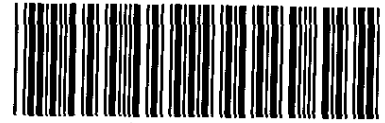




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**Summarised management report for the consolidated financial statements
and the individual financial statements of Mast-Jägermeister SE, Wolfenbüttel,
for the fiscal year 1 January to 31 December 2018**

I. Business and basic conditions

Preamble

Mast-Jägermeister SE prepared consolidated financial statements for the fiscal year 2018 according to the regulations of §§ 290 et seqq. HGB [German Commercial Code] and supplementary regulations under stock corporation law. The company group includes besides Mast-Jägermeister SE as the parent company, in particular the foreign distribution companies Mast-Jaegermeister US, Inc. in the USA and Mast-Jaegermeister UK Ltd. in Great Britain as well as in Germany Mast-Jägermeister Deutschland GmbH.

Business activity and companies

Mast-Jägermeister SE is a leading German spirits producer and with the herb liqueur "Jägermeister" is one of the most successful global premium spirits brands, which is at the same time the German spirit with the highest revenue.

Jägermeister is distributed to more than 140 countries worldwide. The largest markets are the USA, Germany, Great Britain, the Czech Republic and Spain. In addition we will set up respectively expand further markets. Beyond its currently largest sales markets the company has extensive registered industrial property rights for the Jägermeister brand in almost all countries in the world. Infringements of property rights are faced energetically.

The development of the group is essentially characterised by the parent company Mast-Jägermeister SE, at which all production activities are based. The distribution of Jägermeister in the core markets USA, Germany as well as Great Britain is carried out by own subsidiaries and in the other overseas markets by distinguished independent distribution partners.

II. Economic report

Market and business development

The year 2018 was marked by global trade conflicts and expansive monetary policies. The good economic expectations on the whole worldwide were muted on the whole over the course of the year, however with various regional implications. In the Euro zone strong internal demand, favoured by attractive refinancing, could initially compensate for the tense mood in world trade. Over the course of the year the economic development was encumbered by deteriorating basic conditions and negative headlines. In particular in Great Britain economic growth fell owing to the uncertainty about the impending exit from the European Union and the declining demand of the private households. The economic data of the USA, on the other hand, developed positively and led to a further fall in the unemployment rate and the reduction in capacity overhands by rising consumption. In the monetary policies the discrepancy between the central banks in Europe and the USA was reinforced over the course of 2018. Whereas the European Central Bank initially retained its bond purchase programme, the Central Bank in the USA placed its bets on a path of normalisation and moderately increased its leading interest rate in three steps.

Within the spirits industry several superordinate and internationally valid trends can be identified. These include the continued move towards premiums and rising health awareness among young people. Consumers are consistently on the search for authenticity and quality. The digitalisation, however also the momentum in growth regions such as Latin America and Asia, continue to belong to the driving developments on the global sales market. The focus is placed on a more conscious handling of alcoholic drinks with many consumers and in particular among young people. Spirits with lower alcohol content are therefore enjoying consistently increasing popularity. The consumers are in fact drinking more moderately, are however also willing to spend more money in their drinking occasions for premium spirits. For many consumers quality, however also a good price-performance ratio is decisive. The sales of the premium market are still developing in a rising manner worldwide and substantially exceed the developments of the low price segment. Spirits such as whiskey and tequila, aperitifs and in particular gin are among the strong growth drivers within the premium spirit segment.

Changed market conditions as well as new consumption and behaviour trends lead to major challenges for the entire brand positioning and market processing. For Jägermeister it is important to understand its target groups as well as to know their values and interests in order to be able to develop relevant communication and activation programmes. With a bundle of measures the group has further developed and standardised its global brand presentation as well as adjusted structures in the individual group companies. In the last few years the company has also reacted to the changed market conditions on the part of products and with Line-Extenders carefully expanded its portfolio.

In the reporting year the German marketing and distribution organisation was removed from Mast-Jägermeister SE by way of a spin-off for absorption within the meaning of § 123 Para. 3 No. 1 UmwG [German Transformation Act] and transferred it to an independent subsidiary, Mast-Jägermeister Deutschland GmbH. The German distribution and marketing organisation can hereby increase its focus on the market processing and consolidate the position of Jägermeister as the most successful German spirit on the home market. With the entry in the commercial register of the involved legal entities on 26 April 2018 the spin-off became effective retroactively as of 1 January 2018.

For almost two decades Jägermeister Promotion & Service GmbH, with its promotion activities, was very successful in presenting the Jägermeister brand in the gastronomy trade to the relevant target groups and was able to establish the brand there. Owing to the changing basic conditions on the market and in society, it was examined in the reporting year whether the promotion activities are still contemporary on the whole in their previous orientation and are appropriate for the brand management and will contribute to future further developments of Jägermeister. After an intensive analysis and weighing up all options the company has decided to discontinue the promotion activities of Jägermeister Promotion & Service GmbH effective as of 31 December 2018.

The orientation of the distribution activities was also examined in the USA, one of the largest and most important markets worldwide for Jägermeister. As a result the distribution in the USA was bundled in essential parts at the long-standing distribution partner Southern Glazer's Wine & Spirits.

Parallel to the further development of the classical distribution channels in April 2018 a subsidiary was founded with M-Venture GmbH, which as a venture capital provider invests in innovation and future projects. The first investment was the participation acquired in the summer of 2018 in the Hamburg premium gin brand "Gin Sul".

On 20 December 2018 Mast-Jägermeister SE and Rémy Cointreau S.A., Paris/France, announced that the Rémy distribution companies in the Czech Republic and in Slovakia will be acquired by Mast-Jägermeister SE as of 1 April 2019. The transaction is subject to the reservation of the approval by the cartel authorities of both countries.

Results of operations, financial position and net assets of the group

The business development of Mast-Jägermeister SE with its main brand Jägermeister progressed differently in the individual regions in 2018 once again, on the whole however positively. The consolidated sales of Jägermeister increased by 5.2% to 97.1 million 0.7-l bottles in 2018. Of the sales around 63% related to the region of Europe and 37% to the non-European markets.

The group sales revenues increased by TEUR 11,620 to TEUR 516,397. The rise that was less than average compared to the sales volume is essentially a result of currency effects. The costs of material are with TEUR 70,843 approximately at the same level of the previous year and in particular include the expenses of the product production at the parent company.

The personnel expenses are with TEUR 85,303 also almost at the same level of the previous year. The depreciations in the consolidated financial statements include the expenses from the depreciation of the goodwill values results from the capital consolidation of Mast-Jaegermeister UK Ltd. and of Mast-Jaegermeister US, Inc. in the amount of together TEUR 9,249.

The other operating expenses fell in the group by TEUR 2,415 to TEUR 205,066. This in particular results from an optimisation of the distribution and administrative expenses in the foreign distribution subsidiaries.

The group operating results are with TEUR 143,290 TEUR 12,631 respectively 9.7% higher than the previous year. The disclosed financing results relate almost fully to the parent company. On the whole, consolidated net income for the year is disclosed for the fiscal year 2018 in the amount of TEUR 100,879 after TEUR 89,481 in the previous year. The consolidated net income for the year is therefore around 5% above the results forecast for 2018. This development is in particular a result of the positive sales development, which could be increased beyond the planned growth rates.

The balance sheet structure of the group is, with the exception of the consolidation-specific special features, decisively influenced by the balance sheet of the parent company and the current assets of the distribution subsidiaries. The consolidated balance sheet total is TEUR 900,657. The fixed assets rose in particular due to higher financial assets at Mast-Jägermeister SE. The trade receivables increased from TEUR 115,963 to TEUR 129,311 and the receivables due from affiliated companies not included in the consolidated financial statements by TEUR 18,275. The provisions and liabilities are with a total of TEUR 92,402 19.2% above the value of the previous year (TEUR 77,539 owing to higher other provisions and trade liabilities). The consolidated equity as of 31 December 2018 achieves TEUR 807,742; its development can be seen from the statement of changes in consolidated equity.

The cashflow and the cash and cash equivalents of the group developed as follows in the reporting year:

(in TEUR)	2018	2017
Cash inflows from the operative business	101,710	93,559
Cash inflow/outflow from the investment activity	-105,853	-221,560
Cash inflow/outflow from the financing activity	-9,145	-9,253
= Total cash inflow/outflow in the reporting year	-13,288	-137,254
+ cash and cash equivalents at the beginning of the year	134,257	271,511
= cash and cash equivalents at the end of the year	120,969	134,257

The cash outflow from the investment activity includes the balance from payments for investments in intangible assets and property, plant and equipment as well as cash inflows from the disposals of assets in the amount of TEUR -10,616 (previous year: TEUR -15,190). The balance from cash inflows and outflows for financial investments of the fixed and current assets is TEUR -97,379 (previous year: TEUR -207,515). Analogue to the individual financial statements of the parent company re-groupings into assets with a longer term are essential for the change compared to the value of the previous year. TEUR 2,142 (previous year: TEUR +1,145) were collected as interest.

Exclusively liquid funds in the form of bank holdings and cash on hand in the cash and cash equivalents.

Results of operations, financial position and net assets of the parent company

The sales revenues are with TEUR 411,811 slightly below the level of the previous year. It was possible to compensate for the reduction in the domestic sales revenues as a result of the spin-off of the German distribution by the growth in the foreign markets. The other operating income amounts to TEUR 4,256.

The increase in the costs of material by 7.6% results from the higher production volume and the increased use of advertising materials over the course of group-internal re-location sales to Mast-Jägermeister Deutschland GmbH.

Compared to the previous year the personnel expenses fell by TEUR 11,868 to TEUR 34,620. The reason for this is the transfer of the employees previously employed at Mast-Jägermeister SE to Mast-Jägermeister Deutschland GmbH within the scope of the spin-off. The remuneration adjustments carried out in the reporting year had a contrary effect. The other operating expenses fell by TEUR 11,568 to TEUR 161,091. The change compared to the previous year is also essentially influenced here by the spin-off of the German marketing and distribution organisation.

The financial and participation results increased by TEUR 1,540 to TEUR 1,878 compared to the previous year. Higher contributions to the results from participations and financial investments are compared to increased depreciations of financial assets and securities of the current assets on their nominal amount in the volume of TEUR 476.

The total operating performance in the reporting year is TEUR 418,674 compared to TEUR 418,741 in the previous year. The operating results are with TEUR 142,886, TEUR 18,436 higher than the previous year.

The net income for the fiscal year 2018 is TEUR 101,471 compared to TEUR 87,692 in the previous year. The net income for the year is therefore around 4% higher than the results forecast for 2018. This development is in particular a result of the positive sales development, which could be increased beyond the planned growth rates.

From the net income for the fiscal year 2018 TEUR 45,671 were transferred to the other retained earnings in advance with the preparation of the annual financial statements. In the reporting year a dividend was distributed from the balance sheet profit of the previous year of TEUR 216,400 in the amount of TEUR 8,800. The remaining amount of TEUR 207,600 was carried forward to new account. The balance sheet profit disclosed as of 31 December 2018 is TEUR 263,400.

The balance sheet total increased by TEUR 113,045 to TEUR 885,617. The increase in the fixed assets essentially results from the additions of securities of the fixed assets and other loans within the position financial assets. Furthermore, this includes the increase in the book value of the participation in Mast-Jägermeister Deutschland GmbH owing to the asset transfers of the spun-off division by TEUR 15,458. The intangible assets and property, plant and equipment the additions from replacement and expansion investments in the amount of TEUR 9,722 were compared to regular depreciations in the amount of TEUR 7,407. The additions in particular relate to the investment measures, which were continued or partly ended in the reporting year, in the field of the buildings and filling systems in the Wolfenbüttel and Wolfenbüttel-Linden plants.

In the current assets the trade receivables fell by TEUR 17,061 to TEUR 34,107, which is in particular a result of the spin-off. The receivables due from affiliated companies increased substantially by TEUR 50,544 to TEUR 83,564. Besides the disclosure for the first time of the receivables due from Mast-Jägermeister Deutschland GmbH the good year-end business contributed to this increase. In addition, this position includes a loan paid out to a group company in the amount of TEUR 18,000. The positions other securities of the current assets and bank balances fell as a result of the re-groupings of financial funds into the financial assets.

The cashflow and the cash and cash equivalents of Mast-Jägermeister SE developed as follows in the reporting year:

(in TEUR)	2018	2017
Cash inflows from the operative business	86,509	95,405
Cash inflow/outflow from the investment activity	-106,096	-217,972
Cash inflow/outflow from the financing activity	-8,940	-9,322
 = Total cash inflow/outflow in the reporting year	 -28,527	 -131,889
 + cash and cash equivalents at the beginning of the year	 83,929	 215,818
 = cash and cash equivalents at the end of the year	 55,402	 83,929

The cash outflow from the investment activity includes the balance from cash outflows for investments in intangible assets and property, plant and equipment as well as cash inflows from disposals of assets in the amount of TEUR -9,601 (previous year: TEUR -13,663). The cash outflows for additions with the shares in affiliated companies affecting payments amount to TEUR -1,046 (previous year: Cash inflow TEUR +2,119). The balance from cash inflows and outflows for financial investments of the fixed and current assets amount, owing to the re-groupings into assets with a longer term, to TEUR -97,399 (previous year: TEUR -207,511). The interest income was collected in the amount of TEUR +1,950 (previous year: TEUR +1,083).

Exclusively liquid funds in the form of bank holdings and cash on hand are disclosed in the cash and cash equivalents.

As of the balance sheet key date the accounted equity is TEUR 803,211 compared to the value of the previous year of TEUR 710,540. This corresponds with an increase by 13.0%. The cause for this is the net income for the fiscal year 2018 minus the dividend distribution. The equity ratio amounts to 90.7% after 92.0% in the previous year. It therefore continues to achieve an excellent value both in a national as well as international comparison.

The income situation of Mast-Jägermeister SE is still determined by the brand strength of the product Jägermeister and is to be seen as extremely satisfactory. To summarise the net assets, financial position and results of operations of the company can continue to be described as good.

Disclosures relating to non-financial performance indicators

The corporate success of Mast-Jägermeister SE and its subsidiaries is also influenced by non-financial performance indicators in addition to financial performance indicators. They in particular relate to the relationships of the company to its customers, suppliers and employees as well as environmental concerns. The company sees itself as a part of society and as such would like, in its environment, to make a positive contribution to its development. Therefore, the concerns of the environment are an important benchmark of its own valuation basis. Mast-Jägermeister SE endeavours to act sustainably and cost-effectively in all processes and complies with all respectively applicable statutory provisions.

As a traditional family enterprise Mast-Jägermeister SE is aware of its responsibility towards society and the people, who enjoy its products. The protection of minors is of special importance to Mast-Jägermeister SE. It therefore particularly pays careful attention that all measures of distribution, marketing, communication and promotion exclusively promote the moderate enjoyment by complying with the statutory minimum age, which varies internationally, for the purchase and consumption of spirits in their sales markets.

Mast-Jägermeister SE is a company driven by values with a central mission statement. In the so-called "Jägermeister pact" it is deposited as a global vision to become the no.1 premium spirit for young adults and to give this target group the best nights of their lives. The pact is rounded off by a value structure, which is based on clearly defined brand values – such as daring, social, masterful, authentic – and that builds upon a foundation of corporate values: Respect, quality, being open-minded to global issues, enthusiasm and innovation.

The focus of the personnel work was placed on the active accompaniment of the aforementioned change processes or the organisational further development such as the foundation of the subsidiaries Mast-Jägermeister Deutschland GmbH and M-Venture GmbH as well as the necessary structural adjustments in the individual group companies. The digital development, the demographic change as well as the consistently increasingly successful internationalisation also led to a strategic new orientation of the personnel work. The fast and consistent changes in the markets lead to the fact that the company must react even more flexibly, which requires an agile and flexible corporate culture. Mast-Jägermeister SE is working, within the scope of its cultural journey, on giving its employees the best possible environment in order to be able to process and influence the market accordingly.

Disclosures relating to research and development

In order to continue to maintain the attractiveness of the range of products at the maximum level Mast-Jägermeister SE is working continuously on ensuring and improving the quality along the entire production process. A special focus is placed hereby unchanged on the examination of the raw materials used in the manufacturing process and the safety of the end product. Moreover, the company continuously invests in the development and the marketing of new products under the Jägermeister brand as well as in the conception of creative, international marketing innovations.

Details relating to branches in the domestic country

Mast-Jägermeister SE does not maintain any domestic branches.

III. Opportunities and risks report

The business activity of the group poses the customary market opportunities and risks of an internationally operating provider of spirits. No significant risks result from the financial instruments held by the company.

Pursuant to § 91 Para. 2 AktG [German Stock Corporation Act] the company has created a group-wide monitoring system for the early detection of developments that pose a danger to the existence of the company. This monitoring system enables the classification and assessment of risks by taking probabilities of occurrence and implication into consideration as well as the ability to react promptly to changed situations and to initiate counter-measures.

Risks that pose a danger to the existence of the company are, from a current perspective, neither recognisable from individual risks, nor from the overall risk position of Mast-Jägermeister SE or of one of its subsidiaries.

IV. Outlook

The economic Indicators shows a further cooling down of the economic development worldwide. Uncertainties about serious foreseeable restrictions to world trade as well as by geopolitical risks in the Near East and Venezuela as well as rising oil prices and weaker economic prospects in China, may have negative implications on the global economy in the medium-term. The economic development of the Euro zone is, on the one hand, influenced by the continued expansive monetary policies of the ECB. Above all, the investment activity and the employment within the EU should be strengthened hereby. The still unresolved framework conditions of the exit of Great Britain from the European Union ("Brexit"), on the other hand, have a negative effect in particular on the other member states of the European Union. Great Britain is seen by many parties as the biggest loser of the Brexit decision, at least in the short to medium term. Migration tendencies of the industry and the service trade to other European countries are becoming stronger and will also have implications on the unemployment figures and therefore on the private demand. Slowed economic growth is forecast for the USA. The further tightening of the monetary policies of the FED and a lower export growth are seen to put the brakes on the economy, whereas growth in wages should continue to increase the growth in consumption. Further trade restrictions, the high capacity utilisation as well as a bottleneck of skilled workers could also have a negative effect.

Against this background the Management Board of Mast-Jägermeister SE retains its muted outlook for the further development of the private consumer behaviour in the sales markets that are relevant for Jägermeister. Under the assumption of a normal development of the overall economic basic conditions the corporate results of the operative business, according to an estimate of the Management Board, will be marked in the medium-term by a challenging business development in the USA and West Europe as well as growth in the other markets. The company is intending to also adhere to its successful strategy in the next few years, by continuously increasing investments in the Jägermeister brand to press ahead with the development of new markets and to consolidate and expand the international markets.

With Mast-Jaegermeister UK Ltd. the Jägermeister-Group is engaged on site in Great Britain in one of its largest overseas markets. At the present moment in time no reliable forecast can be given regarding the implications of Brexit on the sales and income development of Jägermeister in Great Britain. The Management Board estimates the implications of Brexit on the business model and the thus associated financial implications for the group at the current time however, on the whole as controllable.

With the take-over and integration of the distribution companies of Rémy Cointreau in the Czech Republic and Slovakia Jägermeister will strengthen its position in Eastern Europe, one of the currently strongest growth regions and with this step secures future growth potentials in these marked shot and bitter markets with a rising premium segment. The integration into the organisation of the group— subject to the granting of the necessary official permits – will begin from the 2nd quarter of 2019.

For 2019 pay-outs are planned for investments in intangible assets and property, plant and equipment in the amount of expectedly EUR 25.9 million. These in particular relate to the continuation of the restructuring and expansion of the production and warehouse capacities at the Wolfenbüttel location as well as further expansion and substitute investments for technical systems as well as factory and office equipment.

The Management Board is expecting for the fiscal year 2019 a slightly higher result than in the reporting year both for the parent company as well as for the group.

V. Final declaration of the Management Board regarding the relationships to affiliated companies (dependency report)

The Management Board of Mast-Jägermeister SE has created a report in compliance with § 312 AktG on the relationships to affiliated companies and submitted the following final declaration herein:

"Our company received an appropriate consideration with each legal transaction listed in the report regarding the relationships to affiliated companies. There were no measures liable to reporting. This assessment is based on the circumstances, which were known to us at the time of the events liable to reporting or of which we became aware until the time when the report was prepared."

Wolfenbüttel, dated 11 February 2019

Mast-Jägermeister SE

The Management

Michael Volke

Christopher Ratsch

Denis Schrey

Woltenbuttel, dated 11 February 2019

Consolidated profit and loss statement for the period
from 1 January to 31 December 2018
of
Mast-Jägermeister SE, Wolfenbüttel

	2018		2017
	TEUR	TEUR	TEUR
1. Sales revenues		516,397	504,777
2. Increase or reduction in the stocks of finished and unfinished products		<u>1,266</u>	<u>-687</u>
		517,663	504,090
3. Other operating income		<u>6,189</u>	<u>8,292</u>
Overall performance		523,852	512,382
4. Costs of Material			
Expenses for raw and auxiliary materials and operating supplies and for purchased goods		<u>70,843</u>	<u>70,515</u>
Gross profit or loss		453,009	441,867
5. Personnel expenses			
a) Wages and salaries	71,906		72,887
b) Social security contributions and expenses for retirement pensions and for support thereof for retirement pension:	13,397		13,031
TEUR 1,875 (previous year: TEUR 1,687)		<u>85,303</u>	
6. Depreciations			
a) on intangible assets of the fixed assets and property, plant and equipment	18,714		17,809
b) on assets of the current assets, insofar as these exceed the depreciations customary in the stock corporation	<u>636</u>	19,350	
7. Other operating expenses		<u>205,066</u>	<u>309,719</u>
Operating result			<u>143,290</u>
8. Income from other securities and loans of the financial assets		1,738	813
9. Other interest and similar income		<u>403</u>	333
10. Depreciations on financial assets and on securities of the current assets		476	215
11. Interest and similar expenses		<u>683</u>	<u>464</u>
Financial and participation result		982	467
12. Tax on income and on earnings		<u>43,393</u>	<u>41,645</u>
13. Earnings after tax/ net income for the year		<u>100,879</u>	<u>89,481</u>

Development of the consolidated fixed assets in the fiscal year 2018

of
Mast-Jägermeister SE, Wolfenbüttel

	Initial stocks cumulative 01 01	Difference from currency conversion	Change in Group of cons Companies	Acquisition and manufacturing costs				Write-ups	End stocks cumulative 31 12
				Additions	Disposals	Re-bookings			
- in TEUR									
I Intangible assets									
1. Industrial property rights acquired against payment and similar rights and values	16,008	0	0	2,496	-1,402	77	0	0	17,179
2. Goodwill	124,140	0	-51	0	0	0	0	0	124,089
3. Down payments made	77	0	0	30	0	-77	0	0	30
	140,225	0	-51	2,526	-1,402	0	0	0	141,298
II Property, plant and equipment									
1. Properties, rights equivalent to land and buildings including buildings on third party land	107,617	19	0	3,978	0	528	0	0	112,142
2. Technical plants and machinery	48,875	0	0	670	-388	35	0	0	47,192
3. Other plants, factory and office equipment	38,459	39	0	2,173	-1,522	118	0	0	39,267
4. Down payments made and assets under construction	1,146	0	0	1,281	0	-680	0	0	1,747
	194,097	58	0	8,102	-1,910	1	0	0	200,348
III. Financial assets									
1. Shares in affiliated companies	35	0	0	26	0	0	0	0	61
2. Securities of the fixed assets	183,032	0	0	119,661	-75,026	0	0	0	227,667
3. Other loans	92,500	0	0	80,192	-7,500	0	0	0	165,192
	275,567	0	0	199,879	-82,526	0	0	0	392,920
	609,889	58	-51	210,507	-85,838	1	0	0	734,566

Development of the consolidated fixed assets in the fiscal year 2018

of
Mast-Jägermeister SE, Wolfenbüttel

	Initial stocks cumulative 01 01	Difference from currency conversion	Change in Group of cons Companies	Depreciations					Write-ups	End stocks cumulative 31 12
				Additions	Disposals	Re-bookings				
- in EUR -										
I. <u>Intangible assets</u>										
1 Industrial property rights acquired against payment and similar rights and values	12,593	0	0	1,777	-1,402	0	0	0	0	12,968
2. Goodwill	24,524	0	-82	9,249	0	0	0	0	0	33,691
3 Down payments made	0	0	0	0	0	0	0	0	0	0
	37,117	0	-82	11,026	-1,402	0	0	0	0	46,659
II. <u>Property, plant and equipment</u>										
1 Properties, rights equivalent to land and buildings including buildings on third party land	51,285	1	0	2,689	0	0	0	0	0	53,975
2. Technical plants and machinery	36,371	0	0	1,708	-364	0	0	0	0	39,715
3 Other plants, factory and office equipment	27,610	7	0	3,291	-1,378	0	0	0	0	29,530
4. Down payments made and assets under construction	0	0	0	0	0	0	0	0	0	0
	117,266	8	0	7,688	-1,742	0	0	0	0	123,220
III. <u>Financial assets</u>										
1 Shares in affiliated companies	0	0	0	0	0	0	0	0	0	0
2 Securities of the fixed assets	184	0	0	143	-32	0	0	0	0	295
3 Other loans	0	0	0	0	0	0	0	0	0	0
	184	0	0	143	-32	0	0	0	0	295
	154,567	8	-82	18,857	-3,176	0	0	0	0	170,174

Development of the consolidated fixed assets in the fiscal year 2018

of
Mast-Jägermeister SE, Wolfenbüttel

	Residual book values	
	Residual book value: 31.12.2018	Residual book value: 31.12.2017
- in EUR -		
I Intangible assets		
1. Industrial property rights acquired against payment and similar rights and values	4,211	3,415
2. Goodwill	90,398	99,616
3. Down payments made	30	77
	94,639	103,108
II Property, plant and equipment		
1. Properties, rights equivalent to land and buildings including buildings on third party land	58,167	56,332
2. Technical plants and machinery	7,477	8,504
3. Other plants, factory and office equipment	9,737	10,849
4. Down payments made and assets under construction	1,747	1,146
	77,128	76,831
III. Financial assets		
1. Shares in affiliated companies	61	35
2. Securities of the fixed assets	227,372	182,848
3. Other loans	165,192	92,500
	392,625	275,383
	564,392	455,322

Consolidated statement of changes in equity as of 31 December 2018
of
Mast-Jägermeister SE, Wolfenbüttel

- in TEUR -	Subscribed capital	Capital reserves	Statutory reserves	Other retained earnings	Equity difference from currency conversion	Balance sheet profit/ annual net profit	Consolidated equity and equity shareholders of the parent
Status on 31.12.2016	100,000	2,258	10,226	342,164	2,141	184,847	641,636
Dividend payment							
Transfer to other retained earnings				39,492		(9,200)	(9,200)
Consolidated net income for the year						(39,492)	0
Other group results					(9,837)	89,481	89,481
Status on 31.12.2017	100,000	2,258	10,226	381,656	(7,696)	225,633	712,077
Dividend payment							
Transfer to other retained earnings				45,671		(8,800)	(8,800)
Consolidated annual net profit						(45,671)	0
Changes in scope of consolidation					7	100,879	100,879
Other group results					3,581	(2)	3,579
Status on 31.12.2018	100,000	2,258	10,226	427,327	(4,108)	272,039	807,742

Consolidated cashflow statement
for the period from 1 January to 31 December 2018
of
Mast-Jägermeister SE, Wolfenbüttel

- in TEUR -	2018	2017
1. Cashflow from ordinary business activities		
Period result	100,879	89,481
Abschreibungen (+)	19,826	17,993
Decrease (-) / increase (+) in the provisions	6,022	6,419
Other expenses (+) / income (-) not affecting payments	3,503	(9,649)
Losses (+) / profits (-) from the disposal of fixed assets	150	142
Losses (+) / profits (-) from the disposal of financial assets in securities of the current assets	0	(25)
Decrease (+) / increase (-) in the inventories, trade receivables as well as of other assets, which cannot be allocated to the investment or financing activity	(35,821)	(2,383)
Decrease (-) / increase (+) in trade liabilities as well as other liabilities, which are not to be allocated to the investment - or financing activity	7,658	(9,895)
Interest expenditure / interest income (+/-)	(1,797)	(1,093)
Income tax expense/earnings (+/-)	43,393	41,645
Income tax payments (-/+)	(42,103)	(39,076)
Cash-Flow from ordinary business activities	101,710	93,559
2. Cashflow from investment activity		
Cash inflows (+) from disposals of items of the intangible assets	0	11
Cash outflows (-) for investments in the intangible assets	(2,526)	(2,165)
Cash inflows (+) from disposals of the property, plant and equipment	12	14
Cash outflows (-) for investments in the property, plant and equipment	(8,102)	(13,050)
Cash inflows (+) from disposals of the financial assets	82,500	25,500
Cash outflows (-) for investments in the financial assets	(199,879)	(203,073)
Cash inflows (+) owing to financial investments within the scope of the short-term financial disposition	20,000	10,031
Cash outflows (-) owing to financial investments within the scope of the short-term financial disposition	0	(39,973)
Interest received (+)	2,142	1,145
Cashflow from investment activity	(105,853)	(221,560)
3. Cashflow from financing activity		
Interest paid (-)	(345)	(53)
Paid dividends (-) to shareholders of the parent company	(8,800)	(9,200)
Cashflow from financing activity	(9,145)	(9,253)
Cash-effective changes in cash and cash equivalents	(13,288)	(137,254)
4. Cash and cash equivalents at the end of the period		
Cash and cash equivalents at the beginning of the period	134,257	271,511
Cash and cash equivalents at the end of the period	120,969	134,257
5. Composition of the cash and cash equivalents		
Cash on hand and balances at banks and cheques	120,969	134,257
Cash and cash equivalents at the end of the period	120,969	134,257

Consolidated notes 2018 of Mast-Jägermeister SE, Wolfenbüttel

1. Group of consolidated companies and consolidation principles

General information

Mast-Jägermeister SE has prepared consolidated financial statements for the fiscal year 2018 according to the regulations of §§ 290 et seqq. HGB and supplementary regulations under stock corporation law.

Details relating to the parent company

Mast-Jägermeister SE with the registered seat in Wolfenbüttel, Jägermeisterstraße 7-15, is the most senior parent company of the Mast-Jägermeister-Group. It is entered in the commercial register of Braunschweig County Court (HRB 7599).

Details relating to the group of consolidated companies

As of the key date Mast-Jägermeister SE is directly and indirectly entitled with 17 (previous year: 17) companies to the majority of the voting rights of the shareholders. Included in the consolidated financial statements, besides Mast-Jägermeister SE, Wolfenbüttel, as parent company, are four domestic and nine (previous year: ten) foreign subsidiaries.

The subsidiaries, Mast-Jägermeister Deutschland GmbH with the registered seat in Wolfenbüttel, Mast-Jaegermeister Services (China) Limited with the registered seat in Shanghai/People's Republic of China and Mast-Jaegermeister Services (México) S. de R. L. de C. V. with the registered seat in Mexico-City/Mexico, which were included in the financial statements of the previous year for the first time, are included in these consolidated financial statements for a whole fiscal year for the first time.

The voluntary dissolution, which was started in the previous year, was completed in the reporting year for Mast-Jaegermeister Services (South Korea) Limited. This did not lead to any significant implications on the consolidated financial statements.

Mast-Jägermeister SE transferred its Marketing/distribution Germany division by way of a spin-off according to §§ 123 Para. 3 No. 1, 131 Para. 1 No. 1 German Transformation Act [*Umwandlungsgesetz- UmwG*] with retroactive effect as of 1 January 2018 to Mast-Jägermeister Deutschland GmbH in the reporting year. This did not lead to any significant implications on the consolidated financial statements.

The list of shareholdings is listed in Section 6 "Other disclosures".

Disclosures relating to the consolidation methods

With the capital consolidation the equity of the subsidiary is determined according to the new valuation method based on the valuations at the time of the respective first-time inclusion of the subsidiary in the consolidated financial statements and compared to the participation recognition of the parent company. A thus produced asset difference is capitalised as goodwill.

The annual financial statements of the subsidiaries included in the consolidated financial statements are prepared as a standard in compliance with the statutory regulations according to the accounting and valuation methods applicable at Mast-Jägermeister SE.

The key date for the financial statements for all companies included in the consolidated financial statements is respectively 31 December.

The functional currency of the group is the Euro. Balance sheets of foreign subsidiaries prepared in foreign currency are converted at the mean spot exchange rate on the key date for the financial statements. Excluded from this is the equity that is converted at its historical rates. The conversion of the profit and loss statement is carried out at the annual average rate. Currency differences from the conversion of the capital that is liable to consolidation are taken into consideration within the equity. The methods for the foreign currency conversion in the individual financial statements are explained in Section 2

Receivables and liabilities are offset between consolidated companies. Interim results stemming from the group-internal delivery and service transactions are eliminated pursuant to § 304 Para. 1 German Commercial Code [*Handelsgesetzbuch - HGB*], insofar as assets are valued higher than at consolidated manufacturing costs in the individual financial statements.

Insofar as deviating valuations between the consolidated balance sheet and the respective tax balance sheets of the included companies result from consolidation measures, deferred tax assets or liabilities will be formed. The company-individual tax rates are used for the determination of deferred taxes on deviating valuations from consolidation measures.

In the consolidated profit and loss statement the revenues from internal revenues as well as other group-internal income are offset against the corresponding expenses or re-grouped into the changes in stocks.

Disclosure options with regard to the thereof notes are, insofar as permitted, exercised for the benefit of the consolidated notes.

2. Accounting and valuation principles

The consolidated financial statements as of 31 December 2018 were prepared according to the accounting regulations of the German Commercial Code by complying with the regulations of the German Stock Corporation Act. The valuation shall be carried out according to the principles of the going concern.

The structural breakdown of the disclosures and the explanations relating to the consolidated balance sheet and the consolidated profit and loss statement corresponds with those of the previous year.

The consolidated profit and loss statement was prepared according to the breakdown of § 275 Para. 2 HGB.

The following principles are applied when preparing the included individual financial statements and the consolidated financial statements:

The valuation of the net asset and debt items take all recognisable risks into account according to the principles of cautious commercial assessment. The valuation is carried out according to the principles of the going concern.

The historical acquisition or manufacturing costs are disclosed in the statement of changes in fixed assets.

Intangible assets are principally valued at acquisition costs and – insofar as they are subject to wear and tear – depreciated on a straight-line basis.

Asset differences remaining within the scope of the capital consolidation are capitalised as goodwill and depreciated as scheduled over their expected useful lives.

Property, plant and equipment are valued at the acquisition or manufacturing costs reduced by the depreciations. Received investment subsidies were deducted not affecting net income from the acquisition or manufacturing costs.

The scheduled depreciations are determined for additions from the fiscal year 2010 by complying with special features of the industry and business operation according to the expected average useful life for the business or in line with the useful lives of the tax-related depreciation on wear and tear tables by means of the straight-line method. For additions up to and including 2009 the scheduled depreciations were calculated with maximum rates admissible under tax law according to the straight-line or sliding scale method; in the event of the sliding scale method the transfer to the straight-line method is carried out as soon as this leads to higher depreciation amounts.

Additions with the property, plant and equipment are depreciated to the exact month. The additions to low-value assets are depreciated in full from the fiscal year 2011 in the commercial balance sheet in analogue application of § 6 Para. 2 German Income Tax Act [*Einkommensteuergesetz* - *EStG*] in the year of addition and in the following year presented in a simplified manner as a disposal in the statement of changes in fixed assets.

Securities are valued with their acquisition costs or their lower daily value. Loans are principally accounted at the nominal value.

The raw and auxiliary materials and operating supplies as well as goods are valued at acquisition costs or at lower replacement costs. The valuation of the unfinished and finished products also includes, besides the unit costs for material, the overheads caused by the production as well as the depreciations on the property, plant and equipment that serve the production.

Down payments made are disclosed in the amount of the actually made payments less possible input tax.

Receivables and other assets are recognised at the nominal value under the deduction of required value adjustments.

The valuation of the provisions for pensions and similar obligations is carried out according to the valuation regulations of § 253 Para. 1 and 2 HGB by applying the present value method. The determination is based upon an interest rate of 3.21% (previous year: 3.67%), expected future salary increases of 3.50% as well as pension increases of 2.00%. The interest rate is produced from the further development of the value determined for the month of September 2018 pursuant to the provision discounting regulation published by the Deutsche Bundesbank for an average residual term of the obligations of 15 years based on the current balance sheet key date. The respective calculations are carried out on the basis of actuarial expert's opinions, which in the reporting year are based on the Heubeck-mortality tables 2018G (previous year: mortality tables 2005G) for the first time.

The valuations of the other provisions take all recognisable risks and uncertain liabilities into consideration. Their recognition is carried out with the expected settlement amount. Provisions with a residual term of more than one year, with which future price and cost increases are expected, are valued by taking the individually estimated, future expected price and cost increases into consideration. Provisions with a residual term of more than one year, except provisions for persons and similar obligations, are discounted according to § 253 Para. 2 Sentences 1 and 4 HGB by taking the individual residual term into consideration with the interest rates published by the Deutsche Bundesbank.

The tax provisions are calculated for tax on income based on the tax-related annual results.

Liabilities are entered on the liabilities side with their settlement amount.

Deferred taxes are determined in the individual financial statements of the companies included in the consolidated financial statements according to § 274 HGB and are further developed. Their calculation is carried out based on the different valuations of individual assets and debts in the commercial and tax balance sheet on the balance sheet key date by taking supplementary tax regulations concerning the income determination into consideration. For the calculation of the deferred taxes the company-individual tax rates are used. Deferred tax assets and liabilities are disclosed non-balanced.

Valuation units are formed insofar as assets or debts are determined to compensate for contrary changes in values from other assets or debts. The valuation of the effective part of such valuation units is carried out according to § 254 HGB by means of the method of the compensatory valuation.

Expenses and income are limited to the fiscal year.

Rate-hedged assets and debts in foreign currency are recognised by taking the hedging rate into consideration. Short-term unsecured assets and debts in foreign currency with a residual term of up to one year are valued with the mean spot exchange rate on the key date of the financial statements. Expenses and income in the profit and loss statement are valued with their acquisition rate, uncertain assets and debts in foreign currency with a residual term of more than one year are valued with the acquisition rate or the respective more unfavourable rate as of the key date.

3. Explanations relating to the consolidated balance sheet

Statement of changes in fixed assets

The development of the fixed assets disclosed in the consolidated balance sheet in the reporting period is presented in a separate annex ("Consolidated statement of changes in fixed assets").

Intangible assets

The goodwill values of the capital consolidation of Mast-Jaegermeister UK Ltd. as well as of the US companies Mast-Jaegermeister US, Inc. and Tap Machine, Inc. are disclosed as goodwill. The expected useful lives of the goodwill values are five years or 15 years for the US companies. The different useful lives are based in particular on the different market regulation.

The other positions in particular include acquired brand rights, software programmes, advertising films and internet presences.

Property, plant and equipment

The additions and re-bookings of the fiscal year mainly concern replacement and expansion investments that are liable to capitalisation in the fields of buildings as well as factory and office equipment including IT systems.

Disposals essentially arise from de-selections and sales of replaced asset items.

The depreciations of the fixed assets in the fiscal year 2018 are composed as follows:

	TEUR
Intangible assets	11,026
Property, plant and equipment	7,251
Low-value assets	437
Total	<u>18,714</u>

Securities of the fixed assets

Bearer bonds of domestic and foreign issuers as well as units in a domestic special fund are disclosed under this item.

Other loans

These concern registered bonds and promissory note loans of domestic and foreign issuers.

Trade receivables

The disclosed receivables have a residual term of less than one year on the balance sheet key date.

Receivables due from affiliated companies

These concern receivables from the group-internal financial transactions towards a non-consolidated subsidiary.

Other assets

This item essentially includes forwarded advertising costs, tax refund claims, bonus and damage claims as well as interest claims from capital investments.

Securities of the current assets

The Other securities disclosed as of 31 December 2018 concern financial assets acquired for the purpose of short-term capital investment or liquidity control.

Equity

The development of the retained earnings, the foreign currency compensatory item and the consolidated balance sheet profit can be seen from the statement of changes in equity.

The subscribed capital corresponds with the share capital of Mast-Jägermeister SE. The disclosed capital reserve corresponds with the capital reserve of Mast-Jägermeister SE.

The consolidated balance sheet profit developed as follows:

(in TEUR)	2018	2017
Profit carried forward from the previous year	225,633	184,847
Dividend distribution	-8,800	-9,200
	216,833	175,647
Consolidated net income for the year	100,879	89,481
Other group results	-2	-3
Transfer from the net income for the year into the Other retained earnings	-45,671	-39,492
Status on 31.12.	272,039	225,633

The disclosed transfers from the net income for the year into the Other retained earnings were carried out at Mast-Jägermeister SE. This concerns transfers pursuant to § 58 Para. 2 AktG from the net income for the year of the respective fiscal year.

Provisions for pensions and similar obligations

The existing pension obligations are sufficiently covered by the disclosed provisions. TEUR 8 were reversed for regular service expenses, for the adjustment to changed future pension claims, actuarial calculation progresses and other actuarial profits and losses for the reporting year as well as transfers for compounding entered in the amount of TEUR 337.

Other provisions

The other provisions essentially relate to advertising cost subsidies which are still to be paid to overseas partners, obligations in the field of personnel and social welfare as well as provisions for legal and consulting costs.

Liabilities

The disclosed liabilities are composed as follows:

31.12.2018 (in TEUR)	Total	Residual term		
		up to 1 year	1 to 5 years	more than 5 years
Down payments received on orders	190	190	0	0
Trade liabilities	20,064	20,064	0	0
Liabilities due to affiliated companies	555	555	0	0
Other liabilities	19,015	18,984	31	0
<i>thereof from taxes</i>	<i>17,890</i>	<i>17,890</i>	<i>0</i>	<i>0</i>
<i>thereof within the framework of social security</i>	<i>64</i>	<i>33</i>	<i>31</i>	<i>0</i>
Total amount	39,824	39,793	31	0

31.12.2017 (in TEUR)	Total	Residual term		
		up to 1 year	1 to 5 years	more than 5 years
Down payments received on orders	116	116	0	0
Trade liabilities	14.460	14.460	0	0
Other liabilities	17.468	17.433	35	0
<i>thereof from taxes</i>	<i>16.677</i>	<i>16.677</i>	<i>0</i>	<i>0</i>
<i>thereof within the framework of social security</i>	<i>31</i>	<i>0</i>	<i>31</i>	<i>0</i>
Total amount	32.044	32.009	35	0

Deferred taxes

The deferred tax assets and liabilities disclosed in the consolidated balance sheet result from the following balance sheet positions:

in TEUR	Assets 31.12.2018	Liabilities 31.12.2018	Assets 31.12.2017	Liabilities 31.12.2017
Property, plant and equipment	28	416	27	461
Financial assets		4		
Inventories	1,705		1,587	
Bank balances	167		1,115	
Other assets	4		13	
Pension provisions	1,037		887	
Tax provisions		1		
Other provisions	2,099	77	1,523	1
Other liabilities	43	15	72	13
Losses carried forward	66			
Total	5,149	513	5,224	475

The determined deferred taxes on assets of the inventories essentially result from the elimination of interim results. The other deferred taxes result from temporary valuation differences between the commercial and tax balance sheets on the level of the individual financial statements of the included companies. The calculation was carried out by using the expected tax rates (Germany 29.75%, Great Britain 19%, USA 25.74%).

Valuation units and financial instruments

Mast-Jägermeister SE and its subsidiaries are exposed to exchange rate and price risks within the scope of its business activity, which are partly hedged by the use of derivative financial instruments; these concern forward exchange and spot transactions. The aim of the use of financial instruments is to reduce the implications from changes in exchange rates with regard to results and cash flows.

Price change risks result from the underlying transactions owing to possible fluctuations in the exchange rates. The financial instruments used for hedging purposes compensate possible changes in value of the underlying transactions by contrary effects.

The valuation of the effective part of valuation units is carried out according to § 254 HGB by means of the method of the compensatory valuation. The fair values of financial instruments are determined based on the market values on the key date of the financial statements. The Dollar-Offset-Method is used for measuring the effectiveness of hedging relationships, with which the current values of underlying and hedging transaction are compared.

In the reporting year a financial asset of the fixed assets, denominated in USD, was used for hedging of exchange rate risks, and thus resulting expected interest income Swap transactions were entered with a current value of TEUR 8,076 and a book value of TEUR 8,051 were summarised to form a valuation unit (Micro Hedge). The changes in value of the transactions integrated into the valuation unit are compensated for with maturity of the securities in 2022 not affecting net income.

No valuation units were formed in the previous year.

Disclosures relating to transactions not appearing in the balance sheet

For the benefit of the main customs office in Braunschweig Mast-Jägermeister SE ordered for the granting of a permit for the operation of an open spirits warehouse according to §§ 5 et seqq. German Alcohol Tax Act [*Alkoholsteuergesetz*] (formerly § 135 German Spirits Monopoly Act [*Branntweinmonopolgesetz*]) a collateral land charge on the factory site Wolfenbüttel, Jägermeisterstraße 7-15.

Liability relationships and other financial obligations

Mast-Jägermeister SE submitted a guarantee towards the landlord of a real estate for the benefit of Mast-Jaegermeister US, Inc. The maximum assertion of a claim from this is USD 8.8 million or EUR 7.7 million.

Other financial obligations exist from leasing agreements in the amount of EUR 2.0 million. This exclusively concerns motor vehicle leasing relationships, which were entered into in the interest of an efficient fleet management.

The order obligation from planned investments started on the key date of the financial statements and inevitable follow-up investments amounts to EUR 19.1 million.

Within the scope of the spin-off carried out in 2018 of the Marketing/distribution Germany division to Mast-Jägermeister Deutschland GmbH the legal entities involved in the spin-off will be liable for liabilities, which were established before the spin-off becomes effective, as joint and several debtors. The liability deadlines pursuant to § 133 UmwG are, for the transferring legal entity is 5 years for obligations established before the spin-off becomes effective. The involved legal entities are expected to be able to fulfil their obligations from the joint and several debtor liability. Therefore, the assertion of a claim is not expected.

Mast-Jägermeister SE has, in connection with the use of the facility regulations for the auditing and disclosure of the annual financial statements of its British subsidiaries Mast-Jaegermeister UK Holding Ltd. and Mast-Jaegermeister UK Ltd. for the benefit of these companies, issued a guarantee according to § 479c of the Companies Act 2006. According to this Mast-Jägermeister SE will be liable for the fulfilment of the liabilities of these two companies that exist on the key date of the financial statements 31 December 2018. An actual assertion of a claim is not expected.

4. Explanations relating to the profit and loss statement

Sales revenues

The disclosed sales revenues are distributed as follows:

(in TEUR)	2018	2017
Germany	124,896	119,152
Great Britain	30,846	34,677
Other EU territory	128,461	118,330
European Union	284,203	272,159
USA	155,518	169,251
Other third territory	76,676	63,367
Third territory	232,194	232,618
Total	516,397	504,777

It mainly concerns spirit revenues. Within the sales revenues an expense was offset for alcohol tax in the amount of TEUR 89,280 (previous year: TEUR 88.569).

Other operating income

Income from the reversal of Other provisions (TEUR 1,362) and the offsetting of pecuniary advantages (TEUR 1,016) are included as significant individual items. The position furthermore includes income not relating to the period in the amount of TEUR 223 and income from the exchange rate conversion in the amount of TEUR 2,336 (thereof unrealised income: TEUR 277; previous year: TEUR 42).

Depreciations on assets of the current assets

The depreciations result from the stock adjustment by goods stocks that can no longer be sold.

Other operating expenses

The Other operating expenses essentially include costs of the sales sector, in particular for marketing and advertising. Furthermore this position includes expenses from the currency conversion in the amount of TEUR 2,425 (thereof unrealised expenses: TEUR 520; previous year: TEUR 2,327).

Income from other securities and loans of the financial assets

The disclosed income concerns interest income from securities of the fixed and current assets.

Other interest and similar income

The income disclosed here mainly concerns interest income from call money and fixed-term deposits.

Depreciations on financial assets and securities of the current assets

Of the depreciations TEUR 143 relate to securities of the fixed assets and TEUR 333 to securities of the current assets. The depreciations serve the loss-free valuation of securities acquired above the repayment value. The depreciations are compared to interest income above the market yield.

Interest and similar expenses

This includes in the amount of TEUR 337 as an expense of the interest share from the transfer to the provisions for pensions and similar obligations as a result of the updating as of 31 December 2018.

Taxes on income and earnings

The disclosed income tax expense is composed as follows:

(in TEUR)	2018	2017
Effective tax on income	43,245	41,470
Deferred tax income	148	175
Total	<u>43,393</u>	<u>41,645</u>

The effective taxes on income essentially relate to the respective fiscal year. Thereof TEUR 43,128 relate to taxes on income that are to be paid in Germany and TEUR 62 to the USA.

5. Explanations relating to the cashflow statement

The cashflow from ordinary business activities is in particular influenced by the increase in the short-term assets. The increase in the trade receivables compared to the previous year results from a temporary shift in the terms of payment in Germany within the scope of the so-called Value Date Action in the autumn of 2018 beyond the balance sheet key date. Furthermore, the set-up of the position receivables due from affiliated companies led to a cash outflow. The increase in the trade liabilities had a contrary effect in the reporting year. The value of the previous year was influenced here by one-off effects from the premature settlement of domestic liabilities in connection with the preparation of the spin-off of the Marketing/distribution Germany division.

The cashflow from investment activity includes cash inflows and outflows from the disposition of the financial assets of the fixed and current assets of balanced - TEUR 97,379 (previous year: TEUR -207,515). The reasons for the change compared to the value of the previous year are re-groupings into assets with a longer term.

The cashflow from the financing activity concerns with the cash outflows to shareholders the dividend distributed to the shareholders of Mast-Jägermeister SE.

Disclosed in the cash and cash equivalents are exclusively liquid funds in the form of bank holdings and cash on hand.

6. Other disclosures

Shareholdings

As of 31 December 2018 Mast-Jägermeister SE held shares directly and indirectly in the following companies:

No.	Name	Reg. seat	Share	via	Currency	Capital in thous.	Earnings in thous.	Rem.
1.	Mast-Jägermeister SE	Wolfenbüttel						
2.	CERUNNOS GmbH	Wolfenbüttel	100%	1.	EUR	30	-3	
3.	Mast-Jägermeister Deutschland GmbH	Wolfenbüttel	100%	1.	EUR	15,527	0	a)
4.	Mast-Jägermeister Global Services GmbH	Wolfenbüttel	100%	1.	EUR	596	0	a)
5.	Mast-Jägermeister Immobilien Verwaltungs-GmbH	Wolfenbüttel	100%	1.	EUR	28	2	b)
6.	Mast-Jägermeister Immobilien GmbH & Co. KG	Wolfenbüttel	100% 0%	1. 5.	EUR	11	0	b), c) d)
7.	M-Venture GmbH	Wolfenbüttel	100%	1.	EUR	25	0	a), b)
8.	Mast-Jaegermeister UK Holding Ltd.	Camberley/ Great Britain	100%	1.	GBP	6,805	0	b)
9.	Mast-Jaegermeister US Holding, Inc.	White Plains/ USA	100%	1.	USD	178,716	0	
10.	Jägermeister Promotion & Service GmbH	Wolfenbüttel	100%	3.	EUR	30	0	a)
11.	Mast-Jaegermeister Services (China) Limited	Shanghai/PR China	100%	4.	RMB	2,218	428	
12.	Mast-Jaegermeister Services (Hong Kong) Limited	Hong Kong/PR China	100%	4.	HKD	1,303	571	
13.	Mast-Jaegermeister Services (México) SRLCV	Mexico City/Mexico	99% 1%	4. 2.	MXN	1,918	366	
14.	Mast-Jaegermeister Services (RUS) OOO	Moscow/ Russian Federation	99% 1%	4. 2.	RUB	10,465	2,133	
15.	Mast-Jaegermeister Services (South Africa) Pty Ltd.	Sandton/ South Africa	100%	4.	ZAR	1,603	466	
16.	Mast-Jaegermeister UK Ltd.	Camberley/ Great Britain	100%	8.	GBP	10,908	-439	
17.	Mast-Jaegermeister US, Inc.	White Plains/ USA	100%	9.	USD	96,396	10,763	
18.	Tap Machine, Inc.	White Plains/ USA	100%	9.	USD	267	80	

Explanations relating to the comments:

- a) Profit and loss transfer agreement
- b) Waiver of inclusion in the consolidated financial statements according to § 296 Para. 2 HGB
- c) Limited partner's capital contribution
- d) General partner without capital contribution

The German subsidiaries Mast-Jägermeister Deutschland GmbH, Jägermeister Promotion & Service GmbH and Mast-Jägermeister Global Services GmbH take advantage of the facilitation of § 264 Para. 3 HGB for the disclosure of their annual financial statements.

The British subsidiaries Mast-Jaegermeister UK Holding Ltd. (entered at Companies House under the registration number 8646902) and Mast-Jaegermeister UK Ltd. (entered at Companies House under the registration number 8646840) take advantage of the facilitations for the auditing and disclosure of their annual financial statements as of 31 December 2018 according to § 479A of the Companies Act 2006.

Fee of the auditor of the financial statements

The invoiced fees respectively the provisions formed for this purpose for services of the auditor of the financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, comprised the following services:

(in TEUR)	2018	2017
Audit of the financial statements	126	130
Tax advice	59	122
Other services	26	8
Total	<u>211</u>	<u>260</u>

Employees

The number of employees with the exception of the apprentices of the companies included in the consolidated financial statements was on average in the year:

Trade workers	413
Salaried employees	<u>672</u>
Total	<u>1,085</u>

Members of the Supervisory Board

Florian Rehm
(entrepreneur)
- Chairman -

Berndt-Michael Winter
(former chairman of the Management Board of DELTON AG)
- Deputy chairman -

Christina Flügel
(entrepreneur)

Hubertus Hoyt
(Vice President General Manager Western Europe, Nike, Inc.)

Arnaud R. Lodeizen
(Chairman of the Supervisory Board of Chateau Palmer SCI)

Dr. Martin J. Nüchtern
(former President Global Hair Care, The Procter & Gamble Company)

Members of the Management Board

Michael Volke

- CEO -

Departments Marketing, USA, Strategy, Human Resources & Communication

Christopher Ratsch

Departments Finances, Production and Administration

Denis Schrey

Department Global Markets

Total salaries of the Management Board and of the Supervisory Board

The disclosure of the total salaries of the Management Board for the fiscal year 2018 is waived in application of § 286 Para. 4 HGB. The salaries of the members of the Supervisory Board for the fiscal year 2018 amount to TEUR 640.

Provisions exist for former members of the Management Board for pension obligations in the amount of TEUR 6,408. A total of TEUR 364 was paid in pension payments for this group of persons in the fiscal year 2018. The salaries were exclusively paid by Mast-Jägermeister SE.

7. Addendum report

No events of special significance were recorded, which occurred after the close of the fiscal year and could have significant implications on the net assets, financial position and results of operations.

8. Proposal for the appropriation of the results

The balance sheet profit disclosed in the annual financial statements as of 31 December 2018 of Mast-Jägermeister SE is EUR 263,400,000.00.

The Management Board and Supervisory Board propose from the balance sheet profit of the fiscal year 2018 of EUR 263,400,000.00 distributing a dividend in the amount of EUR 0.25 per individual share certificate on the share capital of EUR 100,000,000.00, divided into 40,000,000 individual share certificates, consequently EUR 10,000,000.00, to the shareholders on 27 March 2019 and to carry the remaining amount of EUR 253,400,000.00 forward to new account.

Wolfenbüttel, dated 11 February 2019

Mast-Jägermeister SE

The management

Michael Volke

Christopher Ratsch

Denis Schrey

Auditor's report of the independent auditor of the financial statements

To Mast-Jägermeister SE

Audit opinions

We have audited the consolidated financial statements of Mast-Jägermeister SE, Wolfenbüttel, and its subsidiaries (the Group) – consisting of the consolidated balance sheet as of 31 December 2018, the consolidated profit and loss statement, the consolidated notes, the consolidated statement of changes in equity and the consolidated cashflow statement for the fiscal year from 1 January 2018 to 31 December 2018 including the presentation of the accounting and valuation methods. In addition, we have audited the consolidated management report of Mast-Jägermeister SE, which was summarised with the management report of the Company, for the fiscal year from 1 January 2018 to 31 December 2018.

According to our assessment owing to the knowledge gained during the audit

- the enclosed consolidated financial statements comply in all essential concerns with the German regulations under commercial law and by complying with the German principles of proper accounting give a picture of the net assets and financial position of the Group, which corresponds with the actual circumstances, as of 31 December 2018 as well as its results of operations for the fiscal year from 1 January 2018 to 31 December 2018 and
- the enclosed consolidated management report gives on the whole a true picture of the position of the Group. In all essential concerns this consolidated management report is in line with the consolidated financial statements, it corresponds with the German statutory regulations and correctly presents the opportunities and risks of the future development.

Pursuant to § 322 Para. 3 Sentence 1 HGB we declare that our audit did not lead to any objections against the appropriateness of the consolidated financial statements and the consolidated management report.

The basis for the audit opinions

We have conducted our audit of the consolidated financial statements and the consolidated management report in compliance with § 317 HGB by complying with the German principles of the proper auditing of financial statements as promulgated by the IDW [Institute of Public Auditors in Germany]. Our responsibility according to these regulations and principles is described in more detail in section "Responsibility of the auditor of financial statements for the audit of the consolidated financial statements and the consolidated management report" of our auditor's report. We are independent from the Group in compliance with the German regulations under commercial law and the professional code regulations and have fulfilled our other German professional obligations in compliance with these requirements. We are of the opinion that the audit evidence obtained by us is sufficient and suitable in order to serve as a basis for our audit opinions regarding the consolidated financial statements and the consolidated management report.

Responsibility of the legal representatives and the supervisory board for the consolidated financial statements and the consolidated management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the German regulations under commercial law, in all essential concerns, and for the fact that the consolidated financial statements by complying with the German principles of proper accounting, give a true picture of the net assets, financial position and results of operations of the company, which correspond with the actual circumstances. Furthermore, the legal representatives are responsible for the internal controls, which they have determined to be necessary in compliance with the German principles of proper accounting in order to enable the preparation of consolidated financial statements, which are free of material - intended or unintended - misrepresentations.

When preparing the consolidated financial statements the legal representatives are responsible for assessing the ability of the Group as a going concern. Furthermore, they have the responsibility to disclose facts in connection with the going concern insofar as relevant. In addition, they are responsible, based on the accounting principles, for accounting the going concern, if this is not opposed by actual or legal conditions.

In addition, the legal representatives are responsible for the preparation of the consolidated management report, which on the whole gives a true picture of the position of the group as well as in all essential concerns is in line with the consolidated financial statements, complies with the German statutory regulations and correctly presents the opportunities and risks of the future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems), which they have considered to be necessary in order to enable the preparation of a consolidated management report in compliance with the applicable German statutory regulations, and in order to be able to provide sufficient suitable proof for the statements in the consolidated management report.

The supervisory board is responsible for the monitoring of the accounting process of the Group for the preparation of the consolidated financial statements and the consolidated management report.

Responsibility of the auditor of the financial statements for the audit of the consolidated financial statements and of the consolidated management report

Our objective is to achieve sufficient certainty regarding whether the consolidated financial statements in their entirety are free of material – intended or unintended – misrepresentations, and whether the consolidated management report on the whole gives a true picture of the position of the Group as well as in all essential concerns is in line with the consolidated financial statements as well as with the knowledge gained during the audit, complies with the German statutory regulations and correctly presents the opportunities and risks of the future development, as well as to issue an auditor's report, which includes our audit opinions regarding the consolidated financial statements and the consolidated management report.

Sufficient certainty is a high degree of certainty, however no guarantee for the fact that an audit, is conducted in line with § 317 HGB by complying with the German principles of the proper auditing of financial statements as promulgated by the IDW, so that a material misrepresentation is always detected. Misrepresentations may result from breaches or inaccuracies and will be seen as material if it can be reasonably expected that, individually or on the whole, they may influence financial decisions made by addressees based on these consolidated financial statements and the consolidated management report.

During the audit we exercise dutiful discretion and maintain a basic critical attitude. In addition,

- we identify and assess the risks of material – intended or unintended – misrepresentations in the consolidated financial statements and the consolidated management report, we plan and carry out audit acts as a reaction to these risks as well as obtain audit evidence, which is sufficient and suitable in order to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected, is higher with breaches than with inaccuracies, as breaches can include fraudulent collusion, falsifications, intended incompleteness, misleading presentations or the deeming out of force of internal controls;
- we gain an understanding of the internal control system that is relevant for the audit of the consolidated financial statements and the precautions and measures which are relevant for the audit of the consolidated management report in order to plan audit acts, which under the given circumstances are appropriate, however not with the aim to submit an audit opinion regarding the effectiveness of these systems;
- we assess the appropriateness of the accounting methods applied by the legal representatives as well as the feasibility of the estimated values presented by the legal representatives and thus associated details;
- we draw conclusions regarding the appropriateness of the accounting principles applied by the legal representatives of the going concern as well as, based on the obtained audit evidence, whether a material uncertainty exists in connection with events or conditions, which may cause significant doubts about the ability of the Group to be a going concern. If we draw the conclusion that a material uncertainty exists, we are obliged to draw the attention to the associated disclosures in the consolidated financial statements and in the consolidated management report in the auditor's report or, if these disclosures are unreasonable, to modify our audit opinion. We draw our conclusions based on the audit evidence gained until the date of our auditor's report. Future events or conditions can, however, lead to the fact that the Group can no longer continue their corporate activity;
- we assess the overall presentation, the set-up and the content of the consolidated financial statements including the disclosures as well as whether the consolidated financial statements present the underlying business incidents and events to the extent that the consolidated financial statements, by complying the German principles of proper accounting, give a picture of the net assets, financial position and results of operations of the Group, which corresponds with the actual circumstances.

- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group in order to submit audit opinions regarding the consolidated financial statements and the consolidated management report. We are responsible for the instruction, monitoring and execution of the audit of the consolidated financial statements. We bear the sole responsibility for our audit opinions;
- we assess the correspondence of the consolidated management report with the consolidated financial statements, its compliance with the law and the picture given by it of the position of the Group;
- we conduct audit acts relating to the future-oriented details presented by the legal representatives in the consolidated management report. Based on sufficient suitable audit evidence we hereby in particular comprehend the significant assumptions used as a basis for the future-oriented details by the legal representatives and assess the appropriate derivation of the future-oriented details from these assumptions. We do not submit an independent audit opinion regarding the future-oriented details as well as regarding the underlying assumptions. There is a substantial unavoidable risk that future events substantially deviate from the future-oriented details.

We discuss with the parties responsible for the monitoring, among others, the planned scope and the time scheduling of the audit as well as significant audit findings, including possible deficiencies in the internal control system, which we determine during our audit.

Hanover, 11 March 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
[Auditing company]

(signature illegible)
Dr. Janze
Auditor

(signature illegible)
Schönefeld
Auditor

[Round seal:

ERNST & YOUNG GMBH
WIRTSCHAFTSPRÜFUNGS-
GESELLSCHAFT

AUDITING COMPANY

STUTTGART
* HANOVER BRANCH *

Report of the Supervisory Board

The Supervisory Board performed the tasks for which it is responsible by law and according to the statutes in the reporting period. It regularly advised the Management Board with the management of the company and monitored the management of the company.

Advice and monitoring of the Supervisory Board

The Supervisory Board dealt during the fiscal year 2018 in a total of five meetings with the financial position of the company as well as with the strategic and personnel orientation of the company, the relevant planning and the risk management. Moreover, various individual topics were treated and discussed with the Management Board. The personnel committee held three meetings in the reporting year, the audit committee four meetings.

The Supervisory Board was involved in all decisions of fundamental importance. The basis for the advice of the Supervisory Board was formed by regular written and oral reports of the Management Board, which submitted its reports comprehensively and promptly to the Management Board. The Supervisory Board also ensured that it was regularly informed outside of the meetings about the current development of the business and all essential topics.

The Supervisory Board also supported the further expansion and set-up of the Jägermeister brand at home and abroad in 2018 and also accompanied decisions. Special focuses were placed hereby, on the other hand, on the global positioning of the Jägermeister brand and the thus associated requirements from the structures of the company, in the domestic sector the accompaniment of the spin-off of the German marketing and distribution organisation to the subsidiary Mast-Jägermeister Deutschland GmbH and in the overseas sector the intensive occupation with strategic measures and options in selected markets.

The corporate planning 2019 was approved in December 2018. The Supervisory Board was kept up-to-date about the development of the investment measures carried out in the reporting year.

The Supervisory Board convinced itself that the early risk detection system introduced by the Management Board is suitable for recognising developments, which endanger the continued existence of the company, at an early stage.

Conflicts of interest of the Management Board or Supervisory Board members, which are to be disclosed towards the Supervisory Board without delay and for which a report is to be given in the General Meeting, did not occur.

Annual financial statements and consolidated financial statements

The auditing company Ernst & Young GmbH, Hanover, which was elected by the General Meeting and commissioned by the Supervisory Board with the auditing of the annual and the consolidated financial statements audited the annual and consolidated financial statements prepared by the Management Board as of 31 December 2018 as well as the summarised consolidated management report by including the bookkeeping. Within this scope the Supervisory Board had itself informed about the progress of the audits. The audits did not lead to any objections and the prepared annual financial statements as well as the prepared consolidated financial statements and the summarised consolidated management report were on 11 March 2019 respectively issued with the unqualified auditor's report.

The auditor of the financial statements made the audit reports available to the Supervisory Board. The reports were examined in detail by the Supervisory Board and discussed in detail at its meeting on 25 March 2019 in the presence of the auditor of the financial statements. The auditor of the financial statements informed the Supervisory Board about the essential results of his audit during this meeting. Supplementary questions were answered in detail. In his report the auditor of the financial statements informed about the results of his audits that no essential weaknesses of the internal control and risk management systems became known to him within the scope of his audit with regard to the accounting.

The Supervisory Board, on its part, examined the annual and consolidated financial statements prepared by the Management Board as of 31 December 2018 as well as the summarised consolidated management report. According to the final result of the audits no indications were determined for any objections.

The Supervisory Board accordingly acknowledged and approved the audit results of the auditor of the financial statements. In its meeting today it approved the financial statements prepared by the Management Board. The annual financial statements of Mast-Jägermeister SE have thus been adopted pursuant to § 172 AktG. The summarised consolidated management report and the proposal for the appropriation of the profits of the Management Board were approved by the Supervisory Board.

Pursuant to § 312 AktG the Management Board prepared for the fiscal year 2018 a report on the relationships to affiliated companies. The auditor of the financial statements audited the report and issued the following auditor's report. "According to our dutiful audit and assessment we confirm that 1. The actual details of the report are correct, 2. The legal transactions listed in the report the service of the company were not unreasonably high."

The Supervisory Board also examined the report. It corresponds with the results of the audit by the auditor of the financial statements and does not file any objections to the report of the Management Board on the relationships to affiliated companies.

Jägermeister

The Supervisory Board thanks the Management Board and all employees for their active and committed services, which decisively contributed to the success of the fiscal year 2018.

Wolfenbüttel, dated 25/03/2019

The Supervisory Board

Florian Rehm
- Chairman -

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COMPANIES HOUSE

Minutes of the Management Board of
Mast-Jägermeister SE,
Wolfenbüttel

Resolution on the appropriation of profits

The General Meeting of our company decided on 25 March 2019 to distribute from the balance sheet profit of the fiscal year 2018 of EUR 263,400,000.00 a dividend in the amount of EUR 0.25 per individual share certificate on the share capital of EUR 100,000,000.00, divided into 40,000,000 individual share certificates, consequently EUR 10,000,000.00, to the shareholders on 27 March 2019 and to carry the remaining amount of EUR 253,400,000.00 forward to new account.

Wolfenbüttel, dated 26 March 2019

The management

End of the certified translation

Moers, 17 April 2019

I, Pamela Lynn Green, authorised translator for the
Higher Regional Court of Düsseldorf, hereby certify that
this is a true and faithful translation of the copy of the
original document in the German language presented to me.
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Minutes of the Management Board of
Mast-Jägermeister SE
Wolfenbutte

Resolution on the appropriation of profits

The General Meeting of our company decided on 25 March 2019 to distribute from the balance sheet profit of the fiscal year 2018 of EUR 263,400,000.00 a dividend in the amount of EUR 0.25 per individual share certificate on the share capital of EUR 100,000,000.00 divided into 40,000,000 individual share certificates, consequently EUR 10,000,000.00, to the shareholders on 27 March 2019 and to carry the remaining amount of EUR 253,400,000.00 forward to new account

Wolfenbittel, dated 26 March 2019

The management

Chief Financial Officer

Wolfgang von Arnim

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