

**JAB Holdings B.V., Amsterdam**

JAB Holdings B.V.

Amsterdam

Interim Condensed Financial Statements

as at and for the six months period ended 30 June 2019

## **JAB Holdings B.V., Amsterdam**

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## **JAB Holdings B.V., Amsterdam**

### **Report of the Board of Directors**

Management of JAB Holdings B.V. (the "Company") hereby presents its interim condensed financial statements as at and for the six months period ended 30 June 2019.

#### **General information**

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., which is domiciled in Luxembourg ("JAB Investments"). Ultimate parent company is Agnaten SE, Austria.

The Company is focused on long-term investments in companies with premium brands, attractive growth and strong cash flow. The Board of Directors monitors the return on capital and the value enhancement of the Company's investment portfolio.

#### **Investments**

As of 30 June 2019, the Company's portfolio includes participations in Acorn Holdings B.V. (through JAB Forest B.V.), Pret Panera Holding Company Group (through Pret Panera I G.P. and Pret Panera III G.P.), Krispy Kreme Group (through KK G.P.), Cottage Holdco B.V. (through JAB Cosmetics B.V.), Compassion-First Group (through Petcare G.P.) and JAB Luxury GmbH (through Labelux Group GmbH).

In the six months period ended 30 June 2019, the Company made capital contributions to Pret Panera III G.P. in the amount of €76.0m and to KK G.P. in the amount of €33.5m.

In March 2019, the Company made an investment in Petcare G.P. for the acquisition of Compassion-First Group in the amount of €222.5m.

In the six months period ended 30 June 2019, the Company received €1,342.5m share premium repayment from JAB Forest B.V. partly funded by a disposal of shares in Reckitt Benckiser Group Plc. and by the disposal of shares in Keurig Dr Pepper Group that were held by an indirect subsidiary of JAB Forest B.V.

The cash flows from investing activities during the six months period ended 30 June 2019 include received dividends (€23.4m; six months ended 30 June 2018: €62.8m), capital repayments from/contribution payments to subsidiaries (€1,040.3m; six months ended 30 June 2018: €-223.4m), disposal of other investments and short-term financial investments (€71.4m; six months ended 30 June 2018: €931.5m), loan transactions (€-76.2m; six months ended 30 June 2018: €22.5m) and interests received (€5.3m; six months ended 30 June 2018: €3.3m).

## **JAB Holdings B.V., Amsterdam**

The following describes the valuation techniques used to value the private investments of the Company:

### JAB Forest B.V.:

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

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

### Acorn Holdings B.V.:

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

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

- As of 30 June 2019 and 31 December 2018, KDP is a listed company (New York Stock Exchange). The shares in KDP were valued based on the quoted market price at the reporting date.
- As of 30 June 2019 and 31 December 2018, JDE fair value was calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The following LTM multiples were used for the valuation of JDE: EBITDA multiple of 16.3x (31 December 2018: 14.0x) and P/E multiple of 23.1x (31 December 2018: 20.9x).
- For further information, we also include the related next twelve months (NTM) multiples for the same peer group of selected publicly listed companies for JDE: EBITDA multiple of 15.5x (31 December 2018: 13.8x) and P/E multiple of 22.2x (31 December 2018: 19.1x).
- As of 30 June 2019 and 31 December 2018, Peet's Coffee Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Peet's Coffee Group: EBITDA multiple of 18.1x (31 December 2018: 15.7x), P/E multiple of 28.1x (31 December 2018: 24.6x) and Sales multiple of 4.2x (31 December 2018: 3.3x).
- For further information, we also include the related next twelve months (NTM) multiples for the same peer group of selected publicly listed companies for Peet's Coffee Group: EBITDA multiple of 17.1x (31 December 2018: 14.2x), P/E multiple of 25.5x (31 December 2018: 22.4x) and Sales multiple of 3.9x (31 December 2018: 3.1x).
- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of these comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

## **JAB Holdings B.V., Amsterdam**

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

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

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

- The investment in Pret A Manger Group occurred in the second half of 2018. As of 30 June 2019 and 31 December 2018, management assessed the original acquisition cost to be the best fair value estimate.
- As of 30 June 2019 and 31 December 2018, Panera Group's, Caribou Coffee Group's and Espresso House Group's fair value were calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting.
- For Panera Group the following LTM multiples were used for the valuation: EBITDA multiple of 20.5x (31 December 2018: 17.3x), P/E multiple of 31.7x (31 December 2018: 25.0x) and Sales multiple of 4.1x (31 December 2018: 2.9).
- For further information, we also include the related next twelve months (NTM) multiples for the same peer group of selected publicly listed companies for Panera Group: EBITDA multiple of 18.6x (31 December 2018: 16.3x), P/E multiple of 27.2x (31 December 2018: 23.7x) and Sales multiple of 3.7x (31 December 2018: 2.7x).
- For Caribou Coffee Group the following LTM multiples were used for the valuation: EBITDA multiple of 18.1x (31 December 2018: 16.1x), P/E multiple of 26.9x (31 December 2018: 25.0x) and Sales multiple of 1.9x (31 December 2018: 1.8x).
- For further information, we also include the related next twelve months (NTM) multiples for the same peer group of selected publicly listed companies for Caribou: EBITDA multiple of 17.0x (31 December 2018: 15.6x), P/E multiple of 24.9x (31 December 2018: 23.2x) and Sales multiple of 1.7x (31 December 2018: 1.6x).
- For Espresso House Group the following LTM multiples were used for the valuation: EBITDA multiple of 19.4x (31 December 2018: 17.8x), P/E multiple of 27.1x (31 December 2018: 25.5x) and Sales multiple of 2.2x (31 December 2018: 2.5x).
- For further information, we also include the related next twelve months (NTM) multiples for the same peer group of selected publicly listed companies for Espresso House: EBITDA multiple of 18.4x (31 December 2018: 16.8x), P/E multiple of 25.3x (31 December 2018: 22.9x) and Sales multiple of 1.9x (31 December 2018: 2.2x).
- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

## **JAB Holdings B.V., Amsterdam**

### KK G.P.:

The Company is invested in Krispy Kreme Group through a 49.6% investment in KK G.P.

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

- As of 30 June 2019 and 31 December 2018, Krispy Kreme Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Krispy Kreme Group: EBITDA multiple of 19.4x (31 December 2018: 16.9x), P/E multiple of 26.9x (31 December 2018: 24.4x) and Sales multiple of 4.0x (31 December 2018: 3.2x).
- For further information, we also include the related next twelve months (NTM) multiples for the same peer group of selected publicly listed companies for Krispy Kreme Group: EBITDA multiple of 18.4x (31 December 2018: 16.3x), P/E multiple of 24.9x (31 December 2018: 22.4x) and Sales multiple of 3.8x (31 December 2018: 3.1x).
- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

### JAB Cosmetics B.V.:

The Company is 100% shareholder of JAB Cosmetics B.V. JAB Cosmetics B.V. was direct shareholder of an investment in Coty Inc. as of 31 December 2018. In March 2019, JAB Cosmetics B.V. founded a new subsidiary, Cottage Holdco B.V. and subsequently contributed its investment in Coty Inc. to the newly established 100% owned holding company.

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

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

### Petcare G.P.:

The Company is invested in Compassion-First (VSNA LLC) through a 33.1% investment in Petcare G.P.

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

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

## **JAB Holdings B.V., Amsterdam**

### Labelux Group GmbH:

The Company is the sole owner of Labelux Group GmbH, Switzerland. This entity is a direct shareholder of further interim holding companies and their investment in the luxury goods company Bally International AG (Bally). The Company has the intention to dispose of its investment in Labelux Group GmbH and therefore classified the shares as assets held for sale.

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

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

### Corporate debt securities Acorn Holdings B.V.:

The Company holds preferred shares in Acorn Holdings B.V.

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

## **Financing**

As of 30 June 2019, the Company has borrowings of in total €5,955.9m (31 December 2018: €5,952.1m). The outstanding amount in the current period consists of long-term notes with a carrying value of €5,955.9m (31 December 2018: €5,952.1m). No long-term notes were issued in the six months period ended 30 June 2019 (six months ended 30 June 2018: aggregate principal amount of new long-term notes €1,500.0m).

As of 30 June 2019, the Company has unused credit facilities, which reduce liquidity risk. There are no outstanding amounts under the credit facilities as of 30 June 2019 (31 December 2018: €0.0m).

The cash flows from financing activities during the six months period ended 30 June 2019 include share premium distributions to/contributions by the shareholder (€164.3m; six months ended 30 June 2018: €14.7m), interest and bank fees paid (€101.1m; six months ended 30 June 2018: €76.0m) and the net change in borrowings (€0.0m; six months ended 30 June 2018: €1,493.2m).

In the six months period ended 30 June 2019, the Company's equity increased from €17,587.8m to €22,947.6m, mainly due to the net gain on subsidiaries, other investments and short-term financial investments (€5,574.4m).

As of 30 June 2019, cash and cash equivalents amount to €1,879.1m (31 December 2018: €1,093.4m).

In the six months period ended 30 June 2019, the Company recognised net foreign exchange losses of €8.3m (six months ended 30 June 2018: €158.1m gain).

## **JAB Holdings B.V., Amsterdam**

### **Financial information**

The gain for the six months period ended 30 June 2019 amounts to €5,524.2m (six months ended 30 June 2018: loss €-914.4m), mainly relating to the net gain on subsidiaries, other investments and short-term financial investments (€5,574.4m; six months ended 30 June 2018: loss €-1,088.1). In the six months period ended 30 June 2019, the Company realised a net gain in its subsidiaries JAB Forest B.V. (€2,648.4m; six months ended 30 June 2018: €62.2m), Pret Panera I G.P. (€475.0m; six months ended 30 June 2018: €431.7m), Pret Panera III G.P. (€231.3m; six months ended 30 June 2018: €0.0m), JAB Cosmetics B.V. (€2,103.7m; six months ended 30 June 2018: loss €-1,242.6m) and KK G.P. (€102.3m; six months period ended 30 June 2018: €0.0m).

Dividend income amounts to €23.4m (six months ended 30 June 2018: €62.8m). Finance income of €6.6m mainly includes interest income (six months ended 30 June 2018: €165.5m mainly includes foreign exchange gain).

Finance expenses of €77.0m mainly include interest expense (six months ended 30 June 2018: €54.1m).

### **Future developments and outlook**

The Company will continue to serve under its business purpose as a holding and financing company. Its liquidity situation is sound and expected to remain well in the next years.

In June 2019, it was announced that JAB Group together with JAB Consumer Fund will acquire National Veterinary Associates, one of the largest veterinary and pet care services organizations in the world. The transaction is expected to be completed in 2019. JAB Group and JAB Consumer Fund will together make an equity investment of approximately \$3.3bn as part of the financing of the transaction that was committed by JAB Group at signing, will be contributed by JAB Group at closing and finally allocated to JAB Group and JAB Consumer Fund. The final JAB Holdings B.V. equity contribution will amount to not more than €1.1bn.

As at 30 June 2019 JAB Holdings B.V. had a €0.8bn payable to Labelux Group GmbH (liabilities directly associated with non-current assets held-for-sale). The loan was distributed by Labelux Group GmbH to JAB Holdings B.V. in July 2019 and ceased to exist.

In July 2019 a new governance structure for JAB Holdings B.V. was implemented. Joachim Creus and Fabien Simon replaced the former managing directors. Peter Harf and Olivier Goudet were appointed as supervisory board members.

The share price of Cottage Holdco B.V. subsidiary Coty Inc. decreased from \$13.40 at 30 June 2019 to \$9.39 at 4 September 2019.

Amsterdam, 6 September 2019

The Board of Directors:

J. Creus

F. Simon



## JAB Holdings B.V., Amsterdam

### Interim Condensed Statement of Financial Position as of 30 June 2019

(after appropriation of result)

		30 June 2019		31 December 2018	
	Note	in €k	in €k	in €k	in €k
<u>Non-current assets</u>					
Subsidiaries	4	25,651,624		21,127,840	
Other investments	5	35,149		34,934	
Coporate debt securities	6	852,224		852,224	
Prepayments		2,971		3,583	
			<b>26,541,968</b>		<b>22,018,581</b>
<u>Current assets</u>					
Loans	7	65,637		33,965	
Other receivables		3,844		1,071	
Short-term financial investments	8	18,201		82,336	
Cash and cash equivalents	9	1,879,063		1,093,420	
Non-current assets held-for-sale	10	1,242,121		1,194,313	
			<b>3,208,866</b>		<b>2,405,105</b>
			<b>29,750,834</b>		<b>24,423,686</b>
<u>Shareholder's equity</u>					
Share capital	11.1	18		18	
Share premium	11.2	6,098,601		6,262,889	
Legal reserve	11.3	12,299,984		7,954,356	
Retained earnings	11.4	4,548,959		3,370,569	
			<b>22,947,562</b>		<b>17,587,832</b>
<u>Non-current liabilities</u>					
Borrowings	12	5,955,861		5,952,105	
			<b>5,955,861</b>		<b>5,952,105</b>
<u>Current liabilities</u>					
Derivatives	13	27,135		38,023	
Other current liabilities	14	27,730		56,156	
Liabilities directly associated with assets held-for-sale	10	792,546		789,570	
			<b>847,411</b>		<b>883,749</b>
			<b>29,750,834</b>		<b>24,423,686</b>

The notes on pages 13 to 31 are an integral part of these interim condensed financial statements.

## JAB Holdings B.V., Amsterdam

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

		For the six months ended 30 June 2019	For the six months ended 30 June 2018
	Note	in €k	in €k
Net gain / (loss) on subsidiaries, other investments and short-term financial investments	15	5,574,447	-1,088,063
Dividend income	16	23,384	62,777
Finance income	17	6,614	165,545
Finance expenses	17	-76,966	-54,093
General and administrative expenses	18	-3,231	-613
<b>Result before income taxes</b>		<b>5,524,248</b>	<b>-914,447</b>
Income tax expense	19	-230	0
<b>Result for the period</b>		<b>5,524,018</b>	<b>-914,447</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income attributable to equity holder</b>		<b>5,524,018</b>	<b>-914,447</b>

The notes on pages 13 to 31 are an integral part of these interim condensed financial statements.

## JAB Holdings B.V., Amsterdam

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

	Note	Share capital in €k	Share premium in €k	Legal reserve in €k	Retained earnings in €k	Total equity in €k
<b>Balance as of 1 January 2018</b>		<b>18</b>	<b>6,308,399</b>	<b>5,335,371</b>	<b>6,539,693</b>	<b>18,183,481</b>
Contributions	11.2	0	150,324	0	0	150,324
Repayment of share premium	11.2	0	-165,050	0	0	-165,050
Result for the period		0	0	501,724	-1,416,171	-914,447
Total comprehensive result		0	0	501,724	-1,416,171	-914,447
<b>Balance as of 30 June 2018</b>		<b>18</b>	<b>6,293,673</b>	<b>5,837,094</b>	<b>5,123,523</b>	<b>17,254,308</b>
<b>Balance as of 1 January 2019</b>		<b>18</b>	<b>6,262,889</b>	<b>7,954,356</b>	<b>3,370,569</b>	<b>17,587,832</b>
Repayment of share premium	11.2	0	-164,288	0	0	-164,288
Result for the period		0	0	4,345,628	1,178,390	5,524,018
Total comprehensive result		0	0	4,345,628	1,178,390	5,524,018
<b>Balance as of 30 June 2019</b>		<b>18</b>	<b>6,098,601</b>	<b>12,299,984</b>	<b>4,548,959</b>	<b>22,947,562</b>

The notes on pages 13 to 31 are an integral part of these interim condensed financial statements.

## JAB Holdings B.V., Amsterdam

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

		For the six months ended 30 June 2019	For the six months ended 30 June 2018
	Note	in €k	in €k
<b>Cash flows from operating activities</b>			
Result for the period		5,524,018	-914,447
Adjustments for:			
Dividend income	16	-23,384	-62,777
Net (gain) / loss from change in fair value of subsidiaries, other investments and short-term financial investments	15	-5,574,447	1,088,063
Finance income and finance expenses	17	70,352	-111,452
		<b>-3,461</b>	<b>-613</b>
Change in other receivables		-2,180	4
Change in other current liabilities		678	1,499
Net foreign exchange gain		8,024	114,634
Income taxes paid		-230	0
<b>Net cash from operating activities</b>		<b>2,831</b>	<b>115,524</b>
<b>Cash flows from investing activities</b>			
Dividends received	16	23,384	62,777
Capital repayments from subsidiaries	4	1,367,399	126,296
Contribution payments to subsidiaries		-327,074	-349,646
Disposal of other investments	5	0	931,542
Disposal of short-term financial investments	8	71,421	0
Interest received		5,279	3,342
New loans	7	-89,496	-10,775
Repayment loans	7	13,283	33,320
<b>Net cash from investing activities</b>		<b>1,064,196</b>	<b>796,856</b>
<b>Cash flows from financing activities</b>			
Repayment of share premium	11.2	-164,288	-165,050
Contributions by the shareholder	11.2	0	150,324
Interest paid (including settlement of derivatives)		-97,033	-72,662
Bank fees		-4,061	-3,351
New borrowings	12	0	1,493,198
<b>Net cash from / (used in) financing activities</b>		<b>-265,382</b>	<b>1,402,459</b>
<b>Movement in cash and cash equivalents</b>		<b>801,645</b>	<b>2,314,839</b>
Cash and cash equivalents as of 1 January		1,093,420	673,761
Effect of exchange rate changes on cash and cash equivalents		-16,002	44,933
<b>Cash and cash equivalents as of 30 June</b>	9	<b>1,879,063</b>	<b>3,033,533</b>

The notes on pages 13 to 31 are an integral part of these interim condensed financial statements.

## **JAB Holdings B.V., Amsterdam**

### **Notes to the Interim Condensed financial statements**

#### **1. Reporting entity**

JAB Holdings B.V. (the "Company") is a company domiciled in the Netherlands. The address of the Company's registered office is Oosterdoksstraat 80, 1011 DK Amsterdam. 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, Austria.

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

#### **2. Statement of compliance**

The interim condensed financial statements for the six months period ended 30 June 2019 have been prepared applying the same accounting policies as are applied in the Company's annual financial statements.

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

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

## **JAB Holdings B.V., Amsterdam**

### **3. Significant accounting policies**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2018.

The Company is not subject to seasonal fluctuations.

The interim condensed financial statements are presented in thousands of Euro's (EUR), which is the functional currency of the Company.

#### **3.1 Changes in accounting policies and disclosures**

Except as described below, the accounting policies applied by the Company for the Interim Condensed Financial Statements are consistent with those described in the financial statements 2018, as are the methods of computation,

##### **New and amended standards adopted by the Company**

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

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

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

## JAB Holdings B.V., Amsterdam

### 4. Subsidiaries

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

	30 June 2019	31 December 2018
	%	%
JAB Forest B.V., Netherlands	100.0	100.0
Pret Panera I G.P., USA	53.8	53.5
Pret Panera III G.P., USA	16.3	15.4
KK G.P., USA	49.6	48.8
JAB Cosmetics B.V., Netherlands	100.0	100.0
Petcare G.P., USA	33.1	0.0
JAB Holding Company Ltda., Brazil	99.9	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 subsidiaries.

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

	JAB Forest B.V.	Pret Panera I G.P.	Pret Panera III G.P.	KK G.P.	JAB Cosmetics B.V.	Petcare G.P.	JAB Holding Company Ltda.	<b>Total</b>
	in €k	in €k	in €k	in €k	in €k	in €k	in €k	in €k
Balance as of								
31 December 2018	15,388,915	2,298,997	1,054,845	654,803	1,730,281	0	0	21,127,840
Additions	0	0	76,024	33,541	0	222,519	1,088	333,172
Repayment								
share premium	-1,342,463	0	0	0	-24,936	0	0	-1,367,399
Change in fair value	2,648,369	475,045	231,278	102,311	2,103,687	-2,835	156	5,558,011
<b>Balance as of</b>								
<b>30 June 2019</b>	<b>16,694,821</b>	<b>2,774,042</b>	<b>1,362,147</b>	<b>790,655</b>	<b>3,809,032</b>	<b>219,683</b>	<b>1,244</b>	<b>25,651,624</b>

## JAB Holdings B.V., Amsterdam

### 5. Other investments

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

	Others in €k
Balance as of 31 December 2018	34,934
Change in fair value	215
<b>Balance as of 30 June 2019</b>	<b>35,149</b>

### 6. Corporate debt securities

Corporate debt securities can be detailed as follows:

	30 June 2019 in €k	31 December 2018 in €k
Acorn Holdings B.V. preferred shares	852,224	852,224
<b>Total</b>	<b>852,224</b>	<b>852,224</b>

### 7. Loans

The movements in the loans can be detailed as follows:

	JAB Management in €k	JAB Holding Company LLC in €k	Pret A Manger Group in €k	Petcare Intermediate Inc in €k	Others in €k	<b>Total</b> in €k
Balance as of 31 December 2018	12,581	3,368	18,016	0	0	33,965
Additions	20,109	39	0	22,252	8,951	51,351
Repayments	-979	0	-18,378	0	0	-19,357
Translation differences	-257	21	362	-284	-164	-322
<b>Balance as of 30 June 2019</b>	<b>31,454</b>	<b>3,428</b>	<b>0</b>	<b>21,968</b>	<b>8,787</b>	<b>65,637</b>



## JAB Holdings B.V., Amsterdam

### 8. Short-term financial investments

The movements in short-term financial investments can be detailed as follows:

	<u>in €k</u>
Balance as of 31 December 2018	82,335
Disposal	-71,421
Change in fair value	7,287
<b>Balance as of 30 June 2019</b>	<b><u>18,201</u></b>

As of 30 June 2019, short-term financial instruments relate to bonds of Coty Inc. (31 December 2018: bonds and term loan B of Coty Inc.).

### 9. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2019 include bank deposits and liquidity funds available on demand (€1,679.1m; 31 December 2018: 868.4m) and deposits with maturity in August 2019 (€200.0m; 31 December 2018: maturity in February 2019 (€200.0m) and April 2019 (€25.0m)).

### 10. Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if they are available for immediate sale in their present condition subject only to the customary sales terms of such assets and their sale is considered highly probable. For a sale to be highly probable, management must be committed to a sales plan and actively looking for a buyer. Furthermore, the assets must be actively marketed at a reasonable sales price in relation to their current fair value and the sale should be expected to be completed within one year. Non-current assets which meet the criteria for held-for-sale classification are presented separately from other assets in the balance sheet.

In June 2017, management committed to a plan to dispose of its investment in Labelux Group GmbH and classified the investment in Labelux Group GmbH and loans to JAB Luxury GmbH as held-for-sale. In December 2018, liquidation of Labelux Group GmbH was initiated, and its corporate name was changed to Labelux Group GmbH in Liqu.

## JAB Holdings B.V., Amsterdam

As of 30 June 2019, the non-current assets held-for-sale comprised assets of €1,242.1m (31 December 2018: €1,194.3) detailed as follows:

	30 June 2019	31 December 2018
	in €k	in €k
Subsidiary Labelux Group GmbH in Liqu.	1,202,962	1,194,028
Loan and accrued interest to JAB Luxury GmbH	38,851	0
Loan to Labelux Group GmbH in Liqu.	308	285
<b>Total</b>	<b>1,242,121</b>	<b>1,194,313</b>

As of 30 June 2019, the Company has liabilities directly associated with the non-current assets held-for-sale in the amount of €792.5m (31 December 2018: €789.6m).

### 11. Shareholder's equity

#### 11.1 Share capital

The authorised share capital amounts to €90,000 (1,800 shares), of which 363 shares of €50 each (31 December 2018: 363) have been issued and fully paid.

As of 30 June 2019 and 31 December 2018, no shares in the entity are held by the Company or by its subsidiaries or associates.

#### 11.2 Share premium

In the six months period ended 30 June 2019, the Company received no cash contributions to the share premium (six months ended 30 June 2018: €150.3m).

In the reporting period, the Company partly returned the share premium in cash in the amount of €164.3m (six months ended 30 June 2018: €165.1m).

#### 11.3 Legal reserve

As of 30 June 2019, 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 €12,300.0m (31 December 2018: €7,954.4m).

#### 11.4 Retained earnings

In the six months period ended 30 June 2019, no dividend was paid to the parent company JAB Investments out of retained earnings (six months ended 30 June 2018: €0.0).

## JAB Holdings B.V., Amsterdam

### 12. Borrowings

The movements in borrowings can be detailed as follows:

	Long-term notes in €k
Balance as of 31 December 2018	5,952,105
Amortisation disagio and fees	3,756
<b>Balance as of 30 June 2019</b>	<b>5,955,861</b>
Thereof non-current	5,955,861

As of 30 June 2019, the Company has no outstanding payables under its credit facilities (31 December 2018: €0.0m).

### 13. Derivatives

	30 June 2019 in €k	31 December 2018 in €k
Interest rate contracts	27,058	37,261
Foreign exchange contracts	77	762
	<b>27,135</b>	<b>38,023</b>

The fair value of an interest rate swap is the amount that the Company would receive or pay to terminate the swap agreement. The approximate cost to terminate the Company's swap agreements at 30 June 2019 would have been €-27.1m loss (31 December 2018: €-37.3m loss). The agreements were not held for trading purposes and the Company has no current intention to terminate any swap agreements prior to maturity.

### 14. Other current liabilities

	30 June 2019 in €k	31 December 2018 in €k
Accrued interest and other bank fees	26,351	55,226
Other liabilities	1,379	930
	<b>27,730</b>	<b>56,156</b>

## JAB Holdings B.V., Amsterdam

### 15. Net gain / (loss) on subsidiaries, other investments and short-term financial investments

	For the six months ended 30 June 2019 in €k	For the six months ended 30 June 2018 in €k
<b>Net gain / (loss) on subsidiaries at FVTPL</b>		
JAB Forest B.V.	2,648,369	62,193
Pret Panera I G.P.	475,045	431,713
Pret Panera III G.P.	231,278	0
KK G.P.	102,311	0
JAB Cosmetics B.V.	2,103,687	-1,242,627
JAB Holding Company Ltda.	156	0
PetCare GP	-2,835	0
Labelux Group GmbH in Liqu.	8,934	7,400
<b>Net gain / (loss) on other investments at FVTPL</b>		
Reckitt Benckiser Group Plc.	0	-347,160
Others	215	418
<b>Net gain / (loss) on short-term financial investments at FVTPL</b>		
	7,287	0
	<b>5,574,447</b>	<b>-1,088,063</b>

### 16. Dividend income

In the six months period ended 30 June 2019, the Company recognised dividend income from the following investments measured at FVTPL:

	For the six months ended 30 June 2019 in €k	For the six months ended 30 June 2018 in €k
Reckitt Benckiser Group Plc.	0	40,887
Acorn Holdings B.V. preferred dividend	23,384	21,890
	<b>23,384</b>	<b>62,777</b>

## JAB Holdings B.V., Amsterdam

### 17. Finance income and finance expenses

Finance income can be detailed as follows:

	<b>For the six months ended 30 June 2019</b>	<b>For the six months ended 30 June 2018</b>
	in €k	in €k
Interest income on bank deposits	3,041	6,979
Interest income on short-term financial investments	2,299	0
Interest income on loans and receivables	1,274	453
Net foreign exchange gain	0	158,113
	<b>6,614</b>	<b>165,545</b>

Finance expenses can be detailed as follows:

	<b>For the six months ended 30 June 2019</b>	<b>For the six months ended 30 June 2018</b>
	in €k	in €k
Interest expense on financial liabilities	-74,206	-58,480
Net foreign exchange loss	-8,289	0
Bank fees	-4,674	-3,964
Valuation of interest rate contracts	10,203	8,351
	<b>-76,966</b>	<b>-54,093</b>

### 18. General and administrative expenses

General and administrative expenses can be detailed as follows:

	<b>For the six months ended 30 June 2019</b>	<b>For the six months ended 30 June 2018</b>
	in €k	in €k
Salary and personnel related expenses	-1,920	-58
Legal, tax, audit and consultancy fees	-1,299	-548
Others	-12	-7
	<b>-3,231</b>	<b>-613</b>

In the six months period ended 30 June 2019, salary and personnel related expenses mainly relate to new employees.

## JAB Holdings B.V., Amsterdam

### 19. Taxes on income

The taxable amount for the six months period ended 30 June 2019 amounts to zero (six months ended 30 June 2018: zero) and therefore no corporate income tax expense was recognised.

	<b>For the six months ended 30 June 2019</b>	<b>For the six months ended 30 June 2018</b>
	in €k	in €k
Withholding tax on short-term financial investments	-230	0
	<b>-230</b>	<b>0</b>

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.

### 20. Segment Reporting

The Company is focused on generating returns from long-term investments in companies with premium brands and strong growth and margin dynamics. The management monitors the return on capital and the value enhancement of the Company's investment portfolio. For management purposes, the Company is organised into one main operating segment, namely the management of the Company's investments. The management decides on its existing and potential new investments and the funding of its investments on an integrated basis. There are no pre-defined sub-portfolios. The Company's performance is evaluated on an overall basis.

The financial information and results from this segment are equivalent to the Company's financial information as a whole. The Company's sole income is generated by its investment activities. The diversification of its investments is disclosed in Notes 4, 5, 6, 7, 8 and 10.

## JAB Holdings B.V., Amsterdam

### 21. Related parties and transactions with related parties

The related parties are disclosed in the Company's annual financial statements for the year ended 31 December 2018. Related party transactions which have taken place in the period and have materially affected the interim condensed financial statements are disclosed in the notes to the interim condensed financial statements.

### 22. Financial instruments – Fair Value and Risk Management

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

	30 June 2019			31 December 2018		
	Amortised cost in €k	FVTPL in €k	Total in €k	Amortised cost in €k	FVTPL in €k	Total in €k
Assets as per statement of financial position						
Subsidiaries	0	25,651,624	25,651,624	0	21,127,840	21,127,840
Other investments	0	35,149	35,149	0	34,934	34,934
Corporate debt securities	0	852,224	852,224	0	852,224	852,224
Prepayments	2,971	0	2,971	3,583	0	3,583
Loans	65,637	0	65,637	33,965	0	33,965
Other receivables	3,574	270	3,844	304	767	1,071
Short-term financial investments	0	18,201	18,201	0	82,336	82,336
Cash and cash equivalents	1,879,063	0	1,879,063	1,093,420	0	1,093,420
Non-current assets held-for-sale	39,159	1,202,962	1,242,121	285	1,194,028	1,194,313
<b>Total</b>	<b>1,990,404</b>	<b>27,760,430</b>	<b>29,750,834</b>	<b>1,131,557</b>	<b>23,292,129</b>	<b>24,423,686</b>
	30 June 2019			31 December 2018		
	Amortised cost in €k	FVTPL in €k	Total in €k	Amortised cost in €k	FVTPL in €k	Total in €k
Liabilities as per statement of financial position						
Borrowings	5,955,861	0	5,955,861	5,952,105	0	5,952,105
Derivatives	0	27,135	27,135	0	38,023	38,023
Other current liabilities	27,730	0	27,730	56,156	0	56,156
Liabilities directly associated with assets held-for-sale	792,546	0	792,546	789,570	0	789,570
<b>Total</b>	<b>6,776,137</b>	<b>27,135</b>	<b>6,803,272</b>	<b>6,797,831</b>	<b>38,023</b>	<b>6,835,854</b>

## **JAB Holdings B.V., Amsterdam**

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. As of 30 June 2019 and 31 December 2018, cash and cash equivalents were placed with quality financial institutions and could be withdrawn on short notice. Therefore the expected credit loss on cash and cash equivalents 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 30 June 2019, there are no financial instruments included in Level 1 (31 December 2018: JAB Cosmetics B.V. as interim holding company for shares of Coty Inc. that are listed on the New York Stock Exchange).

### **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 foreign exchange contracts, interest rate swaps and short-term financial investments (corporate debt securities in Coty Inc.). Specific valuation techniques used to value these financial instruments include

- 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 balance sheet 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., 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. and corporate debt securities in Acorn Holdings B.V. (31 December 2018: JAB Forest B.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Labelux Group GmbH in Liqu. and corporate debt securities in Acorn Holdings B.V.).



## JAB Holdings B.V., Amsterdam

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 €5,955.9m (31 December 2018: €5,952.1m), the fair value is €6,343.3m (31 December 2018: €6,089.4m) based on dealer-quotes (Level 2). For all other financial assets and liabilities, the carrying amounts are a reasonable approximate of fair values.

	30 June 2019			Total in €k
	Level 1 in €k	Level 2 in €k	Level 3 in €k	
<b>Financial assets at FVTPL</b>				
Subsidiaries and other investments				
Unlisted equity investments	0	0	25,686,773	25,686,773
Non-current assets held-for-sale				
Unlisted equity investments	0	0	1,202,962	1,202,962
Corporate debt securities	0	0	852,224	852,224
Other receivables	0	270	0	270
Short-term financial investments	0	18,201	0	18,201
<b>Total assets</b>	<b>0</b>	<b>18,471</b>	<b>27,741,959</b>	<b>27,760,430</b>
<b>Financial liabilities at FVTPL</b>				
Interest rate contracts	0	27,058	0	27,058
Foreign exchange contracts	0	77	0	77
<b>Total liabilities</b>	<b>0</b>	<b>27,135</b>	<b>0</b>	<b>27,135</b>
	31 December 2018			Total in €k
	Level 1 in €k	Level 2 in €k	Level 3 in €k	
<b>Financial assets at FVTPL</b>				
Subsidiaries and other investments				
Listed equity investments	1,730,281	0	0	1,730,281
Unlisted equity investments	0	0	19,432,493	19,432,493
Non-current assets held-for-sale				
Unlisted equity investments	0	0	1,194,028	1,194,028
Corporate debt securities	0	0	852,224	852,224
Other receivables	0	767	0	767
Short-term financial investments	0	82,336	0	82,336
<b>Total assets</b>	<b>1,730,281</b>	<b>83,103</b>	<b>21,478,745</b>	<b>23,292,129</b>
<b>Financial liabilities at FVTPL</b>				
Interest rate contracts	0	37,261	0	37,261
Foreign exchange contracts	0	762	0	762
<b>Total liabilities</b>	<b>0</b>	<b>38,023</b>	<b>0</b>	<b>38,023</b>

## JAB Holdings B.V., Amsterdam

In the six months period ended 30 June 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 during the six months period ended 30 June 2019 and no transfers in either direction during the six months ended 30 June 2018.

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.

	<b>Subsidiaries</b>	<b>Other</b>	<b>Corporate</b>	<b>Non-current</b>
	Unlisted equity	investments	<b>debt</b>	<b>assets</b>
	investments	investments	<b>securities</b>	<b>held-for-sale</b>
	in €k	in €k	Preferred	Unlisted equity
	in €k	in €k	shares	investments
	in €k	in €k	in €k	in €k
Balance as of 1 January 2019	19,397,559	34,934	852,224	1,194,028
Additions	333,172	0	0	0
Repayment share premium	-1,367,399	0	0	0
Transfers to Level 3	2,930,817	0	0	0
Change in fair value	4,357,475	215	0	8,934
<b>Balance as of 30 June 2019</b>	<b>25,651,624</b>	<b>35,149</b>	<b>852,224</b>	<b>1,202,962</b>

### Subsidiaries and other investments categorised in Level 3

The Company's investments include direct equity participations or debt securities in JAB Forest B.V., JAB Cosmetics B.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Petcare G.P. and Labelux Group GmbH in Liqu. which are not quoted in an active market. The Company uses a market based valuation technique for these investments.

The valuation models were based on market multiples derived from quoted prices of comparable public companies based on industry, size, leverage and strategy.

The following details show the valuation techniques in measuring Level 3 fair values, as well as the unobservable inputs used, for the Company's equity investments:

#### JAB Forest B.V.

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

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

## **JAB Holdings B.V., Amsterdam**

Acorn Holdings B.V.:

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

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

- As of 30 June 2019 and 31 December 2018, KDP is a listed company (New York Stock Exchange). The shares in KDP were valued based on the quoted market price at the reporting date.
- As of 30 June 2019 and 31 December 2018, JDE fair value was calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The following LTM multiples were used for the valuation of JDE: EBITDA multiple of 16.3x (31 December 2018: 14.0x) and P/E multiple of 23.1x (31 December 2018: 20.9x).
- As of 30 June 2019 and 31 December 2018, Peet's Coffee Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Peet's Coffee Group: EBITDA multiple of 18.1x (31 December 2018: 15.7x), P/E multiple of 28.1x (31 December 2018: 24.6x) and Sales multiple of 4.2x (31 December 2018: 3.3x).

The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of these comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

In 2017, JAB Forest B.V. entered into agreements regarding its investment in Acorn Holdings B.V. with certain non-controlling shareholders in this company. Under these agreements certain subsidiaries of JAB Holdings B.V. may be obliged to purchase such person's ordinary shares in Acorn Holdings B.V., conditional on the occurrence of Acorn Holdings B.V.'s engagement in certain business activities. Since the Company controls Acorn Holdings B.V. this contingent obligation is under the Company's control. Acorn Holdings B.V. has not engaged in such business activities as of 30 June 2019 and 31 December 2018. In the event certain subsidiaries of JAB Holdings B.V. are required to purchase the ordinary shares of any such non-controlling shareholder of Acorn Holdings B.V., then JAB Forest B.V. may be obliged to subscribe for ordinary shares. JAB Forest B.V. qualified these contingent payment obligations as financial instruments. As of 30 June 2019 and 31 December 2018, the financial instruments fair value is measured close to 0 since the probability of the cash-outflow upon this agreement is estimated to be remote.

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

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

## **JAB Holdings B.V., Amsterdam**

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

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

In 2018, the JAB Holding Company S.à r.l. Group (JAB Group) entered into an agreement with Pret Panera I GP, Pret Panera Holding Company Inc. and certain other persons that hold direct or indirect non-controlling interests in Pret Panera Holding Company Inc. Under this agreement, certain of these non-controlling shareholders can request an IPO of Pret Panera Holding Company Inc. after April 1st, 2023. Upon such request, Pret Panera Holding Company Inc., at its option, may purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. If such IPO is not completed within 13 months, JAB Group may be obliged to purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. JAB Group has qualified the contingent obligation to purchase such person's interest as a financial instrument. Its fair value is 0, since it is exercisable at the fair value of the underlying item.

### KK G.P.

The Company is invested in Krispy Kreme Group through a 49.6% investment in KK G.P.

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

- As of 30 June 2019 and 31 December 2018, Krispy Kreme Group's fair value was calculated applying multiples that were derived from selected publicly listed companies with 40% EBITDA, 40% P/E and 20% Sales multiple weighting. The following LTM multiples were used for the valuation of Krispy Kreme Group: EBITDA multiple of 19.4x (31 December 2018: 16.9x), P/E multiple of 26.9x (31 December 2018: 24.4x) and Sales multiple of 4.0x (31 December 2018: 3.2x).

## **JAB Holdings B.V., Amsterdam**

- The multiples applied to the LTM figures ending June 2019 and December 2018 are the median of the LTM multiples of the peer group consisting of comparable publicly listed companies. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for minorities and financial assets.

In 2018, JAB Group entered into an agreement with KK GP, Krispy Kreme Holdco Inc. and certain other persons that hold direct or indirect non-controlling interests in Krispy Kreme Holdco Inc. Under this agreement, certain of these non-controlling shareholders can request an IPO of Krispy Kreme Holdco Inc. after April 1st, 2023. Upon such request, Krispy Kreme Holdco Inc, at its option, may purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. If such IPO is not completed within 13 months, JAB Group may be obliged to purchase such person's interest at a purchase price equal to the fair market value determined close to the acquisition date. JAB Group has qualified the contingent obligation to purchase such person's interest as a financial instrument. Its fair value is 0, since it is exercisable at the fair value of the underlying item.

### JAB Cosmetics B.V.

The Company is 100% shareholder of JAB Cosmetics B.V. JAB Cosmetics B.V. was direct shareholder of an investment in Coty Inc. as of 31 December 2018. In March 2019, JAB Cosmetics B.V. founded a new subsidiary, Cottage Holdco B.V. and subsequently contributed its investment in Coty Inc. to the newly established 100% owned holding company.

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

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

### Petcare G.P.

The Company is invested in Compassion-First (VSNA LLC) through a 33.1% investment in Petcare G.P.

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

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

## **JAB Holdings B.V., Amsterdam**

### Labelux Group GmbH

The Company is the sole owner of Labelux Group GmbH, Switzerland. This entity is a direct shareholder of further interim holding companies and their investment in the luxury goods company Bally International AG (Bally). The Company has the intention to dispose of its investment in Labelux Group GmbH and therefore classified the shares as assets held for sale.

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

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

### Corporate debt securities Acorn Holdings B.V.

The Company holds preferred shares in Acorn Holdings B.V.

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

## **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 in the amount of €1,420.0m (increase) / €-1,335.7m (decrease) (31 December 2018: €1,082.2m increase/decrease). As of 30 June 2019 and 31 December 2018, the sensitivity to unobservable inputs comprises the investment in Acorn Holdings B.V., Pret Panera I G.P., Pret Panera III G.P. and KK G.P.

## **Overview financial risk factors**

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

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

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

## **JAB Holdings B.V., Amsterdam**

### **23. Subsequent events**

In June 2019, it was announced that JAB Group together with JAB Consumer Fund will acquire National Veterinary Associates, one of the largest veterinary and pet care services organizations in the world. The transaction is expected to be completed in 2019. JAB Group and JAB Consumer Fund will together make an equity investment of approximately \$3.3bn as part of the financing of the transaction that was committed by JAB Group at signing, will be contributed by JAB Group at closing and finally allocated to JAB Group and JAB Consumer Fund. The final JAB Holdings B.V. equity contribution will amount to not more than €1.1bn.

As at 30 June 2019 JAB Holdings B.V. had a €0.8bn payable to Labelux Group GmbH (liabilities directly associated with non-current assets held-for-sale). The loan was distributed by Labelux Group GmbH to JAB Holdings B.V. in July 2019 and ceased to exist.

In July 2019 a new governance structure for JAB Holdings B.V. was implemented. Joachim Creus and Fabien Simon replaced the former managing directors. Peter Harf and Olivier Goudet were appointed as supervisory board members.

The share price of Cottage Holdco B.V. subsidiary Coty Inc. decreased from \$13.40 at 30 June 2019 to \$9.39 at 4 September 2019.

Amsterdam, 6 September 2019

The Board of Directors:

J. Creus

F. Simon



## **Review report**

To: the Board of Directors of JAB Holdings B.V.

### ***Introduction***

We have reviewed the accompanying Interim Condensed Financial Statements as at and for the six-months period ended 30 June 2019 of JAB Holdings B.V., Amsterdam, which comprises the Interim Condensed Statement of Financial Position as at 30 June 2019, the Interim Condensed Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity, and the Interim Condensed Cash Flow Statement for the six-months period ended 30 June 2019, and the notes, comprising a summary of the significant accounting policies and other explanatory information. The Board of Directors of the Company is responsible for the preparation and presentation of these Interim Condensed Financial Statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Financial Statements based on our review.

### ***Scope***

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

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

Amstelveen, 6 September 2019

KPMG Accountants N.V.

L.A. Ekkels RA