later than annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these interim condensed financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

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4. Subsidiaries

At the end of the period, the Company holds interest in the following subsidiaries:

	30 June 2019	31 December 2018
	%	%
JAB Investments S.à r.l. 4, Rue Jean Monnet, 2180 Luxembourg	100.0	100.0

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
Capital repayment	-178,659
Change in fair value	6,156,841
Balance as of 30 June 2019	26,115,771

In the six months period ended 30 June 2019, the Company received capital repayments from JAB Investments S.à r.l. in the amount of \$178.7m and made no capital contributions to JAB Investments S.à r.l. Capital repayments amounting to \$101.5m were directly made to shareholders of the Company.

5. Other receivables

	30 June 2019	31 December 2018
	in \$k	in \$k
JAB Holding Company LLC	4,125	0
Others	1,335	1,335
	5,460	1,335

6. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2019 in the amount of \$25,300k (31 December 2018: \$188k) only include bank deposits available on demand.

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7. Shareholder's equity

7.1 Share capital and share premium

As of 30 June 2019, the Company's share capital and share premium recognised in equity consists of 8,888,582 (31 December 2018: 8,888,582) Class A shares with a total nominal value of \$8.9m (31 December 2018: \$8.9m) and a share premium of \$9,797.6m (31 December 2018: \$9,899.1m).

Issued shares comprise:

	Number	Nominal value	Number	Nominal value
		30 June 2019		31 December 2018
		in \$k		in \$k
Ordinary Class A shares	8,888,582	8,889	8,888,582	8,889
Ordinary Class B shares	784,268	784	767,184	767
Special Class S shares	1,438,021	1,438	1,407,023	1,407
Issued shares	11,110,871	11,111	11,062,789	11,063

Each share has a nominal value of \$1.00.

Class A shares are recognised as equity. Class B shares and Class S shares are redeemable under certain conditions that are out of the Company's control. The redeemable shares have been classified as liabilities (see note 8).

No Class A shares were issued in the six months period ended 30 June 2019. In 2018, 88,382 Class A shares were issued with a nominal value of \$0.1m and a share premium in the amount of \$173.6m. Capital payments were made directly from shareholders to JAB Holdings B.V.

In the six months period ended 30 June 2019, no dividend was paid to the Class A shareholders. Capital repayments out of the share premium in the amount of \$101.5m (six months ended 30 June 2018: \$110.7m) were made directly from JAB Holdings B.V. to shareholders of Class A shares.

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8. Redeemable shares

The redeemable shares are carried at \$2,569.5m (31 December 2018: \$2,206.3m), including shares held by the management in the amount of \$2,391.9m (31 December 2018: \$2,050.6m).

As of 30 June 2019 and 31 December 2018, all redeemable shares are redeemable in short-term, if specific criteria are met and presented as current liabilities (\$2,569.5m; 31 December 2018: \$2,206.3m).

The following table illustrates the movements in the redeemable shares in the six months period ended 30 June 2019:

	Ordinary Class B shares		Special Class S shares		Carrying amount in \$k
	Number	Nominal Value in \$k	Number	Nominal Value in \$k	
In issue as of 1 January 2018	596,142	596	1,173,554	1,174	1,790,612
Issued for cash	2,066	2	249,113	249	10,688
Exercise of share options	385,890	386			816,495
Redeemed to the Company	-216,914	-217	-15,645	-16	-464,872
Capital repayment/distributions					-16,187
Change in redemption amount					69,583
In issue as of 31 December 2018	767,184	767	1,407,022	1,407	2,206,319
Issued for cash	15,379	15	30,998	31	35,336
Exercise of share options	37,000	37			81,807
Redeemed to the Company	-35,295	-35			-78,037
Capital repayment/distributions					-17,006
Change in redemption amount					341,052
In issue as of 30 June 2019	784,268	784	1,438,020	1,438	2,569,471

The average issue price (for one ordinary share or five special shares) was \$2,205 (31 December 2018: \$2,115).

In the six months period ended 30 June 2019, no dividend was paid to Class B and special Class S shareholders out of retained earnings (31 December 2018: \$0.0m). Capital repayments to these shareholders in the amount of \$17.0m were made in the six months period ended 30 June 2019 (six months ended 30 June 2018: \$15.5m)

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9. Share-based payments

The Company has share purchase agreements with the members of the Advisory Committee as well as with members of its management team and executives and senior managers of the Company and its affiliates. The shares contain put features to sell shares back to the Company for cash. As such the shares are recorded as a liability at the potential redemption amount (see note 8).

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

All options related to share based compensation plans were granted at the redemption amount of the underlying shares at the time of grant (see note 8).

In the six months period ended 30 June 2019, the options granted have the following vesting conditions and contractual lives:

Options granted	Number of Options 30 June 2019	Vesting Conditions	Contractual Life of Options
Six months ended 30 June 2019	31,405	Graded vesting over vesting period of 5 service years (annual installments) from grant date	10 years
	70,137	Vesting after 5 years' service from grant date	10 years

The following table lists the weighted average inputs for the measurement of the fair values at grant date for the share option granted for the six months ended 30 June 2019 and the inputs used for the measurement of the fair values of the outstanding share options as of 30 June 2019:

	Grant date 2019	Measurement date 30 June 2019	Grant date 2018	Measurement date 31 Dec. 2018
Dividend yield (%)	0.7%	0.7%	0.7%	0.7%
Expected volatility (%)	30.0%	30.0%	30.0%	30.0%
Risk-free interest rate (%)	2.4%	1.9%	2.8%	2.6%
Expected life of options (years)	7.5 years	4.5 years	7.3 years	4.7 years
Exercise price (USD)	2,201	1,857	2,059	1,819
Share price (redemption amount) (USD)	2,201	2,333	2,059	2,030

The weighted average fair value of options granted during the six months ended 30 June 2019 was \$762 (31 December 2018: \$745).

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The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the six months period ended 30 June 2019:

	Number of options 30 June 2019	Weighted average exercise price 30 June 2019	Number of options 30 June 2018	Weighted average exercise price 30 June 2018
Balance at 1 January (outstanding)	1,334,874	1,819	1,580,842	1,572
Granted during the period	101,542	2,201	201,410	2,120
Lapsed during the period	0	0	29,387	1,610
Exercised during the period	95,590	1,686	364,161	1,003
Expired during the period	0	0	0	0
Balance at 30 June (outstanding)	1,340,826	1,857	1,388,704	1,800
Vested and exercisable at end of period	15,000	1,501	3,000	1,363

As of 30 June 2019, the carrying amount of the liability relating to the share option schemes is \$641.8m (31 December 2018: \$457.9m). The liability of \$641.8m includes a liability from options already exercised in the amount of \$13.0m (31 December 2018: 0.0m). As of 30 June 2019, options amounting to \$39.2m (31 December 2018: \$25.9m) are qualified as current and \$602.6m (31 December 2018: \$432.0m) as non-current.

15,000 options had vested as of 30 June 2019 (31 December 2018: 52,000). The intrinsic value of liabilities for vested options is \$12.5m (31 December 2018: \$28.0m).

The weighted-average share price at the date of exercise for share options exercised in the six months period ended 30 June 2019 was \$2,274 (six months ended 30 June 2018: \$2,121).

58,590 options were settled in cash by payment of the net value of the options. 37,000 options were exercised by payment of the strike price in cash for the issue of 37,000 redeemable shares (Class B shares).

The range of exercise prices for options outstanding at the end of the period was \$1,501 to \$2,211 (31 December 2018: \$1,363 to \$2,121).

The expense recognised for the period arising from the share-option schemes during the period was \$227.7m (six months ended 30 June 2018: expense \$192.3m).

10. Other liabilities

	30 June 2019 in \$k	31 December 2018 in \$k
Share-based transactions	641,755	457,850
Trade and other payables	3,429	6,949
	645,184	464,799
thereof current	40,190	30,849
thereof non-current	604,994	433,950

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11. Net gain / (loss) on subsidiaries

	For the six months ended 30 June 2019 in \$k	For the six months ended 30 June 2018 in \$k
Net gain / (loss) on subsidiaries at FVTPL		
JAB Investments S.à r.l.	6,156,841	-1,672,970

12. Finance income and finance expenses

Finance income can be detailed as follows:

	For the six months ended 30 June 2019 in \$k	For the six months ended 30 June 2018 in \$k
Change in redemption amount of redeemable shares	0	1,409
Net foreign exchange gain	353	0
	353	1,409

Finance expenses can be detailed as follows:

	For the six months ended 30 June 2019 in \$k	For the six months ended 30 June 2018 in \$k
Change in redemption amount of redeemable shares	-340,271	0
Net foreign exchange loss	0	-230
	-340,271	-230

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13. General and administrative expenses

General and administrative expenses can be detailed as follows:

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
	in \$k	in \$k
Salary and personnel related expenses	-893	-315
Service fees	-250,476	-206,190
Legal, tax, audit and consultancy fees	-199	-260
Others	-5	-2
	-251,573	-206,767

Service and other fees include expenses for share-based payment transactions in the amount of \$227.7m (six months ended 30 June 2018: \$192.3m).

14. Taxes on income

No income tax (other than minimum corporate tax) was recognised in the six months period ended 30 June 2019 (six months ended 30 June 2018: \$0.0).

15. Related parties

The related parties are disclosed in the financial statements 2018. Related party transactions which have taken place in the period and have materially affected the Interim Condensed Financial Statements are disclosed in the notes to the interim condensed financial statements.

16. Contingent liabilities

As of 30 June 2019, the Company provides a guarantee to banks for credit facilities of its affiliated Company JAB Holdings B.V. amounting to €2,600.0m (31 December 2018: €2,600.0m). Furthermore, the Company provides an unconditional and irrevocable guarantee for bond liabilities of its affiliated company JAB Holdings B.V. amounting to €6,000.0m (31 December 2018: €6,000.0m).

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17. Financial instruments – Fair Value and Risk Management

17.1 Financial instruments and fair value hierarchy

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

	30 June 2019			31 December 2018		
	Amortised cost in \$k	FVTPL in \$k	Total in \$k	Amortised cost in \$k	FVTPL in \$k	Total in \$k
Assets as per statement of financial position						
Subsidiaries	0	26,115,771	26,115,771	0	20,137,589	20,137,589
Other receivables	5,460	0	5,460	1,335	0	1,335
Cash and cash equivalents	25,300	0	25,300	188	0	188
Total	30,760	26,115,771	26,146,531	1,523	20,137,589	20,139,112
	30 June 2019			31 December 2018		
	Amortised cost in \$k	Redeemable shares in \$k	Total in \$k	Amortised cost in \$k	Redeemable shares in \$k	Total in \$k
Liabilities as per statement of financial position						
Redeemable shares	0	2,569,471	2,569,471	0	2,206,319	2,206,319
Other liabilities	3,429	0	3,429	6,948	0	6,948
Total	3,429	2,569,471	2,572,900	6,948	2,206,319	2,213,267

The redeemable 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. Since the redemption amount is calculated based on the fair value of the Company's direct and indirect investments the redeemable shares are presented separately from the other financial liabilities at amortised cost.

Cash and cash equivalents as well as other receivables are subject to the impairment requirements of IFRS 9. As of 30 June 2019 and 31 December 2018, 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.

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

Financial instruments in Level 1

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

Financial instruments in Level 2

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

Financial instruments in Level 3

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

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

	30 June 2019			
	Level 1 in \$k	Level 2 in \$k	Level 3 in \$k	Total in \$k
Financial assets at FVTPL				
Subsidiaries				
Unlisted equity investments	0	0	26,115,771	26,115,771
Total financial assets	0	0	26,115,771	26,115,771
	31 December 2018			
	Level 1 in \$k	Level 2 in \$k	Level 3 in \$k	Total in \$k
Financial assets at FVTPL				
Subsidiaries				
Unlisted equity investments	0	0	20,137,589	20,137,589
Total financial assets	0	0	20,137,589	20,137,589

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There were no transfers between the levels for the periods ended 30 June 2019 and 31 December 2018.

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.

	Subsidiaries
	Unlisted equity investments
	30 June 2019
	in \$k
	<hr/>
Balance as of 1 January	20,137,589
Capital repayment	-178,659
Change in fair value	6,156,841
Balance as of 30 June	<u>26,115,771</u>

As of 30 June 2019 and 31 December 2018, the unlisted equity investments relate to the 100% participation in JAB Investments S.à r.l. JAB Investments S.à r.l. is a holding company with direct participation in JAB Holdings B.V. As of 30 June 2019 and 31 December 2018, the fair value was determined by using valuation techniques. The valuation accounts for JAB Investment's objective to act as a holding company. JAB Investment'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 by valuation techniques (Level 2 and Level 3). The assets are generally valued by objective criteria on an evaluation by the management.

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

	30 June 2019	31 December 2018
	in \$k	in \$k
	<hr/>	<hr/>
Equity investments measured using Level 1	0	1,981,171
Derivative instruments measured using Level 2	-30,880	-43,536
Equity investments measured using Level 3	30,600,520	23,617,368
Corporate debt securities using Level 3	969,831	975,797
Short-term financial investments using Level 2	21,020	95,153
Loans receivable	118,517	39,216
Loans payable	-7,675,726	-7,718,640
Cash and cash equivalents	2,141,840	1,252,321
Other assets and liabilities	-29,351	-61,262
Net asset value	<u>26,115,771</u>	<u>20,137,589</u>

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

The Company recorded its own shares containing put features as liability at the potential redemption amount (\$2,569.5m; 31 December 2018: \$2,206.3), which is based on valuation rules that have been contractually agreed with the shareholders.

The following details show the valuation techniques in measuring JAB Holdings B.V.'s material investments:

JAB Forest B.V.

JAB Holdings B.V. is 100% shareholder of JAB Forest B.V. The entity holds 57.0% of Acorn Holdings B.V.

As of 30 June 2019, the shares in JAB Forest B.V. were valued at €16,694.8m (Level 3). The investment's fair value was calculated as the net asset value of JAB Forest B.V.'s different participations.

Acorn Holdings B.V.:

Acorn Holdings B.V. is the direct shareholder of further interim holding companies and their investments in Keurig Dr Pepper Group (KDP), Jacob Douwe Egberts Group (JDE) and Peet's Coffee Group.

Acorn Holding B.V.'s investments were valued as follows:

- As of 30 June 2019 and 31 December 2018, KDP is a listed company (New York Stock Exchange). The shares in KDP were valued based on the quoted market price at the reporting date.
- As of 30 June 2019 and 31 December 2018, JDE fair value was calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The following LTM (based on 12 months) multiples were used for the valuation of JDE: EBITDA multiple of 16.3x (31 December 2018: 14.0x) and P/E multiple of 23.1x (31 December 2018: 20.9x).
- As of 30 June 2019 and 31 December 2018, Peet's Coffee Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Peet's Coffee Group: EBITDA multiple of 18.1x (31 December 2018: 15.7x), P/E multiple of 28.1x (31 December 2018: 24.6x) and Sales multiple of 4.2x (31 December 2018: 3.3x).
- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of these comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

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

JAB Holdings B.V. is invested in Pret Panera Holding Company Group through a 53.8% investment in Pret Panera I G.P. and 16.3% investment in Pret Panera III G.P. Pret Panera Holding Company Group is the direct shareholder of further interim holding companies and their investments in Pret A Manger Group, Panera Group, Caribou Coffee Group and Espresso House Group.

As of 30 June 2019, the shares in Pret Panera I G.P. and Pret Panera III G.P. were valued at €4,136.2m (Level 3). Pret Panera I G.P.'s and Pret Panera III G.P.'s fair value was calculated as the net asset value of their different investments. These investments were valued as follows:

- The investment in Pret A Manger Group occurred in the second half of 2018. As of 30 June 2019 and 31 December 2018, management assessed the original acquisition cost to be the best fair value estimate.
- As of 30 June 2019 and 31 December 2018, Panera Group's, Caribou Coffee Group's and Espresso House Group's fair value were calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting.
- For Panera Group the following LTM multiples were used for the valuation: EBITDA multiple of 20.5x (31 December 2018: 17.3x), P/E multiple of 31.7x (31 December 2018: 25.0x) and Sales multiple of 4.1x (31 December 2018: 2.9).
- For Caribou Coffee Group the following LTM multiples were used for the valuation: EBITDA multiple of 18.1x (31 December 2018: 16.1x), P/E multiple of 26.9x (31 December 2018: 25.0x) and Sales multiple of 1.9x (31 December 2018: 1.8x).
- For Espresso House Group the following LTM multiples were used for the valuation: EBITDA multiple of 19.4x (31 December 2018: 17.8x), P/E multiple of 27.1x (31 December 2018: 25.5x) and Sales multiple of 2.2x (31 December 2018: 2.5x).
- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

KK G.P.

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

As of 30 June 2019, the shares in KK G.P. were valued at €790.7m (Level 3). KK G.P.'s investment was valued as follows:

- As of 30 June 2019 and 31 December 2018, Krispy Kreme Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Krispy Kreme Group: EBITDA multiple of 19.4x (31 December 2018: 16.9x), P/E multiple of 26.9x (31 December 2018: 24.4x) and Sales multiple of 4.0x (31 December 2018: 3.2x).
- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

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JAB Cosmetics B.V.

JAB Holdings B.V. is 100% shareholder of JAB Cosmetics B.V. The entity holds 100% of Cottage Holdco B.V.

As of 30 June 2019, the shares in JAB Cosmetics B.V. were valued at €3,809.0m (Level 3). JAB Cosmetics B.V.'s investment in Cottage Holdco B.V. was valued as follows:

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

Petcare G.P.

JAB Holdings B.V. is invested in Compassion-First through a 33.1% investment in Petcare G.P.

As of 30 June 2019, the shares in Petcare G.P. were valued at €219.7m (Level 3). Petcare G.P.'s investment in Compassion-FirstGroup was valued as follows:

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

Labelux Group GmbH

Labelux Group GmbH is the sole owner of Labelux Group GmbH, Switzerland. This entity is a direct shareholder of further interim holding companies and their investment in the luxury goods company Bally International AG (Bally).

As of 30 June 2019, the shares in Labelux Group GmbH were valued at €1,203.0m (Level 3).

As of 30 June 2019 and 31 December 2018, the investment's fair value was based on the value per share of an at-arms' length transaction in Bally International AG shares signed in February 2018.

Corporate debt securities Acorn Holdings B.V.

JAB Holdings B.V. holds preferred shares in Acorn Holdings B.V. (Level 3).

As of 30 June 2019, the preferred shares were valued at €852.2m.

The management assessed the original acquisition cost of the preferred shares to be the best fair value estimate.

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17.2 Overview of financial risk factors

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

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

The interim condensed financial statements do not include all financial risk management information and disclosure required in annual financial statements, and should be read in conjunction with the Company's 31 December 2018 financial statements. There have been no changes in risk management policy and procedures since year-end.

Luxembourg, 6 September 2019

Managing Directors:

J. Creus

F. Simon