JAB Holdings B.V.

Amsterdam

Annual Accounts 2020

JAB Holdings B.V., Amsterdam

Index **Page**

JAB Holdings B.V., Amsterdam

Report of the Board of Directors

In accordance with article 394 paragraph 4 Book 2 of the Dutch Civil Code, the report of the board of directors can be inspected at the office of the entity. On request, a complete or partial copy will be available at a fee to cover the costs. For JAB Holding Company Sarl consolidated board report, we refer to the consolidated financial statements of JAB Holding Company Sarl published on the company's website.

JAB Holdings B.V., Amsterdam

Statement of Financial Position as of 31 December 2020

(after appropriation of result)

	note	31 December 2020 in €k	31 December 2020 in €k	31 December 2019 * in €k	31 December 2019 * in €k
Non-current assets					
Investments in subsidiaries	4	24,651,690		25,168,181	
Other investments	5	107,337		887,830	
Loans to investments	6	95,420		0	
Other assets	8	7,971		9,885	
			24,862,418		**26,065,896**
Current Assets					
Other investments	5	365		0	
Loans to investments	6	0		151,391	
Other loans	7	41,453		37,346	
Other assets	8	4,975		6,909	
Cash and cash equivalents	9	2,178,037		2,583,130	
			2,224,830		**2,778,776**
			27,087,248		**28,844,672**
Shareholder's equity	10				
Share capital	10.1	18		18	
Share premium	10.2	5,044,690		5,982,461	
Legal reserve	10.3	10,709,318		11,437,610	
Retained earnings	10.4	2,880,935		4,553,317	
			18,634,961		**21,973,406**
Non-current liabilities					
Borrowings	11	7,697,656		6,799,539	
Other liabilities	12	1,169		1,361	
			7,698,825		**6,800,900**
Current liabilities					
Borrowings	11	675,189		0	
Other liabilities	12	78,273		70,366	
			753,462		**70,366**
			27,087,248		**28,844,672**

* Comparative information has been re-presented; see note 3.15.

The notes on pages 8 to 47 are an integral part of these financial statements.

JAB Holdings B.V., Amsterdam

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

	note	2020 in €k	2019 in €k
Net gain / (loss) on investments in subsidiaries and other investments	14	-2,633,189	4,712,061
Dividend income	15	455,870	104,445
Finance income	17	10,244	26,359
Finance expenses	17	-207,848	-169,789
General and administrative expenses	18	-24,929	-7,317
Profit / (loss) before income taxes		**-2,399,852**	**4,665,759**
Income tax expense	19	-822	243
Profit / (loss) for the period		**-2,400,674**	**4,666,002**
Other comprehensive income for the period		**0**	**0**
Total comprehensive income / (loss) for the period attributable to equity holder		**-2,400,674**	**4,666,002**

The notes on pages 8 to 47 are an integral part of these financial statements.

JAB Holdings B.V., Amsterdam

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

	note	Share capital in €k	Share premium in €k	Legal reserve in €k	Retained earnings in €k	Total equity in €k
Balance as of 31 December 2018		**18**	**6,262,889**	**7,954,356**	**3,370,569**	**17,587,832**
Contributions	10.2	0	6,710	0	0	6,710
Repayment of share premium	10.2	0	-287,138	0	0	-287,138
Profit for the period		0	0	3,483,254	1,182,748	4,666,002
Total comprehensive income		0	0	3,483,254	1,182,748	4,666,002
Balance as of 31 December 2019		**18**	**5,982,461**	**11,437,610**	**4,553,317**	**21,973,406**
Contributions	10.2	0	16,203	0	0	16,203
Repayment of share premium	10.2	0	-953,974	0	0	-953,974
Loss for the period		0	0	-728,292	-1,672,382	-2,400,674
Total comprehensive loss		0	0	-728,292	-1,672,382	-2,400,674
Balance as of 31 December 2020		**18**	**5,044,690**	**10,709,318**	**2,880,935**	**18,634,961**

The notes on pages 8 to 47 are an integral part of these financial statements.

JAB Holdings B.V., Amsterdam

Cash Flow Statement for the year ended 31 December 2020

	note	2020 in €k	2019 in €k
Cash flows from operating activities			
Profit / (loss) for the period		-2,400,674	4,666,002
Adjustments for:			
Depreciation		348	179
Other non-cash expenses		4,179	0
Dividend income	15	-455,870	-104,445
Net (gain) / loss from change in fair value of investments in subsidiaries and other investments	14	2,633,189	-4,712,061
Income tax expense		822	-243
Finance income and finance expenses		197,604	143,431
Other adjustments		-73	0
		-20,475	**-7,137**
Change in other receivables		-1,283	-2,096
Change in other current liabilities		498	3,984
Net foreign exchange gain / (loss)	17	-507	6,383
Income taxes paid		-731	14
Net cash from / (used in) operating activities		**-22,498**	**1,148**
Cash flows from investing activities			
Dividends received	15	455,870	104,445
Capital repayments from investments in subsidiaries	4	2,739,399	1,441,039
Contribution payments to and acquisition of investments in subsidiaries		-4,209,288	-370,293
Acquisition of other investments	5	-31,264	0
Disposal of other investments	5	2,034	0
Change in short term financial investments		0	89,954
Interest received		12,392	18,764
New loans	7	-310,427	-236,442
Repayment loans	7	516,189	65,472
Acquisition of property, plant and equipment		3	-1,302
Net cash from / (used in) investing activities		**-825,092**	**1,111,637**
Cash flows from financing activities			
Repayment of share premium	10.2	-953,974	-278,020
Contribution shareholders	10.2	16,203	6,710
Interest paid (including settlement of derivatives)		-164,254	-177,012
Bank fees		-8,202	-16,522
New borrowings	11	1,790,716	1,477,080
Repayment borrowings	11	-205,952	-633,281
Net cash from financing activities		**474,537**	**378,955**
Movement in cash and cash equivalents		**-373,053**	**1,491,740**
Cash and cash equivalents as of 1 January		2,583,130	1,093,420
Effect of exchange rate changes on cash and cash equivalents		-32,040	-2,030
Cash and cash equivalents as of 31 December	9	**2,178,037**	**2,583,130**

The notes on pages 8 to 47 are an integral part of these financial statements.

JAB Holdings B.V., Amsterdam

Notes to the financial statements

1. Reporting entity

JAB Holdings B.V. (the "Company") is a private limited liability company under Dutch law and is registered under number 34233247 in the Trade Register. The address of the Company's registered office is Piet Heinkade 55, 1019 GM Amsterdam, the Netherlands. The objectives of the Company are to act as a holding and finance company.

The Company's sole shareholder is JAB Investments S.à r.l. ("JAB Investments"), domiciled in Luxembourg. Ultimate parent is Agnaten SE, Luxembourg.

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 has also affected the fair value of JAB Group's investments throughout 2020. In the reporting period, a change in fair value of €-2,633.2m (2019: €4,712.1m) of investments in subsidiaries and other investments was recognised, whereas the decline is primarily a result of the weakened US Dollar against the Euro. 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 financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements also comply with the requirements of Book 2 Title 9 of the Netherlands Civil Code.

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

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. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date relate to the fair value determination of the Company's investments. 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, as modified by the revaluation 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 Euros (EUR), which is the functional currency of the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Changes in 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. However, none of these are expected to have a significant effect on the financial statements of the Company.

3.2 Consolidation

For the 2020 financial statements and earlier, the Company has applied the consolidation exemption by article 408, Part 9, Book 2 of the Netherlands Civil Code. As such, the Company is exempted from preparing consolidated financial statements. The financial statements of the Company are included in the consolidated financial statements of its indirect shareholder, JAB Holding Company S.à r.l., Luxembourg, which will be filed with the Chamber of Commerce in Amsterdam.

3.3 Foreign currency transactions

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 Euro at the exchange rate at that date. Foreign currency differences arising on translation are recognised in the 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 symbol for Euro, $ is used as symbol for US Dollar and £ is used as a symbol for British Pound.

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. The investments in subsidiaries are accounted for in accordance with IFRS 9 at fair value through profit or loss (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.

Derivative financial instruments
The Company uses derivative financial instruments to manage its foreign currency and interest rate risk exposures, including exposures from forecast transactions.

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In the year ended 31 December 2020 and earlier, the Company did not designate derivatives as hedging instruments and therefore did not apply hedge accounting.

3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

3.8 Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the initial measurement of the corresponding lease liability, initial direct costs incurred and lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. Right of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently increased to reflect interest on the lease liability (using the effective interest method) and reduced for the lease payments made.

3.9 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.

3.10 Net gain / (loss) on investments in subsidiaries and other investments

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

3.11 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.

3.12 Finance income and finance expenses

Finance income comprises interest income on bank deposits and liquidity funds, loans and receivables and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expenses on borrowings, bank fees, expenses on the early repurchase of long-term notes and losses on hedging instruments that are recognised in profit or loss. 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.

3.13 Income tax expense

Income tax on the profit and loss for the year 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. The Company is the head of a fiscal unity with the Dutch Group companies JAB Forest B.V., JAB Cosmetics B.V., Cottage Holdco B.V. and JAB Beverage Platform B.V. and prepares the overall tax return including all members of the fiscal unity. Other than the Company none of the other members of the fiscal unity recognise any position of corporate income tax that the entity would owe as an independent tax payer.

Withholding taxes have been recognised as part of income tax expense, with the interest income recognised on a gross basis.

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.

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

In the event short-term facilities are drawn and repaid within a three months period, such drawdown and repayment will be netted in the cash flow statement.

3.15 Change of presentation

In 2020, management decided that at this stage it was no longer advantageous to dispose of its investment in Labelux Group GmbH in Liqu. From December 2020, the investment therefore no longer classifies as non-current assets-held-for-sale.

As the investment ceases to be classified as held-for sale, also the comparative amounts in the statement of financial position are reclassified accordingly. As of 31 December 2019, the investments in subsidiaries increased by €299.8m and the current loans to investments increased by €0.3m. The reclassification had no effect on the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year ended 31 December 2019.

In 2020, the Company decided to change the presentation of items in its Statement of Financial Position to align with the presentation in JAB Holding Company S.à r.l.'s consolidated financial statements. Also, comparative amounts were reclassified. As of 31 December 2019, other investments increased by €852.2m and corporate debt securities decreased by €852.2m. Furthermore, property, plant and equipment (€2,6m), prepayments (€7.3m) and derivative assets (€0.3m) were reclassified to other assets, non-current loans of €188.7m were reclassified to loans to investments (€151.4m) and other loans (€37.3m) and derivative liabilities (€13.2m) were reclassified to other current liabilities.

JAB Holdings B.V., Amsterdam

4. Investments in subsidiaries

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

	2020 %	2019 %
JAB Forest B.V., Netherlands	100.0	100.0
Keurig Dr Pepper Inc., USA	0.4	0.0
JDE Peet's N.V., Netherlands	1.9	0.0
Pret Panera I G.P., USA	53.8	53.8
Pret Panera III G.P., USA	16.3	16.3
KK G.P., USA	49.4	49.6
JAB Cosmetics B.V., Netherlands	100.0	100.0
Petcare G.P., USA	38.5	33.1
JAB Holding Sao Paulo Ltda., Brazil	99.9	99.9
Labelux Group GmbH in Liqu., Austria	0.0	100.0
JAB Luxury GmbH, Switzerland	100.0	0.0

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

The Company is directly and indirectly (through JAB Forest B.V. and its investment in JAB Beverage Platform B.V.) invested in Keurig Dr Pepper Inc. and JDE Peet's N.V. and controls these investments.

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

	Balance as of 31 Dec 2018 in €k	Additions in €k	Contribution in €k	Repayment share premium in €k	Disposals in €k	Change in fair value in €k	**Balance as of 31 Dec 2019** in €k
JAB Forest B.V.	15,388,915	0	2,400	-1,416,103	0	2,872,868	16,848,080
Pret Panera I G.P.	2,298,997	0	0	0	0	292,303	2,591,300
Pret Panera III G.P.	1,054,845	0	76,024	0	0	141,546	1,272,415
KK G.P.	654,803	0	33,541	0	0	199,608	887,952
JAB Cosmetics B.V.	1,730,281	0	0	-24,936	0	1,339,133	3,044,478
Petcare G.P.	0	222,519	0	0	0	-276	222,243
JAB Holding Sao Paulo Ltda.	0	1,807	0	0	0	126	1,932
Labelux Group GmbH in Liqu.	1,194,028	0	40,100	-792,809	0	-141,538	299,781
	22,321,869	**224,326**	**152,065**	**-2,233,848**	**0**	**4,703,770**	**25,168,181**

JAB Holdings B.V., Amsterdam

	Balance as of 31 Dec 2019 in €k	Additions in €k	Contribution in €k	Repayment share premium in €k	Disposals in €k	Change in fair value in €k	**Balance as of 31 Dec 2020** in €k
JAB Forest B.V.	16,848,080	0	968,549	-2,644,552	0	-748,156	14,423,922
Acorn Holdings B.V.	0	931,087	0	0	-795,876	-135,211	0
Keurig Dr Pepper Inc.	0	382,957	0	0	-236,043	-5,455	141,459
JDE Peet's N.V.	0	300,000	0	0	0	51,905	351,905
Pret Panera I G.P.	2,591,300	0	0	0	0	-334,384	2,256,915
Pret Panera III G.P.	1,272,415	0	0	0	0	-164,194	1,108,221
KK G.P.	887,952	0	0	0	-2,042	-15,581	870,329
JAB Cosmetics B.V.	3,044,478	0	1,672,185	-27,605	0	-2,058,893	2,630,164
Petcare G.P.	222,243	1,508,533	0	0	-2,137	939,360	2,667,999
JAB Holding Sao Paulo Ltda.	1,932	0	0	0	0	-1,593	339
Labelux Group GmbH in Liqu.	299,781	0	369,857	-255,811	-217,210	-196,617	0
JAB Luxury GmbH	0	217,210	0	0	0	-16,773	200,437
	25,168,181	**3,339,788**	**3,010,591**	**-2,927,968**	**-1,253,309**	**-2,685,592**	**24,651,690**

JAB Forest B.V.

In September 2020, JAB Forest B.V. founded a new subsidiary, JAB Beverage Platform B.V. and subsequently contributed its investment in Acorn Holdings B.V. to the newly established 100% owned holding company. Acorn Holdings B.V. is the direct shareholder of further intermediate holding companies and their investments in Keurig Dr Pepper Group and JDE Peet’s Group. As of 31 December 2019, JAB Forest B.V. directly held 57.0% of Acorn Holdings B.V.

In 2020, the Company made capital contributions in cash to JAB Forest B.V. in the amount of €6.0m (2019: €2.4m). Furthermore, the Company exchanged its preferred shares in Acorn Holdings B.V. to ordinary shares in Acorn Holdings B.V. and subsequently contributed those ordinary shares to JAB Forest B.V. for an amount of €726.6m. In December 2020, the Company contributed further shares in Acorn Holdings B.V. in the amount of €69.3m and shares in Keurig Dr Pepper Inc. in the amount of €166.7m to JAB Forest B.V.

In 2020, the Company received repayments of share premium in cash of €2,644.6m (2019: €1,416.1m) from JAB Forest B.V. partly funded by the disposal of shares in Keurig Dr Pepper Group that were held by an indirect subsidiary of JAB Forest B.V.

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

The Company is invested in Pret Panera Holding Company Group through the direct investments in Pret Panera I G.P. and 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.

In 2019, the Company made capital contributions in cash to Pret Panera III G.P. in the amount of €69.9m and converted a loan in the amount of €6.1m to Pret Panera III G.P. equity (see also note 6).

JAB Holdings B.V., Amsterdam

KK G.P.

The Company is invested in Krispy Kreme Group through the direct investment in KK G.P.

In 2020, the Company distributed shares for an amount of €2.0m (2019: €0.0m). In 2019, the Company made capital contributions in cash to KK G.P. in the amount of €33.5m.

JAB Cosmetics B.V.

The Company is invested in Cottage Holdco B.V. through the direct investment in JAB Cosmetics B.V. Cottage Holdco B.V. holds an investment in Coty Inc.

In 2020, the Company made cash contributions to JAB Cosmetics B.V. in the amount of €1,672.2m (2019: €0.0m) and received repayments of share premium of €27.6m (2019: €24.9m).

Petcare G.P.

The Company is invested in Compassion-First (VSNA LLC) and National Veterinary Associates (NVA) through the direct investment in Petcare G.P.

In March 2019, the Company made an investment in Compassion-First Group (through Petcare G.P.) in the amount of €222.5m. In February 2020, the Company made capital contributions in cash to Petcare Group of €1,478.7m for the acquisition of NVA. Subsequently, in December 2020 both businesses were combined into NVA.

In 2019, the Company had granted a loan to Petcare Intermediate Inc. This loan together with further loans granted to Petcare Group in February 2020 amounting to €29.8m were converted to equity in 2020. Furthermore, the Company distributed shares for an amount of €2.1m (2019: €0.0m).

At the end of 2020, the Company has committed additional contributions for 2021 up to $402.0m (€327.6m) to Petcare G.P. to fund the continued growth of the Petcare business.

Keurig Dr Pepper Inc.

In 2020, the Company acquired direct shares in Keurig Dr Pepper Inc. in the amount of €383.0m. Thereof, shares in the amount of €166.7m were contributed to JAB Forest B.V. and shares in the amount of €69.3m were exchanged for shares in Acorn Holdings B.V.

JDE Peet's N.V.

In 2020, the Company acquired direct shares in JDE Peet's N.V. in the amount of €300.0m.

JAB Luxury GmbH / Labelux Group GmbH in Liqu.

Labelux Group GmbH held an investment in JAB Luxury GmbH. In 2020, the liquidation of Labelux Group GmbH in Liqu. was filed. Consequently, the Company is directly invested in JAB Luxury GmbH.

In 2020, the Company made capital contributions in cash to Labelux Group GmbH in Liqu. of

€369.5m. Furthermore, a loan amounting to €0.4m was converted to equity in 2020. The Company received share premium repayments of €255.8m (thereof cash €67.2m).

5. Other investments

The following table gives an overview of other investments at year-end:

	2020		2019	
	Short-term in €k	Long-term in €k	Short-term in €k	Long-term in €k
Corporate debt securities				
Acorn Holdings B.V. preferred shares	0	0	0	852,224
Derivatives				
Other derivatives	365	0	0	0
Others	0	107,337	0	35,606
Total	**365**	**107,337**	**0**	**887,830**

Corporate debt securities

In 2020, the Company exchanged its preferred shares in Acorn Holdings B.V. for a value of €861.8m to ordinary shares in Acorn Holdings B.V. (31 December 2019: €852.2m). Subsequently, the shares in Acorn Holdings B.V. were contributed to JAB Forest B.V. (see note 4).

Derivatives

The derivatives held by the Company generally reflect option investment positions on publicly traded equity shares. For derivatives related to hedging foreign exchange and interest rate risk, refer to note 8 Other Assets and note 12 Other Liabilities.

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

	Corporate debt securities in €k	Derivatives in €k	Others in €k	**Total** in €k
Balance as of 31 December 2018	852,224	0	117,269	969,493
Disposal			-89,954	-89,954
Change in fair value	0	0	8,291	8,291
Balance as of 31 December 2019	**852,224**	**0**	**35,606**	**887,830**
Additions	0	28,323	2,942	31,265
Disposal	-861,763	-2,034	0	-863,797
Change in fair value	9,539	-25,924	68,789	52,404
Balance as of 31 December 2020	**0**	**365**	**107,337**	**107,702**

All acquisitions and contributions were measured at the fair value at the time of acquisition or contribution. After initial measurement the other investments are subsequently measured at FVTPL.

6. Loans to investments

The movements in the loans can be detailed as follows:

	Pret Panera		Petcare					
	Pret Panera Company	Pret Panera Holding Company	Petcare Intermediate Inc.	Dino Grandparent Inc.	Petcare Holding LLC	National Veterinary Associates	Labelux Group GmbH	**Total**
	in €k	in €k	in €k	in €k	in €k	in €k	in €k	in €k
Balance as of 31 December 2018	0	18,016	0	0	0	0	285	18,301
Additions	0	4,443	26,497	0	0	126,954	45	157,939
Disposals	0	-22,877	0	0	0	0	0	-22,877
Translation differences	0	418	-57	0	0	-2,333	0	-1,972
Balance as of 31 December 2019	**0**	**0**	**26,440**	**0**	**0**	**124,621**	**330**	**151,391**
Additions	38,548	62,034	0	64,395	2,311	91,181	24	258,494
Transfer	56,489	-56,489	0	0	0	0	0	0
Disposals	0	0	-27,528	-60,978	-2,317	-221,893	-354	-313,070
Translation differences	382	-5,546	1,088	-3,417	6	6,091	0	-1,395
Balance as of 31 December 2020	**95,420**	**0**	**0**	**0**	**0**	**0**	**0**	**95,420**
current	0	0	0	0	0	0	0	0
non-current	95,420	0	0	0	0	0	0	95,420

In 2020, the Company granted loans to Pret Panera Holding Company Inc. (€62.0m) and Pret Panera Company Inc. (€38.5m). As of 31 December 2020, the loan granted to Pret Panera Holding Company Inc. was transferred to Pret Panera Company Inc. As of 31 December 2020, loans in the amount of €95.4m are outstanding.

In 2019, the Company granted two loans in the total amount of $29.7m (€26.5m) to Petcare Intermediate Inc. In 2020, those loans together with a new loan granted to Petcare Holding LLC (€2.3m) in the total amount of €29.8m were converted to equity. As of 31 December 2020, no loan is outstanding to Petcare Intermediate Inc. and Petcare Holding LLC.

In 2019, the Company granted a loan of $140.0m (€127.0m) to National Veterinary Associates. In 2020, further loans in the amount of €91.2m were granted to National Veterinary Associates. The loans were fully repaid in 2020 (outstanding balance as of 31 December 2019: €124.6m).

The interest rate for fixed rate loan receivables is 3.0% p.a. (2019: 4.5% to 7.2% p.a.). Interest rates for floating rate receivables are based on Libor plus a margin of 4.25% (2019: no floating rate receivables).

7. Other loans

	JAB Management	JAB Holding Company LLC	**Total**
	in €k	in €k	in €k
Balance as of 31 December 2018	12,581	3,368	15,949
Additions	22,110	68	22,178
Disposals	-979	0	-979
Translation differences	132	66	198
Balance as of 31 December 2019	**33,844**	**3,502**	**37,346**
Additions	18,625	69	18,694
Disposals	-10,773	0	-10,773
Translation differences	-3,513	-301	-3,814
Balance as of 31 December 2020	**38,183**	**3,270**	**41,453**

Receivables to JAB Management relate to loans, which were granted to JAB Management or personal holding companies of JAB Management in the course of a management participation plan of JAB Holding Company S.à r.l., a related party to the Company. The additions to the loans in 2020 relate to new loans and to accrued interest relating to the outstanding loans. The disposals of €10.8m relate to repayments of loans in 2020. As of 31 December 2020, short-term loans of $46.9m (€38.2m) (2019: €33.8m) are outstanding, including loans to the Board of Directors of the Company in the amount of €7.2m (2019: €7.0m).

As of 31 December 2020, a short-term loan of €3.3m (2019: €3.5m) is outstanding to JAB Holding Company LLC.

The interest rate for fixed rate loan receivables is 2.0% p.a. (2019: 2.0% p.a.). As of 31 December 2020, the Company has no floating rate receivables (2019: €0.0m).

8. Other assets

	2020 in €k	2019 in €k
Property, plant and equipment	2,157	2,587
Prepayments	5,814	7,298
Foreign exchange contracts	0	329
Other receivables	4,975	6,580
	12,946	**16,794**
current	4,975	6,909
non-current	7,971	9,885

The prepayments relate to prepaid bank fees, which are amortised over the maturity of the underlying credit facilities or expensed at early termination of such facilities.

9. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2020 include bank deposits and liquidity funds available on demand (€648.6m, 2019: €1,783.1m) and deposits with maturity in January 2021 (€317.9m), February 2021 (€244.5m) and March 2021 (€967.0m) (2019: €800.0m with maturity in January 2020).

10. Shareholder’s equity

10.1 Share capital

The authorised share capital amounts to €90,000 (1,800 shares), of which 363 shares of €50 each (total €18,150; 31 December 2019: 363 shares, €18,150) have been issued and fully paid.

As of 31 December 2020 and 2019, no shares in the entity are held by the Company or by its subsidiaries or associates.

10.2 Share premium

In 2020, the Company received cash contributions to the share premium in the amount of €16.2m (2019: €6.7m).

In 2020, the Company partly returned the share premium in cash in the amount of €954.0m (2019: €278.0m). In 2019, the Company made capital distributions in kind in the amount of €9.1m.

10.3 Legal reserve

As of 31 December 2020, pursuant to Dutch law (Book 2 Title 9 of the Netherlands Civil Code art. 390), certain limitations exist relating to the distribution of shareholders' equity. The limitations for the company relate to the revaluations of assets without a frequent market listing in the amount of €10,709.3m (2019: €11,437.6m).

10.4 Retained earnings

In 2020, no dividend was paid to the parent company JAB Investments out of retained earnings (2019: €0.0).

In respect of the current year, the Board of Directors propose to bring forward the result to the retained earnings to the next period. This proposal has been reflected in the statement of financial position and is subject to approval by shareholders at the annual general meeting.

11. Borrowings

	Long-term notes in €k	Bank loan in €k	**Total** in €k
Balance as of 31 December 2018	5,952,105	0	5,952,105
Additions / Repayments	839,746	0	839,746
Amortisation disagio and fees	7,688	0	7,688
Balance as of 31 December 2019	**6,799,539**	**0**	**6,799,539**
Additions / Repayments	1,376,390	200,000	1,576,390
Amortisation disagio and fees	9,487	0	9,487
Translation differences	-12,571	0	-12,571
Balance as of 31 December 2020	**8,172,845**	**200,000**	**8,372,845**
thereof current	475,189	200,000	675,189
thereof non-current	7,697,656	0	7,697,656

JAB Holdings B.V., Amsterdam

Overview of borrowings

Note	Original Principal	Remaining Principal	Issued	Due	Carrying value 2020	Carrying value 2019
					in €k	in €k
Eurobond 2021	€ 750,000	€ 475,800	Nov. 2014	Nov. 2021	475,188	536,875
Eurobond 2022	€ 750,000	€ 524,000	Sep. 2015	Sep. 2022	522,058	520,973
Eurobond 2023	€ 750,000	€ 642,000	May 2016	May 2023	641,008	699,392
Eurobond 2024	€ 750,000	€ 664,500	May 2017	May 2024	660,813	744,655
Eurobond 2025	€ 600,000	€ 600,000	Apr. 2015	Apr. 2025	595,429	594,427
Eurobond 2026	€ 750,000	€ 750,000	June 2018	June 2026	743,356	742,223
Eurobond 2027	€ 750,000	€ 750,000	Dec. 2019	Dec. 2027	740,264	738,813
Eurobond 2027	€ 500,000	€ 500,000	Apr. 2020	Apr. 2027	494,489	0
Eurobond 2028	€ 750,000	€ 750,000	May 2017	May 2028	742,111	741,139
Eurobond 2029	€ 750,000	€ 750,000	June 2018	June 2029	745,981	745,566
Senior Note 2030	$500,000	$500,000	Nov. 2020	Nov. 2030	403,756	0
Eurobond 2035	€ 500,000	€ 500,000	Apr. 2020	Apr. 2045	492,402	0
Eurobond 2039	€ 750,000	€ 750,000	Dec. 2019	Dec. 2039	736,202	735,476
Eurobond 2039	€ 175,000	€ 175,000	Jan./Dec. 2020	Dec. 2039	179,788	0
Bank loan	€ 200,000	€ 200,000	Dec. 2020	March 2021	200,000	0
					8,372,845	**6,799,539**

Note	Early repurchased notes and additional issuances
Eurobond 2021	In December 2020, JAB Group early repurchased notes in the principal amount of €62.5m (2019: €211.7m) for an amount of €63.6m (2019: €218.0) with a remaining principal amount outstanding of €475.8m (2019: €538.3m).
Eurobond 2022	In December 2019, JAB Group early repurchased notes in the principal amount of €226.0m for an amount of € 239.5m with a remaining principal amount outstanding of €524.0m.
Eurobond 2023	In December 2020, JAB Group early repurchased notes in the principal amount of €58.9m (2019: €199.1m) for an amount of €61.8m (2019: €210.1m) with a remaining principal amount outstanding of €642.0m (2019: €700.9m).
Eurobond 2024	In December 2020, JAB Group early repurchased notes in the principal amount of €85.5m for an amount of €89.3m with a remaining principal amount outstanding of €664.5m.
Eurobond 2027	In April 2020, JAB Group issued long-term notes in the aggregate principal amount of €500.0m. The notes are traded on the EuroMTF Market operated by the Luxembourg Stock Exchange.

Senior Note 2030	In November 2020, JAB Group issued long-term notes in the aggregate principal amount of $500.0m (€420.1m). The notes are a private placement in the US market.
Eurobond 2035	In April 2020, JAB Group issued long-term notes in the aggregate principal amount of €500.0m. The notes are traded on the EuroMTF Market operated by the Luxembourg Stock Exchange.
Eurobond 2039	In January 2020, JAB Group issued long-term notes in the aggregate principal amount of €100.0m. In December 2020, the long-term notes were increased by €75.0m having the same terms as the original notes. The notes are traded on the open market of the Frankfurt Stock Exchange.

The expenses on early repurchased notes have been included as part of the finance expenses.

All notes are unconditionally and irrevocably guaranteed by JAB Holding Company S.à r.l. The Eurobonds (except for Eurobond 2039 issued in 2020) are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange.

As of 31 December 2020, the Company has no outstanding payables under its credit facilities (2019: €0.0m). During the financial year the Company used the credit facility on a number of occasions, though the cash proceeds have been repaid shortly after such drawdowns.

Interest rates for fixed rate financial liabilities range from 0.3 % to 3.4% p.a (2019: 1.0% to 2.5% p.a.). As of 31 December 2020, the Company has no floating rate financial liabilities (2019: €0.0m).

From time to time, JAB Group enters into interest swap agreements to manage its interest rate risk exposures, including exposures from potential transactions. As of 31 December 2020, the Company holds no interest rate swaps (2019: nominal amounts of €1,400.0m).

12. Other liabilities

	2020 in €k	2019 in €k
Accrued interest and other bank fees	71,389	50,666
Lease liability	1,291	1,476
Derivatives	1,489	13,192
Other liabilities	5,273	6,393
	79,442	**71,727**
current	78,273	70,366
non-current	1,169	1,361

As of 31 December 2020, the derivative liability relates to the fair value of foreign exchange contracts (2019: interest rate swap contracts). The fair value of interest rate swap contracts is determined based on quoted interest rates.

13. Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows from financing activities.

				Non-cash changes			
		31 Dec 2019	Financing cash flows	Foreign exchange movement	Change in fair value	Other changes	**31 Dec 2020**
	note	in €k	in €k	in €k	in €k	in €k	in €k
Bank loan	11	0	200,000	0	0	0	200,000
Long-term notes	11	6,799,539	1,376,674	-12,572	0	9,204	8,172,845
Lease liability	12	1,476	-73	0	0	-112	1,291
Interest rate contracts	12	13,192	0	0	0	-13,192	0
		6,814,207	**1,576,601**	**-12,572**	**0**	**-4,100**	**8,374,136**

				Non-cash changes			
		31 Dec 2018	Financing cash flows	Foreign exchange movement	Change in fair value	Other changes	**31 Dec 2019**
	note	in €k	in €k	in €k	in €k	in €k	in €k
Long-term notes	11	5,952,105	840,949	0	0	6,485	6,799,539
Lease liability		0	0	0	0	1,476	1,476
Loans from related parties	11	789,570	-506	0	0	-789,064	0
Interest rate contracts	12	37,261	0	0	-24,069	0	13,192
		6,778,936	**840,443**	**0**	**-24,069**	**-781,103**	**6,814,207**

14. Net gain / (loss) on investments in subsidiaries and other investments

	2020 in €k	2019 in €k
Net gain / (loss) on investments in subsidiaries at FVTPL		
JAB Forest B.V.	-748,156	2,872,868
Acorn Holdings B.V.	-135,211	0
Keurig Dr Pepper Inc.	-5,455	0
JDE Peet's N.V.	51,905	0
JAB Cosmetics B.V.	-2,058,893	1,339,133
Pret Panera I G.P.	-334,384	292,303
Pret Panera III G.P.	-164,194	141,546
KK G.P.	-15,581	199,608
JAB Holding Company Ltda.	-1,593	126
Petcare G.P.	939,360	-276
Labelux Group GmbH in Liqu.	-196,617	-141,538
JAB Luxury GmbH	-16,773	0
	-2,685,592	4,703,770
Net gain / (loss) on other investments at FVTPL		
Corporate debt securities	9,539	0
Derivatives	-25,924	0
Others	68,789	672
Short-term financial investments	0	7,619
	52,404	8,291
	-2,633,189	**4,712,061**

The net gain / (loss) on investments includes the effect of changes in foreign exchange rate for those investments held in a currency different from the Euro.

15. Dividend income

In 2020, the Company recognised dividend income from the following investments measured at FVTPL:

	2020 in €k	2019 in €k
JAB Forest B.V.	421,992	0
Petcare G.P.	13,542	0
Acorn Holdings B.V. preferred shares	8,184	46,768
KK G.P.	7,302	8,164
Keurig Dr Pepper Inc.	4,850	0
Pret Panera I G.P.	0	33,207
Pret Panera III G.P.	0	16,306
	455,870	**104,445**

16. Net income from investments at FVTPL

	2020 in €k	2019 in €k
Financial assets measured at FVTPL		
Investments in subsidiaries	-2,237,906	4,808,202
Other investments	60,588	8,304
	-2,177,318	**4,816,506**

Net income from investments at FVTPL comprises net gain/(loss) on investments in subsidiaries and other investments and dividend income from investments at FVTPL. The net income from investments includes the effect of changes in foreign exchange rate for those investments held in a currency different from the Euro.

JAB Holdings B.V., Amsterdam

17. Finance income and finance expenses

Finance income can be detailed as follows:

	2020 in €k	2019 in €k
Net foreign exchange gain	0	3,667
Interest income on bank deposits	4,429	15,330
Interest income on loans and receivables	5,282	7,362
Other	533	0
	10,244	**26,359**

Finance expenses can be detailed as follows:

	2020 in €k	2019 in €k
Interest expenses on financial liabilities	-175,880	-148,853
Valuation of interest rate contracts	13,192	24,070
Net foreign exchange loss	-27,006	0
Bank fees	-9,687	-11,850
Expense from early repurchase long-term notes	-8,467	-33,156
	-207,848	**-169,789**

Result from valuation of interest rate contracts relates to interest rate expense on financial liabilities and is therefore presented as part of finance expenses.

18. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2020 in €k	2019 in €k
Salary and personnel related expenses	-13,186	-3,868
Service fees	-8,015	-455
Legal, tax, audit and consultancy fees	-3,007	-2,591
Office expenses	-300	-285
Others	-421	-118
	-24,929	**-7,317**

Audit fees charged by KPMG Accountants N.V. or the KPMG network for the financial period amount to €109k (2019: €107k). Non-audit services in the financial period amounts to €86k (2019: €51k).

19. Taxes on income

Together with its subsidiaries JAB Forest B.V., JAB Cosmetics B.V., Cottage Holdco B.V. and JAB Beverage Platform B.V. (part of the fiscal unity as of 2 September 2020), the Company forms a fiscal unity for corporate income tax purposes (see also note 3.13).

The reconciliation of income taxes for the fiscal unity in the reporting period can be detailed as follows:

	2020 in €k	2019 in €k
JAB Holdings B.V.: Profit for the period	-2,400,674	4,666,002
Result for the period of members of the fiscal unity (net)	615,844	-6,504
Total consolidated commercial result for the period	-1,784,830	4,659,498
Tax using the fiscal unity's domestic tax rate of 25%	-446,208	1,164,875
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Tax exempt (gain) / loss on investments in subsidiaries and other investments	492,959	-1,096,489
Tax exempt dividend income	-121,796	-121,661
Other adjustments	-4,100	11,951
Non-deductible interest expense	60,989	43,749
Non-deductible general costs	1,049	3
Set off net loss-carry forward	0	-2,428
Income tax expense fiscal unity 2020	**-17,107**	**0**

The fiscal unity has a net loss carry-forward amounting to approximately €786.7m (2019: €718.3m). A deferred tax asset has not been recognised, due to the uncertainty of the future taxable income.

The fiscal unity is subject to a generic limitation of interest deduction. In 2020, an amount of total interest surplus of €244.0m (2019: €175.0m) is non-deductible. The total amount of interest surplus (€419.0m; 2019: €175.0m) can be carried forward indefinitely.

	2020 in €k	2019 in €k
Withholding tax on short-term financial investments	-822	243
Income tax expense	**-822**	**243**

Income from short-term financial investments can be subject to withholding taxes. Withholding taxes have been recognised as part of income tax expense, with the income recognised on a gross basis.

Withholding taxes are not separately disclosed in the Company's statement of cash flows as they are deducted at source and do not involve cash outflows.

20. Related parties and transactions with related parties

Related parties of the Company are, next to key management personnel (note 23), the following companies:

20.1 Agnaten SE, Vienna

The entity is the majority shareholder of Joh. A. Benckiser B.V. (formerly Donata Holdings B.V.).

20.2 JAB Holding Company S.à r.l.

This entity is the sole shareholder of JAB Investments S.à r.l.

20.3 JAB Investments S.à r.l.

This entity is the sole shareholder of JAB Holdings B.V.

20.4 Lucresca SE

The entity is controlled by close members of the family of the shareholders of Agnaten SE and is minority shareholder of Joh. A. Benckiser B.V.

20.5 Joh. A. Benckiser B.V.

The entity is a subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l.

20.6 JAB Consumer Fund

JAB Consumer Fund was created to share the JAB investment strategy with professional and semi-professional investors.

20.7 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.

20.8 JAB Service GmbH

This entity is a subsidiary of Joh. A. Benckiser B.V.

20.9 JAB Holding Company S.à r.l.`s Management

In the course of JAB Holding Company S.à r.l.´s management participation plan the Company acquired loans to JAB Holding Company S.à r.l.´s management or personal holding companies of JAB Management. The total interest income amounts to €0.8m (2019: €0.5m).

20.10 Investments in subsidiaries and further group companies

The Company is 100% shareholder of JAB Cosmetics B.V. As of 31 December 2020 Cottage Holdco B.V. holds 60.5% (2019: 60.2%) of Coty Inc

The Company is 100% shareholder of JAB Forest B.V. In September 2020, JAB Forest B.V. founded a new subsidiary, JAB Beverage Platform B.V. and subsequently contributed its investment in Acorn Holdings B.V. to the newly established holding company. As of 31 December 2020, JAB Beverage Platform B.V. holds 69.2% of Acorn Holdings B.V. (2019: 57.0% in Acorn Holdings B.V. held through JAB Forest B.V.). Acorn Holdings B.V. is direct shareholder of further interim holding companies and their investment in Keurig Dr Pepper Group and JDE Peet's Group.

The Company indirectly holds an investment in Pret Panera Holding Company Group through a direct investment of 53.8% in Pret Panera I G.P. (2019: 53.8%) and 16.3% in Pret Panera III G.P. (2019: 16.3%). The Company controls Pret Panera III G.P. by virtue of agreements with its other shareholders. Therefore, the investment in Pret Panera III G.P. is presented as an investment in subsidiary.

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. In 2020, interest income from loans granted to intermediate holding company Pret Parent Holding Inc. and Pret Parent Company Inc. amounts to €1.1m (2019: €0.1m).

The Company indirectly holds an investment in National Veterinary Associates through a direct investment of 38.5% in Petcare G.P. (2019: 33.1%). The Company controls Petcare G.P. by virtue of agreements with its other shareholders. Therefore, the investment in Petcare G.P. is presented as an investment in subsidiary. In 2020, interest income from loans granted to intermediate holding company Petcare Intermediate Inc. amounts to €0.1m (2019: €0.8m) and from loans granted to National Veterinary Associates amounts to €1.6m (2019: €0.0m).

The Company directly holds approximately 49.4% in KK G.P (2019: 49.6%). The entity is direct shareholder of further holding companies and their investment in Krispy Kreme Doughnuts Inc. The Company controls KK G.P. by virtue of agreements with its other shareholders. Therefore, the investment in KK G.P. is presented as an investment in subsidiary.

The Company was 100% shareholder of Labelux Group GmbH in Liqu. In 2020, the liquidation of Labelux Group GmbH in Liqu. was filed. Consequently, the Company directly holds the participation in JAB Luxury GmbH, Caslano, formerly held by Labelux Group GmbH in Liqu. The total interest income from JAB Luxury GmbH amounts to €1.4m (2019: €1.6m). The total interest expense from Labelux Group GmbH in Liqu. amounts to €0.0m (2019: €3.2m).

21. Financial instruments – Fair Value and Risk Management

21.1 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 Directors 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 advantages and security afforded by a sound capital position.

21.2 Financial instruments and fair value hierarchy

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

	31 December 2020			31 December 2019		
	Amortised cost	FVTPL	**Total**	Amortised cost	FVTPL	**Total**
	in €k	in €k	in €k	in €k	in €k	in €k
Assets as per statement of financial position						
Investments in subsidiaries	0	24,651,690	24,651,690	0	25,168,181	25,168,181
Other investments	0	107,702	107,702	0	887,830	887,830
Loans to investments	95,420	0	95,420	151,391	0	151,391
Other loans	41,453	0	41,453	37,346	0	37,346
Other assets	10,790	0	10,790	13,878	329	14,207
Cash and cash equivalents	2,178,037	0	2,178,037	2,583,130	0	2,583,130
Total	**2,325,700**	**24,759,392**	**27,085,092**	**2,785,745**	**26,056,340**	**28,842,085**

	31 December 2020			31 December 2019		
	Amortised cost	FVTPL	**Total**	Amortised cost	FVTPL	**Total**
	in €k	in €k	in €k	in €k	in €k	in €k
Liabilities as per statement of financial position						
Borrowings	8,372,845	0	8,372,845	6,799,539	0	6,799,539
Other liabilities	77,953	1,489	79,442	58,535	13,192	71,727
Total	**8,450,798**	**1,489**	**8,452,287**	**6,858,074**	**13,192**	**6,871,266**

Cash and cash equivalents 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 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 reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

As of 31 December 2020, financial instruments included in Level 1 comprise shares in Keurig Dr Pepper Inc., JDE Peet's N.V. and other derivatives (31 December 2019: no financial instruments included in Level 1).

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 fair value an instrument are observable, the instrument is included in Level 2.

Financial instruments included in Level 2 comprise shares in JAB Cosmetics B.V. and foreign exchange contracts (31 December 2019: foreign exchange contracts and interest rate swaps). Specific valuation techniques used to value these financial instruments include

- JAB Cosmetics B.V. holds 100% of Cottage Holdco B.V. which is direct shareholder in Coty Inc. Coty Inc. is a listed company (New York Stock Exchange). JAB Cosmetics B.V.'s fair value was determined on the basis of its indirect investment in Coty Inc.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Quoted market prices or dealer quotes for outstanding long-term notes and similar instruments;
- The fair value of forward exchange contracts is determined using forward exchange rates at the reporting date.

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 Forest B.V., Pret Panera I G.P., Pret Panera III G.P, KK G.P., JAB Holding Company Ltda., Petcare G.P. and JAB Luxury GmbH and other investments (2019: JAB Forest B.V., JAB Cosmetics B.V., Pret Panera I G.P., Pret Panera III G.P, KK G.P., JAB Holding Company Ltda., Petcare G.P., Labelux Group GmbH in Liqu., corporate debt securities in Acorn Holdings B.V. and other investments).

The table below analyses financial instruments carried at fair value by valuation technique. It does not include fair value information for financial assets and financial liabilities not measured at fair value. The issued long-term notes have a carrying amount of €8,172.8m (2019: €6,799.5m), the fair value is €8,922.3m (2019: €7,180.3m) based on dealer-quotes (Level 2). For all other financial assets and liabilities, the carrying amounts are a reasonable approximate of fair values.

	31 December 2020			
	Level 1	Level 2	Level 3	Total
	in €k	in €k	in €k	in €k
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	493,364	0	0	493,364
Unlisted equity investments	0	2,630,165	21,528,161	24,158,326
Other investments	365	0	107,337	107,702
Total financial assets	**493,729**	**2,630,165**	**21,635,498**	**24,759,393**
Financial liabilities at FVTPL				
Other liabilities	0	1,489	0	1,489
Total financial liabilities	**0**	**1,489**	**0**	**1,489**

	31 December 2019			
	Level 1	Level 2	Level 3	Total
	in €k	in €k	in €k	in €k
Financial assets at FVTPL				
Investments in subsidiaries				
Unlisted equity investments	0	0	25,168,181	25,168,181
Other investments	0	0	887,830	887,830
Other assets	0	329	0	329
Total financial assets	**0**	**329**	**26,056,011**	**26,056,340**
Financial liabilities at FVTPL				
Other liabilities	0	13,192	0	13,192
Total financial liabilities	**0**	**13,192**	**0**	**13,192**

In 2020, FVTPL equity instruments with a carrying amount of €2,154.4m were transferred from Level 3 to Level 2 since there are no longer significant unobservable inputs relevant. In 2019, FVTPL equity instruments with a carrying amount of €2,930.8m were transferred from Level 1 to Level 3. To determine the fair value of the equity instruments, management used a valuation technique in which significant inputs were based on observable and unobservable data.

There were no transfers from Level 2 or 3 to Level 1 in 2020 and 2019.

Transfers between the levels of the fair value hierarchy are deemed to have occurred at the date of the event that caused the transfer.

The following 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	**Other investments**
	Unlisted equity investments in €k	Unlisted equity investments in €k
Balance as of 31 December 2018	20,591,587	887,158
Additions	376,391	0
Repayment share premium	-2,233,848	0
Transfers to Level 3	2,930,817	0
Change in fair value	3,503,234	672
Balance as of 31 December 2019	**25,168,181**	**887,830**
Additions	2,656,830	2,942
Contributions	3,010,591	0
Repayment share premium	-2,900,363	0
Disposals	-1,017,265	-861,763
Transfers to Level 2	-2,154,384	0
Change in fair value	-3,235,429	78,328
Balance as of 31 December 2020	**21,528,161**	**107,337**

Investments in subsidiaries and other investments categorised in Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. The Company’s investments include significant direct equity participations or debt securities in JAB Forest B.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Petcare G.P. and JAB Luxury GmbH (2019: JAB Forest B.V., JAB Cosmetics B.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Petcare G.P., Acorn Holdings B.V. preferred shares and Labelux Group GmbH in Liqu.), none of which are directly quoted in an active market. Unobservable inputs include LTM/NTM results, peer multiples and other assets/liabilities.

Valuation process

The Company uses market-based valuation techniques for its level 3 fair value investments. The market-based valuations are prepared by the Company. The Company receives support in this valuation process from an external service provider. The Company 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, the Company 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 the 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				Range	
Company	**2020** in €m	**2019** in €m	**Valuation technique**	**Input**	**2020**	**2019**
Investments in subsidiaries	21,528.2	25,168.2	Publicly listed	Quotes share price	N/A	N/A
			Market approach - Comparable companies	EBITDA multiples (LTM)	20.9 – 22.4	16.3 – 19.5
				EBITDA multiples (NTM/2022e)	10.0 – 19.6	N/A
			Market approach - Comparable companies	Sales multiples (LTM)	4.6	1.11 – 4.3
				Sales multiples (NTM/2022e)	1.2 – 5.0	N/A
			Market approach - Comparable companies	P/E multiples (LTM)	30.1 – 36.4	24.7 – 30.9
				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. and 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 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 in €m	decrease in €m	increase in €m	decrease in €m
Pret Panera I G.P. and Pret Panera III G.P.	446.3	-446.3	420.7	-420.7
Petcare G.P.	319.9	-319.9	0	0
JAB Luxury GmbH	27.8	-27.8	35	-35
KK G.P.	108.3	-108.3	110.9	-110.9
JAB Forest B.V.	0	0	828.1	-795.8
	902.3	**-902.3**	**1,394.7**	**-1,362.4**

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 21.4.

Other financial instruments

The Company is party to agreements under which it is obliged to purchase shares from certain non-controlling shareholders of non-consolidated subsidiaries. The Company's obligation to purchase shares under these agreements is contingent on certain events. The Company has qualified the obligations to purchase such investor's interest as financial instruments. As of 31 December 2020, the fair value of these agreements was €0.0m (2019: €0.0m), given that either the expected cash outflow was nil, or because the obligation was exercisable at the fair value of the underlying item.

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 Directors 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.

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. It arises principally from the Company's investment in debt securities, receivables from counterparties, and also from derivative financial assets, cash and cash equivalents and guarantees.

Debt securities
The Company is subject to credit risk on its investments in debt securities. The credit risk relating to these assets is reflected through the measurement at FVTPL.

Loans and other receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Risk is limited by the Company's policy on dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. As all major counterparties are related parties the risk is limited.

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

Derivative financial instruments
The credit risk on derivative financial instruments is limited, because the counterparties are quality financial institutions.

Guarantees and commitments
The Company's policy generally is to avoid providing financial guarantees. As of 31 December 2020, there are no significant guarantees or other commitments and contingencies.

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 **2020** in €k	Carrying amount **2019** in €k
Loans and receivables	6,7,8	141,849	195,317
Cash and cash equivalents	9	2,178,037	2,583,130
		2,319,886	**2,778,447**

21.3 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's policy and the management's approach to managing liquidity is to maintain adequate reserves, banking facilities and reserve borrowing facilities, also with related parties, by ongoing monitoring forecast and cash flows, and by matching the maturity profiles of its financial assets and liabilities. As of 31 December 2020, the Company has unused term loans and credit facilities, which reduce liquidity risk.

21.4 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.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. Hedge accounting is not applied.

Exposure to currency risk

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in USD and GBP. Consequently, the Company is exposed to the risk that changes in foreign exchange rates may have a favourable or unfavourable effect on the fair value of its financial instruments and the fair value of its future cash flows.

Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

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

	2020 in £k	2020 in $k	2019 in £k	2019 in $k
Other investments	0	447	0	0
Loans to investments and other loans	35,000	120,184	0	211,656
Other assets	71	1,862	0	5,038
Cash and cash equivalents	704	1,410,089	703	1,381,398
Borrowings	0	-496,245	0	0
Other liabilities	-5	-3,381	-5	-416
Gross exposure statement of financial position	**35,770**	**1,032,956**	**698**	**1,597,676**
Forward exchange contracts	-35,000	46,000	0	-25,000
Net exposure	**770**	**1,078,956**	**698**	**1,572,676**

The GBP/USD forward exchange contracts expire in February 2021 (with a nominal value of £35.0m). The USD forward exchange contracts expired in March 2020 (with a nominal amount of $25.0m).

The following significant exchange rates applied during the year:

	Average rate **2020** 1 Euro	Average rate **2019** 1 Euro	Year-end rate **2020** 1 Euro	Year-end rate **2019** 1 Euro
USD	1.14	1.12	1.23	1.12
GBP	0.89	0.88	0.90	0.85

Sensitivity analysis

The sensitivity analyses below have been determined on the Company’s exposure to currency risk for both, derivative and non-derivative, financial instruments at the end of the reporting period. A 10% increase or decrease represents management’s assessment of the reasonably possible change in foreign exchange rates.

A 10% strengthening of the Euro against the following currencies as of 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss **2020** in €k	Profit or loss **2019** in €k
USD	-87,927	-139,993
GBP	-86	-82

A 10% weakening of the Euro against the above currencies as of 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities exposed to interest rate risk include loans receivable and other receivables, derivative financial instruments, borrowings and cash and bank balances.

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings, including exposures from potential transactions is limited. Interest rate risk exposure is managed by the Group by maintaining an appropriate mix between fixed and floating rate financial instruments and, if considered appropriate, by the use of interest rate swap contracts or other interest rate derivatives. Hedging activities are evaluated regularly to align with interest rate views and the Group's investment and risk policies. At the reporting date the Group has no interest rate swap agreements (2019: €1,400.0m).

Profile

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

	Carrying amount **2020** in €k	Carrying amount **2019** in €k
Fixed rate instruments		
Financial assets	2,275,978	2,771,537
Financial liabilities	-8,372,845	-6,799,539
Floating rate instruments		
Financial assets	38,931	330
Financial liabilities	0	0

Fixed rate financial assets include cash and cash equivalents. Derivative financial instruments are not included in the table above.

The sensitivity analyses below have been determined on the Company's exposure to interest rates for financial instruments at the end of the reporting period. For the variable rate instruments, the analyses are prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

Fair value sensitivity analysis for fixed rate instruments

As of 31 December 2019, the Company had fixed rate financial assets (interest rate swaps) at FVTPL (2020: nil). The Company did not designate these derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. A decrease of 50 basis points in the market interest rate would have resulted in an additional loss of approximately €3.5m in 2019. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Cash flow sensitivity analysis for floating rate instruments

An increase of 50 basis points in the market interest rate at the reporting date would have resulted in an additional loss of approximately €0.2m (2019: loss of €0.0m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all instruments traded in the market.

The Company's exposure to changes in share prices was as follows:

	Carrying amount **2020** in €k	Carrying amount **2019** in €k
Investments		
Keurig Dr Pepper Inc.	141,459	0
JDE Peet's N.V.	351,905	0
	493,364	**0**

Sensitivity analysis – equity price risk

The sensitivity analyses below have been determined on the exposure to equity price risks for direct investments at the end of the reporting period. If share prices had been 5% higher/lower, the result for the period ended 31 December 2020 would have increased/decreased by €24.7m as a result of changes in the fair value of the equity investments classified as at FVTPL (2019: €0.0m). Other comprehensive income for the year ended 31 December 2020 would have been unaffected (2019: €0.0m).

Further, the Company has indirect exposure to equity price risks from 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 €1,207.4m 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).

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

22. Contingent liabilities

The Company is a defendant in stockholder class action and derivative lawsuit along with two other JAB Group Companies (JAB Cosmetics B.V., Cottage Holdco B.V.), which the complaint alleges all have acted in concert to control Coty Inc. The plaintiffs, stockholders of Coty Inc., allege that controlling stockholders of Coty Inc. breached fiduciary duties to the non-controlling stockholders in connection with a partial tender offer for shares of Coty Inc. Plaintiffs contend that the tender offer injured the stockholders who tendered because it was purportedly coercive and unfairly priced. Plaintiffs also contend that the non-tendering stockholders were injured because the JAB Group gained mathematical control of Coty Inc. as a result of the tender offer, thereby depriving the non-controlling stockholders of a control premium. At the current status, JAB Group Companies are preparing for the hearing.

23. Employees and remuneration of Directors

The Company has two Directors, who received a remuneration of in total €21,767k (2019: €1,024k). The Company had sixteen employees in 2020 (2019: eight employees). As of 31 December 2020, loans to the Board of Directors in the amount of €7.2m (2019: €7.0m) are outstanding.

Since July 2019, the Company has two Supervisory Directors, who received a remuneration of in total €400k (2019: €200k).

JAB Holdings B.V., Amsterdam

24. Subsequent events

The Company's 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.

Amsterdam, 23 February 2021

The Board of Directors:

J. Creus	F. Engelen

The Supervisory Board:

P. Harf	O. Goudet

JAB Holdings B.V., Amsterdam

Other information

Independent Auditor's report

The independent auditor's report is presented on the next page.

Provisions in the Articles of Association governing the appropriation of profit

According to article 24 of the Company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of JAB Holdings B.V.

Report on the audit of the financial statements 2020 included in the annual accounts

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of JAB Holdings B.V. as of 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the year 2020 of JAB Holdings B.V. ('the Company') based in Amsterdam.

The financial statements comprise:

1 the statement of financial position as of 31 December 2020;

2 the following statements for 2020: the statement of profit or loss and other comprehensive income, changes in equity and cash flow; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of JAB Holdings B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
— Materiality of EUR 320 million — 1.7% of shareholder's equity

Key audit matters
— Fair value measurement of unlisted equity investments and related disclosures

Opinion
— Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 320 million (2019: EUR 400 million). The materiality is determined with reference to shareholder's equity (1.7%). We consider the invested amount by shareholder (equity) most appropriate for an intermediate holding company with investments at fair value. Total assets and profit before tax are inherently volatile due to acquisitions and disposals and therefore less suited as benchmark for determining materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors and the Supervisory Board that misstatements in excess of EUR 15 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

— to identify and assess the risks of material misstatement of the financial statements due to fraud;

— to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and

— to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

— to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and

— to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Directors, with oversight by the Supervisory Board.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable the Company and we inquired the Board of Directors and the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the Company is subject to other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

In accordance with the auditing standard we evaluated the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks:

— management override of controls (a presumed risk).

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters that are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

We communicated our risk assessment and audit response to management and the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our response

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks.
- We performed detailed testing of high-risk journal entries and evaluated key estimates and judgements for bias by the Company, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our testing, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, such as negative news research and inquiries with non-financial employees.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.

We do note that our audit is based on the procedures described in line with applicable auditing standards.

Our procedures to address identified risks of fraud did not result in a key audit matter

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value measurement of unlisted equity investments and related disclosures

Description

The Company invests in various equity investments, which are carried at fair value in the statement of financial position. Of these assets, 33% is related to unlisted equity investments for which no published prices in active markets are available. Valuation techniques for these unlisted equity investments can be subjective in nature and involve various assumptions. The use of different valuation techniques and assumptions could produce significant different estimates of fair value. The 'Financial instruments – Fair Value and Risk Management' disclosure (note 21) is complex and dependent on high quality data.

Our response

Our audit procedures consisted of, among others, the following:

- We assessed the appropriateness of the methodology and valuation models and inputs used by management to value unlisted equity investments in conformity with IFRS 13 – Fair Value Measurements;
- We obtained an understanding of management's processes and controls over valuation of unlisted equity investments;
- We verified the percentages of ownership in the investments based on the shareholders' registers and legal documentation;
- We involved KPMG valuation specialists to re-perform the fair value calculation, assess the appropriateness of the market multiples used in the valuation and independently verify the market multiples derived from quoted prices of comparable public companies;
- We verified the accuracy of other inputs used in the valuation, such as the (prospective) revenue/EBITDA/net income and normalization adjustments by reconciling with underlying source data used;
- We performed the back testing to further verify the reasonableness of the current year valuation models;
- We assessed and tested whether the Company's related disclosures including the disclosure of 'Financial instruments - Fair Value and Risk Management' in note 21 of the financial statements in relation to valuation sensitivity and fair value hierarchy are compliant with the relevant accounting standards.

Our observation

The results of our procedures performed for valuation of unlisted equity investments were satisfactory. The related disclosure (note 21) is in accordance with EU-IFRS.

Report on the other information included in the annual accounts

In addition to the financial statements and our auditor's report thereon, the annual accounts contains other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were re-engaged by the General Meeting of Shareholders as auditor of the 2020 financial statements of JAB Holdings B.V. on 21 July 2020 and have operated as statutory auditor since the year 2008.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 23 February 2021

KPMG Accountants N.V.

N.J. Hoes RA
Partner

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

— identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining 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;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

— concluding on the appropriateness of the Board of Directors' 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 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 auditor's report 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 auditor's report. However, future events or conditions may cause a Company to cease to continue as a going concern;

— evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.