

**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 2018

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

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To the Board of Managers of  
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## **Report of the Réviseur d'Entreprises agréé on the review of the interim condensed financial information**

### *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 2018, the interim condensed statement of profit or loss and other comprehensive income, interim condensed statement of changes in equity and interim condensed cash flow statement for the six month period then ended, and notes to the interim condensed financial information ("the interim condensed financial statements"). Management is responsible for the preparation and presentation of this 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 this 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 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 17 September 2018

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

Yves Thorn

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

### Interim Condensed Statement of Financial Position as of 30 June 2018

	Note	30 June 2018		31 December 2017 restated*	
		in \$k	in \$k	in \$k	in \$k
<u>Non-current assets</u>					
Subsidiaries	4	<u>20,110,765</u>		<u>21,806,980</u>	
			20,110,765		21,806,980
<u>Current assets</u>					
Other receivables	5	2,426		2,420	
Cash and cash equivalents	6	<u>3,822</u>		<u>123</u>	
			6,248		2,543
			<u>20,117,013</u>		<u>21,809,523</u>
<u>Shareholder's equity</u>					
Issued share capital	7	8,889		8,800	
Share premium		9,899,089		9,836,177	
Retained earnings		<u>7,644,019</u>		<u>9,522,610</u>	
			17,551,997		19,367,587
<u>Non-current liabilities</u>					
Other liabilities	9, 10	<u>391,672</u>		<u>262,938</u>	
			391,672		262,938
<u>Current liabilities</u>					
Redeemable shares	8	2,128,979		1,790,612	
Other liabilities	9, 10	<u>44,365</u>		<u>388,386</u>	
			2,173,344		2,178,998
			<u>20,117,013</u>		<u>21,809,523</u>

\* The Company has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is restated. See Note 3.

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

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

### Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months period ended 30 June 2018

		For the six months ended June 30, 2018	For the six months ended June 30, 2017 restated*
	Note	in \$k	in \$k
Net gain / (loss) on subsidiaries	11	-1,672,970	2,076,738
Finance income	12	1,409	186
Finance expenses	12	-230	-246,683
<b>Finance result</b>		<b>-1,671,791</b>	<b>1,830,241</b>
General and administrative expenses	13	-206,767	-561,537
<b>Result before income taxes</b>		<b>-1,878,558</b>	<b>1,268,704</b>
Income tax expense	14	-33	-5
<b>Result for the period</b>		<b>-1,878,591</b>	<b>1,268,699</b>
<b>Total comprehensive income attributable to equity holder</b>		<b>-1,878,591</b>	<b>1,268,699</b>

\* The Company has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is restated. See Note 3.

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

### Interim Condensed Statement of Changes in Equity for the six months period ended 30 June 2018

	Note	Issued share capital in \$k	Share premium in \$k	Fair value reserve in \$k	Retained earnings in \$k	Total equity in \$k
Balance as of 1 January 2017, as previously reported		8,800	9,901,230	8,193,673	-1,372,760	16,730,943
Adjustment from adoption of IFRS 9		0	0	-8,193,673	8,193,673	0
<b>Balance as of 1 January 2017 restated*</b>		<b>8,800</b>	<b>9,901,230</b>	<b>0</b>	<b>6,820,913</b>	<b>16,730,943</b>
Result for the period		0	0	0	1,268,699	1,268,699
Total recognised income and expense		0	0	0	1,268,699	1,268,699
Repayment of share premium	7	0	-65,053	0	0	-65,053
<b>Balance as of 30 June 2017</b>		<b>8,800</b>	<b>9,836,177</b>	<b>0</b>	<b>8,089,612</b>	<b>17,934,589</b>
<b>Balance as of 1 January 2018</b>		<b>8,800</b>	<b>9,836,177</b>	<b>0</b>	<b>9,522,610</b>	<b>19,367,587</b>
Result for the period		0	0	0	-1,878,591	-1,878,591
Total recognised income and expense		0	0	0	-1,878,591	-1,878,591
Capital increase	7	89	173,582	0	0	173,671
Repayment of share premium	7	0	-110,670	0	0	-110,670
<b>Balance as of 30 June 2018</b>		<b>8,889</b>	<b>9,899,089</b>	<b>0</b>	<b>7,644,019</b>	<b>17,551,997</b>

\* The Company has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is restated. See Note 3.

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

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

### Interim Condensed Cash Flow Statement for the six months period ended 30 June 2018

	Note	For the six months ended June 30, 2018	For the six months ended June 30, 2017 restated*
		in \$k	in \$k
<b>Cash flows from operating activities</b>			
Result for the period		-1,878,591	1,268,699
Adjustments for:			
Share based payment transactions		192,332	182,429
Net gain / (loss) from change in fair value of subsidiaries		1,672,970	-2,076,738
Tax expense		33	5
Finance income and expenses	12	-1,179	246,498
		<u>-14,435</u>	<u>-379,107</u>
Change in other receivables	5	-480	-175
Change in other current liabilities	10	232	1,532
Net foreign exchange loss		-13	186
Income taxes paid		-33	-5
<b>Net cash from / (used in) operating activities</b>		<u><u>-14,729</u></u>	<u><u>-377,569</u></u>
<b>Cash flows from investing activities</b>			
Capital repayments from subsidiaries	4	86,029	381,502
Contribution payments to subsidiaries	4	0	-327,126
<b>Net cash from / (used in) investing activities</b>		<u><u>86,029</u></u>	<u><u>54,376</u></u>
<b>Cash flows from financing activities</b>			
Payments from issue of redeemable shares	8	6,683	328,654
Capital repayments on redeemable shares	8	-74,284	-906
Interest Paid		0	0
<b>Net cash from / (used in) financing activities</b>		<u><u>-67,601</u></u>	<u><u>327,748</u></u>
<b>Movement in cash and cash equivalents</b>		<b>3,699</b>	<b>4,555</b>
Cash and cash equivalents as of 31 December 2017		123	44
Effects of exchange rate changes on cash and cash equivalents		0	0
<b>Cash and cash equivalents as of 30 June 2017</b>		<u><u>3,822</u></u>	<u><u>4,599</u></u>

\* The Company has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is restated. See Note 3.

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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, 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.

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 2017, 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 2018 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 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

This is the first set of the Company's interim condensed financial statements where IFRS 9 has been applied. Changes to significant accounting policies are described in Note 3.

#### **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. Actual results may differ from these 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 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



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those that applied to the annual financial statements as at and for the year ended 31 December 2017, except for new significant judgements related to the application of IFRS 9, which are described in Note 3.

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 2017, 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 2018. The adoption of the following standards had a significant impact on the Company's financial statements.

#### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

#### **Financial assets and liabilities**

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

As of adoption of IFRS 9, the Company's investments will be designated as measured at fair value through profit or loss (FVTPL). Consequently, equity investments classified as available for sale in prior periods were reclassified to financial assets at fair value through profit or loss (FVTPL). Related fair value changes were transferred from the fair value reserve to retained earnings in the opening balance as of 1 January 2017. Accordingly, changes in fair value will be recognised in profit or loss instead of other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal as of the adoption of IFRS 9.

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IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The Company has not designated any financial liabilities at FVTPL and did not when implementing IFRS 9. Consequently, there was no effect of adopting IFRS 9 on the carrying amounts of financial liabilities at 1 January 2018.

### Impact of adoption of IFRS 9

The effect of adopting IFRS 9 on the statement of financial position is as follows:

	<b>31 December 2017 As originally presented in \$k</b>	<b>IFRS 9 in \$k</b>	<b>31 December 2017 Restated in \$k</b>
<u>Non-current assets</u>			
Subsidiaries	21,806,980	0	21,806,980
	21,806,980	0	21,806,980
<u>Current assets</u>			
Other receivables	2,420	0	2,420
Cash and cash equivalents	123	0	123
	2,543	0	2,543
	21,809,523	0	21,809,523
<u>Shareholder's equity</u>			
Issued share capital	8,800	0	8,800
Share premium	9,836,177	0	9,836,177
Fair value reserve	11,787,417	-11,787,417	0
Retained earnings	-2,264,807	11,787,417	9,522,610
	19,367,587	0	19,367,587
<u>Non-current liabilities</u>			
Other liabilities	262,938	0	262,938
	262,938	0	262,938
<u>Current liabilities</u>			
Redeemable shares	1,790,612	0	1,790,612
Other liabilities	388,386	0	388,386
	2,178,998	0	2,178,998
	21,809,523	0	21,809,523

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The effect of adopting IFRS 9 on the statement of profit or loss and other comprehensive income is as follows:

	<b>For the six months ended 30 June 2017 As originally presented in \$k</b>	<b>IFRS 9 in \$k</b>	<b>For the six months ended 30 June 2017 Restated in \$k</b>
Net gain / (loss) on subsidiaries	0	2,076,738	2,076,738
Finance income	186	0	186
Finance expenses	-246,683	0	-246,683
<b>Finance result</b>	<b>-246,497</b>	<b>2,076,738</b>	<b>1,830,241</b>
General and administrative expenses	-561,537	0	-561,537
<b>Result before income taxes</b>	<b>-808,034</b>	<b>2,076,738</b>	<b>1,268,704</b>
Income tax expense	-5	0	-5
<b>Result for the period</b>	<b>-808,039</b>	<b>2,076,738</b>	<b>1,268,699</b>
Items that may be reclassified subsequently to profit and loss:			
Available-for-sale financial assets - net change in fair value	2,076,738	-2,076,738	0
<b>Other comprehensive income</b>	<b>2,076,738</b>	<b>-2,076,738</b>	<b>0</b>
<b>Total comprehensive income attributable to equity holder</b>	<b>1,268,699</b>	<b>0</b>	<b>1,268,699</b>

The adoption of IFRS 9 has not had an effect on the Company's accounting policies related to other financial assets and derivative financial instruments.

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### Reclassification

On 1 January 2018, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

<b>Financial assets - 1 January 2018</b>	<b>FVTPL</b>	<b>FVOCI</b>	<b>Amortised cost</b>
		<b>(available-</b>	<b>(loans and</b>
		<b>for-sale</b>	<b>receivables</b>
		<b>2017)</b>	<b>2017)</b>
	<b>in \$k</b>	<b>in \$k</b>	<b>in \$k</b>
<b>Closing balance 31 December 2017 - IAS 39</b>	<b>0</b>	<b>21,806,980</b>	<b>2,543</b>
Reclassify subsidiaries, other investments and corporate debt securities from available-for-sale to FVTPL	21,806,980	-21,806,980	0
<b>Opening balance 1 January 2018 - IFRS 9</b>	<b>21,806,980</b>	<b>0</b>	<b>2,543</b>

### **New standards and interpretations not yet adopted by the Company**

A number of new standards are effective for annual periods beginning after 1 January 2018 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:

	<b>30 June 2018</b>	<b>31 December 2017</b>
	%	%
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 2017	21,806,980
Contribution	173,671
Capital repayment	-196,916
Fair Value Adjustment	-1,672,970
<b>Balance as of 30 June 2018</b>	<b><u>20,110,765</u></b>

In the six months period ended 30 June 2018, the Company received capital repayments from JAB Investments S.à r.l. in the amount of \$196.9m and made capital contributions to JAB Investments S.à r.l. with an amount of \$173.7m. Thereof contributions amounting to \$173.7m were directly made from the shareholders of the Company to its indirect subsidiary JAB Holdings B.V.; capital repayments amounting to \$110.9m were directly made to shareholders of the Company.

### 5. Other receivables

	<b>30 June 2018</b>	<b>31 December 2017</b>
	in \$k	in \$k
JAB Holding Company LLC	2,323	1,874
Others	103	546
	<b><u>2,426</u></b>	<b><u>2,420</u></b>

### 6. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2018 in the amount of \$3,822k (31 December 2017: \$123k) 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 2018, the Company's share capital and share premium recognised in equity consists of 8,888,582 (31 December 2017: 8,800,200) Class A shares with a total nominal value of \$8.9m (31 December 2017: \$8.8m) and a share premium of \$9,899.1m (31 December 2017: \$9,836.2m).

Issued capital comprises:

	30 June 2018		31 December 2017	
	Number	Nominal Value in \$k	Number	Nominal Value in \$k
Ordinary Class A shares	8,888,582	8,889	8,800,200	8,800
Ordinary Class B shares	763,948	764	596,142	596
Special Class S shares	1,357,023	1,357	1,173,554	1,174
<b>Issued share capital</b>	<b>11,009,553</b>	<b>11,010</b>	<b>10,569,896</b>	<b>10,570</b>

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).

In the six months period ended 30 June 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. No Class A shares were issued in the six months period ended 30 June 2017.

In the six months period ended 30 June 2018, no dividend was paid to the Class A shareholders. Capital repayments out of the share premium in the amount of \$110.7m (2017: \$65.1m) were made directly from JAB Holdings B.V. to shareholders of Class A shares.

#### 7.2 Fair value reserve

On adoption of IFRS 9 the fair value reserve was transferred to retained earnings as of 1 January 2017.

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### 8. Redeemable shares

The redeemable shares are carried at \$2,129.0m (31 December 2017: \$1,790.6m), including shares held by the management in the amount of \$1,978.0m (31 December 2017: \$1,639.6m).

As of 30 June 2018 and 31 December 2017, all redeemable shares are redeemable in short-term, if specific criteria are met and presented as current liabilities (\$2,129.0m; 31 December 2017: \$1,790.6m). However, the Company does not expect that such criteria will be met in the short-term.

The following table illustrates the movements in the redeemable shares in the six months period ended 30 June 2018:

	Ordinary Class B shares		Special Class S shares		Carrying value in \$k
	Number	Nominal Value in \$k	Number	Nominal Value in \$k	
In issue at 1 January 2017	399,028	399	698,135	698	853,981
Issued for cash	171,968	172	495,767	496	331,263
Exercise of share options			400,000	400	765,200
Redeemed to the Company			-420,348	-420	-402,063
Capital repayment/distributions					-906
Change in fair value					249,242
<b>In issue at 30 June 2017</b>	<b>570,996</b>	<b>571</b>	<b>1,173,554</b>	<b>1,174</b>	<b>1,796,718</b>
In issue at 1 January 2018	596,142	596	1,173,554	1,174	1,790,612
Issued for cash	513	1	199,114	199	6,208
Exercise of share options	364,161	364			772,385
Redeemed to the Company	-196,868	-197	-15,645	-16	-424,194
Capital repayment/distributions					-15,462
Change in fair value					-570
<b>In issue at 30 June 2018</b>	<b>763,948</b>	<b>764</b>	<b>1,357,023</b>	<b>1,357</b>	<b>2,128,979</b>

The average issue price (for one ordinary share or five special shares) was \$2,121 (2017: \$1,921).

In the six months period ended 30 June 2018, no dividend was paid to Class B and special Class S shareholders out of retained earnings (2017: \$0.0m).

### 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).

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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 2018, the options granted have the following vesting conditions and contractual lives:

Options granted	Vesting Conditions	Contractual Life of Options	Number of Options 30 June 2018
Six months ended 30 June 2018	Graded vesting over vesting period of 5 service years (annual installments) from grant date	10 years	192,038
	Vesting after 5 years' service from grant date	10 years	9,372

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 2018 and the inputs used for the measurement of the fair values of the outstanding share options as of 30 June 2018:

	Grant date 2018	Measurement date 30 June 2018	Grant date 2017	Measurement date 31 Dec. 2017
Dividend yield (%)	0.7%	0.7%	0.7%	0.7%
Expected volatility (%)	30.0%	30.0%	30.0%	30.0%
Risk-free interest rate (%)	2.8%	2.9%	2.2%	2.2%
Expected life of options (years)	7.5 years	6.0 years	7.5 years	4.9 years
Exercise price (USD)	2,120	1,800	1,766	1,572
Share price (redemption amount) (USD)	2,120	1,965	1,986	1,951

The weighted average fair value of options granted during the six months ended 30 June 2018 was \$751 (2017: \$601).



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

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 2018:

	Number of options 30 June 2018	Weighted average exercise price 30 June 2018	Number of options 30 June 2017	Weighted average exercise price 30 June 2017
Balance at 1 January (outstanding)	1,580,842	1,572	1,381,077	1,063
Granted during the period	201,410	2,120	1,005,180	1,746
Forfeited during the period	29,387	1,610	0	0
Exercised during the period	364,161	1,003	800,000	1,000
Expired during the period	0	0	0	0
Balance at 30 June (outstanding)	1,388,704	1,800	1,586,257	1,527
Exercisable at end of period	3,000	1,363	360,000	1,000

As of 30 June 2018, the carrying amount of the liability relating to the share option schemes is \$433.1m (31 December 2017: \$648.6m). As of 30 June 2018, options amounting to \$43.1m (31 December 2017: \$387.1m) are qualified as current and \$390.0m (31 December 2017: \$261.6m) as non-current.

3,000 options had vested as of 30 June 2018 (31 December 2017: 360,000). The intrinsic value of liabilities for vested options is \$1.8m (31 December 2017: \$342.4m).

The weighted-average share price at the date of exercise for share options exercised in the six months period ended 30 June 2018 was \$2,121 (six months ended 30 June 2017: \$1,913).

No options were settled in cash by payment of the net value of the options. 364,161 options were exercised by payment of the strike price in cash for the issue of 364,161 redeemable shares (Class B shares).

The range of exercise prices for options outstanding at the end of the period was \$1,363 to \$2,121 (31 December 2017: \$1,000 to \$2,010).

The expense recognised for the period arising from the share-option schemes during the period was \$192.3m (six months ended 30 June 2017: expense \$547.4m).

### 10. Other liabilities

	30 June 2018	31 December 2017
	in \$k	in \$k
Share-based transactions	433,127	648,647
Trade and other payables	2,910	2,676
	<u><b>436,037</b></u>	<u><b>651,324</b></u>
thereof current	44,365	388,386
thereof non current	391,672	262,938

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### 11. Net gain / (loss) on subsidiaries

	For the six months ended 30 June 2018 in \$k	For the six months ended 30 June 2017 in \$k
<b>Net gain / (loss) on subsidiaries</b> (at fair value through profit or loss)		
JAB Investments S.à r.l.	-1,672,970	2,076,738
	<u><b>-1,672,970</b></u>	<u><b>2,076,738</b></u>

### 12. Finance income and finance expenses

Finance income can be specified as follows:

	For the six months ended 30 June 2018 in \$k	For the six months ended 30 June 2017 in \$k
Change in redemption amount of redeemable shares	1,409	0
Net foreign exchange gain	0	186
	<u><b>1,409</b></u>	<u><b>186</b></u>

Finance expense can be specified as follows:

	For the six months ended 30 June 2018 in \$k	For the six months ended 30 June 2017 in \$k
Change in redemption amount of redeemable shares	0	-246,683
Net foreign exchange loss	-230	0
	<u><b>-230</b></u>	<u><b>-246,683</b></u>

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### 13. General and administrative expenses

General and administrative expenses can be detailed as follows:

	<b>For the six months ended 30 June 2018</b>	<b>For the six months ended 30 June 2017</b>
	in \$k	in \$k
Salary and personnel related expenses	-315	-633
Service fees	-206,190	-559,268
Legal, tax, audit and consultancy fees	-260	-1,623
Others	-2	-13
	<b><u>-206,767</u></b>	<b><u>-561,537</u></b>

Service and other fees include expenses for share-based payment transactions in the amount of \$192.3m (six months ended 30 June 2017: \$547.4m).

### 14. Taxes on income

No income tax (other than minimum corporate tax) was recognised in the six months period ended 30 June 2018 (six months ended 30 June 2017: \$0.0).

### 15. Related parties

The related parties are disclosed in the financial statements 2017. 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 2018, 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 2017: €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 2017: €4,500.0m).

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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 2018			31 December 2017		
	Amortised cost in \$k	Fair value through profit and loss in \$k	Total in \$k	Amortised cost in \$k	Fair value through profit and loss in \$k	Total in \$k
Assets as per balance sheet						
Subsidiaries	0	20,110,765	20,110,765	0	21,806,980	21,806,980
Other receivables	2,426	0	2,426	2,420	0	2,420
Cash and cash equivalents	3,822	0	3,822	123	0	123
<b>Total</b>	<b>6,248</b>	<b>20,110,765</b>	<b>20,117,013</b>	<b>2,543</b>	<b>21,806,980</b>	<b>21,809,523</b>

	30 June 2018			31 December 2017		
	Financial liabilities at amortised cost in \$k	Redeemable shares in \$k	Total in \$k	Financial liabilities at amortised cost in \$k	Redeemable shares in \$k	Total in \$k
Liabilities as per balance sheet						
Redeemable shares	0	2,128,979	2,128,979	0	1,790,612	1,790,612
Other liabilities	2,910	0	2,910	2,677	0	2,677
<b>Total</b>	<b>2,910</b>	<b>2,128,979</b>	<b>2,131,889</b>	<b>2,677</b>	<b>1,790,612</b>	<b>1,793,289</b>

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. As of 30 June 2018 and 31 December 2017, 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 was immaterial, as well as the identified impairment loss for the other financial assets 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 balance sheet 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.

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### 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 and shares of the Company containing put features.

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.

	<b>30 June 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	in \$k	in \$k	in \$k	in \$k
<b>Financial assets at fair value through profit or loss</b>				
Subsidiaries				
Unlisted equity investments	0	0	20,110,765	20,110,765
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>20,110,765</b>	<b>20,110,765</b>
<b>Other liabilities</b>				
Redeemable shares	0	0	2,128,979	2,128,979
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>2,128,979</b>	<b>2,128,979</b>

	<b>31 December 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	in \$k	in \$k	in \$k	in \$k
<b>Financial assets at fair value through profit or loss</b>				
Subsidiaries				
Unlisted equity investments	0	0	21,806,980	21,806,980
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>21,806,980</b>	<b>21,806,980</b>
<b>Other liabilities</b>				
Redeemable shares	0	0	1,790,612	1,790,612
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>1,790,612</b>	<b>1,790,612</b>

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There were no transfers between the levels for the periods ended 30 June 2018 and 31 December 2017.

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

	<b>Subsidiaries</b>
	Unlisted equity investments
	<b>30 June 2018</b>
	in \$k
<b>Balance as of 1 January</b>	21,806,980
Contributions	173,671
Capital repayment	-196,916
Fair value adjustment	-1,672,970
<b>Balance as of 30 June</b>	<b><u>20,110,765</u></b>

As of 30 June 2018 and 31 December 2017, 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 2018 and 31 December 2017, 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 is its participation in JAB Holdings B.V. with 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 Investment's net asset value can be detailed as follows (including indirect investments through JAB Holdings B.V.):

	<b>30 June 2018</b>	<b>31 December 2017</b>
	in \$k	in \$k
Equity investments measured using level 1	5,870,796	9,053,392
Derivative instruments measured using level 2	-56,872	-67,228
Equity investments measured using level 3	17,609,616	17,255,993
Corporate debt securities	993,523	1,022,072
Loans receivable	26,349	64,984
Borrowings	-7,847,323	-6,287,515
Cash and cash equivalents	3,537,778	808,518
Other assets and liabilities	-23,102	-43,236
<b>Net asset value</b>	<b><u>20,110,765</u></b>	<b><u>21,806,980</u></b>

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

Cash and cash equivalents, loans receivable, loans payable and other assets and liabilities 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, which is determined using Level 3 and based on valuation rules that have been contractually agreed with the shareholders.

### **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 2017 financial statements. There have been no changes in risk management policy and procedures since year-end.

Luxembourg, 17 September 2018

Managing Directors:

M. Hopmann

J. Creus