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March 11, 2025

By Hand Delivery

The Honorable Bernard Logan
Clerk of the Commission
State Corporation Commission
Document Control Center
Tyler Building
1300 E. Main Street
Richmond, VA 23219

INS-2025-00038

Re: Form A Statement Regarding the Acquisition of Control of Shenandoah Life Insurance Company (the "Domestic Insurer") by JAB Holding Company S.À.R.L.

Dear Clerk Logan:

On behalf of JAB Holding Company S.À R.L. (the "Applicant"), we are filing the enclosed Form A Statement Regarding Acquisition of Control of the Domestic Insurer pursuant to Section 38.2-1323 of the Code of Virginia and 14 VAC 5-260-40 of the Virginia Administrative Code (the "Application" or the "Form A").

The Applicant respectfully requests approval of the Commission of the Application under Section 38.2-1326 of the Code of Virginia.

Enclosed for filing please find one original unbound and one bound copy of the public Form A (including all but the confidential exhibits). Also enclosed are an original and fifteen bound copies of Applicant's confidential version of Form A (including all exhibits, except those noted as being filed supplementally), which are in sixteen sealed envelopes marked "CONFIDENTIAL" and filed "UNDER SEAL."

In connection therewith, please also find enclosed for filing an original and fifteen copies of Applicants' Motion for Protective Order pursuant to State Corporation Commission Rules of Practice and Procedure, Rules 5 VAC 5-20-110 and 5 VAC 5-20-170. The Applicant respectfully

Mr. Bernard Logan, Clerk
March 11, 2025
Page 2

request confidential treatment be afforded to the following: Exhibit CE-1 (Purchase Agreement), Exhibit CE-2 (Transaction Side Letter), Exhibit CE-3 (Biographical Affidavits of Directors and Executive Officers of the Applicant and the UCPs), Exhibit CE-4 (Business and Operating Plan of the Domestic Insurer), and Exhibit CE-5 (Three-Year Financial Projections of the Domestic Insurer) (collectively, the "Confidential Information"); all of which are being filed with the confidential version of the Form A herewith or supplementally as noted and are subject to the enclosed Motion for Protective Order in order to ensure confidential treatment of the Confidential Information, as they contain personal, confidential and proprietary trade secret information, and disclosure would be materially adverse to the Applicant and the Domestic Insurers. We appreciate the Commission maintaining the Confidential Information as confidential and ask that the Commission notify the Applicant before any disclosure of the Confidential Information is made so that the Applicant has the opportunity to defend against such disclosure.

We ask that the additional enclosed copy of the Application (without exhibits), along with an additional copy of this letter and the Motion for Protective Order, be file-stamped and returned to the deliverer of this filing for our records. Also, in accordance with Section 38.2-1323 of the Code of Virginia, a copy of the Application is being simultaneously provided to the Domestic Insurers.

Should you have any questions or comments concerning this filing, please do not hesitate to contact me at (804) 747-6667 or by email at ssorkin@blandsorkin.com. We appreciate you and your staff's time and assistance with this filing and look forward to working with the Commission and the Bureau during the review process.

Very truly yours,



Scott J. Sorkin

Enclosures

cc: Douglas C. Stolte, Deputy Commissioner, Financial Regulation Division
Anant Bhalla, JAB Insurance US Holdings, Inc.
Elena M. Coyle, Esq., Skadden, Arps, Slate, Meagher & Flom LLP
Lara M. Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom LLP

PUBLIC VERSION

**APPLICATION FOR APPROVAL OF ACQUISITION OF CONTROL OF OR MERGER
WITH A DOMESTIC INSURER**

filed with the

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

DATE: February 28, 2025

SHENANDOAH LIFE INSURANCE COMPANY

(the “Domestic Insurer”)

an indirect subsidiary of

PROSPERITY GROUP HOLDINGS, LP

By

JAB HOLDING COMPANY S.À R.L.

(the “Applicant”)

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WITH A DOMESTIC INSURER**

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By

JAB HOLDING COMPANY S.À R.L.

(the "Applicant")

Name, Title, Address and Telephone Number of Individuals to Whom
Notices and Correspondence Concerning This Application Should be Addressed:

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Confidentiality Legend

Certain exhibits to this Application contain confidential and/or proprietary information that, if disclosed, would cause personal harm to the affected individuals or competitive harm to the Applicant or the Domestic Insurer. Specifically, Exhibit CE-3 (Biographical Affidavits of Directors and Executive Officers of the Applicant and the UCPs (as defined below)) contains confidential personal information about individuals associated with the Applicant, while Exhibit CE-1 (Purchase Agreement), Exhibit CE-2 (Transaction Side Letter), Exhibit CE-4 (Business and Operating Plan of the Domestic Insurer) and Exhibit CE-5 (Three-Year Financial Projections of the Domestic Insurer) (collectively, the “Confidential Materials”) contain confidential and proprietary trade secret information, the disclosure of which would be materially adverse to the Applicant and the Domestic Insurer. Redacted and unredacted sets of the Confidential Materials are being filed under seal with this Application, together with a Motion for Protective Order with necessary attestations regarding the personal, business and legal basis for protection of each confidential and/or proprietary item. Accordingly, the Applicant respectfully requests that the Confidential Materials be afforded confidential treatment and be excepted from disclosure and that the Applicant be informed of any public request for such information.

The Applicant respectfully requests that (i) the Applicant be notified in advance of any proposed disclosure of the Confidential Materials by the Commission or the Bureau and (ii) the Applicant be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure.

ITEM 1. INSURER AND METHOD OF ACQUISITION

A. Domestic Insurer

The address, NAIC number and Federal Employer Identification Number (“FEIN”) of the Domestic Insurer are as follows:

Shenandoah Life Insurance Company

Home Office: 4415 Pheasant Ridge Road
Suite 300
Roanoke, VA 24014

Administrative Office: 4415 Pheasant Ridge Road
Suite 300
Roanoke, VA 24014

NAIC Number: 68845

FEIN Number: 54-0377280

The Domestic Insurer is a direct wholly-owned subsidiary of Prosperity Holding Company, a Delaware corporation (“PHC”), which is, in turn, a direct wholly-owned subsidiary of Prosperity Life Insurance Group, LLC, a Delaware limited liability company (“Prosperity”). The Domestic Insurer is a sister company of SBLI USA Life Insurance Company, Inc. (New York-domiciled and Virginia licensed stock life and annuity insurance company) (“SBLI”), S.USA Life Insurance Company, Inc. (Arizona-domiciled and Virginia licensed stock life and annuity insurance company) (“S.USA Life”), Procap Life and Annuity Reinsurance Company, Inc. (Arizona-domiciled captive insurance company) and Prosperity Life Assurance Limited (Bermuda-domiciled Class E reinsurer), which are also direct wholly-owned subsidiaries of PHC. In addition, S.USA Life directly and wholly owns National Western Life Group, Inc, which, in turn, directly and wholly owns National Western Life Insurance Company (Arizona-domiciled and Virginia licensed stock life and annuity insurance company) (“NWLI”, and collectively with SBLI, S.USA Life and the Domestic Insurer, the “PGH Insurers”).

Prosperity is a direct wholly-owned subsidiary of Prosperity Group Holdings, LP, a Bermuda exempted limited partnership (“Seller”) comprised of several limited partners and Bluejacket GP LLC, a Delaware limited liability company (“Bluejacket”), as the general partner. The members of Bluejacket are Jonathan D. Pollock (40% voting rights), Mark Cicirelli (30% voting rights) and Patrick Frayne (30% voting rights). Jonathan D. Pollock is the controlling member of the management of Bluejacket.

B. Method of Acquisition of Control

JAB Holdings UK Ltd., a Cayman Islands exempted company and indirect wholly-owned subsidiary of the Applicant (“Buyer”), proposes to acquire control of the Domestic Insurer pursuant to the terms and conditions of a Purchase and Sale Agreement, dated as of January 31, 2025 (the “Purchase Agreement”), by and among Buyer, the Applicant (solely for limited

purposes), and Seller. The Purchase Agreement provides that, subject to the terms and conditions set forth therein, Buyer will purchase and acquire control of 100% of the interests in the subsidiaries held by Seller, such interests constituting the Prosperity Life Group and Prosperity Asset Management businesses, excluding the Ozark National Life Insurance Company and N.I.S. Financial Services, Inc. subsidiaries of Seller (collectively, the “Prosperity Group Entities”), from Seller (the “Proposed Transaction”).

The Proposed Transaction also includes the entry by the parties, their affiliates and other parties (as applicable) into (i) a transaction side letter providing for additional terms including indemnification of Buyer against certain liabilities of Seller (the “Transaction Side Letter”) and (ii) a term sheet for a sub-advisory agreement between Prosperity Asset Management, LLC (“PAM”) and an investment advisor that is unaffiliated with Buyer.

Upon consummation of the Proposed Transaction (the “Closing”), the Prosperity Group Entities will be subsidiaries of Buyer.

The Purchase Agreement contains customary representations and warranties from both Buyer and Seller. The Purchase Agreement also contains customary covenants and agreements, including covenants regarding the conduct of business of the Prosperity Group Entities prior to the Closing and efforts of the parties to cause the Proposed Transaction to be completed.

The completion of the Proposed Transaction is subject to the satisfaction or, to the extent permitted by applicable law, waiver of customary closing conditions, including but not limited to: (i) there being no law or order enacted or issued by a government authority of competent jurisdiction prohibiting the Proposed Transaction; (ii) subject to specified materiality standards, the accuracy of the representations and warranties of each party; (iii) compliance by each party in all material respects with its covenants; (iv) required insurance acquisition of control approvals from applicable governmental authorities having been obtained, including the approval of this Application as well as the approval of insurance acquisition of control applications in Arizona, New York and Bermuda filed concurrently with this Application, in each case, without the imposition of a Burdensome Condition (as defined in the Purchase Agreement); and (v) either the Ozark Restructuring or the Ozark Sale Transaction (each as defined in the Purchase Agreement) having been consummated and the Ozark Required Filings (as defined in the Purchase Agreement) having been received and remaining in full force and effect (or any waiting period having expired or having been terminated).

The foregoing summary of the terms of the Purchase Agreement is qualified in its entirety by the terms and conditions of the Purchase Agreement. Unredacted copies of the Purchase Agreement (excluding exhibits, schedules and annexes thereto) and the Transaction Side Letter are attached as Exhibit CE-1 and Exhibit CE-2, respectively, and are part of the Confidential Materials submitted with this Application.

Immediately upon the Closing, Buyer, the Applicant and their affiliates will undertake certain reorganizational transactions to, among other things, position the entities in the Prosperity Life Group, including the Domestic Insurer, as subsidiaries of JAB Insurance US Holdings II, an indirect wholly-owned subsidiary of Buyer (the “Prosperity Life Group Contribution”).

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

A. Name and Business Address of the Applicant.

The name and current business address of the Applicant seeking to acquire control of the Domestic Insurer are as follows:

JAB Holding Company S.à r.l.
4 rue Jean Monnet
L-2180 Luxembourg

B. Nature of the Applicant's Business.

The principal business activity of the Applicant for the past five (5) years (or for such lesser period as such person and any predecessors thereof shall have been in existence) is described below.

JAB Holding Company, a Luxembourg private limited liability company, is a privately held global investment company focused on consumer goods and services. It is focused on long-term value creation by investing in companies with premium brands, attractive growth and strong cash flow. JAB Holding Company and JAB Consumer Partners SCA SICAR, a Luxembourg Société d'Investissement en Capital à Risque ("JAB Consumer Partners"), including co-investors, currently have over \$50 billion in managed capital.

Since its formation in 2012, JAB Holding Company has diversified its investment portfolio by expanding into different categories in the consumer goods and services sectors. JAB Holding Company is the anchor shareholder of Keurig Dr Pepper Inc., a leader in the North American beverage industry, and Krispy Kreme, Inc. a global leader in doughnuts and other premium-quality foods. JAB Holding Company is also the controlling shareholder of Coty Inc., a global leader in beauty, and JDE Peet's, the world's leading pure play coffee and tea company. Together with JAB Consumer Partners, JAB Holding Company is the controlling shareholder of National Veterinary Associates, one of the world's largest animal care services platforms; Independence Pet Holdings, a leading provider of pet insurance in North America ("IPH"); Pinnacle Pet Group; Panera Brands Inc., one of the world's largest fast casual restaurant companies, which includes Panera Bread, Caribou Coffee and Einstein Bros. Bagels; Pret A Manger, a leading company in the ready-to-eat fresh food market; and Espresso House, the largest branded coffee shop chain in Scandinavia.

In 2021, JAB Holding Company established IPH. IPH manages a diverse and broad portfolio of modern pet health brands offering a range of pet insurance services, pet education, lost pet recovery services and beyond across the U.S. and Canada, including owning and operating insurance carriers in the United States. IPH is part of JAB Holding Company's pet insurance investment platform.

JAB Holding Company is currently in the initial phase of building a U.S. life insurance business that is owned 100% by JAB Holding Company. To this end, JAB Holding Company has a Form A Statement pending with the Texas Department of Insurance to acquire control of Family Life Insurance Company, a Texas-domiciled stock life insurance company ("Family

Life”). The Proposed Transaction is a significant next step in JAB Holding Company’s plan to build its U.S. life insurance platform.

JAB Holding Company is indirectly and ultimately controlled by Wolfgang Reimann, Matthias Reimann-Andersen, Stefan Reimann-Andersen and Renate Reimann-Hass, each an individual (each a “UCP” and, collectively, the “UCPs”).

C. Organizational Charts

Attached as Exhibit 1 is an organizational chart presenting the identities of, and interrelationships among, the Applicant and its subsidiaries and affiliates before giving effect to the Proposed Transaction, and also attached as Exhibit 1 is an organizational chart presenting the identities of, and interrelationships among, the Applicant and its respective subsidiaries and affiliates after giving effect to the Proposed Transaction. Attached as Exhibit 2 is an organizational chart depicting the current ownership structure of the Domestic Insurer. The organizational charts indicate the percentage of voting securities of each entity owned or controlled by the Applicant or any other such persons, the type of organization (e.g., corporate, trust, partnership) and the state or other jurisdiction of domicile or incorporation, as applicable. Unless otherwise indicated on such charts or in this Application, each entity is a corporation and control is maintained by the ownership or control of all outstanding voting securities. There are no court proceeding involving a reorganization or liquidation pending with respect to any of the entities depicted in the organizational chart attached hereto as Exhibit 1; provided that the Applicant from time to time voluntarily dissolves affiliated entities in the ordinary course of business operations.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

Attached as Exhibit 3 are the names and business addresses of the individuals to hold the title of director (or equivalent position) or executive officer of the Applicant on the date hereof. Each individual named in the foregoing referenced list together with the UCPs is referred to herein as an “Individual” and, collectively, as the “Individuals.”

Attached hereto as Exhibit 4 is a summary setting forth the name, material occupations, positions, offices or employment during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office, or employment was carried on by each individual listed on Exhibit 3.

Completed NAIC Biographical Affidavits of the Individuals setting forth each such individual’s name, business and residence addresses, present principal business activity, occupation or employment, including the position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on, as well as material occupations, positions, offices or employments held during the last twenty years and any governmental licenses or registrations required and the current status of such governmental license or registration, including an explanation of any surrender, revocation, suspension or disciplinary proceeding in connection therewith, will be provided as Exhibit CE-3 filed as part of the Confidential Materials under seal with this Application. The Applicant will

submit the biographical affidavits attached as Exhibit CE-3 to an NAIC approved third-party background check service provider.

To the best knowledge, information and belief of the Applicant, no Individual has been convicted in a criminal proceeding (excluding minor traffic violations or as otherwise provided in their biographical affidavits) during the last ten (10) years.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

A. Nature, Source and Amount of Funds or Other Consideration

Pursuant to the terms of the Purchase Agreement, the Base Purchase Price (as defined in the Purchase Agreement) for the Proposed Transaction is \$3,100,000,000, subject to certain purchase price adjustments, including for the actual adjusted GAAP book value of the Prosperity Group Entities at Closing. Buyer expects to fund the Base Purchase Price through available cash on hand. The Closing is not subject to any financing contingency.

The stock and assets of the Domestic Insurer will not be pledged or hypothecated as part of the funding of the consideration by the Buyer.

B. Criteria Used in Determining the Nature and Amount of Such Consideration

The basis and terms of the Purchase Agreement, including the nature and amount of consideration, were determined through arms' length negotiations among the representatives of Seller, on the one hand, and the representatives of Buyer and the Applicant, on the other hand, and their respective financial, legal and other advisors. Following substantial due diligence by Buyer, the amount and type of consideration was determined by taking into account the consideration paid in other recent acquisitions of similar types of businesses, as well as the financial position and results of operations of the entities to be acquired, including the past and present business operations, historical and potential earnings, financial condition and prospects, assets and liabilities and such other factors and information as Buyer considered relevant under the circumstances.

C. Loans

As no part of the source of consideration is a loan, this item is not applicable.

D. Contract Services

As further described in the Business and Operating Plan which will be provided as Exhibit CE-4 filed as part of the Confidential Materials under seal with this Application, immediately following the Closing, the current affiliate investment manager of the Domestic Insurer, PAM will continue managing the Domestic Insurer's existing investment portfolio consistent with the current risk and governance practices. The Applicant has no current plans but reserves the right to engage a new investment manager and subject to applicable state insurance regulatory requirements, enter into a new investment management agreement or similar arrangements with such investment manager.

ITEM 5. FUTURE PLANS OF INSURER

A. Plans or Proposals of the Applicant to Declare an Extraordinary Dividend or Liquidate, Sell the Assets of or Merge the Insurers

Other than as noted in this Application (including the Business and Operating Plan and the three-year financial projections which will be provided as Exhibit CE-4 and Exhibit CE-5 filed as part of the Confidential Materials under seal with this Application), neither the Applicant nor any Individual has any present plans to cause the Domestic Insurer to declare a dividend (whether or not extraordinary), to liquidate the Domestic Insurer, to sell the Domestic Insurer's assets, or to merge the Domestic Insurer with any person or persons.

B. Applicant's Operational Plans for the Domestic Insurer

The Domestic Insurer's principal business consists of life insurance, annuities and accident and health products. The Domestic Insurer is licensed in 45 states and the District of Columbia as of the date of this Application.

The narrative plan of operations for the Domestic Insurer, which will be provided as Exhibit CE-4 filed as part of the Confidential Materials under seal with this Application (the "Business and Operating Plan"), sets forth the Applicant's intended plan for the Domestic Insurer with regard to its business operations, corporate structure and management. As explained in more detail in the Business and Operating Plan, the Applicant's current intention is to continue the business of the Domestic Insurer without material modifications to the Domestic Insurer's existing plans of operation. The Applicant is largely aligned with Prosperity's existing strategy and intends to support the insurer subsidiaries of Prosperity, including the Domestic Insurer, with growth capital to continue expanding Prosperity's U.S. retail annuity and life insurance business. In furtherance of such existing strategy, the U.S. retail distribution channels for insurance products written by the Domestic Insurer will be expanded from a current bank centric model into independent marketing organizations and independent broker dealers, and there will be an expansion of the product mix to be longer in tenor than the concentration of business today.

Without distracting focus from the above described strategy of widening the product and distribution breadth of the U.S. retail and reinsurance businesses, the Applicant intends to enter new markets such as the Pension Risk Transfer market.

Further details on the above as well as matters relating to corporate governance, management, reinsurance, the Domestic Insurer's name, affiliated transactions and other areas of operation and management, are contained in the Business and Operating Plan.

A Business and Operating Plan for the Domestic Insurer for the period of 24 months following the Closing will be provided as Exhibit CE-4 filed as part of the Confidential Materials under seal with this Application. Three-year financial projections of the Domestic Insurer will be provided as Exhibit CE-5 filed as part of the Confidential Materials under seal with this Application.

The Applicant reserves the right to review any of the Domestic Insurer's respective businesses, assets, names, corporate structures, dividend policies, capitalization, operations, products and services, business policies, articles of incorporation, by-laws, management and personnel and, subject to applicable state insurance regulatory requirements, to make any further changes that the Applicant deems necessary in light of such review or future developments and to exercise their rights with respect to the Domestic Insurer accordingly.

C. Other Arrangements or Agreements

Neither the Applicant nor, to the knowledge of the Applicant, any Individual has entered into any other arrangements or agreements, written or oral, with the Domestic Insurer during the immediately preceding 12 months.

ITEM 6. COMPETITION

The Proposed Transaction meets the exemptions set forth in 14 VAC 5-260-50(B)(2) as it will not substantially lessen competition, create a monopoly or significantly increase an insurer's market concentration in any line of insurance business in the Commonwealth of Virginia.

Specifically, the only insurance company affiliated with the Applicant that, as of the date of this Application, is licensed in or otherwise writes business in the State of Virginia, is Independence American Insurance Company ("IAIC"). In addition, as described in Item 2 B. above, the Applicant has a Form A application pending with the Texas Department of Insurance to acquire control of Family Life, a stock life insurance company that is licensed in or otherwise writes business in the State of Virginia.

IAIC is authorized in Virginia to write certain property and casualty lines of business. None of these lines overlap with the lines of business that the PGH Insurers are authorized to write in Virginia as life insurance companies.

In addition, Family Life is authorized in Virginia to write certain life and accident and health lines of business. Even though both Family Life and the PGH Insurers write insurance in Virginia in certain overlapping lines of insurance¹ (the "Overlapping Lines of Insurance"), each of Family Life and the PGH Insurers held a market share percentage of less than one percent (1%) in any Overlapping Line of Insurance in Virginia in the past five years.

Consequently, the Proposed Transaction involves only insurers which individually and collectively hold five percent (5%) or less of all markets in which such insurers transact business and will not produce, as a direct or indirect result of merger or acquisition, an insurer or collection of involved insurers which hold five percent (5%) or more of any market.

¹ The Overlapping Lines of Insurance are as follows: Individual Whole Life; Individual Term Life; Individual Universal Life; Life Insurance (No Annuity); Individual Life; Life Insurance All Lines; Accident and Health and Disability Income.

Applying the criteria set forth 14 VAC 5-260-50, the Proposed Transaction will not substantially lessen competition in any line of insurance in Virginia or tend to create a monopoly therein such that the Proposed Transaction meets the Form E pre-acquisition notification exemption standards set forth in 14 VAC 5-260-50(B)(2). Accordingly, the Applicant respectfully request that the Commission deem the information provided in this paragraph to satisfy the requirements of § 38.2-1323(E), et seq. of the Code of Virginia.

ITEM 7. VOTING SECURITIES TO BE ACQUIRED

The Domestic Insurer currently has 1,000 issued and outstanding shares of common stock, par value two thousand five hundred dollars (\$2,500) per share. All shares of common stock are directly held by PHC. The Domestic Insurer has no preferred capital stock issued and outstanding.

As a result of the consummation of the Proposed Transaction, the Applicant will indirectly acquire all of the issued and outstanding voting securities of the Domestic Insurer. Other than as disclosed in this Application, neither the Applicant, its respective affiliates or, to the Applicant's knowledge, any of the Individuals intends to acquire any voting securities issued by either the Domestic Insurer or Prosperity.

The terms and conditions of the Purchase Agreement were agreed upon in an arms' length negotiation among unrelated parties with advice of their respective financial, legal and other advisors.

ITEM 8. OWNERSHIP OF VOTING SECURITIES

Neither the Applicant, any of its respective affiliates nor, to the Applicant's knowledge, any of the Individuals beneficially owns, or has any right to acquire beneficial ownership of, directly or indirectly, any voting securities issued by either the Domestic Insurer or Prosperity.

ITEM 9. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Other than the Purchase Agreement and the Transaction Side Letter, there are no contracts, arrangements or understandings with respect to any voting security of either the Domestic Insurer or Prosperity, in which the Applicant, its respective affiliates or, to the Applicant's knowledge, any of the Individuals is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 10. RECENT PURCHASES OF VOTING SECURITIES

There have been no purchases, directly or indirectly, of any voting securities of either the Domestic Insurer or Prosperity by the Applicant, their respective affiliates or, to the Applicant's

knowledge, any of the Individuals during the twelve (12) calendar months preceding the filing of this Application.

ITEM 11. RECENT RECOMMENDATIONS TO PURCHASE

Except in connection with the execution of the Purchase Agreement and the Transaction Side Letter, there have been no recommendations to purchase, directly or indirectly, any voting securities of either the Domestic Insurer or Prosperity made by the Applicant, any person controlling, controlled by or under common control with the Applicant or, to the Applicant's knowledge, any of the Individuals, or by anyone based upon interviews or at the suggestion of the Applicant, any person controlling, controlled by or under common control with the Applicant or, to the Applicant's knowledge, any of the Individuals during the twelve (12) calendar months preceding the filing of this Application.

ITEM 12. AGREEMENTS WITH BROKER-DEALERS

Neither the Applicant, its affiliates nor, to the Applicant's knowledge, any of the Individuals is a party to an agreement, contract or understanding with any broker-dealer as to solicitation of voting securities of either the Domestic Insurer or Prosperity and no amount of fees, commissions or other compensation has been paid by the Applicant, its affiliates or, to the Applicant's knowledge, any of the Individuals to any broker-dealer with regard thereto.

ITEM 13. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

To the best knowledge, information and belief of the Applicant, there are no criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of the Applicant, ultimate controlling persons or any intermediate acquiring parties or any of their respective directors or executive officers, to which any such person was a party or of which the property of any such person is or was the subject, either pending or concluded within the preceding fiscal year. To the best knowledge, information and belief of the Applicant, there are no proceedings which may have a material effect upon the solvency or capital structure of the Applicant, ultimate controlling persons or any intermediate acquiring parties, including, but not necessarily limited to, bankruptcy, receivership or other corporate reorganization, either pending or concluded within the preceding fiscal year. All other litigation pertaining to any Individual is disclosed in the biographical affidavits attached as Exhibit CE-3.

ITEM 14. FINANCIAL STATEMENTS AND EXHIBITS

Exhibit 5-A includes audited annual historical financial statements of the Applicant for the last five calendar years available, 2023, 2022, 2021, 2020 and 2019. Attached as Exhibit 5-B is the unaudited financial statement of the Applicant for the last half-year ended June 30, 2024. Audited financial statements for the calendar year 2024 will be filed as a supplement to this Application as soon as such statements are available.

As noted in Item 5 of this Application, three-year financial projections of the Domestic Insurer will be provided as Exhibit CE-5 filed as part of the Confidential Materials under seal with this Application.

Other than as described in this Application, the Applicant is not aware of any tender offers for, requests or invitations for, tenders of, exchange offers for or agreements to acquire or exchange any voting securities of the Domestic Insurer or Prosperity, or any soliciting materials relating thereto. In addition, except as set forth herein, there are no proposed employment, consultation, advisory or management contracts concerning the Domestic Insurer or Prosperity.

Attached hereto as Exhibit 6-A and Exhibit 6-B, respectively, are the annual reports issued to the stockholders of the Applicant for the last two fiscal years for which such reports are currently available, 2023 and 2022. The Domestic Insurer does not prepare annual reports to its stockholders.

List of Exhibits

The following is a list of the exhibits and financial statements to this Application which are attached hereto:

<u>Exhibit</u>	<u>Description</u>
1	Organizational Charts of the Applicant Before and After the Proposed Transaction
2	Organizational Chart of the Domestic Insurer Before the Proposed Transaction
3	Current Directors and Executive Officers of the Applicant
4	Summary of the Individuals' name, material occupations, positions, offices or employment during the last five years
5-A	Audited Consolidated Financial Statements (English Translation) of the Applicant and its affiliates for the Years ended December 31, 2023, 2022, 2021, 2020 and 2019
5-B	Unaudited Consolidated Financial Statements (English Translation) of the Applicant and its affiliates for the Half-Year ended June 30, 2024
6-A	Annual Report of the Applicant for 2023
6-B	Annual Report of the Applicant for 2022

The following is a list of the exhibits to this Application which are part of the Confidential Materials to this Application:

<u>Exhibit</u>	<u>Description</u>
CE-1	Purchase Agreement
CE-2	Transaction Side Letter

CE-3	Biographical Affidavits of Directors and Executive Officers of the Applicant and the UCPs
CE-4	Business and Operating Plan of the Domestic Insurer
CE-5	Three-Year Financial Projections of the Domestic Insurer

The Applicant is requesting confidential treatment with respect to the information contained in the Confidential Materials and will be filing such information under seal and subject to a Motion for Protective Order as part of the confidential filing with this Application. The Applicant requests that (i) the information contained in Confidential Materials be afforded confidential treatment; (ii) the Applicant be notified in advance of any proposed disclosure by the Commission or the Bureau and (iii) the Applicant be given the reasonable opportunity to obtain a protective order or take other action to prevent or limit any such disclosure. Exception from disclosure afforded pursuant to §§ 38.2-1333 and 38.2-1324 A 2 of the Code of Virginia and other applicable law and all relevant protections thereunder is hereby claimed, as such Exhibits and information constitute, among other things, trade secrets and include information that, if released, would cause substantial injury to the competitive position of the Applicant and the Domestic Insurer.

ITEM 15. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicant agrees to provide, to the best of their knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the Proposed Transaction occurs.

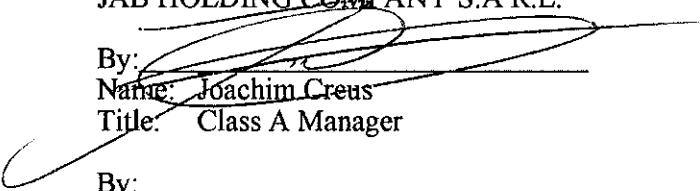
[Remainder of Page Intentionally Blank — Signatures and Oaths Follow]

SIGNATURE

Pursuant to the requirements of § 38.2-1324 of the Code of Virginia and 14 VAC 5-260 of the Virginia Administrative Code, JAB Holding Company S.à r.l., Applicant, has caused this application to be duly signed on its behalf in the City/County of LONDON and Country of United Kingdom on the 27th day of February, 2025.

(SEAL)

JAB HOLDING COMPANY S.À R.L.

By: 
 Name: Joachim Creus
 Title: Class A Manager

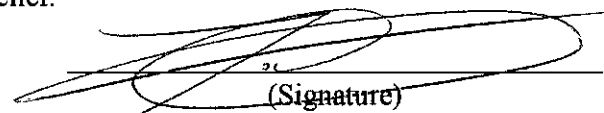
By: _____
 Name: Jonathan Norman
 Title: Class B Manager

Attest:

By: 
 Name: Jessica Stirrat
 Title: Executive Assistant

OATH

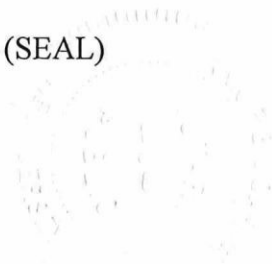
The undersigned depose and say that they have duly executed the attached application dated February 27th, 2025, for and on behalf of JAB Holding Company S.à r.l., that they are a Class A Manager and Class B Manager, respectively, of such company; and that they have the authority in a joint capacity to execute and file such instrument. Deponents further say that they are familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information and belief.


 (Signature)
Joachim Creus
 (Type or print name beneath signature)

 (Signature)
Jonathan Norman
 (Type or print name beneath signature)

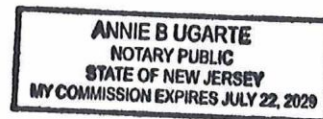
Subscribed and sworn to before me this 27 of February, 2025.

(SEAL)



Adhus.
Notary Public in and for the
City/County of Morris, New Jersey
Country of United States

My commission expires on the 22 day of July 2029



SIGNATURE

Pursuant to the requirements of § 38.2-1324 of the Code of Virginia and 14 VAC 5-260 of the Virginia Administrative Code, JAB Holding Company S.à r.l., Applicant, has caused this application to be duly signed on its behalf in the City/County of LUXEMBOURG and Country of LUXEMBOURG on the 25th day of February, 2025.

(SEAL)

JAB HOLDING COMPANY S.À R.L.

By: _____

Name: Joachim Creus

Title: Class A Manager

By: _____

Name: Jonathan Norman

Title: Class B Manager

Attest:

By: _____

Name: NEÏSIUS ADEUNE

Title: OFFICE MANAGER

OATH

The undersigned depose and say that they have duly executed the attached application dated February 25th, 2025, for and on behalf of JAB Holding Company S.à r.l., that they are a Class A Manager and Class B Manager, respectively, of such company; and that they have the authority in a joint capacity to execute and file such instrument. Deponents further say that they are familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of their knowledge, information and belief.

(Signature)

Joachim Creus

(Type or print name beneath signature)

(Signature)

Jonathan Norman

(Type or print name beneath signature)

Subscribed and sworn to before me this 25th of February, 2025.

(SEAL)

Dirk Leermakers
Notary Public in and for the Grand Duchy
City/County of _____
Country of of Luxembourg

My commission expires on the 24th day of December 2027.

Dirk

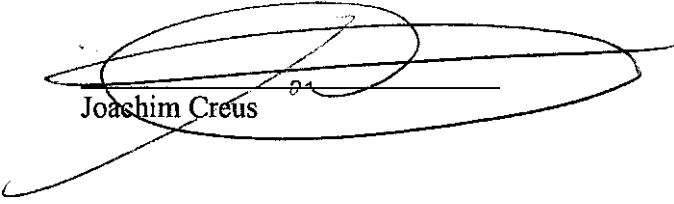


DECLARATION OF JOACHIM CREUS

I declare under penalty of perjury that the record to which this declaration is attached is the same record on which Annie Ugarte performed a notarial act and before whom I appeared by means of communication technology on February ²⁷~~26~~, 2025.

Dated: ²⁷~~26~~/2025

Joachim Creus



STATE OF NEW JERSEY

COUNTY OF MorrisThis record was acknowledged before me on February 21, 2025 byJoachim CreusI, Annie Ugarte, witnessed, by means of communication technology,Joachim Creus sign the attached record and declaration on
February 21, 2025

Notary Full name

Notary Public, State of New Jersey

My commission expires: July 22, 2029

[Stamp]

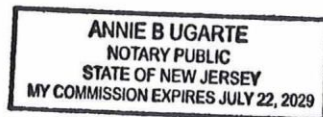


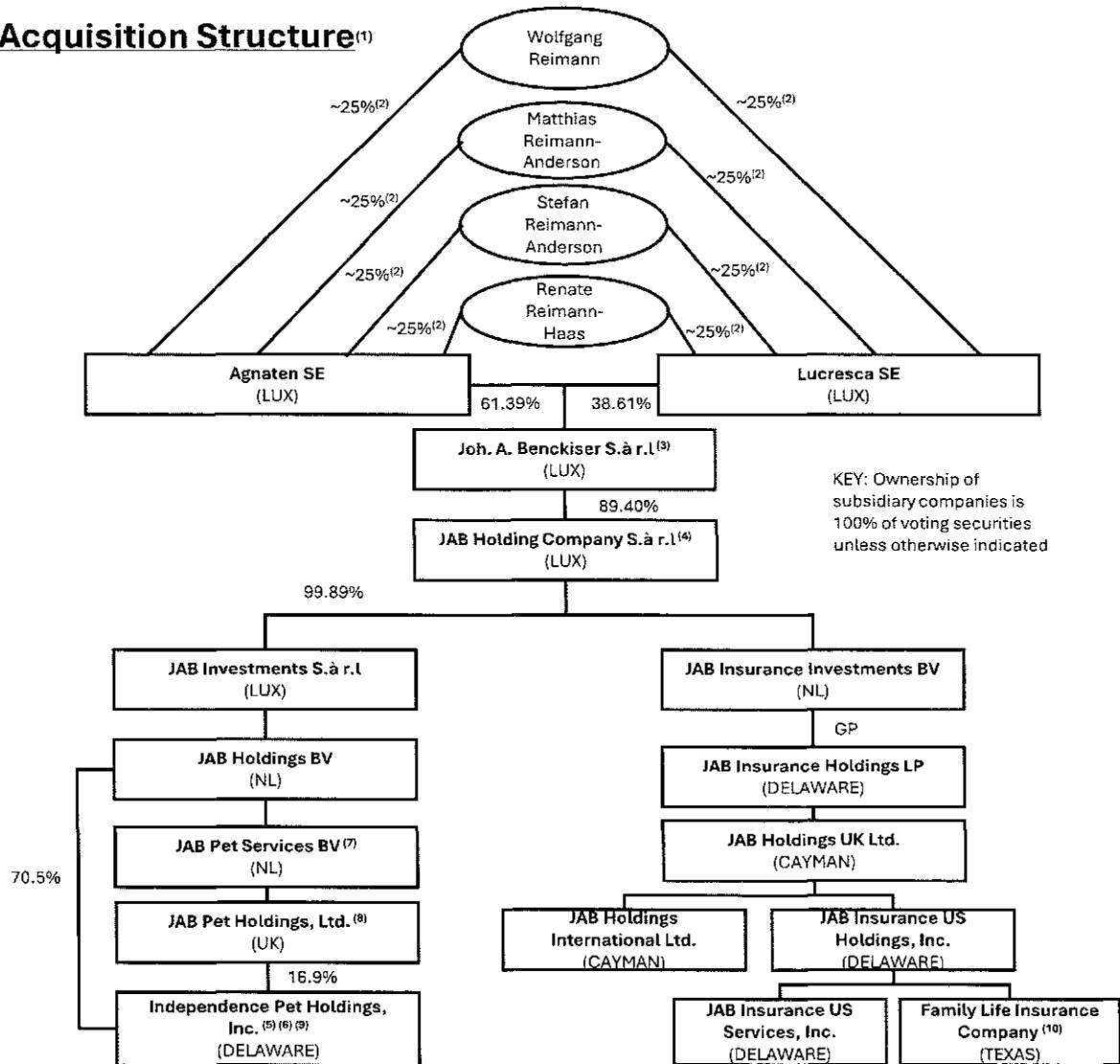
EXHIBIT 1

**ORGANIZATIONAL CHARTS OF THE APPLICANT BEFORE
AND AFTER THE PROPOSED TRANSACTION**

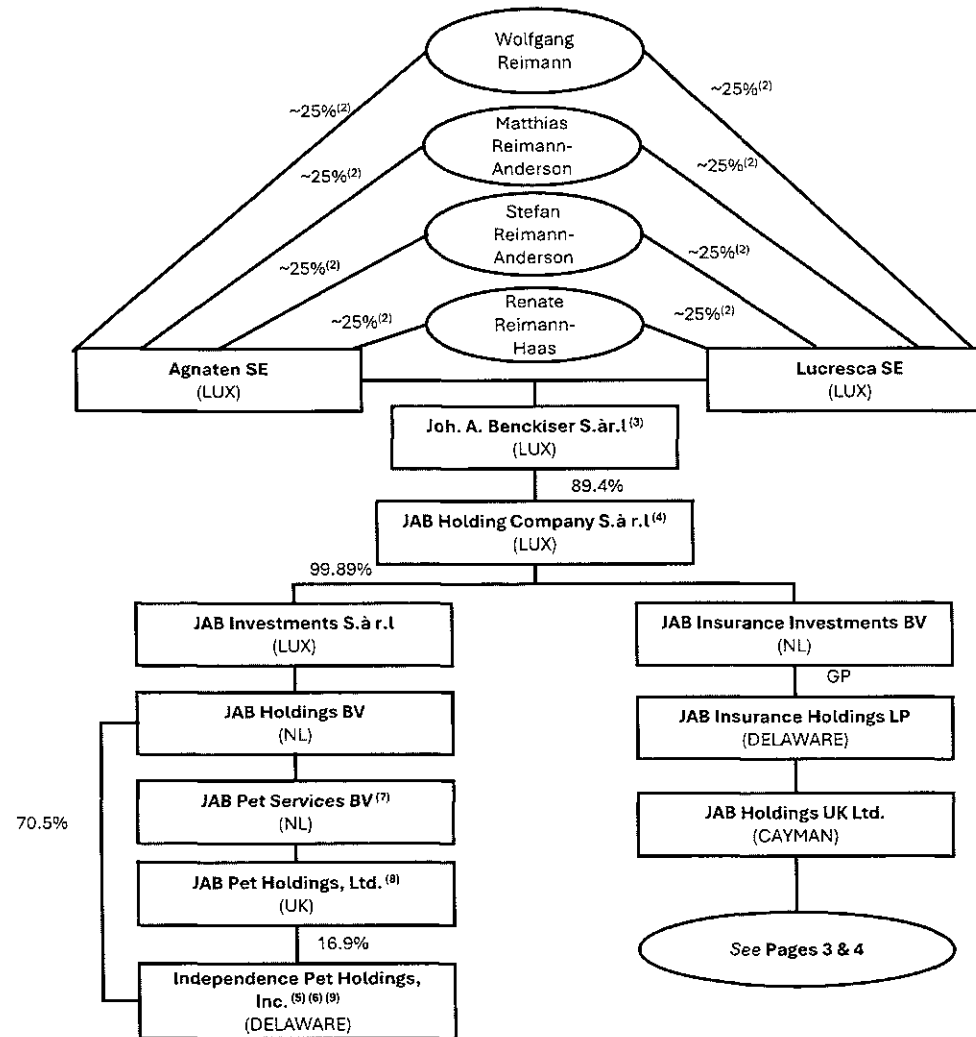
Pre-Acquisition Structure⁽¹⁾

Notes:

- JAB is a global investment organization focused on consumer goods and services. Omitted from this chart are its portfolio company investments outside of the control and management structure of JAB's US insurance businesses.
- Each of Wolfgang Reimann, Matthias Reimann-Anderson, Stefan Reimann-Anderson and Renate Reimann-Haas control approximately 25% of each of Lucrezca SE and Agnaten SE.
- Lucrezca SE owns 38.61% and Agnaten SE owns 61.39% of Joh. A. Benckiser S.à r.l.
- The remaining 10.60% of shares of JAB Holding Company S.à r.l. are held by various members of management of JAB.
- JAB Holdings BV owns approximately 70.5% and JAB Pet Holdings Ltd. owns approximately 16.9% of the shares of Class A voting common stock of Independence Pet Holdings, Inc. JAB Pet Holdings Ltd. owns approximately 85.9% of the shares of Class B non-voting common stock of Independence Pet Holdings, Inc. (Iguana Acquisition LLC owns a de minimis number of shares of Class B non-voting common stock of Independence Pet Holdings, Inc.)
- Subsidiaries of Independent Pet Holdings, Inc. are omitted from these structure charts.
- JAB Holdings BV owns 100% of the Class A voting common shares of JAB Pet Services BV. The Class B non-voting common shares of JAB Pet Services BV are owned approximately 35% by JAB Holdings BV, approximately 62% by JAB Consumer Partners SCA SICAR, and approximately 3% by members of management.
- JAB Pet Services BV owns 100% of the Class A voting common shares of JAB Pet Holdings Ltd. The Class B non-voting common shares of JAB Pet Holdings Ltd. are owned approximately 99.7% by JAB Pet Services BV and approximately 0.3% by members of management.
- The remaining 14.1% of shares of Independence Pet Holdings, Inc. are held by various members of management, certain minority stockholders and Synchrony Financial, with Synchrony Financial being the most significant minority stockholder, owning 8.35%.
- JAB Insurance Company S.à r.l. has a Texas Form A application pending to acquire Family Life Insurance Company, a Texas-domiciled insurance company. The Texas insurer's placement on this chart assumes a Texas Form A approval and closing of the acquisition transaction.

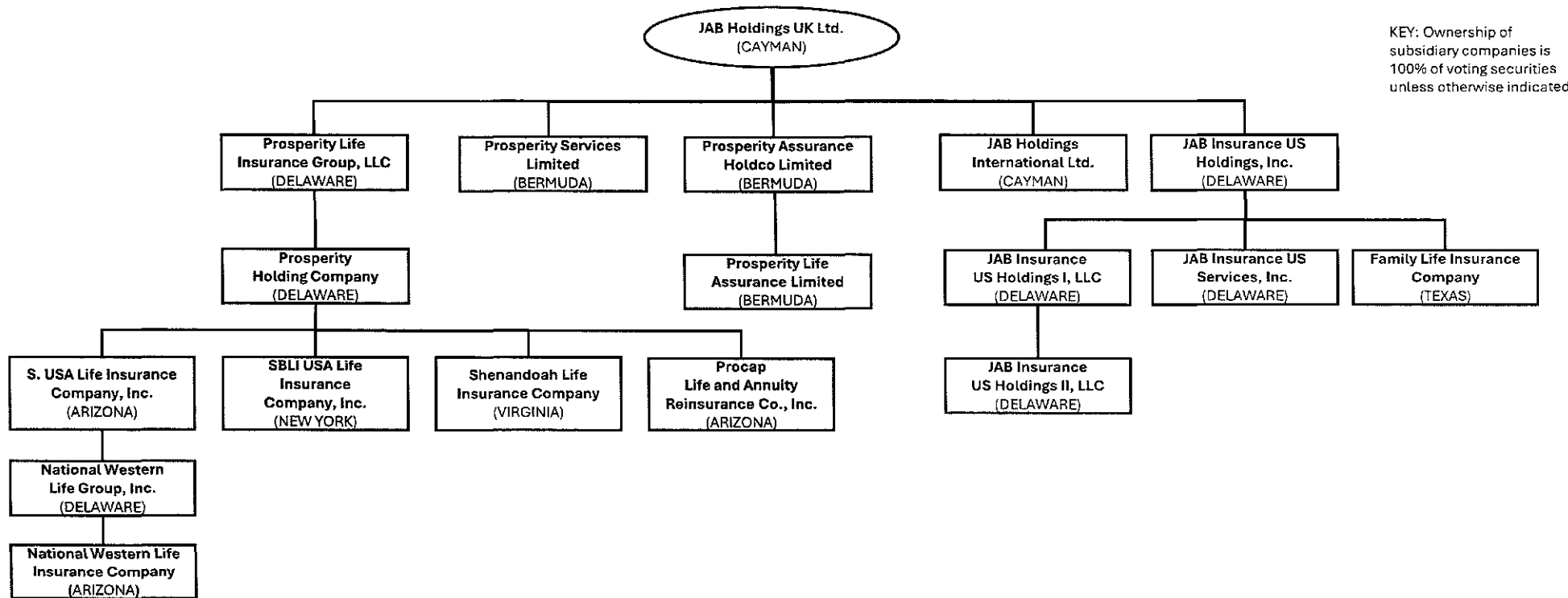


Post-Acquisition Structure



KEY: Ownership of subsidiary companies is 100% of voting securities unless otherwise indicated

Post-Acquisition Structure (Pre-Transfer)

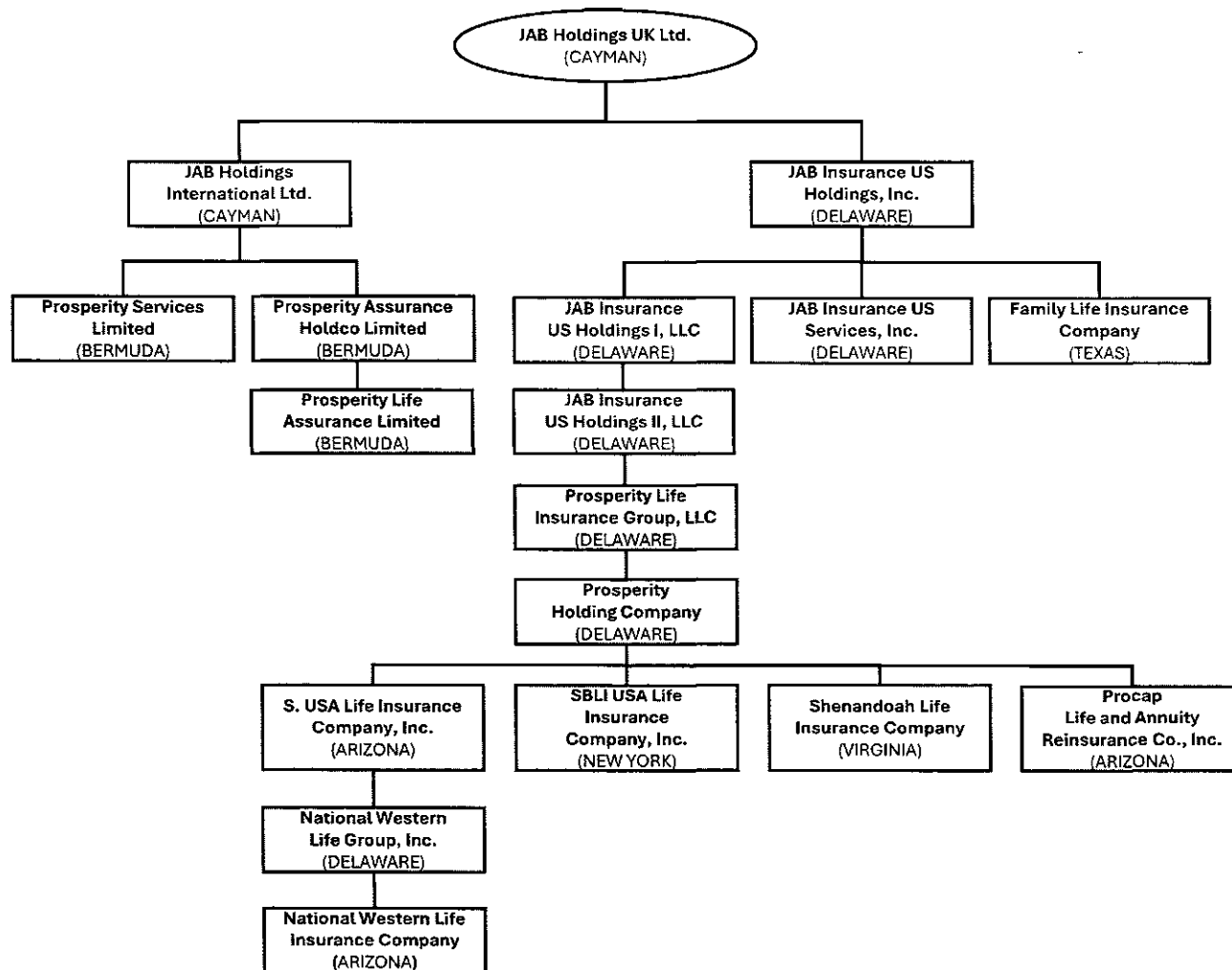


KEY: Ownership of subsidiary companies is 100% of voting securities unless otherwise indicated

Legend

- = Acquired Entity
- = Domestic Insurer

Post-Acquisition Structure (Post-Transfer)



KEY: Ownership of subsidiary companies is 100% of voting securities unless otherwise indicated

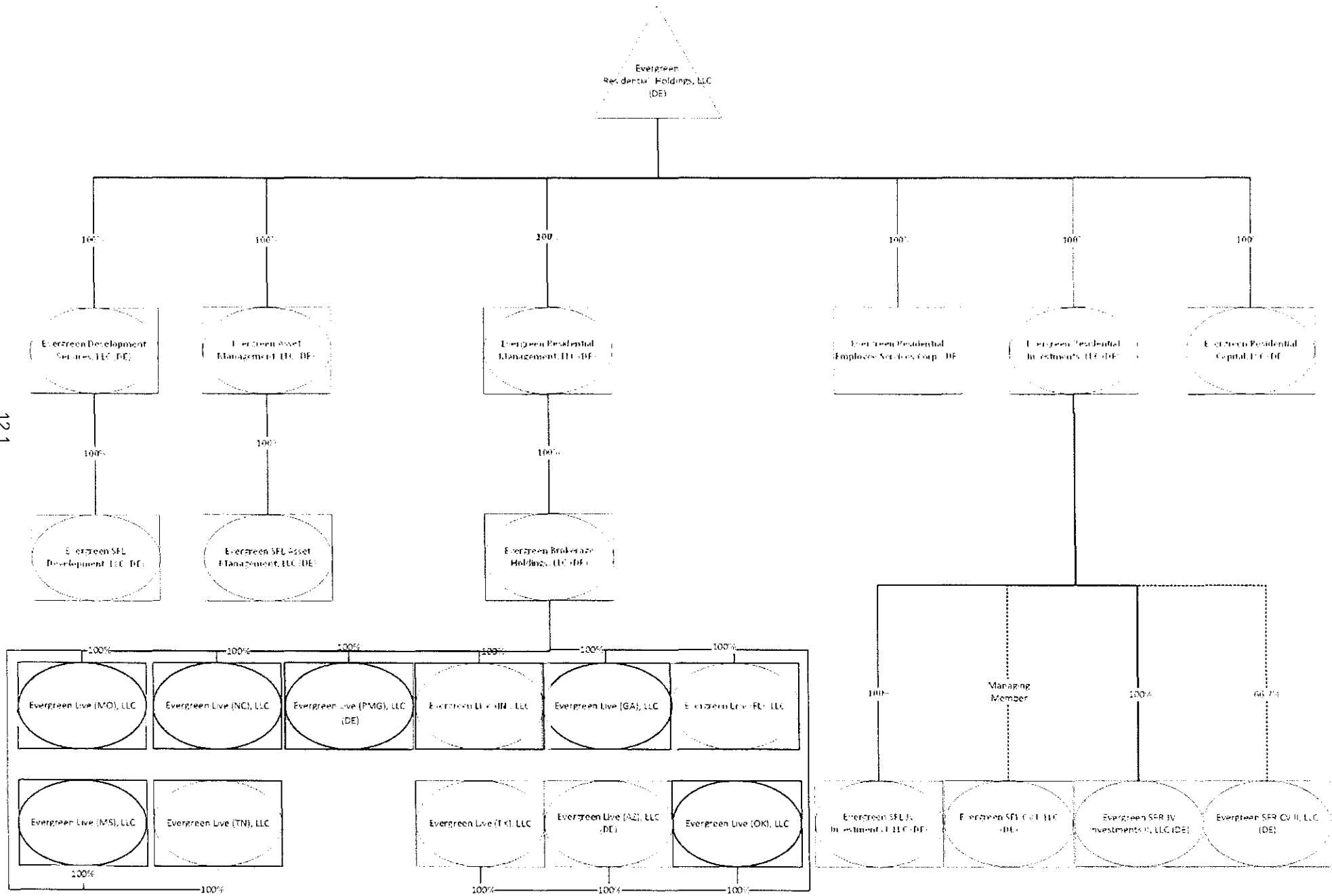
Legend

- = Acquired Entity
- = Domestic Insurer

EXHIBIT 2

**ORGANIZATIONAL CHARTS OF THE DOMESTIC INSURER
BEFORE THE PROPOSED TRANSACTION**

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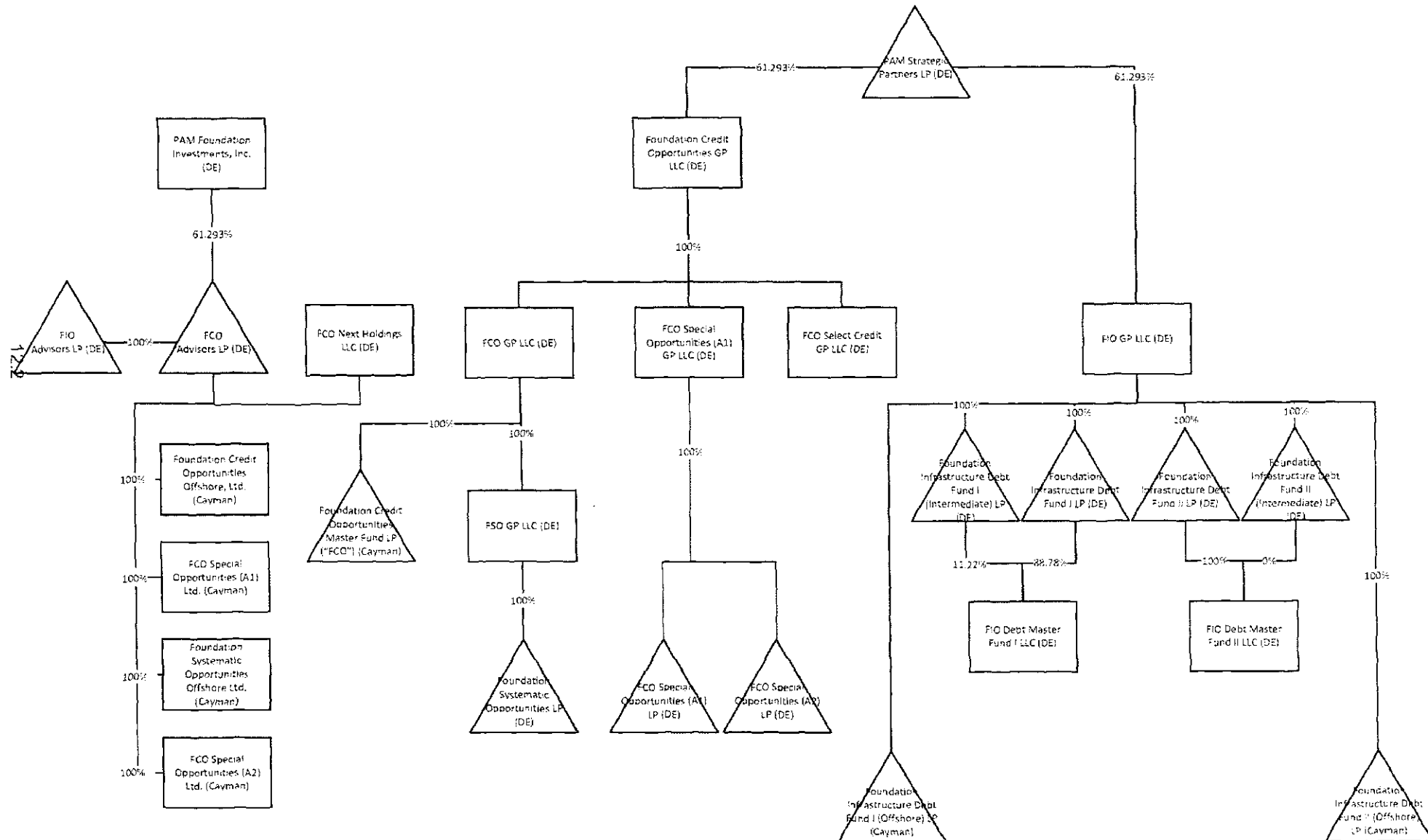


EXHIBIT 3

**CURRENT DIRECTORS AND EXECUTIVE OFFICERS
OF THE APPLICANT**

Exhibit 3**Current Directors (or Equivalent Title) and Executive Officers of JAB Holding Company S.À R.L.**

<u>Name</u>	<u>Title</u>	<u>Business Address</u>
Joachim Creus	Class A Manager, Managing Partner, Vice Chairman and Chief Executive Officer	JAB Holding Company S.À R.L. 4, rue Jean Monnet 2180 Luxembourg, Luxembourg
Frank Engelen	Class A Manager, Managing Partner and Chief Financial Officer	See above.
Jonathan Norman	Class B Manager	See above.
Peter Harf ²	Managing Partner and Chairman	See above.
Anant Bhalla ³	Senior Partner and Chief Investment Officer	See above.

² Although not a statutory officer, Mr. Harf is publicly referred to as Managing Partner and Chairman of JAB.

³ Although not a statutory officer, Mr. Bhalla is publicly referred to as Senior Partner and Chief Investment Officer of JAB.

EXHIBIT 4

**SUMMARY OF INDIVIDUALS' NAME, MATERIAL OCCUPATIONS,
POSITIONS, OFFICES OR EMPLOYMENT DURING THE LAST FIVE
YEARS**

Exhibit 4Summary of the Individuals' Name, Material Occupations, Positions, Offices and Five-Year Employment HistoryA. Anant Bhalla:Name: Anant BhallaOccupation: Business ExecutiveFive-Year Employment History:

1. Company: JAB Holding Company S.à.r.l. (and affiliates)
Principal Business Address: 4 rue Jean Monnet, 2180 Luxembourg, Luxembourg
Start Date – End Date: 05/24 – Present
Offices/Positions Held: Senior Partner and Chief Investment Officer (*not a statutory officer*)
 *Additionally, Mr. Bhalla serves, and has served, as a director or an officer of certain holding companies affiliated with JAB Holding Company S.à.r.l.
1. Company: JAB Holding Company LLC
Principal Business Address: 1701 Pennsylvania Avenue NW, Suite 801, Washington, D.C. 20006
Start Date – End Date: 05/2024 - Present
Offices/Positions Held: Senior Partner and Chief Executive Officer
2. Company: 1823 Management, LLC
Principal Business Address: 1701 Pennsylvania Avenue NW, Suite 801, Washington, D.C. 20006
Start Date – End Date: 07/2024 - Present
Offices/Positions Held: Director and Chief Investment Officer
3. Company: American Equity Investment Life Insurance Holding Company
Principal Business Address: 6000 Westown Parkway, West Des Moines, Iowa 50266
Start Date – End Date: 01/2020 – 05/2024
Offices/Positions Held: President, Chief Executive Officer and Director
4. Company: Bhalla Capital Partners LLC

Principal Business Address: 2216 Sherwood Avenue, Charlotte, North Carolina
28207

Start Date – End Date: 04/2019 – 01/2020

Offices/Positions Held: Managing Partner

B. Joachim Creus

Name: Joachim Creus

Occupation: Business Executive

Five-Year Employment History:

Company: JAB Holding Company S.à.r.l. (and affiliates)

Principal Business Address: 4 rue Jean Monnet, 2180 Luxembourg, Luxembourg

Start Date – End Date: 01/2011 - Present

Offices/Positions Held: Chief Executive Officer (since 01/2024), Managing Partner & Vice Chairman (since 05/2021); Partner, General Counsel, Head of Tax (01/2012 - 12/2017); Manager (11/2011 - 05/2021); General Counsel and Head of Tax (01/2011 - 12/2017)

*Additionally, Mr. Creus serves, and has served, as a director or an officer of certain holding companies affiliated with JAB Holding Company S.à.r.l.

C. Frank Engelen

Name: Franciscus Engelen

Occupation: Business Executive

Five-Year Employment History :

1. Company: JAB Holding Company S.à.r.l. (and affiliates)

Principal Business Address: 4 rue Jean Monnet, 2180 Luxembourg, Luxembourg

Start Date – End Date: 03/2020 - Present

Offices/Positions Held: Managing Partner & Chief Financial Officer (since 01/2024); Class A Manager (since 01/2022); Senior Partner (10/2022-12/2023); Partner (03/2020-10/2022)

*Additionally, Mr. Engelen serves, and has served, as a director or an officer of certain holding companies affiliated with JAB Holding Company S.à.r.l.

2. Company: Court of Appeal The Hague

Principal Business Address: Prins Clauslaan 60, 2595 AJ The Hague, The Netherlands

Start Date – End Date: 01/2010 – 04/2022

Offices/Positions Held: Deputy Justice

3. Company: Leiden University

Principal Business Address: Steenschuur 25, 2311 ES Leiden, The Netherlands

Start Date – End Date: 01/2005 – 09/2021

Offices/Positions Held: Professor of International Tax Law

4. Company: PwC Belastingadviseurs N.V.

Principal Business Address: Fascinacio Boulevard 250, 3065 WB Rotterdam, The Netherlands

Start Date – End Date: 07/1996 – 08/2020

Offices/Positions Held: International Tax Partner; Member of Board of Directors of PwC NL; PwC Europe Markets Leader; Member of Board of Directors and Executive Team of PwC Europe

D. **Peter Harf**

Name: Peter Harf

Occupation: Business Executive

Five-Year Employment History :

Company: JAB Holding Company S.à.r.l. (and affiliates)

Principal Business Address: 4 rue Jean Monnet, 2180 Luxembourg, Luxembourg

Start Date – End Date: 11/2011 - Present

Offices/Positions Held: Managing Partner and Chairman (*not a statutory officer*)

*Additionally, Mr. Harf serves, and has served, as a director or an officer of certain holding companies affiliated with JAB Holding Company S.à.r.l.

E. **Jonathan Norman**

Name: Jonathan Norman

Occupation: Tax Counsel

Five-Year Employment History :

Company: JAB Holding Company S.à.r.l. (and affiliates)

Principal Business Address: 4 rue Jean Monnet, 2180 Luxembourg, Luxembourg

Start Date – End Date: 06/2017 - Present

Offices/Positions Held: Manager (since 06/2019); Tax Counsel (since 06/2017)

*Additionally, Mr. Norman serves, and has served, as a director or an officer of certain holding companies affiliated with JAB Holding Company S.à.r.l.

* * * * *

EXHIBIT 5-A

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS (ENGLISH
TRANSLATION) OF THE APPLICANT AND ITS AFFILIATES FOR THE
YEARS ENDED DECEMBER 31, 2023, 2022, 2021, 2020 AND 2019**

Annual Report 2023

JAB
HOLDING
COMPANY

Table of Contents

About this Report 3

Highlights 4

JAB at a Glance 4

Generational Change at JAB 5

2023 Highlights & Results 6

About JAB 12

Our Investment Partnership 12

Our Diverse Team of Professionals 13

Value Creation 15

Platform Investing Philosophy 15

How We Create Sustainable Compounding Returns 18

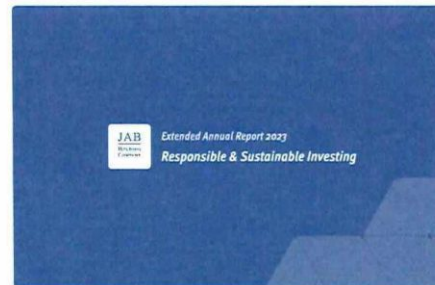
Our Global Leading Investment Platforms 19

How We Create Value 25

Governance 26

JAB Governance 26

Managing Risks and Uncertainties 28



Extended Annual Report 2023
jabholco.com/Annual-Report-2023-Extended / →



2023 Highlights & Results
 Page 6 / →

Consolidated Financial Statements 30

Consolidated Statement of Financial Position 31

Consolidated Statement of Profit or Loss and Other Comprehensive Income 32

Consolidated Statement of Changes in Equity 33

Consolidated Statement of Cash Flows 34

Notes to the Consolidated Financial Statements 35

Report of the Réviseur d'Entreprises agréé 78

About this Report

This Annual Report sets out JAB Holding Company S.à r.l.'s ('JAB Holding Company') consolidated results and developments in 2023, and was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

This Report summarizes how we create value over time for our stakeholders, including our people, shareholders and investors, as well as how we strive to make a positive impact.

To meet the specific needs of our stakeholders we publish an extended report on an annual basis which further details and reflects on our Responsible & Sustainable Investing strategy and commitments.



Details on our value creation strategy can be found in the following sections:

- JAB at a Glance**
Page 4 | ➡
- 2023 Highlights & Results**
Page 6 | ➡
- Platform Investing Philosophy**
Page 15 | ➡
- How We Create Sustainable Compounding Returns**
Page 18 | ➡
- Our Global Leading Investment Platforms**
Page 19 | ➡
- How We Create Value**
Page 25 | ➡
- Governance**
Page 26 | ➡

Highlights

JAB at a Glance



Evergreen Capital
Structure →

Consumer Sector Focus →

Investment Grade
Ratings from both
Moody's and S&P →



**A unique partnership of
long-term investors in
consumer goods & services**



← High Quality Long-Term
Investor Group

← Invests Alongside
JAB Holding Company

← Raised \$23bn+ in
Equity Commitments



\$50bn+

Managed Capital

50

Investment & Industry
Professionals

6

Global Offices



Unique Platform
Investing Approach



Responsible Investing
and Stewardship



Attractive
Compounding Returns

Investment Grade Rated since 2014

Responsible and Sustainable Investing

Moody's:

Baa1 with stable outlook

Moody's
INVESTORS SERVICE



UN PRI score across all modules



S&P:

BBB+ with stable outlook

S&P Global
Ratings

68%

of portfolio companies
have approved SBTi targets¹



¹ Based on GHG footprint

Generational Change at JAB

Joachim Creus was appointed as CEO in November 2023, succeeding Olivier Goudet. We are grateful to Mr. Goudet for his 12 years of leadership and continued dedication to the firm in his new role as Senior Investment Advisor.

In his more than 13 years with the firm, Mr. Creus has played a critical role in building JAB into the global investment firm that it is today. He has worked side-by-side with Peter Harf and Mr. Goudet to drive JAB's major investments and expansion initiatives, including all platform acquisitions and the creation of JAB Consumer Partners ('JCP').

We have also promoted Frank Engelen to Managing Partner and CFO. Before joining JAB, Mr. Engelen worked more than 15 years as a partner at PwC, where he had been a trusted advisor to JAB since 2013.

We are confident that we have the right leadership and strategy as JAB enters its next growth and value creation stages.



Peter Harf

Managing Partner, Chairman

Mr. Harf has been building JAB since 1981, implementing a long-term strategic vision to transform decades of successful development as a family office with \$100m of capital into an investment company focused on the global consumer goods and services sector with over \$50bn of managed capital.

"Continuity of leadership is paramount at a firm like JAB. The appointment of Joachim to CEO and Frank to CFO is a testament to our strong faith in their ability to carry out our long-term vision."

— Peter Harf



Joachim Creus

Managing Partner, Vice Chairman & CEO

Mr. Creus joined JAB in 2010 and has been at the center of JAB's major investments and expansion initiatives. Over the last decade, not only has Joachim been instrumental to building an enduring investment firm, he has also become a member of the extended Reimann family.



Frank Engelen

Managing Partner, CFO

Mr. Engelen joined JAB as partner in 2020. He has worked closely with JAB for more than 10 years. Since he joined JAB in 2020, he has played a key role across JAB's portfolio including its pet insurance platform, an increasingly important asset to the firm.

2023 Highlights & Results

Successful build out of our Pet Insurance Platform, while moving into “farming” mode as the next phase of value creation

Our 2023 results establish a strong foundation for the next phase of value creation, with our portfolio companies witnessing robust organic growth. For calendar year 2023, the MSCI World Index increased +17%, mostly driven by the Magnificent Seven² tech stocks. Excluding these stocks, the MSCI World Index returned +9%, while the return on our investments was 3%.

As an investment holding company, balancing short-term opportunities with long-term fundamentals is critical. Over the past six months, we've accelerated the build out of our Pet Insurance platform by investing ahead of the curve. The success of our Pet Insurance strategy is confirmed by the platform's significant capital appreciation at the end of the year, supported by actual growth in operating performance.

Looking ahead, we will enhance the focus on value creation within our portfolio. All of our portfolio companies are growing organically and operate in industries with attractive fundamentals with leeway for decades of growth to come. We look forward to moving into “farming” mode to harvest the fruits of our investments.

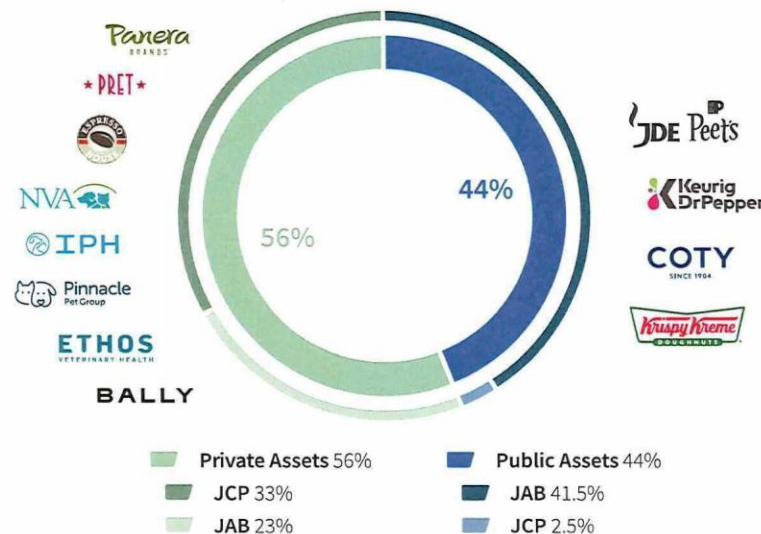
Solid liquidity position as anchor of our investment portfolio

Our liquidity position at the end of 2023 was solid at \$5.0bn, including \$1.7bn in cash & cash equivalents and \$3.3bn of undrawn credit facilities. Additionally, 44% of our investment portfolio is indirectly held in publicly traded companies, which also represents a strong source of liquidity. When excluding JCP's stake, 66% of our portfolio is publicly traded.

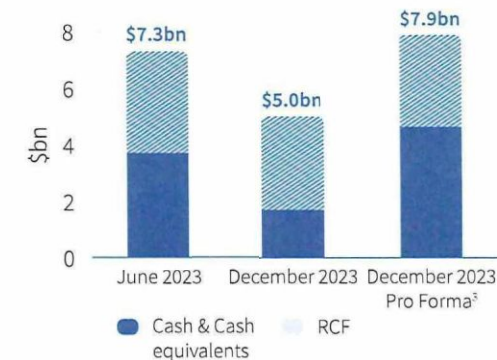
Our pet insurance investments in the second half of 2023 led to a reduction in reported liquidity as we strategically decided to invest ahead of the curve.

On 29 February 2024, we announced a secondary offering of up to 100 million shares of KDP common stock, including an option to sell 13 million shares for a period of 30 days after the offering.

JAB Investment Portfolio



Reported Liquidity



² MSCI World Index excl. AAPL, MSFT, AMZN, GOOGL, NVDA, TSLA, META

³ Pro Forma for KDP secondary offering of 100 million shares as announced at 29 February 2024

2023 Highlights & Results (continued)

Financial Highlights

Our investment strategy is unchanged, and we are committed to our financial policy

As of 31 December 2023, our Loan-to-Value ('LTV') ratio on a reported basis, measuring the relationship between our Net Debt and the value of our Investment Portfolio, was 17.8%. For reference, the Stand-Alone Pro Forma LTV was 26.6% as of 31 December 2023, excluding the effect of non-controlling interest.

Our LTV ratio was temporarily above our long-term target due to the accelerated build out of our Pet Insurance platform following the strategic decision to invest ahead of the curve. Our strategy is unchanged, and we remain committed to our financial policy.

When adjusting our Pro Forma Stand-Alone LTV for the sale of 87 million common shares of KDP, as announced at 29 February 2024, our LTV is 20.9%. Our LTV further improves to 20.0% when the additional 13 million shares are sold in the period of 30 days after the secondary offering.

	<i>As reported (IFRS)</i> 30 June 2023 <i>in \$bn</i>	<i>As reported (IFRS)</i> 31 December 2023 <i>in \$bn</i>	<i>Stand-Alone LTV⁴</i> <i>(Pro Forma)</i> 31 December 2023 <i>in \$bn</i>	<i>Stand-Alone LTV⁵</i> <i>(Pro Forma)</i> 29 February 2024 <i>in \$bn</i>
Investments in Subsidiaries	48.6	51.3	34.0	31.1
Other Investments	0.8	0.9	0.9	0.9
JAB Group's Investment Portfolio	49.4	52.2	34.8	31.9
Cash & Cash Equivalents	3.7	1.7	1.7	4.6
Borrowings	(10.1)	(11.0)	(11.0)	(11.0)
JAB Group's Net Debt	(6.3)	(9.3)	(9.3)	(6.4)
Loan-to-Value Ratio	12.9%	17.8%	26.6%	20.0%

⁴ Investment in Subsidiaries, reduced by non-controlling interest

⁵ Stand Alone LTV (Pro Forma) as of 29 February 2024 including secondary offering of 100 million KDP shares.

2023 Highlights & Results (continued)



Pet Insurance

Business Development***Above market growth of underlying pet insurance businesses, demonstrating best-in-class execution of platform investing strategy*****North America**

In October 2023, Independence Pet Holdings ("IPH") acquired Embrace, one of the fastest growing pet insurance brands in the US with GWP CAGR of +40% from 2019-2022. Embrace provides premium pet insurance products, offering best-in-class comprehensive coverage with a strong value proposition.

In November 2023, IPH entered into a strategic partnership with Synchrony Financial, including the acquisition of Pets Best Insurance Services, a rapidly growing pet insurance brand. As part of the sale, Synchrony has acquired an equity interest in IPH. The transaction closed March 5th 2024.

IPH also acquired Felix Cat Insurance, the only cat specific brand in the marketplace, allowing IPH to build upon an existing platform with cat specific partners and products.

Europe

In August 2023, Pinnacle Pet Group ("PPG") acquired Animal Friends, the second largest player in the UK pet insurance industry.

The acquisition also included an investment in Vet AI and a joint venture (JV) investment in Correlation One Investment (Europe) Limited ("Correlation"), which owns emerging brands such as Vet AI and Joii (24/7 online vet service providers), Waggel (UK insurance distributor), Kozoo (French insurance distributor), and Biscuit (an innovative rewards and incentives platform for pet owners).

Among other benefits, the partnership with Correlation provides PPG with access to, and insights from, the start-up and pet health venture ecosystem.

2023 Highlights & Results (continued)

Investing ahead of the curve

"Our ambition is to be a global leader in pet insurance. Our vision is to build a full stack, omni-channel and multi-brand global pet insurance business with adjacent pet services to enhance the customer journey".



2023 Highlights & Results (continued)

Investment Performance

Company-by-company results

**Keurig Dr Pepper (KDP)**

KDP's performance was led by continued momentum in US Refreshment Beverages and International. The net sales for Refreshment Beverages increased +9.1% to \$8.8 billion, its International segment increased by 15.0% to \$1.9 billion while the Keurig brewing system households increased to approximately 40 million.

This strong performance reflected continued momentum across markets. Adjusted diluted EPS grew by +6% in line with guidance and EPS growth has accelerated in the second half of the year. Finally, KDP returned over \$1.8 billion to shareholders through dividends, including a 7.5% increase in KDP's quarterly dividend, and the repurchase of 22 million shares.

JDE Peet's (JDEP)

JDEP closed the year strong with H2 2023 organic sales growth of +4.3% and organic Adjusted EBIT growth of +5.5%.

JDEP outperformed in premium categories such as Single Serve, Instant, and Beans. The company also expanded its geographic reach through the acquisition of Marata's Coffee and Tea business in Brazil and a license deal with Caribou Coffee, including transferring Caribou's roasting operations to JDEP. Net leverage was kept at 2.7x.

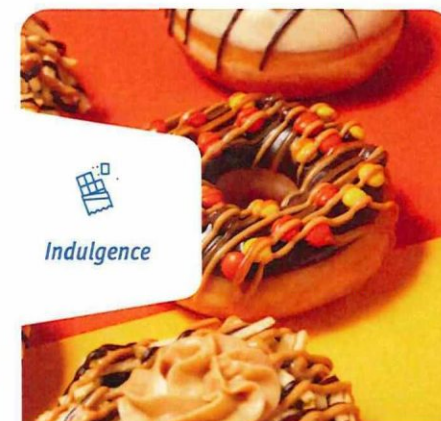
JDEP is leading a global effort to fight coffee-related deforestation through an innovative new programme tested in Vietnam.

**Coty (COTY)**

Coty continued to deliver strong sales growth ahead of the beauty market and has celebrated its 14th consecutive quarter of results in-line to ahead of expectations, with sales up +16% LFL for their H1 FY24.

Coty remains fully on track to reach its targeted leverage of approximately 2.5x by end of CY 2024.

Coty also continued to progress its sustainability agenda as it has committed to setting emission reduction targets in-line with the science-based net zero framework.

**Krispy Kreme (DNUT)**

Krispy Kreme's full year results reflect continued growth as net revenue increased by +10%, driven by strong marketing activations, points of access growth, and pricing actions.

Krispy Kreme has accelerated its growth of global points of access, increasing it by nearly 20% year-over-year to over fourteen thousand access points, driven by its global expansion strategy. The partnership between Krispy Kreme and McDonald's continues with productive discussions ongoing about further expansion.

2023 Highlights & Results (continued)



Fast Casual Restaurants

Panera Brands

Panera Brands continued to show in-market revenue growth combined with strong margin gains due to strong labor and food management as well as pricing ahead of inflation. In addition, Panera Brands' subsidiary Caribou, has entered into a long-term strategic CPG License Agreement with JDE Peet's, including the transfer of Caribou's roasting operations to JDE Peet's. Panera Brands continues to be in confidential SEC registration as it considers an IPO.



Petcare

NVA General Practice

NVA General Practice reported strong operating performance with full year revenue growth of +10%. The increase was driven by M&A, combined with same store sales growth of +6%. As part of focusing its core strategy on North American veterinary companion care, NVA GP entered into an agreement to sell its Vet Partners business segment, comprising mainly of its operations in Australia and New Zealand.

Ethos Veterinary Health

Ethos reported full year revenue growth of +25%, driven by M&A combined with same store sales growth of nearly +9%. Ethos formally announced a new leadership team and support organization in Q3 CY 2023. The new organization is closer to the hospitals, creating efficient, distinct hospital and back-office support functions.



Pet Insurance

Independence Pet Holdings

CY 2023 was a record-breaking year for new written policies. Strong new policy growth, along with improved retention of existing policies resulted in +40%⁶ organic growth on a pro forma basis, regardless of period of ownership. IPH's organic growth continues to exceed the North American industry growth rate driven by company owned brands, as well as partnerships. In Q4 CY23, AM Best confirmed IAIC's A- (Excellent) rating with a stable outlook, citing IAIC's strong balance sheet.

Pinnacle Pet Group

PPG delivered strong results with organic growth of +25%⁷ for full year 2023 on a pro forma basis, regardless of period of ownership. Management has been disciplined in identifying value creation opportunities from the acquired businesses and execution of its multi-brand and omni-channel strategy, while focusing on profitable growth.

⁶ Pets in force growth based on period-end date and subtotal for Core & Ancillary excludes Discontinued Brands for IPG and Embrace

⁷ Organic growth of policies in-force for core business, excluding businesses acquired in 2023



About JAB

JAB is a partnership with strategic alignment and full control over its managed capital.

JAB Holding Company and JCP are jointly invested to execute JAB's platform investing strategy. The Private Placement Memorandum and Co-Investment Agreements govern the Investment Partnership between JAB Holding Company and JCP. Notwithstanding the consolidation of our Investment Platforms, JCP remains an independent regulated investment fund based in Luxembourg and managed by JAB Consumer Fund Management S.à.r.l. ('AIFM'), an alternative investment fund manager which is authorized and approved by the Luxembourg financial supervisory authority, the *Commission de Surveillance du Secteur Financier* ('CSSF'). Any decision by the AIFM to invest or divest requires a positive recommendation by our Managing Partners.

Our Investment Partnership

A unique partnership of long-term investors in consumer goods & services



JAB is a unique investment partnership between JAB Holding Company as an evergreen

investor and creator of global leading Investment Platforms and JCP as a strategic co-investor. With over 200 years of heritage, JAB invests in consumer goods and services and is focused on long-term value creation through its unique Platform Investing Philosophy.

Our Managing Partners oversee the investments of both JAB Holding Company and JCP, with a single and fully aligned investment strategy. Investment decisions always require unanimity of the Managing Partners.



In 2012, JAB Holding Company was formed as a partner-led investment firm, with \$9bn of invested capital placed under

one holding company, which has increased to \$50 billion+ of managed capital as of 31 December 2023.

JAB Holding Company has a diverse team of professionals with a clear understanding and appreciation of the next generation of consumers as well as a strong focus on Responsible & Sustainable Investing and long-term compounding returns.

\$50bn+

Managed Capital



JCP was established in 2014, driven by investors' demand to participate in JAB Holding Company's investment strategy.

JCP is a Luxembourg-based regulated investment fund with institutional investors, family offices, endowments, and other professional investors. JCP co-invests alongside JAB Holding Company in the consumer goods and services sector.

\$19bn

Invested Capital

\$23bn+

Total Capital Raised

\$14bn

Distributions Since 2019

Our Diverse Team of Professionals

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

Our team has significant institutional investment experience and deep sector knowledge. 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 London, Amsterdam, Washington D.C., São Paulo, Luxembourg, and Mannheim. Our team is led by our Managing Partners - Chairman Peter Harf, Vice Chairman & CEO, Joachim Creus and CFO, Frank Engelen – together with the senior partners, partners and Managing Directors. They are supported by a global team of about 40 investment and industry professionals.

An environment with compounding performance opportunities

We attract, evaluate, and compensate talent with the objective of successfully delivering long-term compounding returns through our Investment Platforms. As such, we provide our team with opportunities and ambitions for continuous development and personal and professional growth.

Equality of Opportunity & Belonging

At JAB and across our Investment Platforms, we are committed 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.

Please refer to the People chapter in our Extended Annual Report for further details.

[Extended Annual Report 2023](#)

Page 8: People



Working together with 'skin in the game'

As a team, at JAB and our portfolio companies, we are invested in long-term value creation for our shareholders and other stakeholders. Invested means that our financial and non-financial interests are aligned, enabling us to deliver on our value-enhancing strategy. Invested also means we are personally committed to being 'full-on' as we strive to deliver sustainable results in a fast-paced and highly demanding environment.



Our Diverse Team of Professionals (continued)

Our leadership team

JAB is overseen by its leadership team including our three Managing Partners, Peter Harf (Chairman), Joachim Creus (Vice Chairman & CEO), and Frank Engelen (CFO), together with our (Senior) Partners and Managing Directors.

200+

Years of Consumer
Industry Expertise &
Insights

150+

Years of Investing
Expertise

100+

Years of Executive
Committee and Board
Experience

8

Nationalities

JAB's Leadership team is supported by:

- a global team of about 40 Investment and Industry Professionals
- Senior Investment Advisor and former CEO, Olivier Goudet
- a carefully selected team of world class CEOs and Executive Teams with 'skin in the game'
- two globally recognized Senior Advisors, Bertrand Badré and Antonio Weiss, who provide advice on governance and strategy matters

**Peter Harf**

Managing Partner,
Chairman

**Joachim Creus**

Managing Partner,
Vice Chairman & CEO

**Frank Engelen**

Managing Partner,
CFO

**David Bell**

Senior Partner

**Ricardo Rittes**

Senior Partner

**Patricia Capel**

Partner

**Konrad Meyer**

Partner

**Lubomira Rochet**

Partner

**Xavier Croquez**

Managing Director,
Head of Portfolio
Management

**Rafael Cunha**

Managing Director,
Head of Finance & Treasury

**Yoana Nenova**

Managing Director,
Head of Responsible and
Sustainable Investing

**Stuart Perowne**

Managing Director,
Head of Equity Trading

**Steven Voogd Boom**

Managing Director,
Head of Finance & Reporting

**Sebastiaan Wolvers**

Managing Director,
Head of Legal & Tax

Value Creation

Platform Investing Philosophy

With over 200 years of heritage, JAB has centered its investment approach around a unique Platform Investing Philosophy which is a critical part of our long-term success.



Identify Investment Opportunities

Agile investment approach with a focus on consumer goods and services



Enhance Value

Unique ownership and people model focused on repeatable value creation



Drive Long-Term Sustainable Compounding Returns

Do the right things for our stakeholders

Our unique set of strengths



A long-term and evergreen investor



Proprietary business insights & deal flow



An ecosystem of trusted debt & equity partners



Unlocking synergies



Resilient categories with attractive growth fundamentals



Flexible exit strategies



An invested team

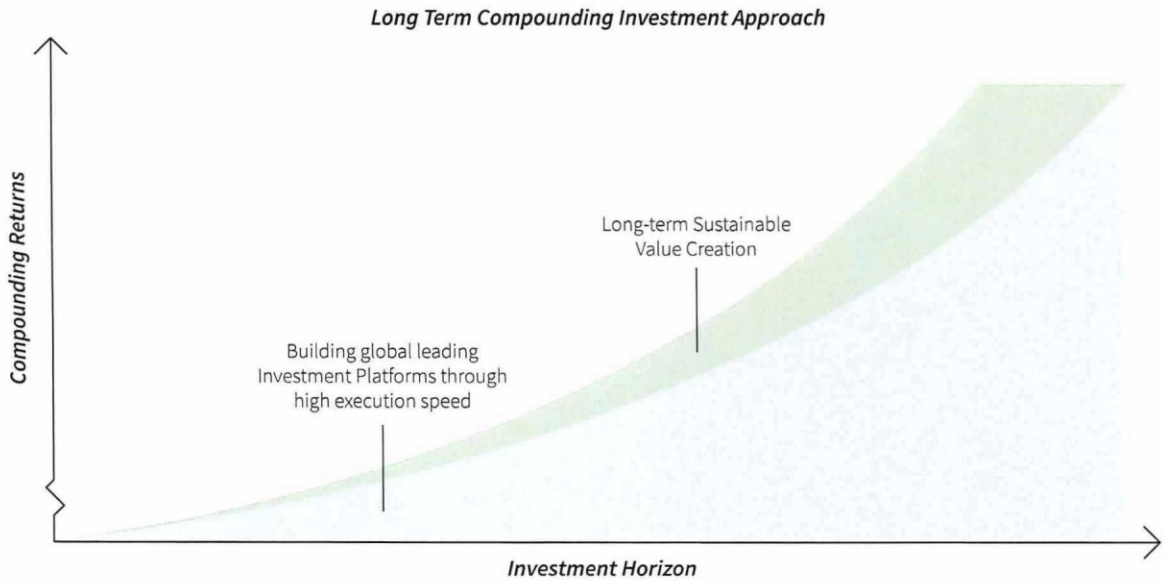
Platform Investing Philosophy (continued)



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, our structure allows us to unlock value and access growth pools over longer periods of time.

Delivering long-term compounding shareholder returns is fundamentally dependent on the health of the planet and people. Our extended report details and reflects on our Responsible & Sustainable Investing strategy, objectives, and goals.



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 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 partners, we are building Investment Platforms with controlling or anchor stakes in global leading businesses. This allows us to create blue-chip companies that are ready for the next generation of consumers and their preferences.

Platform Investing Philosophy (continued)

**An invested team**

We have a global network of leading professionals in the consumer goods and services industry. Our strong network has enabled us to establish a high-quality team of senior investment and industry professionals at JAB, as well as a team of industry-leading CEOs, senior executives, and independent directors at our portfolio companies. We are all invested in long-term value creation for our shareholders and other stakeholders, and our financial and non-financial interests are aligned. We promote a regular, informal, and hands-on communication flow between all participants in our ecosystem.

**Proprietary business insights & deal flow**

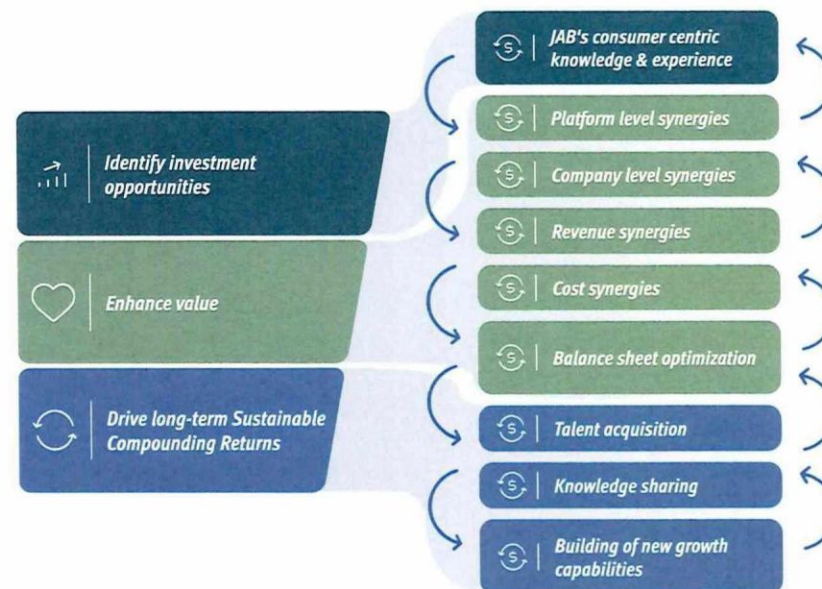
We develop real-time superior business insights across industry sectors by combining data, information, and people knowledge. These insights provide us with a strategic advantage in our deal sourcing processes, resulting in us being frequently selected as the partner of choice. This allows us to establish deals on a proprietary and bilateral basis, and to have a more timely and effective investment approach based on real-time market and industry trends, our people network, consumer behaviors and technological developments.

**Flexible exit strategies**

When combining our long-term investment horizon with our decades of investment experience, we recognize that providing future flexibility for 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 for investors.

**Unlocking synergies**

Through our Platform Investment approach, we are able to achieve greater levels of synergies beyond what could be realized through an individual investment. 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 new growth capabilities.

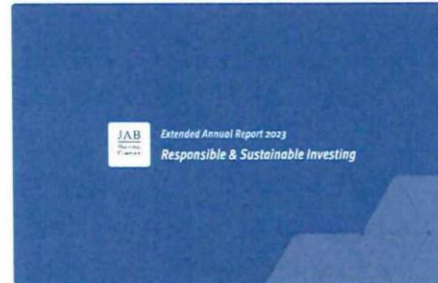


Platform Investing Philosophy (continued)

How We Create Sustainable Compounding Returns

JAB is committed to delivering superior long-term compounding shareholder returns, which are fundamentally dependent on the health of the planet and people.

As part of our annual integrated reporting we have issued an extended report, which details and reflects on our Responsible & Sustainable Investing strategy and commitments as well as outcomes related to our value creation efforts pursued through our Investment Philosophy. This section includes Climate-Related Financial Disclosures (TCFD) reporting along with other Responsible & Sustainable Investing-focused data.

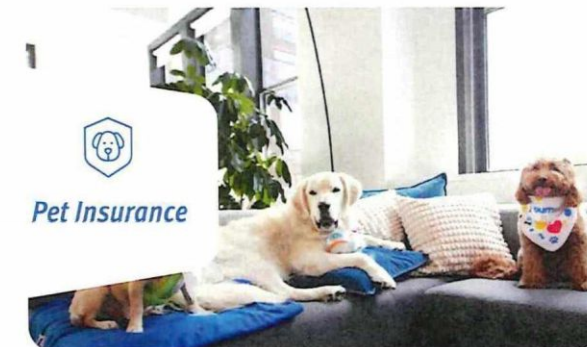


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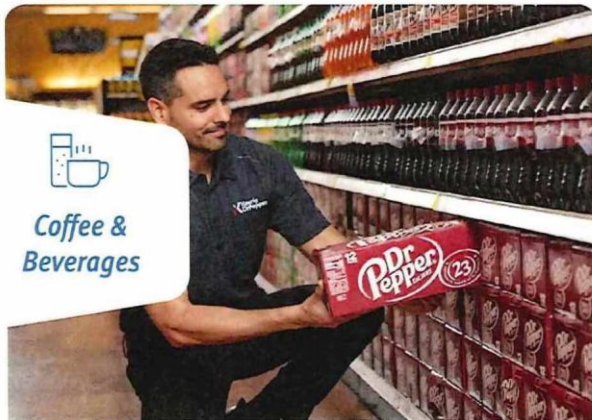
Our Global Leading Investment Platforms

Since the formation of JAB Holding Company in 2012, we have diversified our investment portfolio by expanding into different categories in the consumer goods and services sectors.

Through our Global Investment Platforms, we control businesses that operate in multiple segments. Each business has established its own robust business model and strategy by leveraging industry-leading brands and a tailored portfolio of products and services. These brands are distributed through a variety of channels in different geographies, and, as a result, address the needs of a broad consumer base.



Our Global Leading Investment Platforms (continued)

A closer look at our Investment Platforms

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

- Premium coffee brands
- Mainstream coffee brands
- Coffee systems
- Soft drinks
- Water
- Tea & Juices
- Energy drinks



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

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



Indulgence through retail-owned, retail-franchised, online, home delivery, and CPG

- Doughnuts
- Cookies



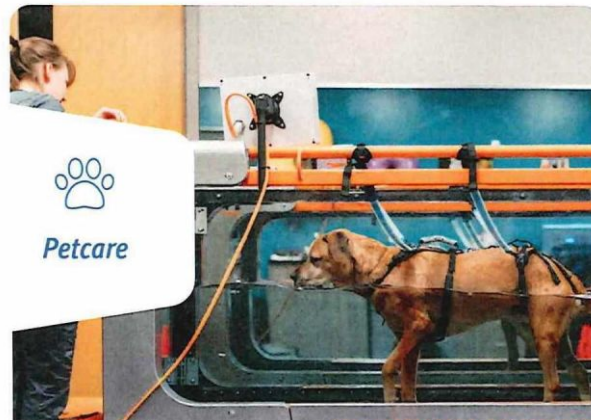
Our Global Leading Investment Platforms (continued)



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

Covering all occasions:

- Breakfast
- Lunch
- Dinner



Petcare through on-premise, home-delivery, and digital veterinary services

- General care
- Specialty & emergency care
- Pet Resorts
- Equine



Pet Insurance through breeder, shelter, direct-to-consumer, veterinary, mass retail, and employee benefits channels:

- Accident & Illness
- Accident only
- Wellness and other add-ons
- 24/7 vet helpline
- Pet Pharmacy



Our Global Leading Investment Platforms (continued)

As long-term and anchor shareholder, JAB exerts significant influence over its investments

	JAB Ownership ⁸
	59%
	28%
	85%
	74%
	84%
	44%
	90%
	92%
	66%
	50%
	98%

⁸ Includes combined JAB Holding Company and JAB Consumer Partners stakes and excludes other co-investors.

Our Global Leading Investment Platforms (continued)

JAB's Investment Platforms leverage a strong portfolio of premium and iconic brands that are well-recognized and strongly positioned within their respective categories and markets.

Here is a selection of key brands from our portfolio.

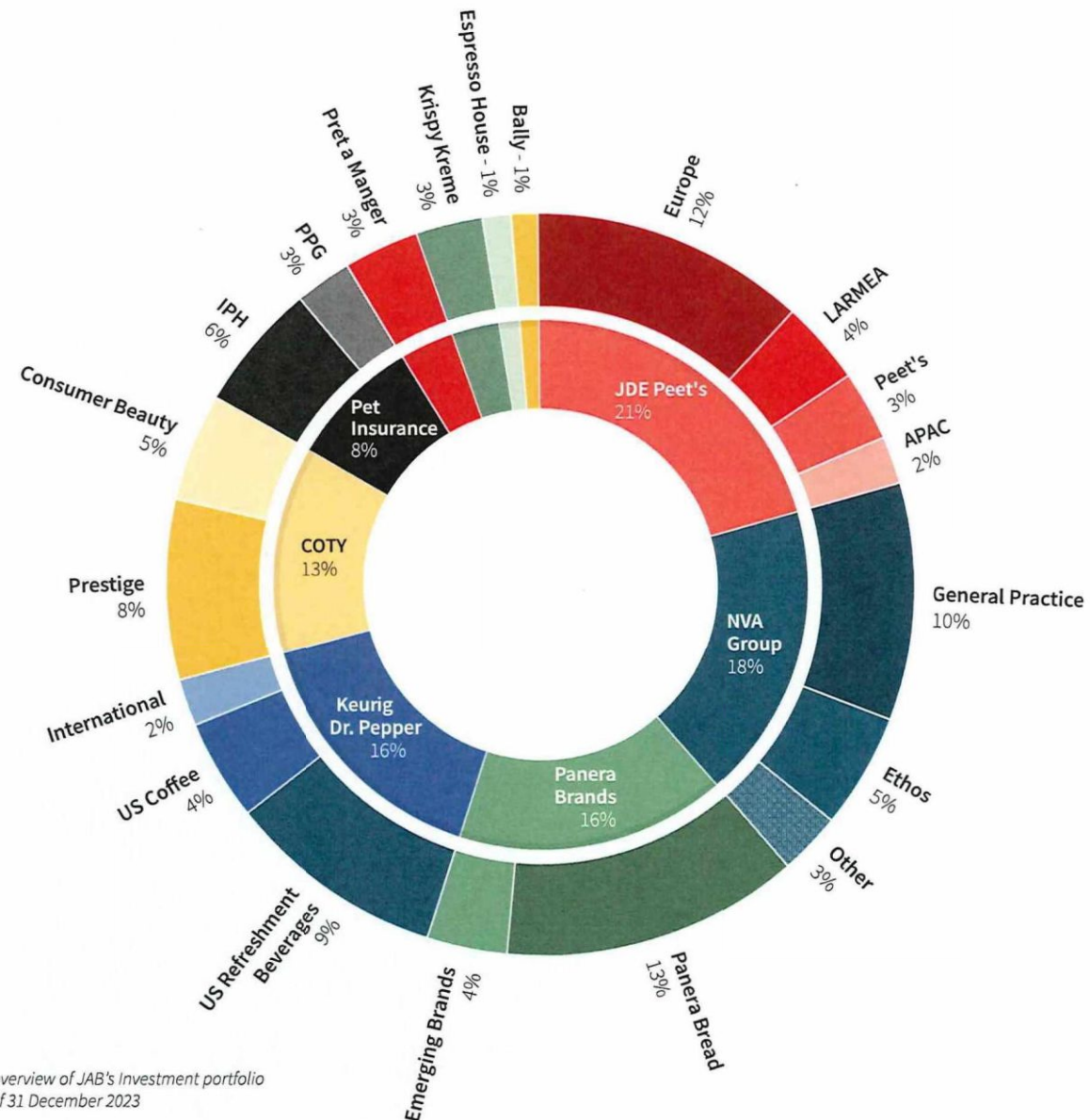


Our Global Leading Investment Platforms (continued)

Our portfolio is becoming increasingly diverse

A global investment portfolio with strong asset diversity

Our investment philosophy is focused on building a diversified portfolio within the consumer goods and services sectors, with low or negative correlation between the assets and with businesses that are diversified through their unique combination of brands, product and service categories, and distribution channels. Asset diversity was calculated by calculating JAB's ownership against the trailing twelve months revenue of the portfolio companies.



An overview of JAB's Investment portfolio
as of 31 December 2023

How We Create Value

Within our Platform Investment Philosophy, we have a clear understanding of and appreciation for the next generation of consumers, combined with a strong focus on doing the right thing for our stakeholders. Below, we have summarized both the process and the main results of our Platform Investment Philosophy.



Governance

JAB Governance

JAB Holding Company has four statutory Managers, including the CEO and CFO, and has implemented a governance framework for strategy, finance, risk and compliance, remuneration, and responsible & sustainable investing. This framework is overseen by the JAB Board. The Chairman and CEO are each members of the JAB Board. The Managing Partners jointly constitute the Investment Committee. The Investment Committee obtains independent advice from our Senior Investment Advisor as well as two globally recognized Senior Advisors who have extensive expertise on strategy and governance matters.

The **JAB Board** exercises typical shareholder rights (e.g. approval of distributions and valuations, and admission of shareholders) and is responsible for defining and monitoring JAB Holding Company's governance model, including the mandate of the Investment Committee and key elements of management's remuneration framework. The JAB Board meets periodically in Luxembourg together with the Managing Partners and (Senior) Partners of the firm.

The **Investment Committee** is responsible for JAB Holding Company's investment and exit strategy. Investment and divestment decisions require the unanimous approval of the Managing Partners. The Investment Committee is also responsible for the remuneration of the broader management team, including (Senior) Partners.

On a number of **specified domains** there is an individual partner or managing director responsible for the execution of our strategy: financial oversight & control, legal & compliance, risk management, treasury, human capital, responsible & sustainable investing and M&A.



Our portfolio companies are managed by their respective CEOs and leadership teams who have also invested their personal capital into their businesses, resulting in strong alignment of interests with those of JAB. Each of our portfolio companies, private and public, has a Board of Directors, an Audit Committee and a Remuneration Committee, with Independent Directors and JAB representatives.

JAB Governance (continued)

Our Senior Investment Advisor

**Olivier Goudet**

Senior Investment Advisor

Mr. Goudet became Senior Investment Advisor in January 2024 after having been JAB's CEO for over 12 years. During his time as CEO, he led JAB's strategic transformation, nearly tripling the investment firm's equity as it built leading investment platforms across the coffee & beverages, petcare, fast-casual restaurants, indulgence, and beauty & luxury sectors. Of note, Mr. Goudet introduced JAB's coffee and beverage strategy, resulting in the formation of JDE Peet's and the creation of Keurig Dr Pepper. He was also the architect of the veterinary care and pet insurance strategies. Mr. Goudet will remain personally invested in JAB in the future and will continue to support the success of JAB as a trusted senior investment advisor.

Our Senior Advisors

JAB partners 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 Responsible & Sustainable Investing matters. At JAB, we highly value independent advice as it provides us with a fresh perspective on where we stand, our intentions, and our journey.

**Antonio Weiss**

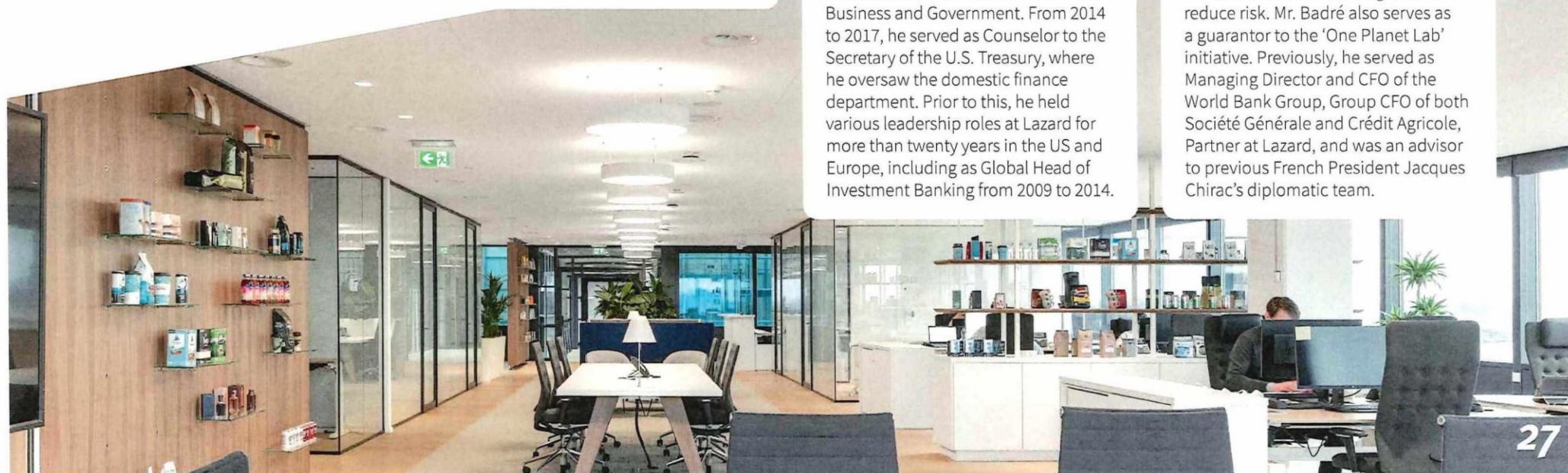
Senior Advisor

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 for more than 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.



Managing Risks and Uncertainties

Risk management is an integral part of JAB's governance structure. Our risk management approach is established to identify and analyze 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 risk management considers 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.

Financial Risk Management

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)
- Responsible & Sustainable Investing and reputation risks

Our Risk Management and other material company policies are reviewed and updated periodically, with Responsible & Sustainable Investing more strongly integrated where applicable. JAB is committed to delivering superior long-term compounding shareholder returns, which are fundamentally dependent on the health of the planet and people.

Climate Risk Management

As part of our annual integrated reporting we have issued an extended report, which details and reflects on our Responsible & Sustainable Investing strategy and commitments. This document includes a section on Climate Risk Management.

[Extended Annual Report 2023](#)
Page 11: Climate Risk Management



JAB Governance Framework and Policies

The objective of our Governance Framework and related JAB policies is to establish business ethics as a fundamental cornerstone of everything we do.

[Extended Annual Report 2023](#)
Page 4: JAB Governance Framework and Policies



Managing Risks and Uncertainties (continued)***Material risks and uncertainties***

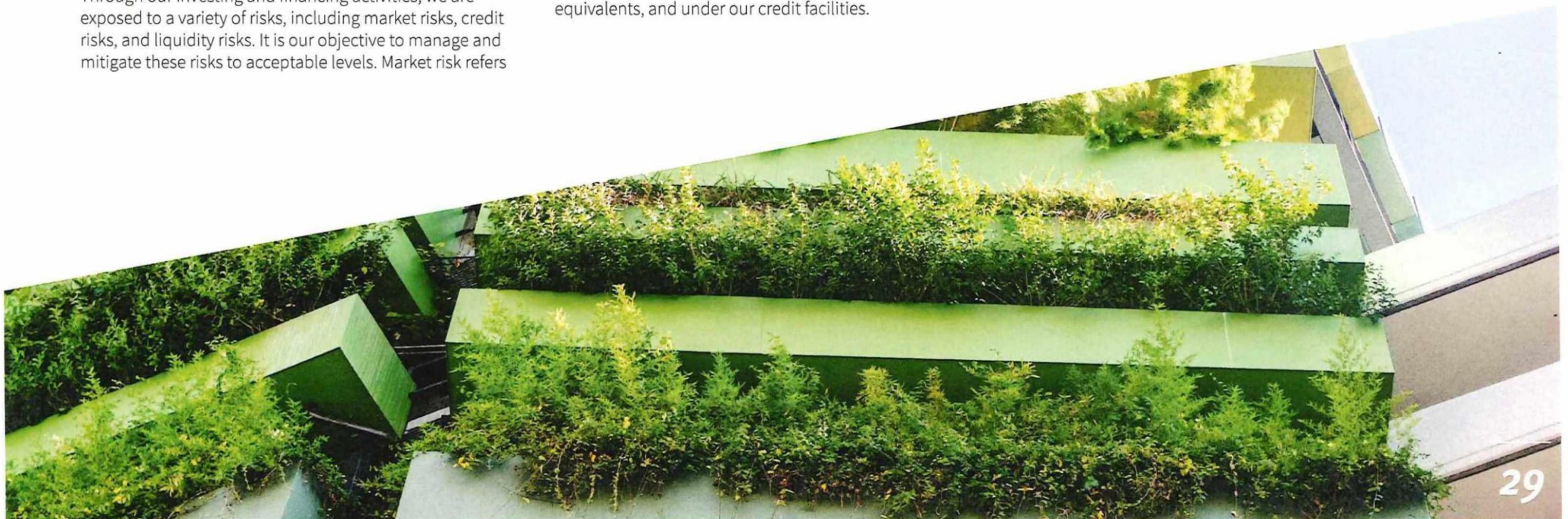
Our financial position is impacted by the performance of our investments, including the resulting impact on valuation. By having a controlling or anchor stake and via representation on the Boards, we are able to oversee and influence the financial and operational performance of our portfolio companies, with the aim to achieve resilient compounding 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 entrepreneurial mindsets and skillsets to drive long-term value creation.

Through 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 JAB's exposure to fluctuations in market prices, including foreign exchange rates, and interest rates. Foreign exchange risk on transactions is hedged through forward contracts and other derivatives as necessary. We are exposed to volatility in equity markets which primarily impacts the value of its public investments. This exposure is not hedged as of 31 December 2023. We actively manage our exposure to interest rate fluctuations. When we are exposed to such fluctuations on floating rate long-term debt we enter, when thresholds have been exceeded, into interest rate swaps. No hedge accounting is applied on any of the derivative transactions as of 31 December 2023. 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 cash equivalents, 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 responsibilities of our team with the aim of reducing the likelihood of unethical actions and to protect JAB and its stakeholders.



Consolidated Financial Statements

Table of Contents

<i>Consolidated Statement of Financial Position</i>	31
<i>Consolidated Statement of Profit or Loss and Other Comprehensive Income</i>	32
<i>Consolidated Statement of Changes in Equity</i>	33
<i>Consolidated Statement of Cash Flows</i>	34
<i>Notes to Consolidated Financial Statements</i>	35
1. General Information	35
2. Accounting Policies	36
3. Notes to the Accounts	40
4. Financial Instruments – Fair Value and Risk Management	67
5. Subsequent Events	77
<i>Report of the Réviseur d'Entreprises agréé</i>	78

Consolidated Statement of Financial Position

As of 31 December

	Notes	2023 in \$m	2022 in \$m
Assets			
Investments in subsidiaries	3.1	51,394.6	49,119.3
Other investments	3.1	855.0	371.3
Loans	3.2	40.6	52.6
Other assets	3.3	105.2	53.2
Cash and cash equivalents	3.4	1,716.5	3,837.4
Total assets		54,111.9	53,433.8
Equity and liabilities			
Total equity attributable to owners of the parent company	3.5	25,452.2	24,858.5
Non-controlling interests		17,393.4	17,065.2
Total equity		42,845.6	41,923.7
Borrowings	3.7	10,990.1	10,195.5
Related party payable		-	1,044.2
Other liabilities	3.8	276.2	270.4
Total liabilities		11,266.3	11,510.1
Total equity and liabilities		54,111.9	53,433.8

The notes on pages 35 to 77 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the years ended 31 December

	Notes	2023 in \$m	2022 in \$m
Net gain / (loss) on investments in subsidiaries and other investments	3.1	1,233.8	(5,171.2)
Dividend income	3.1	650.6	1,009.2
Finance income	3.9	171.9	430.6
Finance expenses	3.9	(556.9)	(230.9)
General and administrative expenses	3.10	(107.1)	(84.0)
Other expense	3.11	(262.5)	(424.6)
Profit / (loss) before income tax		1,129.8	(4,470.9)
Income tax expense	3.12	(30.2)	(1.4)
Profit / (loss) for the year		1,099.6	(4,472.3)
Attributable to owners of the parent company		556.1	(3,019.6)
Non-controlling interests		543.5	(1,452.7)
Total comprehensive income / (loss)		1,099.6	(4,472.3)
Attributable to owners of the parent company		556.1	(3,019.6)
Non-controlling interests		543.5	(1,452.7)

The notes on pages 35 to 77 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital in \$m	Share premium in \$m	Share-based payments reserve in \$m	Foreign currency translation reserve in \$m	Retained earnings in \$m	Equity – Group share in \$m	Non-controlling interests in \$m	Total equity in \$m
Balance as of 31 December 2021		10.5	10,919.1	647.3	(511.7)	16,897.5	27,962.5	16,543.7	44,506.2
Issue of share capital	3.5	0.2	559.7				559.9		559.9
Decrease in share capital and repayment of share premium	3.5	(0.3)	(1,002.6)				(1,002.9)		(1,002.9)
Share-based payment transactions	3.6	0.3	372.7	(14.4)			358.6		358.6
Other comprehensive income for the year					(0.0)		(0.0)		(0.0)
Loss for the year						(3,019.6)	(3,019.6)		(3,019.6)
Total comprehensive loss					(0.0)	(3,019.6)	(3,019.6)		(3,019.6)
Transactions with non-controlling interests	3.5							521.5	521.5
Balance as of 31 December 2022		10.6	10,848.9	632.9	(511.7)	13,877.9	24,858.5	17,065.2	41,923.7
Issue of share capital	3.5	0.2	429.2				429.4		429.4
Decrease in share capital and repayment of share premium	3.5	(0.3)	(646.1)				(646.4)		(646.4)
Share-based payment transactions	3.6	0.2	300.5	(37.8)			262.9		262.9
Other comprehensive income for the year					0.0		0.0		0.0
Profit for the year						556.1	556.1		556.1
Total comprehensive income					0.0	556.1	556.1		556.1
Transactions with non-controlling interests	3.5		(2.4)	(6.2)			(8.6)	328.2	319.6
Balance as of 31 December 2023		10.7	10,930.3	588.9	(511.7)	14,434.0	25,452.2	17,393.4	42,845.6

The notes on pages 35 to 77 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended 31 December

	Notes	2023 in \$m	2022 in \$m
Cash flows from operating activities			
Profit / (loss) before income tax		1,129.8	(4,470.9)
<i>Adjustments for:</i>			
Net (gain) / loss from change in fair value of investments	3.1	(1,233.8)	5,171.2
Finance (income) and expenses	3.9	385.0	(199.8)
Share-based payment (income) / expenses	3.6, 3.11	262.5	373.5
<i>Changes in other assets and liabilities from operating activities:</i>			
Net decrease/(increase) in loans	3.1, 3.2	50.7	(0.5)
(Net increase) in other assets	3.3	(59.7)	(12.4)
(Net decrease)/increase in other liabilities	3.8	(6.6)	15.1
(Payments) on acquisition of / proceeds from sale of investments	3.1	(3,596.2)	(2,940.6)
Interest and foreign exchange results		170.3	(2.2)
Income taxes paid and withholding taxes	3.12	(2.9)	(1.4)
Net cash (used in) operating activities		(2,900.9)	(2,068.0)

	Notes	2023 in \$m	2022 in \$m
Cash flows from financing activities			
Contribution owners of the parent		415.3	413.5
Repayment of share premium to owners of the parent and cancellation of shares	3.5	(632.3)	(813.3)
Transactions with non-controlling interests		704.8	1,971.6
Proceeds from borrowings	3.7	1,582.3	1,425.4
Repayment of borrowings	3.7	(1,012.7)	(516.6)
Interest and other	3.9	(263.5)	(203.2)
Net foreign exchange results		(37.8)	(60.1)
Net cash from financing activities		756.2	2,217.3
Cash and cash equivalents at beginning of period			
	3.4	3,837.4	3,759.5
Net cash (used in) operating activities		(2,900.9)	(2,068.0)
Net cash from financing activities		756.2	2,217.3
Effect of exchange rate fluctuations on cash and cash equivalents		23.8	(71.4)
Cash and cash equivalents at end of period		1,716.5	3,837.4

The notes on pages 35 to 77 are an integral part of these 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 (R.C.S. Luxembourg B 164.586). 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 31 December 2023, the Company's main shareholder is Joh. A. Benckiser S.à r.l. (2022: 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.

These consolidated financial statements as of 31 December 2023 comprise the Company and its subsidiaries.

The Group holds several strategic investments in controlled and non-controlled entities. As of 31 December 2023, the Group invested in the following significant subsidiaries and other investments:

- JAB Coffee & Beverages Holdings B.V., Netherlands
- Pret Panera III G.P., USA
- JAB Indulgence B.V., Netherlands
- Petcare Holding LP, USA
- JAB Pet Holdings Ltd., UK
- JAB Beauty B.V., Netherlands
- JAB Luxury S.à r.l., Luxembourg
- JAB Ventures B.V., Netherlands
- JAB Pet Labs Ltd., United Kingdom
- JAB Fund Holdings S.à r.l., Luxembourg

In 2023, the scope of consolidation did not change compared to 2022 year-end.

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies

The Group has applied the accounting policies consistently to all periods presented in these consolidated financial statements. The most material accounting policies applied are presented in this note and, where possible, as part of the relevant notes to which they specifically relate in order to improve the reader's understanding.

2.1. Basis of preparation

The consolidated financial statements were:

- prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS");
- prepared under the historical cost convention, except for the valuation of financial assets and financial liabilities (including derivative financial instruments) which are carried at fair value through profit or loss;
- prepared on a going concern basis;
- prepared presenting assets and liabilities in increasing order of liquidity since this presentation provides reliable and more relevant information compared to a current and non-current classification. The amounts expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

(a) no more than twelve months after the reporting period:

Assets

- Loans, 2023: \$40.6m (2022: \$52.6m)
Please refer to the note 3.2;
- Other assets, 2023: \$39.0m (2022: \$34.7m)
Please refer to the note 3.3;
- Cash and cash equivalents, 2023: \$1,716.5m (2022: \$3,837.4m).

Liability

- Borrowings, 2023: \$1,052.2m (2022: \$684.7m)
Please refer to the note 3.7;
- Related party payable, 2023 \$0.0m (2022: \$1,044.2m)
- Other liabilities, 2023 \$237.8m (2022: \$229.3m)
Please refer to the note 3.8;

(b) more than twelve months after the reporting period:

Assets

- In general, "Investments in subsidiaries" and "other investments" are recoverable in more than twelve months after the reporting period this being also due to the size of the individual "Investments in subsidiaries". Not within the aforementioned and due to the uncertainty of the exact timing of the closing of transactions, certain amounts maybe recoverable within the next twelve months after the reporting;
- Other assets, 2023: \$66.2m (2022: \$18.5m)
Please refer to the note 3.3.

Liability

- Borrowings, 2023: \$9,937.9m (2022: \$ 9,510.8m)
Please refer to the note 3.7;
- Other liabilities, 2023 \$38.4m (2022: \$41.1m)
Please refer to the note 3.8.
- presented in millions of US Dollar unless otherwise stated. Amounts are commercially rounded. Therefore, rounding differences may appear; and
- authorized issue by the Managers on 12 March 2024.

Notes to the Consolidated Financial Statements (continued)

2.2. Material accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Assessment as an investment entity

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

The judgement refers to the classification of JAB Holding Company S.à r.l. as an investment entity according to IFRS 10. The management has concluded that the entity meets the definition of an investment entity as the following essential elements exist:

- The Company obtained funds from investors for the purpose of providing directly or via subsidiaries - those investors with investment services;
- The obtained funds are solely invested for returns from capital appreciation, investment income, or both;
- The performance of substantially all of its investments is measured and evaluated on a fair value basis.

The management has also concluded that the Company meets the following typical characteristics of an investment entity:

- it has more than one investment;
- it has more than one investor;
- the investments are predominantly in the form of equity or similar interests and the Company has identified different potential strategies for different types of portfolios of investments, including potential substantive time frames for exiting its investments.

One typical characteristics of an investment entity is that the investors are not related parties. For the Group most investors are related parties. However, the management believes it is nevertheless an investment entity, because the majority of the investors are not actively involved in the investment process and it is ensured that there are no returns from

investments that are other than capital appreciation or investment income. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changed.

Following the classification as an investment entity, management has made judgement with regard to the consolidation of the Group's subsidiaries. Only subsidiaries providing services that relate to the investment entity's investment activities are consolidated in accordance with IFRS 10.32. Management therefore assessed the functions and services provided by the subsidiaries and concluded on the scope of consolidation based on this assessment.

Fair value determinations

Other key assumptions and estimations relate to the fair value determination of the Group's investments and share-based payments. Management uses judgment in selecting appropriate valuation techniques. Reference is made to note 3.1.3 for investments.

In order to estimate expenses in connection with share-based payments (see note 3.6), adequate measurement methods have to be adopted and adequate parameters for those measurement methods have to be determined. Those parameters comprise expected life of options, volatility, dividend yield, risk-free interest rate, and assumptions on time of exercise.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are either recognized in the period in which the estimate is revised only, or in the period of the revision and future periods, if the revision affects both current and future periods.

The geopolitical turmoil with the war between Russia and Ukraine accentuated the inflationary pressure inside the portfolio companies with rising input costs, major labour shortages upon reopening post pandemic. Governments and authorities worldwide, including the United States and the European Union, have imposed sanctions on Russia. These and any additional sanctions, as well as any potential responses that may be provided by the government of Russia or other jurisdictions, adversely affect business and may do so in the future. The impacts from crisis are considered in the fair value determination of fair value and adequately reflected through the sensitivity analysis.

As of the date of the signing of these consolidated financial statements there are no further material impacts from the above mentioned matter in the Group's business. Management is continuously monitoring the development of the conflict to assess any potential future impacts that may arise as a result of the ongoing crisis.

Notes to the Consolidated Financial Statements (continued)*Determination of functional currency*

In addition, significant judgement was applied in determining the Company's functional currency and the trigger for a change. The Company's conclusion that, effective from January 2021, 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. Preparation of the consolidated statement of cash flows

The consolidated statement of cash flows is presented using the indirect method. Net cash flows from operating activities are reconciled from profit before tax from continuing operations.

Changes in consolidated statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, contributions in kind and conversions of debt to equity have been eliminated for the purpose of preparing this statement.

Proceeds from sale of subsidiaries and other investments, payments on acquisition of subsidiaries and other investments, changes in loans and other assets, dividends, capital repayments from investees, and interest received have been classified as cash flows from operating activities because the investment activities are the Group's principal activities.

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

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 2023:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting policies”
- Definition of Accounting Estimates – Amendments to IAS 8
- Initial Application of IFRS 17 including Amendments to IFRS 17
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

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

New standards, amendments and interpretations issued, but not effective for the year ended 31 December 2023 and not early adopted.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1
- Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

These amendments should be applied for annual periods beginning on or after 1 January 2024.

No impact is foreseen in the consolidated financial statements of the Company.

Notes to the Consolidated Financial Statements (continued)

2.5. Foreign currency*Functional and presentation currency:*

The consolidated financial statements are presented in US Dollar (\$), which is the Company's functional currency.

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.

Foreign currency translations:

The assets and liabilities are translated into the Group's presentation currency, the US Dollar, using exchange rates prevailing at the end of each reporting period. Income and expenses are translated using the average foreign exchange rate for the reporting period except for dividend income translated at the foreign exchange rate prevailing at the date of the transaction. Exchange differences arising, if any, are recognized in other comprehensive income and are accumulated in equity. At disposal of the foreign operation, foreign exchange differences are reclassified from other comprehensive income to profit or loss.

Foreign currency transactions:

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on translation of these transactions and monetary assets and liabilities are recognized in profit or loss.

2.6. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally, purchases and sales are accounted for at the settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal or, in its absence, the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible for the Group.

The most reliable evidence of fair value is quoted prices in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Valuation techniques include using recent at arm's length transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models making as much use of available and supportable market data as possible.

Notes to the Consolidated Financial Statements (continued)

3. Notes to the Accounts

3.1. Investments

3.1.1. Investments in subsidiaries

Accounting Policy

The Company qualifies as an investment entity in accordance with IFRS 10.27 and is required to apply the exception to consolidation and instead accounts for its investments in a subsidiary at fair value through profit or loss ("FVTPL").

Only subsidiaries providing services that relate to the Group's investment activities are consolidated in accordance with IFRS 10.32. Consequently, the consolidated financial statements of the Group include the financial statements of the Company and its controlled and consolidated subsidiaries, but not its subsidiaries that qualify as investments.

The Group focuses on investments in a number of different sectors. The Group does not have an explicit time horizon with regard to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

The following subsidiaries are consolidated in the Group's consolidated financial statements as of 31 December 2023:

Company	Registered	Economic ownership in % ¹	
		Parent	NCI ²
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l.	Luxembourg	99.9%	0.1%
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
JAB Coffee & Beverages B.V. ³	Netherlands	87.1%	12.9%
Pret Panera Holdings B.V. ⁴	Netherlands	64.7%	35.3%
Petcare G.P. ⁵	USA	38.3%	61.7%
JAB Pet Services B.V. ⁶	Netherlands	35.0%	65.0%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	100.0%	-

¹ Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held by either JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership.

² Non-controlling interests (NCI)

³ The Group presents ownership in JAB Coffee & Beverages B.V. based on dividend entitlement.

⁴ The Group holds 66.0% of the voting rights in Pret Panera Holdings B.V.

⁵ The Group controls Petcare G.P. by virtue of agreements with its co-investors.

⁶ The Group holds 100.0% of the voting rights in JAB Pet Services B.V.

Notes to the Consolidated Financial Statements (continued)

The following subsidiaries were consolidated in the Group's consolidated financial statements as of 31 December 2022:

Company	Registered	Economic ownership in % ⁷	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l.	Luxembourg	99.9%	0.1%
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
JAB Coffee & Beverages B.V. ⁸	Netherlands	87.3%	12.7%
Pret Panera Holdings B.V. ⁹	Netherlands	57.4%	42.6%
Petcare G.P. ¹⁰	USA	38.3%	61.7%
JAB Pet Services B.V. ¹¹	Netherlands	39.3%	60.7%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	100.0%	-

Control is achieved when the Group has power over the consolidated entity, is exposed, or has rights, to variable returns from its involvement with a consolidated entity and has the ability to use its power to affect its returns. The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including the contractual arrangement with the other holders of voting rights of the entity, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

⁷ Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held by either JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership.

⁸ The Group presents ownership in JAB Coffee & Beverages B.V. based on dividend entitlement.

⁹ The Group holds 59.0% of the voting rights in Pret Panera Holdings B.V.

¹⁰ The Group controls Petcare G.P. by virtue of agreements with its co-investors.

¹¹ The Group holds 100.0% of the voting rights in JAB Pet Services B.V.

Notes to the Consolidated Financial Statements (continued)

As of 31 December 2023, the following non-consolidated subsidiaries qualify as investments in subsidiaries and are therefore measured at fair value:

<i>Company</i>	<i>Registered</i>	<i>Shareholding in %</i>
JAB Coffee & Beverages Holdings B.V.	Netherlands	100.0%
Pret Panera III G.P.	USA	86.3%
JAB Indulgence B.V.	Netherlands	100.0%
Petcare Holding LP	USA	98.2%
JAB Pet Holdings Ltd.	United Kingdom	99.7%
JAB Beauty B.V.	Netherlands	100.0%
JAB Luxury S.à r.l.	Luxembourg	100.0%
JAB Pet Labs Ltd.	United Kingdom	100.0%
JAB Ventures B.V.	Netherlands	100.0%
JAB Fund Holdings S.à r.l.	Luxembourg	100.0%

As of 31 December 2022, the following non-consolidated subsidiaries qualified as investments in subsidiaries and were therefore measured at fair value:

<i>Company</i>	<i>Registered</i>	<i>Shareholding in %</i>
JAB Coffee & Beverages Holdings B.V.	Netherlands	100.0%
Pret Panera III G.P.	USA	86.3%
JAB Indulgence B.V.	Netherlands	100.0%
Petcare Holding LP	USA	98.2%
JAB Pet Holdings Ltd.	United Kingdom	99.4%
JAB Beauty B.V.	Netherlands	100.0%
JAB Luxury S.à r.l.	Luxembourg	100.0%
JAB Pet Labs Ltd.	United Kingdom	100.0%
JAB Ventures B.V.	Netherlands	100.0%

The stated shareholdings reflect the portion of shares held by the Group together with its non-controlling interests in its non-consolidated investments in subsidiaries.

All acquisitions are measured at fair value at the time of acquisition or contribution. After initial measurement, all investments in non-consolidated subsidiaries are subsequently measured at FVTPL.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

Notes to the Consolidated Financial Statements (continued)

The following table gives an overview of material non-consolidated investments in subsidiaries at year-end, grouped at the level of our investment platforms, those being Coffee & Beverages, Fast Casual Restaurants, Indulgence, Petcare, Pet Insurance, Beauty & Luxury, and Others:

Entity	Principal place of business	Proportion of ownership interest		Fair Value of ownership interest	
		2023 in %	2022 in %	2023 in \$m	2022 in \$m
JAB Coffee & Beverages Holdings B.V.	Netherlands	100.0	100.0	16,492.7	19,856.1
Coffee & Beverages				16,492.7	19,856.1
Pret Panera III G.P.	USA	86.3	86.3	8,681.6	9,081.4
Fast Casual Restaurants				8,681.6	9,081.4
JAB Indulgence B.V.	Netherlands	100.0	100.0	980.3	603.6
Indulgence				980.3	603.6
Petcare Holding LP	USA	98.2	98.2	12,820.6	13,674.2
Petcare				12,820.6	13,674.2
JAB Pet Holdings Ltd. ¹²	UK	99.7	99.4	7,047.2	2,134.5
Pet Insurance				7,047.2	2,134.5
JAB Beauty B.V.	Netherlands	100.0	100.0	5,394.8	3,684.6
JAB Luxury S.à r.l.	Luxembourg	100.0	100.0	62.7	25.6
Beauty & Luxury				5,457.5	3,710.2
Other				(85.3)	59.3
Total				51,394.6	49,119.3

¹² As of 31 December 2023, the fair value of ownership interest in JAB Pet Holdings Ltd. also refers to ownership in Pinnacle Pet Holdings Ltd. (\$1.4m, 2022: \$0.5m) and Independence Pet Holdings Inc. (\$0.3m, 2022: \$0.1m).

Notes to the Consolidated Financial Statements (continued)

The following table gives a detailed reconciliation from the investments as of beginning of the period to the investments as of the end of period for both level II and level III investments:

	<i>Coffee & Beverages</i> in \$m	<i>Fast Casual Restaurants</i> in \$m	<i>Indulgence</i> in \$m	<i>Petcare</i> in \$m	<i>Pet Insurance</i> in \$m	<i>Beauty & Luxury</i> in \$m	<i>Other</i> in \$m	<i>Total</i> in \$m
Balance as of 31 December 2021	22,255.4	8,761.2	1,081.9	14,357.6	580.6	4,961.8	(588.7)	51,409.8
Additions / contributions	-	-	-	1,840.2	1,553.9	55.8	213.4	3,663.3
Disposals / distributions	(1,287.8)	-	-	-	-	(165.0)	(3.0)	(1,455.7)
Change in fair value	(1,111.6)	320.3	(478.4)	(2,523.5)	-	(1,142.4)	(116.1)	(5,051.7)
Intra-group investment elimination	-	-	-	-	-	-	553.7	553.7
Balance as of 31 December 2022	19,856.1	9,081.4	603.6	13,674.2	2,134.5	3,710.2	59.3	49,119.3
Additions / contributions	340.0	-	-	0.3	2,789.9	178.8	-	3,309.0
Disposals / distributions	(2,160.3)	-	-	-	-	-	(20.3)	(2,180.6)
Change in fair value	(1,543.1)	(399.8)	376.7	(853.9)	2,122.8	1,568.5	140.9	1,412.1
Intra-group investment elimination	-	-	-	-	-	-	(265.2)	(265.2)
Balance as of 31 December 2023	16,492.7	8,681.6	980.3	12,820.6	7,047.2	5,457.5	(85.3)	51,394.6

Notes to the Consolidated Financial Statements (continued)**Coffee & Beverages**

As of 31 December 2023, the Group is indirectly invested in Keurig Dr Pepper (KDP) and JDE Peet's (JDEP) through its investment in JAB Coffee & Beverages Holdings B.V., via its consolidated subsidiary JAB Coffee & Beverages B.V. which is held together with a non-controlling interest from JCP.

The investment in KDP and JDEP is held through an intermediate holding structure, which was reorganized in 2022. Before the reorganisation, the investment in KDP and JDEP was held through the 100% investment holding Acorn Holdings B.V., which was accounted for as the Group's investment.

In 2022, JAB Coffee & Beverages B.V. incorporated a new 100% intermediate holding subsidiary JAB Coffee & Beverages Holdings B.V., which then incorporated a new 100% intermediate holding subsidiary JAB Coffee & Beverages Holdings 2 B.V. Consequently, Acorn Holdings B.V. was transferred to JAB Coffee & Beverages Holdings 2 B.V.

Therefore, after the reorganisation the investment in KDP and JDEP is held through that newly established intermediate holding structure with JAB Coffee & Beverages Holdings B.V. accounted for as the Group's investment.

During 2023, the Group decreased its investment in Coffee & Beverages by \$2,160.3m, of which \$2143.9m by way of distributions in kind, increased its investment by \$340.0m through JDE Peet's share purchases, and a \$180.0m transfer included in the line "change in fair value".

During 2022, the Group decreased its investment in Coffee & Beverages by way of a distribution in kind of \$1,287.8m.

Fast Casual Restaurants

As of 31 December 2023, the Group is indirectly invested in Pret A Manger, Panera Brands, and Espresso House through its investment in Pret Panera III G.P., via its consolidated subsidiary Pret Panera Holdings B.V. which is held together with a non-controlling interest from JCP.

Indulgence

As of 31 December 2023, the Group is indirectly invested in Krispy Kreme through its investment in JAB Indulgence B.V.

Petcare

As of 31 December 2023, the Group is indirectly invested in National Veterinary Associates Group (NVA) through its investment in Petcare Holdings LP, via its consolidated subsidiary Petcare G.P which is held together with a non-controlling interest from JCP.

In 2022, the Group increased its investment in Petcare by \$1,840.2m.

Pet Insurance

As of 31 December 2023, the Group is indirectly invested in Independence Pet Group and Pinnacle Pet Group through its investment in JAB Pet Holdings Ltd, via its consolidated subsidiary JAB Pet Services B.V. which is held together with a non-controlling interest from JCP.

In 2023, the Group increased its investment in Pet Insurance by \$2,790.1m by way of contributions in cash.

In 2022, the Group increased its investment in Pet Insurance by \$1,553.9m.

Beauty & Luxury

As of 31 December 2023, the Group is indirectly invested in Coty Inc. through its investment in JAB Beauty B.V. and indirectly invested in Bally through JAB Luxury S.à r.l. As of 31 December 2023, JAB Beauty B.V. holds 50.5% in Coty Inc. (2022: 53.3%).

In 2023, the Group increased its investment in Beauty & Luxury by \$146.1m by way of contributions in cash. Further, the Group subscribed for shares in Coty Inc. in the amount of \$32.7m.

In 2022, the Group increased its investment in JAB Luxury S.à r.l. by \$55.8m and received capital repayments of \$165.0m from JAB Beauty B.V.

Other

As of 31 December 2023, the Group is directly and indirectly invested in several other non-consolidated investments in subsidiaries which are grouped into Other.

In 2022, the Group received \$3.0m of distributions from other investments.

As of 31 December 2023, the intra-group investments elimination was \$572.6m unallocated to a single platform (2022: \$307.4m). This results in a total negative balance for other investments on a net basis.

Notes to the Consolidated Financial Statements (continued)

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

	<i>Net gain/(loss) on non-consolidated investments in subsidiaries at FVTPL</i>		<i>Dividend income from non-consolidated investments in subsidiaries at FVTPL</i>		<i>Total net income from non-consolidated investments in subsidiaries at FVTPL</i>	
	2023	2022	2023	2022	2023	2022
	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m
Coffee & Beverages	(1,723.1)	(1,111.6)	315.3	699.3	(1,407.8)	(412.3)
Fast Casual Restaurants	(399.8)	320.3	328.8	-	(71.0)	320.3
Indulgence	376.7	(642.1)	-	-	376.7	(642.1)
Petcare	(853.9)	(2,523.5)	-	151.3	(853.9)	(2,372.2)
Pet Insurance	2,122.8	-	-	-	2,122.8	-
Beauty & Luxury	1,568.5	(1,142.4)	-	105.2	1,568.5	(1,037.2)
Others	140.9	(116.1)	-	50.6	140.9	(65.5)
Total	1,232.1	(5,215.4)	644.1	1,006.4	1,876.2	(4,209.0)

Notes to the Consolidated Financial Statements (continued)

3.1.2. Other Investments

Accounting Policy

Other investments are initially measured at fair value. The Group measures its non-derivative financial assets subsequently at FVTPL or at amortized cost, based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Corporate Securities:

Corporate securities are those that are managed with their performance evaluated on a fair value basis. Those investments are initially recognized at fair value with changes being recognized in profit or loss. Attributable transaction costs are expensed in profit or loss as incurred.

Derivative financial instruments:

Derivatives are initially recognized at fair value at the transaction date and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In the year ended 31 December 2023, the Group did not designate derivatives as hedging instruments and therefore did not apply hedge accounting.

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

	2023		2022	
	Short-term in \$m	Long-term in \$m	Short-term in \$m	Long-term in \$m
Balance at 31 December				
Corporate securities	-	768.0	-	274.0
Others	(16.7)	103.7	-	97.3
Total	(16.7)	871.7	-	371.3

Corporate Securities

As of 31 December 2023, the fair value of the Group's other investments in corporate securities is \$768.0m (2022: \$274.0m) relating to preferred interests, additional common interests and warrants in Panera Brands entities. This amount includes an additional investment made by the Group in 2023 for an amount of \$423.7m.

Preferred interests and unvested additional common interests are classified as investment in a combined debt instrument. The additional common interests and the warrants are classified as investment in equity instruments. Both the combined debt instrument and the equity instruments are measured at FVTPL.

The movements in other investments (including derivatives) can be detailed as follows:

	Corporate debt securities in \$m	Others in \$m	Total in \$m
Balance as of 31 December 2021	213.8	86.6	300.4
Additions	-	30.5	30.5
Change in fair value	60.2	(84.9)	(24.7)
Balance as of 31 December 2022	274.0	32.2	306.2
Additions	423.7	-	423.7
Disposals	-	(104.7)	(104.7)
Change in fair value	70.3	112.0	182.3
Balance as of 31 December 2023	768.0	39.5	807.5
thereof other investments	768.0	87.0	855.0
thereof other liabilities from derivatives	-	(47.5)	(47.5)

Notes to the Consolidated Financial Statements (continued)

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

	<i>Net gain/(loss) on Other Investments</i>		<i>Dividend Income from Other Investments</i>		<i>Total net Income from Other Investments</i>	
	2023	2022	2023	2022	2023	2022
	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m
<i>Corporate securities</i>						
Panera Brands entities	70.3	60.2	2.3	-	72.6	60.2
<i>Others</i>						
Others	48.4	(84.9)	4.2	2.8	52.6	(82.1)
Total	118.7	(24.7)	6.5	2.8	125.2	(21.9)

3.1.3. Investment in subsidiaries valuation

For information on the fair value hierarchy applied by the Group, please 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 31 December 2023, the Group holds no assets in this category (2022: other investments).

Level 2

The fair value of financial assets in this category is based on valuation techniques maximising the use of observable market data. As of 31 December 2023 and 31 December 2022, the Group's assets in this category include JAB Beauty B.V. which directly holds an underlying investments in the public listed companies Coty Inc. with little or no other assets or liabilities for which no observable market data is available and other investments.

Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. As of 31 December 2023, the Group's assets in this category include investments in JAB Coffee & Beverages Holdings B.V., Pret Panera III G.P, JAB Indulgence B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l., JAB Ventures B.V. and JAB Fund Holdings S.à r.l. (2022: JAB Coffee & Beverages Holdings B.V., Pret Panera III G.P, JAB Indulgence B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l., and JAB Ventures B.V.), none of which are directly quoted in an active market. Unobservable inputs can include NTM/LTM results, peer multiples, discounted cash flows, discounted dividends ("intrinsic values") and other observable inputs include JDE Peet's and KDP share price within JAB Coffee & Beverages Holdings B.V. as well as Krispy Kreme share price within JAB Indulgence B.V.

Notes to the Consolidated Financial Statements (continued)*Valuation process*

The Group uses a combination of valuation techniques for its level 3 fair value investments. The Group receives support 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 comprising of independent and executive board members of those underlying investments. Once the valuation committee has unanimously approved the valuations, 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 investments 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 reporting date.

Valuation method – private companies – comparable market multiples approach

This valuation method is the main valuation method 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 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 other financial characteristics (e.g. market capitalization, EBITDA margin levels, market leadership, recession resilience, etc).

The multiples selected are based on the median or underlying factors of the comparable publicly listed companies and are applied to the figures of the underlying investments as of December 2023 and December 2022. In addition, adjustments between the enterprise value and the equity value are made for financial debt, and, where relevant, for non-controlling interest and financial assets and liabilities.

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: EV/Sales, EV/EBITDA and price earnings ("P/E");

- 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;
- The financial inputs from the portfolio companies; and
- Long-term assumptions on growth, margin and cash-flow.

Valuation method – private companies – precedent transactions

This valuation method is applied on a minority weighted basis for underlying investments in which the publicly traded peer group is less of a fit compared to the underlying business and fundamentals of the underlying investment. Precedent transaction multiples are selected and applied to the figures of the underlying investment. As part of the analysis, the Group calibrates the valuation outcome to the market approach.

In addition, underlying investments that were acquired recently, generally within the last year, of which a recent market transaction is available, can be 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 – intrinsic value analysis

This valuation method is applied for underlying investments in which the publicly traded peer group is less of a fit compared to the underlying business and fundamentals of the underlying investment.

Intrinsic value assessments are typically supported by recent market studies prepared by strategic consulting firms combined with management's long-term value creation plan on growth, margin and cash flow.

The Group calibrates the valuation outcome by comparing implied multiples to those from the market approach and precedent transactions on a case by case basis.

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, other macroeconomic events). In the event of the occurrence of a triggering event, such event has been and will be disclosed.

Notes to the Consolidated Financial Statements (continued)

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	
	31 December 2023	31 December 2022			31 December 2023	31 December 2022
	Level 3	Level 3				
Investments in subsidiaries	45,999.8	45,434.7	Publicly listed	Quotes share price	N/A	N/A
			Comparable companies	EV / Sales multiples	1.2 – 5.1	1.1 – 4.3
			Comparable companies	EV / EBITDA multiples	8.5 – 20.9	9.9 – 18.2
			Comparable companies	P.E. multiples	14.4 – 31.8	16.8 – 29.4
			Precedent transactions	EV / Sales	2.8	N/A
			Precedent transactions	EV / EBITDA	21.5	23.5
			Intrinsic value	Implied terminal EV / EBITDA multiple	10.2 – 10.9	17.7

Underlying investments valued based on a market approach using comparable companies multiples technique are valued using NTM multiples (Petcare Holding LP, Pret Panera III G.P. and JAB Luxury S.à r.l.; 2022: Petcare Holding LP, Pret Panera III G.P. and JAB Luxury S.à r.l.).

As of 31 December 2023, JAB Pet Holdings Ltd. is valued using a weighted average methodology of three approaches: market approach using NTM multiples, precedent transactions and intrinsic value. The Group assigns a minority weighting of 20% of the overall valuation based to precedent transactions, whereas 40% of the overall valuation are based on market approach and 40% on intrinsic value. The Group believes moving to a combination of these valuation approaches leads to a better outcome in determining fair value. As of 31 December 2022, management assessed the original acquisition cost to be the best estimate of fair value for JAB Pet Holdings Ltd.

As of 31 December 2023 and 31 December 2022, NVA Holdings LP, an investment held through Petcare Holding LP, is valued using a weighted average methodology of three approaches: market approach using NTM multiples, precedent transactions and intrinsic value. The Group assigned a minority weighting of 20% of the overall valuation based to precedent transactions, whereas 60% of the overall valuation are based on market approach and 20% of the overall valuation based on intrinsic value of the underlying company. The Group believes adding these valuation approaches leads to a better outcome in determining fair value.

Notes to the Consolidated Financial Statements (continued)

A weighting is applied to the multiples used to determine the fair value of the investment. The weighting applied depends on various circumstances including the maturity of each company and consequently the following have been applied:

31 December 2023						
Company	Multiples			Precedent transactions		Intrinsic value
	EV/Sales	EV/EBITDA	P/E	EV/Sales	EV/EBITDA	
Petcare	12%	24%	24%	-	20%	20%
Pret Panera	20%	40%	40%	-	-	-
Pet Insurance	40%	-	-	20%	-	40%
JAB Luxury	60%	20%	20%	-	-	-

31 December 2022					
Company	Multiples		Precedent transactions		Intrinsic value
	EV/Sales	EV/EBITDA	P/E	EV/EBITDA	
Petcare	12%	24%	24%	20%	20%
Pret Panera	20%	40%	40%	-	-
JAB Luxury	60%	20%	20%	-	-

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 inputs (including discount rates and terminal growth rates) for determination of intrinsic value. The estimated fair value would increase (decrease) if the adjusted market multiples, intrinsic value or precedent transaction prices were higher (lower). A sensitivity of 10% was applied to the market multiples and transaction prices. A sensitivity of +/- 0.5% for the discount rate and +/- 0.25% for the terminal growth rate was applied to the inputs used for determining intrinsic value. The impacts of those sensitivities to the fair value estimate would be as follows:

Company	31 December 2023		31 December 2022	
	Increase in \$m	Decrease in \$m	Increase in \$m	Decrease in \$m
Petcare	1,730.0	(1,730.0)	1,529.5	(1,529.5)
Pret Panera	1,161.1	(1,161.1)	1,143.2	(1,143.2)
Pet Insurance	1,070.1	(943.5)	212.5	(212.5)
JAB Luxury	26.1	(26.1)	26.8	(26.8)
	3,987.3	(3,860.7)	2,912.0	(2,912.0)

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 4.8.

Notes to the Consolidated Financial Statements (continued)

3.2. Loans**Accounting Policy**

In accordance with IFRS 9, the Group classifies its loans as subsequently measured at amortized cost based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Loans are classified as measured at amortized cost in accordance with IFRS 9, which includes the requirement to calculate expected credit losses ("ECLs") on initial recognition. These assets are recognized initially at fair value plus any directly attributable transaction costs. Any ECLs are recognized directly in profit or loss, with any subsequent reversals recognized in profit or loss.

	2023	2022
	in \$m	in \$m
<i>Balance at 31 December</i>		
JAB Management	36.9	49.6
Others	3.7	3.0
Total	40.6	52.6
Current	40.6	52.6

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

	2023	2022
	in \$m	in \$m
<i>Balance at 31 December</i>		
Receivables from shareholders	65.4	15.0
Property, plant and equipment	20.6	11.9
Other	19.2	26.3
Total	105.2	53.2
Current	39.0	34.7
Non-current	66.2	18.5

Receivables from shareholders mainly relate to current payments with shareholders other than Joh. A. Benckiser S.à r.l. (2022: Joh. A. Benckiser B.V.)

Notes to the Consolidated Financial Statements (continued)

3.4. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash on hand and deposits held at call with banks including notional cash pool deposits, other short-term investments traded in an active market with original maturities of three months or less, and money market funds. Deposits at call with banks including notional cash pool deposits can be withdrawn within three months or less with an insignificant risk of changes in fair value and are therefore considered highly liquid financial instruments.

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

As of 31 December 2023, cash and cash equivalents (\$1,716.5m; 2022: \$3,837.4) include cash on hand (\$218.2m; 2022: \$435.4m) and cash equivalents with a maturity of less than 3 months or with short-term liquidity (\$1,498.3m; 2022: \$3,402.0m).

The Company and certain subsidiaries have set up a multi-currency notional cash pool arrangement with a financial institution in the Netherlands to manage its global liquidity. Under the arrangement cash deposits in the notional cash pool can be withdrawn within 3 months or less to meet short term liquidity needs.

3.5. Equity

Share capital and share premium

At year-end issued capital comprises of the following numbers of shares:

	31 December 2023		31 December 2022	
	Number by classification	Nominal value	Number by classification	Nominal value
	Equity	In \$m	Equity	In \$m
Ordinary Class A shares	8,621,613	8.6	8,633,945	8.6
Ordinary Class B shares	841,899	0.8	838,638	0.8
Special Class S shares	1,258,249	1.1	1,216,057	1.0
Class PI shares	135,119	0.1	135,119	0.1
Treasury shares	12,396	0.0	-	-
Issued share capital	10,869,276	10.7	10,823,759	10.6

10,479,276 shares have a nominal value of \$1.0 and 390,000 shares have a nominal value of \$0.5.

Notes to the Consolidated Financial Statements (continued)

The movement in total issued share capital was as follows:

	<i>Ordinary Class A shares</i>	<i>Ordinary Class B shares</i>	<i>Special Class S shares</i>	<i>Class PI shares</i>	<i>Treasury shares</i>	<i>Total shares</i>
	In \$	In \$	In \$	In \$	In \$	In \$
Balance as of 31 December 2021	8,633,945	782,534	962,298	103,533	-	10,482,310
Shares issued for cash	-	70,345	114,021	31,586	-	215,952
Decrease in share capital	-	(40,957)	(282,160)	-	-	(323,117)
Share-based payments	-	26,716	226,898	-	-	253,614
Balance as of 31 December 2022	8,633,945	838,638	1,021,057	135,119	-	10,628,759
Shares issued for cash	-	3,325	163,811	-	-	167,136
Decrease in share capital	(12,332)	(1,978)	(317,902)	-	12,396	(319,816)
Share-based payments	-	1,914	196,283	-	-	198,917
Balance as of 31 December 2023	8,621,613	841,899	1,063,249	135,119	12,396	10,674,276

Further movements in total issued share capital during 2023 related to the issue of 52,220 Special Class S shares in January 2023 and the consequent redemption of those shares in December 2023 for transactions with non-controlling interests. On a net basis, share capital was not changed by those transactions.

As of 31 December 2023, the Group holds 12,396 of the Company's own shares (2022: 0). The Group has bought back those shares for cancellation with the purpose of distribution capital to shareholders. The buyback was recognized in the shareholders' equity and no revenues and expenses were recognized in connection with these transactions. These treasury shares will be cancelled within 12 months of 31 December 2023.

Decrease in share capital includes conversions and redesignation of shares between the share classes.

Shares issued by the Group are recognized at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account.

Share-based payments reserve is transferred to share premium on expiry or exercise of options or on vesting or forfeiture of other share-based payment transactions.

Share-based payments reserve

Please 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 2023 and 2022, no dividend was paid to the equity shareholders.

In respect of the current year, the Managers propose no dividend and to carry forward the retained earnings. This proposal is subject to approval by shareholders at the annual general meeting.

Notes to the Consolidated Financial Statements (continued)

Non-controlling interests

Non-controlling interests represent that part of the net results and net assets of a subsidiary that is attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Group.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The movements in non-controlling interests were as follows:

	<i>Non-controlling interests</i> in \$m
Balance as of 31 December 2021	16,543.7
Share-based payment transactions	7.4
Transactions with non-controlling interests	1,966.8
Profit / (Loss) for the period	(1,452.7)
Balance as of 31 December 2022	17,065.2
Share-based payment transactions	0.8
Transactions with non-controlling interests	(216.1)
Profit / (Loss) for the period	543.5
Balance as of 31 December 2023	17,393.4

Non-controlling interests in the amount of \$17,110.7m (2022: \$17,985.9m) are attributable to JAB Consumer Partners SCA SICAR. Further, minor non-controlling interests are attributable to share-based payment transactions and management participation plans.

JCP has been established on 22 July 2013 to invest alongside JAB Holding Company S.à r.l. as a co-investor in the Group's investments in subsidiaries. JCP is a regulated investment company in risk capital (société d'investissement en capital à risque) with multiple compartments organized under the laws of the Grand Duchy of Luxembourg, each compartment having a limited life. Based on JCP's Private placement memorandum, being the legal binding document between JCP and its investors, JCP, through its Alternative Investment Fund Management company ("AIFM") called JAB Consumer Fund Management S.à r.l. ("JCFM") may request in case of occurrence of predetermined events and conditions an IPO or a sale of certain investments in subsidiaries, the Group itself being a potential buyer, without though having a formal obligation leading to a future cash out-flow.

In 2023, the net assets attributed to non-controlling interest in JAB Coffee & Beverages B.V. in the amount of \$1,202.0m (2022: \$2,611.9m) mainly comprise of investments in subsidiaries.

In 2023, the net assets attributed to non-controlling interest in Pret Panera Holdings B.V. in the amount of \$3,048.5m (2022: \$3,850.8m) mainly comprise of investments in subsidiaries.

In 2023, the net assets attributed to non-controlling interest in Petcare G.P. in the amount of \$8,177.4m (2022: \$8,695.3m) mainly comprise of investments in subsidiaries.

In 2023, the net assets attributed to non-controlling interest in JAB Pet Services B.V. in the amount of \$4,939.8m (2022: \$1,890.1m) mainly comprise of investments in subsidiaries.

Notes to the Consolidated Financial Statements (continued)

3.6. Share-Based Payments**Accounting Policy**

Share-based payment transactions are recognized over the period in which the performance and/or service conditions are fulfilled. Equity-settled transactions are recognized in the share-based payment reserve in equity, while cash-settled transactions are recognized as a liability, including transactions with instruments that contain put features.

The cumulative expense recognized for share-based payment transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of instruments that will ultimately vest. Equity-settled transactions are measured at the grant date fair value of the equity instruments granted. The impact of the revision of the estimates, if any, as well as the impact of the actual number of forfeitures, cancellations, modifications and early vestings are recognized in profit or loss with a corresponding adjustment to equity at each reporting date.

For cash-settled transactions, the liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in profit or loss.

The Group operates different types of share-based compensation agreements with the members of the Investment Committee as well as with members of its management team and other employees.

Those arrangements include share grant agreements, share option schemes and loan funded share purchases. While the arrangements are basically settled in the Company's shares, there are minor individual agreements, which are based on shares in other Group entities.

Further, the members of the Investment Committee (see note 3.13) as well as members of its management team and other employees of the Company and its affiliates were given the opportunity to acquire shares in the Company at fair value.

Share grant agreements

The Group operates various types of share grant agreements. The entitlement to the share grants is awarded conditionally, subject to fulfilment of service conditions between the grant date and the vesting date. The share grants have graded vesting or cliff vesting features and typically vest over a service period of 5 years.

The fair value of share grants is the share price at grant date. The share price is determined based on the Group's direct and indirect investments and liabilities.

In 2023, 2,133 share grants (2022: 7,456) were awarded. The share grants are funded by newly issued shares at the time of grant subject to clawback. The impact of service conditions is not included in the fair value measurement of the grant. It is expected that all service conditions are fully met.

The following table illustrates the number and weighted average exercise prices of, and movements in, share awards based on the Company's shares during the year.

	<i>Number of share awards</i>	<i>Weighted average grant date fair value</i>	<i>Number of share awards</i>	<i>Weighted average grant date fair value</i>
	2023	2023 in \$	2022	2022 in \$
Balance of unvested share awards at beginning of year	23,864		23,544	
Granted during the year	2,133	\$2,574	7,456	\$2,619
Forfeited during the year	64		547	
Vested during the year	7,427		6,589	
Balance of unvested share awards at end of year	18,506		23,864	

Notes to the Consolidated Financial Statements (continued)

Because the investment agreements concern different classes of shares the table was calculated on an adjusted basis as if all share grants comprise of the Company's Ordinary Class B shares. Awards including discounts for share purchases were converted to the discount's fair value equivalent in Ordinary Class B shares.

The expense recognized arising from share grant agreements during the year was \$19.3m (2022: \$23.3m).

As of 31 December 2023, the unrecognized expense related to share grant agreements amounts to \$13.9m (2022: \$29.0m). That expense is expected to be realised over a weighted average period of 2 years (2022: 4 years).

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.

Share option schemes include special shares with appreciation rights which have comparable economic effects to options. Those special shares are included in the following disclosures on an option equivalent basis.

The intrinsic value of an option is determined by the amount, if any, by which the share price at the exercise date exceeded the strike price.

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 year was \$925 (2022: \$1,074). Service conditions were not taken into account measuring fair value. The agreements do not include market or non-market performance conditions.

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

	<i>Grant date measurement</i>	<i>Grant date measurement</i>
	2023	2022
Dividend yield	0.7%	0.7%
Expected volatility	35.0%	35.0%
Risk-free interest rate	3.205%	2.694%
Expected life of options	5.5 years	7.5 years
Exercise price (USD)	\$2,625	\$2,739
Average share price (USD)	\$2,625	\$2,739

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. Based on past experience of exercise dates the expected life of options was reduced from 7.5 years to 5.5 years for grants in 2023.

Notes to the Consolidated Financial Statements (continued)

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the year:

	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>
	2023	2023 in \$	2022	2022 in \$
Balance at beginning of year (outstanding)	1,269,025	2,402	1,486,905	2,036
Granted during the year	171,566	2,625	415,842	2,739
Forfeited during the year	(288)	2,624	(20,614)	2,013
Lapsed during the year	-	-	(363,377)	1,804
Exercised during the year	(198,197)	2,119	(249,731)	1,697
Expired during the year	-	-	-	-
Balance at end of year (outstanding)	1,242,106	2,478	1,269,025	2,402
Vested and exercisable at end of year	33,675	2,012	-	-

The intrinsic value of vested options is \$16.0m as of 31 December 2023 (2022: \$0.0m).

The weighted-average share price at the date of exercise for share options exercised in 2023 was \$2,630 (2022: \$2,730).

The range of exercise prices for options outstanding at the end of the year was \$1,758 to \$2,759 (2022: \$1,616 to \$2,759) and these outstanding options have a weighted-average remaining contractual life of 4 years (2022: 6 years).

The expense recognized arising from share option schemes during the period was \$220.2m (2022: \$248.7m).

Loan funded share purchase agreements

The Group offers its management the opportunity to participate in share purchase plans funded by limited-recourse loans. Those agreements are classified as a share purchase under IFRS 9 and the outstanding loan is recognized as a financial asset if the investor carries all reasonable losses from the agreement. Otherwise, the agreements are classified as equity-settled option-plans under IFRS 2 and the loan is not recognized as a financial asset. The classification is made on a case-by-case basis.

In 2023, no loan funded shares purchases under IFRS 9 (2022: 0) were realized. As of 31 December 2023, the outstanding loans (including interest) for the funding of those share purchases amount to \$0.0m (2022: \$0.1m).

In 2023, loan funded share purchases under IFRS 2 in the amount of 1,651 shares (2022: 0 shares) were realised. Further, limited-recourse loans for the purchase of 741 shares were settled. As of 31 December 2023, the purchase of 28,554 shares (2022: 27,645) funded by limited-recourse loans in the amount of \$61.0m was accounted for as an equity-settled option plan. The fair value of those agreements is estimated using the Black-Scholes option-pricing model. The expected life of the underlying loans and the vesting period was estimated at five years. The expense recognized arising during the period was \$1.7m (2022: \$1.5m).

Notes to the Consolidated Financial Statements (continued)

Other share-based payments

In 2020, a member of the management was granted shares in the Company by other shareholders. In 2021, share-option schemes were granted to a member of the management by other shareholders. The Group accounts for those awards as an equity-settled share-based payment transaction in share-based payments reserves in equity and recognizes the expense over the vesting period. The expense recognized for the period arising from those share-based payments during the period was \$21.6m (2022: \$84.9m).

In 2023, loan funded shares purchases under IFRS 9 in the amount of 366,500 shares with other Group entities were realised (2022: 610,000 shares). As of 31 December 2023, the outstanding loans (including interest) for the funding of those share purchases amount to \$36.9m (2022: \$49.5m).

The Group has other share-based compensation plans with other group entities, none of which, individually or in the aggregate, are material to the consolidated financial statements.

3.7. Borrowings**Accounting Policy**

After initial recognition at fair value, net of transactions costs incurred, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortization is included as finance costs in the statement of profit or loss.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method amortization process.

	<i>Notes</i>	<i>Bank Loans</i>	<i>Total</i>
	In \$m	In \$m	In \$m
Balance as of 31 December 2021	9,811.8	-	9,811.8
Proceeds from issuance of bonds	1,008.3	-	1,008.3
Additions	-	405.8	405.8
Repayments and tenders	(521.6)	-	(521.6)
Amortization of disagio and fees	11.4	0.3	11.7
Translation differences	(548.3)	27.8	(520.5)
Balance as of 31 December 2022	9,761.6	433.9	10,195.5
Proceeds from issuance of bonds	533.3	-	533.3
Additions	-	1,045.6	1,045.6
Repayments and tenders	(1,097.8)	-	(1,097.8)
Amortization of disagio and fees	14.8	7.3	22.1
Translation differences	288.5	2.9	291.4
Balance as of 31 December 2023	9,500.4	1,489.7	10,990.1
Current	734.0	318.2	1,052.2
Non-current	8,766.4	1,171.5	9,937.9

Notes to the Consolidated Financial Statements (continued)

Overview of borrowings

Note	Issued	Due	Original Principal	Remaining Principal	Coupon	Carrying Value 2023	Carrying Value 2022	Fair Value 31 December 2023 ¹³
			in m	in m		in \$m	in \$m	in \$m
Eurobond 2023	May 2016	May 2023	€ 750.0	€ 642.0	1.750%	-	684.7	-
Eurobond 2024	May 2017	May 2024	€ 750.0	€ 664.5	1.250%	734.0	707.0	726.3
Eurobond 2025	Apr. 2015	Apr. 2025	€ 600.0	€ 600.0	1.625%	661.1	636.8	646.3
Eurobond 2026	June 2018	June 2026	€ 750.0	€ 750.0	1.750%	824.9	794.7	798.4
Eurobond 2027	Apr. 2020	Apr. 2027	€ 500.0	€ 500.0	2.500%	549.1	528.8	539.5
Eurobond 2027	Dec. 2019	Dec. 2027	€ 750.0	€ 750.0	1.000%	821.9	791.4	760.6
Eurobond 2028	May 2017	May 2028	€ 750.0	€ 750.0	2.000%	822.9	792.8	787.9
Eurobond 2029	June 2018	June 2029	€ 750.0	€ 750.0	2.500%	825.5	796.1	796.0
Senior Note 2030	Nov. 2020	Nov. 2030	\$ 500.0	\$ 300.0	2.200%	296.0	495.4	229.8
Eurobond 2031	July 2021	July 2031	€ 500.0	€ 305.7	1.000%	333.9	526.6	285.6
Eurobond 2032	June 2022	June 2032	€ 500.0	€ 500.0	4.750%	548.8	529.6	587.7
Eurobond 2033	June 2023	June 2033	€ 500.0	€ 500.0	5.000%	547.7	-	595.3
Eurobond 2035	Apr. 2020	Apr. 2035	€ 500.0	€ 500.0	3.375%	545.2	525.3	525.3
Eurobond 2039	Dec. 2019	Dec. 2039	€ 750.0	€ 750.0	2.250%	814.3	784.6	643.0
Eurobond 2039	Jan. 2020	Dec. 2039	€ 175.0	€ 175.0	2.000%	198.3	191.9	148.4
Senior Note 2051	May 2021	May 2051	\$ 500.0	\$ 500.0	3.750%	491.4	491.1	339.5
Senior Note 2052	April 2022	April 2052	\$ 500.0	\$ 500.0	4.500%	485.4	484.8	392.4
Notes						9,500.4	9,761.6	8,802.0
Bank loan JPY	Oct. 2022 – Sep. 2023	Oct. 2024 – Sep. 2028	¥90,371	¥90,371		634.9	221.1	
Bank loan EUR	Nov. 2022– Dec. 2023	Nov. 2024– Nov. 2028	€ 775.0	€ 775.0		854.8	212.8	
Bank loans						1,489.7	433.9	

¹³ The fair value as of 31 December 2023 includes interest accruals for which the corresponding carrying value of \$96.0m is presented within other liabilities (note 3.8).

Notes to the Consolidated Financial Statements (continued)

Note	Repaid notes and additional issuances
Eurobond 2031	In May 2023, the Group repaid notes early in the principal amount of €193.4m (\$208.6m).
Eurobond 2023	In May 2023, the Group repaid notes with a remaining principal amount of €642.0m (\$689.2m).
Eurobond 2033	In June 2023, the Group issued long-term notes in the aggregate principal amount of €500.0m at an interest rate of 5.0% p.a.
Senior Note 2030	In September 2023, the Group repaid notes early in the principal amount of \$200.0m.
Senior Note 2052	In April 2022, the Group issued a sustainability-linked note with a nominal value of \$500.0m at an interest rate of 4.5%. When issuing the note, the Group committed to meet certain sustainability targets between 2025 and 2030. These targets relate to the reduction of Scope 1 and 2 GHG emissions, to a minimum percentage of Portfolio Companies to set SBTi-approved targets and to a minimum representation of biological or self-identified women in non-executive board positions in the portfolio companies. The coupon rate would be raised by up to 0.25% (commencing in October 2031) per annum depending on the number of targets missed. The accounting (effective interest) is based on the assumptions that the targets will be met.
Euronote 2032	In June 2022, the Group issued a sustainability-linked note with a nominal value of €500m at an interest rate of 4.75%. When issuing the note, the Group committed to meet certain sustainability targets between 2025 and 2030. These targets relate to the reduction of Scope 1 and Scope 2 GHG emissions and to a minimum percentage of Portfolio Companies to set SBTi-approved targets. The coupon rate would be raised by up to 0.1% (commencing in June 2026) and up to 0.85% (commencing in June 2031) per annum depending on the number of targets missed. The accounting (effective interest) is based on the assumptions that the targets will be met.
Eurobond 2022	In September 2022, the Group repaid notes with a remaining principal amount of €524.0m.

The Eurobonds (except for Eurobond 2039 issued in 2020) are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange. Senior Notes are private placement in the US market.

The Group has access to a €3.0 billion undrawn credit facilities totalling \$3.3 billion (2022: \$3.3 billion). As of 31 December 2023 and 31 December 2022, the Group had no drawing under the JAB Holdings revolver.

Interest rates for fixed rate financial liabilities range from 1.0% to 5.0% p.a. (2022: 1.0% to 4.75% p.a.). As of 31 December 2023, the floating rate financial liabilities were based on Euribor, Libor or Tibor plus a margin of 0.7% to 1.45% (2022: 0.85% to 1.0%).

Notes to the Consolidated Financial Statements (continued)

3.8. Other liabilities**Accounting Policy***Trade and other payables*

Trade and other payables include liabilities for goods and services. After initial recognition, trade and other payables are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method amortization process.

	31 December 2023	31 December 2022
	in \$m	in \$m
Foreign exchange contracts	23.2	33.0
Accrued interest and other bank fees	122.2	99.4
Cash-settled share-based payments	25.4	26.9
Other investments	47.5	65.1
Lease liability	7.4	7.6
Tax liabilities	27.3	-
Trade and other payables	23.2	38.4
Total	276.2	270.4
Current	237.8	229.3
Non-current	38.4	41.1

The liability from foreign exchange contracts relates to the derivative's fair value. Hedge accounting is not applied.

3.9. Finance income and expenses

Finance income can be detailed as follows:

	2023	2022
	in \$m	in \$m
Net foreign exchange gain	-	419.7
Other (primarily interest income)	171.9	10.9
Total	171.9	430.6

In 2022, foreign exchange gains mainly result from the translation of borrowings denominated in EUR to USD.

Finance expenses can be detailed as follows:

	2023	2022
	in \$m	in \$m
Net foreign exchange loss	(329.7)	-
Interest expenses	(216.4)	(211.4)
Other	(10.8)	(19.5)
Total	(556.9)	(230.9)

In 2023, foreign exchange losses mainly result from the translation of borrowings denominated in EUR to USD.

Notes to the Consolidated Financial Statements (continued)

3.10. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2023	2022
	in \$m	in \$m
Salary and personnel related expenses	(42.4)	(11.7)
Consulting fees, service fees, and others	(64.7)	(72.3)
Total	(107.1)	(84.0)

General and administrative expenses include JAB Holding expenses (\$63.0m; 2022: \$51.0m) and Platform expenses (\$44.1m; 2022: \$33.0m).

Service and other fees include fees charged by the related parties Joh. A. Benckiser Service GmbH, JAB Service GmbH and JAB Holding Company LLC.

Fees billed to the Company and its fully consolidated subsidiaries by KPMG Audit S.à r.l., and other member firms of the KPMG network during the year are as follows: Audit fees (annual accounts / consolidated accounts) amounting to \$0.7m (2022: \$0.7m) and audit-related fees amounting to \$0.1m (2022: \$0.3m).

3.11. Other expense

Other expense can be detailed as follows:

	2023	2022
	in \$m	in \$m
Expenses from share-based payments	(262.5)	(373.5)
Other	-	(51.1)
Total	(262.5)	(424.6)

Notes to the Consolidated Financial Statements (continued)

3.12. Income tax**Accounting Policy***Income tax*

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax liability is calculated in accordance with the tax regulations of the state of residence of the Company and its subsidiaries and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual company basis as the tax laws do not permit consolidated tax returns.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax expenses can be detailed as follows:

	2023	2022
	in \$m	in \$m
Current income	(26.6)	(1.0)
Withholding tax on dividends and finance income	(3.6)	(0.4)
Income tax expense	(30.2)	(1.4)

The Group has a net loss carry-forward amounting to approximately \$1,423.0m (2022: \$1,379.7m), which could lead to a potential deferred tax asset of \$362.7m at the applicable statutory tax rates of 24.94% and 25.8% for Luxembourg and The Netherlands respectively. A deferred tax asset has not been recognized, due to the uncertainty of the future taxable income.

JAB Holdings B.V. together with JAB Forest B.V. and JAB Ventures B.V. form a fiscal unity for corporate income tax purposes. The taxable loss for the Group therefore includes taxable losses from non-consolidated members of the fiscal unity.

The management of the Group estimates that the Group has \$814.9m of exceeding borrowing costs under the Luxembourg and Dutch interest limitation rules available as of 31 December 2023. This could lead to a potential deferred tax asset of \$210.2m at the applicable statutory tax rates of 24.94% and 25.8% for Luxembourg and The Netherlands respectively. A deferred tax asset has not been recognized, due to the uncertainty of the future taxable income. Those amounts can be carried forward indefinitely.

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

Notes to the Consolidated Financial Statements (continued)

The statutory tax rate for The Netherlands which is mainly applicable is 25.8%. The effective tax expense is impacted by withholding taxes and tax rates in other jurisdictions. The difference between applying the statutory income tax rate and the actual income tax expense can be reconciled as follows:

	2023 in \$m	2022 in \$m
Accounting profit / (loss) for the period	1,129.8	(4,470.9)
Profit / (loss) before tax multiplied by rate of corporation tax in the Netherlands (25.8%)	291.5	(1,153.5)
Effects of		
Tax exempt dividend income	(167.6)	(260.4)
Tax exempt (gain) / loss on investments in subsidiaries and other investments	(282.5)	1,334.2
Non-deductible interest expense	64.0	32.1
Other adjustments	151.4	12.8
Tax losses on which no deferred tax is recognized	(27.5)	36.1
Differences for tax rates in other jurisdictions and prior year adjustments	(2.7)	0.7
Withholding taxes	3.6	0.4
Total income tax expense	30.2	1.4

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg on 22 December 2023 and came into effect for group fiscal years starting on or after 31 December 2023. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation cannot yet be reasonably estimated. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The Group is currently engaged with tax specialists to confirm the modalities of the application of the legislation.

3.13. Related parties**3.13.1. Group structure**

Agnaten SE	Ultimate parent of JAB Holding Company S.à r.l. and the majority shareholder of Joh. A. Benckiser S.à r.l. Agnaten SE established the Company and is a party in the comprehensive agreement with Lucresca SE and the Investment Committee.
Lucresca SE and affiliated companies	Further shareholder of Joh. A. Benckiser S.à r.l. Lucresca SE is a holding company controlled closely by members of the family of the shareholders of Agnaten SE and is non-controlling shareholder of Joh. A. Benckiser S.à r.l. Lucresca SE is a party in the comprehensive agreement with the Investment Committee.
Joh. A. Benckiser S.à r.l.	Subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l. In December 2023, Joh. A. Benckiser B.V. was merged into Joh. A. Benckiser S.à r.l.
JAB Service GmbH	Subsidiary of Joh. A. Benckiser S.à r.l.
JAB Consumer Partners SCA, SICAR	JAB Consumer Partners SCA, SICAR was created to share the JAB investment strategy with third party investors.
Alfred Landecker Foundation	The members of the "Stiftungsrat" of the Foundation are appointed by the executive board of Agnaten SE or successor companies.
Joh. A. Benckiser Service GmbH	Subsidiary of Agnaten SE.
Deprea Service GmbH	Subsidiary of Joh. A. Benckiser S.à r.l.

Notes to the Consolidated Financial Statements (continued)

3.13.2. Management

The Group and its investments are managed by an Investment Committee which is supported by further executives and senior managers employed by the Company or its subsidiaries. The Company's agreements with management comprise agreements on base remunerations, share-based payments, loans as well as management's investment in the Group.

Wages, salaries and other compensation of key management personnel amount to \$23.1m in 2023 (2022: \$18.2m). Reference is made to note 3.6 for share-based payments transactions, of which the vast majority were with management. Loans to management are disclosed in note 3.2, and total interest income thereon amounted to \$0.2m (2022: \$0.6m).

Share transactions with Management

Year	Shares	Amount	Carrying Value in \$m
<i>Shares issued to members of management (either in cash or exercise of options)</i>			
2023	Class B	3,325	919.1
	Special Class S	163,811	
	Class PI	-	
2022	Class B	68,045	186.4
	Special Class S	114,021	
	Class PI	31,586	

During the financial year, no advances or guarantees were granted to members of the Board of Managers or other administrative bodies.

3.13.3. Non-consolidated subsidiaries and transactions with related parties other than management

Interest in non-consolidated subsidiaries and transactions with related parties other than management are set out in note 3.1.

3.14. Contingent liabilities

As of 31 December 2023, the Group provides no material guarantees for third parties (2022: \$0).

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V. and JAB Coffee & Beverages B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

3.15. Employees

The Group had on average 53 employees in 2023 (2022: 58 employees).

Notes to the Consolidated Financial Statements (continued)

4. Financial Instruments – Fair Value and Risk Management

Accounting Policy

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – have to be recognized in the statement of financial position and measured in accordance with their assigned categories.

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Non-derivative financial liabilities are classified at amortized cost and include loans and borrowings, lease liabilities, trade and other payables. The Group did not designate financial liabilities as at FVTPL.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position if the Group has a legal right to set off the recognized amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1. Capital Management

The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Managers together with the Investment Committee monitor the return on capital and the value enhancement of the Group's investments.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantage and security of having a sound capital position.

As of 31 December 2023, equity attributable to the owners of the parent amounts to \$25,452.2m (2022: \$24,858.5m), equity attributable to non-controlling interest amounts to \$17,393.4m (2022: \$17,065.2m) and liabilities amount to \$11,266.3m (2022: \$11,510.1m).

Notes to the Consolidated Financial Statements (continued)

4.2. 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

	31 December 2023			31 December 2022		
	<i>Amortized cost</i>	<i>FVTPL</i>	<i>Total</i>	<i>Amortized cost</i>	<i>FVTPL</i>	<i>Total</i>
	In \$m	In \$m	In \$m	In \$m	In \$m	In \$m
Investments in subsidiaries	-	51,394.6	51,394.6	-	49,119.3	49,119.3
Other investments	-	855.0	855.0	-	371.3	371.3
Loans	40.6	-	40.6	52.6	-	52.6
Other assets	80.0	4.6	84.6	33.9	7.4	41.3
Cash and cash equivalents	1,716.5	-	1,716.5	3,837.4	-	3,837.4
Total	1,837.1	52,254.2	54,091.3	3,923.9	49,498.0	53,421.9

Liabilities as per statement of financial position

	31 December 2023			31 December 2022		
	<i>Amortized cost</i>	<i>FVTPL</i>	<i>Total</i>	<i>Amortized cost</i>	<i>FVTPL</i>	<i>Total</i>
	In \$m	In \$m	In \$m	In \$m	In \$m	In \$m
Borrowings	10,990.1	-	10,990.1	10,195.5	-	10,195.5
Related party payable	-	-	-	1,044.2	-	1,044.2
Other liabilities	152.9	70.6	223.5	145.4	98.1	243.5
Total	11,143.0	70.6	11,213.6	11,385.1	98.1	11,483.2

Notes to the Consolidated Financial Statements (continued)

Cash and cash equivalents, as well as other receivables, are subject to the impairment requirements of IFRS 9. As of 31 December 2023 and 31 December 2022, 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 \$9,500.5m (2022: \$9,761.5m), the fair value is \$8,802.0m (2022: \$8,390.2m) 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.

31 December 2023

	Level 1 In \$m	Level 2 In \$m	Level 3 In \$m	Total In \$m
Financial assets at FVTPL				
Investments in subsidiaries				
Unlisted equity investments	-	5,394.8	45,999.8	51,394.6
Other investments	-	87.0	768.0	855.0
Foreign exchange contracts	-	4.6	-	4.6
Total financial assets	-	5,486.4	46,767.8	52,254.2

Financial liabilities at FVTPL

Other investments	-	47.5	-	47.5
Foreign exchange contracts	-	23.2	-	23.2
Total financial liabilities	-	70.7	-	70.7

31 December 2022

	Level 1 In \$m	Level 2 In \$m	Level 3 In \$m	Total In \$m
Financial assets at FVTPL				
Investments in subsidiaries				
Unlisted equity investments	-	3,684.6	45,434.7	49,119.3
Other investments	96.3	1.0	274.0	371.3
Foreign exchange contracts	-	7.4	-	7.4
Total financial assets	96.3	3,693.0	45,708.7	49,498.0

Financial liabilities at FVTPL

Other investments	-	65.1	-	65.1
Foreign exchange contracts	-	33.0	-	33.0
Total financial liabilities	-	98.1	-	98.1

There were no transfers between levels in 2023 (2022: no transfers).

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

Notes to the Consolidated Financial Statements (continued)

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.

	<i>Investments in subsidiaries</i> <i>Unlisted equity investments</i> In \$m	<i>Other investments</i> <i>Corporate securities</i> In \$m
Balance as of 31 December 2021	46,670.1	213.8
Additions / contributions	3,663.3	-
Disposals / distributions	(1,290.7)	-
Change in fair value	(4,161.7)	60.2
Intra-group investment elimination	553.7	-
Balance as of 31 December 2022	45,434.7	274.0
Additions / contributions	3,276.3	423.7
Disposals / distributions	(2,012.3)	-
Change in fair value	(433.7)	70.3
Intra-group investment elimination	(265.2)	-
Balance as of 31 December 2023	45,999.8	768.0

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 amortized cost which is a reasonable approximate of fair values.

4.3. 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 of 31 December 2023 the fair value of these agreements was \$0 (2022: \$0), given that either the expected cash outflow was nil, or because the obligation was exercisable at the fair value of the underlying item.

4.4. 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.

Information is presented about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Managers has ultimate responsibility for the establishment and oversight of the Group's risk management framework but has delegated the responsibility for identifying and controlling risks to the Group's operative management.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risks. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the Consolidated Financial Statements (continued)

4.5. Concentration risk

As of 31 December 2023, the Group's holding in JAB Coffee & Beverages Holdings B.V. represented 30.5% (2022: 40.4%) of the gross asset value of the Group's investments in subsidiaries and other investments. Other assets such as Pret Panera III G.P., JAB Indulgence B.V., JAB Beauty B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd. and JAB Luxury S.à r.l., represented 69.5% (2022: Pret Panera III G.P., Indulgence B.V., JAB Beauty B.V., Petcare Holdings L.P. and JAB Luxury S.à r.l., represented 59.6%) of the gross asset value of the Group's assets. Hence, there is a concentration risk within the portfolio whereby a loss affecting a single investment may have a significant negative impact on the overall performance of the Group. There is, however, diversification within JAB Coffee & Beverages Holdings B.V. as it holds investments in two different companies, being JDE Peet's and KDP. These investments are diversified by nature of the different markets that they service, the different sales channels in which they operate, and the different products that they sell. The result is that, despite a significant proportion of the Group's investment is in a single investment, the downside risk of this concentration in fact is limited.

4.6. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's investment in debt securities, loans receivable, other receivables, derivatives and cash and cash equivalents.

Cash and cash equivalents

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

Loans and other receivables

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

Derivative financial instruments

The Group's exposure to credit risk is limited, as the counterparties are banks with quality credit ratings by international rating agencies; furthermore, netting arrangements are concluded.

Other investments

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

Guarantees

The Group's policy generally is to avoid providing financial guarantees to third parties.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V. and JAB Coffee & Beverages B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

Notes to the Consolidated Financial Statements (continued)

Exposure to credit risk

The carrying amount of financial assets represent their maximum credit exposure. The table below contains the carrying amounts and their due dates as of 31 December 2023 and 31 December 2022.

	<i>Note</i>	<i>Due</i> in \$m	<i>Less than</i> <i>1 year</i> in \$m	<i>1 to 5</i> <i>years</i> in \$m	<i>More than</i> <i>5 years</i> in \$m	<i>Total</i> in \$m
31 December 2023						
Loans	3.2	-	44.5	-	-	44.5
Other assets	3.3	-	18.4	66.2	-	84.6
Cash and cash equivalents	3.4	1,716.5	-	-	-	1,716.5
		1,716.5	62.9	66.2	-	1,845.6
31 December 2022						
Loans	3.2	-	52.6	-	-	52.6
Other assets	3.3	-	22.8	18.5	-	41.3
Cash and cash equivalents	3.4	3,837.4	-	-	-	3,837.4
		3,837.4	75.4	18.5	-	3,931.3

In respect of the financial assets shown, no impairments were recognized and no financial assets were past due as of 31 December 2023 and 31 December 2022.

Notes to the Consolidated Financial Statements (continued)

4.7. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has sufficient access to cash on demand including cash on hand, cash equivalents and unused credit facilities. All cash on demand is available within three months or less to meet the Company's short-term liquidity needs. Management monitors the planning of liquidity reserves and cash flows and coordinates the liquidity and due dates of financial assets and liabilities.

The table below contains the due dates of the carrying amounts as of 31 December 2023 and 31 December 2022.

	<i>Note</i>	<i>Due</i> in \$m	<i>Less than 1 year</i> in \$m	<i>1 to 5 years</i> in \$m	<i>More than 5 years</i> in \$m	<i>Total</i> in \$m
31 December 2023						
Non-derivative liabilities						
Borrowings	3.7	-	1,052.2	4,851.3	5,086.6	10,990.1
Other liabilities	3.8	-	150.0	2.6	0.3	152.9
			1,202.2	4,853.9	5,086.9	11,143.0
Derivatives			41.2	29.4	-	70.6
31 December 2022						
Non-derivative liabilities						
Borrowings	3.7	-	684.7	3,892.6	5,618.2	10,195.5
Related party payable		-	1,044.2	-	-	1,044.2
Other liabilities	3.8	-	131.2	13.8	0.4	145.4
		-	1,860.1	3,906.4	5,618.6	11,385.1
Derivatives		-	33.0	65.1	-	98.1

Derivatives are presented at their fair value. The liquidity risk of derivatives might be subject to short-term and significant changes due to the high volatility of the fair values.

Notes to the Consolidated Financial Statements (continued)

4.8. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Exposure to currency risk

The Group invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Group is exposed to the risk that changes in foreign exchange rates may have a favorable or unfavorable effect on the fair values of its financial instruments and the fair values of its future cash flows.

Exchange rate exposures are managed within approved policy parameters utilizing foreign currency forward contracts, and by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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

	31 December 2023			31 December 2022		
	in £m	in €m	in ¥m	in £m	in €m	in ¥m
Loans	-	33.4	-	-	46.4	-
Other assets	-	50.2	-	-	12.6	-
Cash and cash equivalents	(15.2)	117.2	6,966.9	(53.7)	1,485.5	(282.0)
Borrowings	-	(8,670.2)	(90,371.0)	-	(8,031.5)	(29,385.0)
Related party payables	-	-	-	-	(979.0)	-
Other liabilities	(2.5)	(118.2)	(352.2)	-	(116.5)	(48.4)
Gross balance sheet exposure	(17.7)	(8,587.6)	(83,756.3)	(53.7)	(7,582.5)	(29,715.4)
Cross-currency swap	-	-	29,385.0	-	(204.6)	29,385.0
Forward exchange contracts	-	-	-	-	641.9	-
Net exposure	(17.7)	(8,587.6)	(54,371.3)	(53.7)	(7,145.2)	(330.4)

The Group held USD forward exchange contract that expired in May 2023 with a nominal amount of \$724.2m and Cross-Currency Rate Swaps GBP / EUR that expired in October 2023. Furthermore, the Group holds Cross-Currency Rate Swaps JPY / EUR that expire in November 2024.

Notes to the Consolidated Financial Statements (continued)

The following significant exchange rates applied during the year:

	<i>Average rate 2023</i>	<i>Average rate 2022</i>	<i>Year-end rate 2023</i>	<i>Year-end rate 2022</i>
	<i>1 Dollar</i>	<i>1 Dollar</i>	<i>1 Dollar</i>	<i>1 Dollar</i>
EUR	0.92	0.95	0.91	0.94
GBP	0.80	0.84	0.79	0.83
JPY	140.57	131.07	141.48	131.88

Sensitivity analysis

The sensitivity analyzes below have been determined on the Group's exposure to currency risk for both derivative and non-derivative financial instruments at the end of the reporting period. A 10% increase or decrease represents management's assessment of the reasonably possible change in foreign exchange rates. These analyzes assume that all other variables remain constant.

		<i>Impact Profit or loss</i>		<i>Impact OCI</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	% strengthening (weakening)	in \$m	in \$m	in \$m	in \$m
USD/EUR exchange rate	10.0	948.9	762.1	-	-
USD/GBP exchange rate	10.0	2.2	6.5	-	-
USD/JPY exchange rate	10.0	38.4	0.3	-	-

Exposure to interest rate risk

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

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings, including exposures from potential transactions, is limited. Interest rate risk exposure is managed by the Group by maintaining an appropriate mix between fixed and floating rate financial instruments and, if considered appropriate, using interest rate swap contracts or other interest rate derivatives. Hedging activities are evaluated regularly to align with interest rate views and the Group's investment and risk policies.

Profile

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

	<i>Carrying amount</i>	<i>Carrying amount</i>
	<i>31 December 2023</i>	<i>31 December 2022</i>
	In \$m	In \$m
<i>Fixed rate instruments</i>		
Financial assets	1,768.2	3,890.0
Borrowings	(9,610.7)	(9,761.5)
<i>Floating rate instruments</i>		
Borrowings	(1,379.4)	(433.9)
Related party payable	-	(1,044.2)

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

Notes to the Consolidated Financial Statements (continued)

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

Cash flow sensitivity analysis for floating rate instruments

For floating rate instruments an increase of 50 basis points in the market interest rate at the reporting date would have resulted in an additional loss of approximately \$6.9m (2022: loss \$7.4m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Exposure to other price risk

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

Sensitivity analysis – equity price risk

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

	Carrying amount 31 December 2023	Carrying amount 31 December 2022
	In \$m	In \$m
Investments		
Other investments	87.0	96.3
Other liabilities	(47.5)	(65.1)
Total	39.5	31.2

A value at risk assessment has been employed to estimate sensitivity of the exposure to equity price risks for other investments and other liabilities at the end of the reporting period. The calculation employs historical statistical methods that use 6 months of market

data as input. The value at risk assessment quantifies potential changes to equity price risk for a one day holding period and is calibrated to a 99% confidence level. Based on this assessment, the value at risk as per 31 December 2023 is estimated at \$69.6m (2022: \$20.3m).

Further, the Group has indirect exposure to equity price risk from indirectly held investments at the end of the reporting period. If share prices had been 5% higher/lower, the result for the period ended 31 December 2023 would have increased/decreased by \$1,363.4m as result of changes in the fair value of the equity investments classified as at FVTPL (2022: \$1,417.6m). Other comprehensive income would have been unaffected (2022: \$0.0m).

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

Notes to the Consolidated Financial Statements (continued)

5. *Subsequent Events*

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

On 29 February 2024, the Group announced a secondary offering of 100 million shares of KDP Common Stock. From these 100 million shares, 87 million were sold at the day of announcement and the Group has an option to sell an additional 13 million shares for a period of 30 days after the secondary offering. Following the completion of the offering, the Group will own approximately 21% of KDP's outstanding common stock, bringing the public float to approximately 79%.

Luxembourg, 12 March 2024

F. Engelen
Manager



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To the Shareholders of
JAB Holding Company S.à r.l.
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L-2180 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of JAB Holding Company S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report but does not include the consolidated financial statements and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 13 March 2024

KPMG Audit S.à r.l.
Cabinet de révision agréé

Yves Thorn

250320082

JAB
HOLDING
COMPANY

JAB
HOLDING
COMPANY

Annual Report 2022

Table of Contents

About this report

3

Highlights

JAB at a Glance

4

2022 Highlights & Results

4

5

About JAB

Our Investment Partnership

10

Our Diverse Team of Professionals

10

11

Value Creation

Platform Investing Philosophy

13

How we Create Sustainable Compounding Returns

13

15

Our Global Leading Investment Platforms

16

Governance

22

JAB Governance

22

Managing Risks and Uncertainties

24

Consolidated Financial Statements

26

Consolidated Statement of Financial Position

27

Consolidated Statement of Profit or Loss
and Other Comprehensive Income

28

Consolidated Statement of Changes in Equity

29

Consolidated Cash Flow Statement

30

Notes to the Consolidated Financial Statements

31

Report of the Réviseur d'Entreprises agréé

75



2022 Highlights & Results / →
Page 5

About this Report

This Annual Report sets out JAB Holding Company S.à r.l.'s ('JAB Holding Company') consolidated results and developments in 2022, and was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Integrated Annual Report 2022 is in accordance with the International Integrated Reporting Council (IIRC) which includes elements from the Corporate Sustainability Reporting Directive (CSRD) as adopted by the European Union, as well the Global Reporting Initiative (GRI) Standards (referenced option).

This Report summarizes how we create value for our shareholders and other stakeholders over time, as well as how we strive to make a positive impact on the planet and society.

To meet the specific needs of our stakeholders, we publish an extended report on an annual basis which further details and reflects on our ESG strategy and commitments.

Details on our value creation strategy can be found in the following sections:

JAB at a Glance / →
Page 4

2022 Highlights & Results / →
Page 5

Platform Investing Philosophy / →
Page 14

How we Create Sustainable Compounding Returns / →
Page 16

Governance / →
Page 24

INTEGRATED
REPORTING <IR>

TCFD TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Highlights

JAB at a Glance



Evergreen Capital Structure →

Consumer Sector Focus →

Investment Grade Ratings from both →
Moody's and S&P



A unique partnership of long-term investors in consumer goods & services



← High Quality Long-Term Investor Group

← Invests Alongside JAB Holding Company

← Raised \$22bn+ in Equity Commitments

\$50bn+

Managed Capital



Unique Platform Investing Approach

50+

Investment & industry professionals



Strong ESG Commitments

6

Global Offices



Attractive Compounding Returns



Investment Grade Rated since 2014

Strong ESG Progress

MOODY'S
INVESTORS SERVICE

Upgraded

Moody's:
Baa1 with stable outlook
(former rating Baa2)

S&P Global
Ratings

S&P:
BBB+ with stable outlook

61%

of portfolio companies have SBTi targets committed or approved



SCIENCE
BASED
TARGETS

DRIVING AMBITION TO OUR CORPORATE CLIMATE ACTION

#1 and #2

JAB Holding was rated #1 in the category of diversified financials and #2 globally by Sustainalytics for ESG risk rating



JAB Holding Company S.à r.l.
Annual Report 2022

2022 Highlights & Results

Resilient investment performance with robust results of our portfolio companies in the current macroeconomic environment

During 2022, the MSCI World Index contracted by -17.6% as benchmark rates were lifted quickly by central banks across the world, increasing the cost of capital. The return of our investments was -9.4% for the same period, an outperformance of more than 800 bps.

Our return for the first two months of 2023 was +4.0%, as our publicly traded investments reported resilient results with strong organic growth while protecting their margins and generating free cash flow. The MSCI World Index's returned +4.3% for the same period.

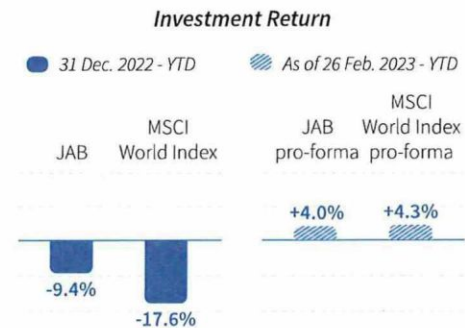
As a long-term and evergreen investor, the success of our investment philosophy is designed to be measured over several years. At the same time, our recent outperformance against the MSCI World Index gives us confidence that our investment approach is working and will continue to be resilient in today's market and macroeconomic environment.

During 2021 and 2022, we took decisive action across our portfolio companies to benefit from the more favorable environment, as we saw inflationary pressures early on across our supply chain. This action included refinancing our portfolio companies, pricing ahead of inflation, and securing access to long-term debt (10 to 30-year bonds) for JAB and its portfolio companies. Today, most of JAB portfolio companies have fixed interest rate debt, without any meaningful funding needs in the near-term.

Above all, we continued our trajectory based on our core investment strategy of focusing on resilient companies with above market growth potential, premium and leading brands, assets with strong pricing power and solid cash flow generation in the consumer goods and services sectors.

We continued to further diversify our investment portfolio with strategic acquisitions in specialty veterinary care and building a leading global pet insurance platform.

During 2022, the value of our investment portfolio reduced from \$51.7 billion to \$49.5 billion while generating \$1.0 billion of dividend income. Reduction in investment portfolio value is primarily driven by unrealized mark-to-market losses.

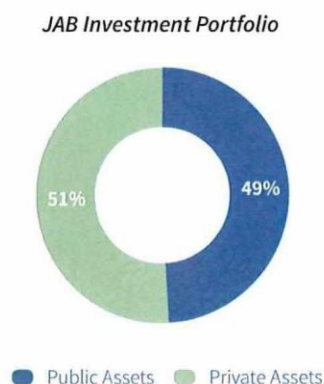


Our best-in-class debt and liquidity profile led to a Moody's rating upgrade to Baa1 from Baa2

Our robust credit profile did not remain unnoticed, as Moody's upgraded us in November 2022. On an absolute basis, our liquidity was \$7.1bn including \$3.8bn of cash & cash equivalents and \$3.3bn of undrawn credit facility. Additionally, 49% of our investments are directly and indirectly in publicly traded companies, which also represents a strong source of liquidity. Our leverage, as measured by the Loan-to-Value ratio, remained within the range of our

financial policy, which demonstrates the resilient nature of the portfolio and the conservativeness of our capital structure.

We successfully extended our debt maturity profile in the first six months of 2022 when interest rates were lower, leading to an essentially fixed interest rate structure. In this context, in April 2022, we issued the first 30-year maturity sustainability-linked bond ever issued in global capital markets. Through this \$500 million bond issuance, we further extended and improved our debt maturity profile while simultaneously reconfirming our ESG commitments. In June 2022, we issued a 10 year sustainability-linked bond with a nominal value of €500m. In September 2022, one bond was repaid. When issuing the two bonds, we committed to meet certain sustainability targets (2025-2030), which Sustainalytics classified as highly ambitious. These bonds align with our ambition of sustainable, long-term value creation.



2022 Highlights & Results (continued)

Financial Highlights**Loan-to-value ratio**

As of December 31, 2022, our Loan-to-Value ratio on a reported basis, measuring the relationship between our Net Debt and the value of our Investment Portfolio was 12.8% and largely unchanged from June 30, 2022. Excluding the effect of equity attributable to non-controlling interests, the Loan-to-Value ratio was 19.6% on a stand-alone basis. As an investment holding company, we report our borrowings at amortized cost. If, like our investments, borrowings were also to be reported at market value, this would have resulted in a reduction of \$1.4bn of our net debt as of December 31, 2022. This reduction mainly represents the economic benefit resulting from our decision to lock in long-term interest rates (e.g.: 20-year, 30-year bonds).

	<i>As Reported (IFRS)</i> in \$m 30 June 2022	<i>As Reported (IFRS)</i> in \$m 31 December 2022	<i>Stand-Alone LTV (Pro forma)</i> in \$m 31 December 2022
Investments in Subsidiaries	47,046	49,119	32,054 ¹
Other Investments	311	371	371
JAB Group's Investment Portfolio	47,357	49,490	32,425
Cash & Cash Equivalents	4,053	3,837	3,837
Borrowings	(10,083)	(10,196)	(10,196)
JAB Group's Net Debt	(6,030)	(6,359)	(6,359)
Loan-to-Value Ratio	12.7%	12.8%	19.6%

¹ Investment in Subsidiaries, reduced by non-controlling interest



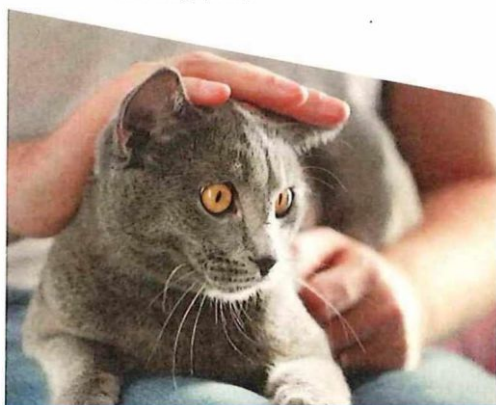
2022 Highlights & Results (continued)

Business Development

We continued our expansion in veterinary care and adjacent animal health categories with several strategic acquisitions throughout 2022

**Petcare**

Since our investment in 2019, NVA Compassion-First has achieved exceptional growth. NVA has achieved this by expanding its footprint and global reach, entering into premier platform partnerships, and implementing a strategic repositioning of its revenue mix, resulting in a near tripling of NVA's revenue and EBITDA run rate. Besides the successful closing of two acquisitions in specialty and emergency care (SAGE Veterinary Centers in June 2022 and Ethos Veterinary Health in July 2022), NVA added over 120 sites across the five geographies in which it operates (United States, Canada, Australia, New Zealand and Singapore).



We are on track to build a global leading pure-play pet insurance platform

**Pet Insurance**

We are building a leading global pet insurance platform in an underpenetrated market that is growing by over 20% per annum. With the formation of Independence Pet Group (IPG) in North America and Pinnacle Pet Group in Europe, we believe to be well positioned to capture above market growth through company-owned brands and white-label partnerships on an organic and inorganic basis.

On October 31, 2022, IPG successfully closed the acquisition of Crum & Foster Pet Insurance Group and Pethealth, the global pet insurance businesses of Fairfax Financial Holdings. Crum & Foster Pet Insurance Group and Pethealth operate multiple owned, licensed and 3rd party pet insurance brands, including but not limited to ASPCA, 24petprotect, Hartville, Spot, Pumpkin and Pets Plus Us, in the US and Canada. Pethealth also operates shelter software, microchip and pet location services that are complimentary to IPG's existing breeder software and pet location services business.

In addition, the previously announced acquisition of Veterfina and Agila's pet insurance business are expected to close in the coming months. Both transactions are subject to customary closing conditions, including applicable regulatory approvals.

**Pet Labs**

Building upon our proven success within the pet industry and by leveraging our deep institutional industry insights, we expanded further into the pet health services market with the acquisition of Veterinary Pathology Group (VPG) in September 2022. VPG is a leading pet diagnostics laboratory group in the United Kingdom and Ireland that was a carve-out from Synlab, a European human diagnostics laboratory group.

VPG is a highly respected pet diagnostics laboratory group with a full range of leading capabilities in molecular, toxicology, cytology, and histopathology testing. The group has an extraordinary reputation in the market for offering world-class service and advice to clients. VPG has a diversified client base between leading veterinary platforms, referral hospitals, and independent veterinarians.

2022 Highlights & Results (continued)

Investment Performance

Company-by-company results



Coffee & Beverages

JDE Peet's (JDEP)

JDE Peet's delivered double-digit sales growth of +16% for full year 2022, increased its absolute gross profit, delivered strong free cash flow of EUR 1.4 billion and higher EPS, while increasing investments to support its long-term growth ambition in areas such as marketing, innovation, digital commerce, emerging market capabilities and sustainability.



Keurig Dr Pepper (KDP)

KDP reported strong net sales growth of +11% for full year 2022, significantly ahead of the Company's initial guidance of mid-single-digit growth. KDP grew market share in Cold Beverages, expanded Keurig brewing systems to 38 million U.S. households and expanded its presence in the strategically compelling energy and non-alcohol beer and cocktail categories. Finally, KDP returned \$1.5bn in dividends and share buy backs to its shareholders in 2022 while keeping its management leverage ratio below 3x.



Beauty & Luxury

Coty (COTY)

Coty continues to deliver strong results. LFL sales increased by +6%, and the company had strong and growing Free Cash Flow. Across 2022, the company reduced net debt by approximately \$1.4bn.

Including stake at Wella, economic leverage now stands below 3x



Indulgence

Krispy Kreme (DNUT)

Krispy Kreme reported organic sales growth of 12% for full year 2022 nearing 11,837 points of access globally, up 14% year on year. Krispy Kreme expects to open in five to seven new countries in 2023, including France, as they continue their journey to become the most loved sweet treat brand in the world.



Fast Casual Restaurants

Panera Brands

Panera Brands continued its strong business momentum by increasing its sales by +12% on a full year CY22 basis while increasing its Adjusted EBITDA by +14% for the same period, fueled by sales from its increasing number of loyalty members and new product innovations, including Unlimited Sip Club, Chef's Chicken Sandwich and warm & hearty baguette.



Petcare

NVA

NVA's run rate revenue surpassed \$5.5bn by year-end 2022 driven by M&A, including the acquisitions of Sage Veterinary Centers, Ethos Veterinary Health and other bolt-ons, combined with strong organic growth. NVA continued to drive medical innovations in the specialty veterinary sector and building on its market leading denovo expansion strategy.



Pet Insurance

IPG and PPG

Our pet insurance businesses continued to deliver above market organic growth, coupled with the closing of the Crum & Foster Pet Insurance Group and Pethealth business acquisitions on October 31, 2022. Following the closing of the transactions, AM Best has affirmed its A- (excellent) rating of Independence American Insurance Company, the underwriter owned by Independence Pet Group.

2022 Highlights & Results (continued)

Committed to delivering superior long-term shareholder returns, which are fundamentally dependent on a healthy planet and people

Throughout 2022, we continued to integrate ESG into our ways of working, while further developing our responsible and sustainable investing practices. This helped us to further solidify ESG as a cornerstone in our organization, leading to several key achievements throughout 2022, including:

1. JAB Holding was rated #1 in the category of diversified financials and #2 globally by Sustainalytics for ESG risk rating
2. We priced two Sustainability Linked Bonds (\$500m and €500m) tying JAB to several “ambitious” and “highly ambitious” sustainability targets as defined by Sustainalytics
3. 61% of portfolio companies by fair value have approved SBTi decarbonisation targets in place and/or are committed to SBTi
4. JAB supported portfolio companies on improving gender diversity progress – now approx. three quarters of Boards and Executive teams have at least 30% gender diversity
5. All of our portfolio companies have defined an ESG strategy and are working towards publishing externally for the financial year 2022

This is the second year where we have reported on our ESG KPIs and the progress made to-date in achieving our targets. For details, please refer to our [Extended Annual Report](#).

Our 2022 ESG efforts were continuously recognised. Sustainalytics, one of the global top ESG rating agencies, once again awarded JAB the top position among industry peers. This ranking included the lowest ESG risk (“negligible ESG risk”) in the industry, and the 2nd lowest globally, which, together with our focus on resilient Consumer Goods & Services categories, allows us to deliver superior risk-adjusted returns.



Portfolio Companies ESG Highlights

- KDP set the aspirational goal to achieve net water positive impact by 2050



- JDE Peet's increased its responsibly sourced coffee target from 30% to 80% globally in 2022 and committed a EUR 150 million investment in a responsible sourcing programme which will ultimately lead to 100% responsibly sourced coffee by 2025



- Coty published new near-term reduction targets for greenhouse gas emissions (GHG), approved by the Science Based Targets initiative (SBTi).



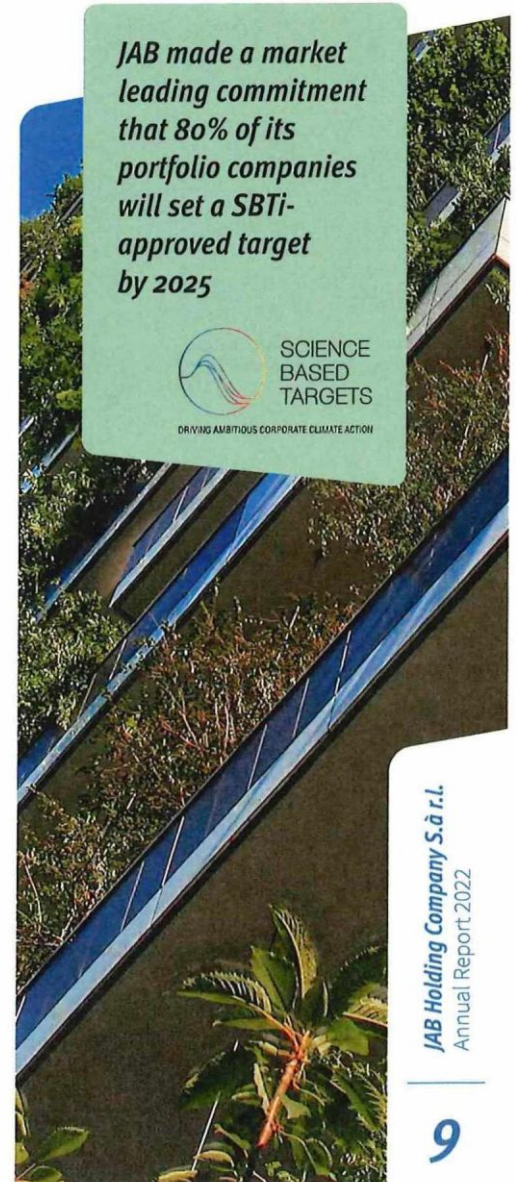
- Panera launched its new flagship Panera Dream Project™, offering a leadership acceleration program for underserved talent and the Panera Bread Foundation to support children and youth in its communities



- Pret A Manger launched a dedicated Ukraine refugee hiring program through which they helped over 250 people in employment



JAB made a market leading commitment that 80% of its portfolio companies will set a SBTi-approved target by 2025



About JAB

Our Investment Partnership

JAB is a partnership with strategic alignment and full control over its managed capital.

A unique partnership of long-term investors in consumer goods & services



JAB

JAB is a unique investment partnership between JAB Holding Company as an evergreen investor and creator of global leading Investment Platforms and JCP as a strategic co-investor. With almost 200 years of heritage, JAB invests in consumer goods and services and is focused on long-term value creation through its unique Platform Investing Philosophy.

Our Managing Partners oversee the investments of both JAB Holding Company and JCP, with a single and fully aligned investment strategy. Investment decisions always require unanimity of the Managing Partners.

\$50bn+

Managed Capital



JAB
HOLDING
COMPANY

In 2012, JAB Holding Company was formed as a partner-led investment firm, with \$9bn of invested capital placed under one holding company, which has increased to \$50 billion+ of managed capital as of December 31, 2022.

JAB Holding Company has a diverse team of professionals with a clear understanding and appreciation of the next generation of consumers as well as a strong focus on ESG and superior risk-adjusted compounded returns.



JCP

JCP was established in 2014, driven by investors' demand to participate in the investment strategy of JAB Holding Company.

JCP is a Luxembourg-based regulated investment fund with institutional investors, family offices, endowments and other professional investors. JCP always invests alongside JAB Holding Company in the consumer goods and services sector.

\$17bn

Invested Capital

\$22bn+

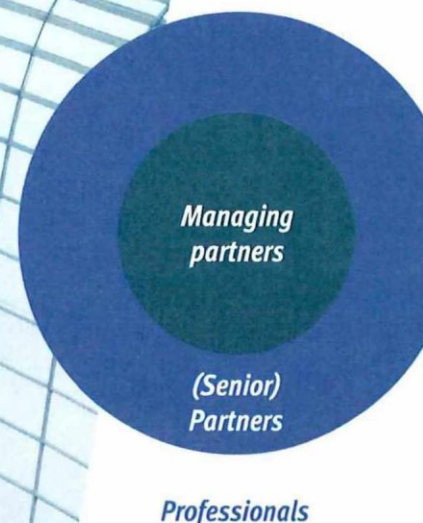
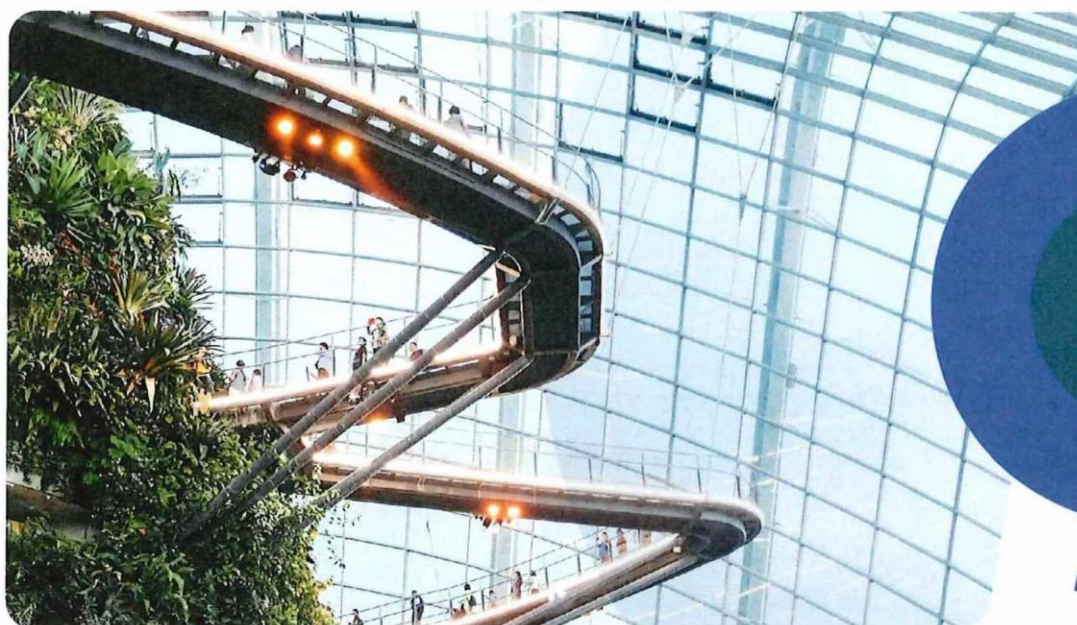
Total Capital Raised

\$12bn

Distributions Since 2019

JAB Holding Company and JCP are jointly invested to execute JAB's platform investing strategy. The Private Placement Memorandum and Co-Investment Agreements govern the Investment Partnership between JAB Holding Company and JCP. Notwithstanding the consolidation of our Investment Platforms, JCP remains an independent regulated investment fund based in Luxembourg and managed by JAB Consumer Fund Management S.à.r.l. ('AIFM'), an alternative investment fund manager which is authorized and approved by the Luxembourg financial supervisory authority, the *Commission de Surveillance du Secteur Financier* ('CSSF'). Any decision by the AIFM to invest or divest requires a positive recommendation by our Managing Partners, who are the key persons of the fund.

Our Diverse Team of Professionals



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 – CEO Olivier Goudet, Chairman Peter Harf and Vice Chairman Joachim Creus – together with the senior partners, partners, CFO and Head of Responsible and Sustainable Investing, each of whom has significant experience 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 returns through our Investment Platforms. As such, we provide our team with opportunities and ambitions for continuous development and personal and professional growth.

Working together with 'skin in the game'

Our team, at JAB and our portfolio companies, is invested towards the same goals as our shareholders and 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.

We have an entrepreneurial, high energy, and high performance culture, with an ambitious and motivated team. A common characteristic in all of us is the aligned focus on creating value for our shareholders and other stakeholders.

Our Diverse Team of Professionals (continued)

Our leadership team

200+

Years of Consumer
Industry Expertise &
Insights

150+

Years of Investing
Expertise

100+

Years of Executive
Committee and Board
Experience

8

Nationalities

JAB is overseen by its leadership team including our three Managing Partners, Olivier Goudet (CEO), Peter Harf (Chairman) and Joachim Creus (Vice Chairman), together with eight (Senior) Partners, our CFO and Head of Responsible and Sustainable Investing.

**Olivier Goudet**Managing Partner,
CEO**Peter Harf**Managing Partner,
Chairman**Joachim Creus**Managing Partner,
Vice Chairman**David Bell**

Senior Partner

**Frank Engelen**

Senior Partner

**Ricardo Rittes**

Senior Partner

**Trevor Ashley**

Partner

**Patricia Capel**

Partner

**Rafael Cunha**

Chief Financial Officer

**Konrad Meyer**

Partner

**Lubomira Rochet**

Partner

**Jacek Szarzynski**

Partner

**Yoana Nenova**Head of Responsible and
Sustainable Investing**JAB's Leadership team
is supported by:**

- a global team of 40+ Investment and Industry Professionals
- a carefully selected team of world class CEOs and Executive Teams with skin in the game
- two globally recognized Senior Advisors, Bertrand Badré and Antonio Weiss, who provide advice on governance and strategy matters


[Highlights](#)
[About JAB](#)
[Value Creation](#)
[Governance](#)
[Financial Statements](#)


Value Creation

Platform Investing Philosophy

With almost 200 years of heritage, JAB has centered its investment approach around a unique Platform Investing Philosophy which is a critical part of our long-term success.



Identify Investment Opportunities

Agile investment approach with a focus on consumer goods and services



Enhance Value

Unique ownership & people model with repeatable value creation approach



Drive Long-term Sustainable Compounding Returns

Doing the right things for our stakeholders

Our unique set of strengths



A long-term and evergreen investor



Proprietary business insights & deal flow



An ecosystem of trusted debt & equity partners



Unlocking synergies



Resilient categories with attractive growth fundamentals



Flexible exit strategies



An invested team



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, our structure 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 partners, we are building Investment Platforms with controlling or anchor stakes in global leading businesses, which allows us to create blue-chip companies that are ready for the next generation of consumers and their preferences.

Platform Investing Philosophy (continued)



An invested team

We have a global network of leading professionals in the consumer goods and services industry. Our strong network has enabled us to establish a high-quality team of senior investment and industry professionals at JAB, as well as a team of industry-leading CEOs, senior executives, and independent directors at our portfolio companies. We are all invested in long-term value creation for our shareholders and other stakeholders, and our financial and non-financial interests are aligned. We promote a regular, informal, and hands-on communication flow between all participants in our ecosystem.

Strategic Alignment

- The JAB leadership team oversees both JAB Holding Company and JAB Consumer Partners, with a single and fully aligned investment strategy
- Investment decisions require unanimity of the Managing Partners
- Our Private Placement Memorandum and Co-Investment Agreement governs the unique partnership between JAB Holding Company and JCP



Financial Alignment

- JAB Leadership Team and managers have invested majority of their personal wealth in JAB, contributing to their aligned interest with other shareholders and investors
- CEOs and Executive Teams have invested a very substantial portion of their personal wealth in JAB's investments resulting in a focus on long-term value creation and creating alignment with interests of JAB.



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.



Proprietary business insights & deal flow

We develop real-time superior business insights across industry sectors by combining data, information, and people knowledge. These insights provide us with a strategic advantage in our deal sourcing processes, resulting in us being frequently selected as the partner of choice. This allows us to establish deals on a proprietary and bilateral basis, and to do a more timely and effective investment approach based on real-time market and industry trends, our people network, consumer behaviors 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 for 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 for investors.

Platform Investing Philosophy (continued)

How We Create Sustainable Compounding Returns

JAB is committed to delivering superior long-term compounding shareholder returns, which are fundamentally dependent on a healthy planet and people.

As part of our annual integrated reporting we have issued an extended report, which details and reflects on our ESG strategy, our commitments and results of the value creation we pursue with our Investment Philosophy. This section includes Climate-Related Financial Disclosures (TCFD) reporting along with other ESG-focused data.



Annual Report 2022 – Extended / →
jabholco.com/Annual-Report-2022-Extended

Our Global Leading Investment Platforms



Coffee &
Beverages



Fast Casual
Restaurants



Indulgence



Petcare



Pet Insurance



Pet Labs



Beauty &
Luxury

Since the formation of JAB Holding Company in 2012, we have diversified our investment portfolio by expanding into different categories in the consumer goods and services sectors.

Through our Global Investment Platforms, we control businesses that operate in multiple segments. Each business

has established its own robust business model and strategy by leveraging industry-leading brands and a tailored products and services portfolio. These brands are distributed through a variety of channels in different geographies, and, as a result, address the needs of a broad consumer base.



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



Fast Casual
Restaurants



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

Covering all occasions:

- Breakfast
- Lunch
- Dinner



Our Global Leading Investment Platforms (continued)



Indulgence through retail-owned, retail-franchised, online, home delivery and CPG

- Doughnuts
- Cookies



Petcare through on-premise, home-delivery, and online services

- General care
- Specialty & emergency care
- Vaccine & pharmacy
- Pet Resorts
- Equine



Pet Insurance through breeder, shelter, direct-to-consumer, veterinary, mass retail, and employee benefits channels:

- Accident & Illness
- Accident only
- Wellness and other add-ons
- 24/7 vet helpline
- Pet Pharmacy



Independence Pet Group



Pet Labs with laboratories across England and Ireland

- Companion animal diagnostics
- Leading capabilities and service



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

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

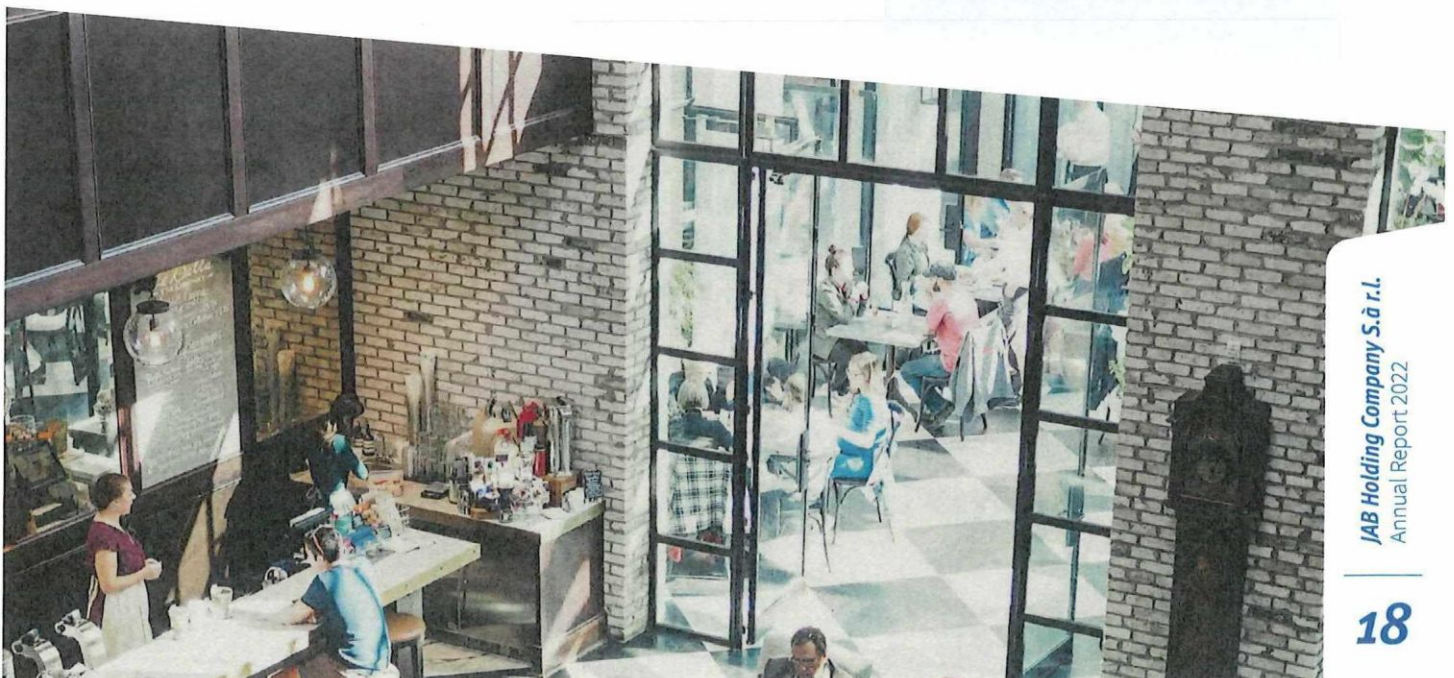


Our Global Leading Investment Platforms (continued)

As a controlling or anchor shareholder, JAB exerts significant influence over its investments

* Includes combined JAB Holding Company and JAB Consumer Partners stakes and excludes other co-investors.

JAB Ownership*	
	31%
	57%
	85%
	75%
	84%
	45%
	90%
	91%
	67%
	98%
	53%
	98%



Our Global Leading Investment Platforms (continued)

JAB's Investment Platforms leverage a strong portfolio of premium and iconic brands that are well-recognized and strongly positioned within their respective categories and markets.

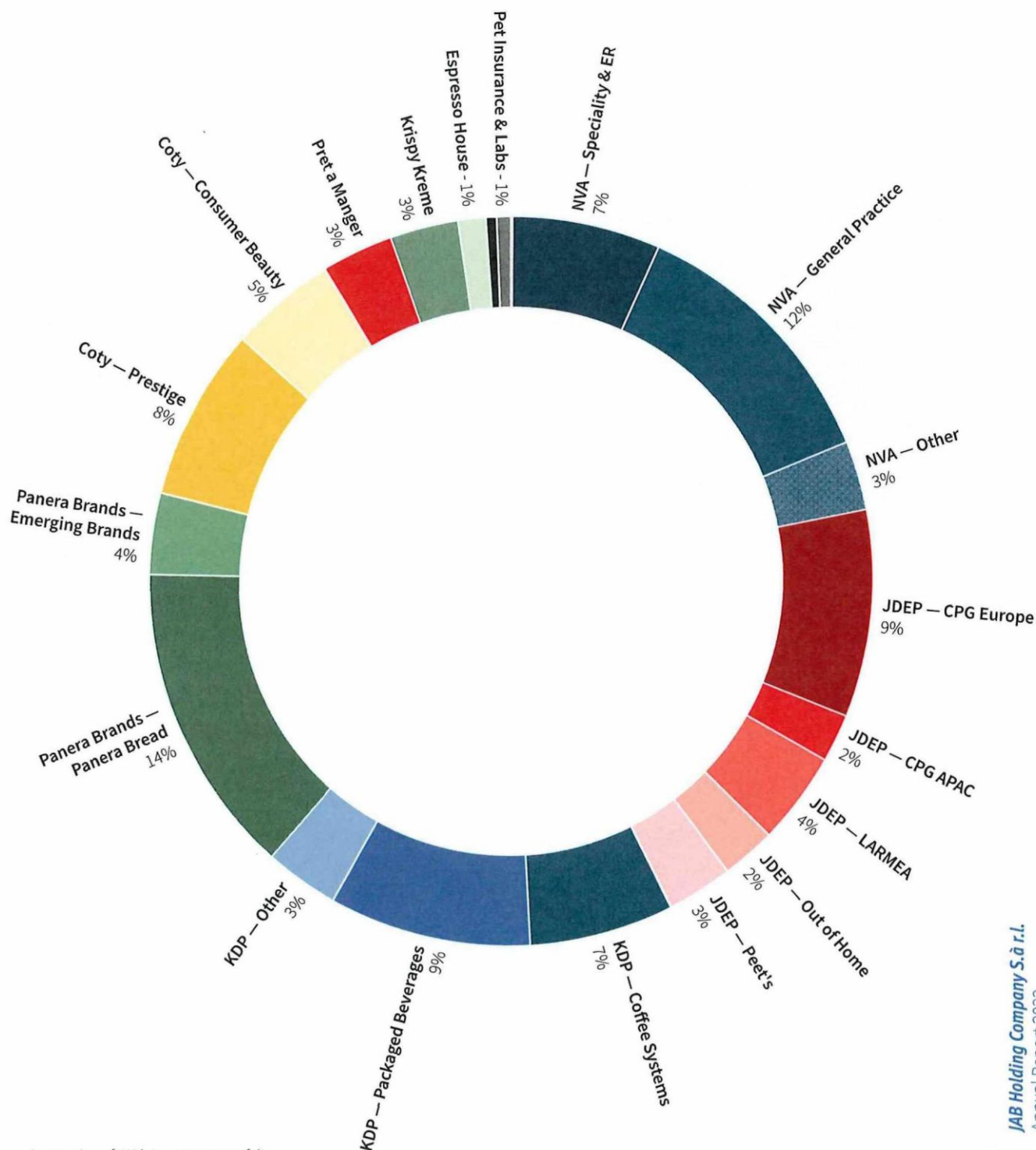
Here is a selection of key brands from our portfolio.



Our Global Leading Investment Platforms (continued)

A global investment portfolio with strong asset diversity

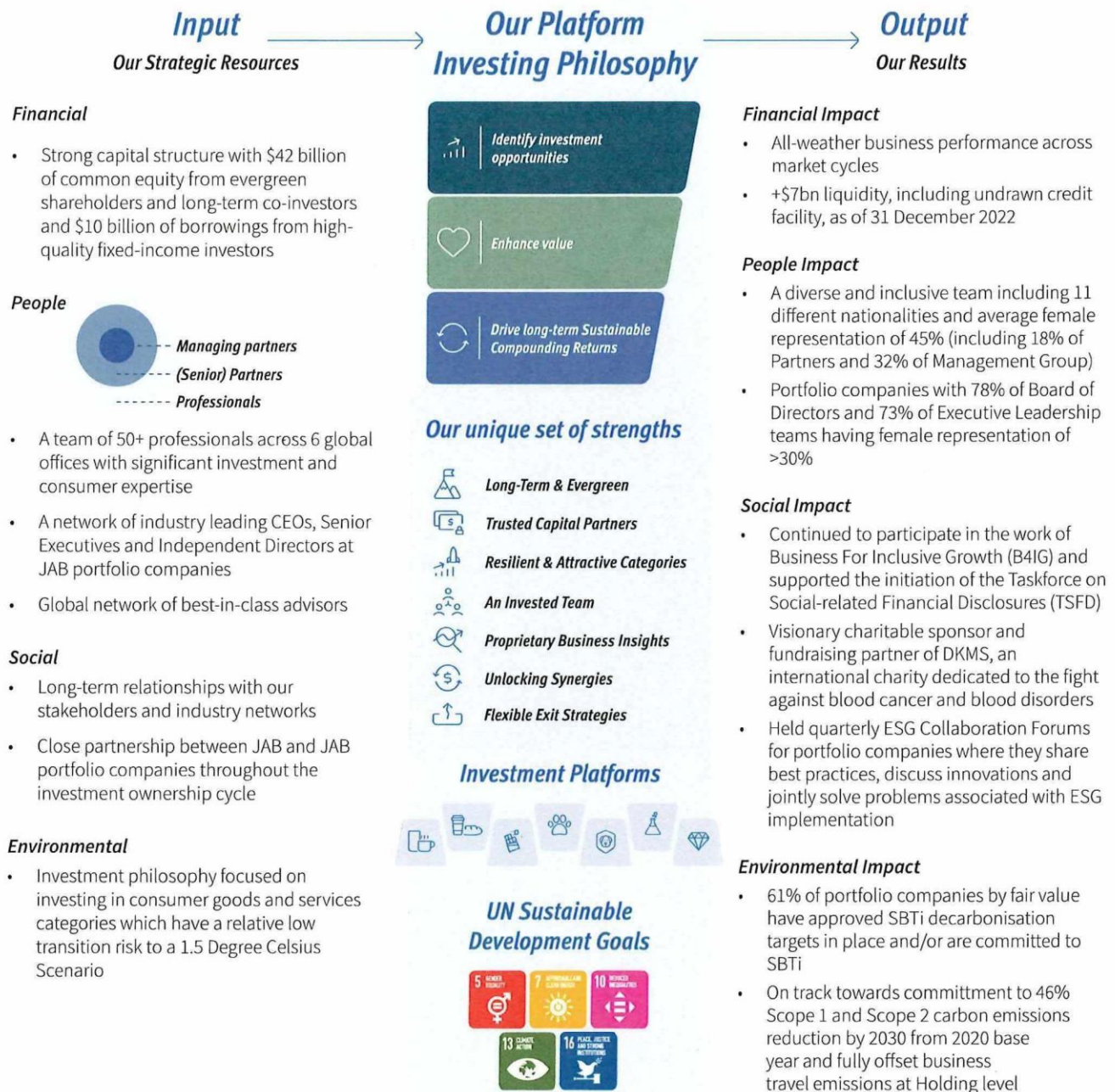
Our investment philosophy is focused on building a diversified portfolio within the consumer and services sectors, with low or negative correlation between the assets and with businesses that are diversified through their unique combination of brands, product and service categories, and distribution channels. Asset diversity was calculated by calculating JAB's ownership against the trailing twelve months revenue of the portfolio companies.



An overview of JAB's Investment portfolio

How We Create Value

Within our Platform Investment Philosophy, we have a clear understanding and appreciation of the next generation of consumers, combined with a strong focus on ESG-related matters. We summarize the main results here for readability purposes. See [About this Report](#) for further background information.



Value we create for our stakeholders

Investors

Long-term sustainable value creation with compounding returns of 15%-20% year on year

Society

High-quality Investment Portfolio which contributes positively to consumers and society

People

Strong organizational culture with equality of opportunity, a diverse team and an inclusive working environment

Environment

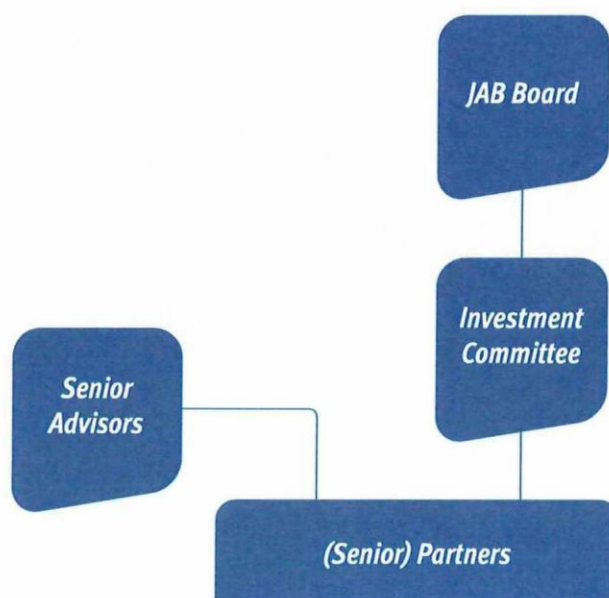
Positive contributions to climate goals defined in the 2015 Paris Climate Agreement

Governance

JAB Governance

JAB Holding Company has four statutory Managers, including the CEO, and has implemented a governance framework for strategy, finance, risk and compliance, remuneration, and ESG. This framework is overseen by the JAB Board. The Chairman and Vice Chairman are each members of the JAB Board and the Investment Committee.

The organization is led by the CEO, who is also a member of the Investment Committee, together with the Chairman and Vice Chairman of the JAB Board. The members of the Investment Committee are referred to as Managing Partners. The Investment Committee obtains independent advice from two globally recognized Senior Advisors with extensive expertise on governance and strategy matters.



Dedicated Partner Roles

- Legal & Compliance
- Financial Oversight & Control
- Risk Management
- Human Capital
- ESG

JAB Governance (continued)

The **JAB Board** exercises typical shareholder rights (e.g. approval of distributions and valuations, and admission of shareholders) and is responsible for defining and monitoring JAB Holding Company's governance model, including the mandate of the Investment Committee and key elements of management's remuneration framework. The JAB Board meets periodically in Luxembourg together with the Managing Partners and (Senior) Partners of the firm.

The **Investment Committee** is responsible for JAB Holding Company's investment and exit strategy, including ESG. Investment and divestment decisions require the unanimous approval of the Managing Partners. The Investment Committee is also responsible for the remuneration of the broader management team, including eight (Senior) Partners, our Chief Financial Officer and Head of Responsible and Sustainable Investing.

On a number of **specified domains** there is an individual partner responsible for the execution of our strategy. For example, there is one JAB Partner with overall execution responsibility for ESG matters across JAB and its investment portfolio. For each of our portfolio companies, ESG issues are also monitored by the respective Board of Directors, with each business reporting to the Board at least once per year on ESG priority matters.

Our portfolio companies are managed by their respective CEOs and leadership teams who have also invested their personal wealth into their businesses, resulting in strong alignment of interests with those of JAB. Each of our portfolio companies, private and public, has a Board of Directors, an Audit Committee and Remuneration Committee, with Independent Directors and JAB representatives.

Our Senior Advisors

JAB partners 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 ESG matters. At JAB, we highly value independent advice as it provides us with a fresh perspective on where we stand, our intentions and 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.

Managing Risks and Uncertainties

Risk management is an integral part of JAB's 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 considers 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)
- ESG and reputation risks

Our risk management and other material company policies are reviewed and updated periodically, with ESG more strongly integrated where applicable.

The following policies are in place:

Governance Framework  / →

Code of Conduct  / →

Anti-Money Laundering policy  / →

Anti-Bribery and Anti-Corruption policy  / →

Speaking Up - Whistleblower policy  / →

Human Capital policy  / →

Human Rights policy  / →

Supplier Code of Conduct  / →

Environmental Policy and Environmental Management System  / →

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.

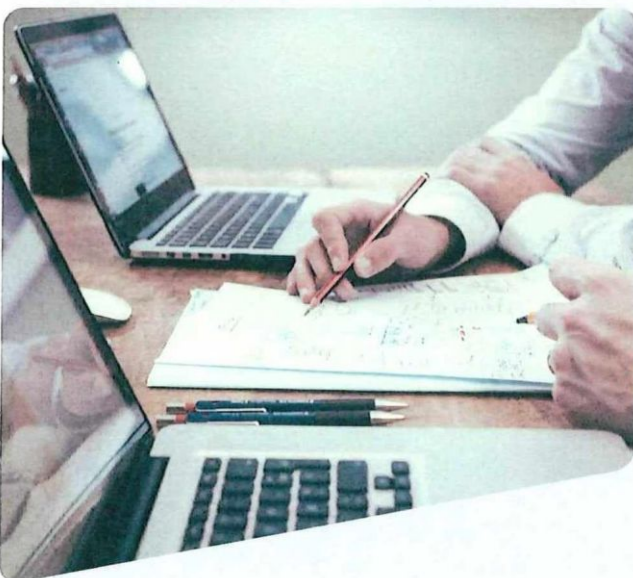
Responsible Investment & Stewardship policy  / →

The Responsible Investment & Stewardship policy describes how we formally incorporate ESG matters in our entire investment process.

Our Sustainability Linked Bond Framework covers our ESG commitments in relation to Sustainability-Linked Financing which Sustainalytics has reviewed.

Sustainability Linked Bond Framework  / →

Review by Sustainalytics  / →



Managing Risks and Uncertainties (continued)

Material 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 resilient 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 entrepreneurial mindsets and skillsets to drive long-term value creation.

Through 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 JAB's exposure to fluctuations in market prices, including foreign exchange rates and interest rates. Foreign exchange risk on transactions is hedged through forward contracts and other derivatives as necessary. The Firm is exposed to volatility in equity markets which primarily impacts the value of its public investments. This exposure is not hedged as of 31 December 2022. 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 rate swaps. No hedge accounting is applied on any of the derivative transactions as of 31 December 2022. 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 cash equivalents, 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 responsibilities of our team with the aim of reducing the likelihood of unethical actions and to protect JAB and its stakeholders.

JAB's climate related risk and opportunity analysis is annually published as part of the Extended Annual Report.



Financial Statements

Table of Contents

<i>Consolidated Statement of Financial Position</i>	27
<i>Consolidated Statement of Profit or Loss and Other Comprehensive Income</i>	28
<i>Consolidated Statement of Changes in Equity</i>	29
<i>Consolidated Cash Flow Statement</i>	30
<i>Consolidated Financial Statements</i>	31
1. General Information	31
2. Accounting Policies	32
3. Notes to the Accounts	37
4. Financial Instruments – Fair Value and Risk Management	64
5. Subsequent Events	74
<i>Report of the Réviseur d'Entreprises agréé</i>	60

Consolidated Statement of Financial Position

As of 31 December

	Notes	2022 in \$m	2021 in \$m
Assets			
Investments in subsidiaries	3.1	49,119.3	51,409.8
Other investments	3.1	371.3	300.4
Other loans	3.2	52.6	42.3
Other assets	3.3	53.2	37.6
Cash and cash equivalents	3.4	3,837.4	3,759.5
Total assets		53,433.8	55,549.6
Equity and liabilities			
Total equity attributable to owners of the parent	3.5	24,858.5	27,962.5
Non-controlling interests		17,065.2	16,543.7
Total equity		41,923.7	44,506.2
Borrowings	3.7	10,195.5	9,811.8
Related party payable	3.8	1,044.2	1,087.3
Other liabilities	3.9	270.4	144.3
Total liabilities		11,510.1	11,043.4
Total equity and liabilities		53,433.8	55,549.6

The notes on pages 31 to 74 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the years ended 31 December

	Notes	2022 in \$m	2021 in \$m
Net (loss) / gain on investments in subsidiaries and other investments	3.1	(5,171.2)	4,453.2
Dividend income	3.1	1,009.2	545.9
Finance income	3.10	430.6	687.3
Finance expenses	3.10	(230.9)	(232.6)
General and administrative expenses	3.11	(84.0)	(120.1)
Other expense	3.12	(424.6)	(206.8)
(Loss) / profit before income tax		(4,470.9)	5,126.9
Income tax expense	3.13	(1.4)	(1.6)
(Loss) / profit for the period		(4,472.3)	5,125.3
Attributable to owners of the parent		(3,019.6)	5,124.0
Non-controlling interests		(1,452.7)	1.3
Total comprehensive (loss) / income		(4,472.3)	5,125.3
Attributable to owners of the parent		(3,019.6)	5,124.0
Non-controlling interests		(1,452.7)	1.3

The notes on pages 31 to 74 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital in \$m	Share premium in \$m	Share-based payments reserve in \$m	Foreign currency translation reserve in \$m	Retained earnings in \$m	Equity – Group share in \$m	Non- controlling interests in \$m	Total equity in \$m
Balance as of 31 December 2020		10.1	11,092.5	478.9	(511.7)	11,773.5	22,843.2	-	22,843.2
Issue of share capital	3.5	0.2	41.2	-	-	-	41.4	-	41.4
Decrease in share capital and repayment of share premium	3.5	(0.0)	(183.1)	-	-	-	(183.1)	-	(183.1)
Share-based payment transactions	3.6	0.2	(31.5)	168.4	-	-	137.1	-	137.1
Change in scope of consolidation		-	-	-	-	-	-	16,533.2	16,533.2
Other comprehensive income for the period		-	-	-	(0.0)	-	(0.0)	-	(0.0)
Profit for the period		-	-	-	-	5,124.0	5,124.0	-	5,124.0
Total comprehensive income		-	-	-	(0.0)	5,124.0	5,124.0	-	5,124.0
Transactions with non-controlling interests	3.5	-	-	-	-	-	-	10.4	10.4
Balance as of 31 December 2021		10.5	10,919.1	647.3	(511.7)	16,897.5	27,962.5	16,543.7	44,506.2
Issue of share capital	3.5	0.2	559.7	-	-	-	559.9	-	559.9
Decrease in share capital and repayment of share premium	3.5	(0.3)	(1,002.6)	-	-	-	(1,002.9)	-	(1,002.9)
Share-based payment transactions	3.6	0.3	372.7	(14.4)	-	-	358.6	-	358.6
Other comprehensive income for the period		-	-	-	(0.0)	-	(0.0)	-	(0.0)
Loss for the period		-	-	-	-	(3,019.6)	(3,019.6)	-	(3,019.6)
Total comprehensive loss		-	-	-	(0.0)	(3,019.6)	(3,019.6)	-	(3,019.6)
Transactions with non-controlling interests	3.5	-	-	-	-	-	-	521.5	521.5
Balance as of 31 December 2022		10.6	10,848.9	632.9	(511.7)	13,877.9	24,858.5	17,065.2	41,923.7

The notes on pages 31 to 74 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the years ended 31 December

	Notes	2022 in \$m	2021 in \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before income tax		(4,470.9)	5,126.9
<i>Adjustments for:</i>			
Net loss / (gain) from change in fair value of investments	3.1	5,171.2	(4,453.2)
Finance (income) and expenses	3.10	(199.8)	(454.7)
Share-based payment (income) / expenses	3.6, 3.12	373.5	175.0
<i>Changes in other assets and liabilities from operating activities:</i>			
(Net increase)/decrease in loans	3.1, 3.2	(0.5)	39.9
(Net increase)/decrease in other assets	3.3	(12.4)	(10.1)
Net increase/(decrease) in other liabilities	3.9	15.1	30.8
(Payments) on acquisition of / proceeds from sale of investments	3.1	(2,940.6)	(497.2)
Interest and foreign exchange results		(2.2)	(62.4)
Income taxes paid and withholding taxes	3.14	(1.4)	(1.6)
Net cash (used in) operating activities		(2,068.0)	(102.1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution owners of the parent		413.5	13.8
Repayment of share premium to owners of the parent and cancellation of shares	3.5	(813.3)	(183.2)
Transactions with non-controlling interests		1,971.6	2.5
Proceeds from borrowings	3.7	1,425.4	1,086.0
Repayment of borrowings	3.7	(516.6)	(766.4)
Interest paid	3.10	(201.6)	(236.1)
Net foreign exchange results		(60.1)	-
Other	3.9	(1.6)	(35.3)
Net cash from / (used in) financing activities		2,217.3	(118.7)
Cash and cash equivalents at beginning of period	3.4	3,759.5	2,674.2
Net cash (used in) operating activities		(2,068.0)	(102.1)
Net cash from / (used in) financing activities		2,217.3	(118.7)
Effect of change in scope of consolidation		-	1,344.3
Effect of exchange rate fluctuations on cash and cash equivalents		(71.4)	(38.2)
Cash and cash equivalents at end of period		3,837.4	3,759.5

The notes on pages 31 to 74 are an integral part of these 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 (R.C.S. Luxembourg B 164.586). 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 31 December 2022, 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.

These consolidated financial statements as of 31 December 2022 comprise the Company and its subsidiaries.

The Group holds several strategic investments in controlled and non-controlled entities. As of 31 December 2022, the Group invested in the following significant subsidiaries and other investments:

- JAB Coffee & Beverages Holdings B.V., Netherlands
- Pret Panera III G.P., USA
- JAB Indulgence B.V., Netherlands
- Petcare Holding LP, USA
- JAB Pet Holdings Ltd., UK
- JAB Beauty B.V. (former Cottage Holdco B.V.), Netherlands
- JAB Luxury S.à r.l., Luxembourg
- JAB Ventures B.V., Netherlands
- JAB Pet Labs Ltd., United Kingdom

For changes in significant subsidiaries and other investments, please refer to note 2.3.

Notes to the Consolidated Financial Statements (continued)

2. Accounting policies

The Group has applied the accounting policies consistently to all periods presented in these consolidated financial statements. The most significant accounting policies applied are presented in this note and, where possible, as part of the relevant notes to which they specifically relate in order to improve the reader's understanding.

2.1. Basis of preparation

The consolidated financial statements were:

- prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS");
- prepared under the historical cost convention, except for the valuation of financial assets and financial liabilities (including derivative financial instruments) which are carried at fair value through profit or loss;
- prepared on a going concern basis;
- prepared presenting assets and liabilities in increasing order of liquidity since this presentation provides reliable and more relevant information compared to a current and non-current classification. The amounts expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

(a) no more than twelve months after the reporting period:

Assets

- Other loans, 2022: \$52.6m (2021: \$42.3m)
Please refer to the note 3.2;
- Other assets, 2022: \$34.7m (2021: \$18.1m)
Please refer to the note 3.3;
- Cash and cash equivalents, 2022: \$3,837.4m (2021: \$3,759.5m).

Liability

- Borrowings, 2022: \$684.7m (2021: \$592.7m)
Please refer to the note 3.7;
- Related party payable, 2022 \$1,044.2m (2021: \$1,087.3m)
Please refer to the note 3.8;
- Other liabilities, 2022 \$229.3m (2021: \$118.6m)
Please refer to the note 3.9;

(b) more than twelve months after the reporting period:

Assets

- In general, "Investments in subsidiaries" and "other investments" are recoverable in more than twelve months after the reporting period this being also due to the size of the individual "Investments in subsidiaries". Not within the aforementioned and due to the uncertainty of the exact timing of the closing of transactions, certain amounts maybe recoverable within the next twelve months after the reporting;
- Other assets, 2022: \$18.5m (2021: \$19.5m)
Please refer to the note 3.3;

Liability

- Borrowings, 2022: \$9,510.8m (2021: \$ 9,219.1m)
Please refer to the note 3.7;
- Other liabilities, 2022 \$41.1m (2021: \$25.7m)
Please refer to the note 3.9.

- presented in millions of US Dollar unless otherwise stated. Amounts are commercially rounded. Therefore, rounding differences may appear; and
- authorised for issue by the Managers on 6 March 2023.

Notes to the Consolidated Financial Statements (continued)

2.2. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Assessment as an investment entity

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

The judgement refers to the classification of JAB Holding Company S.à r.l. as an investment entity according to IFRS 10. The management has concluded that the entity meets the definition of an investment entity as the following essential elements exist:

- The Company obtained funds from investors for the purpose of providing directly or via subsidiaries - those investors with investment services;
- The obtained funds are solely invested for returns from capital appreciation, investment income, or both;
- The performance of substantially all of its investments is measured and evaluated on a fair value basis.

The management has also concluded that the Company meets the following typical characteristics of an investment entity:

- it has more than one investment;
- it has more than one investor;
- the investments are predominantly in the form of equity or similar interests and the Company has identified different potential strategies for different types of portfolios of investments, including potential substantive time frames for exiting its investments.

One typical characteristics of an investment entity is that the investors are not related parties. For the Group most investors are related parties. However, the management believes it is nevertheless an investment entity, because the majority of the investors is not actively involved in the investment process and it is ensured that there are no returns from investments that are other than capital appreciation or investment income. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changed.

Following the classification as an investment entity, management has made judgement with regard to the consolidation of the Group's subsidiaries. Only subsidiaries providing services that relate to the investment entity's investment activities are consolidated in accordance with IFRS 10.32. Management therefore assessed the functions and services provided by the subsidiaries and concluded on the scope of consolidation based on this assessment.

Fair value determinations

Other key assumptions and estimations relate to the fair value determination of the Group's investments and share-based payments. Management uses judgment in selecting appropriate valuation techniques. Reference is made to note 3.1.3 for investments.

In order to estimate expenses in connection with share-based payments (see note 3.6), adequate measurement methods have to be adopted and adequate parameters for those measurement methods have to be determined. Those parameters comprise expected life of options, volatility, dividend yield, risk-free interest rate and assumptions on time of exercise.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are either recognised in the period in which the estimate is revised only, or in the period of the revision and future periods, if the revision affects both current and future periods.

As the world started to recover from Covid-19, the geopolitical turmoil with the war between Russia and Ukraine accentuated the inflationary pressure inside the portfolio companies with rising input costs, major labour shortages upon reopening post pandemic. Governments and authorities worldwide, including the United States and the European Union, have imposed sanctions on Russia. These and any additional sanctions, as well as any potential responses that may be provided by the government of Russia or other jurisdictions, adversely affect business and may do so in the future. The impacts from crisis are considered in the fair value determination of fair value and adequately reflected through the sensitivity analysis.

As of the date of the signing of these consolidated financial statements there are no further material impacts from the above mentioned matter in the Group's business. Management is continuously monitoring the development of the conflict to assess any potential future impacts that may arise as a result of the ongoing crisis.

Notes to the Consolidated Financial Statements (continued)*Determination of functional currency*

In addition, significant judgement was applied in determining the Company's functional currency and the trigger for a change. The Company's conclusion that, effective from January 2021, 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

The Group's scope of consolidation changed as of 31 December 2021. Comparative information regarding consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement refers to the scope of consolidation before changes.

The Group's investment strategy includes an Investment Platform structure and the delivery of industry and sector specific investment related services through different platform entities. The primary reason for such structure is to strengthen the Group's focus and oversight on continued value creation on a platform-by-platform basis. The platform entities hold the Group's investments but do not themselves qualify as investment entities. The different platform entities are controlled by the Group and may have co-investors which hold non-controlling interests.

Before 31 December 2021, the following platform entities were accounted for as the Group's investments and measured at fair value in accordance with IFRS 10.31:

- JAB Coffee & Beverages B.V.
- Pret Panera Holdings B.V.
- Petcare G.P.
- JAB Pet Services B.V.

In 2021, the evolution and formalisation of the Investment Platform structure required management to re-assess the Group's scope of consolidation based on those entities' functions and services. It was concluded that their main purpose is to provide investors with platform-specific investment management services. Management considered the change in the platform entities' main purpose to be fully effective by 31 December 2021. Therefore, the scope of consolidation was changed and beginning with 31 December 2021 the platform entities have been consolidated in accordance with IFRS 10.32., whereas the platform entities' investments were accounted for as the Group's investment in a non-consolidated subsidiary.

As of 31 December 2021, the change in scope of consolidation led to the recognition of non-controlling interests in the amount of \$16,533.2m, attributable to JAB Consumer Partners SCA SICAR ("JCP" or "co-investor").

In 2022, the scope of consolidation did not change.

2.4. Preparation of the consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method. Net cash flows from operating activities are reconciled from profit before tax from continuing operations.

Changes in consolidated statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, contributions in kind and conversions of debt to equity have been eliminated for the purpose of preparing this statement.

Proceeds from sale of subsidiaries and other investments, payments on acquisition of subsidiaries and other investments, changes in loans and other assets, dividends, capital repayments from investees and interest received have been classified as cash flows from operating activities because the investment activities are the Group's principal activities.

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

Notes to the Consolidated Financial Statements (continued)

2.5. 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 2022:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

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

New standards, amendments and interpretations issued, but not effective for the year ended 31 December 2022 and not early adopted.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 17 (issued June 2020)
- Initial Application of IFRS 17 and IFRS 9—Comparative Information – Amendment to IFRS 17
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 “Classification of Liabilities as Current or Non-Current Amendments to IAS 1”
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

These amendments should be applied for annual periods beginning on or after 1 January 2023.

No impact is foreseen in the consolidated financial statements of the Company.

2.6. Foreign currency

Functional and presentation currency:

The consolidated financial statements are presented in US Dollar (\$), which is the Company's functional currency.

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.

Foreign currency translations:

The assets and liabilities are translated into the Group's presentation currency, the US Dollar, using exchange rates prevailing at the end of each reporting period. Income and expenses are translated using the average foreign exchange rate for the reporting period except for dividend income translated at the foreign exchange rate prevailing at the date of the transaction. Exchange differences arising, if any, are recognised in other comprehensive income and are accumulated in equity. At disposal of the foreign operation, foreign exchange differences are reclassified from other comprehensive income to profit or loss.

Foreign currency transactions:

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on translation of these transactions and monetary assets and liabilities are recognised in profit or loss.

Except for monetary financial assets and liabilities measured at fair value, foreign exchange gains and losses arising from translation of transactions and monetary assets and liabilities are presented in profit or loss for the period, under financial income or financial expense.

Notes to the Consolidated Financial Statements (continued)**2.7. Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally, purchases and sales are accounted for at the settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal or, in its absence, the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible for the Group.

The most reliable evidence of fair value is quoted prices in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Consolidated Financial Statements (continued)

3. Notes to the Accounts

3.1. Investments

3.1.1. Investments in subsidiaries

Accounting Policy

The Company qualifies as an investment entity in accordance with IFRS 10.27 and is required to apply the exception to consolidation and instead accounts for its investments in a subsidiary at fair value through profit or loss ("FVTPL").

Only subsidiaries providing services that relate to the Group's investment activities are consolidated in accordance with IFRS 10.32. Consequently, the consolidated financial statements of the Group include the financial statements of the Company and its controlled and consolidated subsidiaries, but not its subsidiaries that qualify as investments.

The Group focuses on investments in a number of different sectors. The Group does not have an explicit time horizon with regard to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

The following subsidiaries are consolidated in the Group's consolidated financial statements as of 31 December 2022:

Company	Registered	Economic ownership in % ¹	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l.	Luxembourg	99.9%	0.1%
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
Pret Panera Holdings B.V. ²	Netherlands	57.4%	42.6%
Petcare G.P. ³	USA	38.3%	61.7%
JAB Pet Services B.V. ⁴	Netherlands	39.3%	60.7%
JAB Coffee & Beverages B.V. ⁵	Netherlands	87.3%	12.7%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	100.0%	-

¹ Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held either by JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership.

² The Group holds 59.0% of the voting rights in Pret Panera Holdings B.V.

³ The Group controls Petcare G.P. by virtue of agreements with its co-investors.

⁴ The Group holds 100.0% of the voting rights in JAB Pet Services B.V.

⁵ The Group presents ownership in JAB Coffee & Beverages B.V. based on dividend entitlement.

Notes to the Consolidated Financial Statements (continued)

The following subsidiaries were consolidated in the Group's consolidated financial statements as of 31 December 2021:

Company	Registered	Economic ownership in % ⁶	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l.	Luxembourg	99.9%	0.1%
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
Pret Panera Holdings B.V. ⁷	Netherlands	57.4%	42.6%
Petcare G.P. ⁸	USA	36.1%	63.9%
JAB Pet Services B.V. ⁹	Netherlands	40.0%	60.0%
JAB Coffee & Beverages B.V. ¹⁰	Netherlands	85.6%	14.4%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	100.0%	-

Control is achieved when the Group has power over the consolidated entity, is exposed, or has rights, to variable returns from its involvement with a consolidated entity and has the ability to use its power to affect its returns. The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including the contractual arrangement with the other holders of voting rights of the entity, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

⁶ Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held by either JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership

⁷ The Group holds 59.0% of the voting rights in Pret Panera Holdings B.V.

⁸ The Group controls Petcare G.P. by virtue of agreements with its co-investors.

⁹ The Group holds 100.0% of the voting rights in JAB Pet Services B.V.

¹⁰ The Group holds 100% of the voting rights in JAB Coffee & Beverages B.V.

Notes to the Consolidated Financial Statements (continued)

As of 31 December 2022, the following non-consolidated subsidiaries qualify as investments in subsidiaries and are therefore measured at fair value:

<i>Company</i>	<i>Registered</i>	<i>Shareholding in %</i>
JAB Coffee & Beverages Holdings B.V.	Netherlands	100.0%
Pret Panera III G.P.	USA	86.3%
JAB Beauty B.V. (former Cottage Holdco B.V.)	Netherlands	100.0%
Petcare Holding LP	USA	98.2%
JAB Indulgence B.V.	Netherlands	100.0%
JAB Pet Holdings Ltd.	United Kingdom	99.4%
JAB Ventures B.V.	Netherlands	100.0%
JAB Luxury S.à r.l.	Luxembourg	100.0%
JAB Pet Labs Ltd.	United Kingdom	100.0%

As of 31 December 2021, the following non-consolidated subsidiaries qualified as investments in subsidiaries and were therefore measured at fair value:

<i>Company</i>	<i>Registered</i>	<i>Shareholding in %</i>
Acorn Holdings B.V.	Netherlands	99.57%
Pret Panera III G.P.	USA	86.3%
JAB Beauty B.V.	Netherlands	100.0%
Petcare Holding LP	USA	97.9%
JAB Indulgence B.V.	Netherlands	100.0%
JAB Pet Holdings Ltd.	United Kingdom	100.0%
JAB Ventures B.V.	Netherlands	100.0%
JAB Luxury S.à r.l.	Luxembourg	100.0%

The stated shareholdings reflect the portion of shares held by the Group together with its non-controlling interests in its non-consolidated investments in subsidiaries.

All acquisitions are measured at fair value at the time of acquisition or contribution. After initial measurement, all investments in non-consolidated subsidiaries are subsequently measured at FVTPL.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

Notes to the Consolidated Financial Statements (continued)

The following table gives an overview of material non-consolidated investments in subsidiaries at year-end, grouped at the level of our investment platforms, those being Coffee & Beverages, Fast Casual Restaurants, Indulgence, Petcare, Pet Insurance, Beauty & Luxury and Others:

Entity	Principal place of business	Proportion of ownership interest		Fair Value of ownership interest	
		2022 in %	2021 in %	2022 in \$m	2021 in \$m
JAB Coffee & Beverages Holdings B.V.	Netherland	100.0	-	19,856.1	-
Acorn Holdings B.V.	Netherlands	-	99.6	-	22,255.4
Coffee & Beverages				19,856.1	22,255.4
Pret Panera III G.P.	USA	86.3	86.3	9,081.4	8,761.2
Fast Casual Restaurants				9,081.4	8,761.2
JAB Indulgence B.V.	Netherlands	100.0	100.0	603.6	1,081.9
Indulgence				603.6	1,081.9
Petcare Holding LP	USA	98.2	97.9	13,674.2	14,357.6
Petcare				13,674.2	14,357.6
JAB Pet Holdings Ltd. ¹	UK	99.4	100.0	2,134.5	580.6
Pet Insurance				2,134.5	580.6
JAB Beauty B.V.	Netherlands	100.0	100.0	3,684.6	4,739.7
JAB Luxury S.à r.l.	Luxembourg	100.0	100.0	25.6	222.1
Beauty & Luxury				3,710.2	4,961.8
Other				59.3	(588.7)
Total				49,119.3	51,409.8

¹ As of 31 December 2022, the fair value of ownership interest in JAB Pet Holdings Ltd. also includes ownership in Pinnacle Pet Holdings Ltd. (\$0.5m, 2021: \$0m) and Independence Pet Holdings Inc. (\$0.1m, 2021: \$0m).

Notes to the Consolidated Financial Statements (continued)

A detailed reconciliation from the investments as of beginning of the period to the investments as of the end of period for both level II and level III investments:

	<i>Coffee & Beverages</i> in \$m	<i>Fast Casual Restaurants</i> in \$m	<i>Indulgence</i> in \$m	<i>Petcare</i> in \$m	<i>Pet Insurance</i> in \$m	<i>Beauty & Luxury</i> in \$m	<i>Other</i> in \$m	<i>Total</i> in \$m
Balance as of 31 December 2020	18,298.8	4,129.4	1,068.0	3,273.9	-	3,227.3	251.4	30,248.8
Additions / contributions	515.2	2.7	220.6	402.0	-	11.6	8.0	1,160.1
Disposals / distributions	(365.4)	-	(290.2)	-	-	-	(1.5)	(657.1)
Reclassification from other investments	-	-	-	-	-	-	128.4	128.4
Transfer	-	-	-	-	-	246.0	(246.0)	-
Change in fair value	(107.0)	901.2	83.5	1,792.6	-	1,476.9	104.2	4,251.4
Balance as of 31 December 2021 before change in scope of consolidation	18,341.6	5,033.3	1,081.9	5,468.5	-	4,961.8	244.5	35,131.6
Change in scope of consolidation	3,913.8	3,727.9	-	8,889.1	580.6	-	27.9	17,139.2
Intra-group investment elimination	-	-	-	-	-	-	(861.1)	(861.1)
Balance as of 31 December 2021	22,255.4	8,761.2	1,081.9	14,357.6	580.6	4,961.8	(588.7)	51,409.8
Additions / contributions	-	-	-	1,840.2	1,553.9	55.8	213.4	3,663.3
Disposals / distributions	(1,287.8)	-	-	-	-	(165.0)	(3.0)	(1,455.7)
Change in fair value	(1,111.6)	320.3	(478.4)	(2,523.5)	-	(1,142.4)	(116.1)	(5,051.7)
Intra-group investment elimination	-	-	-	-	-	-	553.7	553.7
Balance as of 31 December 2022	19,856.1	9,081.4	603.6	13,674.2	2,134.5	3,710.2	59.3	49,119.3

Notes to the Consolidated Financial Statements (continued)**Coffee & Beverages**

As of 31 December 2022, the Group is indirectly invested in Keurig Dr Pepper Group (KDP) and JDE Peet's (JDEP) through its investment in JAB Coffee & Beverages Holdings B.V., via its consolidated subsidiary JAB Coffee & Beverages B.V. which is held together with a non-controlling interest from JCP.

The investment in KDP and JDEP is held through an intermediate holding structure, which was reorganised in 2022. Before the reorganisation, the investment in KDP and JDEP was held through the 100% investment holding Acorn Holdings B.V., which was accounted for as the Group's investment.

In 2022, JAB Coffee & Beverages B.V. incorporated a new 100% intermediate holding subsidiary JAB Coffee & Beverages Holdings B.V., which then incorporated a new 100% intermediate holding subsidiary JAB Coffee & Beverages Holdings 2 B.V. Consequently, Acorn Holdings B.V. was transferred to JAB Coffee & Beverages Holdings 2 B.V.

Therefore, after the reorganisation the investment in KDP and JDEP is held through that newly established intermediate holding structure with JAB Coffee & Beverages Holdings B.V. accounted for as the Group's investment.

During 2022, the Group decreased its investment in Coffee & Beverages by way of a distribution in kind of \$1,287.8m.

During 2021 the Group increased its investment in Coffee & Beverages by way of a \$37.6m purchase of JDEP shares and through a \$499.1m capital contribution to JAB Coffee & Beverages B.V. It decreased its investment in Coffee & Beverages by an amount of \$365.4m through the disposal of shares in JDEP.

Fast Casual Restaurants

As of 31 December 2022, the Group is indirectly invested in Pret A Manger, Panera Brands and Espresso House through its investment in Pret Panera III G.P., via its consolidated subsidiary Pret Panera Holdings B.V. which is held together with a non-controlling interest from JCP.

In 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 Pret Panera Holdings B.V., which is invested solely and directly in Pret Panera III G.P. as of 31 December 2021.

In 2021, loans granted to Pret Panera in the amount of \$2.7m were converted to equity and increased the Group's investment.

Indulgence

As of 31 December 2022, the Group is indirectly invested in Krispy Kreme through JAB Indulgence B.V., which is accounted for as the Group's investment.

In 2022, an investment of the Group subscribed for shares in JAB Indulgence in the amount of \$163.7m. The shares were subsequently transferred to the Group increasing the investment in JAB Indulgence by \$163.7m. The transfer is included in the line "change in fair value".

During 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. The Group increased its investment by \$220.6 through capital contributions to KK G.P. (\$67.7m) and acquisition of further shares in Krispy Kreme Inc. (\$152.9m). Additionally, the Group made capital distributions of \$290.2m.

Petcare

As of 31 December 2022, the Group is indirectly invested in National Veterinary Associates Group (NVA) through its investment in holding company Petcare Holdings LP, via its consolidated subsidiary Petcare G.P. which is held together with a non-controlling interest from JCP. Petcare Holdings LP is accounted for as the Group's investment.

In 2022, the Group increased its investment in Petcare by \$1,840.2m.

Pet Insurance

The Group is indirectly invested in Independence Pet Group and Pinnacle Pet Group through holding company JAB Pet Holdings Ltd, which is accounted for as the Group's investment.

In 2022, the Group increased its investment in Pet Insurance by \$1,553.9m.

Notes to the Consolidated Financial Statements (continued)

Beauty & Luxury

The Group is indirectly invested in Coty Inc. through JAB Beauty B.V. and indirectly invested in Bally through JAB Luxury S.à r.l. being the Group's investments. As of 31 December 2022, JAB Beauty B.V. holds 53.3% (453,853,684 shares) in Coty Inc. (2021: 54.1% 453,853,684 shares).

In 2022, the Group increased its investment by \$55.8m in JAB Luxury S.à r.l. and received capital repayments of \$165.0m from JAB Beauty B.V.

Other

As of 31 December 2022, the Group is directly and indirectly invested in several other non-consolidated investments in subsidiaries which are grouped into Other.

In September 2022, the Group acquired an investment in JAB Pet Labs Ltd. in the amount of \$89.6m.

In 2022, the Group received \$3.0m of distributions.

As of 31 December 2022, the intra-group investment elimination was \$307.4m unallocated to a single platform (2021: \$861.1m).

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

	<i>Net gain/(loss) on non-consolidated investments in subsidiaries at FVTPL</i>		<i>Dividend income from non-consolidated investments in subsidiaries at FVTPL</i>		<i>Total net income from non-consolidated investments in subsidiaries at FVTPL</i>	
	2022	2021	2022	2021	2022	2021
	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m
Coffee & Beverages	(1,111.6)	(107.0)	699.3	282.8	(412.3)	175.8
Fast Casual Restaurants	320.3	901.2	-	-	320.3	901.2
Indulgence	(642.1)	83.5	-	227.5	(642.1)	311.0
Petcare	(2,523.5)	1,792.6	151.3	30.1	(2,372.2)	1,822.7
Beauty & Luxury	(1,142.4)	1,476.9	105.2	-	(1,037.2)	1,476.9
Others	(116.1)	104.2	50.6	-	(65.5)	104.2
Total	(5,215.4)	4,251.4	1,006.4	540.4	(4,209.0)	4,791.8

Notes to the Consolidated Financial Statements (continued)

3.1.2. Other Investments**Accounting Policy**

Other investments are initially measured at fair value. The Group measures its non-derivative financial assets subsequently at FVTPL or at amortised cost, based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Corporate Debt Securities:

Corporate debt securities are those that are managed with their performance evaluated on a fair value basis. Those investments are initially recognised at fair value with changes being recognised in profit or loss. Attributable transaction costs are expensed in profit or loss as incurred.

Associates:

An associate is an entity over which the Group has significant influence, but no control over the financial and operating policy decisions of the investee. Investments in associates are measured at FVTPL.

Derivative financial instruments:

Derivatives are initially recognised at fair value at the transaction date and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In the year ended 31 December 2022, the Group did not designate derivatives as hedging instruments and therefore did not apply hedge accounting.

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

	2022		2021	
	<i>Short-term</i>	<i>Long-term</i>	<i>Short-term</i>	<i>Long-term</i>
	in \$m	in \$m	in \$m	in \$m
<i>Balance at 31 December</i>				
Corporate debt securities	-	274.0	-	213.8
Others	-	97.3	-	86.6
Total	-	371.3	-	300.4

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 \$276.2m plus \$5.3m of coupon dividends.

The fair value of the vested warrants of \$274.0m as of 31 December 2022 (2021: \$213.8m) 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 31 December 2022.

As of 31 December 2021, the other investment in The Brandtech Group LLC (former You&Mr.Jones LLC) was transferred from JAB Holdings B.V. to JAB Ventures B.V., JAB Ventures B.V. being now the investment, please refer to table here after.

Notes to the Consolidated Financial Statements (continued)

The movements in other investments can be detailed as follows:

	<i>Corporate debt securities</i> in \$m	<i>Associates</i> in \$m	<i>Others</i> in \$m	<i>Total</i> in \$m
Balance as of 31 December 2020	-	128.4	3.8	132.2
Additions	270.7	-	101.1	371.8
Disposals	(276.2)		(34.0)	(310.2)
Reclassification to investments in subsidiaries	-	(128.4)	-	(128.4)
Change in fair value	219.3		15.7	235.0
Balance as of 31 December 2021	213.8	-	86.6	300.4
Additions	-	-	30.5	30.5
Change in fair value	60.2	-	(84.9)	(24.7)
Balance as of 31 December 2022	274.0	-	32.2	306.2
thereof other investments	274.0	-	97.3	371.3
thereof other liabilities from derivatives	-	-	(65.1)	(65.1)

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

	<i>Net gain/(loss) on Other Investments</i>		<i>Dividend Income from Other Investments</i>		<i>Total net Income from Other Investments</i>	
	2022 in \$m	2021 in \$m	2022 in \$m	2021 in \$m	2022 in \$m	2021 in \$m
<i>Corporate debt securities</i>						
Panera Brands, Inc.	60.2	219.3	-	5.3	60.2	224.6
<i>Others</i>						
Others	(84.9)	15.7	2.8	0.2	(82.1)	15.9
Total	(24.7)	235.0	2.8	5.5	(21.9)	240.5

Notes to the Consolidated Financial Statements (continued)

3.1.3. Investment in subsidiaries valuation

For information on the fair value hierarchy applied by the Group, please 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 31 December 2022, the Group's assets in this category include other investments (2021: other investments).

Level 2

The fair value of financial assets in this category is based on valuation techniques maximising the use of observable market data. As of 31 December 2022 and 31 December 2021, the Group's assets in this category include JAB Beauty B.V. which directly holds an underlying investments in the public listed companies Coty Inc. with little or no other assets or liabilities for which no observable market data is available and other investments.

Level 3

The fair value of financial assets in this category is based on different unobservable inputs and observable inputs. As of 31 December 2022, the Group's assets in this category include investments in JAB Coffee & Beverages Holdings B.V., Pret Panera III G.P., JAB Indulgence B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l. and JAB Ventures B.V. (2021: Acorn Holdings B.V., Pret Panera III G.P., JAB Indulgence B.V., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l. and JAB Ventures B.V.), none of which are directly quoted in an active market. Unobservable inputs include NTM results, peer multiples, discounted cash flows ("intrinsic values") and other observable inputs include JDE Peet's and KDP share price within JAB Coffee & Beverages Holdings 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 investments 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 reporting date.

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 multiples 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 other financial characteristics (e.g. market capitalization, EBITDA margin levels, market leadership, recession resilience, etc).

The multiples selected are the median of the comparable publicly listed companies and are applied to the figures of the

Notes to the Consolidated Financial Statements (continued)

underlying investments as of December 2022 and December 2021. In addition, adjustments between the enterprise value and the equity value are made for financial debt, and, where relevant, for non-controlling interest and financial assets.

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

- The formula of weighted average multiples which include the selected ratios for: price earnings ("P/E"), EV/EBITDA and EV/Sales;
- The multiples of comparable public companies in the peer group based on industry, size, leverage and strategy;
- The selection of forward looking (NTM) or historical market multiples (LTM) for selected peers; 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, other macroeconomic events). In the event of the occurrence of a triggering event, such event has been and will be disclosed.

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

Company	Fair value		Valuation technique	Input	Range	
	31 Dec. 2022	31 Dec. 2021			31 Dec. 2022	31 Dec. 2021
Investments in subsidiaries	45,434.7	46,670.1	Publicly listed	Quotes share price	N/A	N/A
			Transaction price	Price of a recent transaction	N/A	N/A
			Comparable companies	EBITDA multiples	9.9 – 18.2	8.2 – 24.8
			Comparable companies	Sales multiples	1.1 – 4.3	1.3 – 4.8
			Comparable companies	P/E multiples	16.8 – 29.4	17.8 – 40.0
			Precedent transactions	EBITDA	23.5	-

All comparable companies' multiples used within the Level 3 fair value measurement of investments in subsidiaries are based on NTM, except for Precedent transactions which was calculated based on LTM/NTM average.

Underlying investments valued based on a market approach using comparable companies multiples technique are valued using NTM multiples (Pret Panera III G.P. and JAB Luxury S.à r.l.; 2021: Pret Panera III G.P., Petcare Holding LP and JAB Luxury S.à r.l.).

As of 31 December 2022, NVA Holdings LP, an investment held through Petcare Holding LP, is valued using a weighted average methodology of three approaches: market approach using NTM multiples, precedent transactions and intrinsic value. The Group assigned a minority weighting of 20% of the overall valuation based to precedent transactions and 20% of the overall valuation based on intrinsic value of the underlying company. The Group believes adding these valuation approaches leads to a better outcome in determining fair value.

Notes to the Consolidated Financial Statements (continued)

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	31 December 2022					31 December 2021		
	Multiples		Precedent transactions		Intrinsic value	Multiples		
	EV/EBITDA	P/E	EV/Sales	EV/EBITDA		EV/EBITDA	P/E	EV/Sales
Petcare	24%	24%	12%	20%	20%	50%	50%	-
Pret Panera	40%	40%	20%	-	-	40%	40%	20%
JAB Luxury	20%	20%	60%	-	-	20%	20%	60%

For the Group's investment in Pet Insurance and Pet Labs, as of 31 December 2022, management assessed the original capital deployed to be the best estimate of fair value.

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 inputs (including discount rates and terminal growth rates) for determination of intrinsic value. The estimated fair value would increase (decrease) if the adjusted market multiples, intrinsic value or precedent transaction prices were higher (lower). A sensitivity of 10% was applied to the market multiples and transaction prices. A sensitivity of +/- 0.5% for the discount rate and +/- 0.25% for the terminal growth rate was applied to the inputs used for determining intrinsic value. The impacts of those sensitivities to the fair value estimate would be as follows:

Company	31 December 2022		31 December 2021	
	Increase in \$m	Decrease in \$m	Increase in \$m	Decrease in \$m
Petcare	1,529.5	(1,529.5)	1,836.5	(1,836.5)
Pret Panera	1,143.2	(1,143.2)	1,109.6	(1,109.6)
Pet Insurance	212.5	(212.5)	58.1	(58.1)
JAB Luxury	26.8	(26.8)	33.0	(33.0)
	2,912.0	(2,912.0)	3,037.2	(3,037.2)

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 4.8.

3.1.4. Loans to investments

Accounting Policy

In accordance with IFRS 9, the Group classifies its loans to investments as subsequently measured at amortised cost based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Loans to investments are classified as measured at amortised cost in accordance with IFRS 9, which includes the requirement to calculate expected credit losses ("ECLs") on initial recognition. These assets are recognised initially at fair value plus any directly attributable transaction costs. Any ECLs are recognised directly in profit or loss, with any subsequent reversals recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

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

	<i>Fast Casual Restaurants</i>	<i>Total</i>
	in \$m	in \$m
Balance as of 31 December 2020	117.1	117.1
New loans issued	25.1	25.1
Loans repaid	(70.8)	(70.8)
Contribution to investment's equity	(2.7)	(2.7)
Conversion to preferred shares	(69.3)	(69.3)
Translation differences	0.6	0.6
Balance as of 31 December 2021 and 31 December 2022	-	-

Any loans to the Group's investments do not represent a separate substantial business activity or a separate substantial source of income of the Group and its subsidiaries such loans being solely undertaken to maximise the investment return from these investments.

3.2. Other loans

Accounting Policy

For the accounting policy related to other loans, please refer to note 3.1.4 Loans to Investments.

	2022	2021
	in \$m	in \$m
<i>Balance at 31 December</i>		
JAB Management	49.6	42.2
Others	3.0	0.1
Total	52.6	42.3
Current	52.6	42.3

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.

Notes to the Consolidated Financial Statements (continued)

3.3. Other assets

	2022	2021
	in \$m	in \$m
<i>Balance at 31 December</i>		
Receivables from shareholders	15.0	14.5
Prepayments	3.8	5.8
Accrued interest	1.5	0.1
Foreign exchange contracts	7.4	-
Other	25.5	17.2
Total	53.2	37.6
Current	34.7	18.1
Non-current	18.5	19.5

Receivables from shareholders mainly relate to current payments with shareholders other than Joh. A. Benckiser B.V.

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

Accounting Policy

Cash and cash equivalents include cash on hand and deposits held at call with banks including notional cash pool deposits, other short-term investments traded in an active market with original maturities of three months or less, and money market funds. Deposits at call with banks including notional cash pool deposits can be withdrawn within three months or less with an insignificant risk of changes in fair value and are therefore considered highly liquid financial instruments.

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

As of 31 December 2022, cash and cash equivalents (\$3,837.4m; 2021: \$3,759.5) include cash on hand (\$435.4m; 2021: \$276.2m) and cash equivalents with a maturity of less than 3 months or with short-term liquidity (\$3,402.0m; 2021: \$3,483.3m).

The Company and certain subsidiaries have set up a multi-currency notional cash pool arrangement with a financial institution in the Netherlands to manage its global liquidity. Under the arrangement cash deposits in the notional cash pool can be withdrawn within 3 months or less to meet short term liquidity needs.

Notes to the Consolidated Financial Statements (continued)

3.5 Equity

Share capital and share premium

At year-end issued capital comprises of the following numbers of shares

	31 December 2022		31 December 2021	
	Number by classification	Nominal value	Number by classification	Nominal value
	Equity	In \$m	Equity	In \$m
Ordinary Class A shares	8,633,945	8.6	8,633,945	8.6
Ordinary Class B shares	838,638	0.8	782,534	0.8
Special Class S shares	1,216,057	1.0	1,157,298	0.9
Class PI shares	135,119	0.1	103,533	0.1
Issued share capital	10,823,759	10.6	10,677,310	10.5

10,433,759 shares have a nominal value of \$1.0 and 390,000 shares have a nominal value of \$0.5.

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
	In \$	In \$	In \$	In \$	In \$
Balance as of 31 December 2020	8,763,050	814,413	496,473	-	10,073,936
Shares issued for cash	-	10,063	214,176	-	224,239
Share-based payments	-	23,953	58,649	103,533	186,135
Redesignation share class	(128,105)	(65,895)	193,000	-	(1,000)
Cancellation of shares	(1,000)	-	-	-	(1,000)
Balance as of 31 December 2021	8,633,945	782,534	962,298	103,533	10,482,310
Shares issued for cash	-	70,345	114,021	31,586	215,952
Decrease in share capital	-	(40,957)	(282,160)	-	(323,117)
Share-based payments	-	26,716	226,898	-	253,614
Balance as of 31 December 2022	8,633,945	838,638	1,021,057	135,119	10,628,759

Decrease in share capital includes conversions and redesignation of shares between the share classes.

Shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account.

Share-based payments reserve is transferred to share premium on expiry or exercise of options or on vesting or forfeiture of other share-based payment transactions.

Share-based payments reserve

Please 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.

Notes to the Consolidated Financial Statements (continued)

Retained earnings

In 2022 and 2021, no dividend was paid to the equity shareholders.

In respect of the current year, the Managers propose no dividend and to carry forward the retained earnings. This proposal is subject to approval by shareholders at the annual general meeting.

Non-controlling interests

Non-controlling interests (NCI) represent that part of the net results and net assets of a subsidiary that is attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Group.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The movements in non-controlling interests were as follows:

	<i>Non-controlling interests</i> in \$m
Balance as of 31 December 2020	-
Share issue to NCI	2.5
Share-based payment transactions	6.6
Profit for the period	1.3
Change in scope of consolidation	16,533.2
Balance as of 31 December 2021	16,543.7
Share-based payment transactions	7.4
Transactions with non-controlling interests	1,966.8
(Loss) for the period	(1,452.7)
Balance as of 31 December 2022	17,065.2

NCI in the amount of \$17,048.1m (2021: \$16,533.2m) are attributable to JAB Consumer Partners SCA SICAR. Further, minor non-controlling interests are attributable to share-based payment transactions and management participation plans.

JCP has been established on 22 July 2013 to invest alongside JAB Holding Company S.à r.l. as a co-investor in the Group's investments in subsidiaries. JCP is a regulated investment company in risk capital (société d'investissement en capital à risque) with multiple compartments organized under the laws of the Grand Duchy of Luxembourg, each compartment having a limited life. Based on JCP's Private placement memorandum, being the legal binding document between JCP and its investors, JCP, through its Alternative Investment Fund Management company ("AIFM") called JAB Consumer Fund Management S.à r.l. ("JCFM") may request in case of occurrence of predetermined events and conditions an IPO or a sale of certain investments in subsidiaries, the Group itself being a potential buyer, without though having a formal obligation leading to a future cash out-flow.

Due to the change in the scope of consolidation (please refer to note 2.3) and effective 31 December 2021 the Group recognised NCI in the amount of \$16,533.2m for the shares held by JCP in the Platform entities.

In 2022, the net assets attributed to non-controlling interest in JAB Coffee & Beverages B.V. in the amount of \$2,611.9m (2021: \$2,852.3m) mainly comprise of investments in subsidiaries.

In 2022, the net assets attributed to non-controlling interest in Pret Panera Holdings B.V. in the amount of \$3,850.8m (2021: \$3,724.0m) mainly comprise of investments in subsidiaries.

In 2022, the net assets attributed to non-controlling interest in Petcare G.P. in the amount of \$8,695.3m (2021: \$9,282.0m) mainly comprise of investments in subsidiaries.

In 2022, the net assets attributed to non-controlling interest in JAB Pet Services B.V. in the amount of \$1,890.1m (2021: \$675.0m) mainly comprise of investments in subsidiaries.

Notes to the Consolidated Financial Statements (continued)

3.6. Share-Based Payments**Accounting Policy**

Share-based payment transactions are recognised over the period in which the performance and/or service conditions are fulfilled. Equity-settled transactions are recognised in the share-based payment reserve in equity, while cash-settled transactions are recognised as a liability, including transactions with instruments that contain put features.

The cumulative expense recognised for share-based payment transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of instruments that will ultimately vest. Equity-settled transactions are measured at the grant date fair value of the equity instruments granted. The impact of the revision of the estimates, if any, as well as the impact of the actual number of forfeitures, cancellations, modifications and early vestings are recognised in profit or loss with a corresponding adjustment to equity at each reporting date.

For cash-settled transactions, the liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss.

The Group operates different types of share-based compensation agreements with the members of the Investment Committee as well as with members of its management team and other employees.

Those arrangements include share grant agreements, share option schemes and loan funded share purchases. While the arrangements are basically settled in the Company's shares, there are minor individual agreements, which are based on shares in other Group entities.

Further, the members of the Investment Committee (see note 3.14) as well as members of its management team and other employees of the Company and its affiliates were given the opportunity to acquire shares in the Company at fair value.

Share grant agreements

The Group operates various types of share grant agreements. The entitlement to the share grants is awarded conditionally, subject to fulfilment of service conditions between the grant date and the vesting date. The share grants have graded vesting or cliff vesting features and typically vest over a service period of 5 years.

The fair value of share grants is the share price at grant date. In 2022, 7,456 share grants (2021: 25,356) were awarded. The share grants are funded by newly issued shares at the time of grant subject to clawback. The impact of service conditions is not included in the fair value measurement of the grant. It is expected that all service conditions are fully met.

The following table illustrates the number and weighted average exercise prices of, and movements in, share awards based on the Company's shares during the year.

	<i>Number of share awards</i>	<i>Weighted average grant date fair value</i>	<i>Number of share awards</i>	<i>Weighted average grant date fair value</i>
	2022	2022 in \$	2021	2021 in \$
Balance of unvested share awards at beginning of year	23,544		3,006	
Granted during the year	7,456	\$2,619	25,356	\$2,090
Forfeited during the year	547		-	
Lapsed during the year	-		-	
Vested during the year	6,589		4,818	
Balance of unvested share awards at end of year	23,864		23,544	

Because the investment agreements concern different classes of shares the table was calculated on an adjusted basis as if all share grants comprise of the Company's ordinary Class B shares. Awards including discounts for share purchases were converted to the discount's fair value equivalent in Ordinary Class B shares.

Notes to the Consolidated Financial Statements (continued)

The expense recognised arising from share grant agreements during the period was \$23.3m (2021: \$25.1m).

As of 31 December 2022, the unrecognised expense related to share grant agreements amounts to \$29.0m (2021: \$32.9m). That expense is expected to be realised over a weighted average period of 4 years (2021: 4 years).

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.

Share option schemes include special shares with appreciation rights which have comparable economic effects to options. Those special shares are included in the following disclosures on an option equivalent basis.

The intrinsic value of an option is determined by the amount, if any, by which the share price at the exercise date exceeded the strike price.

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 year was \$1,074 (2021: \$847).

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

	<i>Grant date measurement</i>	<i>Grant date measurement</i>
	2022	2021
Dividend yield	0.7%	0.7%
Expected volatility	35.0%	35.0%
Risk-free interest rate	2.694%	0.7%
Expected life of options	7.4 years	7.5 years
Exercise price (USD)	\$2,739	\$2,336
Average share price (USD)	\$2,739	\$2,336

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.

Notes to the Consolidated Financial Statements (continued)

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the year:

	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>
	2022	2022 in \$	2021	2021 in \$
Balance at beginning of year (outstanding)	1,486,905	2,036	974,470	1,902
Granted during the year	415,842	2,739	512,435	2,336
Forfeited during the year	(20,614)	2,013	-	-
Lapsed during the year	(363,377)	1,804	-	-
Exercised during the year	(249,731)	1,697	-	-
Expired during the year	-	-	-	-
Balance at end of year (outstanding)	1,269,025	2,402	1,486,905	2,036
Vested and exercisable at end of year	-	-	315,045	1,618

The intrinsic value of vested options is \$324.4m as of 31 December 2021. As of 31 December 2022, no options are vested.

The weighted-average share price at the date of exercise for share options exercised in 2022 was \$2,730. In 2021, no options were exercised.

The range of exercise prices for options outstanding at the end of the year was \$1,616 to \$2,759 (2021: \$1,616 to \$2,521) and these outstanding options have a weighted-average remaining contractual life of 6 years (2021: 5 years).

The expense recognised arising from share option schemes during the period was \$248.7m (2021: \$106.5m).

Loan funded share purchase agreements

The Group offers its management the opportunity to participate in share purchase plans funded by limited-recourse loans. Those agreements are classified as a share purchase under IFRS 9 and the outstanding loan is recognised as a financial asset if the investor carries all reasonable losses from the agreement. Otherwise, the agreements are classified as equity-settled option-plans under IFRS 2 and the loan is not recognised as a financial asset. The classification is made on a case-by-case basis.

In 2022, no loan funded shares purchases under IFRS 9 (2021: 12,284) were realised. As of 31 December 2022, the outstanding loans (including interest) for the funding of those share purchases amount to \$0.1m (2021: \$42.2m).

In 2022, no loan funded share purchases under IFRS 2 (2021: 12,125 shares) were realised. As of 31 December 2022, the purchase of 27,645 shares (2021: 27,645) funded by limited-recourse loans in the amount of \$58.1m was accounted for as an equity-settled option plan. The fair value of those agreements is estimated using the Black-Scholes option-pricing model. The expected life of the underlying loans and the vesting period was estimated at five years. The expense recognised arising during the period was \$1.5m (2021: \$1.8m).

Other share-based payments

In 2022, the expense recognised for equity-settled share-based payment agreements with other Group entities was \$7.4m (2021: \$6.7m) and the expense for cash-settled share-based payments with other Group entities was \$7.8m (2021: \$0m).

In 2022, loan funded shares purchases under IFRS 9 with other Group entities in the amount of 610,000 shares were realised. As of 31 December 2022, the outstanding loans (including interest) for the funding of those share purchases amount to \$49.5m (2021: \$0m).

In 2020, a member of the management was granted shares in the Company by other shareholders. In 2021, share-option schemes were granted to a member of the management by other shareholders. The Group accounts for those awards as an equity-settled share-based payment transaction in share-based payments reserves in equity and recognises the expense over the vesting period.

The expense recognised for the period arising from those share-based payments during the period was \$84.9m (2021: \$50.6m).

Notes to the Consolidated Financial Statements (continued)

3.7 Borrowings

Accounting Policy

After initial recognition at fair value, net of transactions costs incurred, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

	<i>Notes</i>	<i>Bank Loans</i>	<i>Total</i>
	In \$m	In \$m	In \$m
Balance as of 31 December 2020	10,274.3	-	10,274.3
Proceeds from issuance of bonds	1,075.0	-	1,075.0
Repayments	(766.4)	-	(766.4)
Amortisation of disagio and fees	9.1	-	9.1
Translation differences	(780.3)	-	(780.3)
Balance as of 31 December 2021	9,811.8	-	9,811.8
Proceeds from issuance of bonds	1,008.3	-	1,008.3
Additions	-	405.8	405.8
Repayments	(521.6)	-	(521.6)
Amortisation of disagio and fees	11.4	0.3	11.7
Translation differences	(548.3)	27.8	(520.5)
Balance as of 31 December 2022	9,761.6	433.9	10,195.5
Current	684.7	-	684.7
Non-current	9,076.9	433.9	9,510.8

Notes to the Consolidated Financial Statements (continued)

Overview of borrowings

Note	Issued	Due	Original Principal	Remaining Principal	Coupon	Carrying Value 2022	Carrying Value 2021	Fair Value 31 Dec. 2022
			in m	in m		in \$m	in \$m	in \$m
Eurobond 2025	Apr. 2015	Apr. 2025	€ 600.0	€ 600.0	1.625%	636.8	675.2	607.8
Eurobond 2022	Sep. 2015	Sep. 2022	€ 750.0	-	2.125%	-	592.7	-
Eurobond 2023	May 2016	May 2023	€ 750.0	€ 642.0	1.750%	684.7	726.5	682.3
Eurobond 2024	May 2017	May 2024	€ 750.0	€ 664.5	1.250%	707.0	749.4	684.5
Eurobond 2028	May 2017	May 2028	€ 750.0	€ 750.0	2.000%	792.8	841.0	712.2
Eurobond 2026	June 2018	June 2026	€ 750.0	€ 750.0	1.750%	794.7	842.7	742.9
Eurobond 2029	June 2018	June 2029	€ 750.0	€ 750.0	2.500%	796.1	845.1	712.2
Eurobond 2027	Dec. 2019	Dec. 2027	€ 750.0	€ 750.0	1.000%	791.4	839.2	686.9
Eurobond 2039	Dec. 2019	Dec. 2039	€ 750.0	€ 750.0	2.250%	784.6	833.3	539.1
Eurobond 2039	Jan. 2020	Dec. 2039	€ 175.0	€ 175.0	2.000%	191.9	203.8	118.8
Eurobond 2027	Apr. 2020	Apr. 2027	€ 500.0	€ 500.0	2.500%	528.8	560.6	502.0
Eurobond 2035	Apr. 2020	Apr. 2035	€ 500.0	€ 500.0	3.375%	525.3	557.6	447.6
Senior Note 2030	Nov. 2020	Nov. 2030	\$500.0	\$500.0	2.200%	495.4	494.8	371.0
Senior Note 2051	May 2021	May 2051	\$500.0	\$500.0	3.750%	491.1	490.8	294.7
Eurobond 2031	July 2021	July 2031	€ 500.0	€ 500.0	1.000%	526.6	559.1	403.0
Senior Note 2052	April 2022	April 2052	\$ 500.0	\$ 500.0	4.500%	484.8	-	349.7
Eurobond 2032	June 2022	June 2032	€ 500.0	€ 500.0	4.750%	529.6	-	535.5
Bonds						9,761.6	9,811.8	8,390.2
Bank loan JPY	Oct. 2022	Oct. 2024	¥29,385	¥29,385		221.1	-	-
Bank loan EUR	Nov. 2022	Nov. 2024	€ 100.0	€ 100.0		106.1	-	-
Bank loan EUR	Dec. 2022	Dec. 2024	€ 100.0	€ 100.0		106.7	-	-
Bank loans						433.9	-	-

Notes to the Consolidated Financial Statements (continued)

Note	Repaid notes and additional issuances
Senior Note 2051	In May 2021, the Group issued long-term notes in the aggregate principal amount of \$500.0m at an interest rate of 3.75% p.a. The notes are a private placement in the US market.
Eurobond 2031	In July 2021, JAB Group issued long-term notes in the aggregate principal amount of €500.0m (\$599.1m).
Senior Note 2052	In April 2022, the Group issued a sustainability-linked note with a nominal value of \$500.0m at an interest rate of 4.5%. When issuing the note, the Group committed to meet certain sustainability targets between 2025 and 2030. These targets relate to the reduction of Scope 1 and 2 GHG emissions, to a minimum percentage of Portfolio Companies to set SBTi-approved targets and to a minimum representation of biological or self-identified women in non-executive board positions in the portfolio companies. The coupon rate would be raised by up to 0.25% (commencing in October 2031) per annum depending on the number of targets missed. The accounting (effective interest) is based on the assumptions that the targets will be met.
Euronote 2032	In June 2022, the Group issued a sustainability-linked note with a nominal value of €500m at an interest rate of 4.75%. When issuing the note, the Group committed to meet certain sustainability targets between 2025 and 2030. These targets relate to the reduction of Scope 1 and Scope 2 GHG emissions and to a minimum percentage of Portfolio Companies to set SBTi-approved targets. The coupon rate would be raised by up to 0.1% (commencing in June 2026) and up to 0.85% (commencing in June 2031) per annum depending on the number of targets missed. The accounting (effective interest) is based on the assumptions that the targets will be met.
Eurobond 2022	In September 2022, the Group repaid notes with a remaining principal amount of €524.0m.

The Eurobonds (except for Eurobond 2039 issued in 2020) are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange. Senior Notes are private placement in the US market.

The Group has access to a €3.1 billion undrawn credit facilities totalling \$3.3 billion (2021: \$3.4 billion). As of 31 December 2022 and 31 December 2021, the Group had no outstanding under its credit facilities.

Interest rates for fixed rate financial liabilities range from 1.0% to 4.75% p.a. (2021: 1.0% to 3.75% p.a.). As of 31 December 2022, the floating rate financial liabilities were based on Euribor or Libor plus a margin of 0.85% to 1.0%. As of 31 December 2021, the Group had no floating rate financial liabilities.

3.8. Related party payables

JAB Coffee & Beverages B.V. has a short-term intra-company loan outstanding of \$1,044.2m to an intermediate holding entity within the same investment platform structure as JAB Coffee & Beverages B.V. For the Group, this position is treated as a related party payable (2021: short-term intra-company loan from JAB Ventures B.V. in the amount of \$1,087.3m).

3.9. Other liabilities

Accounting Policy

Trade and other payables

Trade and other payables include liabilities for goods and services. After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

Notes to the Consolidated Financial Statements (continued)

	31 December 2022	31 December 2021
	in \$m	in \$m
Accrued interest and other bank fees	99.4	89.9
Other investments	65.1	-
Foreign exchange contracts	33.0	-
Cash-settled share-based payments	26.9	18.8
Lease liability	7.6	9.7
Trade and other payables	38.4	25.9
Total	270.4	144.3
Current	229.3	118.6
Non-current	41.1	25.7

The liability from foreign exchange contracts relates to the derivative's fair value. Hedge accounting is not applied.

3.10. Finance income and expenses

Finance income can be detailed as follows:

	2022	2021
	in \$m	in \$m
Interest income	10.4	7.6
Net foreign exchange gain	419.7	679.7
Other	0.5	-
Total	430.6	687.3

In 2022 and 2021, foreign exchange gains mainly result from the translation of borrowings denominated in EUR to USD.

Finance expenses can be detailed as follows:

	2022	2021
	in \$m	in \$m
Interest expense	(211.4)	(218.7)
Bank fees	(19.1)	(13.9)
Other	(0.4)	-
Total	(230.9)	(232.6)

Notes to the Consolidated Financial Statements (continued)

3.11. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2022 in \$m	2021 in \$m
Salary and personnel related expenses	(11.7)	(23.1)
Consulting fees, service fees and others	(72.3)	(97.0)
Total	(84.0)	(120.1)

Service and other fees include fees charged by the related parties Joh. A. Benckiser Service GmbH, JAB Service GmbH and JAB Holding Company LLC.

Fees billed to the Company and its fully consolidated subsidiaries by KPMG Audit S.à r.l., and other member firms of the KPMG network during the year are as follows: Audit fees (annual accounts / consolidated accounts) amounting to \$0.7m (2021: \$0.7m) and audit-related fees amounting to \$0.3m (2021: \$0.6m).

3.12. Other expense

Other income and expense can be detailed as follows:

	2022 in \$m	2021 in \$m
Expenses from share-based payments (equity-settled)	(373.5)	(190.7)
Other	(51.1)	(16.1)
Total	(424.6)	(206.8)

3.13. Income tax

Accounting Policy

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is calculated in accordance with the tax regulations of the state of residence of the Company and its subsidiaries and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual Company basis as the tax laws do not permit consolidated tax returns.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Consolidated Financial Statements (continued)

The Group has a net loss carry-forward amounting to approximately \$1,379.7m (2021: \$1,286.9m). A deferred tax asset has not been recognised, due to the uncertainty of the future taxable income.

The reconciliation of the movement in the loss carry-forward can be detailed as follows:

	Notes	2022 in \$m	2021 in \$m
Accounting (loss) / profit for the period		(4,472.3)	5,125.3
Dividend income	3.1	(1,009.2)	(545.9)
Tax exempt (gain) / loss on investments in subsidiaries and other investments	3.1	5,171.2	(4,453.1)
Non-deductible interest expense		124.6	116.8
Other adjustments		45.7	(345.7)
Taxable loss for the period		(140.0)	(102.6)
Tax losses carry-forward as of 1 January		(1,286.9)	(1,341.4)
Adjustment due to translation differences		47.2	75.0
Expired		-	82.0
Tax losses carry-forward as of 31 December		(1,379.7)	(1,286.9)

JAB Holdings B.V. together with JAB Forest B.V., JAB Cosmetics B.V. (part of the fiscal unity until 31 December 2021), Cottage Holdco B.V. (part of the fiscal unity until 28 July 2021) and JAB Ventures B.V. (part of the fiscal unity as of 28 May 2021) form a fiscal unity for corporate income tax purposes. The taxable loss for the Group therefore includes taxable losses from non-consolidated members of the fiscal unity.

	2022 in \$m	2021 in \$m
Withholding tax on dividends and finance income	(0.4)	(1.6)
Income tax and federal taxes	(1.0)	-
Tax losses carry-forward as of 31 December	(1.4)	(1.6)

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.

Notes to the Consolidated Financial Statements (continued)

3.14. Related parties

3.14.1. Group structure

Agnaten SE	Ultimate parent of JAB Holding Company S.à r.l. and the majority shareholder of Joh. A. Benckiser B.V. Agnaten SE established the Company and is a party in the comprehensive agreement with Lucrezca SE and the Investment Committee.
Lucrezca SE and affiliated companies	Further shareholder of Joh. A. Benckiser B.V. Lucrezca SE is a holding company controlled closely by members of the family of the shareholders of Agnaten SE and is non-controlling shareholder of
Joh. A. Benckiser B.V.	Subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l.
Joh. A. Benckiser S.à r.l.	Subsidiary of Agnaten SE.
JAB Service GmbH	Subsidiary of Joh. A. Benckiser B.V.
JAB Consumer Partners SCA, SICAR	JAB Consumer Partners SCA, SICAR was created to share the JAB investment strategy with professional and semi-professional investors.
Alfred Landecker Foundation	The members of the "Stiftungsrat" of the Foundation are appointed by the executive board of Agnaten SE or successor companies.
Joh. A. Benckiser Service GmbH	Subsidiary of Agnaten SE.

3.14.2. Management

The Group and its investments are managed by an Investment Committee which is supported by further executives and senior managers employed by the Company or its subsidiaries. The Company's agreements with management comprise agreements on base remunerations, share-based payments, loans as well as management's investment in the Group.

Wages, salaries and other compensation of key management personnel amount to \$18.2m in 2022 (2021: \$15.7m). Reference is made to note 3.6 for share-based payments transactions, of which the vast majority were with management. Loans to management are disclosed in note 3.2, and total interest income thereon amounted to \$0.6m (2021: \$0.7m).

Share transactions with Management

Year	Shares	Amount	Carrying Value in \$m
Shares issued to members of management (either in cash or exercise of options)			
2022	Class B	68,045	186.4
	Special Class S	114,021	
	Class PI	31,586	
2021	Class B	10,063	41.5
	Special Class S	214,176	

During the financial year, no advances or guarantees were granted to members of the Board of Managers or other administrative bodies.

3.14.3. Non-consolidated subsidiaries and transactions with related parties other than management

Interest in non-consolidated subsidiaries and transactions with related parties other than management are set out in note 3.1.

Notes to the Consolidated Financial Statements (continued)**3.15. Contingent liabilities**

As of 31 December 2022, the Group provides no material guarantees for third parties (2021: \$0).

JAB Holdings B.V. and JAB Beauty B.V. (the "Group Companies") are defendants in a stockholder class action and derivative lawsuit, which the complaint alleges have all acted in concert to control Coty Inc. The plaintiffs, stockholders of Coty Inc., allege that controlling stockholders of Coty Inc. breached fiduciary duties to the non-controlling stockholders in connection with a partial tender offer for shares of Coty Inc. Plaintiffs contend that the tender offer injured the stockholders who tendered because it was purportedly coercive and unfairly priced. Plaintiffs also contend that the non-tendering stockholders were injured because the Group gained mathematical control of Coty Inc. as a result of the tender offer, thereby depriving the non-controlling stockholders of a control premium. The parties to the litigation have reached an agreement-in-principle to settle the litigation which is subject to further documentation and approval by the Delaware Court of Chancery.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V. and JAB Coffee & Beverages B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

3.16. Employees

The Group had on average 58 employees in 2022 (2021: 54 employees).

Notes to the Consolidated Financial Statements (continued)

4. Financial Instruments – Fair Value and Risk Management

Accounting Policy

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned categories.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Non-derivative financial liabilities are classified at amortised cost and include loans and borrowings, lease liabilities, trade and other payables. The Group did not designate financial liabilities as at FVTPL.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position if the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1. Capital Management

The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Managers together with the Investment Committee monitor the return on capital and the value enhancement of the Group's investments.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantage and security of having a sound capital position.

As of 31 December 2022, equity attributable to the owners of the parent amounts to \$24,858.5m (2021: \$27,962.5m), equity attributable to non-controlling interest amounts to \$17,065.2m (2021: \$16,543.7m) and liabilities amount to \$11,510.1m (2021: \$11,043.4m).

4.2. 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

	31 December 2022			31 December 2021		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	In \$m	In \$m	In \$m	In \$m	In \$m	In \$m
Investments in subsidiaries	-	49,119.3	49,119.3	-	51,409.8	51,409.8
Other investments	-	371.3	371.3	-	300.4	300.4
Other loans	52.6	-	52.6	42.3	-	42.3
Other assets	33.9	7.4	41.3	24.5	-	24.5
Cash and cash equivalents	3,837.4	-	3,837.4	3,759.5	-	3,759.5
Total	3,923.9	49,498.0	53,421.9	3,826.3	51,710.2	55,536.5

Notes to the Consolidated Financial Statements (continued)

Liabilities as per statement of financial position

	31 December 2022			31 December 2021		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	In \$m	In \$m	In \$m	In \$m	In \$m	In \$m
Borrowings	10,195.5	-	10,195.5	9,811.8	-	9,811.8
Related party payable	1,044.2	-	1,044.2	1,087.3	-	1,087.3
Other liabilities	145.4	98.1	243.5	125.6	-	125.6
Total	11,385.1	98.1	11,483.2	11,024.7	-	11,024.7

Cash and cash equivalents, as well as other receivables, are subject to the impairment requirements of IFRS 9. As of 31 December 2022 and 31 December 2021, 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 \$9,761.5m (2021: \$9,811.8m), the fair value is \$8,390.2m (2021: \$10,393.5m) 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.

Notes to the Consolidated Financial Statements (continued)

31 December 2022

	Level 1	Level 2	Level 3	Total
	In \$m	In \$m	In \$m	In \$m
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	3,684.6	45,434.7	49,119.3
Other investments	96.3	1.0	274.0	371.3
Foreign exchange contracts	-	7.4	-	7.4
Total financial assets	96.3	3,693.0	45,708.7	49,498.0

Financial liabilities at FVTPL

Other investments	-	65.1	-	65.1
Foreign exchange contracts	-	33.0	-	33.0
Total financial assets	-	98.1	-	98.1

31 December 2021

	Level 1	Level 2	Level 3	Total
	In \$m	In \$m	In \$m	In \$m
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	4,739.7	46,670.1	51,409.8
Other investments	75.7	10.9	213.8	300.4
Total financial assets	75.7	4,750.6	46,883.9	51,710.2

There were no transfers between levels (2021: no transfers).

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

Notes to the Consolidated Financial Statements (continued)

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.

	<i>Investments in subsidiaries</i> <i>Unlisted equity investments</i> In \$m	<i>Other investments</i> <i>Unlisted equity investments</i> In \$m	<i>Other investments</i> <i>Preferred shares</i> In \$m
Balance as of 31 December 2020	26,416.2	131.7	0.0
Additions / contributions	1,160.1	28.9	270.7
Disposals / distributions	(657.1)	(33.3)	(276.2)
Transfer	645.5	(128.4)	-
Change in fair value	2,827.3	1.1	219.3
Change in scope of consolidation	17,139.2	-	-
Intra-group investment elimination	(861.1)	-	-
Balance as of 31 December 2021	46,670.1	-	213.8
Additions / contributions	3,663.3	-	-
Disposals / distributions	(1,290.7)	-	-
Change in fair value	(4,161.7)	-	60.2
Intra-group investment elimination	553.7	-	-
Balance as of 31 December 2022	45,434.7	-	274.0

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.

4.3. 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 of 31 December 2022 the fair value of these agreements was \$0 (31 December 2021: \$0), given that either the expected cash outflow was nil, or because the obligation was exercisable at the fair value of the underlying item.

4.4. 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.

Information is presented about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Managers has ultimate responsibility for the establishment and oversight of the Group's risk management framework but has delegated the responsibility for identifying and controlling risks to the Group's operative management.

Notes to the Consolidated Financial Statements (continued)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risks. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.5. Concentration risk

As of 31 December 2022, the Group's holding in JAB Coffee & Beverages Holdings B.V. represented 40.4% (2021: Acorn Holdings B.V. 43.0%) of the gross asset value of the Group's investments in subsidiaries and other investments. Other assets such as Pret Panera III G.P., Indulgence B.V., JAB Beauty B.V., Petcare Holdings L.P. and JAB Luxury S.à r.l., represented 59.6% (2021: Pret Panera III G.P., Indulgence B.V., JAB Beauty B.V., Petcare Holdings L.P. and JAB Luxury S.à r.l. 57.0%) of the gross asset value of the Group's assets. Hence, there is a concentration risk within the portfolio whereby a loss affecting a single investment may have a significant negative impact on the overall performance of the Group. There is, however, diversification within JAB Coffee & Beverages Holdings B.V. (2021: Acorn Holdings B.V.) as it holds investments in two different companies, being JDE Peet's and KDP. These investments are diversified by nature of the different markets that they service, the different sales channels in which they operate, and the different products that they sell. The result is that, despite a significant proportion of the Group's investment is in a single investment, the downside risk of this concentration in fact is limited.

4.6. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's investment in debt securities, loans receivable, other receivables, derivatives and cash and cash equivalents.

Cash and cash equivalents

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

Loans and other receivables

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

Derivative financial instruments

The Group's exposure to credit risk is limited, as the counterparties are banks with quality credit ratings by international rating agencies; furthermore, netting arrangements are concluded.

Other investments

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

Guarantees

The Group's policy generally is to avoid providing financial guarantees to third parties.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V. and JAB Coffee & Beverages B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

Notes to the Consolidated Financial Statements (continued)

Exposure to credit risk

The carrying amount of financial assets represent their maximum credit exposure. The table below contains the carrying amounts and their due dates as of 31 December 2022 and 31 December 2021.

	Note	Due in \$m	Less than 1 year in \$m	1 to 5 years in \$m	More than 5 years in \$m	Total in \$m
31 December 2022						
Loans	3.1, 3.2	-	52.6	-	-	52.6
Other assets	3.3	-	22.8	18.5	-	41.3
Cash and cash equivalents	3.4	3,837.4	-	-	-	3,837.4
		3,837.4	75.4	18.5	-	3,931.3
31 December 2021						
Loans	3.1, 3.2	-	42.3	-	-	42.3
Other assets	3.3	-	5.8	18.7	-	24.5
Cash and cash equivalents	3.4	3,759.5	-	-	-	3,759.5
		3,759.5	48.1	18.7	-	3,826.3

In respect of the financial assets shown, no impairments were recognised and no financial assets were past due as of 31 December 2022 and 31 December 2021.

4.7. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has sufficient access to cash on demand including cash on hand, cash equivalents and unused credit facilities. All cash on demand is available within three months or less to meet the Company's short term liquidity needs. Management monitors the planning of liquidity reserves and cash flows and coordinates the liquidity and due dates of financial assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

The table below contains the due dates of the carrying amounts as of 31 December 2022 and 31 December 2021.

	Note	Due in \$m	Less than 1 year in \$m	1 to 5 years in \$m	More than 5 years in \$m	Total in \$m
31 December 2022						
Non-derivative liabilities						
Borrowings	3.7	-	684.7	3,892.6	5,618.2	10,195.5
Related party payable	3.8	-	1,044.2	-	-	1,044.2
Other liabilities	3.9	-	131.2	13.8	0.4	145.4
		-	1,860.1	3,906.4	5,618.6	11,385.1
Derivatives		-	33.0	65.1	-	98.1
31 December 2021						
Non-derivative liabilities						
Borrowings	3.7	-	592.7	2,993.8	6,225.3	9,811.8
Related party payable	3.8	-	1,087.3	-	-	1,087.3
Other liabilities	3.9	-	118.8	6.9	-	125.6
		-	1,798.7	3,000.7	6,225.3	11,024.7

Derivatives are presented at their fair value. The liquidity risk of derivatives might be subject to short-term and significant changes due to the high volatility of the fair values.

4.8. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Exposure to currency risk

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

Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts, and by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Notes to the Consolidated Financial Statements (continued)

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

	31 December 2022			31 December 2021	
	in £m	In €m	In ¥m	in £m	In €m
Loans	-	46.4	-	-	-
Other assets	-	12.6	-	-	-
Cash and cash equivalents	(53.7)	1,485.5	(282.0)	1.1	755.2
Borrowings	-	(8,031.5)	(29,385.0)	-	(7,855.5)
Related party payables	-	(979.0)	-	-	(960.0)
Other liabilities	-	(116.5)	(48.4)	-	(71.9)
Gross balance sheet exposure	(53.7)	(7,582.5)	(29,715.4)	1.1	(8,132.2)
Cross-currency swap	-	(204.6)	29,385.0	-	-
Forward exchange contracts	-	641.9	-	-	-
Net exposure	(53.7)	(7,145.2)	(330.4)	1.1	(8,132.2)

The USD forward exchange contract expire in May 2023 with a nominal amount of \$724.2m. Furthermore, the Group holds Cross-Currency Rate Swaps GBP / EUR that expire in October 2023 and JPY / EUR that expire in November 2024.

As of 31 December 2021, the Group does not hold forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate 2022	Average rate 2021	Year-end rate 2022	Year-end rate 2021
	1 Dollar	1 Dollar	1 Dollar	1 Dollar
EUR	0.95	0.85	0.94	0.88
GBP	0.84	0.73	0.83	0.74
JPY	131.07	-	131.88	-

Sensitivity analysis

The sensitivity analyses below have been determined on the Group's exposure to currency risk for both derivative and non-derivative financial instruments at the end of the reporting period. A 10% increase or decrease represents management's assessment of the reasonably possible change in foreign exchange rates. These analyses assume that all other variables remain constant.

		Impact Profit of loss		Impact OCI	
	% strengthening (weakening)	2022 in \$m	2021 in \$m	2022 in \$m	2021 in \$m
USD/EUR exchange rate	10.0	762.1	921.1	-	-
USD/GBP exchange rate	10.0	6.5	0.2	-	-
USD/JPY exchange rate	10.0	0.3	-	-	-

Notes to the Consolidated Financial Statements (continued)

Exposure to interest rate risk

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

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings, including exposures from potential transactions, is limited. Interest rate risk exposure is managed by the Group by maintaining an appropriate mix between fixed and floating rate financial instruments and, if considered appropriate, using interest rate swap contracts or other interest rate derivatives. Hedging activities are evaluated regularly to align with interest rate views and the Group's investment and risk policies. As of 31 December 2021 the Group has no interest rate swap agreements.

Profile

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

	Carrying amount 31 December 2022	Carrying amount 31 December 2021
	In \$m	In \$m
Fixed rate instruments		
Financial assets	3,890.0	3,807.6
Borrowings	(9,761.5)	(9,811.8)
Floating rate instruments		
Borrowings	(433.9)	-
Related party payable	(1,044.2)	(1,087.3)

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

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

Cash flow sensitivity analysis for floating rate instruments

For floating rate instruments an increase of 50 basis points in the market interest rate at the reporting date would have resulted in an additional loss of approximately \$7.4m (2021: loss \$5.4m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Exposure to other price risk

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

Notes to the Consolidated Financial Statements (continued)

Sensitivity analysis – equity price risk

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

	<i>Carrying amount 31 December 2022</i>	<i>Carrying amount 31 December 2021</i>
	In \$m	In \$m
<i>Investments</i>		
Other investments	96.3	86.6
Other liabilities	(65.1)	-
Total	32.2	86.6

The sensitivity analyses below have been determined on the exposure to equity price risks for direct investments at the end of the reporting period. If share prices had been 5% higher/lower, profit for the year ended 31 December 2022 would have increased/decreased by \$22.0m as a result of changes in the fair value of these investments (2021: \$3.8m). Other comprehensive income for the year ended 31 December 2022 and 2021 would have been unaffected.

Further, the Company has indirect exposure to equity price risk from indirect investments at the end of the reporting period. If share prices had been 5% higher or lower, the result for the period ended 31 December 2022 would have increased/decreased by \$1,417.6m as result of changes in the fair value of the equity investments classified as at FVTPL (2021: \$1,609.2m).

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

Notes to the Consolidated Financial Statements (continued)

5. *Subsequent Events*

The Group's management has evaluated subsequent events through the date of issuance of the consolidated financial statements. There have been no significant subsequent events during such period that would require disclosure in these consolidated financial statements or would be required to be recognised in the consolidated financial statements as of and for the year ending 31 December 2022.

Luxembourg, 6 March 2023

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of JAB Holding Company S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.



- Conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 6 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Yves Thorn
Partner

JAB
HOLDING
COMPANY

Graphic design

Storyfountain B.V. — www.storyfountain.com

JAB
HOLDING
COMPANY

Annual Report 2021

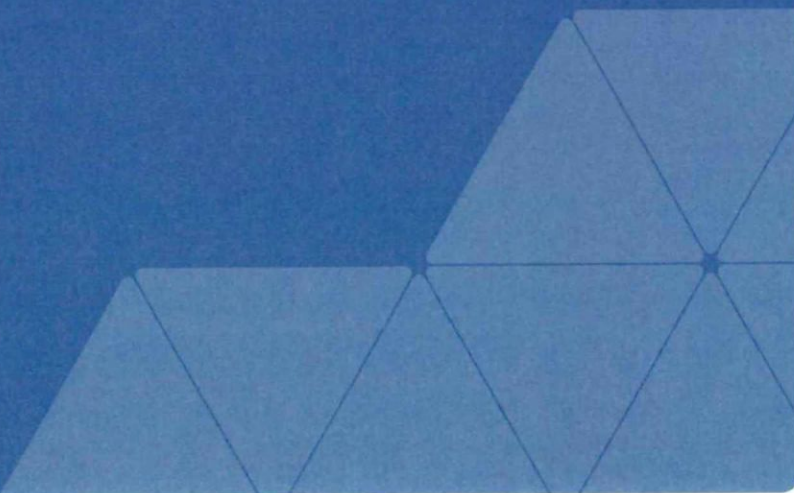
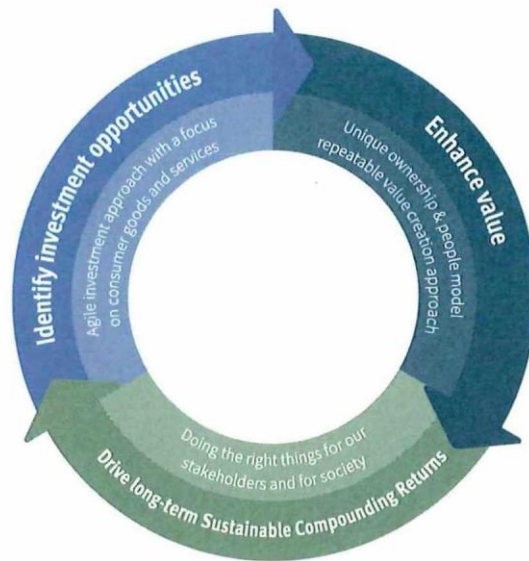


Table of Contents



About this report	3
Introduction: consolidated management report	4
JAB at a Glance	4
2021 Highlights & Results	5
About JAB	9
Our Investment Partnership	9
Our Diverse Team of Professionals	11
Value Creation	13
Platform Investing Philosophy	13
Creating Sustainable Compounding Returns	15
Our Global Leading Investment Platforms	16
How we Create Value	21
Governance	22
JAB Governance	22
Managing Risks and Uncertainties	24
Financial Statements	26
Consolidated statement of financial position	27
Consolidated statement of profit or loss and other comprehensive income	28
Consolidated statement of changes in equity	29
Consolidated cash flow statement	30
Notes to the consolidated financial statements	31
Report of the Réviseur d'Entreprises agréé	78



How we Create Value / →
Page 21

About this report



This Integrated Annual Report and consolidated management report sets out JAB Holding Company S.à r.l.'s ('JAB Holding Company') results and developments in 2021, and was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and International Integrated Reporting Council (IIRC). The Integrated Report includes elements from the Corporate Sustainability Reporting Directive (CSRD) as adopted by the European Union, as well the Global Reporting Initiative (GRI) Standards (referenced option).

This Report summarizes how we create value for our shareholders over time, as well as how we strive to make a positive impact on the planet and society as a whole.

To meet the specific needs of our stakeholders, we have also published an extended report – Extended Annual Report 2021 – which further details, deep-dives and reflects on our ESG strategy and commitments. Among other topics, the Extended Annual Report 2021 includes our reporting to the Task Force on Climate-Related Financial Disclosures (TCFD) and the United Nations Global Compact (UNGC) Communication on Progress (COP).

Details on the value creation strategy can be found in the following sections:

JAB at a Glance / →
Page 4

2021 Highlights & Results / →
Page 5

Platform Investing Philosophy / →
Page 13

Creating Sustainable Compounding Returns / →
Page 15

How we Create Value / →
Page 21

Governance / →
Page 22

The scope of topics covered in JAB's ESG reporting is based on the outcomes of ongoing stakeholder dialogues, including conversations with our portfolio companies, as well as from the materiality assessment performed in 2021.



Materiality Assessment / →
www.jabholco.com/Annual-Report-2021-Extended

As statutory Managers of JAB Holding Company, we are responsible for the content, accuracy and integrity of this Report. In our opinion, it represents a fair and balanced view on JAB's performance, strategy and management, as well as its ability to create value for stakeholders. The Report also addresses significant opportunities and risks resulting from our strategy. We confirm that this Report has been prepared and assured in accordance with the International Integrated Reporting <IR> Framework.

In addition, we believe that through our commitments to ESG both at JAB and across the portfolio, businesses can create a positive impact and respond effectively to the collective challenges identified by the UN Sustainable Development Goals (SDGs). Our ongoing commitment to the Ten Principles of the United Nations Global Compact is further explained in our Extended Annual Report.

Olivier Goudet
CEO, Managing Partner

Frank Engelen
Partner

JAB at a Glance



Evergreen Capital Structure →
Consumer Sector Focus →
Investment Grade Ratings →
from both Moody's and S&P



**A unique partnership of
long-term investors in
consumer goods & services**



← High Quality
Investor Group
← Invests Alongside
JAB Holding Company
← Raised \$20bn+ in
Committed Capital

\$50bn+

Managed Capital



Unique Platform
Investing Approach

50+

Investment & industry
professionals



Strong ESG
Commitments

6

Global Offices



Attractive
Compounding Returns



Investment Grade Rated since 2014

**S&P Global
Ratings**

S&P: BBB+ with stable outlook

**MOODY'S
INVESTORS SERVICE**

Moody's: Baa2 with stable outlook

Strong ESG Progress

80%

JAB has made a market-leading commitment
that 80% of its portfolio companies will set a
SBTi approved target by 2025

>30%

Average female representation in boards of
directors and executive leadership teams at
JAB portfolio companies

2021 Highlights & Results



Ended 2021 with strong shareholder returns and Investment Platforms well positioned for the future

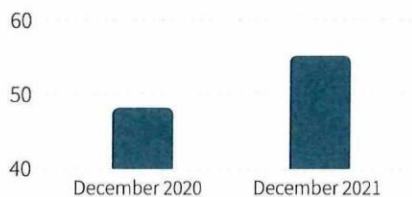
In 2021, our investment portfolio performed strongly across the board with profit of \$5.1 billion for the year, translating into total shareholder returns of 23%. We also ended 2021 with significant access to liquidity and a strengthened debt maturity profile, facilitated by the 2021 issuance of a \$500 million Senior Note due in 2051 and a €500 million Eurobond due in 2031.

Our Managed Capital

As of 31 December 2021, our Managed Capital was \$55.5 billion, including \$16.5 billion of JCP invested capital. The growth of our Managed Capital is primarily driven by the positive momentum across our Investment Platforms throughout 2021. Our portfolio companies, through our Investment Platforms in Fast Casual Restaurants, Indulgence, Petcare and Beauty & Luxury, realized solid investment returns in 2021 while the Coffee & Beverage Platform had a stable performance with a strong KDP share price development offset by a JDEP share price decline.

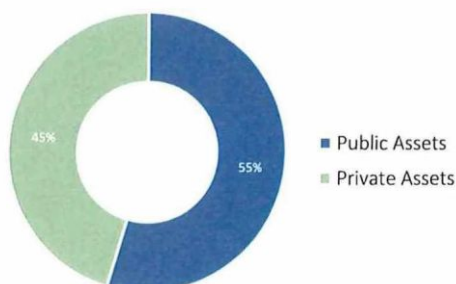
Other important developments impacting the growth of our Managed Capital in 2021 include fresh capital injections into our Petcare Investment Platform and our new Pet Health Services Platform, both to support their respective M&A pipelines. The Managed Capital growth was partially offset by regular distributions to our shareholders as well as share and cash distributions to our non-controlling investors subsequent to the Krispy Kreme IPO.

JAB Managed Capital in \$bn



In recent years, the underlying liquidity of our investment portfolio significantly increased with, among others, the public listing of Keurig Dr Pepper (KDP), JDE Peet's and in 2021 the listing of Krispy Kreme. As of the end of 2021, the majority of our portfolio companies are publicly traded and are therefore considered highly liquid.

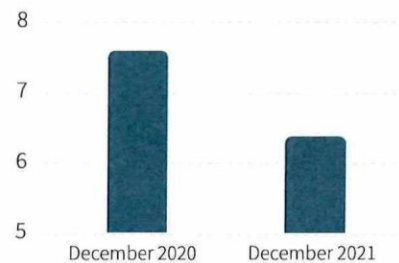
JAB Investment Portfolio by Liquidity¹



Strong Net Debt and Liquidity Profile

In 2021, we extended our average debt maturity following the issuance of a \$500m US bond offering maturing in 2051 and a €500m EU bond offering maturing in 2031. The \$1.5bn reduction of our Net Debt year-on-year is mainly resulting from favorable foreign exchange rate developments and increased liquidity from change in consolidation scope, partially offset by net debt impact from operating and financing activities.

Reported Net Debt



Our liquidity on an absolute basis, including our cash and cash equivalents of \$3.7 billion and \$3.5 billion undrawn credit facility, strengthened in 2021 to a record amount of \$7.2 billion.

Reported Liquidity



¹ 67% public assets as of 31 December 2021 based on the '2020 Consolidation Scope'

2021 Highlights & Results (continued)



Investment Platform Highlights

Coffee & Beverages - Our Coffee & Beverages Investment Platform, consisting of the publicly traded companies KDP and JDE Peet's ("JDEP"), continued their positive operating performance momentum with strong underlying business fundamentals. The share price of KDP increased from \$32.00 as of December 2020 to \$36.86 as of December 2021, resulting in a total shareholder return of 17%. On the other hand, despite a record operational performance in 2021, the JDEP share significantly declined from \$36.95 to \$27.10 due to the share overhang linked to a large minority shareholding and investor uncertainty about the doubling of green coffee prices and general inflation. With KDP and JDEP each operating their own portfolios of world-class brands in different geographies and with products across price points in growing categories, our long-term Coffee & Beverage investment thesis remains intact and is not impacted by temporary share price volatility.



Coffee & Beverages

Fast Casual Restaurants - Our investments in the Fast Casual Restaurant category, which were significantly affected by the COVID-19 crisis in 2020, continued their strong recovery trajectory in 2021, supported by their business model adaptations implemented throughout the crisis, making COVID-19 nothing more than a temporary shock to their business performance. These portfolio companies adapted their focus to accelerated consumer trends such as convenience, health & wellness and enjoyment. The Fast Casual Restaurant portfolio companies realized a combined fair value gain of \$900m+ during 2021.



Fast-Casual Restaurants

In August 2021, we transformed our Fast Casual Restaurant platform by announcing the formation of Panera Brands through the combination of Panera Bread, Caribou Coffee and Einstein Bagels Brands, which together have approximately 4,000 locations and 110,000 employees across 10 countries. In November, the newly formed Company announced its intent to launch an initial public offering with USHG Acquisition Corp. (NYSE: HUGS) as cornerstone investor. Panera Brands also announced that Danny Meyer, Chairman of HUGS and founder of Union Square Hospitality Group, will invest directly in the company concurrently with the proposed IPO and will become the Lead Independent Director of Panera Brands' board following completion of the IPO.

Indulgence Platform - In July 2021, the Indulgence Platform successfully completed an initial public offering of Krispy Kreme, Inc on the NASDAQ stock exchange. This IPO was followed by a distribution of cash and Krispy Kreme shares to JAB Consumer Partners (JCP) investors, reflecting JAB's differentiated exit strategy. After being acquired by JAB in 2016, Krispy Kreme executed on a significant turnaround of the business with a focus on its omni-channel strategy, including its growing global points of access, Delivered Fresh Daily ("DFD") network, capital-efficient hub and spoke model and a primarily Company-controlled ownership model.



Indulgence

Petcare - Our Petcare Investment Platform continued its strong organic and inorganic growth trajectory, supported by industry tailwinds from the continued growth in pet ownership and pet humanization. This strong performance translated into a fair value gain of \$1.8bn during 2021. In particular, the announced Specialty Platform acquisitions of Sage Veterinary Centers and Ethos Unite further improved the mix of high-end Specialty hospitals and General Practice hospitals held by the Investment Platform.



Petcare

Pet Health Services - In 2021, we established the foundation for a global Pet Health Services Investment Platform by focusing our efforts on building a fully integrated, omni-channel, multi-brand pet insurance offering. This offering operates through breeder, direct-to-consumer, veterinary, mass retail and employee benefits channels with owned brands and third-party brands / white labels. During the year, we partnered with well-established global insurance players including BNP Paribas Cardiff in Europe and IHC Group in the United States, which both will contribute their pet insurance businesses to our Europe and United States pet insurance platforms and will remain as long-term minority shareholders in the business. By combining their expertise in the European and United States pet insurance markets with our deep knowledge and expertise in M&A, digital business models and consumer and pet ecosystems, we believe we have established a strong foundation to successfully grow and expand our Pet Health Services Investment Platform in the near- and long-term.



Pet Health Services

Beauty & Luxury - Our investments in the Beauty & Luxury category accelerated their COVID-19 recovery trajectory during 2021. The upside momentum is reflected in the share price of Coty, for example, which increased by ~50% from \$7.02 per share at the end of 2020 to \$10.50 per share at the end of 2021. Growth at Coty was driven by disciplined execution of its strategic agenda, improved operating performance and continued deleveraging.



Beauty & Luxury

JAB Investment Portfolio by Investment Platform



Other Investments

During 2021 JAB Ventures, a fully owned subsidiary of JAB Holdings B.V., with a clearly distinct investing characteristic by being in non-controlling minority stakes in growth or undervalued companies and lack of participation by JCP, invested in Gardyn. Gardyn is a fast-growing pioneer in homegrown food. At the end of 2021 JAB Ventures investments include among others The Brand Tech / You & Mr Jones (~8.6%) and Gardyn (19.3%).

2021 Highlights & Results (continued)



Our People

With JAB's enduring commitment to attract, nurture and invest in its people, 2021 has been critical to establishing the foundation for JAB's Next Generation of Leadership. Our team has been significantly strengthened by the promotions of Joachim Creus to Managing Partner and Vice Chairman, Ricardo Rittes and David Bell to Senior Partner, and Trevor Ashley to Partner, as well as the high caliber external recruitment of Lubomira Rochet and Patricia Capel as Partners.

Looking Ahead

Looking ahead to 2022, various headwinds have begun to arise with geopolitical turmoil and at the same time inflation at its highest levels in decades and interest rates expected to further increase. Despite this macro environment, we are confident that our Investment Platforms are well positioned to counter upcoming headwinds as a result of the resilient and growing categories in which we are invested. Our market leading brands provide us with strong pricing power, supported by resilient cash flow dynamics and low capital intensity. We look forward to another successful year in which we will continue to leverage our Platform Investing Philosophy to drive exceptional growth.

Committed to delivering superior long-term shareholder returns, which are fundamentally dependent on a healthy planet and society

As a long-term investor, we are focused on generating superior risk-adjusted returns for our investors, while at the same time driving meaningful impact for the planet and society. Doing the right thing for our stakeholders is critical to delivering superior results, and expectations from the next generation of consumers adds urgency and focus to our Environmental, Social and Governance (ESG) efforts. As a result, we ambitiously strengthened our ESG proposition during 2021, focused on the areas identified as most material to the firm and our Investment Platforms, with results tracked at both the JAB and portfolio level, while simultaneously empowering our portfolio companies to pursue their own tailored ESG agendas.

set SBTi-approved targets, increasing to 95% by 2030. At the same time, we are aiming to reduce our own emissions at JAB by at least 46.2% by 2030, aligned with the international objective to limit global warming to 1.5 Degrees Celsius. These commitments are an extension of our existing focus on ESG issues and our commitment to transparency and accountability.

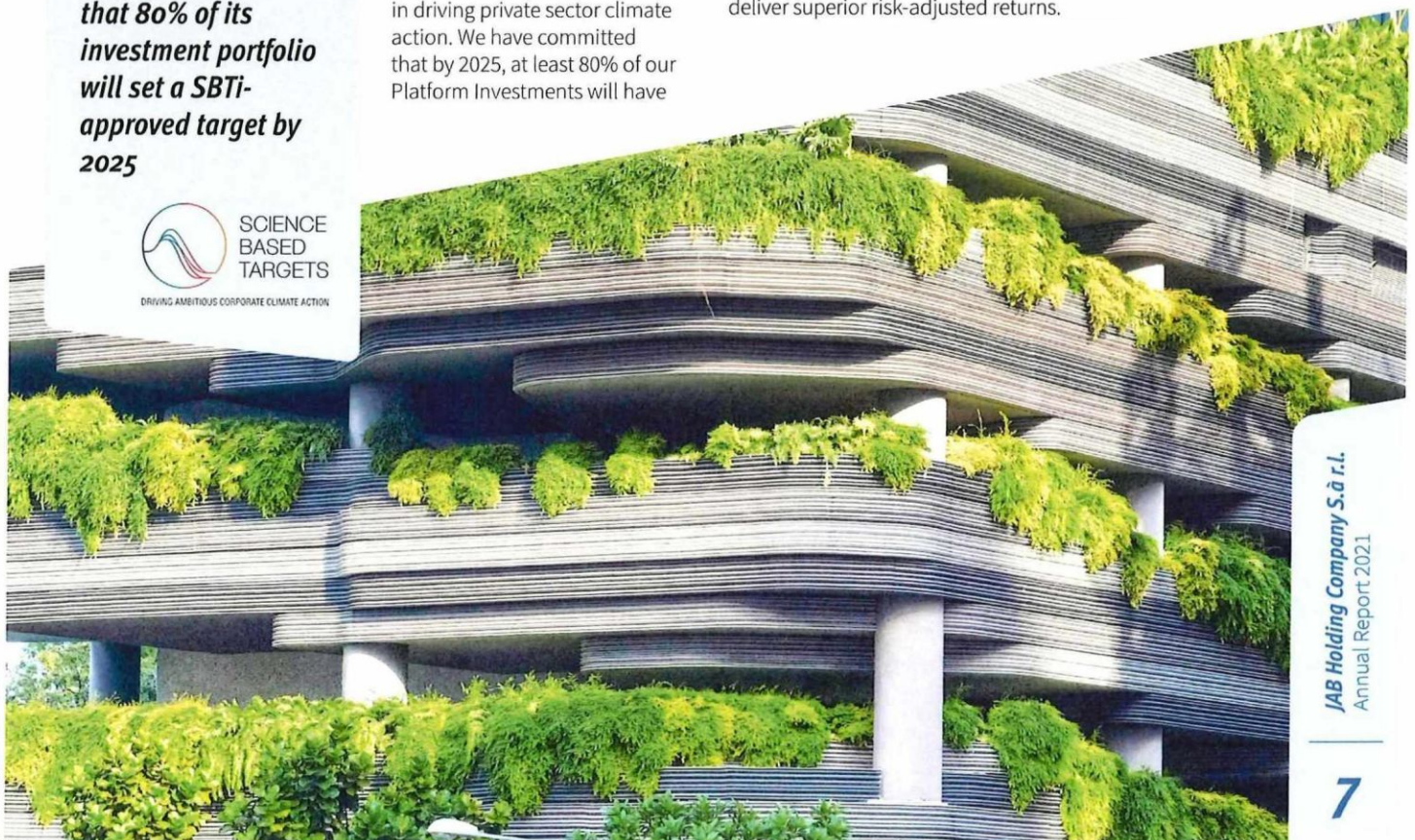
Our 2021 ESG efforts have not gone unnoticed. In November, Sustainalytics, one of the global top ESG rating agencies, awarded JAB a top position among industry peers. This ranking included the lowest ESG risk ("negligible ESG risk") in the industry, which, together with our focus on resilient Consumer Goods & Services categories, allows us to deliver superior risk-adjusted returns.



JAB made a market leading commitment that 80% of its investment portfolio will set a SBTi-approved target by 2025



We have made a market-leading commitment to align with the Science Based Targets initiative (SBTi), which is the gold standard in driving private sector climate action. We have committed that by 2025, at least 80% of our Platform Investments will have



2021 Highlights & Results (continued)

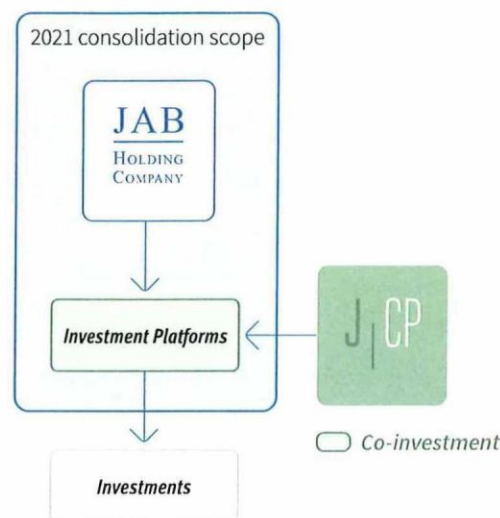


An aligned and integrated reporting model

Our 2021 consolidated financial statements have undergone a number of important evolutions, including the broad reporting impact from our ongoing ESG efforts and our adoption of the Integrated Reporting Framework. At the end of 2021, we formalized our Platform Investing Philosophy, resulting in a change to our consolidation scope which going forward includes our Investment Platforms in which JAB Consumer Partners ('JCP') is invested alongside JAB Holding Company S.à.r.l. ('JAB Holding Company'). As a result, JCP's investments in the Investment Platforms are classified as a non-controlling interest in our consolidated equity.

By consolidating the investments from both JAB Holding Company and JCP in our Investment Platforms – which are managed and controlled by the same group of professionals – our external reporting is fully aligned with our Platform Investing Philosophy and reflects the capital managed by the JAB team for the benefit of our Investment Partnership.

The table below reflects the financial impact of the consolidation scope change as of 31 December 2021, in which the "2020 Consolidation Scope" column includes balance sheet figures based on the prior consolidation scope. The "2021 Consolidation Scope" column includes the balance sheet figures based on the new consolidation scope.



Balance Sheet (in \$mm)

	31 December 2020	31 December 2021 Pro Forma	31 December 2021
	'2020 Consolidation Scope'	'2020 Consolidation Scope'	'2021 Consolidation Scope'
Investments ¹	30,498	34,059	51,710
Cash & Cash Equivalents	2,674	3,755	3,760
Other Assets ²	84	95	80
Total Assets	33,256	37,909	55,550
Total Equity	22,843	27,973	44,506
Borrowings	10,274	9,812	9,812
Other Liabilities ³	139	124	1,232
Total Equity and Liabilities	33,256	37,909	55,550

¹ 'Investments' include Investments in Subsidiaries, Other Investments and Loans to Investments

² 'Other Assets' include Other Loans and Other Assets

³ 'Other Liabilities' include Related party payable and Other Liabilities

About JAB



Our Investment Partnership

JAB is a partnership with strategic alignment and full control over its managed capital



JAB

JAB is a unique investment partnership between JAB Holding Company as an evergreen investor and creator of global leading Investment Platforms and JCP as a strategic co-investor. With almost 200 years of heritage, JAB invests in consumer goods and services and is focused on long-term value creation through its unique Platform Investing Philosophy.

Our Managing Partners oversee the investments of both JAB Holding Company and JCP, with a single and fully aligned investment strategy. Investment decisions always require unanimity of the Managing Partners.

JAB has investment offices in Washington D.C., London, Amsterdam, São Paulo, Luxembourg (headquarters) and Mannheim. JAB employs approximately 50 professionals, including our Managing Partners, (Senior) Partners and CFO, who have extensive industry and investment experience.

A responsible investment firm (continued)



\$35bn
Invested Capital

In 2012, JAB Holding Company was formed as a partner-led investment firm, with \$9bn of invested capital placed under one holding company, which has increased to \$35bn of invested capital as of 2021

JAB Holding Company has a diverse team of professionals with a clear understanding and appreciation of the next generation of consumers as well as a strong focus on ESG and superior risk-adjusted compounded returns.



JCP was established in 2014, driven by investors' demand to participate in the investment strategy of JAB Holding Company.

JCP is a Luxembourg-based regulated investment fund with institutional investors, family offices, endowments and other professional investors. JCP always invests alongside JAB Holding Company in the consumer goods and services sector.

Consolidation based on JAB's managed capital

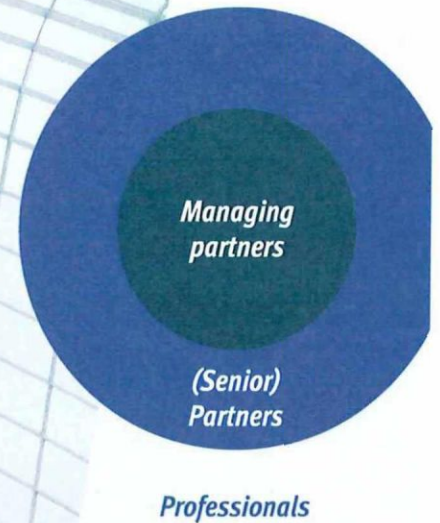
From 2012 through 2020, the legal and organizational structure as well as the size of JAB has significantly evolved. These changes, together with the formalization of our Platform Investment Philosophy in 2021, required JAB Holding Company to change its consolidation scope as of December 2021 (IFRS 10).

The primary change is that the Investment Platforms, in which JAB Holding Company and JCP are jointly invested to execute JAB's investment strategy, are included in the consolidation scope.

JCP is and remains a separate organization

The Private Placement Memorandum and Co-Investment Agreements govern the Investment Partnership between JAB Holding Company and JCP. Notwithstanding the consolidation of our Investment Platforms, JCP remains an independent regulated investment fund based in Luxembourg and managed by JAB Consumer Fund Management S.à.r.l. ('AIFM'), an alternative investment fund manager which is authorized and approved by the Luxembourg financial supervisory authority, the *Commission de Surveillance du Secteur Financier* ('CSSF'). Any decision by the AIFM to invest or divest requires a positive recommendation by our Managing Partners, who are the key persons of the fund.

Our Diverse Team of Professionals



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 – CEO Olivier Goudet, Chairman Peter Harf and Vice Chairman Joachim Creus – together with nine (Senior) Partners and our CFO, each of whom has significant experience 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 returns on our Investment Platforms. As such, we provide our team with opportunities and stretch goals for continuous development and growth.

Working together as a powerful team

We have an entrepreneurial, high energy and high performance culture, with an ambitious and motivated team. A common characteristic in all of us is the aligned focus on creating value for our shareholders and other stakeholders.

An invested and full-on team

Our team, at JAB and our portfolio companies, is invested towards the same goals as our 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.

A Diverse Team of Professionals (continued)



Our leadership team

JAB is overseen by its leadership team including our three Managing Partners, Olivier Goudet as our CEO, Peter Harf as our Chairman and Joachim Creus as our Vice Chairman, together with our nine (Senior) Partners and CFO.

200+
Years of Consumer
Industry Expertise &
Insights

150+
Years of Investing
Expertise

100+
Years of Executive
Committee and Board
Experience

9
Nationalities



Olivier Goudet
Managing Partner, CEO



Peter Harf
Managing Partner,
Chairman



Joachim Creus
Managing Partner,
Vice Chairman



David Bell
Senior Partner



Ricardo Rittes
Senior Partner



Trevor Ashley
Partner



Patricia Capel
Partner



Frank Engelen
Partner



Luuk Hoogeveen
Chief Financial Officer



Konrad Meyer
Partner



Lubomira Rochet
Partner



Jacek Szarzynski
Partner



Justine Tan
Partner

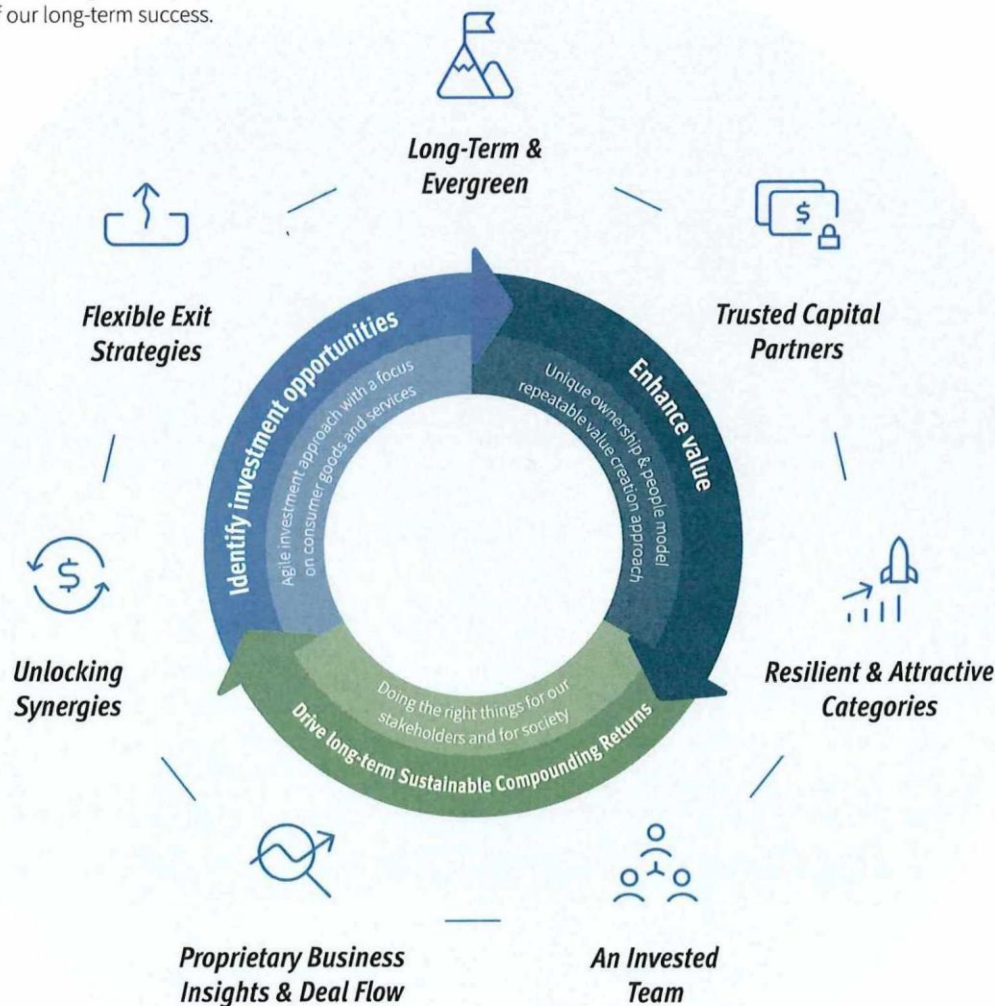
JAB's Leadership team is supported by:

- a global team of 40+ Investment and Industry Professionals
- a carefully selected team of world class CEOs and Executive Teams with skin in the game
- two globally recognized Senior Advisors, providing advice on governance and strategy matters

Value Creation

Platform Investing Philosophy

With almost 200 years of heritage, JAB has centered its investment approach around a unique Platform Investing Philosophy which is a critical part of our long-term success.



Platform Investing Philosophy (continued)



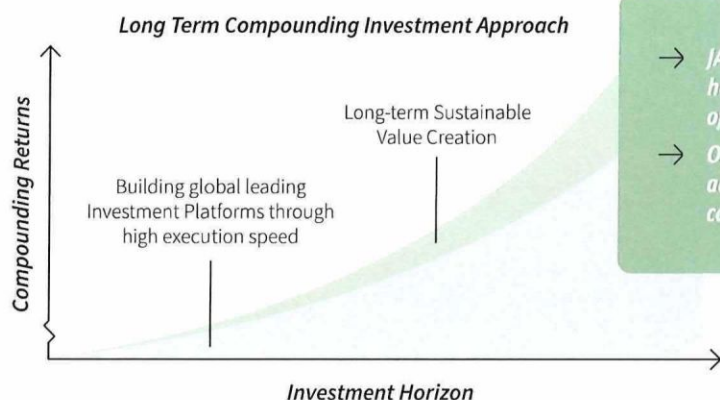
A long-term and evergreen investor

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 partners, we are building Investment Platforms with controlling or anchor stakes in global leading businesses, which allows us to create blue-chip companies that are ready for the next generation of consumers and their preferences.

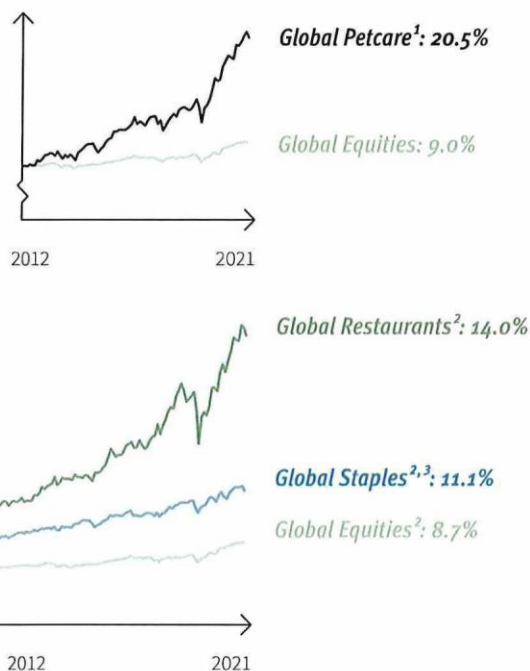


- JAB invests with a long-term and evergreen investment horizon, allowing investment decisions beyond the scope of traditional (private equity) investment firms
- Our long-term sustainable investment approach gives access to growth pools over longer periods of time which cannot be reached with a short term investment horizon



Resilient categories with attractive growth fundamentals

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



¹Source: Global Petcare index based on Factset Petcare TR Index available since 2014

²Source: Datastream, FactSet

³Excluding Tobacco: Food, Beverages, Household & Personal Care

Platform Investing Philosophy (continued)



An invested team

We have a global network of leading professionals in the consumer goods and services industry. Our strong network has enabled us to establish a high-quality team of senior investment and industry professionals at JAB, as well as a team of industry leading CEOs, senior executives and independent directors at our portfolio companies. We are all invested behind long-term value creation for our shareholders and other stakeholders, and our financial and non-financial interests are aligned. We promote a regular, informal and hands-on communication flow between all participants in our ecosystem.



Proprietary business insights & deal flow

We develop real-time superior business insights across an industry sector by combining data, information and people knowledge. These insights provide us with a strategic advantage in our deal sourcing processes, resulting in us being selected as the partner of choice most of the time. This allows us to establish deals on a proprietary and bilateral basis, and to establish a more timely and effective investment approach based on real-time market and industry trends, our people network, consumer behaviors 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 for 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 for investors.

Creating Sustainable Compounding Returns

JAB is committed to delivering superior long-term compounding shareholder returns, which are fundamentally dependent on a healthy planet and society.

As part of our annual integrated annual we have issued an extended report, which deep-dives and reflects on our ESG strategy, our commitments and results on the value creation we pursue with our Investment Philosophy. This section includes among others the reporting on Climate-Related Financial Disclosures (TCFD) and our UNGC COP.



Annual Report 2021 – Extended / →
jabholco.com/Annual-Report-2021-Extended

Our Global Leading Investment Platforms



Since the formation of JAB Holding Company in 2012, we have diversified our investment portfolio by expanding into different categories in the consumer goods and services sector.

Through our Global Investment Platforms, we control businesses that operate in multiple segments. Each business

has established its own robust business model and strategy by leveraging industry-leading brands and a tailored products and services portfolio. These brands are distributed through a variety of channels in different geographies, and as a result address the needs of a broad consumer base.



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



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

Covering all occasions:

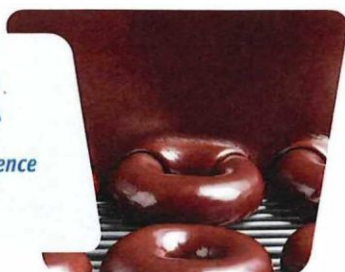
- Breakfast
- Lunch
- Dinner



Our Global Leading Investment Platforms (continued)




Indulgence



Indulgence through retail-owned, retail-franchised, online, home delivery and CPG

- Doughnuts
- Cookies




Petcare



Petcare through at-premise, home-delivery and online

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




Pet Health Services



Pet Health Services through breeder, direct-to-consumer, veterinary, mass retail, and employee benefits channels:

- Accident & Illness
- Accident only
- Wellness and other add-ons
- 24/7 vet helpline
- Pet health & community app




Beauty & Luxury



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

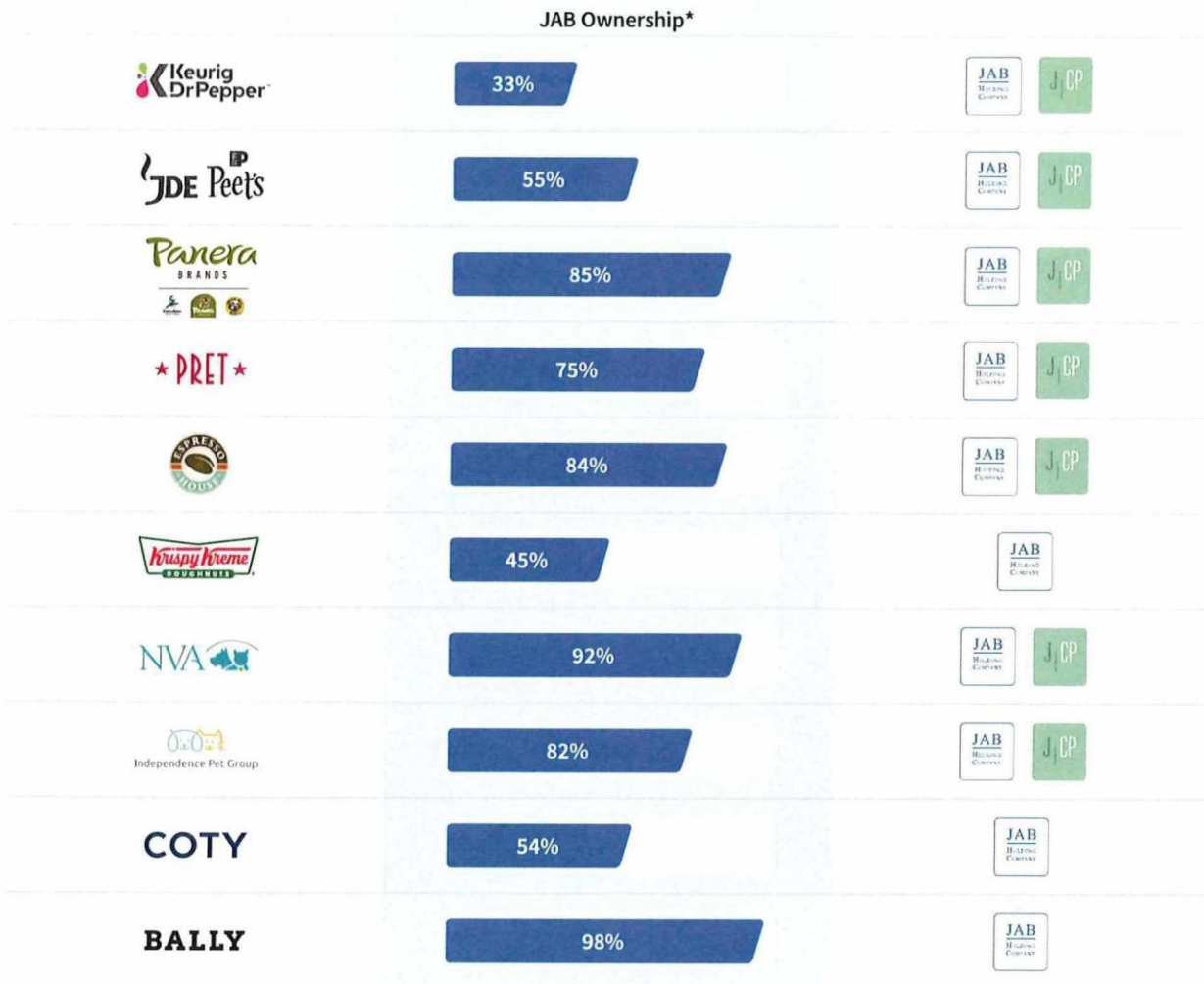
- Fragrance
- Color cosmetics
- Skin and body care
- Luxury
- Hair care

BALLY

Our Global Leading Investment Platforms (continued)



As a controlling or anchor shareholder, JAB exerts significant influence over its investments



* Includes combined JAB Holding Company and JAB Consumer Partners ownership and excludes other co-investors.

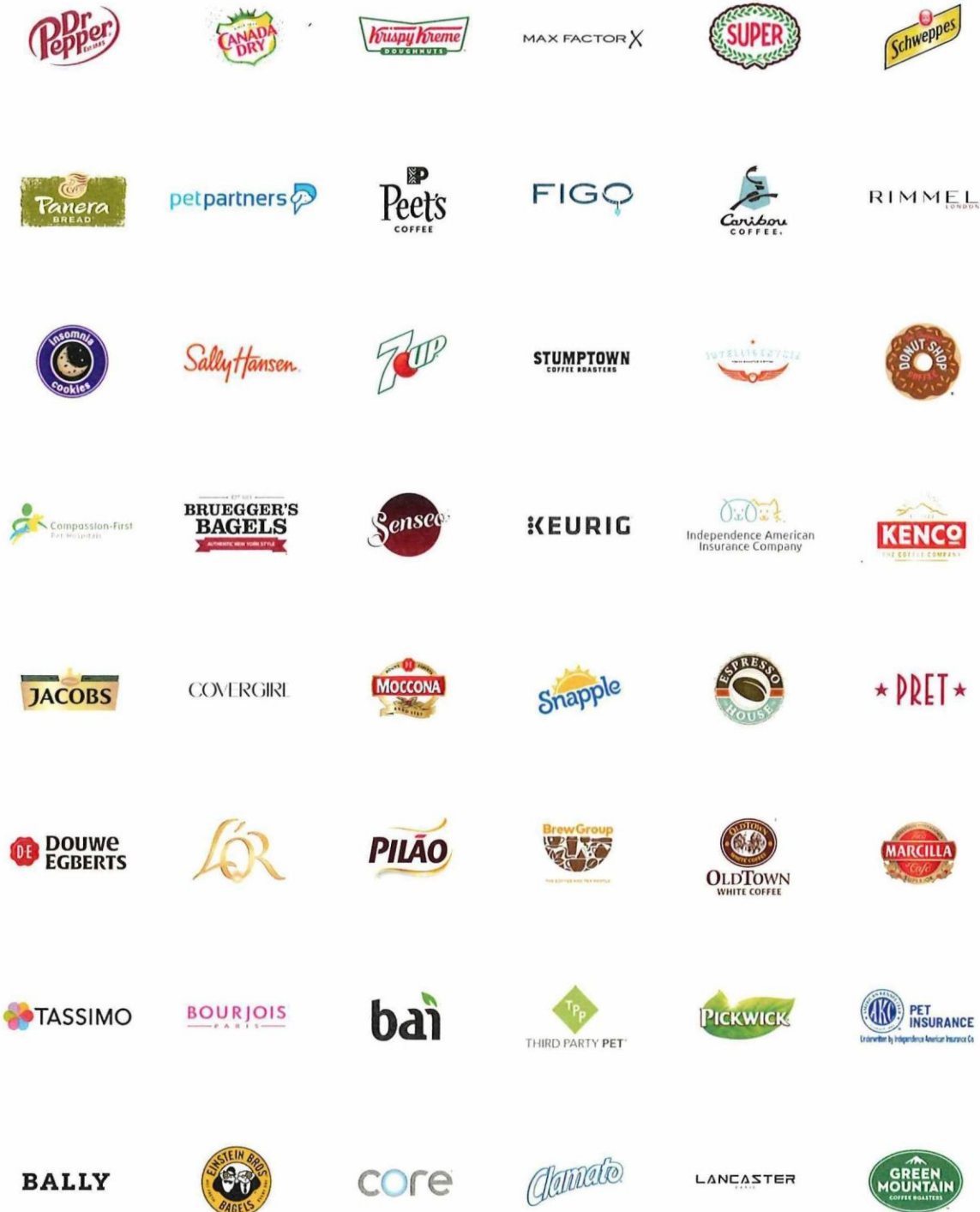
2021 Investment Platforms ESG highlights

- Panera Bread set a goal to become climate positive by 2050
- Approved SBTi targets for JDEP and KDP drive progress across value chain
- Coty established partnership with LanzaTech to produce products using zero waste through carbon captured ethanol
- Pret a Manger Implemented 'Rising Stars' and 'Shooting Stars' programs to expand opportunities for disadvantaged groups

Our Global Leading Investment Platforms (continued)



JAB's Investment Platforms leverage a strong portfolio of premium and iconic brands that are well-recognized and strongly positioned within their respective categories and markets.

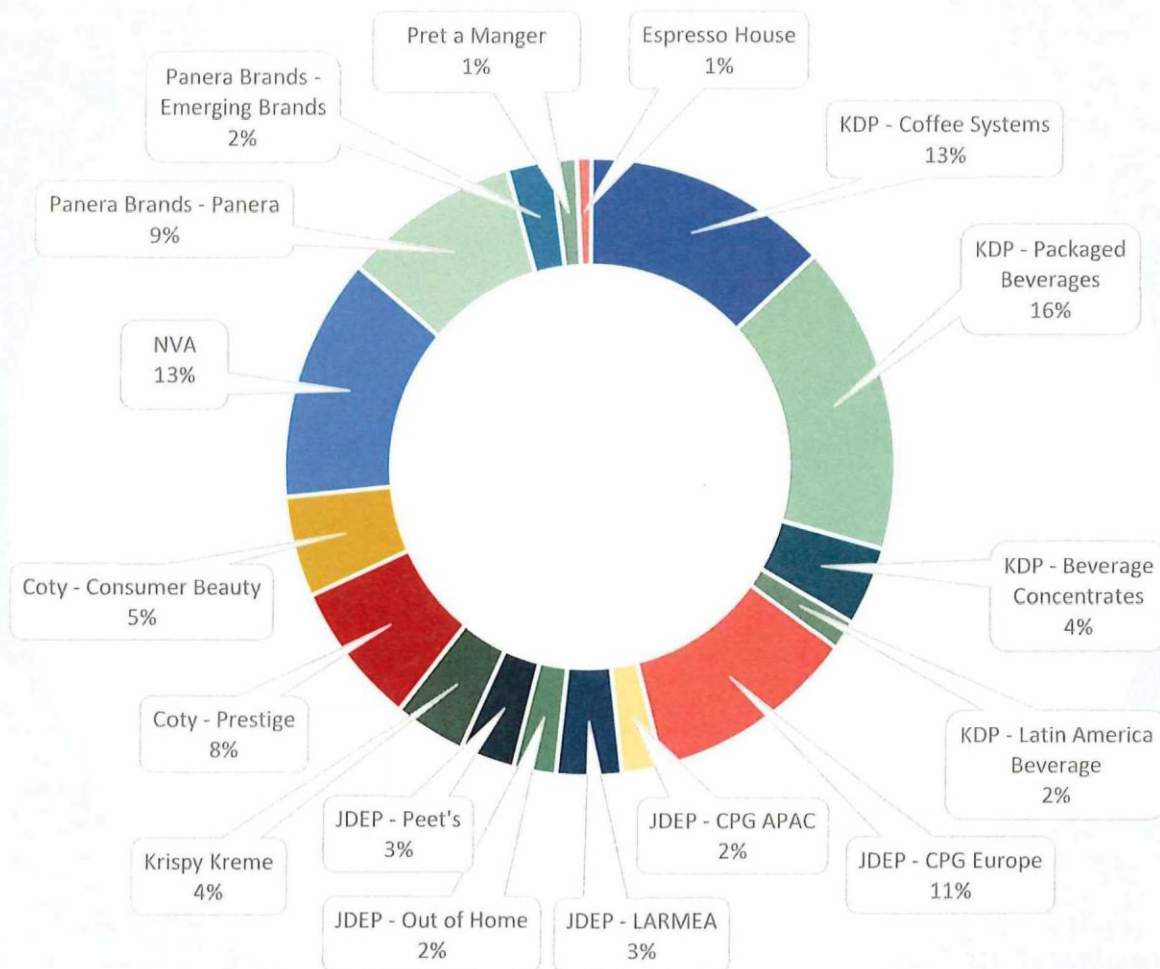


Our Global Leading Investment Platforms (continued)



A global investment portfolio with strong asset diversity

Our investment philosophy is focused on building a diversified portfolio within the consumer and services sectors, with low or negative correlation between the assets and with businesses that are diversified by themselves through their unique combination of brands, product and service categories, and distribution channels

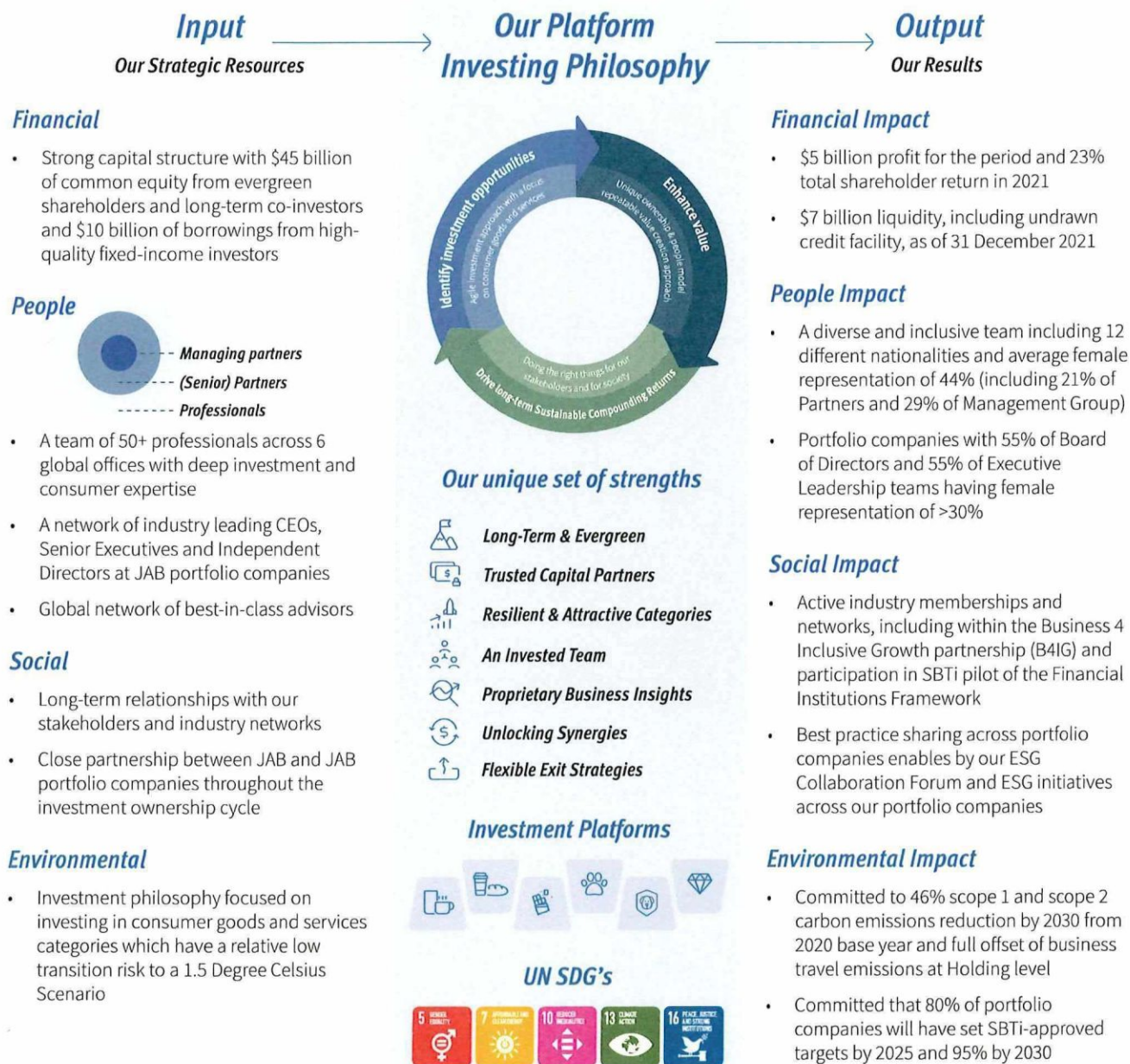


An overview of JAB's Investment portfolio

How We Create Value

Within our Platform Investment Philosophy, we have a clear understanding and appreciation of the next generation of consumers, combined with a strong focus on ESG-related matters. We fundamentally believe that taking a sustainable value creation approach to business pays off to our Investors, Capital Partners, suppliers, consumers and others. We have a formalized ESG strategy and a clear roadmap to continue to integrate ESG in our ways of working.

The value creation model represents the core of our integrated thinking and Annual Integrated Report. We elaborate in more detail on our key performance indicators that are at the centre of our Investment Philosophy as part of the Extended Annual Report in which we reflect on our targets, results and progress per priority topic. We summarize the main results here for readability purposes. See About this report for further background.



Value we create for our stakeholders

Investors

Long-term sustainable value creation with compounding returns of 15%-20% year on year

Society

High-quality Investment Portfolio which contributes positively to consumers and society

People

Strong organizational culture with equality of opportunity, a diverse team and an inclusive working environment

Environment

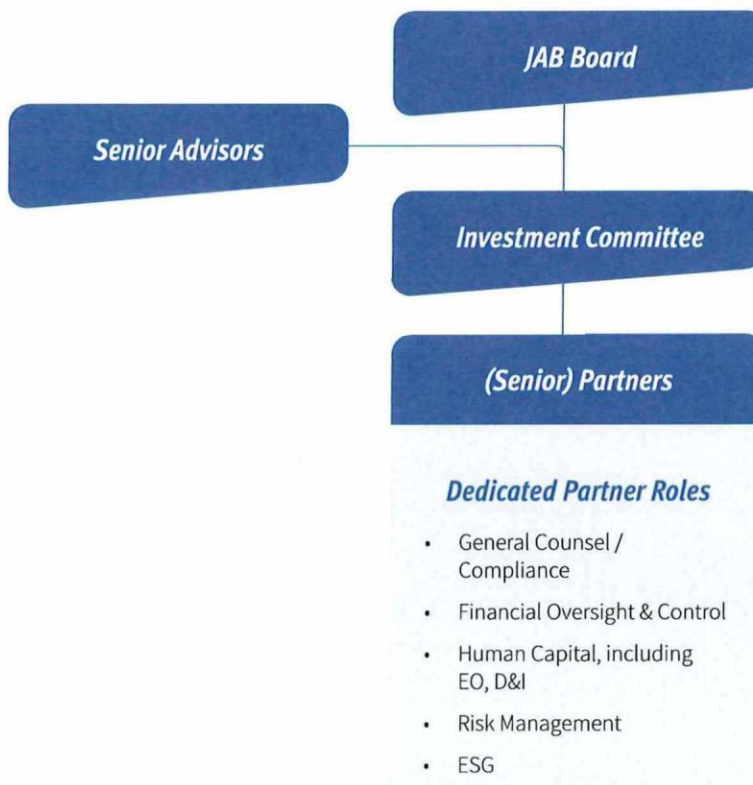
Positive contributions to climate goals defined in the 2015 Paris Climate Agreement

Governance

JAB Governance

JAB Holding Company has four statutory Managers, including the CEO, and has implemented a governance framework for strategy, finance, risk and compliance, remuneration and ESG. This framework is overseen by the JAB Board. The Chairman and Vice Chairman are each members of the JAB Board and the Investment Committee.

The organization is led by the CEO, who is also a member of the Investment Committee, together with the Chairman and Vice Chairman of the JAB Board. The members of the Investment Committee are referred to as Managing Partners. The Investment Committee obtains independent advice from two globally recognized Senior Advisors with extensive expertise on governance and strategy matters.



JAB Governance (continued)



The **JAB Board** exercises typical shareholder rights (e.g. approval of distributions and valuations, and admission of shareholders) and is responsible for defining and monitoring JAB Holding Company's governance model, including the mandate of the Investment Committee and key elements of management's remuneration framework. The JAB Board meets periodically in Luxembourg together with the Managing Partners of the firm.

The **Investment Committee** is responsible for JAB Holding Company's investment and exit strategy, including ESG. Investment and divestment decisions require the unanimous approval of the Managing Partners. The Investment Committee is also responsible for the remuneration of the broader management team, including nine (Senior) Partners and our Chief Financial Officer.

On a number of **specified domains** there is an individual partner responsible for the execution of our strategy. For example, there is one JAB Partner with overall execution responsibility for ESG matters across JAB and its investment portfolio. For each of our portfolio companies, ESG issues are also monitored by the respective Board of Directors, with each business reporting to the Board at least once per year on ESG priority matters.

Our portfolio companies are managed by their respective CEOs and leadership teams which have also invested their personal wealth into their businesses, resulting in strong alignment of interests with those of JAB. Each of our portfolio companies, private and public, has a Board of Directors, an Audit Committee and Remuneration Committee, with Independent Directors and JAB representatives.

Our Senior Advisors

JAB has partnered 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 ESG matters. At JAB, we highly value independent advice as it provides us with a fresh perspective on where we stand, our intentions and 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.

Managing Risks and Uncertainties



Risk management is an integral part of the governance structure. Our risk management approach is established to identify and analyze risks faced by JAB, to monitor risks and to implement remediation initiatives to ensure adherence to set limits. Our Risk Management function is overseen by a JAB Partner who has extensive experience in this field. 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 system contemplates a broad range of stakeholders, including our shareholders, other equity investors and fixed income investors.

Risk management is an integral part of our business and is governed by a comprehensive set of policies and programs. Within the partner group, expert roles are defined in the areas of compliance, ESG, human capital and risk management.

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 closely monitor 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 (ESG) 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
- Insider Trading policy

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

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 into 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 strong 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.

Through 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 contracts and other derivatives as necessary. The firm is exposed to volatility in equity markets which primarily impacts the value of its public investments. This exposure is not hedged as of 31 December 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 rate swaps. No hedge accounting is applied on any of the derivative transactions as of 31 December 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 cash equivalents, 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.

JAB's climate related risk and opportunity analysis is found in the following section:

Climate Risk Management / →
www.jabholco.com/Annual-Report-2021-Extended

Financial Statements



Table of Contents

<i>Consolidated statement of financial position</i>	27
<i>Consolidated statement of profit or loss and other comprehensive income</i>	28
<i>Consolidated statement of changes in equity</i>	29
<i>Consolidated cash flow statement</i>	30
<i>Notes to the consolidated financial statements</i>	31
1. General information	31
2. Accounting policies	32
3. Notes to the Accounts	40
4. Financial instruments – Fair Value and Risk Management	68
5. Subsequent Events	77
<i>Report of the Réviseur d'Entreprises agréé</i>	78

Consolidated statement of financial position



As of 31 December

	Notes	2021 in \$m	2020 in \$m
Assets			
Investments in subsidiaries	3.1	51,409.8	30,248.8
Other investments	3.1	300.4	132.2
Loans to investments	3.1	-	117.1
Other loans	3.2	42.3	50.9
Other assets	3.3	37.6	33.4
Cash and cash equivalents	3.4	3,759.5	2,674.2
Total assets		55,549.6	33,256.6
Equity and liabilities			
Total equity attributable to owners of the parent	3.5	27,962.5	22,843.2
Non-controlling interests		16,543.7	-
Total equity		44,506.2	22,843.2
Borrowings	3.8	9,811.8	10,274.3
Related party payable	3.9	1,087.3	-
Other liabilities	3.10	144.3	139.1
Total liabilities		11,043.4	10,413.4
Total equity and liabilities		55,549.6	33,256.6

The notes on pages 31 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income



For the years ended 31 December

	Notes	2021 in \$m	2020 in \$m
Net gain / (loss) on investments in subsidiaries and other investments	3.1	4,453.2	(3,005.5)
Dividend income	3.1	545.9	531.7
Finance income	3.11	687.3	489.7
Finance expenses	3.11	(232.6)	(237.1)
General and administrative expenses	3.12	(120.1)	(80.7)
Other (expense) / income	3.13	(206.8)	284.5
Profit / (loss) before income tax		5,126.9	(2,017.4)
Income tax expense	3.14	(1.6)	(0.8)
Profit / (loss) for the period		5,125.3	(2,018.2)
Attributable to owners of the parent		5,124.0	(2,018.2)
Non-controlling interests		1.3	-
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign operations – Foreign currency translation differences		(0.0)	1,971.4
Other comprehensive income		(0.0)	1,971.4
Total comprehensive income / (loss)		5,125.3	(46.8)
Attributable to owners of the parent		5,124.0	(46.8)
Non-controlling interests		1.3	-

The notes on pages 31 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity



	Notes	Share capital in \$m	Share premium in \$m	Share-based payments reserve in \$m	Foreign currency translation reserve in \$m	Retained earnings in \$m	Equity – Group share in \$m	Non-controlling interests in \$m	Total equity in \$m
Balance as of 31 December 2019		8.8	9,637.3	-	(2,483.2)	13,791.7	20,954.6	-	20,954.6
Contributions		-	2.5	-	-	-	2.5	-	2.5
Reclassification of shares		1.3	1,599.5	-	-	-	1,600.8	-	1,600.8
Reclassification of share-based payments		-	-	454.8	-	-	454.8	-	454.8
Share-based payment transactions		-	-	24.1	-	-	24.1	-	24.1
Repayment of share premium	3.5	-	(146.8)	-	-	-	(146.8)	-	(146.8)
Other comprehensive income for the period		-	-	-	1,971.4	-	1,971.4	-	1,971.4
(Loss) for the period		-	-	-	-	(2,018.2)	(2,018.2)	-	(2,018.2)
Total comprehensive (loss)		-	-	-	1,971.4	(2,018.2)	(46.8)	-	(46.8)
Balance as of 31 December 2020		10.1	11,092.5	478.9	(511.7)	11,773.5	22,843.2	-	22,843.2
Issue of share capital	3.5	0.2	41.2	-	-	-	41.4	2.5	43.9
Cancellation of shares	3.5	(0.0)	(2.6)	-	-	-	(2.6)	-	(2.6)
Share-based payment transactions	3.7	0.2	(31.5)	168.4	-	-	137.1	6.6	143.7
Repayment of share premium	3.5	-	(180.5)	-	-	-	(180.5)	-	(180.5)
Change in scope of consolidation		-	-	-	-	-	-	16,533.2	16,533.2
Other comprehensive income for the period		-	-	-	(0.0)	-	(0.0)	-	(0.0)
Profit for the period		-	-	-	-	5,124.0	5,124.0	1.3	5,125.3
Total comprehensive income		-	-	-	(0.0)	5,124.0	5,124.0	1.3	5,125.3
Balance as of 31 December 2021		10.5	10,919.1	647.3	(511.7)	16,897.5	27,962.5	16,543.7	44,506.2

The notes on pages 31 to 77 are an integral part of these consolidated financial statements.

Consolidated cash flow statement



For the years ended 31 December

	Notes	2021 in \$m	2020 in \$m
Cash flows from operating activities			
Profit/(loss) before income tax		5,126.9	(2,017.4)
<i>Adjustments for:</i>			
Net (gain)/loss from change in fair value of investments	3.1	(4,453.2)	3,005.5
Finance (income) and expenses	3.10	(454.7)	(252.6)
Share-based payment (income) / expenses	3.7, 3.13	175.0	(285.0)
Other adjustments		-	4.7
<i>Changes in other assets and liabilities from operating activities:</i>			
(Net increase)/decrease in loans	3.1, 3.2	39.9	35.2
(Net increase)/decrease in other assets	3.3	(10.1)	4.5
Net increase/(decrease) in other liabilities	3.10	30.8	(6.5)
(Payments) on acquisition of / proceeds from sale of investments	3.1	(497.2)	(1,239.7)
Interest and foreign exchange results		(62.4)	(2.4)
Income taxes paid and withholding taxes	3.14	(1.6)	3.4
Net cash (used in) operating activities		(102.1)	(750.3)
Cash flows from financing activities			
Contribution owners of the parent		13.8	2.5
Repayment of share premium to owners of the parent and cancellation of shares	3.5	(183.2)	(146.8)
Transactions with non-controlling interests		2.5	-
Proceeds from borrowings	3.8	1,086.0	1,929.6
Repayment of borrowings	3.8	(766.4)	(252.5)
Interest paid	3.11	(236.1)	(197.2)
Proceeds from issue of redeemable shares	3.6	-	5.9
Capital repayments on redeemable shares	3.6	-	(884.1)
Other	3.10	(35.3)	(0.3)
Net cash (used in)/from financing activities		(118.7)	457.1
Cash and cash equivalents at beginning of period	3.4	2,674.2	2,903.4
Net cash (used in) operating activities		(102.1)	(750.3)
Net cash (used in)/from financing activities		(118.7)	457.1
Effect of change in scope of consolidation		1,344.3	-
Effect of exchange rate fluctuations on cash and cash equivalents		(38.2)	64.0
Cash and cash equivalents at end of period		3,759.5	2,674.2

The notes on pages 31 to 77 are an integral part of these 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 31 December 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 Group holds several strategic investments in controlled and non-controlled entities. As of 31 December 2021, the Group invested in the following significant subsidiaries and other investments:

- Acorn Holdings B.V., Netherlands
- Pret Panera III G.P., USA
- JAB Indulgence B.V., Netherlands
- Petcare Holding LP, USA
- JAB Pet Holdings Ltd., UK
- Cottage Holdco B.V., Netherlands
- JAB Ventures B.V., Netherlands

For changes in significant subsidiaries and other investments, please refer to note 2.3.

2. Accounting policies

The Group has applied the accounting policies consistently to all periods presented in these consolidated financial statements. The most significant accounting policies applied are presented in this note and, in some cases, as part of the relevant notes to the consolidated financial statements.

2.1. Basis of preparation

The consolidated financial statements were:

- prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS");
- prepared under the historical cost convention, except for the valuation of financial assets and financial liabilities (including derivative financial instruments) which are carried at fair value through profit or loss;
- prepared on a going concern basis;
- prepared presenting assets and liabilities in increasing order of liquidity, since this presentation provides reliable and more relevant information compared to a current and non-current classification. The amounts expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

(a) no more than twelve months after the reporting period:

Assets:	Liability:
– Loans to investments, 2021: \$0m (2020: \$117.1m) Please refer to the note 3.1.4;	– Borrowings, 2021: \$592.7m (2020: \$828.5m) Please refer to the note 3.8;
– Other loans, 2021: \$42.3m (2020: \$50.9m) Please refer to the note 3.2;	– Related party payable, 2021 \$1,087.3m (2020: \$0m) Please refer to the note 3.9;
– Other assets, 2021: \$18.9m (2020: \$9.0m) Please refer to the note 3.3;	– Other liabilities, 2021 \$118.6m (2020: \$134.1m) Please refer to the note 3.10;
– Cash and cash equivalents, 2021: \$3,759.5m (2020: \$2,674.2m).	

(b) more than twelve months after the reporting period:

Assets:	Liability:
– In general "Investments in subsidiaries" and "other investments" are recoverable in more than twelve months after the reporting period this being also due to the size of the individual "Investments in subsidiaries". Not within the aforementioned and due to the uncertainty of the exact timing of the closing of transactions, certain amounts maybe recoverable within the next twelve months after the reporting period (please refer to the note 3.1.3 regarding the potential IPO of Panera Brands);	– Borrowings, 2021: \$9.219.1m (2020: \$ 9,445.8m) Please refer to the note 3.8;
– Other assets, 2021: \$19.5m (2020: \$24.4m) Please refer to the note 3.3.	– Other liabilities, 2021 \$25.7m (2020: \$5.0m) Please refer to the note 3.10.

- presented in millions of US Dollar unless otherwise stated. Amounts are commercially rounded. Therefore, rounding differences may appear; and
- authorised for issue by the Managers on 7 March 2022.

2.2. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Assessment as an investment entity

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

The judgement refers to the classification of JAB Holding Company S.à r.l. as an investment entity according to IFRS 10. The management has concluded that the entity meets the definition of an investment entity as the following essential elements exist:

- The Company obtained funds from investors for the purpose of providing directly or via subsidiaries - those investors with investment services;
- The obtained funds are solely invested for returns from capital appreciation, investment income, or both;
- The performance of substantially all of its investments is measured and evaluated on a fair value basis.

The management has also concluded that the Company meets the following typical characteristics of an investment entity:

- it has more than one investment;
- it has more than one investor;
- the investments are predominantly in the form of equity or similar interests and the company and the Company has identified different potential strategies for different types of portfolios of investments, including potential substantive time frames for exiting its investments.

One typical characteristics of an investment entity is that the investors are not related parties. For the Group most investors are related parties. However, the management believes it is nevertheless an investment entity, because the majority of the investors is not actively involved in the investment process and it is ensured that there are no returns from investments that are other than capital appreciation or investment income. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changed.

Following the classification as an investment entity, management has made judgement with regard to the consolidation of the Group's subsidiaries. Only subsidiaries providing services that relate to the investment entity's investment activities are consolidated in accordance with IFRS 10.32. Management therefore assessed the functions and services provided by the subsidiaries and concluded on the scope of consolidation based on this assessment.

Fair value determinations

Other key assumptions and estimations relate to the fair value determination of the Group's investments and share-based payments. Management uses judgment in selecting appropriate valuation techniques. Reference is made to note 3.1.3 for investments.

In order to estimate expenses in connection with share-based payments (see note 3.7), adequate measurement methods have to be adopted and adequate parameters for those measurement methods have to be determined. Those parameters comprise expected life of options, volatility, dividend yield, risk-free interest rate and assumptions on time of exercise.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are either recognised in the period in which the estimate is revised only, or in the period of the revision and future periods, if the revision affects both current and future periods.

Determination of functional currency

In addition, significant judgement was applied in determining the Company's currency and the trigger for a change. The Company's conclusion that, effective from January 2021, 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

In 2021, the Group's investment strategy continued to evolve. That evolution includes the further formalisation of the Investment Platform structure including the delivery of industry and sector specific investment related services through different platform entities. The primary reason for such structure having evolved is to strengthen the Group's focus and oversight on continued value creation on a platform-by-platform basis. The platform entities hold the Group's investments but do not themselves qualify as investment entities. The different platform entities are controlled by the Group and may have co-investors which hold non-controlling interests.

In the past, platform entities were classified as the Group's investments and measured at fair value in accordance with IFRS 10.31. The formalisation of the Investment Platform structure required management to re-assess the Group's scope of consolidation based on the platform entities' functions and services. It was concluded that the main purpose of the platform entities is to provide investors with platform-specific investment management services. Management considers the change in the platform entities' main purpose to be fully effective by 31 December 2021. They are therefore consolidated in accordance with IFRS 10.32 as of that date.

The following disclosures provide an overview of the impact of the change in scope of consolidation as of 31 December 2021 on each platform entity. Refer to note 3.1 for the respective legal entity names of each respective investment as of 31 December 2020 and 2021 within the investment categories described below.

Coffee & Beverages

Effective 31 December 2021, the investment management services provided by JAB Coffee & Beverages B.V. (formerly JAB Beverage Platform B.V.) have been formalised. Consequently, JAB Coffee & Beverages B.V. ceased to be classified as an investment and is now a consolidated subsidiary, whereas its shareholding in Acorn Holdings B.V. is presented as the Group's investment in a non-consolidated subsidiary.

Additionally, on 31 December 2021, JAB Coffee & Beverages B.V. issued shares to JAB Consumer Partners S.C.A., SICAR ("JCP"; see below in note 2.3 for further information on the relationship between the Company and JCP) in exchange for the contribution of shares in Acorn Holdings B.V. without resulting in a loss of control for the Group. The contributed assets as well as the results and value from those assets are attributed to the non-controlling shares held by JCP and are accounted for separately from the assets attributed to the shares held by the Group.

The change in scope of consolidation is presented as a net elimination in the amount of \$3,913.8m for the elimination of the investment in JAB Coffee & Beverages B.V. in the amount of \$18,341.6m and an addition of the investment in Acorn Holdings B.V. in the amount of \$22,255.4m. Both elimination and addition as investments in subsidiaries are measured at fair value. The material impacts of the changes to the consolidation scope and the increase in investments in subsidiaries can be detailed as follows:

The difference of the investment in Acorn Holdings B.V. compared to the investment in JAB Coffee & Beverages B.V. in the

amount of \$3,913.8m can mainly be explained by a related party payable in the amount of \$1,087.3m (refer to note 3.9 – Related parties payable) and non-controlling interest in JAB Coffee & Beverages B.V. of \$2,853.3m.

Fast Casual Restaurants

Effective 31 December 2021, the investment management services provided by Pret Panera Holdings B.V. have been formalised. Consequently, Pret Panera Holdings B.V. ceased to be classified as an investment and is now a consolidated subsidiary, whereas its shareholding in Pret Panera III G.P. is presented as the Group's investment in a non-consolidated subsidiary.

The change in scope of consolidation is presented as a net addition in the amount of \$3,727.9m for the elimination of the investment in Pret Panera Holdings B.V. in the amount of \$5,033.3m and an addition of the investment in Pret Panera III G.P. in the amount of \$8,761.2m. Both elimination and addition as investments in subsidiaries are measured at fair value.

The changes to the consolidation scope and the increase in investments in subsidiaries mainly are due to the non-controlling interests in Pret Panera Holdings B.V. which amount to \$3,724.0m.

Petcare

Effective 31 December 2021, the investment management services provided by Petcare G.P. have been formalised. Consequently, Petcare G.P. ceased to be classified as an investment and is now a consolidated subsidiary, whereas its shareholding in Petcare Holdings LP is presented as the Group's investment in a non-consolidated subsidiary.

The change in scope of consolidation is presented as a net addition in the amount of \$8,889.1m for the elimination of the investment in Petcare G.P. in the amount of \$5,468.5m and an addition of the investment in Petcare Holdings LP in the amount of \$14,357.6m. Both elimination and addition as investments in subsidiaries are measured at fair value. The material impacts of the changes to the consolidation scope and the increase in investments in subsidiaries can be detailed as follows:

The difference of the investment in Petcare Holdings LP compared to the investment in Petcare G.P. in the amount of \$8,889.1m represents the non-controlling interest in Petcare G.P. in the amount of \$8,789.7m with the residual related to an intragroup investment elimination.

Pet Health Service

Effective 31 December 2021, the investment management services provided by JAB Pet Services B.V. have been formalised, delivering investment related services to the Group. Consequently, JAB Pet Services B.V. ceased to be classified as an investment and is now a consolidated subsidiary, whereas its shareholding in JAB Pet Holdings Ltd. is presented as the Group's investment in a non-consolidated subsidiary. The difference of the investment in JAB Pet Holdings Ltd and JAB Pet Services B.V. in the amount of \$580.6m, represents the non-controlling interests in JAB Pet

Notes to the consolidated financial statements (continued)



Services B.V. amount of \$348.4m with residual related to an intra-group investment elimination.

Non-controlling interests

JAB Consumer Partners SCA SICAR ("JCP" or "co-investor") has been established on 22 July 2013 to invest alongside JAB Holding Company S.à r.l. as a co-investor in the Group's investments in subsidiaries. JCP is a regulated investment company in risk capital (société d'investissement en capital à risque) with multiple compartments organized under the laws of the Grand Duchy of Luxembourg, each compartment having a limited life. Based on JCP's Private placement memorandum, being the legal binding document between JCP and its investors, JCP, through its Alternative Investment Fund Management company ("AIFM") called JAB Consumer Fund Management S.à r.l. ("JCFM") may request in case of occurrence of predetermined events and conditions an IPO or a sale of certain investments in subsidiaries, the Group itself being a potential buyer, without though having a formal obligation leading to a future cash out-flow.

As a consequence and following the change in the scope of consolidation as further explained here before, which occurred on 31 December 2021, the Group presents the shares held by JCP in the platform entities as non-controlling interests ("NCI").

Non-controlling interests in the results and equity of consolidated subsidiaries are presented separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Non-controlling interests are initially measured at fair value. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.4. Preparation of the consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method. Net cash flows from operating activities are reconciled from profit before tax from continuing operations.

Changes in consolidated statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, contributions in kind and conversions of debt to equity have been eliminated for the purpose of preparing this statement.

Proceeds from sale of subsidiaries and other investments, payments on acquisition of subsidiaries and other investments, changes in loans and other assets, dividends, capital repayments from investees and interest received have been classified as cash flows from operating activities because the investment activities are the Group's principal activities.

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

2.5. 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:

A. Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39

In the prior year, the Phase 1 of the amendments Interest Rate Benchmark Reform—Amendments to IFRS 9 / IAS 39 and IFRS 7 were adopted. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Phase 2 of the amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7 were adopted. Adopting these amendments enables a Compartment to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both Phase 1 and Phase 2 amendments are relevant because it applies hedge accounting to its interest rate benchmark exposures. The current period modifications in response to the reform have been made to some (but not all) of the Compartment's derivative and non-derivative.

B. Covid 19 Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- c) There is no substantive change to other terms and conditions of the lease.

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

New standards, amendments and interpretations issued, but not effective for the year ended 31 December 2021 and not early adopted.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

A. Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

These amendments should be applied for annual periods beginning on or after January 1, 2022.

Notes to the consolidated financial statements (continued)

**B. Reference to the Conceptual Framework – Amendments to IFRS 3**

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

These amendments should be applied for annual periods beginning on or after January 1, 2022.

C. Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

These amendments should be applied for annual periods beginning on or after January 1, 2022.

D. Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

These amendments should be applied for annual periods beginning on or after January 1, 2022.

No impact is foreseen in the consolidated financial statements of the Company.

Certain new accounting standards have been published that are not mandatory for 31 December 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.

Notes to the consolidated financial statements (continued)



2.6. Foreign currency

Functional and presentation currency:

The consolidated financial statements are presented in US Dollar (\$), which is the Company's functional currency.

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.

Change in functional currency by Group entities

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 becoming predominant. As a result of these changes, effective from 1 January 2021, functional currency of certain subsidiaries of the Group, which determined EUR as functional currency in the past, changed prospectively from EUR to USD in compliance with the requirements of "IAS 21: The Effects of Changes in Foreign Exchange Rates". Significant judgement was applied in determining these subsidiaries' functional currency and the trigger for a change compared to the financial statements of 2020. The Management conclusion that the functional currency has changed from Euro to US Dollar on 1 January 2021 was based on an analysis of the underlying economic environment considering the relevant currency's impact on the Group's finance investment and finance activities. 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.

Foreign currency translations:

The assets and liabilities are translated into the Group's presentation currency, the US Dollar, using exchange rates prevailing at the end of each reporting period. Income and expenses are translated using the average foreign exchange rate for the reporting period except for dividend income translated at the foreign exchange rate prevailing at the date of the transaction. Exchange differences arising, if any, are recognised in other comprehensive income and are accumulated in equity. At disposal of the foreign operation, foreign exchange differences are reclassified from other comprehensive income to profit or loss.

Foreign currency transactions:

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on translation of these transactions and monetary assets and liabilities are recognised in profit or loss.

Except for monetary financial assets and liabilities measured at fair value, foreign exchange gains and losses arising from translation of transactions and monetary assets and liabilities are presented in profit or loss for the period, under financial income or financial expense.

2.7. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally, purchases and sales are accounted for at the settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal or, in its absence, the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible for the Group.

The most reliable evidence of fair value is quoted prices in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Valuation techniques include using recent at arm's length transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

2.8. Change of presentation

In 2021, the Group decided to change the presentation of certain items in its consolidated cash flow statement to present more detailed the cash flows impacts from finance income. Also, comparative amounts were reclassified.

The adjustment for "Finance expenses" in the consolidated cash flow statement is extended to "Finance (income) and expenses". Consequently, the cash flows from finance income (including interest and realised foreign exchange translations) are presented

Notes to the consolidated financial statements (continued)



separately and non-realised foreign exchange transactions and changes in interest accruals are included in "Changes in other assets and liabilities from operating activities".

The following tables summarise the impacts on the comparative consolidated cash flow statement:

	<i>As previously reported</i>	<i>Adjustments</i>	<i>2020</i>
	in \$m	in \$m	in \$m
<i>Cash flows from operating activities</i>			
Profit/(loss) before income tax	(2,017.4)	-	(2,017.4)
<i>Adjustments for:</i>			
Net (gain)/loss from change in fair value of investments	3,005.5	-	3,005.5
Finance (income) and expenses	237.1	(489.7)	(252.6)
Share-based payment (income) / expenses	(285.0)	-	(285.0)
Gain from change in fair value of redeemable shares	(478.0)	478.0	-
Other adjustments	(8.6)	13.3	4.7
<i>Changes in other assets and liabilities from operating activities:</i>			
(Net increase)/decrease in loans	35.2	-	35.2
(Net increase)/decrease in other assets	4.9	(0.4)	4.5
Net increase/(decrease) in other liabilities	(7.6)	1.1	(6.5)
(Payments) on acquisition of / proceeds from sale of investments	(1,239.7)	-	(1,239.7)
Interest and foreign exchange results	-	(2.4)	(2.4)
Income taxes paid and withholding taxes	3.4	-	3.4
Net cash from/(used in) operating activities	(750.3)	-	(750.3)

3. Notes to the Accounts

3.1. Investments

3.1.1. Investments in subsidiaries

Accounting Policy

The Company qualifies as an investment entity in accordance with IFRS 10.27 and is required to apply the exception to consolidation and instead accounts for its investments in a subsidiary at fair value through profit or loss ("FVTPL").

Only subsidiaries providing services that relate to the Group's investment activities are consolidated in accordance with IFRS 10.32. Consequently, the consolidated financial statements of the Group include the financial statements of the Company and its controlled and consolidated subsidiaries, but not its subsidiaries that qualify as investments.

The Group focuses on investments in a number of different sectors. The Group does not have an explicit time horizon with regard to the divestment of any particular investment; instead, the investment strategy is assessed on an on-going basis and the focus changes over time.

The following subsidiaries are consolidated in the Group's consolidated financial statements as of 31 December 2021:

Company	Registered	Economic ownership in % ¹	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l.	Luxembourg	99.9%	0.1%
JAB Holdings B.V. ²	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
Pret Panera Holdings B.V. ³	Netherlands	57.4%	42.6%
Petcare G.P. ⁴	USA	36.1%	63.9%
JAB Pet Services B.V. ⁵	Netherlands	40.0%	60.0%
JAB Coffee & Beverages B.V. ⁶ (formerly JAB Beverage Platform B.V.)	Netherlands	85.6%	14.4%
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
JAB Partners (UK) Ltd.	UK	100.0%	-
JAB Holding Company, LLC	USA	100.0%	-

1 Above presentation of economic ownership of parent and NCI in the platform entities is based on the direct interest held by either JAB Holdings B.V. or JAB Forest B.V. Indirect NCI resulting from minor NCI shares in JAB Investments S.à r.l. are not included in the calculation of economic ownership.

2 As of 31 December 2021, JAB Cosmetics B.V. was merged with JAB Holdings B.V. Consequently, JAB Cosmetics B.V. ceased to exist as of that date. Prior to the merger JAB Cosmetics B.V. had distributed its investment in Cottage Holdco B.V. to JAB Holding Company S.à r.l.

3 The Group holds 59.0% of the voting rights in Pret Panera Holdings B.V.

4 The Group controls Petcare G.P. by virtue of agreements with its co-investors.

5 The Group holds 100.0% of the voting rights in JAB Pet Services B.V.

6 The Group holds 100% of the voting rights in JAB Coffee & Beverages B.V.

Notes to the consolidated financial statements (continued)



The following subsidiaries were consolidated in the Group's consolidated financial statements as of 31 December 2020:

Company	Registered	Economic ownership in % ¹	
		Parent	NCI
JAB Holding Company S.à r.l.	Luxembourg	parent company	-
JAB Investments S.à r.l.	Luxembourg	100.0%	-
JAB Holdings B.V.	Netherlands	100.0%	-
JAB Cosmetics B.V.	Netherlands	100.0%	-
JAB Forest B.V.	Netherlands	100.0%	-
JAB Holding Sao Paulo Ltda.	Brazil	100.0%	-
LABELUX Group GmbH in Liqu.	Austria	100.0%	-

Control is achieved when the Group has power over the consolidated entity, is exposed, or has rights, to variable returns from its involvement with a consolidated entity and has the ability to use its power to affect its returns. The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including the contractual arrangement with the other holders of voting rights of the entity, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

As at 31 December 2021, the following non-consolidated subsidiaries qualify as investments in subsidiaries and are therefore measured at fair value:

Company	Registered	Shareholding in %
Acorn Holdings B.V.	Netherlands	99.57%
Pret Panera III G.P.	USA	86.3%
Cottage Holdco B.V.	Netherlands	100.0%
Petcare Holding LP	USA	97.9%
JAB Indulgence B.V.	Netherlands	100.0%
JAB Pet Holdings Ltd.	United Kingdom	100.0%
JAB Ventures B.V.	Netherlands	100.0%
JAB Luxury S.à r.l. (formerly JAB Luxury GmbH)	Luxembourg (formerly Switzerland)	100.0%

The stated shareholdings reflect the portion of shares held by the Group together with its non-controlling interests in its non-consolidated investments in subsidiaries.

All acquisitions are measured at fair value at the time of acquisition or contribution. After initial measurement, all investments in non-consolidated subsidiaries are subsequently measured at FVTPL.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

¹ As of 31 December 2020, economic ownership equals voting rights.

Notes to the consolidated financial statements (continued)



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

Entity	Principal place of business	Proportion of ownership interest		Fair Value of ownership interest	
		2021 in %	2020 in %	2021 in \$m	2020 in \$m
Acorn Holdings B.V.	Netherlands	99.6	-	22,255.4	-
JAB Coffee & Beverages B.V. ¹	Netherlands	-	100.0	-	17,693.5
JDE Peet's N.V.	Netherlands	-	1.9	-	431.8
Keurig Dr Pepper Inc.	USA	-	0.4	-	173.5
Coffee & Beverages				22,255.4	18,298.8
Pret Panera I G.P.	USA	-	53.8	-	2,769.5
Pret Panera III G.P.	USA	86.3	16.3	8,761.2	1,359.9
Fast Casual Restaurants				8,761.2	4,129.4
JAB Indulgence B.V.	Netherlands	100.0	-	1,081.9	-
KK G.P.	USA	-	49.4	-	1,068.0
Indulgence				1,081.9	1,068.0
Petcare G.P.	USA	-	38.5	-	3,273.9
Petcare Holding LP	USA	97.9	-	14,357.6	-
Petcare				14,357.6	3,273.9
JAB Pet Holdings Ltd.	UK	100.0	-	580.6	-
Pet Health Service				580.6	-
Cottage Holdco B.V.	Netherlands	100.0	100.0	4,739.7	3,227.3
JAB Luxury S.à r.l.	Luxembourg	100.0	100.0	222.1	- ²
Beauty & Luxury				4,961.8	3,227.3
Other				272.4	251.4
Intra-group investment elimination				(861.1)	-
Other				(588.7)	251.4
Total				51,409.8	30,248.8

¹ Former JAB Beverage Platform B.V. was renamed to JAB Coffee & Beverages B.V. in 2021.

² As of 31 December 2020, the investment in JAB Luxury S.à r.l. was presented under other.

Notes to the consolidated financial statements (continued)



A detailed reconciliation from the investments as of beginning of the period to the investments as of the end of period (excluding intra-group investment elimination), including the effects from the change of scope of consolidation is presented below, for both level II and level III investments:

	<i>Coffee & Beverages</i>	<i>Fast Casual Restaurants</i>	<i>Indulgence</i>	<i>Petcare</i>	<i>Pet Health Service</i>	<i>Beauty & Luxury</i>	<i>Other</i>	<i>Total</i>
	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m
Balance as of 31 December 2019	18,920.9	4,340.5	997.5	249.7	-	3,416.5	342.9	28,268.0
Additions / contributions	1,727.5	-	-	1,636.9	-	1,813.0	420.5	5,597.9
Disposals / distributions	(3,077.6)	-	(2.4)	(2.5)	-	(27.2)	(297.0)	(3,406.7)
Change in Fair value	728.0	(211.1)	72.9	1,389.8	-	(1,975.0)	(215.0)	(210.4)
Balance as of 31 December 2020	18,298.8	4,129.4	1,068.0	3,273.9	-	3,227.3	251.4	30,248.8
Additions / contributions	515.2	2.7	220.6	402.0	-	11.6	8.0	1,160.1
Disposals / distributions	(365.4)	-	(290.2)	-	-	-	(1.5)	(657.1)
Reclassification from other investments	-	-	-	-	-	-	128.4	128.4
Transfer	-	-	-	-	-	246.0	(246.0)	-
Change in Fair value	(107.0)	901.2	83.5	1,792.6	-	1,476.9	104.2	4,251.4
Balance as of 31 December 2021 before change in scope of consolidation	18,341.6	5,033.3	1,081.9	5,468.5	-	4,961.8	244.5	35,131.6
Change in scope of consolidation	3,913.8	3,727.9	-	8,889.1	580.6	-	27.9	17,139.2
Intra-group investment elimination	-	-	-	-	-	-	(861.1)	(861.1)
Balance as of 31 December 2021	22,255.4	8,761.2	1,081.9	14,357.6	580.6	4,961.8	(588.7)	51,409.8

Notes to the consolidated financial statements (continued)

**Coffee & beverages**

As of 31 December 2021, the Group is invested in Keurig Dr Pepper Group (KDP) and JDE Peet's (JDEP) through its investment in Acorn Holdings B.V., via its consolidated subsidiary JAB Coffee & Beverages B.V. which is held together with a non-controlling interest from JCP.

During 2021 the Group increased its investment in Coffee & Beverages by a \$37.6m purchase of JDEP shares and through a \$499.1m capital contribution to JAB Coffee & Beverages B.V. It decreased its investment in Coffee & Beverages by an amount of \$365.4m through the transfer of shares in JDEP.

In 2020, the Group increased its investment in Coffee & Beverages by an amount of \$1,727.5m through the acquisition of shares in KDP (\$428.6m) and JDEP (\$334.1m), the exchange of its preferred shares in Acorn Holdings B.V. to ordinary shares (\$958.0m) and the acquisition of further shares in Acorn Holding B.V. (\$6.8m). It decreased its investment in Coffee & Beverages by an amount of \$3,077.6m through capital repayments from Acorn Holdings B.V. (\$1,935.8m) and JAB Beverage Platform B.V. (\$1,141.8m). As of 31 December 2020, the Group held its investments in KDP & JDEP mainly through Coffee & Beverages B.V., but also directly held shares in KDP and JDEP.

Fast casual restaurants

As of 31 December 2021, the Group is invested in Pret A Manger, Panera Brands and Espresso House through its investment in Pret Panera III G.P., via its consolidated subsidiary Pret Panera Holdings B.V. which is held together with a non-controlling interest from JCP.

In 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 Pret Panera Holdings B.V., which is invested solely and directly in Pret Panera III G.P. as of 31 December 2021.

In 2021, loans granted to Pret Panera in the amount of \$2.7m were converted to equity.

Indulgence

As of 31 December 2021, the Group is invested in Krispy Kreme through JAB Indulgence B.V.

In 2020, the Group distributed shares for an amount of \$2.4m.

During 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. The Group increased its investment by \$220.6 through capital contributions to KK G.P. (\$67.7m) and acquisition of further shares in Krispy Kreme Inc. (\$152.9m). Additionally, the Group made capital distributions of \$290.2m.

Petcare

As of 31 December 2021, the Group is invested in National Veterinary Associates Group (NVA) through its investment Petcare Holdings LP, via its consolidated subsidiary Petcare G.P which is held together with a non-controlling interest from JCP.

In February 2020, the Group made capital contributions in cash to Petcare in the amount of \$1,604.7m for the acquisition of NVA. Subsequently, in December 2020, Compassion First Group and NVA were combined into NVA. In 2020, loans granted to Petcare in the amount of \$32.2m were converted to equity. Furthermore, the Group distributed shares for \$2.5m. In 2021, the Group made additional contributions of \$402.0m to Petcare G.P.

Pet health service

The Group is invested in Independence American Insurance Company and PetPartners through JAB Pet Holdings Ltd.

Beauty & luxury

The Group is invested in Coty Inc. through Cottage Holdco B.V. As of 31 December 2021, Cottage Holdco B.V. holds 54.1% (453,853,684 shares) in Coty Inc. (2020: 60.5% directly; 463,607,984 shares).

In 2020, the Group made capital contributions to Cottage Holdco B.V. in the amount of \$1,813.0m and received share premium repayments of \$27.2m.

Other

Other includes JAB Ventures B.V. of \$244.1m net of \$861.1m intra-group investment eliminations.

Notes to the consolidated financial statements (continued)



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

	<i>Net gain/(loss) on non-consolidated investments in subsidiaries at FVTPL</i>		<i>Dividend income from non-consolidated investments in subsidiaries at FVTPL</i>		<i>Total net income from non-consolidated investments in subsidiaries at FVTPL</i>	
	2021	2020	2021	2020	2021	2020
	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m
Coffee & Beverages	(107.0)	728.0	282.8	497.1	175.8	1,225.1
Fast Casual Restaurants	901.2	(211.1)	-	-	901.2	(211.1)
Indulgence	83.5	72.9	227.5	8.9	311.0	81.8
Petcare	1,792.6	1,389.8	30.1	16.6	1,822.7	1,406.4
Beauty & Luxury	1,476.9	(1,975.0)	-	-	1,476.9	(1,975.0)
Others	104.2	(215.0)	-	-	104.2	(215.0)
Total	4,251.4	(210.4)	540.4	522.6	4,791.8	312.2

3.1.2. Other Investments

Accounting Policy

Other investments are initially measured at fair value. The Group measures its non-derivative financial assets subsequently at FVTPL or at amortised cost, based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Corporate Debt Securities:

Corporate debt securities are those that are managed with their performance evaluated on a fair value basis. Those investments are initially recognised at fair value with changes being recognised in profit or loss. Attributable transaction costs are expensed in profit or loss as incurred.

Associates:

An associate is an entity over which the Group has significant influence, but no control over the financial and operating policy decisions of the investee. Investments in associates are measured at FVTPL in accordance with paragraphs. 31, 32, B85E of IFRS 10.

Derivative financial instruments:

Derivatives are initially recognised at fair value at the transaction date and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. In the year ended 31 December 2021, the Group did not designate derivatives as hedging instruments and therefore did not apply hedge accounting.

Notes to the consolidated financial statements (continued)



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

	2021		2020	
	Short-term	Long-term	Short-term	Long-term
	in \$m	in \$m	in \$m	in \$m
Balance at 31 december				
<i>Corporate debt securities</i>				
Panera Brands, Inc.	-	213.8	-	-
<i>Associates</i>				
Other associates	-	-	-	128.4
<i>Others</i>	-	86.6	0.5	3.3
Total	-	300.4	0.5	131.7

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 (2020: \$0m) 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 \$276.2m plus \$5.3m of coupon dividends (2020: \$0m).

The fair value of the vested warrants of \$213.8m as of 31 December 2021(2020: \$0m). 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 31 December 2021.

As at 31 December 2020, the other investments were mainly composed of the investment of JAB Holdings B.V. in You & Mr Jones LLC. As at 31 December 2021, this investment was transferred from JAB Holdings B.V. to JAB Ventures B.V., JAB Ventures B.V. being now the investment, please refer to table here after.

The movements in other investments can be detailed as follows:

	Corporate debt securities	Associates	Others	Total
	in \$m	in \$m	in \$m	in \$m
Balance as of 31 December 2019	957.4	40.0	-	997.4
Additions	-	-	36.2	36.2
Disposals	(958.0)	-	(2.4)	(960.4)
Change in fair value	0.6	88.4	(30.0)	59.0
Balance as of 31 December 2020	-	128.4	3.8	132.2
Additions	270.7	-	101.1	371.8
Disposals	(276.2)	-	(34.0)	(310.2)
Reclassification to investments in subsidiaries	-	(128.4)	-	(128.4)
Change in fair value	219.3	-	15.7	235.0
Balance as of 31 December 2021	213.8	-	86.6	300.4

Regarding the "reclassification to investments in subsidiaries", please refer to the previous page.

Notes to the consolidated financial statements (continued)



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

	<i>Net gain/(loss) on Other Investments</i>		<i>Dividend Income from Other Investments</i>		<i>Total net Income from Other Investments</i>	
	2021	2020	2021	2020	2021	2020
	in \$m	in \$m	in \$m	in \$m	in \$m	in \$m
<i>Corporate debt securities</i>						
Acorn Holdings B.V. preferred shares	-	10.9	-	9.1	-	20.0
Panera Brands, Inc.	219.3	-	5.3	-	224.6	-
<i>Associates</i>						
Other associates	-	78.8	-	-	-	78.8
<i>Others</i>						
Others	15.7	(30.0)	0.2	-	15.9	(30.0)
Total	235.0	59.9	5.5	9.1	240.5	69.0

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 31 December 2021, the Group's assets in this category include other investments (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. and JAB Indulgence B.V. which hold underlying investments in the public listed companies Coty Inc. and Krispy Kreme Inc. and other investments.

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 Acorn Holdings B.V., Pret Panera III G.P., Petcare Holdings L.P., JAB Pet Holdings Ltd., JAB Luxury S.à r.l. and JAB Ventures B.V. (2020: 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 other observable inputs include JDE Peet's and KDP share price within Acorn Holdings B.V. as well as Krispy Kreme share price within 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.

Notes to the consolidated financial statements (continued)

*Valuation method – public companies*

For underlying investments 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.

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 multiples 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 other financial characteristics (e.g. market capitalization, EBITDA margin levels, market leadership, recession resilience, 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 December 2021 and December 2020. In addition, adjustments between the enterprise value and the equity value are made for financial debt, and, where relevant, for non-controlling interest and financial assets.

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

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

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

Company	Fair value		Valuation technique	Input	Range	
	31 Dec. 2021	31 Dec. 2020			31 Dec. 2021	31 Dec. 2020
Investments in subsidiaries	51,409.8	30,248.8	Publicly listed	Quotes share price	N/A	N/A
			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)	8.2 – 24.8	10.0 – 19.6
			Comparable companies	Sales multiples (LTM)	N/A	4.6
				Sales multiples (NTM)	1.3 – 4.8	1.2 – 5.0
			Comparable companies	P/E multiples (LTM)	N/A	30.1 – 36.4
				P/E multiples (NTM)	17.8 – 40.0	17.0 – 29.9

Notes to the consolidated financial statements (continued)



Underlying investments valued based on a market approach using comparable companies multiples technique are valued using NTM multiples (Pret Panera III G.P., Petcare Holding LP and JAB Luxury S.à r.l.; 2020: LTM multiples - KK G.P., Petcare G.P.; NTM multiples - Pret Panera I G.P., Pret Panera III G.P., JAB Luxury GmbH).

On 9 November 2021, Panera Brands, an investment held through Pret Panera III G.P., announced its intention to explore an IPO sometime during 2022. The current valuation of Panera Brands was made as of 30 June 2021 and was not updated in the light of the IPO, though concluded to be relevant and appropriate for Panera Brands' fair value as of 31 December 2021.

As of 31 December 2021, Pret Parent Holding Ltd, an investment held through Pret Panera III G.P., is valued using forecast financial metrics for the 4 quarters ending December 2023 for its market multiple approach.

As of 31 December 2021, Petcare Holdings LP's fair value was determined using a NTM market approach using an amended peer set compared to 31 December 2020. The change in the peer set has been performed in order to better reflect the market position of the underlying business. The valuation derived using the amended peer set was thereafter also compared with 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	31 December 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	50%	50%	-	50%	50%	-
Krispy Kreme	N/A	N/A	N/A	40%	40%	20%

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:

Company	31 December 2021		31 December 2020	
	Increase in \$m	Decrease in \$m	Increase in \$m	Decrease in \$m
Pret Panera	1,109.6	(1,109.6)	630.0	(630.0)
Petcare	1,836.5	(1,836.5)	392.6	(392.6)
Pet Health Services	58.1	(58.1)		
JAB Luxury	33.0	(33.0)	34.1	(34.1)
Krispy Kreme	-	-	132.9	(132.9)
	4,369.6	(4,369.6)	1,107.2	(1,107.2)

For the exposure to other price risk from indirect investments in publicly traded companies, please refer to note 4.8.

Notes to the consolidated financial statements (continued)



3.1.4. Loans to investments

Accounting Policy

In accordance with IFRS 9, the Group classifies its loans to investments as subsequently measured at amortised cost based on both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Loans to investments are classified as measured at amortised cost in accordance with IFRS 9, which includes the requirement to calculate expected credit losses ("ECLs") on initial recognition. These assets are recognised initially at fair value plus any directly attributable transaction costs. Any ECLs are recognised directly in profit or loss, with any subsequent reversals recognised in profit or loss.

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

	<i>Fast Casual Restaurants</i> in \$m	<i>Petcare</i> in \$m	<i>Total</i> in \$m
Balance as of 31 December 2019	-	169.6	169.6
New loans issued	116.1	172.2	288.3
Loans repaid	-	(309.7)	(309.7)
Contribution to investment's equity	-	(32.2)	(32.2)
Translation differences	1.0	0.1	1.1
Balance as of 31 December 2020	117.1	-	117.1
New loans issued	25.1	-	226.5
Loans repaid	(70.8)	-	(70.8)
Contribution to investment's equity	(2.7)	-	(2.7)
Conversion to preferred shares	(69.3)	-	(270.7)
Translation differences	0.6	-	0.6
Balance as of 31 December 2021	-	-	-

As of 31 December 2020, interest rates for fixed rate receivables ranges from 2.0% to 3.0%. Interest rates for floating rate receivables are based on Libor plus a margin of 4.25%.

In 2021, interest income from loans granted to investments amounts to \$0.8m (2020: \$6.2m).

Any loans to the Group's investments do not represent a separate substantial business activity or a separate substantial source of income of the Group and its subsidiaries such loans being solely undertaken to maximise the investment return from these investments.

3.2. Other loans

Accounting Policy

For the accounting policy related to other loans, refer to note 3.1.3 Loans to Investments.

	2021	2020
	in \$m	in \$m
Balance at 31 december		
JAB Management	42.2	46.9
JAB Holding Company LLC	-	4.0
Others	0.1	-
Total	42.3	50.9
Current	42.3	50.9

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

	2021	2020
	in \$m	in \$m
Balance at 31 december		
Receivables from shareholders	14.5	18.7
Prepayments	5.8	7.2
Accrued interest	0.1	2.0
Other	17.2	5.5
Total	37.6	33.4
Current	18.2	9.0
Non-current	19.5	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

Accounting Policy

Cash and cash equivalents include cash on hand and deposits held at call with banks including notional cash pool deposits, other short-term investments traded in an active market with original maturities of three months or less, and money market funds. Deposits at call with banks including notional cash pool deposits can be withdrawn within three months or less with an insignificant risk of changes in fair value and are therefore considered highly liquid financial instruments.

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

Cash and cash equivalents as of 31 December 2021 (\$3,759.5m; 2020: \$2,674.2) include cash on hand (\$276.2m; 2020: \$797.5m) and cash equivalents with a maturity of less than 3 months or with short-term liquidity (\$3,483.3m; 2020: \$1,876.7m).

The Company and certain subsidiaries have set up a multi-currency notional cash pool arrangement with a financial institution in the Netherlands to manage its global liquidity. Under the arrangement cash deposits in the notional cash pool can be withdrawn within 3 months or less to meet short term liquidity needs.

3.5 Equity

Share capital and share premium

At year-end issued capital comprises of the following numbers of shares:

	31 December 2021			31 December 2020		
	Number by classification	Total Shares	Nominal value In \$m	Number by classification	Total shares	Nominal value In \$m
	Equity			Equity		
Ordinary Class A shares	8,633,945	8,633,945	8.6	8,763,050	8,763,050	8.8
Ordinary Class B shares	782,534	782,534	0.8	814,413	814,413	0.8
Special Class S shares	1,157,298	1,157,298	0.9	496,473	496,473	0.5
Class PI shares	103,533	103,533	0.1	-	-	-
Issued share capital	10,677,310	10,677,310	10.5	10,073,936	10,073,936	10.1

10,287,310 shares have a nominal value of \$1.0 and 390,000 shares have a nominal value of \$0.5.

Notes to the consolidated financial statements (continued)



The movement in total issued share capital was as follows:

	<i>Ordinary Class A shares</i>	<i>Ordinary Class B shares</i>	<i>Special Class S shares</i>	<i>Class PI shares</i>	<i>Total shares</i>
Balance as of 31 December 2019	8,888,582	780,118	1,347,563	-	11,016,263
Shares issued for cash	-	8,496	52,665	-	61,161
Exercise of share options	-	12,206	171,495	-	183,701
Redesignation from Class A to Class B	(125,532)	125,532	-	-	-
Redeemed to the Company	-	(111,939)	(1,075,250)	-	(1,187,189)
Balance as of 31 December 2020	8,763,050	814,413	496,473	-	10,073,936
Shares issued for cash	-	10,063	214,176	-	224,239
Share-based payments	-	23,953	58,649	103,533	186,135
Redesignation share class	(128,105)	(65,895)	193,000	-	(1,000)
Cancellation of shares	(1,000)	-	-	-	(1,000)
Balance as of 31 December 2021	8,633,945	782,534	962,298	103,533	10,482,310

Notes to the consolidated financial statements (continued)



The movement in share capital and share premium classified as equity, hence excluding shares that classified as liabilities, was as follows:

	<i>Ordinary Class A shares</i>		<i>Ordinary Class B shares</i>		<i>Ordinary Class S shares</i>		<i>Class PI shares</i>		<i>Total</i>	
	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
Balance as of 31 December 2019	8.8	9,637.3	-	-	-	-	-	-	8.8	9,637.3
Contributions	-	2.5	-	-	-	-	-	-	-	2.5
Redesignation from Class A to Class B	(0.0)	(48.8)	0.0	48.8	-	-	-	-	-	-
Reclassification of shares	-	-	0.8	1,573.4	0.5	26.1	-	-	1.3	1,599.5
Capital repayments	-	(146.8)	-	-	-	-	-	-	-	(146.8)
Balance as of 31 December 2020	8.8	9,444.2	0.8	1,622.2	0.5	26.1	-	-	10.1	11,092.6
Issue of share capital	-	-	0.0	20.2	0.2	21.0	-	-	0.2	41.2
Reclassification of shares	(0.1)	128.2	(0.1)	(126.2)	0.2	(2.0)	-	-	-	-
Cancellation of shares	(0.0)	(2.6)	-	-	-	-	-	-	(0.0)	(2.6)
Share-based payments	-	-	0.0	(23.7)	0.1	(7.7)	0.1	-	0.2	(31.5)
Capital repayments	-	(164.2)	-	(15.8)	-	(0.6)	-	-	-	(180.5)
Balance as of 31 December 2021	8.6	9,405.6	0.8	1,476.7	1.0	36.8	0.1	-	10.5	10,919.1

Reclassification of financial liabilities as equity was measured at the carrying value of the financial liability at the date of reclassification.

Notes to the consolidated financial statements (continued)

**Share-based payments reserve**

Refer to note 3.7 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 2021 and 2020, no dividend was paid to the equity shareholders.

In respect of the current year, the Managers propose no dividend and to carry forward the retained earnings. This proposal is subject to approval by shareholders at the annual general meeting.

Non-controlling interests

Non-controlling interests (NCI) represent that part of the net results and net assets of a subsidiary that is attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Group.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. For further information, please refer to note 2.3.

The movements in non-controlling interests were as follows:

	<i>Non-controlling interests</i> in \$m
Balance as of 31 December 2019	-
Changes	-
Balance as of 31 December 2020	-
Share issue to NCI	2.5
Share-based payment transactions	6.6
Profit for the period	1.3
Change in scope of consolidation	16,533.2
Balance as of 31 December 2021	16,543.7

The net assets attributed to non-controlling interest in JAB Coffee & Beverages B.V. in the amount of \$2,852.3m comprise of investments in subsidiaries.

The net assets attributed to non-controlling interest in Pret Panera Holdings B.V. in the amount of \$3,724.0m include investments in subsidiaries.

The net assets attributed to non-controlling interest in Petcare G.P. in the amount of \$9,282.0m include investments in subsidiaries in the amount of \$8,789.7m and other assets in the amount of \$490.4m.

The net assets attributed to non-controlling interest in JAB Pet Services B.V. in the amount of \$675.0m comprise of investments in subsidiaries in the amount of \$348.4m and other assets and liabilities in the amount of \$326.6m.

The non-controlling interests explained above were initially recognised as of 31 December 2021. Accordingly, no interest in profit or loss and cashflow is attributable to those non-controlling interest for the period ending 31 December 2021.

Further, minor non-controlling interests are attributable to share-based payment transactions and management participation plans. No non-controlling interests were presented for prior periods.

3.6. Redeemable shares

Accounting Policy

The redeemable shares were carried at the redemption amount that would have been payable as of the reporting date if the holders would have put the shares at this date.

The redemption amount was determined based on valuation rules that have been contractually agreed with the shareholders. As of 31 December 2019, the redemption amount was calculated on the basis of the Company's direct and indirect investments.

Until December 2020, certain of the Company's shares contained put features towards the Company and consequently those shares were classified as a liability for the period ending 31 December 2019. In December 2020, the terms and conditions of the Company's shares including the underlying contractual agreements have been amended so that the Company has no longer an obligation to repurchase shares. As a result of these amendments, the redeemable shares have been entirely reclassified from redeemable shares to equity and as a consequence of these amendments the redemption amount is nil as from the date of modification.

The following table shows the movements in the total carrying amount of the liability recognised for the redeemable shares:

Until December 2020, certain of the Company's shares contained put features towards the Company and consequently those shares were classified as a liability for the period ending 31 December 2019. In December 2020, the terms and conditions of the Company's shares including the underlying contractual agreements have been amended so that the Company has no longer an obligation to repurchase shares. As a result of these amendments, the redeemable shares have been entirely reclassified from redeemable shares to equity and as a consequence of these amendments the redemption amount is nil as from the date of modification.

The following table shows the movements in the total carrying amount of the liability recognised for the redeemable shares:

	in \$m
Balance as of 31 December 2019	2,869.5
Issued for cash	32.0
Exercise of share options	382.8
Redeemed shares	(1,201.4)
Capital repayments/distributions	(19.1)
Change in redemption amount	(481.8)
Reclassification of shares	(1,582.0)
Balance as of 31 December 2020 and 31 December 2021	-

3.7. Share-Based Payments

Accounting Policy

Share-based payment transactions are recognised over the period in which the performance and/or service conditions are fulfilled. Equity-settled transactions are recognised in the share-based payment reserve in equity, while cash-settled transactions are recognised as a liability, including transactions with instruments that contain put features.

The cumulative expense recognised for share-based payment transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of instruments that will ultimately vest. Equity-settled transactions are measured at the grant date fair value of the equity instruments granted. For cash-settled transactions, the liability is re-measured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss.

If the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes equity-settled (refer to section 'Modification in December 2020' below), the transaction is accounted for as equity-settled from

Notes to the consolidated financial statements (continued)



the modification date. The equity-settled share-based payment transaction is measured by reference to the modification date fair value of the equity instruments granted. This fair value is recognised in equity on the modification date to the extent the vesting period has expired, and any difference between the amount of equity recognised and the carrying amount of the liability derecognised is recognised immediately in profit or loss.

The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

The Group operates different types of share-based compensation agreements with the members of the Investment Committee as well as with members of its management team and other employees.

Those arrangements include share grant agreements, share option schemes and loan funded share purchases. While the arrangements are basically settled in the Company's shares, there are minor individual agreements, which are based on shares in other Group entities.

Further, the members of the Investment Committee (see note 3.15) as well as members of its management team and other employees of the Company and its affiliates were given the opportunity to acquire shares in the Company at fair value.

Modification in December 2020

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 share option schemes have been amended so that the Company no longer has an obligation to repurchase shares or otherwise settle these agreements in cash. Furthermore, the share option schemes have been amended so that options can only be settled in issuing shares. As a result of the amendments in December 2020, the share-based payment arrangements are accounted for as equity-settled instruments from the modification date onwards.

Share grant agreements

The Group operates various types of share grant agreements. The entitlement to the share grants is awarded conditionally, subject to fulfilment of service conditions between the grant date and the vesting date. The share grants have graded vesting or cliff vesting features and typically vest over a service period of 5 years.

The fair value of share grants is the share price at grant date. In 2021, 25,356 share grants (2020: 3,269) were awarded. The share grants are funded by newly issued shares at the time of grant subject to clawback. The impact of service conditions is not included in the fair value measurement of the grant. It is expected that all service conditions are fully met.

The following table illustrates the number and weighted average exercise prices of, and movements in, share awards based on the Company's shares during the year.

<i>Company</i>	<i>Number of share awards</i>	<i>Weighted average grant date fair value</i>	<i>Number of share awards</i>	<i>Weighted average grant date fair value</i>
	2021	2021 in \$	2020	2020 in \$
Balance of unvested share awards at beginning of year	3,006		-	
Granted during the year	25,356	\$2,090	3,269	\$1,836
Lapsed during the year	-		-	
Vested during the year	4,818		263	
Balance of unvested share awards at end of year	23,544		3,006	

Because the investment agreements concern different classes of shares the table was calculated on an adjusted basis as if all share grants comprise of the Company's ordinary Class B shares. Awards including discounts for share purchases were converted to the discount's fair value equivalent in Ordinary Class B shares.

The expense recognised arising from share grant agreements during the period was \$25.1m (2020: \$0.0m).

As of 31 December 2021, the unrecognised expense related to share grant agreements amounts to \$32.9 (2020: \$5.5m). That expense is expected to be realised over a weighted average period of 4 years (2020: 5 years).

Notes to the consolidated financial statements (continued)



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 net value of an option is determined by the amount, if any, by which the share price at the exercise date exceeded the strike price.

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 year was \$847 (2020: \$815).

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

	<i>Grant date measurement</i>	<i>Grant date measurement</i>
	2021	2020
Dividend yield	0.7%	0.7%
Expected volatility	35.0%	30.0% - 35.0%
Risk-free interest rate	0.7%	0.7%
Expected life of options	7.5 years	7.5 years
Exercise price (USD)	\$2,336	1,904
Average share price (USD)	\$2,336	1,904

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. In 2020, the expected volatility was increased from 30.0% to 35.0%.

The following table illustrates the number and weighted average exercise prices of, and movements in, share option schemes during the year:

<i>Company</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>	<i>Number of options</i>	<i>Weighted average exercise price</i>
	2021	2021 in \$	2020	2020 in \$
Balance at beginning of year (outstanding)	974,470	1,902	1,343,376	1,858
Granted during the year	512,435	2,336	80,169	1,938
Lapsed during the year	-	-	233,120	1,899
Exercised during the year	-	-	215,955	1,745
Expired during the year	-	-	-	-
Balance at end of year (outstanding)	1,486,905	2,036	974,470	1,902
Vested and exercisable at end of year	315,045	1,618	-	-

The intrinsic value of vested options is \$324.4m as of 31 December 2021 (2020: \$0.0m).

In 2021, no options were exercised. The weighted-average share price at the date of exercise for share options exercised in 2020 was \$2,123.

The range of exercise prices for options outstanding at the end of the year was \$1,616 to \$2,521 (2020: \$1,616 to \$2,521) and these outstanding options have a weighted-average remaining contractual life of 5 years (2020: 4 years).

Notes to the consolidated financial statements (continued)

The expense recognised arising from share option schemes during the period was \$106.5m.

In 2020, the Company incurred other income in the amount of \$308.6m from the remeasurement of cash-settled share option schemes.

Loan funded share purchase agreements

The Group offers its management the opportunity to participate in share purchase plans funded by limited-recourse loans. Those agreements are classified as a share purchase under IFRS 9 and the outstanding loan is recognised as a financial asset if the investor carries all reasonable losses from the agreement. Otherwise, the agreements are classified as equity-settled option-plans under IFRS 2 and the loan is not recognised as a financial asset. The classification is made on a case-by-case basis.

In 2021, loan funded shares purchases under IFRS 9 in the amount of 12,284 shares (2020: 6,061) were realised. As of 31 December 2021, the outstanding loans (including interest) for the funding of those share purchases amount to \$42.2m (2020: \$46.9m).

In 2021, loan funded share purchases under IFRS 2 in the amount of 12,125 shares (2020: 0) were realised. As of 31 December 2021, the purchase of 27,645 shares (2020: 0) funded by limited-recourse loans in the amount of \$58.1m was accounted for as an equity-settled option plan. The fair value of those agreements is estimated using the Black-Scholes option-pricing model. The expected life of the underlying loans and the vesting period was estimated at five years. The expense recognised arising during the period was \$1.8m (2020: \$0.0m).

Other share-based payments

In 2021, the expense recognised for equity-settled share-based payment agreements with other Group entities was \$6.7m (2020: \$0.0m). Following the change in scope of consolidation liabilities from cash-settled share-based payment agreements in the amount of \$18.8m were recognised.

In 2020, a member of the management was granted shares in the Company by other shareholders. In 2021, share-option schemes were granted to a member of the management by other shareholders. The Group accounts for those awards as an equity-settled share-based payment transaction in share-based payments reserves in equity and recognises the expense over the vesting period.

The expense recognised for the period arising from those share-based payments during the period was \$50.6m (2020: \$20.8m).

3.8 Borrowings

Accounting Policy

After initial recognition at fair value, net of transactions costs incurred, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

	<i>Borrowings</i>
	in \$m
Balance as of 31 December 2019	7,638.6
Proceeds from issuance of bonds	1,775.1
Repayments	(107.1)
Amortisation of discounts and fees	10.9
Translation differences	956.8
Balance as of 31 December 2020	10,274.3
Proceeds from issuance of bonds	1,075.0
Repayments	(766.4)
Amortisation of discounts and fees	9.1
Translation differences	(780.3)
Balance as of 31 December 2021	9,811.8
Current	592.7
Non-current	9,219.1

Notes to the consolidated financial statements (continued)



Overview of borrowings

Note	Original Principal	Remaining Principal	Issued	Due	Carrying Value 2021 In \$m	Carrying Value 2020 In \$m
Eurobond 2021	€ 750.0	-	Nov. 2014	Nov. 2021	-	583.1
Eurobond 2022	€ 750.0	€ 524.0	Sep. 2015	Sep. 2022	592.7	640.6
Eurobond 2023	€ 750.0	€ 642.0	May 2016	May 2023	726.5	786.6
Eurobond 2024	€ 750.0	€ 664.5	May 2017	May 2024	749.4	810.9
Eurobond 2025	€ 600.0	€ 600.0	Apr. 2015	Apr. 2025	675.2	730.6
Eurobond 2026	€ 750.0	€ 750.0	June 2018	June 2026	842.7	912.2
Eurobond 2027	€ 750.0	€ 750.0	Dec. 2019	Dec. 2027	839.2	908.4
Eurobond 2027	€ 500.0	€ 500.0	Apr. 2020	Apr. 2027	560.6	606.8
Eurobond 2028	€ 750.0	€ 750.0	May 2017	May 2028	841.0	910.6
Eurobond 2029	€ 750.0	€ 750.0	June 2018	June 2029	845.1	915.4
Senior Note 2030	\$500.0	\$500.0	Nov. 2020	Nov. 2030	494.8	495.4
Eurobond 2031	€ 500.0	€ 500.0	July 2021	July 2031	559.1	-
Eurobond 2035	€ 500.0	€ 500.0	Apr. 2020	Apr. 2035	557.6	604.2
Eurobond 2039	€ 750.0	€ 750.0	Dec. 2019	Dec. 2039	833.3	903.4
Eurobond 2039	€ 175.0	€ 175.0	Jan. 2020	Dec. 2039	203.8	220.6
Senior Note 2051	\$500.0	\$500.0	May 2021	May 2051	490.8	-
Bank loan	€ 200.0	-	Dec. 2020	March 2021	-	245.4
					9,811.8	10,274.3

Note	Early repurchased notes and additional issuances
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Eurobond 2021	In December 2020, the Group repaid notes in the principal amount of \$76.6m for an amount of \$78.0m with a remaining principal amount outstanding of \$583.9m. In November 2021, the Group redeemed the remaining principal amount at the due date of the Eurobond.
Eurobond 2023	In December 2020, the Group repaid notes in the principal amount of \$72.2m for an amount of \$75.7m with a remaining principal amount outstanding of \$787.8m.
Eurobond 2024	In December 2020, the Group repaid notes in the principal amount of \$104.8m for an amount of \$109.5m with a remaining principal amount outstanding of \$815.1m.
Eurobond 2027	In April 2020, the Group issued long-term notes in the aggregate principal amount of \$543.0m.
Senior Note 2030	In November 2020, JAB Group issued long-term notes in the aggregate principal amount of \$500.0m. The notes are a private placement in the US market.
Eurobond 2031	In July 2021, JAB Group issued long-term notes in the aggregate principal amount of \$599.1.
Eurobond 2035	In April 2020, JAB Group issued long-term notes in the aggregate principal amount of \$543.0m.
Eurobond 2039	In January 2020, JAB Group issued long-term notes in the aggregate principal amount of \$110.5m. In December 2020, the long-term notes were increased by \$91.8m having the same terms as the original notes. The notes are a private placement.
Senior Note 2051	In May 2021, the Group issued long-term notes in the aggregate principal amount of \$500.0m at an interest rate of 3.75% p.a. The notes are a bond offering in the US market.

Notes to the consolidated financial statements (continued)



The proceeds from the issuance of the new bonds in 2020 were primarily set off against the acquisition costs for the early repurchased notes. The expenses on early repurchased notes have been included as part of the finance expenses.

The Eurobonds (except for Eurobond 2039 issued in 2020) are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange.

The Group has access to a €3.0 billion undrawn credit facilities totalling \$3.4 billion (2020: \$3.7 billion). As of 31 December 2021 and 2020, the Group had no outstanding under its credit facilities.

Interest rates for fixed rate financial liabilities range from 1.0% to 3.75% p.a. (2020: 0.3% to 3.4% p.a.). As of 31 December 2021, the Group has no floating rate financial liabilities (2020: \$0.0m).

From time to time, the Group enters into interest swap agreements to manage its interest rate risk exposures, including exposures from potential transactions. As of 31 December 2021, the Group has no interest swap agreements (2020: \$0.0m).

3.9. Related party payables

JAB Ventures B.V., a subsidiary of JAB Holdings B.V. and outside the scope of JCP, invests in non-controlling minority stakes in growth or undervalued companies, both private and public. The Group has received a short-term intra-company loan from JAB Ventures B.V. As of 31 December 2021, the Group has \$1,087.3m outstanding under the intra-group loan (2020: \$0m).

3.10. Other liabilities

Accounting Policy

Trade and other payables

Trade and other payables include liabilities for goods and services. After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process.

	31 December 2021	31 December 2020
	in \$m	in \$m
Cash-settled share-based payments	18.8	-
Derivatives	-	1.8
Accrued interest and other bank fees	89.9	87.6
Lease liability	9.7	1.7
Trade and other payables	25.9	48.0
Total	144.3	139.1
Current	118.6	134.1
Non-current	25.7	5.0

As of 31 December 2020, trade and other payables amounting to \$1.6m relate to a service agreement with JAB Holding Company LLC.

The derivatives liability relates to the fair value of foreign exchange contracts in 2020. The fair value is determined based on quoted interest rates. For the accounting policy related to foreign interest rate swap contracts (derivatives), refer to note 3.1 Other Investments.

Notes to the consolidated financial statements (continued)



3.11. Finance income and expenses

Finance income can be detailed as follows:

	2021	2020
	in \$m	in \$m
Change in fair value of redeemable shares	-	478.0
Interest income	7.6	11.1
Net foreign exchange gain	679.7	-
Other	-	0.6
Total	687.3	489.7

In 2021, foreign exchange gains mainly result from the translation of borrowings denominated in EUR to USD.

Finance expenses can be detailed as follows:

	2021	2020
	in \$m	in \$m
Interest expense	(218.7)	(210.6)
Change in fair value of interest rate contracts	-	15.1
Net foreign exchange loss	-	(30.5)
Bank fees	(13.9)	(11.1)
Total	(232.6)	(237.1)

3.12. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2021	2020
	in \$m	in \$m
Service fees	(72.6)	(33.5)
Salary and personnel related expenses	(23.1)	(19.1)
Legal, tax, audit and consultancy fees and others	(24.4)	(28.1)
Total	(120.1)	(80.7)

Service and other fees include no expenses for share-based payment transactions (2020: zero) and fees charged by the related parties Joh. A. Benckiser Service GmbH (former Donata Service GmbH), JAB Service GmbH and JAB Holding Company LLC.

Fees billed to the Company and its fully consolidated subsidiaries by KPMG Luxembourg, société anonyme, and other member firms of the KPMG network during the year are as follows: Audit fees (annual accounts / consolidated accounts) amounting to \$0.7m (2020: \$0.5m) and audit-related fees amounting to \$0.6m (2020: \$0.5m).

Notes to the consolidated financial statements (continued)



3.13. Other income / expense

Other income and expense can be detailed as follows:

	2021 in \$m	2020 in \$m
Expenses from share-based payments (equity-settled)	(190.7)	(24.1)
Income from share-based payments (cash-settled)	-	308.6
Other	(16.1)	-
Total	(206.8)	284.5

3.14. Income tax

Accounting Policy

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is calculated in accordance with the tax regulations of the state of residence of the Company and its subsidiaries and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual Company basis as the tax laws do not permit consolidated tax returns.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group has a net loss carry-forward amounting to approximately \$1,286.9m (2020: \$1,341.4m). A deferred tax asset has not been recognised, due to the uncertainty of the future taxable income.

Notes to the consolidated financial statements (continued)



The reconciliation of the movement in the loss carry-forward can be detailed as follows:

		2021	2020
	Notes	in \$m	in \$m
Accounting profit/(loss) for the period		5,125.3	(2,018.2)
Dividend income	3.1	(545.9)	(531.7)
Tax exempt (gain) / loss on investments in subsidiaries and other investments	3.1	(4,453.1)	2,975.9
Non-deductible interest expense		116.8	278.6
Other adjustments		(345.7)	(831.0)
Taxable loss for the period		(102.6)	(126.4)
Tax losses carry-forward as of 1 January		(1,341.4)	(1,158.0)
Adjustment due to translation differences		75.0	(80.3)
Expired		82.0	23.3
Tax losses carry-forward as of 31 December		(1,286.9)	(1,341.4)

In 2020, other adjustments mainly included changes in the value of redeemable shares of \$478.0m and accrual for share option schemes in the amount of \$309.9m.

JAB Holdings B.V. together with JAB Forest B.V., JAB Cosmetics B.V. (part of the fiscal unity until 31 December 2021), Cottage Holdco B.V. (part of the fiscal unity until 28 July 2021), JAB Coffee & Beverages B.V. (part of the fiscal unity as of 2 September 2020) and JAB Ventures B.V. (part of the fiscal unity as of 28 May 2021) form a fiscal unity for corporate income tax purposes. The taxable loss for the Group therefore includes taxable losses from non-consolidated members of the fiscal unity.

	2021	2020
	in \$m	in \$m
Withholding tax on dividends and finance income	(1.6)	(0.8)
Tax losses carry-forward as of 31 December	(1.6)	(0.8)

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.

3.15. Related parties

3.15.1. Group structure

Agnaten SE	Ultimate parent of JAB Holding Company S.à r.l. and the majority shareholder of Joh. A. Benckiser B.V. Agnaten SE established the Company and is a party in the comprehensive agreement with Lucreca SE and the Investment Committee (former Advisory Committee).
Lucreca SE and affiliated companies	Further shareholder of Joh. A. Benckiser B.V. Lucreca SE is a holding company controlled closely by members of the family of the shareholders of Agnaten SE and is non-controlling shareholder of Joh. A. Benckiser B.V. Lucreca SE is a party in the comprehensive agreement with the Investment Committee.
Joh. A. Benckiser B.V.	Subsidiary of Agnaten SE. The entity is the majority shareholder of JAB Holding Company S.à r.l.
JAB Service GmbH	Subsidiary of Joh. A. Benckiser B.V.
JAB Consumer Partners SCA, SICAR (former JAB Consumer Fund)	JAB Consumer Partners SCA, SICAR was created to share the JAB investment strategy with professional and semi-professional investors.
Alfred Landecker Foundation	The members of the "Stiftungsrat" of the Foundation are appointed by the executive board of Agnaten SE or successor companies.
Joh. A. Benckiser Service GmbH (former Donata Service GmbH)	Subsidiary of Agnaten SE.

3.15.2. Management

The Group and its investments are managed by an Investment Committee which is supported by further executives and senior managers employed by the Company or its subsidiaries. The Company's agreements with management comprise agreements on base remunerations, share-based payments, loans as well as management's investment in the Company.

Wages, salaries and other compensation of key management personnel amount to \$15.7m in 2021 (2020: \$0.2m). Reference is made to note 3.7 for share-based payments transactions, of which the vast majority were with management. Loans to management are disclosed in note 3.2, and total interest income thereon amounted to \$0.7m (2020: \$0.9m).

Share transactions with Management

Year	Shares	Amount in \$m	Carrying Value in \$m
Shares issued to members of management (either in cash or exercise of options)			
2021	Class B	10,063	41.5
	Special Class S	214,176	
2020	Class B	20,702	414.8
	Special Class S	224,160	
Shares redeemed by (former) members of management			
2021	Class B	-	-
	Special Class S	-	
2020	Class B	111,939	1,201.4
	Special Class S	1,075,250	

During the financial year, no advances or guarantees were granted to members of the Board of Managers or other administrative bodies.

3.15.3. Non-consolidated subsidiaries and transactions with related parties other than management

Interest in non-consolidated subsidiaries and transactions with related parties other than management are set out in note 3.1.

3.16. *Contingent liabilities*

As of 31 December 2021, the Group provides no material guarantees for third parties (2020: \$0).

Group Companies (JAB Holdings B.V., Cottage Holdco B.V.) are defendants in stockholder class action and derivative lawsuit, which the complaint alleges all have acted in concert to control Coty Inc. The plaintiffs, stockholders of Coty Inc., allege that controlling stockholders of Coty Inc. breached fiduciary duties to the non-controlling stockholders in connection with a partial tender offer for shares of Coty Inc. Plaintiffs contend that the tender offer injured the stockholders who tendered because it was purportedly coercive and unfairly priced. Plaintiffs also contend that the non-tendering stockholders were injured because the Group gained mathematical control of Coty Inc. as a result of the tender offer, thereby depriving the non-controlling stockholders of a control premium. The case is currently in the middle of fact discovery. The trial is set to start on November 15, 2022.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V., JAB Coffee & Beverages B.V., JAB Indulgence B.V. and JAB Ventures B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

3.17. *Employees*

The Group had on average 54 employees in 2021 (2020: 22 employees).

4. Financial instruments – Fair Value and Risk Management

Accounting Policy

A financial instrument is any contract giving rise to a financial asset of one party and a financial liability or equity instrument of another party. In accordance with IFRS 9, all financial assets and liabilities – which also include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned categories.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Non-derivative financial liabilities are classified at amortised cost and include loans and borrowings, lease liabilities, trade and other payables. The Group did not designate financial liabilities as at FVTPL.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position if the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1. Capital Management

The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Managers together with the Investment Committee monitor the return on capital and the value enhancement of the Group's investments.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantage and security of having a sound capital position.

As of 31 December 2021, equity attributable to the owners of the parent amounts to \$27,962.5m (2020: \$22,843.2m), equity attributable to non-controlling interest amounts to \$16,543.7m (2020: nil) and liabilities amount to \$11,043.4m (2020: \$10,413.4m).

4.2. 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

	31 December 2021			31 December 2020		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	In \$m	In \$m	In \$m	In \$m	In \$m	In \$m
Investments in subsidiaries	-	51,409.8	51,409.8	-	30,248.8	30,248.8
Other investments	-	300.4	300.4	-	132.2	132.2
Loans to investments	-	-	-	117.1	-	117.1
Other loans	42.3	-	42.3	50.9	-	50.9
Other assets	24.5	-	24.5	29.4	-	29.4
Cash and cash equivalents	3,759.5	-	3,759.5	2,674.2	-	2,674.2
Total	3,826.3	51,710.2	55,536.5	2,871.6	30,381.0	33,252.6

Notes to the consolidated financial statements (continued)



Liabilities as per statement of financial position

	31 December 2021			31 December 2020		
	<i>Amortised cost</i>	<i>FVTPL</i>	<i>Total</i>	<i>Amortised cost</i>	<i>FVTPL</i>	<i>Total</i>
	In \$m	In \$m	In \$m	In \$m	In \$m	In \$m
Borrowings	9,811.8	-	9,811.8	10,274.3	-	10,274.3
Related party payable	1,087.3	-	1,087.3	-	-	-
Other liabilities	125.6	-	125.6	137.3	1.8	139.1
Total	11,024.7	-	11,024.7	10,411.6	1.8	10,413.4

Cash and cash equivalents, as well as other receivables, are subject to the impairment requirements of IFRS 9. As of 31 December 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 \$9,811.8m (2020: \$10,028.9m), the fair value is \$10,393.5m (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.

	31 December 2021			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	In \$m	In \$m	In \$m	In \$m
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	4,739.7	46,670.1	51,409.8
Other investments	75.7	10.9	213.8	300.4
Total financial assets	75.7	4,750.6	46,883.9	51,710.2

Notes to the consolidated financial statements (continued)



31 December 2020

	Level 1	Level 2	Level 3	Total
	In \$m	In \$m	In \$m	In \$m
Financial assets at FVTPL				
Investments in subsidiaries				
Listed equity investments	-	-	-	-
Unlisted equity investments	-	4,739.7	46,703.3	51,443.0
Other investments	75.7	10.9	213.8	300.4
Total financial assets	75.7	4,750.6	46,928.1	51,743.4
FINANCIAL LIABILITIES AT FVTPL				
Foreign exchange contracts	-	1.8	-	1.8
Total financial liabilities	-	1.8	-	1.8

In 2020, FVTPL equity instruments with a carrying amount of \$2,336.0m were transferred from Level 3 to Level 2 since there are no longer unobservable inputs relevant. To determine the fair value of the equity instruments, management used a valuation technique in which significant inputs were based on observable and unobservable data. There were no transfers from Level 2 or 3 to Level 1 in 2020.

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.

	<i>Investments in subsidiaries</i> <i>Unlisted equity investments</i> In \$m	<i>Other investments</i> <i>Unlisted equity investments</i> In \$m	<i>Other investments</i> <i>Preferred shares</i> In \$m
Balance as of 31 December 2019	28,268.0	40.0	957.4
Additions / contributions	21,904.3	3.3	-
Disposals / distributions	(19,934.7)	-	(984.2)
Transfer from Level 3 to Level 2	(2,336.0)	-	-
Change in fair value	(1,485.5)	88.4	26.9
Balance as of 31 December 2020	26,416.2	131.7	0.0
Additions / contributions	1,160.1	28.9	270.7
Disposals / distributions	(657.1)	(33.3)	(276.2)
Transfer	645.5	(128.4)	-
Change in fair value	2,827.3	1.1	219.3
Change in scope of consolidation	17,139.2	-	-
Intra-group investment elimination	-861.1	-	-
Balance as of 31 December 2021	46,670.1	-	213.8

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.

4.3. 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 31 December 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.

4.4. 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.

Information is presented about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Managers has ultimate responsibility for the establishment and oversight of the Group's risk management framework but has delegated the responsibility for identifying and controlling risks to the Group's operative management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risk management system is an ongoing process of identification, measurement, monitoring and controlling risks. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.5. Concentration risk

As of 31 December 2021, the Group's holding in Acorn Holdings B.V. represented 43.0% (2020: Coffee & Beverages B.V. 58.2%) of the gross asset value of the Group's investments in subsidiaries and other investments. Other assets such as Pret Panera III G.P., Indulgence B.V., Cottage Holdco B.V., Petcare Holdings L.P. and JAB Luxury S.à r.l., represented 57.0% (2020: Keurig Dr Pepper Inc., JDE Peet's N.V., Pret Panera I G.P., Pret Panera III G.P., KK G.P., Cottage Holdco B.V., Petcare G.P. and JAB Luxury GmbH 41.8%) of the gross asset value of the Group's assets. Hence, there is a concentration risk within the portfolio whereby a loss affecting a single investment may have a significant negative impact on the overall performance of the Group. There is, however, diversification within Acorn Holdings B.V. (2020: Coffee & Beverages B.V.) as it holds investments in two different companies, being JDE Peet's and KDP. These investments are diversified by nature of the different markets that they service, the different sales channels in which they operate, and the different products that they sell. The result is that, despite a significant proportion of the Group's investment is in a single investment, the downside risk of this concentration in fact is limited.

4.6. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's investment in debt securities, loans receivable, other receivables, derivatives and cash and cash equivalents.

Cash and cash equivalents

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

Loans and other receivables

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

Notes to the consolidated financial statements (continued)

*Derivative financial instruments*

The Group's exposure to credit risk is limited, as the counterparties are banks with quality credit ratings by international rating agencies; furthermore, netting arrangements are concluded.

Other investments

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

Guarantees

The Group's policy generally is to avoid providing financial guarantees to third parties.

The Company meets the requirements for its indirect Dutch subsidiaries JAB Holdings B.V., JAB Forest B.V., Pret Panera Holdings B.V., JAB Pet Services B.V., JAB Coffee & Beverages B.V., JAB Indulgence B.V. and JAB Ventures B.V. to apply the exemption under Section 403 Book 2 of the Netherlands Civil Code for the presentation, audit and filing requirements of statutory financial statements.

Exposure to credit risk

The carrying amount of financial assets represent their maximum credit exposure. The table below contains the carrying amounts and their due dates as of 31 December 2021 and 31 December 2020.

	Note	Due in \$m	Less than 1 year in \$m	1 to 5 years in \$m	More than 5 years in \$m	Total in \$m
31 December 2021						
Loans	3.1, 3.2	-	42.3	-	-	42.3
Other assets	3.3	-	5.8	18.7	-	24.5
Cash and cash equivalents	3.4	3,759.5	-	-	-	3,759.5
		3,759.5	48.1	18.7	-	3,826.3
31 December 2020						
Loans	3.1, 3.2	-	50.9	117.1	-	168.0
Other assets	3.3	-	23.6	5.8	-	29.4
Cash and cash equivalents	3.4	797.5	1,876.7	-	-	2,674.2
		797.5	1,951.2	122.9	-	2,871.6

In respect of the financial assets shown, no impairments were recognised and no financial assets were past due as of 31 December 2021 and 31 December 2020.

4.7. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has sufficient access to cash on demand including cash on hand, cash equivalents and unused credit facilities. All cash on demand is available within three months or less to meet the Company's short term liquidity needs. Management monitors the planning of liquidity reserves and cash flows and coordinates the liquidity and due dates of financial assets and liabilities.

The table below contains the due dates of the carrying amounts as of 31 December 2021 and 31 December 2020.

	<i>Note</i>	<i>Due</i> in \$m	<i>Less than</i> <i>1 year</i> in \$m	<i>1 to 5</i> <i>years</i> in \$m	<i>More than</i> <i>5 years</i> in \$m	<i>Total</i> in \$m
31 December 2021						
Non-derivative liabilities						
Borrowings	3.8	-	592.7	2,993.8	6,225.3	9,811.8
Related party payable		-	1,087.3	-	-	1,087.3
Other liabilities	3.10	-	118.8	6.9	-	125.6
			1,798.7	3,000.7	6,225.3	11,024.7
Derivatives						
31 December 2020						
Non-derivative liabilities						
Borrowings	3.8	-	828.5	2,968.7	6,477.1	10,274.3
Other liabilities	3.10	-	137.7	0.6	0.8	139.1
	-	-	966.2	2,969.3	6,477.9	10,413.4
Derivatives						
		-	1.8	-	-	1.8

Derivatives are presented at their fair value. The liquidity risk of derivatives might be subject to short-term and significant changes due to the high volatility of the fair values.

4.8. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Exposure to currency risk

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

Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts, and by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Effective from 1 January 2021, the group entities that former had the EUR as functional currency, changed its functional currency prospectively from EUR to USD. Consequently, the Group's exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2021		31 December 2020	
	in €m	In \$m	in €m	In \$m
Other investments	-	-	-	0.4
Loans	-	-	35.0	120.2
Other assets	-	-	0.1	1.9
Cash and cash equivalents	1.1	755.2	0.7	1,410.8
Borrowings	-	(7,855.5)	-	(496.2)
Related party payables	-	(960.0)	-	-
Other liabilities	-	(71.9)	-	(3.4)
Gross balance sheet exposure	1.1	(8,132.2)	35.8	1,033.7
Forward exchange contracts	-	-	(35.0)	46.0
Net exposure	1.1	(8,132.2)	0.8	1,079.7

As of 31 December 2020, the Group does not hold forward exchange contracts (2020: GBP/USD £35.0m; USD \$25.0m).

The following significant exchange rates applied during the year:

	Average rate 2021	Average rate 2020	Year-end rate 2021	Year-end rate 2020
	1 Dollar	1 Euro	1 Dollar	1 Euro
EUR	0.85	-	0.88	-
USD	-	1.14	-	1.23
GBP	0.73	0.89	0.74	0.90

Notes to the consolidated financial statements (continued)



Sensitivity analysis

The sensitivity analyses below have been determined on the Group's exposure to currency risk for both derivative and non-derivative financial instruments at the end of the reporting period. A 10% increase or decrease represents management's assessment of the reasonably possible change in foreign exchange rates. These analyses assume that all other variables remain constant.

	% strengthening (weakening)	<i>Impact Profit of loss</i>		<i>Impact OCI</i>	
		2021 in \$m	2020 in \$m	2021 in \$m	2020 in \$m
USD/EUR exchange rate	10.0	921.1	-	-	-
USD/GBP exchange rate	10.0	0.2	-	-	-
EUR/USD exchange rate	10.0	-	108.0	-	-
EUR/GBP exchange rate	10.0	-	0.1	-	-

Exposure to interest rate risk

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

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings, including exposures from potential transactions, is limited. Interest rate risk exposure is managed by the Group by maintaining an appropriate mix between fixed and floating rate financial instruments and, if considered appropriate, using interest rate swap contracts or other interest rate derivatives. Hedging activities are evaluated regularly to align with interest rate views and the Group's investment and risk policies. At the reporting date the Group has no interest rate swap agreements (2020: notional value of €0.0m).

Profile

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

	<i>Carrying amount</i> 31 December 2021 In \$m	<i>Carrying amount</i> 31 December 2020 In \$m
<i>Fixed rate instruments</i>		
Financial assets	3,807.6	2,794.4
Borrowings	(9,811.8)	(10,274.3)
<i>Floating rate instruments</i>		
Financial assets	-	47.7
Related party payable	(1,087.3)	-

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

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

Notes to the consolidated financial statements (continued)

**Cash flow sensitivity analysis for floating rate instruments**

For floating rate instruments an increase of 50 basis points in the market interest rate at the reporting date would have resulted in an additional loss of approximately \$5.4m (2020: loss \$0.2m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Exposure to other price risk

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

Sensitivity analysis – equity price risk

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

	Carrying amount 31 December 2021	Carrying amount 31 December 2020
	In \$m	In \$m
Investments		
JDE Peet's	-	431.8
KDP	-	173.6
Others	86.6	-
Total	86.6	605.4

The sensitivity analyses below have been determined on the exposure to equity price risks for direct investments at the end of the reporting period. If share prices had been 5% higher/lower, profit for the year ended 31 December 2021 would have increased/decreased by \$3.8m as a result of changes in the fair value of these investments (2020: \$30.3m). Other comprehensive income for the year ended 31 December 2021 and 2020 would have been unaffected.

Further, the Company has indirect exposure to equity price risk from indirect investments at the end of the reporting period. If share prices had been 5% higher or lower, the result for the period ended 31 December 2021 would have increased/decreased by \$1,609.2m as result of changed in the fair value of the equity investments classified as at FVTPL (2020: \$1,482 m).

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

5. *Subsequent Events*

The Group's management has evaluated subsequent events through the date of issuance of the consolidated financial statements. There have been no significant subsequent events during such period that would require disclosure in these consolidated financial statements or would be required to be recognised in the consolidated financial statements as of and for the year ending 31 December 2021.

Luxembourg, 7 March 2022

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of JAB Holding Company S.à.r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements» section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, 7 March 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Yves Thorn
Partner