

JAB HOLDING COMPANY

# Half Year Report 2021



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# JAB<sup>1</sup> at a glance

**\$50bn+**

JAB Managed Capital

**\$27bn**

JAB Holding Company  
Net Asset Value

A global Investment Firm, with a solid investment grade rating, focused on the consumer goods and services sector

## Our leading Investment Platforms



Coffee & Beverages



Fast-Casual Restaurants



Petcare



Beauty & Luxury



Indulgence

With a total Enterprise Value of \$130bn+

## JAB's Managed Capital has significantly increased since its formation in 2012

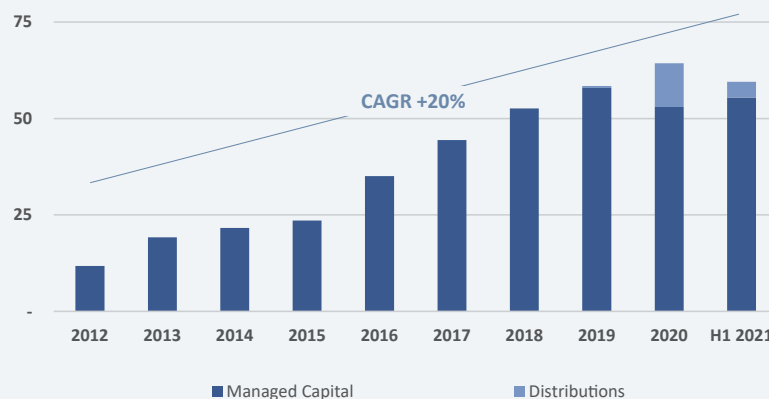
JAB HOLDING COMPANY



S&P: BBB+ with stable outlook

Moody's: Baa2 with stable outlook

JAB Total Managed Capital in \$bn



COTY



BAGEL BRANDS



BALLY

A privately held partnership of ~50 professionals with global investment offices in Washington D.C., London, Amsterdam, São Paulo, Luxembourg and Mannheim

with a long-term global ambition to invest in industry-leading consumer businesses.

<sup>1</sup> JAB in this context refers to JAB Holding Company, together with JAB Consumer Fund and other Co-investors

# JAB Holding Company

## Our heritage

### 1823

- The incorporation of Benckiser as chemicals producer in Germany

### 1980 - 1990

- Peter Harf joins Benckiser
- Benckiser acquisition of North American and European household products and cosmetics including the spin off of the cosmetics activities

### 2012 - 2013

- The formation of JAB Holding Company and core JAB team.

**JAB HOLDING COMPANY**

- Olivier Goudet joins JAB
- The creation of the Coffee & Beverages Investment Platform via the take private of Peet's Coffee and D.E Masterblenders 1753 ('DEMB')

**Peet's**

**D-E**  
**MASTER**  
**BLENDERS**  
1753

**Coffee & Beverages**

- IPO of Coty



A global leading private Investment Firm in Consumer Goods and Services, with a strong heritage

### 1990 - 2010

- Started investing in the Beauty & Luxury Investment Platform
- Beauty & Luxury**
- IPO Benckiser and Merger to form Reckitt Benckiser
  - M&A of several cosmetics companies

**COTY BALLY**

### 2013 - 2015

- The creation of the fast casual multi channel restaurant Investment Platform starting with Platform Investments in Caribou Coffee, Einstein Bagels and Espresso House

**Fast-Casual Restaurants**



- Creation of the JAB Consumer Fund ("JCF")

**J | C F**  
JAB Consumer Fund

## 2016

- Take private of Krispy Kreme, representing the first investment in the Indulgence Investment Platform



- Take private of Keurig Green Mountain



## 2019

- The creation of the Petcare Investment Platform



- Acquisition of Compassion-First Pet Hospitals



## 2021

- IPO of Krispy Kreme



- Formation of Panera Brands



## 2015

- Creation of Jacobs Douwe Egberts (JDE) through the merger of DEMB and MDLZ Coffee



## 2017

- Take private of Panera Bread



## 2018

- Creation of Keurig Dr Pepper through the merger of Dr Pepper Snapple and Keurig Green Mountain



- Acquisition of Pret a Manger



## 2020

- Acquisition of NVA



- IPO of JDE Peet's



- Closing of the third major fund raising of JAB Consumer Fund. Total of \$17bn of committed capital raised since 2014

# About JAB Consumer Fund (JCF)

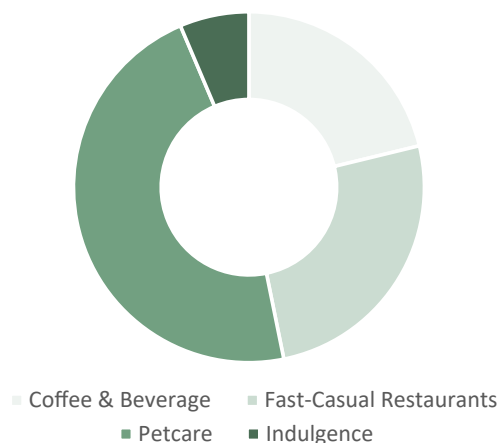
Driven by investor demand to participate in the investment strategy of JAB Holding Company, JCF was established in 2014. JCF is a Luxembourg based regulated investment fund comprised of institutional investors, family offices, endowments and other professional investors. JCF is managed collectively with JAB Holding Company by the same group of partners, and JCF always invests alongside JAB Holding Company. As at 30 June 2021, JCF has capital invested of \$15bn+ and has distributed \$9bn+ of capital.



JAB Consumer Fund - Managed Capital in \$bn



JCF Managed Capital by Investment Platform

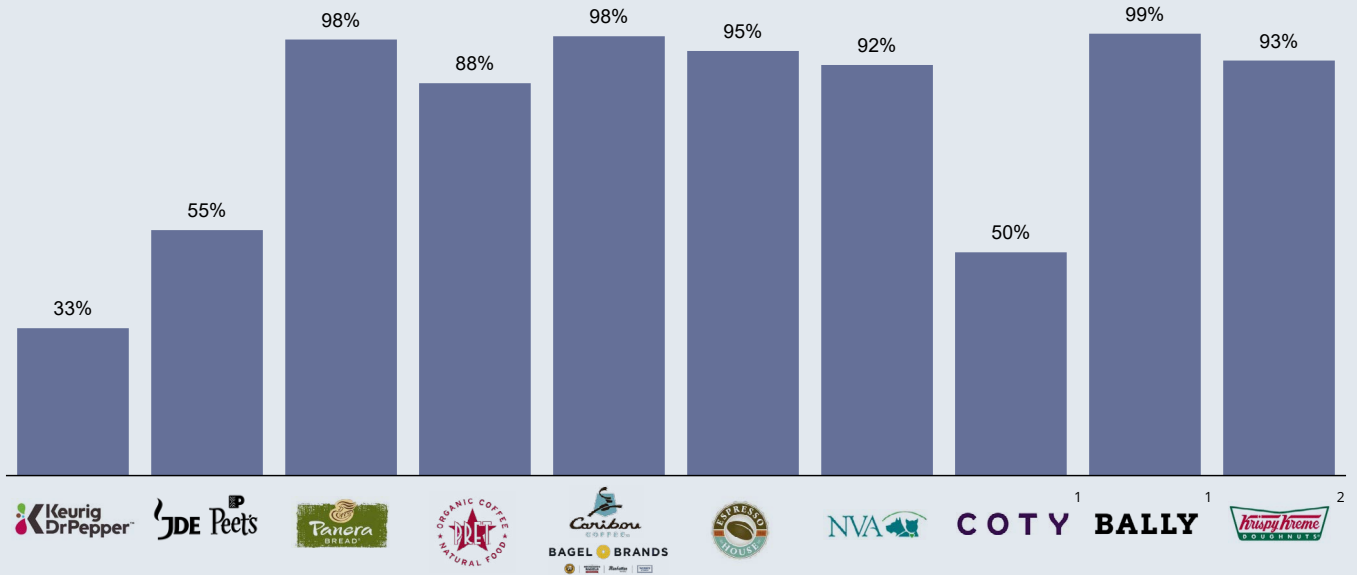


## JCF 2020 / 2021 - Highlights

- Completion of \$9bn in aggregate distributions, a major JCF milestone, mainly driven by the significant value creation in the Coffee & Beverages platform as well as the Fast-Casual Restaurant Platform
- The successful closing of the Global Consumer Brands - III Fund, the Petcare Co-Investment, and the Co-Investment IX and X Funds
- Deployment of \$3bn+ investment into the Petcare Platform, alongside JAB Holding Company
- Completion of Krispy Kreme Inc. Initial Public Offering, followed by a distribution in shares

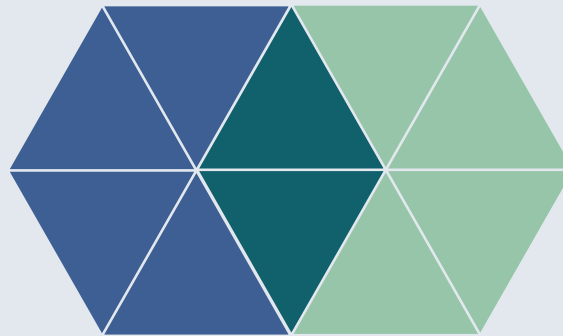


**As a controlling or anchor shareholder,  
JAB exerts significant influence over its Platform Investments**



JAB Holding Company, JCF and Co-investors' aggregate % of direct and indirect ownership.<sup>2</sup>

**JAB**  
HOLDING  
COMPANY



**J | CF**  
JAB Consumer Fund

JAB Holding Company and JAB Consumer Fund established a strong capital structure to support long-term growth and sustainable value creation leading to solid compounded returns.

<sup>1</sup> Coty and Bally are investments of JAB Holding only, without the participation of JAB Consumer Fund

<sup>2</sup> (In)direct share ownership by JAB Holding Company, JCF and Co-Investors together as of June 30, 2021. For Krispy Kreme this represents the pre-IPO share ownership.

# Our Investment Philosophy

## Our Platform Investing Approach

With almost 200 years of heritage, JAB has centered its investment philosophy around building Investment Platforms which are a unique, distinctive and critical part of our long-term success.

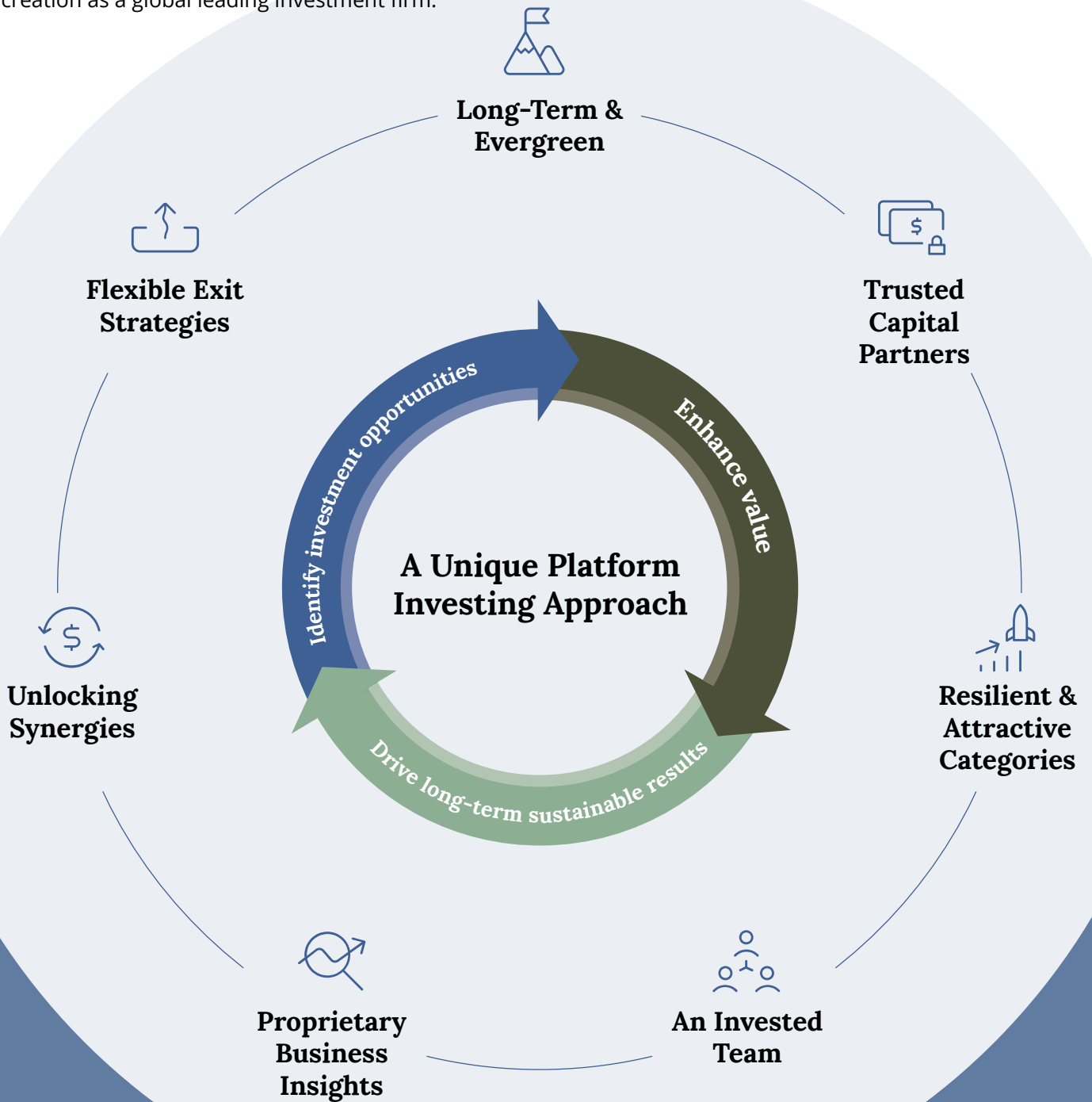
Our Platform Investing Approach has a solid foundation, based on the following three drivers:





## Our unique set of strengths

Our Platform Investing Approach is realized through a unique set of strengths which contribute to our sustainable long term value creation as a global leading investment firm.



## Our leading Investment Platforms

  
Coffee & Beverages

  
Fast-Casual Restaurants

  
Petcare

  
Beauty & Luxury

  
Indulgence



### A Long-Term and Evergreen Investor

We are evergreen investors with a long-term investment horizon. JAB's evergreen capital structure enables us to build better, stronger and future-proof businesses in a healthy and sustainable way, without cannibalizing long-term value creation opportunities to realize short term financial gains. In addition it allows us to unlock value and access growth pools over longer periods of time.



### An Ecosystem of Trusted Debt & Equity Partners

We have a unique ecosystem of trusted and high-quality debt and long-term equity partners. Together with our team of trusted capital partners, we are building Investment Platforms with controlling or anchor stakes in global leading businesses which allows us to create global leading blue-chip companies, which are ready for the next generation of consumers and their preferences.



### Resilient Categories with Attractive Growth Fundamentals

We invest in categories that have a proven track record of resiliency across the economic cycle, with strong growth momentum and attractive cash flow dynamics.



### An Invested Team

We establish Invested & Aligned People and Partnership Networks throughout our firm and our Investment Platforms. Our People & Partnership networks include JAB's team of Senior Investment and Industry Professionals, CEOs and management teams of our investments and our Global Leading Industry Capital Partners. The strategic strength of JAB's People and Partnership Networks is established through an aligned set of financial and non-financial interest combined with a regular, informal and hands-on communication flow between all participants in the network.



### Proprietary Business Insights

We develop real-time superior business insights across an industry sector by combining data, information and people knowledge from the different investments held within each of the Investment Platform. These superior business insights provide us with a strategic advantage and allow us to establish a more timely and more effective investment approach, based upon real-time market and industry trends, people network, consumer behaviours and technological developments.



### Unlocking Synergies

Through our Platform Investment approach, we can achieve levels of synergies that go beyond those that could be realized by each of the individual investments. These synergies are captured by leveraging and scaling the unique opportunities and capabilities of our platform investments. To be competitive on all fronts we focus on both soft and hard synergies including revenue and cost synergies, balance sheet optimization, talent acquisition, knowledge sharing and building of new growth capabilities.



### Flexible Exit Strategies

When combining our long-term investment horizon with our decades of investment experience, we recognize that providing future flexibility towards our investors is a critical competitive advantage. Therefore, our Investment Platforms are designed to facilitate flexible exit scenarios, which allows us to minimize exit friction and maximize long-term value creation and flexibility for investors.

## ESG embedded in our ways of working

Within our investment philosophy we have a clear understanding and appreciation of the next generation of consumers, combined with a strong focus on Environmental, Social and Governance ('ESG') related matters. We have a fundamental belief that taking a sustainable value creation approach to business pays off for our consumers, our businesses, our capital partners, suppliers, and ourselves.

We have a formalized ESG strategy and a clear roadmap to continue to integrate ESG in our ways of working.

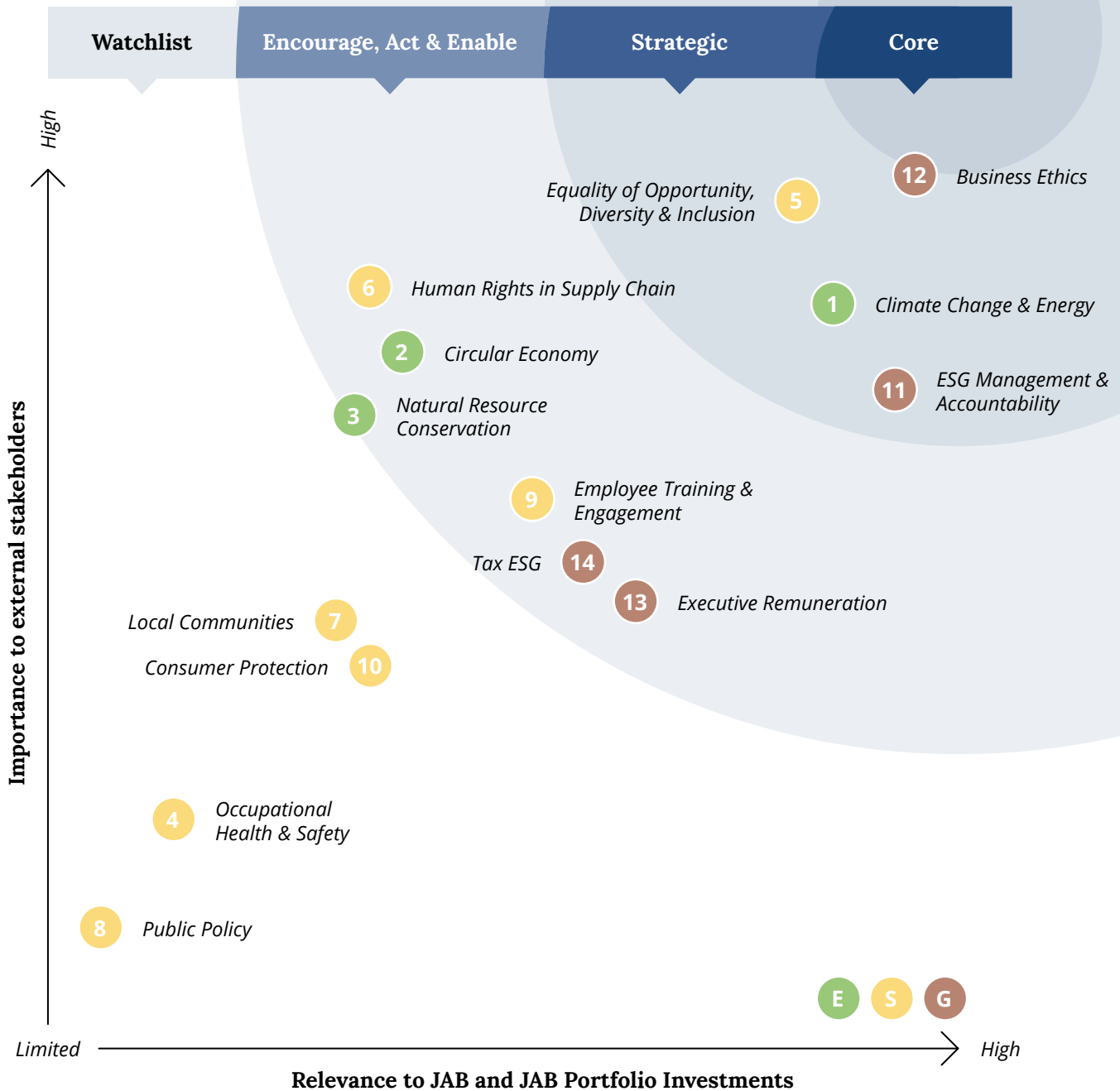


## Material ESG topics

Within our ESG Strategy, we prioritised four ESG topics based on our materiality analysis. We approach these topics with tailored programs, both within our own organisation and in our approach to our investments.

While JAB's investments are operating independently and are accountable to establish their own strategy and ESG agenda, we actively engage with our investments to embed ESG in their strategy and operations. Beyond the four key topics, investments are prioritizing additional ESG topics based on relevance for their respective businesses. We enable best practice sharing on all ESG topics via our unique ESG Collaboration Forum, which takes place every quarter.

We monitor ESG performance based on Key Performance Indicators (KPIs), which as of 2021 will be periodically measured and reported annually. For each of the four prioritised ESG topics we have defined various KPIs both at the level of JAB and our investments. In our 2021 annual report we will report for the first time on our ESG KPIs and the progress that we are making towards achieving our targets.





## 12 Business Ethics

Business Ethics is the fundamental cornerstone to the way JAB operates. We are a member of the UN Global Compact and include its Ten Principles into our strategies, policies and procedures. Strong management and accountability practices reinforce business ethics.



In the first half of 2021, we have taken further steps with regards to:

- Strengthening governance, disclosure and transparency
- Formalizing policies and driving their implementation
- Extending ethics requirements and efforts beyond our own organisation

## 1 Climate Change & Energy

We are committed to reducing greenhouse gas emissions (GHG) in line with achieving the goals of the Paris Agreement. The Science Based Targets initiative (SBTi) provides us with the framework to guide emissions reductions for ourselves and our investments. We follow and support the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) to identify and manage climate risks and opportunities.



In the first half of 2021, we have taken further steps with regards to:

- Inventorying our own emissions and the emissions of our investments along the GHG protocol
- Identifying cost-efficient emission reduction levers for our own emissions
- Setting ourselves up for fulfilling the TCFD recommendations
- Hosting an ESG Collaboration Forum session on the topic of Climate

## 5 Equality of Opportunity, Diversity & Inclusion

We commit to identifying and eliminating systemic barriers along the entire employee life cycle to create a diverse and inclusive workplace in which our people can experience equality of opportunity. We commit to have an inclusive culture and a diverse team that delivers long-term sustainable results through better decision making. We strive to offer equal pay based on function level and geography and maintain a working environment conducive to high job satisfaction and low turnover rate. We actively engage in the G7 Business for Inclusive Growth ('B4IG') coalition to advance human rights throughout value chains, build inclusive workplaces and strengthen inclusion.



In the first half of 2021, we have taken further steps with regards to:

- Gathering transparent baseline information
- Understanding current performance

## 11 ESG management & accountability

We follow the six Principles for Responsible Investment (PRI) and have a fit-for-purpose lean governance structure for sustainable value creation.



In the first half of 2021, we have taken further steps with regards to:

- Formalizing ESG roles within our organization
- Conducting multiple ESG trainings for all JAB professionals to set the foundation of embedding ESG in all we do



## UN Sustainable Development Goals

JAB is committed to the UN Sustainable Development Goals (SDGs). The SDGs are the internationally recognized framework, adopted by all UN Member States in 2015, as part of the Agenda 2030 for

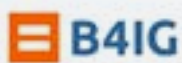
Sustainable Development. It is clear that the SDGs directly and indirectly relate to the operations of any business and it is for this reason we have aligned our key ESG topics with the relevant SDGs. With our ESG approach both at JAB and the level of our Platform Investments, we contribute to several SDGs, including:



## JAB participates in G7 Business for Inclusive Growth coalition

As part of our ongoing commitment to ESG, JAB participates in the G7 Business for Inclusive Growth (B4IG) coalition powered by the OECD and sponsored by French President Emmanuel Macron. This initiative is designed to pool and strengthen efforts by public and private companies to reduce inequalities linked to

opportunity, gender and territory, and to build greater synergies with government led efforts in these areas. This focus is also presented within our investment strategy. JAB recognises that this is a long-term challenge and we commit to putting our passion and energy into ensuring that JAB and our investments help to bring this to life over time, for the benefit of all. Underpinning our pledge is the view that such engagement is not just good corporate responsibility but rather the future of successful business. Business benefits from more inclusive growth models through a more educated and engaged workforce; a larger middle-class of consumers with greater purchasing power; more stable operating environments; and a high level of trust from employees, consumers, customers and other stakeholders.



## Our Business Diversity

JAB is exposed to multiple business segments, either through the respective Investment Platforms in which our businesses operate or through the underlying diversification within the businesses held. Below we present a simplified overview of diversification within our Investment Platforms.

### Our leading Investment Platforms



#### Coffee & Beverages

**Coffee & Beverages** through direct, wholesale, retail, bottlers, food service and e-commerce



- Premium coffee brands
- Mainstream coffee brands
- Coffee systems
- Carbonated soft Drinks
- Tea & Juices
- Premium water
- Sport & Energy drinks



#### Petcare

**Petcare** through at-premise, home-delivery and online



- General care
- Specialty
- Vaccine & pharmacy
- Pet services



#### Fast-Casual Restaurants

**Fast Casual Restaurants** through retail-owned, retail-franchised, digital, catering and CPG



Covering all meals:

- Breakfast
- Lunch
- Dinner



#### Beauty & Luxury

**Beauty & Luxury** through retail, wholesale, online, and other

- Fragrance
- Color cosmetics
- Skin and body care
- Luxury
- Hair care



#### Indulgence

**Indulgence** through retail-owned, retail-franchised, digital, home delivery and CPG

- Doughnuts
- Cookies



# Our People

A high-performing team is at the heart of our success.

Our team has deep institutional investment and sector knowledge and experience. The fast-paced and dynamic environment in which we operate requires a team with an entrepreneurial spirit focused on the collective success of JAB.

We operate from investment offices in Washington D.C., London, Amsterdam, São Paulo, Luxembourg and Mannheim. Our team is led by our managing partners Peter Harf and Olivier Goudet, together with nine other partners and senior partners, and our CFO, each of whom has significant experience and success in investing and overseeing businesses in the consumer goods and services industries. They are supported by a global team of 40+ investment and industry professionals.

## *An environment with compounding performance opportunities*

We attract, evaluate and compensate talent with the objective of successfully delivering compounding long-term value of our Platform Investments. As such, we provide our team with opportunities and stretch goals for continuous development and growth.

## *Working together as a powerful team*

Our culture is entrepreneurial, high energy and high performance. We have an ambitious and motivated team which drives our long-term ambition. A core characteristic in all of us is the aligned focus on value creation for all of JAB and its stakeholders.

## *In an invested and full-on environment*

Our team is invested towards the same goals as our shareholders and Co-investors. Invested means that financial interests are aligned to enable our value-enhancing strategy. Invested also means personal commitment and being full-on to deliver sustainable results in a fast-paced and highly demanding environment.





## JAB partners

JAB is overseen by its two Managing Partners, Peter Harf as our Chairman and Olivier Goudet as our CEO, together with nine other partners and senior partners, and our CFO.



### Peter Harf

Managing Partner, Chairman

Mr. Harf joined JAB in 1981 and is the visionary and founder of the current JAB investment firm structure created in 2012. Over the past 40 years he has overseen JAB as managed capital has grown from \$100 million to over \$50 billion. Mr. Harf has been CEO and Chairman of several of JAB's portfolio companies, and is currently the Chairman of Coty and a member of the Board of Directors of JDE Peet's and Keurig Dr Pepper. He is also the Founder of Delete Blood Cancer ("DKMS"), a global cancer fighting organization which has over 10m donors registered. Mr. Harf has previously been Chairman of Anheuser-Busch InBev and a Board member of Burger King.



### Olivier Goudet

Managing Partner, CEO

Mr Goudet joined JAB as CEO and Managing Partner in 2012. Mr. Goudet is the key architect of and leads JAB's Investment Platform strategy for all areas of the Firm and has led \$40bn+ increase in managed capital in the last nine years. He is currently the Chairman of Krispy Kreme, JDE Peet's, and Pret a Manger and is a member of the Board of Directors of several other portfolio companies including Keurig Dr Pepper, Coty, NVA and Panera. Previously, he spent 20 years at Mars, where he was EVP and CFO, and was also previously the Chairman of Anheuser-Busch InBev.



### Joachim Creus

Senior Partner, Vice Chairman

Mr. Creus joined JAB in 2010 and has played a critical role in building it into a global investment firm. He has been at the center of JAB's major investments and expansion initiatives, including all of its platform acquisitions and the creation of JAB Consumer Fund. A lawyer by training, he has over 20 years of experience in M&A, complex cross border legal & tax matters, and equity and debt financing. Mr. Creus serves as a Director for many JAB companies, including JDE Peet's and Coty. Prior to joining JAB, Joachim held senior legal & tax positions at Siemens, Rodl & Partner and at Tiberghien Lawyers.



### David Bell

Senior Partner

Mr Bell is in his 10th year at JAB, having joined in 2012. Over the past nine years he has led all of JAB's major portfolio transactions. He has over 25 years of investment, oversight and business strategy experience, which includes spending four years at Mars driving Corporate Strategy and M&A, and eight years in the Consumer Investment Banking Group at Goldman Sachs.



### Patricia Capel

Partner

Ms. Capel joined JAB in 2021 following 25 years at AB InBev and Ambev, where she most recently led the commercial operations in Chili, Bolivia and Paraguay. She has extensive global experience including in the United States, Russia, Latin America, Belgium and Canada, and held numerous roles including as VP of Global People, and was a member of the ABI Global Diversity & Inclusion Council. Ms. Capel has also worked at PWC and Cargill Agricola S.A.



### Frank Engelen

Partner

Mr. Engelen joined JAB in 2020. Previously, he was a partner at PwC for more than 15 years, of which five years were as a member of the Management Board of PwC Netherlands and two years as a member of the Executive Board of PwC Europe. He has almost 25 years of experience in international tax, business restructurings and M&A. After having obtained his PhD at the Erasmus University Rotterdam, he was appointed Professor of International Tax Law at Leiden University in 2005.



## Luuk Hoogeveen

Chief Financial Officer

Mr Hoogeveen joined JAB in 2019 as a principal and was promoted to Chief Financial Officer in 2021. He brings 15+ years of finance expertise including in the area of finance transformations, capital market transactions, internal & external financial reporting, and risk management. Prior to JAB he held senior finance positions at JDE and PwC.



## Konrad Meyer

Partner

Mr Meyer joined JAB in 2018 as principal and was promoted to partner in 2020. He brings 15+ years of industry and investment expertise and previously held a position as Investment Director at Waterland Private Equity and as interim CFO at Pret a Manger.



## Ricardo Rittes

Partner

Mr Rittes joined JAB in 2019. He brings 20+ years of financial risk management and capital markets experience and started his career as an investment banker in London, NY and Latin America. Subsequently, he spent 14 years as part of a small leadership team building AB InBev (NY, Brussels and Latin America). In that capacity, he has partnered with rating agencies and financial institutions across the world as the Finance VP responsible for cash flow integration, banking relationship and treasury where he, among others, executed \$75+ billion financings. He also served as CFO of Ambev, a NYSE listed company, and led its successful expansion in Central America.



## Lubomira Rochet

Partner

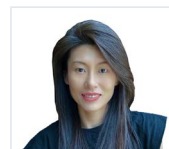
Ms Rochet joined JAB in 2021. She previously spent seven years as Chief Digital Officer and member of the Executive Committee at L'Oréal. There, she led the beauty giant's marketing and commercial pivot to a digital-first company. She is a recognized leader in digital business transformation, with extensive global experience across multiple industries. Ms Rochet has also held senior roles at Microsoft and Valtech, a digital marketing agency.



## Jacek Szarzynski

Partner

Mr Szarzynski joined JAB in 2019. Prior to joining JAB, Mr Szarzynski held various senior Finance, Demand and Supply positions in his 20+ years at Mars. During his career he consistently achieved above market growth while also delivering significant margin improvement and is currently translating this experience to the fast-casual restaurant Investment Platform. He has a strong passion for ESG and is an inspiring leader who engages teams to only deliver the best results.



## Justine Tan

Partner

Ms Tan, CFA, joined JAB in 2020 as a partner. She has more than 20 years of international experience in investing, banking and operations, having lived in and covered key markets in North America, Europe and Asia across a range of transaction types and businesses including in the consumer retail, real estate, services and industrial sectors. Prior to JAB, she was a founding member of Temasek USA and an investment banker at Goldman Sachs.

# Our Governance

## Governance

JAB is overseen by the two Managing Partners, Peter Harf and Olivier Goudet, supported by nine other partners and senior partners, and our Chief Financial Officer. The Firm's governance principles are based on mutuality, trust and consensus. Management and decision-making are delegated to the managing partners and require unanimous consent. There is full alignment between JAB management and our shareholders, since the partners are also invested in JAB.

Our businesses are managed independently by their respective CEOs and leadership teams. The members of these leadership teams invest their own wealth into their businesses resulting in strong alignment of interests with those of JAB. Each of our companies has an independent Board of Directors, an Audit Committee and a Remuneration Committee on which JAB partners are represented.

## JAB signed the UN Principles for Responsible Investment

In June 2020, we signed the UN Principles for Responsible Investments (PRI). Doing so, we embrace the PRI principles for incorporating ESG matters into our investment practice, investment policies, disclosures, reporting and responsibilities. Important requirements for a signatory to meet are the Responsible Investment ("RI") policy, senior-level oversight over, and our professionals implementing, responsible investing. In order to provide the firm and our investments with an experienced sounding board on ESG-related issues and questions, we are proud to cooperate with Mr Bertrand Badré.



## Our senior advisors

JAB is partnering with two globally recognized senior advisors, Antonio Weiss and Bertrand Badré, who provide us with advice on various governance and strategy matters, which are within their respective areas of expertise including business development, mergers and acquisitions, and social and environmental matters. As JAB, we highly value independent advice as it provides us with a fresh perspective on where we stand, on our intentions and on our journey.



### Antonio Weiss

Senior Advisor

Mr Weiss has advised JAB since its formation as a global investment firm in 2012. His work spans business strategy and public policy. He is a research fellow at Harvard Kennedy School's Mossavar-Rahmani Center for Business and Government. From 2014 to 2017, he served as Counselor to the Secretary of the U.S. Treasury, where he oversaw the domestic finance department. Prior to this, he held various leadership roles at Lazard over twenty years in the US and Europe, including as Global Head of Investment Banking from 2009 to 2014.



### Bertrand Badré

Senior Advisor

Mr Badré is the founder and CEO of Blue like an Orange Sustainable Capital, an investment Company that manages investments for social and environmental impact to foster inclusive and sustainable growth and reduce risk. Mr Badré also serves as a guarantor to the 'One Planet Lab' initiative. Previously, he served as Managing Director and CFO of the World Bank Group, Group CFO of both Société Générale and Crédit Agricole, Partner at Lazard and was an advisor to previous French President Jacques Chirac's diplomatic team.

JAB HOLDING COMPANY

# Consolidated Management Report



# Risk Management

Risk management is an integral part of the governance structure. Our risk management approach is established to identify and analyse risks faced by JAB, to monitor risks and to implement remediation initiatives to ensure adherence to set limits. The risk management approach and our compliance policies are reviewed regularly to reflect changes in market conditions and the activities of JAB.

## Our policies and programs

Our risk management contemplates a broad range of stakeholders, including fixed income investors, equity investors, and the communities in which we operate.

Risk management is an integral part of our business and is among others governed by a comprehensive set of policies and programs.

On financial risk management, our objective is to maintain a level of cash flow certainty that is acceptable to our stakeholders, including equity and fixed income investors, given a certain expected return.

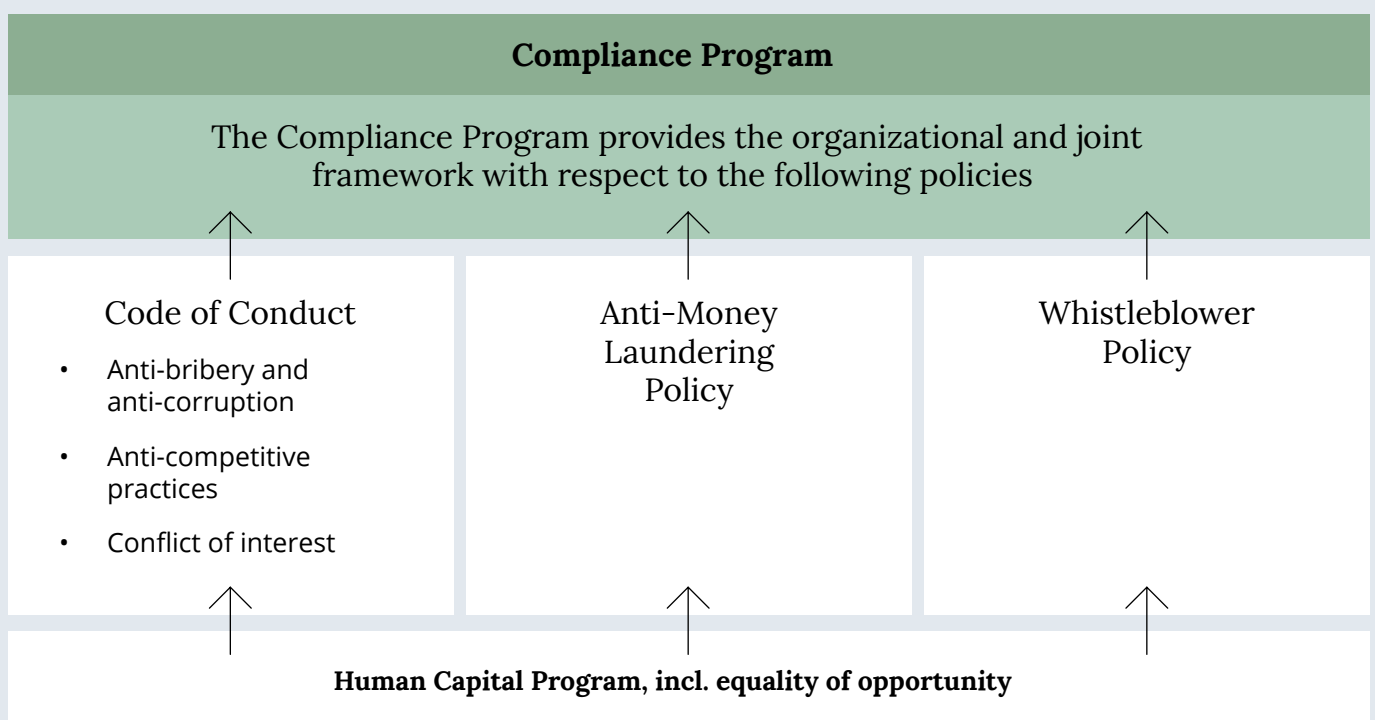
In particular, we monitor closely topics related to:

- Capital structure, financing, and liquidity
- Transactional risks
- Foreign currency and balance sheet risk
- Counterparty risk (cash, marketable securities and derivatives)
- Environmental, Social, Governance and Reputation risks

In 2021, our risk management and other important company policies have been reviewed, updated or newly formulated and ESG has been more strongly integrated where applicable. The following policies are in place:

- Code of Conduct
- Anti-Money Laundering policy
- Whistleblower policy
- Human Rights policy

As presented below a tailored Compliance and Human Capital program are established addressing a number of the policies presented above.



## Risk Management (continued)

Towards our investments we developed a Responsible Investment & Stewardship Policy and a Human rights policy to provide further guidance on ESG in our investment practices. Our Responsible Investment & Stewardship policy describes our approach to how we formally incorporate ESG matters in our entire investment process.

### Principal Risks and Uncertainties

Our financial position is impacted by the performance of our investments, including the resulting impact on valuation. By having a controlling or anchor stake and via representation on the Boards, we are able to oversee and influence the financial and operational performance of our portfolio companies, with the aim to achieve solid compounded investment returns.

The loss of key talent could have a negative impact on our operations. This risk is mitigated by investment and long-term equity incentive plans of our leadership teams, and by promoting a culture of ownership and opportunity. In this way we continue to attract talented people with the entrepreneurial mindset and skillsets to drive long-term value creation.

From our investing and financing activities, we are exposed to a variety of risks including market risks, credit risks and liquidity risks. It is our objective to manage and mitigate these risks to acceptable levels. Market risk refers to the Firm's exposure to fluctuations in market prices, including foreign exchange rates and interest rates. Foreign exchange risk on transactions is hedged through forward exchange contracts as necessary. The Firm is exposed to volatility in equity markets which primarily impacts the values of its public investments. This exposure is not hedged as at 30 June 2021. We actively manage our exposure to interest rate fluctuations. When the Firm is exposed to such fluctuations on floating rate long-term debt the Firm enters, when thresholds have been exceeded, into interest swaps. No hedge accounting is applied on any of the derivative transactions as at 30 June 2021. Our exposure to credit risk mainly relates to cash and cash equivalents and is mitigated by transacting with counterparties with high credit ratings. Exposure to liquidity risk is limited, as sufficient liquidity is available in the form of cash, and under our credit facilities.

Within our risk management framework continued consideration is given to fraud risk. Our approach is to minimize fraud risks from the start, both internal and external, and to continuously monitor and update our procedures to detect and if applicable remediate potential fraudulent events. Our Code of Conduct defines the norms, and responsibility of our team with the aim to reduce the likelihood of unethical actions and to protect JAB and its stakeholders.



# Our Results

Resilient investment portfolio continues positive momentum with strong progress on strategic initiatives.

Our investment portfolio is stronger than ever following the exceptional environment which began in early 2020. In the first six months of 2021, our investment portfolio continued to develop positively resulting in a net profit for the period of \$3.7bn.

During the first half of 2021, we formalized our ESG strategy and introduced a Collaboration Forum to facilitate a continuous dialogue with our investments on our collective efforts to advance the UN Sustainable Development Goals. We have created a roadmap to embed ESG in our way of working and realize our ambition.

## A Growing Investment Portfolio Capturing Multi-Year Consumer Trends

Across our investment portfolio we realized solid investment returns during the first half of 2021 as the fair value of our investments increased from \$30.4bn on 31 December 2020 to \$34.3bn on 30 June 2021.

In particular our investments in categories that were most exposed to the impact of the pandemic, including Beauty & Luxury and Fast-Casual Restaurants, have recovered strongly. These investments have benefited from the strategic initiatives deployed throughout the pandemic with a focus on new business models to benefit from digitalization and changing consumer preferences, such as convenience and health & wellness. As a next step, our Fast-Casual Restaurant Investment Platform recently announced the formation of Panera Brands where Panera Bread, Caribou Coffee and Einstein Bagels will unite and together form a new powerhouse in fast casual, the fastest growing segment of the industry.

Our investments in more resilient categories, including Coffee & Beverages, Petcare and Indulgence, continued their already robust performance during the first six months of 2021. In particular, Petcare has benefited from industry leading organic growth driven by higher pet adoption rates, increased consumer spending and strong profit delivery, together with an accelerated acquisition momentum and continued momentum from consolidation.

## Continued Strong Liquidity with Extended Debt Maturity Profile

Our strong liquidity position further improved following Krispy Kreme's IPO on July 1, 2021 and two bond offerings with total proceeds of more than \$1bn, completed in May and July 2021 with respectively a 2031 maturity and a 2051 maturity.

Our net debt position as of June 30, 2021 was \$7.7bn compared to \$7.6bn at the end of 2020. Our strong liquidity position of \$6.4bn comprises cash and cash equivalents of \$2.8bn (2020: \$2.7bn) and an undrawn credit facility of \$3.6bn (2020: \$3.7bn).

## Strengthened Capital Structure

Solid first six-month performance of our investment portfolio led to a \$3.8bn increase of shareholder's equity to \$26.6bn on June 30, 2021 compared to \$22.8bn at the end of 2020.

## Future outlook



We are confident that our portfolio companies are well positioned to continue their positive momentum into the second half of 2021 and beyond.



Luxembourg, 31 August 2021

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J. Creus

*Managing Director*

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C. Thun-Hohenstein

*Managing Director*

JAB HOLDING COMPANY

# Interim Condensed Consolidated Financial Statements

As at and for the six months period ended 30 June 2021



# Consolidated Financial Statements

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# Interim condensed consolidated statement of financial position

As of 30 June

	Notes	30 June 2021 in \$m	31 December 2020 in \$m
<b>ASSETS</b>			
Investments in subsidiaries	3.1	33,960.5	30,248.8
Other investments	3.1	292.7	132.2
Loans to investments	3.1	9.1	117.1
Other loans	3.2	30.6	50.9
Other assets	3.3	34.9	33.4
Cash and cash equivalents	3.4	2,767.4	2,674.2
<b>Total assets</b>		<b>37,095.2</b>	<b>33,256.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity attributable to owners of the parent</b>	3.5	26,556.9	22,843.2
Borrowings	3.7	10,461.0	10,274.3
Other liabilities	3.8	77.3	139.1
<b>Total liabilities</b>		<b>10,538.3</b>	<b>10,413.4</b>
<b>Total equity and liabilities</b>		<b>37,095.2</b>	<b>33,256.6</b>

The notes on pages 32 to 55 are an integral part of these interim condensed consolidated financial statements.

# Interim Condensed Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June

	Notes	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
Net gain / (loss) on investments in subsidiaries and other investments	3.1	3,333.0	(5,220.9)
Dividend income	3.1	358.5	80.6
Finance income	3.9	279.5	479.4
Finance expenses	3.9	(112.7)	(90.5)
General and administrative expenses	3.10	(45.1)	(31.5)
Other (expense) / income	3.11	(68.9)	297.3
<b>Profit / (loss) before income tax</b>		<b>3,744.3</b>	<b>(4,485.6)</b>
Income tax expense	3.12	(0.1)	(0.2)
<b>Profit / (loss) for the period</b>		<b>3,744.2</b>	<b>(4,485.8)</b>
Attributable to owners of the parent		3,744.2	(4,485.8)
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign operations – Foreign currency translation differences		0.0	(173.2)
<b>Other comprehensive income / (loss)</b>		<b>0.0</b>	<b>(173.2)</b>
<b>Total comprehensive income / (loss)</b>		<b>3,744.2</b>	<b>(4,659.0)</b>
Attributable to owners of the parent		3,744.2	(4,659.0)

The notes on pages 32 to 55 are an integral part of these interim condensed consolidated financial statements.

## Interim Condensed Consolidated statement of changes in equity for the six months period ended 30 June 2021

	Note	Share capital in \$m	Share premium in \$m	Share-based payments reserve in \$m	Foreign currency translation reserve in \$m	Retained earnings in \$m	Total equity in \$m
<b>Balance as of 1 January 2020</b>		8.8	9,637.3	-	(2,483.2)	13,791.7	20,954.6
Repayment of share premium	3.5	-	(146.8)	-	-	-	(146.8)
Other comprehensive loss for the period		-	-	-	(173.2)	-	(173.2)
Loss for the period		-	-	-	-	(4,485.9)	(4,485.9)
<b>Total comprehensive (loss)</b>		-	-	-	<b>(173.2)</b>	<b>(4,485.9)</b>	<b>(4,659.1)</b>
<b>Balance as of 30 June 2020</b>		<b>8.8</b>	<b>9,490.5</b>	<b>-</b>	<b>(2,656.4)</b>	<b>9,305.8</b>	<b>16,148.7</b>
<b>Balance as of 1 January 2021</b>		<b>10.1</b>	<b>11,092.5</b>	<b>478.9</b>	<b>(511.7)</b>	<b>11,773.5</b>	<b>22,843.2</b>
Issue of share capital	3.5	0.0	23.6	-	-	-	23.6
Share-based payments transactions	3.6	0.2	(31.5)	68.7	-	-	37.4
Repayment of share premium	3.5	-	(91.4)	-	-	-	(91.4)
Other comprehensive income for the period		-	-	-	0.0	-	-
Profit for the period		-	-	-	-	3,744.2	3,744.2
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>3,744.2</b>	<b>3,744.2</b>
<b>Balance as of 30 June 2021</b>		<b>10.3</b>	<b>10,993.2</b>	<b>547.6</b>	<b>(511.7)</b>	<b>15,517.7</b>	<b>26,556.9</b>

The notes on pages 32 to 55 are an integral part of these interim condensed consolidated financial statements.

# Interim Condensed Consolidated cash flow statement

For the six months period ended 30 June

	Notes	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before income tax</b>		<b>3,744.3</b>	<b>(4,485.6)</b>
<i>Adjustments for:</i>			
Net (gain)/loss from change in fair value of investments	3.1	(3,333.0)	5,220.9
Finance (income) and expenses	3.9	(166.8)	(388.9)
Share-based payment (income) / expenses	3.6	68.9	(297.7)
<i>Changes in other assets and liabilities from operating activities:</i>			
(Net increase)/decrease in loans	3.1, 3.2	(162.9)	33.2
(Net increase)/decrease in other assets	3.3	(6.2)	(1.1)
Net increase/(decrease) in other liabilities	3.8	13.1	(6.2)
(Payments) on acquisition of / proceeds from sale of investments	3.1	(265.4)	(3,274.8)
Interest and foreign exchange results		(40.2)	(2.5)
Income taxes paid and withholding taxes	3.12	(0.1)	-
<b>Net cash (used in) operating activities</b>		<b>(148.3)</b>	<b>(3,202.7)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contribution owners of the parent		13.6	-
Repayment of share premium to owners of the parent	3.5	(91.4)	(146.8)
Proceeds from borrowings	3.7	497.2	1,654.3
Interest paid	3.9	(148.6)	(117.6)
Proceeds from issue of redeemable shares		-	1.1
Capital repayments on redeemable shares		(34.7)	(426.0)
Payment of lease liability	3.8	(0.3)	(0.1)
<b>Net cash from financing activities</b>		<b>235.8</b>	<b>964.9</b>
<b>Cash and cash equivalents at beginning of period</b>	3.4	<b>2,674.2</b>	<b>2,903.4</b>
Net cash (used in) operating activities		(148.3)	(3,202.7)
Net cash from financing activities		235.8	964.9
Effect of exchange rate fluctuations on cash and cash equivalents		5.7	17.0
<b>Cash and cash equivalents at end of period</b>		<b>2,767.4</b>	<b>682.6</b>

The notes on pages 32 to 55 are an integral part of these interim condensed consolidated financial statements.

# Notes to the consolidated financial statements

## 1. General information

JAB Holding Company S.à r.l. (the "Company") is a company domiciled in Luxembourg. The address of the Company's registered office is 4, Rue Jean Monnet, L-2180 Luxembourg. The Company is a global leading investor in consumer goods and services, with the ambition to develop resilient, high-performing and sustainable businesses. The Company makes long-term investments in premium brands and categories that align with shifting consumer preferences. As of 30 June 2021, the Company's main shareholder is Joh. A. Benckiser B.V.

The Company is an entity that obtains funds from investors for the purpose of providing those investors – directly or indirectly through its consolidated subsidiaries (together "the Group") – with investment management services. The funds are invested solely for returns from capital appreciation and investment income. The Group measures and evaluates the performance of substantially all its investments on a fair value basis.

The interim condensed consolidated 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 consolidated financial statements for the year ended 31 December 2020, 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 Group's financial position and performance since the last financial statements.

Since the end of the last annual reporting period, the impact of Covid-19 on the economic activities have recovered.

JAB Group has a key focus on assessment of the impact of the Covid-19 pandemic on its investments and their performance. It continues to monitor and follow closely the information released from governments, regulatory bodies and health organisations in the countries in which JAB Group and its investments operate.



## 2. Accounting policies

### 2.1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2021 have been prepared applying the same accounting policies as are applied in the Group's financial statements as at 31 December 2020, 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.

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

The interim consolidated financial statements for the six months period ended June 2021 therefore have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union.

### 2.2. Significant accounting judgements, estimates and assumptions

The interim condensed consolidated financial statements require the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2020.

In addition, significant judgement was applied in determining the Company's currency and the trigger for a change. The Company's conclusion that the functional currency has changed from Euro to US Dollar for certain Group entities was based on an analysis of the underlying economic environment considering the relevant currency's impact on the Company's finance investment and finance activities.

### 2.3. Consolidation

There were no material changes in the composition of the Group in the six months period ended 30 June 2021.

### 2.4. Accounting policies and disclosures

#### *New standards, amendments, and interpretations*

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform – amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16
- Covid 19-related rent concessions – amendment to IFRS 16

The amendments listed above did not have any impact on the amounts recognised in current and prior periods and are not expected to significantly affect future periods.

#### *New standards, amendments and interpretations issued, but not effective and adopted yet.*

Certain new accounting standards have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted. The Company is still investigating the impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2.5. Foreign currency

### *Presentation currency*

The consolidated financial statements are presented in US Dollar (\$), which is the Company's functional currency. Until 30 June 2020, the Company presented its consolidated financial statements in Euro (€).

### *Change in functional currency by Group entities*

The functional currency is the currency of the primary economic environment in which an entity operates. Each company within the Group determines its functional currency independently. The results and financial positions in the financial statements of each company are measured using the company's functional currency.

In the previous periods, the primary economic environment in which the Group operates has been changing, with investment and financing activities based on US Dollars (USD) becoming predominant. As a result of these changes, effective from 1 January 2021, functional currency of JAB Holdings B.V., JAB Forest B.V. and JAB Cosmetics B.V. ('Group entities'), which determined EUR as functional currency in the past, changed prospectively from Euro (EUR) to USD in compliance with the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates. As a result, the USD is the functional currency for all Group entities, except for JAB Holding Sao Paulo Ltda. Therefore, in the current period other comprehensive income only includes insignificant foreign exchange differences.

## 3. Notes to the Accounts

### 3.1. Investments

#### 3.1.1. Investments in subsidiaries

The following table gives an overview of material non-consolidated investments in subsidiaries at period end:

Entity	Principal place of business	Proportion of ownership interest		Fair Value of ownership interest	
		30 June 2021 in %	31 Dec. 2020 in %	30 June 2021 in \$m	31 Dec. 2020 in \$m
JAB Coffee & Beverages B.V. <sup>1</sup>	Netherlands	100.0	100.0	18,428.1	17,693.5
JDE Peet's N.V.	Netherlands	-	1.9	-	431.8
Keurig Dr Pepper Inc.	USA	-	0.4	-	173.5
<i>JAB Coffee &amp; Beverages</i>				<i>18,428.1</i>	<i>18,298.8</i>
Pret Panera Holdings B.V.	Netherlands	57.4	-	5,016.0	-
Pret Panera I G.P.	USA	-	53.8	-	2,769.5
Pret Panera III G.P.	USA	-	16.3	-	1,359.9
<i>Pret Panera</i>				<i>5,016.0</i>	<i>4,129.4</i>
JAB Indulgence B.V.	Netherlands	100.0	-	1,030.6	-
KK G.P.	USA	0.0	49.4	0.0	1,068.0
<i>JAB Indulgence</i>				<i>1,030.6</i>	<i>1,068.0</i>
Cottage Holdco B.V.	Netherlands	100.0	100.0	4,238.7	3,227.3
Petcare G.P.	USA	40.0	38.5	4,803.5	3,273.9
Other				443.6	251.4
<b>Total</b>				<b>33,960.5</b>	<b>30,248.8</b>

The Group controls its investments in KK G.P. and Petcare G.P. by virtue of agreements with its co-investors. Therefore, the investments are presented as investments in subsidiaries.

#### JAB Coffee & Beverages

The Group is invested in Keurig Dr Pepper Group (KDP) and JDE Peet's (JDEP) through JAB Coffee & Beverages B.V.

In the six months period ended 30 June 2021, the Group acquired further shares in JDE Peet's N.V. (\$37.6m). The Group reorganised its JAB Coffee & Beverages shareholdings by transferring either through contribution or sale its directly held shares in JDE Peet's N.V. and KDP to JAB Coffee & Beverages B.V.

In addition, in the six months period ended 30 June 2021, the Group made a cash contribution of \$499.1m to JAB Coffee & Beverages B.V.

<sup>1</sup> Former JAB Beverage Platform B.V. was renamed to JAB Coffee & Beverages B.V. in the six months period ended 30 June 2021.

## **Pret Panera**

Pret Panera Holdings B.V. is the direct shareholder of further interim holding companies and their investments in Pret A Manger Group, Panera Brands Group and Espresso House Group.

In the six months period ended 30 June 2021, the Group reorganised its shareholding in Pret Panera. The direct investments in Pret Panera I G.P. and Pret Panera III G.P. were contributed to the newly established intermediate holding company Pret Panera Holdings B.V.

## **JAB Indulgence**

The Group is invested in Krispy Kreme Group through JAB Indulgence B.V.

In the six months period ended 30 June 2021, the Group reorganised its shareholding in Krispy Kreme. The direct investment in KK G.P. was transferred to the newly established intermediate holding company JAB Indulgence B.V.

In the six months period ended 30 June 2021, the Group made capital contributions to KK G.P. in the amount of \$67.7m and received share premium repayments of \$158.5m from JAB Indulgence B.V.

## **Cottage Holdco**

The Group is invested in Coty Inc. through Cottage Holdco B.V. As of 30 June 2021, Cottage Holdco B.V. holds 60.6% (463,853,684 shares) in Coty Inc.

## **Petcare**

The Group is invested in National Veterinary Associates (NVA) through a 40% investment in Petcare G.P.

In the six months period ended 30 June 2021, the Group made additional contributions of \$402.0m to Petcare G.P.

The movements in investments in non-consolidated subsidiaries can be detailed as follows:

	JAB Coffee & Beverages in \$m	Pret Panera in \$m	JAB Indulgence in \$m	Cottage Holdco in \$m	Petcare in \$m	Other in \$m	Total in \$m
<b>Balance as of 31 December 2020</b>	<b>18,298.8</b>	<b>4,129.4</b>	<b>1,068.0</b>	<b>3,227.3</b>	<b>3,273.9</b>	<b>251.4</b>	<b>30,248.8</b>
Additions	536.7	-	67.7	-	402.0	8.0	1,014.4
Disposals	(387.2)	-	(158.5)	-	-	-	(545.6)
Transfer from / to other investments	-	-	-	-	-	128.4	128.4
Change in fair value	(20.2)	886.6	53.4	1,011.4	1,127.6	55.7	3,114.5
<b>Balance as of 30 June 2021</b>	<b>18,428.1</b>	<b>5,016.0</b>	<b>1,030.6</b>	<b>4,238.7</b>	<b>4,803.5</b>	<b>443.6</b>	<b>33,960.5</b>

The net gain/(loss) and dividend income from investments in non-consolidated subsidiaries at FVTPL is detailed below:

	Net gain/(loss) on non- consolidated investments in subsidiaries at FVTPL		Dividend income from non-consolidated investments in subsidiaries at FVTPL		Total net income from non-consolidated investments in subsidiaries at FVTPL	
	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
	JAB Coffee & Beverages	68.0	-	124.9	-	192.9
Acorn Holdings B.V.	-	(1,070.2)	-	70.4	-	(999.8)
JDE Peet's	(82.2)	48.2	-	-	(82.2)	48.2
Keurig Dr Pepper	(6.0)	(2.7)	0.8	1.1	(5.2)	(1.6)
<i>JAB Coffee &amp; Beverages</i>	<i>(20.2)</i>	<i>(1,024.7)</i>	<i>125.7</i>	<i>71.5</i>	<i>105.5</i>	<i>(953.2)</i>
Pret Panera	886.6	(869.7)	-	-	886.6	(869.7)
JAB Indulgence	53.4	(28.5)	227.5	-	280.9	(28.5)
Cottage Holdco	1,011.4	(3,127.5)	-	-	1,011.4	(3,127.5)
Petcare	1,127.6	(51.4)	-	-	1,127.6	(51.4)
Others	55.7	(216.7)	-	-	55.7	(216.7)
<b>Total</b>	<b>3,114.5</b>	<b>(5,318.5)</b>	<b>353.2</b>	<b>71.5</b>	<b>3,467.7</b>	<b>(5,247.0)</b>

Net gain / (loss) from investments in Pret Panera and JAB Indulgence includes results from investments in Pret Panera I G.P., Pret Panera III G.P. and KK G.P. before reorganisation of shareholding in those investments.

### 3.1.2. Other Investments

The following table gives an overview of other investments at end of the period:

	30 June 2021		31 December 2020	
	Short-term in \$m	Long-term in \$m	Short-term in \$m	Long-term in \$m
<b>BALANCE AT</b>			-	-
<i>Corporate debt securities</i>				
Panera Brands, Inc.	-	213.8	-	-
<i>Associates</i>				
Other associates	-	-	-	128.4
<i>Derivatives</i>				
Other derivatives	-	-	0.5	-
<i>Others</i>		78.9	-	3.3
<b>Total</b>	<b>-</b>	<b>292.7</b>	<b>0.5</b>	<b>131.7</b>

#### Corporate Debt Securities

On 25 January 2021, the Group acquired 270.7 thousand preference shares together with 1.6 million warrants in Panera Brands, Inc., at an amount of \$270.7m for the combined instrument. The preference shares were issued with a nominal value of \$0.01 and a 7% coupon dividend and the warrants have an exercise price of \$0.01, with 0.5 million warrants being subject to a 3-year pro-rata vesting condition. Both, the preferred shares and warrants are measured at FVTPL.

On 7 May 2021, the preference shares were redeemed by the issuer at 102% of the nominal value. The total redeemed value was \$281.5m, including \$5.3m of coupon dividends.

The fair value of the vested warrants as of 30 June 2021 was determined using the fair value of the Panera Brands, Inc. ordinary share price, for the warrants that are exercisable at the reporting date. Unvested warrants were valued at zero as of 30 June 2021.

The movements in other investments can be detailed as follows:

	Corporate debt securities in \$m	Associates in \$m	Derivatives in \$m	Others in \$m	Total in \$m
<b>Balance as of 31 December 2020</b>	<b>-</b>	<b>128.4</b>	<b>0.5</b>	<b>3.3</b>	<b>132.2</b>
Additions	270.7	-	-	76.5	347.2
Disposals	(276.2)	-	(0.6)	-	(276.8)
Transfer to / from investments in subsidiaries	-	(128.4)	-	-	(128.4)
Change in fair value	219.3	-	0.1	(0.9)	218.6
<b>Balance as of 30 June 2021</b>	<b>213.8</b>	<b>-</b>	<b>-</b>	<b>78.9</b>	<b>292.7</b>

The net gain/(loss) and dividend income from other investments at FVTPL is detailed below:

	Net gain/(loss) on Other Investments		Dividend income from Other Investments		Total net income from Other Investments	
	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
<i>Corporate debt securities</i>						
Panera Brands, Inc.	219.3	-	5.3	-	224.6	-
Acorn Holdings B.V. preferred shares	-	10.4	-	9.1	-	19.5
<i>Associates</i>						
Other associates	-	87.1	-	-	-	87.1
<i>Derivatives</i>						
Other derivatives	0.1	-	-	-	0.1	-
<i>Others</i>						
Others	(0.9)	-	-	-	(0.9)	-
<b>Total</b>	<b>218.5</b>	<b>97.5</b>	<b>5.3</b>	<b>9.1</b>	<b>223.8</b>	<b>106.6</b>

### 3.1.3. Investment in subsidiaries valuation

For information on the fair value hierarchy applied by the Group, refer to note 4 Financial Instruments – Fair Value and Risk Management. The Group qualifies its investments in subsidiaries in Level 1, Level 2 and Level 3 financial assets:

#### Level 1

The fair value of financial assets in this category is based on observable inputs only. As of 30 June 2021, The Group's assets in this category include other investments (31 December 2020: KDP and JDE Peet's).

#### Level 2

The fair value of financial assets in this category is based on valuation techniques maximising the use of observable market data. The Group's assets in this category include Cottage Holdco B.V. which holds an underlying investment in the public listed company Coty Inc.

#### Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. The Group's assets in this category include investments in JAB Coffee & Beverages B.V., Pret Panera Holdings B.V., Petcare G.P., JAB Luxury GmbH. and JAB Indulgence B.V. (2019: Acorn Holding B.V., Pret Panera I G.P., Pret Panera III G.P., Petcare G.P., Cottage Holdco B.V., JAB Luxury GmbH and KK G.P.), none of which are directly quoted in an active market. Unobservable inputs include LTM/NTM results, peer multiples and transaction prices and other observable inputs include JDE Peet's and KDP share price within JAB Coffee & Beverages B.V. as well as Krispy Kreme share price within JAB Indulgence B.V.

#### Valuation process

The Group uses market-based valuation techniques for its level 3 fair value investments. The market-based valuations are prepared by the Group. The Group receives support in this valuation process from an external service provider. The Group's investment platforms hold stakes in private and public companies (together referred to as 'underlying investments'). The valuations of the underlying investments are reviewed by the valuation committees, which comprise of independent and executive board members of those underlying investments. Once the valuation

committee has unanimously approved the valuations, the Group aggregates the valuations of the underlying investments in line with the investment platform structures. Other assets and liabilities are considered in the valuation, together with the aggregated underlying investments against their respective ownership stake. The platform valuations are subsequently approved by the Directors of the platform investments.

#### *Valuation method – public companies*

For underlying investment that are publicly traded (KDP, Coty, JDE Peet's and Krispy Kreme), fair value is determined by reference to the quoted market price on the balance sheet closing date. As Krispy Kreme went public on 1 July 2021, the valuation is based on the volume weighted average share price of the first two trading days (\$19.13).

#### *Valuation method – private companies – price of a recent transaction*

Underlying investments of private companies that were acquired recently, generally within the last year, or for which a recent market transaction is available, are measured at the transaction price, except where the underlying company's economic performance (e.g. operations, financial position and liquidity) has significantly changed. As part of the analysis, the Group calibrates the price of a recent transaction by using a market approach on a case by case basis.

#### *Valuation method – private companies – comparable market multiple approach*

This valuation method is applied for underlying investments which are not quoted in an active market. In using the market-multiple method, to determine the fair value of an underlying investment, a market multiple is established based on a selected group of comparable publicly traded peer group companies that is considered representative of the underlying investment. Determination of the peer group companies is generally based on the risk profile, growth prospect, strength of brand or brand portfolio, leverage and certain financial characteristics (e.g. market capitalization, EBITDA margin levels, etc).

The multiples selected are the median of the comparable publicly listed companies and are applied to the figures of the underlying investments as of June 2021 and December 2020. In addition, adjustments between the enterprise value and the equity value were made for financial debt, and, where relevant, for non-controlling interest and financial assets.

The main elements and related sensitivities in the valuations of the privately held underlying investments are:

- The formula of weighted average multiples which include the selected ratios for: price earnings ("P/E"), EV/EBITDA and EV/Sales;
- The multiples of comparable public companies in the peer group based on industry, size, leverage and strategy;
- The selection of forward looking (NTM) or historical market multiples (LTM) for selected peers; and
- The financial inputs from the portfolio companies.

#### *Other considerations*

The valuation methods have been applied consistently over time, for which by exception amendments were made due to triggering events (e.g. COVID-19). In the event of the occurrence of a triggering event, such event has been disclosed.



The following table summarises key unobservable inputs for the underlying investments used within the Level 3 fair value measurement of investments in subsidiaries:

Company	Fair value		Valuation technique	Input	Range	
	30 June 2021	31 Dec. 2020			30 June 2021	31 Dec. 2020
Investments in subsidiaries	33,960.5	30,248.8	Publicly listed	Quotes share price	N/A	N/A
			Transaction price	Price of a recent transaction	N/A	N/A
			Comparable companies	EBITDA multiples (LTM)	N/A	20.9 – 22.4
				EBITDA multiples (NTM)	12.7 – 19.7	10.0 -19.6
			Comparable companies	Sales multiples (LTM)	N/A	4.6
				Sales multiples (NTM)	1.5 – 4.8	1.2 – 5.0
			Comparable companies	P/E multiples (LTM)	N/A	30.1 – 36.4
			P/E multiples (NTM)	17.0 – 32.3	17.0 – 29.9	

Underlying investments valued based on a market approach using comparable companies multiples technique are valued using NTM multiples (Pret Panera and JAB Luxury GmbH; 31 December 2020: LTM multiples – KK G.P., Petcare G.P.; NTM multiples – Pret Panera I G.P., Pret Panera III G.P., JAB Luxury GmbH).

As of 30 June 2021, JAB Indulgence is direct shareholder in Krispy Kreme Inc. JAB Indulgence's fair value was determined on the basis of its investment in Krispy Kreme Inc. As Krispy Kreme Inc. went public on 1 July 2021, the valuation is based on the weighted average share price of the first two trading days (\$19.13).

As of 30 June 2021, Petcare G.P.'s fair value was determined based on the transaction price of a recent market transaction.

A weighting is applied to the multiples used to determine the fair value of the investment. The weighting applied depends on various circumstances include the stage at which the company is, resulting in the following weightings:

COMPANY	30 June 2021			31 December 2020		
	EV/EBITDA	P/E	EV/Sales	EV/EBITDA	P/E	EV/Sales
Pret Panera	40%	40%	20%	40%	40%	20%
JAB Luxury	20%	20%	60%	10%	10%	80%
Petcare	N/A	N/A	N/A	50%	50%	-
KK	N/A	N/A	N/A	40%	40%	20%

As of 30 June 2021, a weighting of 50% EV/EBITDA and 50% P/E was applied for Petcare to calibrate the transaction price of a recent market transaction by using a market approach.

## 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 and transaction prices. The estimated fair value would increase (decrease) if the adjusted market multiples or transaction prices were higher (lower). A change of the applied multiples and transaction prices by 10% would change the fair value estimate as follows:

	30 June 2021		31 December 2020	
	increase	decrease	increase	decrease
	in \$m	in \$m	in \$m	in \$m
Pret Panera	630.0	(630.0)	547.6	(547.6)
JAB Luxury	35.9	(35.9)	34.1	(34.1)
Petcare	480.4	(480.4)	392.6	(392.6)
Krispy Kreme	141.7	(141.7)	132.9	(132.9)
	<b>1,288.0</b>	<b>(1,288.0)</b>	<b>1,107.2</b>	<b>(1,107.2)</b>

### 3.1.4. Loans to investments

The movements in the loans to investments and investments' subsidiaries can be detailed as follows:

	Pret Panera in \$m
<b>Balance as of 31 December 2020</b>	<b>117.1</b>
New loans issued	225.8
Loans repaid	(63.6)
Conversion to debt instruments in other investments	(270.7)
Translation differences	0.5
<b>Balance as of 30 June 2021</b>	<b>9.1</b>
Current	9.1
Non-current	-

In the six months period ended 30 June 2021, interest income from loans granted to investments amounts to \$0.7m (six months ended 30 June 2020: \$6.2m).

### 3.2. Other loans

	30 June 2021 in \$m	31 December 2020 in \$m
<b>BALANCE AT 31 DECEMBER</b>		
JAB Management	26.2	46.9
JAB Holding Company LLC	4.4	4.0
<b>Total</b>	<b>30.6</b>	<b>50.9</b>
Current	30.6	50.9
Non-current	-	-

Receivables from JAB management relate to loans that were granted to the Group's management or personal holding companies of the Group's management as part of a management participation plan of the Group.

### 3.3. Other assets

	30 June 2021 in \$m	31 December 2020 in \$m
<b>BALANCE AT 31 DECEMBER</b>		
Receivables from shareholders	21.5	18.7
Prepayments	6.2	7.2
Accrued interest	0.4	2.0
Other	6.8	5.5
<b>Total</b>	<b>34.9</b>	<b>33.4</b>
Current	6.1	9.0
Non-current	28.8	24.4

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

### 3.4. Cash and cash equivalents

Cash and cash equivalents as of 30 June 2021 (\$2,767.4m; 31 December 2020: \$2,674.2) include bank deposits and liquidity funds available on demand (\$2,117.0m; 31 December 2020: \$797.5m) and deposits with a short-term maturity of less than 3 months.

### 3.5. Equity

#### Share capital and share premium

At the end of the reporting period, issued capital comprises of the following numbers of shares:

	30 June 2021			31 December 2020		
	Number by classification Equity	Total Shares	Nominal value In \$m	Number by classification Equity	Total shares	Nominal value In \$m
Ordinary Class A shares	8,763,050	8,763,050	8.8	8,763,050	8,763,050	8.8
Ordinary Class B shares	837,922	837,922	0.8	814,413	814,413	0.8
Special Class S shares	567,783	567,783	0.6	496,473	496,473	0.5
Class PI shares	92,157	92,157	0.1	-	-	-
<b>Issued share capital</b>	<b>10,260,912</b>	<b>10,260,912</b>	<b>10.3</b>	<b>10,073,936</b>	<b>10,073,936</b>	<b>10.1</b>

Each share has a nominal value of \$1.0.

The movement in total issued share capital was as follows:

	Ordinary Class A shares	Ordinary Class B shares	Special Class S shares	Class PI shares	Total shares
<b>Balance as of 31 December 2020</b>	<b>8,763,050</b>	<b>814,413</b>	<b>496,473</b>	<b>-</b>	<b>10,073,936</b>
Shares issued for cash	-	10,042	12,661	-	22,703
Share-based payments	-	13,467	58,649	92,157	164,273
<b>Balance as of 30 June 2021</b>	<b>8,763,050</b>	<b>837,922</b>	<b>567,783</b>	<b>92,157</b>	<b>10,260,912</b>

The movement in share capital and share premium classified as equity was as follows:

	Ordinary Class A shares		Ordinary Class B shares		Ordinary Class S shares		Class PI shares		Total	
	Share capital in \$m	Share premium in \$m	Share capital in \$m	Share premium in \$m	Share capital in \$m	Share premium in \$m	Share capital in \$m	Share premium in \$m	Share capital in \$m	Share premium in \$m
<b>Balance as of</b>										
<b>31 December 2020</b>	<b>8.8</b>	<b>9,444.2</b>	<b>0.8</b>	<b>1,622.2</b>	<b>0.5</b>	<b>26.1</b>	-	-	<b>10.1</b>	<b>11,092.6</b>
Issue of share capital	-	-	0.0	20.2	0.0	3.4	-	-	0.0	23.6
Share-based payments	-	-	0.0	(23.7)	0.1	(7.7)	0.1	-	0.2	(31.5)
Capital repayments	-	(83.4)	-	(7.8)	-	(0.2)	-	-	-	(91.4)
<b>Balance as of 30 June 2021</b>	<b>8.8</b>	<b>9,360.8</b>	<b>0.8</b>	<b>1,610.9</b>	<b>0.6</b>	<b>21.5</b>	<b>0.1</b>	-	<b>10.3</b>	<b>10,993.2</b>

Share-based payments reserve

Refer to note 3.6 Share-Based Payments

Foreign currency translation reserve

The translation reserve comprises all currency differences arising from the translation of financial statements of operations into the Group's presentation currency, being the US Dollar.

Retained earnings

In the six months period ended 30 June 2021, no dividend was paid to the equity shareholders.

### 3.6. Share-Based Payments

The members of the Advisory Committee (see note 3.13) as well as members of its Management executives and senior managers of the Company and its affiliates have acquired shares in the Company.

The Company operates share grant agreements with the members of the Advisory Committee as well as with members of its management team and executives and senior managers of the Company and its affiliates.

The Company also operates share option schemes for the members of the Advisory Committee, the management team, executives and senior managers of the Company and its affiliates.

Until December 2020, the agreements contained put features that provided the holders of the shares with a right to sell shares back to the Company for cash, and the Company accounted for the share-grant agreements as cash-settled instruments. In December 2020, the terms and conditions of the Company's share grant agreements and the share option schemes have been amended. As a result of the amendments in December 2020, the share-based payment arrangements are accounted for as equity-settled instruments.

#### *Share grant agreements*

The expense recognised arising from share grant agreements during the period was \$14.9m.

In the six months period ended 30 June 2020, the Company incurred other income in the amount of \$436.2m from the remeasurement of cash-settled share-based payment transactions.

#### *Share option schemes*

The share options have graded vesting or cliff vesting features and they vest over a service period of 5 years. Options may be exercised at any time from the vesting date to the date of their expiry (10 years from the grant date). All options related to share-based compensation plans were granted with an exercise price (in USD) being an approximate to the fair value of the underlying shares at the grant date.

The fair value of each option granted is estimated using the Black-Scholes option-pricing model. The weighted average fair value of the options granted during the six months period ended 30 June 2021 was \$720 (31 December 2020: \$815).

The following table lists the weighted average inputs for the fair value measurement at the grant date for options granted during the period:

	<b>Grant date measurement 2021</b>	<b>Grant date measurement 2020</b>	<b>Modification date Dec. 2020</b>
Dividend yield	0.7%	0.7%	0.7%
Expected volatility	35.0%	30.0%-35.0%	35.0%
Risk-free interest rate	0.9%	0.7%	0.4%
Expected life of options	7.5 years	7.5 years	4.0 years
Exercise price (USD)	2,025	1,904	1,902
Average share price (USD)	2,025	1,904	2,014

The expected life of the options is based on management's estimate and is below the contractual life. The expected volatility is based on a peer group analysis using historical information.

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the six months period ended 30 June 2021:

	Number of options 30 June 2021	Weighted average exercise price 30 June 2021 in \$	Number of options 30 June 2020	Weighted average exercise price 30 June 2020 in \$
<b>Balance at beginning of period (outstanding)</b>	<b>974,470</b>	<b>1,902</b>	<b>1,343,376</b>	<b>1,858</b>
Granted during the year	99,070	2,025	41,834	2,104
Lapsed during the year	-	-	194,638	1,833
Exercised during the year	-	-	53,955	2,380
Expired during the year	-	-	-	-
<b>Balance at end of period (outstanding)</b>	<b>1,073,540</b>	<b>1,913</b>	<b>1,136,617</b>	<b>1,880</b>
<b>Vested and exercisable at end of period</b>	<b>2,400</b>	<b>1,897</b>	<b>163,640</b>	<b>1,768</b>

As of 30 June 2021, the intrinsic value of vested options is \$1.2m (31 December 2020: \$0.0m).

In the six months period ended 30 June 2021, no options were exercised. The weighted-average share price at the date of exercise for share options exercised in the six months period ended 30 June 2020 was \$2,380.

The range of exercise prices for options outstanding at the end of the period was \$1,616 to \$2,521 (31 December 2020: \$1,616 to \$2,521) and these outstanding options have a weighted-average remaining contractual life of 4 years (31 December 2020: 4 years).

The expense recognised arising from share option schemes during the period was \$39.2m.

In the six months period ended 30 June 2020, the Company incurred other income in the amount of \$297.3m from the remeasurement of cash-settled share option schemes.

#### *Other share-based payments*

In 2020, a member of the management was granted shares in the Company by other shareholders. The Company accounts for the award as an equity-settled share-based payment transaction in share-based payments reserve in equity. The expense recognised for the period arising from other share-based payments during the year was \$14.8m (six months ended 30 June 2020: expense \$0.0m).

### 3.7. Borrowings

	<b>Borrowings</b> in \$m
<b>Balance as of 31 December 2020</b>	<b>10,274.3</b>
Proceeds from issuance of bonds	492.0
Amortisation of discounts and fees	5.5
Translation differences	(310.8)
<b>Balance as of 30 June 2021</b>	<b>10,461.0</b>
Current	802.7
Non-current	9,658.3

Overview of borrowings issued in the six months period ended 30 June 2021:

Note	Original Principal	Remaining Principal	Issued	Due	Carrying Value 30 June 2021 In \$m
Senior Note 2051	\$500.0	\$500.0	May 2021	May 2051	492.2

Note	Additional issuances
Senior Note 2051	In May 2021, the Group issued long-term notes in the aggregate principal amount of \$500.0 at an interest rate of 3.75% p.a. The notes are a private placement in the US market.

The Group has access to currently undrawn EUR credit facilities totalling \$3.6 billion (31 December 2020: \$3.7 billion). As of 30 June 2021 and 31 December 2020, the Group had no outstanding payable under its credit facilities.



### 3.8. Other liabilities

	30 June 2021 in \$m	31 December 2020 in \$m
Derivatives	-	1.8
Accrued interest and other bank fees	50.4	87.6
Lease liability	2.2	1.7
Trade and other payables	24.7	48.0
<b>Total</b>	<b>77.3</b>	<b>139.1</b>
Current	69.9	134.1
Non-current	7.4	5.0

Other payables include an amount of \$4.5m (31 December 2020: \$1.6m) related to a service agreement with JAB Holding Company LLC.

### 3.9. Finance income and expenses

Finance income can be detailed as follows:

	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
Change in fair value of redeemable shares	-	436.2
Interest income	1.9	9.3
Net foreign exchange gain	277.6	33.3
Other	-	0.6
<b>Total</b>	<b>279.5</b>	<b>479.4</b>

In the six months period ended 30 June 2021, foreign exchange gains mainly result from the translation of borrowings denominated in EUR to USD.

Finance expenses can be detailed as follows:

	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
Interest expense	(105.6)	(100.3)
Change in fair value of interest rate contracts	-	14.5
Bank fees	(7.1)	(4.7)
<b>Total</b>	<b>(112.7)</b>	<b>(90.5)</b>

### 3.10. General and administrative expenses

General and administrative expenses can be detailed as follows:

	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
Service fees	(26.2)	(13.6)
Salary and personnel related expenses	(5.7)	(9.9)
Legal, tax, audit, consultancy fees and others	(13.2)	(8.0)
<b>Total</b>	<b>(45.1)</b>	<b>(31.5)</b>

### 3.11. Other income / expense

Other income and expense can be detailed as follows:

	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
Expenses from share-based payments (equity-settled)	(68.9)	-
Income from share-based payments (cash-settled)	-	297.3
<b>Total</b>	<b>(68.9)</b>	<b>297.3</b>

### 3.12. Income tax

	For the six months ended 30 June 2021 in \$m	For the six months ended 30 June 2020 in \$m
Withholding tax on dividends and finance income	(0.1)	(0.2)
<b>Tax losses carry-forward as of 31 December</b>	<b>(0.1)</b>	<b>(0.2)</b>

Dividends and finance income can be subject to withholding taxes. These dividends are tax exempt under the Dutch participation exemption. Withholding taxes have been recognised as part of income tax expense, with dividend income recognised on a gross basis.

### 3.13. Related parties

The related parties are disclosed in the consolidated financial statements 2020. Related party transactions which have taken place in the period and have materially affected the Interim Condensed Consolidated financial statements are disclosed in the notes to the Interim Condensed Consolidated financial statements.

### 3.14. Contingent liabilities

As of 30 June 2021, the Group provides no material guarantees for third parties.

JAB Holdings B.V., JAB Cosmetics B.V. and Cottage Holdco B.V. (the "Group Companies") are named as defendants in a stockholder class action and derivative lawsuit pending in the Delaware Court of Chancery under the caption *In re Coty Inc. Stockholders Litigation, Cons. C.A. No. 2019-0336-AGB*. The complaint relates to Cottage Holdco B.V.'s partial tender offer to purchase the stock of Coty, Inc. (the "Tender Offer"). The complaint alleges that the Group Companies acted in concert to control Coty, that the JAB directors of Coty breached their fiduciary duties by approving the Tender Offer, and that the Group Companies breached their fiduciary duties as Coty's controlling stockholder. Plaintiffs contend that the Tender Offer injured the tendering stockholders because it was purportedly unfairly priced, and that the non-tendering stockholders were injured because the Group Companies gained mathematical control of Coty, thereby depriving the non-controlling stockholders of a control premium. The case is currently in the middle of fact discovery. A trial date has not yet been set.

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

### 4.1. Financial instruments and fair value hierarchy

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

#### Assets as per statement of financial position

	30 June 2021			31 December 2020		
	Amortised cost in \$m	FVTPL in \$m	Total in \$m	Amortised cost in \$m	FVTPL in \$m	Total in \$m
Investments in subsidiaries	-	33,960.5	<b>33,960.5</b>	-	30,248.8	<b>30,248.8</b>
Other investments	-	292.7	<b>292.7</b>	-	132.2	<b>132.2</b>
Loans to investments	9.1	-	<b>9.1</b>	117.1	-	<b>117.1</b>
Other loans	30.6	-	<b>30.6</b>	50.9	-	<b>50.9</b>
Other assets	34.9	-	<b>34.9</b>	29.4	-	<b>29.4</b>
Cash and cash equivalents	2,767.4	-	<b>2,767.4</b>	2,674.2	-	<b>2,674.2</b>
<b>Total</b>	<b>2,842.0</b>	<b>34,253.2</b>	<b>37,095.2</b>	<b>2,871.6</b>	<b>30,381.0</b>	<b>33,252.6</b>

#### Liabilities as per statement of financial position

	30 June 2021			31 December 2020		
	Amortised cost in \$m	FVTPL in \$m	Total in \$m	Amortised cost in \$m	FVTPL in \$m	Total in \$m
Borrowings	10,461.0	-	<b>10,461.0</b>	10,274.3	-	<b>10,274.3</b>
Other liabilities	77.3	-	<b>77.3</b>	137.3	1.8	<b>139.1</b>
<b>Total</b>	<b>10,538.3</b>	-	<b>10,538.3</b>	<b>10,411.6</b>	<b>1.8</b>	<b>10,413.4</b>

Cash and cash equivalents, as well as other receivables, are subject to the impairment requirements of IFRS 9. As of 30 June 2021 and 31 December 2020, cash and cash equivalents were placed with quality financial institutions and could be withdrawn on short notice. Therefore, the expected credit loss on cash and cash equivalents and other receivables, as well as the identified impairment loss for the other receivables subject to the expected credit loss model, were immaterial. The following table shows financial instruments carried at fair value by their valuation technique. It does not include fair value information of financial assets and financial liabilities not measured at fair value. The issued long-term notes have a carrying amount of \$10,223.5m (31 December 2020: \$10,028.9m), the fair value is \$10,969.4m (31 December 2020: \$10,948.6m) based on dealer-quotes (Level 2). For all other financial assets and liabilities, the carrying amounts are a reasonable approximate of fair values.

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

### Financial instruments in Level 1

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

### Financial instruments in Level 2

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

### Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

	30 June 2021			Total in \$m
	Level 1 in \$m	Level 2 in \$m	Level 3 in \$m	
<b>FINANCIAL ASSETS AT FVTPL</b>				
Investments in subsidiaries				
Unlisted equity investments	-	4,238.7	29,721.8	<b>33,960.5</b>
Other investments	46.7	-	246.0	<b>292.7</b>
<b>Total financial assets</b>	<b>46.7</b>	<b>4,238.7</b>	<b>29,967.8</b>	<b>34,253.2</b>

	31 December 2020			Total in \$m
	Level 1 in \$m	Level 2 in \$m	Level 3 in \$m	
<b>FINANCIAL ASSETS AT FVTPL</b>				
Investments in subsidiaries and other investments				
Listed equity investments	605.3	-	-	<b>605.3</b>
Unlisted equity investments	-	3,227.3	26,416.2	<b>29,643.5</b>
Other investments	0.5	-	131.7	<b>132.2</b>
<b>Total financial assets</b>	<b>605.8</b>	<b>3,227.3</b>	<b>26,547.9</b>	<b>30,381.0</b>
<b>FINANCIAL LIABILITIES AT FVTPL</b>				
Foreign exchange contracts	-	1.8	-	<b>1.8</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>1.8</b>	<b>-</b>	<b>1.8</b>

There were no transfers between the levels in the six months period ended 30 June 2021.

In the six months period ended 30 June 2020, FVTPL equity instruments with a carrying amount of \$2,336.0m were transferred from Level 3 to Level 2 as all of the significant inputs required to determine fair value are observable following the omission of significant inputs not observable. 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.

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

	<b>Investments in subsidiaries</b> Unlisted equity investments In \$m	<b>Other investments</b> Unlisted equity investments In \$m	<b>Other investments</b> Preferred shares In \$m
<b>Balance as of 31 December 2020</b>	<b>26,416.2</b>	<b>131.7</b>	<b>0.0</b>
Additions	1,014.4	29.1	270.7
Disposals	(545.6)	-	(276.2)
Transfer	733.7	(128.4)	
Change in fair value	2,103.1	(0.2)	219.3
<b>Balance as of 30 June 2021</b>	<b>29,721.8</b>	<b>32.2</b>	<b>213.8</b>

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

Cash and cash equivalents, loans receivable, loans payable and other assets and liabilities, except for derivative financial instruments, were valued at amortised cost which is a reasonable approximate of fair values.

## 4.2. Other financial instruments

The Group is party to agreements under which it is obliged to purchase shares from certain non-controlling shareholders of non-consolidated subsidiaries. The Group's obligation to purchase shares under these agreements is contingent on certain events. The Group has qualified the obligations to purchase such investor's interest as financial instruments. As at 30 June 2021 the fair value of these agreements was \$0 (31 December 2020: \$0), given that either the expected cash outflow was nil, or because the obligation was exercisable at the fair value of the underlying item.

## 4.3. Overview of financial risk factors

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

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

Moreover, the Group is subject to inherent risks due to its investment activities. The value development of the investments depends on various external and internal factors which also might lead to negative variances from the expected developments.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the Group's 31 December 2020 consolidated financial statements. There have been no changes in the risk management policies and procedures since year-end.

## 4.4. Market risk

### Exposure to other price risk

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

## Sensitivity analysis – equity price risk

The Group's exposure to changes in share prices of its investments was as follows:

	Carrying amount 30 June 2021 in \$m	Carrying amount 31 December 2020 in \$m
<b>INVESTMENTS</b>		
JDE Peet's	-	431.8
KDP	-	173.6
Others	46.7	-
<b>Total</b>	<b>46.7</b>	<b>605.4</b>

The sensitivity analyses below have been determined on the exposure to equity price risks at the end of the reporting period. If share prices had been 5% higher/lower, profit for the six months period ended 30 June 2021 would have increased/decreased by \$2.3m as a result of changes in the fair value of these investments (31 December 2020: \$30.3m). Other comprehensive income for the period ended 30 June 2021 and 31 December 2020 would have been unaffected.

Further, the Group has indirect exposure to equity price risk from indirect investments at the end of the reporting period. If share price had been 5% higher or lower, the result for the period ended 30 June 2021 would have increased/decreased by \$1,248.4m as a result of changes in the fair value of the equity investments classified as at FVTPL (31 December 2020: \$1,237.7m).



## 5. Subsequent Events

The Group's management has evaluated subsequent events through the date of issuance of these interim condensed consolidated financial statements.

In July 2021,

- the Group successfully issued a Eurobond of €500.0m;
- the Krispy Kreme IPO was completed successfully; between the date of IPO and date of issuance of the interim condensed consolidated financial statements, the share price traded between \$12.82 and \$21.69.

Luxembourg, 31 August 2021

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J. Creus  
*Managing Director*

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C. Thun-Hohenstein  
*Managing Director*

JAB HOLDING COMPANY

# Report of the Réviseur d'Entreprises agréé





**KPMG Luxembourg, Société coopérative**  
39, Avenue John F. Kennedy  
L-1855 Luxembourg

Tel.: +352 22 51 51 1  
Fax: +352 22 51 71  
E-mail: info@kpmg.lu  
Internet: www.kpmg.lu

To the Board of Managers of  
JAB Holding Company S.à r.l.  
4, rue Jean Monnet  
L-2180 Luxembourg

**Report of the Reviseur d'Entreprises agréé**  
**on the review of the interim condensed consolidated financial statements**

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of JAB Holding Company S.à r.l. ("the Company") as at 30 June 2021, the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated cash flow statement for the six month period then ended, and notes to the interim condensed consolidated financial statements ("the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated 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 consolidated financial statements based on our review.

***Scope of Review***

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

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not give a true and fair view of the financial position of the entity as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 31 August 2021

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

Yves Thorn  
Partner

