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 2018

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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 2018.

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 generating superior returns from long-term investments in companies with premium brands and strong growth and margin dynamics. The Board of Directors monitors the return on capital and the value enhancement of the Company's investment portfolio.

Investments

As of 30 June 2018, the Company's portfolio includes participations in Reckitt Benckiser Group Plc., Coty Inc. (through JAB Cosmetics B.V.), Acorn Holdings B.V. and JAB Coffee Holding B.V. (both through JAB Forest B.V.), Beech I G.P. and JAB Luxury GmbH (through Labelux Group GmbH).

In the six months period ended 30 June 2018, the Company has sold Reckitt Benckiser Group Plc shares for €931.5m and has invested in Beech I G.P. shares for €236.4m.

As of 30 June 2018, the investment in JAB Cosmetics B.V. was valued at €3,514.9m. In the six months period ended 30 June 2018, the investment's value decreased by €1,242.6m.

As of 30 June 2018, the investment in Reckitt Benckiser Group Plc. was valued at €1,520.9m. In the six months period ended 30 June 2018, the value of the shares decreased by €347.2m and the Company received dividend income of €40.9m.

The cash flows from investing activities include received dividends (€62,8m), capital transactions with subsidiaries (€-223.4m), disposal of other investments (€931.5m), loan transactions (€22.5m) and interests received (€3.3m).

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

<u>JAB Forest B.V.:</u>

The Company is 100% shareholder of JAB Forest B.V. The entity holds 61.4% of Acorn Holdings B.V. and a 56.1% participation in JAB Coffee Holding B.V.

As of 30 June 2018, the shares in JAB Forest B.V. were valued at €9,898.6m. A fair value adjustment of €62.2m was recognised in the statement of profit or loss.

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 Jacob Douwe Egberts B. V. (JDE) and Keurig Green Mountain Inc. (KGM).

As of 30 June 2018, the investment's fair value is based on the value per share of at-arms' length transactions in Acorn Holdings B.V. shares in July 2018.

As of 31 December 2017, the JDE and KGM fair value were calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The multiples applied to the LTM figures ending December 2017 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.

The following LTM multiples were used for the valuation of JDE and KGM as of December 2017: EBITDA multiple of 15.2x and P/E multiple of 23.8x.

For further information, we also include the related NTM multiples for the same peer group of selected publicly listed companies as of December 2017: EBITDA multiple of 13.8x and P/E multiple of 21.5x.

JAB Coffee Holding B.V.:

JAB Coffee Holding B.V is shareholder of further interim holding companies and their investment in Espresso House Holding AB ("Espresso House").

As of 30 June 2018 and 31 December 2017, Espresso House 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 multiples applied to the LTM figures ending June 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.

The following LTM multiples were used for the valuation of Espresso House: Sales multiples of 2.5x (31 December 2017: 2.5x), EBITDA multiple of 16.5x (31 December 2017: 16.3x) and P/E multiple of 23.9x (31 December 2017: 25.5x).

For further information, we also include the related NTM multiples for the same peer group of selected publicly listed companies: Sales multiple of 2.4x (31 December 2017: 2.3x), EBITDA multiple of 14.1x (31 December 2017: 13.8x) and P/E multiple of 20.7x (31 December 2017: 20.2x).

JAB Holdings B.V., Amsterdam

Beech I G.P.:

The Company is 60.2% shareholder of Beech I G.P. Beech I G.P. is shareholder of further interim holding companies and their investments in Peet's Operating Company Inc. ("Peet's"), Caribou Coffee Company Inc. ("Caribou"), Krispy Kreme Holdings Inc. ("Krispy Kreme") and Panera Bread Company ("Panera").

As of 30 June 2018, the shares in Beech I G.P. were valued at €3,991.7m. A fair value adjustment of €431.7m was recognised in the statement of profit or loss.

As of 30 June 2018 and 31 December 2017, Peet's, Caribou's and Krispy Kreme'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.

Beech I G.P. investment in Panera, occurred in the second half of 2017. As of 31 December 2017, management assessed the original acquisition cost to be the best fair value estimate. As of 30 June 2018, Panera'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 multiples applied to the LTM figures ending June 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.

For Peet's the following LTM multiples were used for the valuation: EBITDA multiple of 17.1x (31 December 2017: 16.8x), P/E multiple of 25.2x (31 December 2017: 28.3x) and sales multiple of 3.8x (31 December 2017: 4.0x).

For Caribou the following LTM multiples were used for the valuation: EBITDA multiple of 15.5x (31 December 2017: 15.8x), P/E multiple of 24.2x (31 December 2017: 28.1x) and sales multiple of 1.8x (31 December 2017: 1.5x).

For Krispy Kreme the following LTM multiples were used for the valuation: EBITDA multiple of 17.1x (31 December 2017: 16.7x), P/E multiple of 24.5x (31 December 2017: 28.3x) and sales multiple of 3.0x (31 December 2017: 3.2x).

For Panera the following LTM multiples were used for the valuation: EBITDA multiple of 17.4x, P/E multiple of 25.1x and sales multiple of 3.0x.

For further information, we also include the related NTM multiples for the same peer group of selected publicly listed companies:

Peet's NTM multiples: EBITDA multiple of 16.8x (31 December 2017: 15.4x), P/E multiple of 22.1x (31 December 2017: 24.3x) and Sales multiple of 3.6x (31 December 2017: 3.5x).

Caribou NTM multiples: EBITDA multiple of 14.6x (31 December 2017: 14.1x), P/E multiple of 21.7x (31 December 2017: 23.9x) and Sales multiple of 1.7x (31 December 2017: 1.3x).

Krispy Kreme NTM multiples: EBITDA multiple of 17.3x (31 December 2017: 15.4x), P/E multiple of 21.2x (31 December 2017: 24.3x) and Sales multiple of 2.9x (31 December 2017: 3.1x).

Panera NTM multiples: EBITDA multiple of 17.4x, P/E multiple of 22.1x and Sales multiple of 2.7x.

Labelux Group GmbH:

Labelux Group GmbH is the sole owner of Labelux Group GmbH, Switzerland. This entity is a direct shareholder of further interim holding companies and their investment in the luxury goods company Bally International AG (Bally). 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 2018, the shares in Labelux Group GmbH were valued at €1,180.5m. A fair value adjustment of €7.4m was recognised in the statement of profit or loss.

As of 30 June 2018 and 31 December 2017, the investment's fair value was based on the value per share of an at-arms' length transaction in Bally International AG shares in February 2018.

Corporate debt securities Acorn Holdings B.V.:

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

The Company's investment in the preferred shares in Acorn Holdings B.V. occurred in the fourth quarter of 2017. As of 30 June 2018 and 31 December 2017, management assessed the original acquisition cost to be the best fair value estimate.

Financing

As of 30 June 2018, the Company has borrowings of in total €5,948.6m (31 December 2017: €4,460.0m). The outstanding amount in the current period consists of long-term notes with a carrying value of €5,948.6m (31 December 2017: €4,460.0m). Thereof, long-term notes with an aggregate principal amount of €1,500.0m were issued in the six months period ended 30 June 2018.

As of 30 June 2018, the Company has unused credit facilities, which reduce liquidity risk. There are no outstanding amounts under the credit facilities as of 30 June 2018 (31 December 2017: €0.0m).

The cash flows from financing activities include capital transactions with the shareholder (€-14.7m), interest and bank fees paid (€-76.0m) and the net change in borrowings (€1,493.2m).

In the six months period ended 30 June 2018, the Company's equity decreased from €18,183.5m to €17,254.3m, mainly due to a decrease in the fair value of the Company's investment portfolio.

As of 30 June 2018, cash and cash equivalents amount to €3,033.5m (31 December 2017: €1,173.9m). In the six months period ended 30 June 2018, the Company recognised net foreign exchange gains of €158,1m.

JAB Holdings B.V., Amsterdam

Financial information

The result for the six months period ended 30 June 2018 amounts to €-914.4m, mainly relating to the net loss on subsidiaries and other investments (€-1,088.1m). Finance expenses of €54.1m include €50.1m interest expense.

Future developments and outlook

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

In January 2018, it was announced that Keurig Green Mountain and Dr Pepper Snapple Group Inc. have entered into a definitive agreement to create Keurig Dr Pepper (“KDP”), a new beverage company of scale with a portfolio of iconic consumer brands and unrivalled distribution capability to reach virtually every point-of-sale in North America. In July 2018, the transaction was closed. For the closing JAB Holdings B.V. has made a capital contribution to JAB Forest B.V. for a capital contribution to Acorn Holdings B.V. amounting to $3,350m.

In May 2018, it was announced that JAB Group together with JAB Consumer Fund and other equity partners will acquire Pret A Manger ("Pret"), a leading company in the ready-to-eat food market. The transaction is expected to be completed in 2018. JAB Group, JAB Consumer Fund and other equity partners will together make an equity investment of approximately £1.0bn as part of the financing of the transaction that was committed by JAB Group at signing of the transaction and will be finally allocated to JAB Group, JAB Consumer Fund and the other investors. JAB Group will make an equity contribution of not more than €0.4bn.

After 30 June 2018, JAB Holdings B.V. has sold Reckitt Benckiser shares, reducing its shareholding to below 3%.

In August 2018, JAB Holdings B.V. has made a capital contribution to JAB Cosmetics B.V. for the acquisition of Coty Inc. shares for an amount of $32m.

Amsterdam, 17 September 2018

Managing Directors:

M. Broers

C. Thun-Hohenstein

JAB Holdings B.V., Amsterdam

Interim Condensed Statement of Financial Position as of 30 June 2018

(after appropriation of result)

	Note	30 June 2018 in €k	30 June 2018 in €k	31 December 2017 restated* in €k	31 December 2017 restated* in €k
Non-current assets					
Subsidiaries	5	17,405,234		17,947,823	
Other investments	6	1,555,246		2,816,312	
Coporate debt securities	7	852,224		852,224	
Prepayments	9	4,196		4,809	
			19,816,900		21,621,168
Current assets					
Loans	8	22,602		54,185	
Derivatives	10	0		1,079	
Other receivables	11	3,894		239	
Cash and cash equivalents	12	3,033,533		673,761	
Assets held-for-sale	4	1,189,897		1,173,390	
			4,249,926		1,902,654
			24,066,826		23,523,822
Shareholder's equity	13				
Issued share capital		18		18	
Share premium		6,293,673		6,308,399	
Retained earnings		10,960,617		11,875,064	
			17,254,308		18,183,481
Non-current liabilities					
Borrowings	14	5,948,613		4,459,990	
			5,948,613		4,459,990
Current liabilities					
Derivatives	15	48,784		57,135	
Other current liabilities	16	28,555		39,601	
Liabilities directly associated with assets held-for-sale	4	786,566		783,615	
			863,905		880,351
			24,066,826		23,523,822

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

The notes on pages 12 to 33 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 2018

	Note	For the six months ended 30 June 2018 in €k	For the six months ended 30 June 2017 restated* in €k
Net gain / (loss) on subsidiaries and other investments	17	**-1,088,063**	**550,649**
Dividend income	18	**62,777**	**63,129**
Finance income	19	**165,545**	**1,759**
Finance expenses	19	**-54,093**	**-116,145**
General and administrative expenses	20	**-613**	**-739**
Result before income taxes		**-914,447**	**498,653**
Income tax expense	21	**0**	**0**
Result for the period		**-914,447**	**498,653**
Total comprehensive income attributable to equity holder		**-914,447**	**498,653**

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

The notes on pages 12 to 33 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 2018

	Note	Issued share capital in €k	Share premium in €k	Fair value reserve in €k	Retained earnings in €k	Total equity in €k
Balance as of 1 January 2017, as previously reported		18	6,452,510	8,842,076	2,126,796	17,421,400
Adjustment from adoption of IFRS 9		0	0	-8,842,076	8,842,076	0
Balance as of 1 January 2017 restated*		**18**	**6,452,510**	**0**	**10,968,872**	**17,421,400**
Result for the period		0	0	0	498,653	498,653
Total recognised income and expense		0	0	0	498,653	498,653
Contributions	13.2	0	377,414	0	0	377,414
Repayment of share premium	13.2	0	-492,333	0	0	-492,333
Balance as of 30 June 2017		**18**	**6,337,591**	**0**	**11,467,525**	**17,805,134**
Balance as of 1 January 2018		**18**	**6,308,399**	**0**	**11,875,064**	**18,183,481**
Result for the period		0	0	0	-914,447	-914,447
Total recognised income and expense		0	0	0	-914,447	-914,447
Contributions	13.2	0	150,324	0	0	150,324
Repayment of share premium	13.2	0	-165,050	0	0	-165,050
Balance as of 30 June 2018		**18**	**6,293,673**	**0**	**10,960,617**	**17,254,308**

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

JAB Holdings B.V., Amsterdam

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

	Note	For the six moths ended 30 June 2018 in €k	For the six moths ended 30 June 2017 restated* in €k
Cash flows from operating activities			
Result for the period		**-914,447**	498,653
Adjustments for:			
Dividend income	18	**-62,777**	-63,129
Net gain / (loss) from change in fair value of subsidiaries and other investments	17	**1,088,063**	-550,649
Finance income and expenses	19	**-111,452**	114,386
		-613	-739
Change in other receivables		**4**	5
Change in other current liabilities		**1,499**	-414
Net foreign exchange loss/gain		**114,634**	-4,807
Net cash from / (used in) operating activities		**115,524**	-5,955
Cash flows from investing activities			
Dividends received	18	**62,777**	63,129
Capital repayments from subsidiaries	5	**126,296**	114,087
Additions to subsidiaries and other investments	5, 6	**-349,646**	-89,997
Disposal of other investments	6	**931,542**	0
Interest received		**3,342**	480
New loans	8	**-10,775**	-35,020
Repayment loans	8	**33,320**	0
Net cash from / (used in) investing activities		**796,856**	52,679
Cash flows from financing activities			
Repayment of share premium	13.2	**-165,050**	-492,333
Contribution shareholders	13.2	**150,324**	375,555
Interest paid (including settlement of derivatives)		**-72,662**	-48,054
Bank fees		**-3,351**	-2,909
New borrowings	14	**1,493,198**	1,840,343
Repayment borrowings	14	**0**	-1,112,500
Net cash from / (used in) financing activities		**1,402,459**	560,102
Movement in cash and cash equivalents		**2,314,839**	606,826
Cash and cash equivalents as of 1 January		**673,761**	179,506
Effects of exchange rate changes on cash and cash equivalents		**44,933**	-9,207
Cash and cash equivalents as of 30 June	12	**3,033,533**	777,125

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

The notes on pages 12 to 33 are an integral part of these interim condensed financial statements.

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 2017, as they provide an update of previously reported information. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2. Statement of compliance

The interim condensed financial statements for the six months period ended 30 June 2018 have been prepared applying the same accounting policies as are applied in the Company's annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements.

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

The interim financial statements for the six months period ended 30 June 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

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

3. Significant accounting policies

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

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 2017, except for new significant judgements related to the application of IFRS 9, which are described in Note 3.

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 2017, as are the methods of computation,

New and amended standards adopted by the Company

A number of new standards issued by the International Accounting Standards Board (IASB) are effective for the first time for an accounting period that begins on or after 1 January 2018. The adoption of the following standards had a significant impact on the Company's financial statements.

IFRS 9 Financial Instruments

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

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

Financial assets and liabilities

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

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

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

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

Impact of adoption of IFRS 9

Impact of adoption of IFRS 9 solely relates to designation of the Company's investments at FVTPL. The 'expected credit loss' model has not had an impact on the Company's accounts. The effect of adopting IFRS 9 on the statement of financial position is as follows:

	31 December 2017 As originally presented in €k	IFRS 9 in €k	31 December 2017 Restated in €k
Non-current assets			
Subsidiaries	17,947,823	0	17,947,823
Other investments	2,816,312	0	2,816,312
Corporate debt securities	852,224	0	852,224
Prepayments	4,809	0	4,809
	21,621,168	0	21,621,168
Current Assets			
Loans	54,185	0	54,185
Derivatives	1,079	0	1,079
Other receivables	239	0	239
Cash and cash equivalents	673,761	0	673,761
Non-current assets held-for-sale	1,173,390	0	1,173,390
	1,902,654	0	1,902,654
	23,523,822	0	23,523,822
Shareholder's equity			
Issued share capital	18	0	18
Share premium	6,308,399	0	6,308,399
Fair value reserve	8,435,984	-8,435,984	0
Fair value reserve relating to non-current assets held-for-sale	373,746	-373,746	0
Retained earnings	3,065,334	8,809,730	11,875,064
	18,183,481	0	18,183,481
Non-current liabilities			
Borrowings	4,459,990	0	4,459,990
	4,459,990	0	4,459,990
Current liabilities			
Derivatives	57,135	0	57,135
Other current liabilities	39,601	0	39,601
Liabilities directly associated with assets held-for-sale	783,615	0	783,615
	880,351	0	880,351
	23,523,822	0	23,523,822

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

	For the six months ended 30 June 2017 As originally presented	IFRS 9	For the six months ended 30 June 2017 Restated
	in €k	in €k	in €k
Net gain / (loss) on subsidiaries and other investments	0	550,649	550,649
Dividend income	63,129	0	63,129
Finance income	1,759	0	1,759
Finance expenses	-116,145	0	-116,145
General and administrative expenses	-739	0	-739
Result before income taxes	-51,996	550,649	498,653
Income tax expense	0	0	0
Result for the period	-51,996	550,649	498,653
Items that may be reclassified subsequently to profit and loss:			
Available-for-sale financial assets - net change in fair value	550,649	-550,649	0
Other comprehensive income	550,649	-550,649	0
Total comprehensive income attributable to equity holder	498,653	0	498,653

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

Reclassification

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

Financial assets - 1 January 2018	**FVTPL**	**FVOCI (available-for-sale 2017)**	**Amortised cost (loans and receivables 2017)**
	in €k	**in €k**	**in €k**
Closing balance 31 December 2017 - IAS 39	**1,079**	**22,789,508**	**733,235**
Reclassify subsidiaries, other investments and corporate debt securities from available-for-sale to FVTPL	22,789,508	-22,789,508	0
Opening balance 1 January 2018 - IFRS 9	**22,790,587**	**0**	**733,235**

New standards and interpretations not yet adopted by the Company

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these interim condensed financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

4. 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.

As of 30 June 2018, the non-current assets held-for-sale comprised assets of €1,189.9m detailed as follows:

	30 June 2018 in €k	**31 December 2017** in €k
Subsidiary Labelux Group GmbH	1,180,550	1,173,149
Loan and accrued interest to JAB Luxury GmbH	9,084	0
Loan to Labelux Group GmbH	263	241
Total	**1,189,897**	**1,173,390**

As of 30 June 2018, the Company has liabilities directly associated with the non-current assets held-for-sale in the amount of €786.6m (31 December 2017: €783.6m).

5. Subsidiaries

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

	30 June 2018 %	31 December 2017 %
JAB Cosmetics B.V., Amsterdam, Netherlands	100.0	100.0
JAB Forest B.V., Amsterdam, Netherlands	100.0	100.0
Labelux Group GmbH, Vienna, Austria	100.0	100.0
Beech I G.P., USA	60.2	56.4

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

	JAB Cosmetics B.V. in €k	JAB Forest B.V. in €k	Beech I G.P. in €k	Total in €k
Balance as of 31 December 2017	4,749,261	9,875,030	3,323,532	17,947,823
Additions	68,929	27,064	236,435	332,428
Repayment share premium	-60,646	-65,650	0	-126,296
Change in fair value	-1,242,627	62,193	431,713	-748,721
Balance as of 30 June 2018	**3,514,917**	**9,898,637**	**3,991,680**	**17,405,234**

6. Other investments

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

	Reckitt Benckiser Group Plc. in €k	Others in €k	Total in €k
Balance as of 31 December 2017	2,799,636	16,676	2,816,312
Additions	0	17,218	17,218
Disposal	-931,542	0	-931,542
Change in fair value	-347,159	417	-346,742
Balance as of 30 June 2018	**1,520,935**	**34,311**	**1,555,246**

The Company is a minority investor in Reckitt Benckiser Group Plc. with a share of approximately 3.1% as of 30 June 2018 (31 December 2017: 5.1%). Reckitt Benckiser Group Plc. is a listed Company (London Stock Exchange).

7. Corporate debt securities

In October and December 2017, the Company acquired perpetual preferred shares in Acorn Holdings B.V. for an amount of €852.2m. These preferred shares are classified as financial assets measured at FVTPL and, as of 30 June 2018, have fixed interest rates of 6.0 to 6.5% (31 December 2017: 5.5 to 6.0%).

8. Loans

The movements in the loans were as follows:

	JAB Management in €k	JAB Holding Company LLC in €k	Total in €k
Balance as of 31 December 2017	51,032	3,153	54,185
Additions	1,782	36	1,818
Repayments	-33,025	0	-33,025
Translation differences	-468	92	-376
	19,321	**3,281**	**22,602**
Thereof current	19,321	3,281	22,602

9. Prepayments

The prepayments amounting to €4.2m relate to prepaid bank fees, which are amortised over the period of the terms of the underlying credit facilities, or expensed at early termination of such facilities (31 December 2017: €4.8m).

10. Derivatives

As of 30 June 2018, the Company holds no foreign exchange contracts (31 December 2017: foreign exchange contracts with a fair value of €1.1m).

11. Other receivables

	30 June 2018	31 December 2017
	in €k	in €k
Accrued interest	3,891	231
Others	3	8
	3,894	**239**

12. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2018 include bank deposits and liquidity funds available on demand in the amount of €3,033.5m (31 December 2017: €673.8m).

13. Shareholder's equity

13.1 Share capital

The authorised share capital amounts to €90,000 (1,800 shares), of which 363 shares of €50 each (31 December 2017: 363) have been issued and fully paid.

As of 30 June 2018 and 31 December 2017, no shares in the entity are held by the Company or by its subsidiaries or associates.

13.2 Share premium

In the six months period ended 30 June 2018, the Company received contributions in cash of €150.3m (2017: €375.6m). In the reporting period, the Company made share premium cash repayments to JAB Investments S.à r.l. amounting to €165.1m. (2017: €492.3m)

13.3 Retained earnings

On adoption of IFRS 9 the fair value reserve as of 1 January 2017 amounting to €8,842.1m was transferred to the retained earnings.

In the six months period ended 30 June 2018, no dividend was paid to the parent company JAB Investments out of retained earnings (2017: €0.0).

14. Borrowings

	Long-term Notes in €k
Balance as of 31 December 2017	4,459,990
Additions/Repayments	1,485,821
Amortisation disagio and fees	2,802
Balance as of 30 June 2018	**5,948,613**

As of 30 June 2018, the Company has no outstanding payables under its credit facilities (31 December 2017: €0.0m).

In June 2018, the Company issued long-term notes in the aggregate principal amount of €750.0m (DE000A1919H2) and €750.0m (DE000A1919G4). The notes are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange. The notes are unconditionally and irrevocably guaranteed by JAB Holdings Company S.à r.l. As of 30 June 2018, thereof notes with a carrying value of €740.7m are maturing in June 2026 and notes with a carrying value of €745,1m are maturing in June 2029.

15. Derivatives

	30 June 2018 in €k	**31 December 2017** in €k
Interest rate contracts	48,784	57,135
	48,784	**57,135**

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 2018 would have been €48.8m loss (31 December 2017: €57.1m loss). The agreements were not held for trading purposes and the Company has no current intention to terminate any swap agreements prior to maturity.

16. Other current liabilities

	30 June 2018 in €k	**31 December 2017** in €k
Accrued interest and other bank fees	26,091	38,650
Other liabilities	2,464	951
	28,555	**39,601**

JAB Holdings B.V., Amsterdam

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

	For the six months ended 30 June 2018 in €k	For the six months ended 30 June 2017 in €k
Net gain / (loss) on subsidiaries		
(at fair value through profit or loss)		
JAB Cosmetics B.V.	-1,242,627	-196,794
JAB Forest B.V.	62,193	250,254
Beech I G.P.	431,713	0
Labelux Group GmbH	7,400	39,983
Net gain / (loss) on other investments		
(at fair value through profit or loss)		
Reckitt Benckiser Group Plc.	-347,160	458,654
Others	418	-1,448
	-1,088,063	**550,649**

18. Dividend income

Dividend income can be specified as follows:

	For the six months ended 30 June 2018 in €k	For the six months ended 30 June 2017 in €k
Reckitt Benckiser	40,887	63,129
Acorn Holdings B.V. (corporate debt securities)	21,890	0
	62,777	**63,129**

19. Finance income and expense

Finance income can be specified as follows:

	For the six months ended 30 June 2018 in €k	For the six months ended 30 June 2017 in €k
Net foreign exchange gain including foreign exchange contracts	158,113	0
Interest income on loans and receivables	453	1,240
Interest income on bank deposits	6,979	519
	165,545	**1,759**

Finance expenses can be specified as follows:

	For the six months ended 30 June 2018 in €k	For the six months ended 30 June 2017 in €k
Interest expense on financial liabilities	-58,480	-46,049
Bank fees	-3,964	-3,522
Valuation of interest rate contracts	8,351	14,162
Net foreign exchange loss including foreign exchange contracts	0	-80,736
	-54,093	**-116,145**

20. General and administrative expenses

General and administrative expenses can be detailed as follows:

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
	in €k	in €k
Salary and personnel related expenses	-58	-239
Legal, tax, audit and consultancy fees	-548	-492
Others	-7	-8
	-613	**-739**

21. Taxes on income

The taxable amount for the six months period ended 30 June 2018 amounts to zero (six months ended 30 June 2017: zero) and therefore no corporate income tax expense was recognised.

22. Segment Reporting

The Company is focused on generating superior 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 5, 6, 7 and 8.

23. 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 2017. Related party transactions which have taken place in the period and have materially affected the interim condensed financial statements are disclosed in the notes to the interim condensed financial statements.

24. Financial instruments – Fair Value and Risk Management

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

	30 June 2018			31 December 2017		
	Amortised cost	Fair value through profit and loss	Total	Amortised cost	Fair value through profit and loss	Total
	in €k	in €k	in €k	in €k	in €k	in €k
Assets as per balance sheet						
Subsidiaries	0	17,405,234	17,405,234	0	17,947,823	17,947,823
Other investments	0	1,555,246	1,555,246	0	2,816,312	2,816,312
Corporate debt securities	0	852,224	852,224	0	852,224	852,224
Loans	22,602	0	22,602	54,185	0	54,185
Prepayments	4,196	0	4,196	4,809	0	4,809
Derivatives	0	0	0	0	1,079	1,079
Other receivables	3,894	0	3,894	239	0	239
Cash and cash equivalents	3,033,533	0	3,033,533	673,761	0	673,761
Non-current assets held-for-sale	9,347	1,180,550	1,189,897	241	1,173,149	1,173,390
Total	**3,073,572**	**20,993,254**	**24,066,826**	**733,235**	**22,790,587**	**23,523,822**

	30 June 2018			31 December 2017		
	Other financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Total	Other financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Total
	in €k	in €k	in €k	in €k	in €k	in €k
Liabilities as per balance sheet						
Borrowings	5,948,613	0	5,948,613	4,459,990	0	4,459,990
Derivatives	0	48,784	48,784	0	57,135	57,135
Other current liabilities	28,555	0	28,555	39,601	0	39,601
Liabilities directly associated with assets held-for-sale	786,566	0	786,566	783,615	0	783,615
Total	**6,763,734**	**48,784**	**6,812,518**	**5,283,206**	**57,135**	**5,340,341**

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. As of 30 June 2018 and 31 December 2017, Cash and cash equivalents were placed with quality financial institutions and could be withdrawn on short notice. Therefore the expected credit loss on cash and cash equivalents was immaterial, as well as the identified impairment loss for the other financial assets subject to the expected credit loss model.

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

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if 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. Financial instruments included in Level 1 comprise shares of Reckitt Benckiser Group Plc. that is listed on the London Stock Exchange and 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 and interest rate swaps. 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., Beech I G.P., Labelux Group GmbH and corporate debt securities in Acorn Holdings B.V.

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 €5,948.6m (31 December 2017: €4,460.0m), the fair value is €6,105.9m (31 December 2017: €4,695.0m) based on dealer-quotes (Level 2). For all other financial assets and liabilities the carrying amounts are a reasonable approximate of fair values.

	Level 1 in €k	Level 2 in €k	Level 3 in €k	Total in €k
Financial assets at fair value through profit or loss				
Subsidiaries and other investments				
Listed equity investments	5,035,852	0	0	5,035,852
Unlisted equity investments	0	0	13,924,628	13,924,628
Non-current assets held-for-sale				
Unlisted equity investments	0	0	1,180,549	1,180,549
Corporate debt securities				
Preferred shares	0	0	852,224	852,224
Total assets	**5,035,852**	**0**	**15,957,402**	**20,993,253**
Financial liabilities at fair value through profit or loss				
Interest rate contracts	0	48,784	0	48,784
Total liabilities	**0**	**48,784**	**0**	**48,784**

	31 December 2017			
	Level 1 in €k	**Level 2** in €k	**Level 3** in €k	**Total** in €k
Financial assets at fair value through profit or loss				
Subsidiaries and other investments				
Listed equity investments	7,548,897	0	0	7,548,897
Unlisted equity investments	0	0	13,215,238	13,215,238
Non-current assts held-for-sale				
Unlisted equity investments	0	0	1,173,149	1,173,149
Corporate debt securities				
Preferred shares	0	0	852,224	852,224
Foreign exchange contracts	0	1,079	0	1,079
Total assets	**7,548,897**	**1,079**	**15,240,611**	**22,790,587**
Financial liabilities at fair value through profit or loss				
Interest rate contracts	0	57,135	0	57,135
Total liabilities	**0**	**57,135**	**0**	**57,135**

There were no transfers between the levels during the period.

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.

	Subsidiaries Unlisted equity investments **30 June 2018** in €k	**Other investments** Unlisted equity investments **30 June 2018** in €k	**Corporate debt securities** Preferred shares **30 June 2018** in €k	**Non-current assets held-for-sale** Unlisted equity investments **30 June 2018** in €k
Balance as of 1 January	13,198,562	16,676	852,223	1,173,149
Additions	263,499	17,218	0	0
Repayment share premium	-65,650	0	0	0
Fair value adjustment	493,906	417	0	7,400
Balance as of 30 June	**13,890,317**	**34,311**	**852,223**	**1,180,549**

Subsidiaries and other investments categorised in Level 3

The Company's investments include direct equity participations or debt securities in JAB Forest B.V., Beech I G.P., Acorn Holdings B.V. and Labelux Group GmbH, 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 61.4% of Acorn Holdings B.V. and a 56.1% participation in JAB Coffee Holding B.V.

As of 30 June 2018, the shares in JAB Forest B.V. were valued at €9,898.6m. A fair value adjustment of €62.2m was recognised in the statement of profit or loss.

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 Jacob Douwe Egberts B. V. (JDE) and Keurig Green Mountain Inc. (KGM).

As of 30 June 2018, the investment's fair value is based on the value per share of at-arms' length transactions in Acorn Holdings B.V. shares in July 2018.

As of 31 December 2017, the JDE an KGM fair value were calculated applying multiples that were derived from selected publicly listed companies with 50% EBITDA and 50% P/E multiple weighting. The multiples applied to the LTM figures ending December 2017 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.

The following LTM multiples were used for the valuation of JDE and KGM as of December 2017: EBITDA multiple of 15.2x and P/E multiple of 23.8x.

In 2017, JAB Holdings B.V.'s subsidiary 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 Forest 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 JAB Forest B.V. controls Acorn Holdings B.V. this contingent obligation is under JAB Forest B.V.'s control. Acorn Holdings B.V. has not engaged in such business activities as of 30 June 2018. In the event certain subsidiaries of JAB Forest 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 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.

JAB Coffee Holding B.V.:

JAB Coffee Holding B.V is shareholder of further interim holding companies and their investment in Espresso House Holding AB ("Espresso House").

As of 30 June 2018 and 31 December 2017, Espresso House 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 multiples applied to the LTM figures ending June 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.

The following LTM multiples were used for the valuation of Espresso House: Sales multiples of 2.5x (31 December 2017: 2.5x), EBITDA multiple of 16.5x (31 December 2017: 16.3x) and P/E multiple of 23.9x (31 December 2017: 25.5x).

Beech I G.P.

The Company is 60.2% shareholder of Beech I G.P. Beech I G.P. is shareholder of further interim holding companies and their investments in Peet's Operating Company Inc. ("Peet's"), Caribou Coffee Company Inc. ("Caribou"), Krispy Kreme Holdings Inc. ("Krispy Kreme") and Panera Bread Company ("Panera").

As of 30 June 2018, the shares in Beech I G.P. were valued at €3,991.7m. A fair value adjustment of €431.7m was recognised in the statement of profit or loss.

As of 30 June 2018 and 31 December 2017, Peet's, Caribou's and Krispy Kreme'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.

Beech I G.P. investment in Panera, occurred in the second half of 2017. As of 31 December 2017, management assessed the original acquisition cost to be the best fair value estimate. As of 30 June 2018, Panera'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 multiples applied to the LTM figures ending June 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.

For Peet's the following LTM multiples were used for the valuation: EBITDA multiple of 17.1x (31 December 2017: 16.8x), P/E multiple of 25.2x (31 December 2017: 28.3x) and sales multiple of 3.8x (31 December 2017: 4.0x).

For Caribou the following LTM multiples were used for the valuation: EBITDA multiple of 15.5x (31 December 2017: 15.8x), P/E multiple of 24.2x (31 December 2017: 28.1x) and sales multiple of 1.8x (31 December 2017: 1.5x).

For Krispy Kreme the following LTM multiples were used for the valuation: EBITDA multiple of 17.1x (31 December 2017: 16.7x), P/E multiple of 24.5x (31 December 2017: 28.3x) and sales multiple of 3.0x (31 December 2017: 3.2x).

For Panera the following LTM multiples were used for the valuation: EBITDA multiple of 17.4x, P/E multiple of 25.1x and sales multiple of 3.0x.

In 2017, JAB Holdings B.V. entered into an agreement with Beech I GP, JAB Beech Inc. and certain other persons that hold direct or indirect non-controlling interests in JAB Beech Inc. Under this agreement, certain of these non-controlling shareholders can request an IPO of JAB Beech Inc. after April 1st, 2023. Upon such request, JAB Beech 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 month, JAB Holdings B.V. and its subsidiary Beech I G.P. 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 Holdings B.V. 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.

Labelux Group GmbH

Labelux Group GmbH is the sole owner of Labelux Group GmbH, Switzerland. This entity is a direct shareholder of further interim holding companies and their investment in the luxury goods company Bally International AG (Bally). 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 2018, the shares in Labelux Group GmbH were valued at €1,180.5m. A fair value adjustment of €7.4m was recognised in the statement of profit or loss.

As of 30 June 2018 and 31 December 2017, the investment's fair value was based on the value per share of an at-arms' length transaction in Bally International AG shares in February 2018.

Corporate debt securities Acorn Holdings B.V.

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

The Company's investment in the preferred shares in Acorn Holdings B.V. occurred in the fourth quarter of 2017. As of 30 June 2018 and 31 December 2017, management assessed the original acquisition cost to be the best fair value estimate.

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 €531.4m (31 December 2017: €1,337.7m). As of 30 June 2018, the sensitivity to unobservable inputs comprises the investment in Beech I G.P. and JAB Coffee Holding B.V. (31 December 2017: Acorn Holdings B.V., Beech I G.P. and JAB Coffee Holding B.V).

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

25. Subsequent events

In January 2018, it was announced that Keurig Green Mountain and Dr Pepper Snapple Group Inc. have entered into a definitive agreement to create Keurig Dr Pepper (“KDP”), a new beverage company of scale with a portfolio of iconic consumer brands and unrivalled distribution capability to reach virtually every point-of-sale in North America. In July 2018, the transaction was closed. For the closing JAB Holdings B.V. has made a capital contribution to JAB Forest B.V. for a capital contribution to Acorn Holdings B.V. amounting to $3,350m.

In May 2018, it was announced that JAB Group together with JAB Consumer Fund and other equity partners will acquire Pret A Manger ("Pret"), a leading company in the ready-to-eat food market. The transaction is expected to be completed in 2018. JAB Group, JAB Consumer Fund and other equity partners will together make an equity investment of approximately £1.0bn as part of the financing of the transaction that was committed by JAB Group at signing of the transaction and will be finally allocated to JAB Group, JAB Consumer Fund and the other investors. JAB Group will make an equity contribution of not more than €0.4bn.

After 30 June 2018, JAB Holdings B.V. has sold Reckitt Benckiser shares, reducing its shareholding to below 3%.

In August 2018, JAB Holdings B.V. has made a capital contribution to JAB Cosmetics B.V. for the acquisition of Coty Inc. shares for an amount of $32m.

Amsterdam, 17 September 2018

Managing Directors:

M. Broers

C. Thun-Hohenstein

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 2018 of JAB Holdings B.V., Amsterdam, which comprises the Interim Condensed Statement of Financial Position as of 30 June 2018, the Interim Condensed Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement for the six months period ended 30 June 2018, and the notes. The Board of Directors of the Company is responsible for the preparation and presentation of this Interim Condensed Financial Statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this Interim Condensed Financial Statements based on our review.

Scope

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 auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Financial Statements as at 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 17 September 2018

KPMG Accountants N.V.

L.A. Ekkels RA