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**Aggregated management report for the Consolidated financial statements  
and the individual financial statement of Mast-Jägermeister SE, Wolfenbüttel,  
for the financial year 1<sup>st</sup> January to 31<sup>st</sup> December 2019**

**I. Business and general conditions**

**Preliminary remark**

Mast-Jägermeister SE has prepared Consolidated financial statements for the 2019 financial year in accordance with the provisions of sections 290 et seq. HGB (German Commercial Code) and supplementary provisions of stock corporation legislation. In addition to Mast-Jägermeister SE as the parent company, the group includes, in particular, the foreign sales companies Mast-Jaegermeister US, Inc. in the USA, Mast-Jaegermeister UK Ltd. in Great Britain, and Mast-Jägermeister Deutschland GmbH in Germany. As of 01.04.2019, two further foreign sales companies, Mast-Jaegermeister CZ s.r.o. in the Czech Republic and Mast-Jaegermeister SK s.r.o. in Slovakia, were integrated into the group.

Due to the full consolidation of the two new sales companies during the course of the year, the figures in these Consolidated financial statements can only be compared to a limited extent with those of the previous year.

**Business activities and companies**

Mast-Jägermeister SE is an international spirits company and owns one of the most successful global premium spirits brands, the herbal liqueur "Jägermeister", which is also the German spirit with the highest revenue.

Jägermeister is distributed in 145 countries worldwide. The largest markets are Germany, USA, China, Great Britain and the Czech Republic. Other markets are also being established or expanded. In addition to its currently largest sales markets, the company holds extensive registered commercial property rights for the Jägermeister brand in almost all countries of the world. Infringements of commercial property rights are vigorously countered.

The development of the group of companies is essentially shaped by the parent company Mast-Jägermeister SE, which is responsible for the principal elements of brand management and all production activities. The distribution of Jägermeister in the core markets of Germany, the USA, Great Britain and, since 2019, the Czech Republic and Slovakia is performed by its own subsidiaries. In the other foreign markets, sales are handled by renowned, independent partners.

## II. Economic report

### Market and business development

In 2019 - as in the previous year - global trade policy tensions and an expansive monetary policy influenced economic growth. From May onwards, trade disputes between the USA on the one side and China and Europe on the other side intensified, in particular as a result of the imposition of punitive tariffs. Consequently, declines in world trade and global investment activities occurred. The continued good labour-market conditions supported disposable income and private-household consumption in the major economic nations.

The economic downturn continued in the euro zone. The reason for this was a decline in exports triggered by the trade disputes, which affected the manufacturing sectors in particular, as well as the resulting decline in investment activities. The existing uncertainty is also a reason for an increased savings rate in private households despite the continued low interest-rate environment in Europe. Falling unemployment rates also only led to a slight increase in private demand. The UK's withdrawal from the European Union remains a key issue in this economic area. The UK is disproportionately affected by this, which is leading to lower economic growth there and greater reluctance to invest, especially abroad. In the USA, the long-lasting expansion path continued, albeit at a slower pace due to trade tensions. In terms of monetary policy, the US central bank reacted to the subdued economic growth and suspended its normalisation course by lowering the base rate for the first time since the financial crisis. The European Central Bank utilised the low level of core inflation as an opportunity to cut the interest base rate again in the autumn and resume its controversial bond-purchase programme.

Sales in the premium spirits segment continue to develop positively and growth is significantly exceeding that of the low-price segment. The biggest growth drivers in the international premium segment include primarily gin, tequila and outstanding brand concepts such as Tito's Vodka in the USA. In addition, the market continues to record very good growth in growth regions such as Asia (particularly China and India) and Eastern Europe. This is predominantly due to good economic framework conditions and the resulting increase in consumer confidence.

Consumers, in particular from the younger generations (Z), are considerably more demanding and critical when choosing their brands. Pronounced health awareness is combined with the search for authentic and high-quality experiences at the product and brand level. A moderate approach to alcoholic beverages has become increasingly important. In addition to more conscious consumption, the younger generation is more sensitive to the sustainable handling of the environment and resources. Global digital networking is propelling new communication, experience and shopping behaviour, thereby influencing the industry's marketing concepts. As a result, companies are focusing on sustainability, digitisation and premiumisation of brands and products.

Changing market conditions as well as new consumer and behavioural trends pose significant challenges for the entire brand positioning and market development. With an array of measures, the company group has further developed and unified its global brand identity and has adapted structures within the individual group companies. In recent years, the company has taken advantage of the changed market conditions and has cautiously expanded its offered range with product and packaging innovations under the Jägermeister brand name.

The acquisition of the former Rémy distribution companies in the Czech Republic and Slovakia, which was still subject to approval by the monopolies commission at the time of the last annual financial statements, was completed in spring. With effect from 01.04.2019, these companies will be fully consolidated into the Consolidated financial statements of Mast-Jägermeister SE. In addition to Jägermeister, the new distribution companies also sell third-party brands. The third-party-brand business will continue following the acquisition.

#### Revenue, financial and asset situation of the group

The business development of Mast-Jägermeister SE, with its main brand Jägermeister, was again heterogeneous in the individual regions in 2019, but nevertheless very positive overall. Consolidated sales of Jägermeister rose by 12.8 % to 109.5 million 0.7-litre bottles in 2019. Around 60 % of the sales volume was accounted for by the European region and 40 % by the non-European markets. The development of sales volumes in China is particularly noteworthy. At 8.6 million 0.7-litre bottles, sales in 2019 were almost five times higher than in the previous year. In total, the 100-million 0.7-litre bottle mark was surpassed in sales for the first time ever in 2019.

Taking into account third-party brand sales in the sales companies in the Czech Republic and Slovakia, total sales amount to 115.1 million 0.7-litre bottles.

Group sales revenues increased by EUR 108,495 thousand to EUR 624,892 thousand. In addition to the overall positive sales development, the aforementioned acquisitions of distribution companies, price increases and currency effects also contributed to this increase. At EUR 91,272 thousand, the cost of materials was significantly higher than in the previous year, due to the increased sales volume and third-party-brand business, and includes in particular the costs of product manufacture at the parent company and the costs of third-party-brand procurement in the new sales companies.

At EUR 91,326 thousand, personnel expenses are also higher than in the previous year and are influenced by both the new group companies and special payments to employees. Depreciation and amortisation in the Consolidated financial statements includes expenses from the amortisation of goodwill resulting from the capital consolidation of the acquired sales companies in the total amount of EUR 9,260 thousand.

Other operating expenses in the group increased by EUR 39,038 thousand to EUR 244,104 thousand. This is primarily due to increased investments in marketing measures and the integration of the new sales companies.

The group's operating result stands at EUR 183,206 thousand, which is EUR 39,916 thousand or 27.9 % higher than in the previous year. The reported financial result is almost entirely influenced by the parent company. Overall, the group's annual net profit for the 2019 financial year amounts to EUR 125,800 thousand, compared to EUR 100,879 thousand in the previous year. The group's annual net profit therefore exceeds the earnings forecast for 2019 by around 9 %. This development is due in particular to the positive development of sales volumes, which were able to be increased beyond the planned growth.

With the exception of consolidation-specific particularities, the balance-sheet structure of the group is predominantly characterised by the balance sheet of the parent company and the current assets of the sales subsidiaries. The consolidated balance sheet total amounts to EUR 1,070,839 thousand. Fixed assets decreased, in particular as a result of the sale of financial assets at Mast-Jägermeister SE in preparation for the splitting-off of liquidity not required for operations, which is planned for 2020. To this end, financial resources from fixed and current assets were sold and transferred as bank deposits to subsidiaries acquired in the reporting year. This is disclosed in the item Shares in affiliated companies under Current assets. Trade receivables are at the previous year's level at EUR 130,561 thousand. Receivables from affiliated companies not included in the Consolidated financial statements amount to EUR 4,173 thousand. At EUR 143,992 thousand, provisions and liabilities are 55.8 % higher than in the previous year (EUR 92,402 thousand), due to higher tax provisions and trade payables. Group equity attained EUR 925,768 thousand as of 31.12.2019; its development is evident in the Group equity analysis.

The group's cash flow and financial resources developed as follows in the reporting year:

(in EUR thousand)	2019	2018
Cash inflow from operating activities	141,021	101,710
Cash inflow/outflow from investment activities	-166,713	-105,853
Cash inflow/outflow from financing activities	-10,312	-9,145
= Total cash inflow/outflow in the reporting year	-36,004	-13,288
+ Financial resources at the beginning of the year	120,969	134,257
= Financial resources at the end of the year	84,965	120,969

The cash outflow from investing activities includes the balance of payments made for investments in intangible assets and property, plant and equipment as well as payments received from the disposal of assets amounting to EUR -19,785 thousand (previous year: EUR -10,616 thousand). The balance of cash inflows and outflows for financial investments in fixed and current assets is

EUR -139,429 thousand (previous year: EUR -97,379 thousand). Analogous to the parent company's individual financial statements, reallocations of assets with short maturities are the main reason for the change compared to the previous year. Interest income of EUR 2,775 thousand (previous year: EUR +2,142 thousand) was received.

The financial resources fund exclusively comprises liquid funds in the form of bank and cash balances.

#### Revenue, financial and asset situation of the parent company

Sales revenues of EUR 490,002 thousand were higher than in the previous year. The increase can be explained by higher sales volumes and implemented price increases. Other operating income amounted to EUR 7,936 thousand and was positively influenced by the release of provisions, sales commissions received and the sale of securities held as current assets.

The total operating performance in the reporting year was EUR 491,134 thousand compared to EUR 418,674 thousand in the previous year. At EUR 184,640 thousand, the operating result lies at EUR 41,754 thousand higher than in the previous year.

The cost of materials is at a level comparable with the previous year. Savings in the area of POS materials are offset here by higher expenses for production materials due to the increased production volume.

Personnel expenses rose by EUR 5,314 thousand to EUR 39,934 thousand. This is primarily due to employee bonuses paid and the remuneration adjustments implemented in the reporting year. Other operating expenses rose by EUR 27,464 thousand to EUR 188,555 thousand. Analogous to the group financial statements, this is mainly due to the expansion of investments in the brand image.

The financial and investment income increased by EUR 3,563 thousand to EUR 5,440 thousand compared to the previous year. Higher earnings contributions from financial investments and assets are offset by interest payments from the result of an external tax audit.

Annual net profit for the 2019 financial year amounts to EUR 132,935 thousand compared with EUR 101,471 thousand in the previous year. The annual net profit for the year is therefore around 13 % higher than the earnings forecast for 2019. This development is due in particular to the positive sales trend, which was able to be increased beyond the planned growth.

EUR 59,835 thousand of the annual net profit for the 2019 financial year was transferred in advance to other revenue reserves when the annual financial statements were prepared. In the reporting year, a dividend of EUR 10,000 thousand was distributed from the previous year's net retained profits of EUR 263,400 thousand. The remaining amount of EUR 253,400 thousand was carried forward to new account. The net retained profits disclosed as of 31.12.2019 amount to EUR 326,500 thousand.

The balance sheet total increased by EUR 204,526 thousand to EUR 1,090,143 thousand. The decrease in fixed assets is mainly due to the planned splitting-off described above. Replacement and expansion investments in the amount of EUR 18,232 thousand had a counteracting effect. This is offset by current depreciation and amortisation amounting to EUR 8,161 thousand. The accruals relate in particular to the investment measures continued or partially completed in the reporting year in the area of buildings and bottling facilities at the Wolfenbüttel and Wolfenbüttel-Linden plants as well as a marketing film.

Within current assets, trade receivables increased by EUR 14,138 thousand to EUR 48,246 thousand. Receivables from affiliated companies also rose slightly by EUR 2,124 thousand from EUR 83,564 thousand.

In preparation for the splitting-off of liquidity not required for operations, which is planned for 2020, bank assets were transferred to subsidiaries acquired in the reporting year and, due to the impending splitting-off, are shown under the item Shares in affiliated companies under Current assets.

Liabilities increased from EUR 41,528 thousand to EUR 117,365 thousand. This is a short-term effect resulting from the timing of the public holidays at the end of 2019 and liabilities from financing activities with affiliated companies.

The cash flow and financial resources of Mast-Jägermeister SE developed as follows in the reporting year:

(in EUR thousand)	2019	2018
Cash inflow from operating activities	184,378	86,509
Cash inflow/outflow from investment activities	-170,773	-106,096
Cash inflow/outflow from financing activities	-10,012	-8,940
= Total cash inflow/outflow in the reporting year	3,593	-28,527
+ Financial resources at the beginning of the year	55,402	83,929
= Financial resources at the end of the year	58,995	55,402

The cash outflow from investment activities includes the balance of payments made for investments in intangible assets and property, plant and equipment as well as payments received from the disposal of assets amounting to EUR -18,064 thousand (previous year: EUR -9,601 thousand). The cash-effective payments for accruals concerning shares in affiliated companies amount to EUR -36,563 thousand (previous year: EUR -1,046 thousand). The balance of cash inflows and outflows for financial investments in fixed and current assets amounts to EUR -118,485 thousand (previous year: EUR -97,399 thousand), due to the reallocation to investments with the intention of short-term holding. Interest income was received in the amount of EUR +2,339 thousand (previous year: EUR +1,950 thousand).

The financial resources fund exclusively comprises liquid funds in the form of bank and cash balances.

The balanced equity amounts to EUR 926,145 thousand on the balance sheet date compared to the previous year's figure of EUR 803,211 thousand. This represents an increase of 15.3 %. The reason for this is the net profit for the 2019 financial year less the dividend payment. The equity ratio amounts to 85.0 % following 90.7 % in the previous year. It therefore continues to achieve an excellent value in both national and international comparison.

The earnings situation of Mast-Jägermeister SE continues to be determined by the brand strength of the Jägermeister product and can be considered extremely satisfactory. In summary, the revenue, financial and asset situation of the company can continue to be described as good.

#### Statement concerning non-financial performance indicators

The corporate success of Mast-Jägermeister SE and its subsidiaries is influenced, in addition to financial performance indicators, by non-financial performance indicators. These relate in particular to the company's relationships with its customers, suppliers and employees as well as environmental issues. The requirements of the business environment are an important benchmark for the company's own assessment basis. Mast-Jägermeister SE complies with all applicable legal requirements.

The so-called "Jägermeister Pact" outlines a global vision to become the No. 1 premium spirit for young adults. This ambitious goal is to be achieved by consistently implementing the company's mission to provide the core target group with "the best nights of their lives". The pact is completed by a lived value framework which is based on clearly defined brand values - such as daring, social, masterly, authentic - and which is built on a foundation of corporate values: respect, quality, cosmopolitanism, enthusiasm and innovation.

The focus of human-resources work is directed at actively shaping the change processes and the organisational development of the corporate group. Digital developments, demographic change and the constantly increasing successful internationalisation also lead to a strategic orientation of human-resources work. The rapid and constant changes in the markets lead to the company having to react in a highly flexible manner, which requires an agile and flexible corporate culture. Within the framework of its cultural journey, Mast-Jägermeister SE works to provide its employees with the best possible environment for working and shaping the market accordingly.

#### Statement concerning research and development

In order to maintain the attractiveness of the product range at the accustomed Jägermeister level, the company works continuously on securing and improving the quality throughout the entire production process. Special emphasis thereby continues to be placed upon the inspection of the raw materials used in the manufacturing process and the safety of the end product. Furthermore, the company continuously invests in the development and marketing of new products bearing the Jägermeister brand name as well as in the conception of creative, international marketing innovations.

#### Statement concerning branch offices in Germany

Mast-Jägermeister SE does not maintain any domestic branch offices.

### **III. Opportunities and risk report**

The group's business activities entail the usual market opportunities and risks of an internationally active supplier of spirits. The financial instruments held by the company do not give rise to any significant risks.

In accordance with Section 91 (2) of the German Stock Corporation Act (AktG), the company has established a group-wide monitoring system for the early detection of developments which could jeopardize its continued existence.

From today's perspective, there are no discernible risks to the continued existence of Mast-Jägermeister SE or any of its subsidiaries, either on the basis of individual risks or the overall risk position.

### **IV. Forecast report**

Economic indicators point to a prolonged period of subdued global economic growth. The high level of geopolitical and trade-policy uncertainties, the weak and stagnating trade situation and the worldwide restraint in investment spending continue to be a burden. The factors supporting growth vary from one economy to another. The good labour market conditions in the Western nations are seen as stabilisers of private demand. In the USA, additional support is expected from the Fed's monetary policy, as inflation is only slowly approaching the target level. Analysts expect a further increase in the savings rate in the euro zone, which will consequently lead to a reduction in private consumer spending. Despite the transition year, the development of Great Britain, after its withdrawal from the EU with the expiry of 31.01.2020, is characterised by a high degree of uncertainty. Germany will probably feel the weak economy most strongly. Incoming orders are expected to stagnate at the current low level.

Against the background of these forecasts, the Management Board of Mast-Jägermeister SE maintains its cautiously positive outlook for the further development of private consumer behaviour in the sales markets relevant for Jägermeister. Assuming the absence of disruptive events combined with a normal development of the macroeconomic framework conditions, an improvement of the operating business is expected. In the coming years, the company intends to adhere to its strategy of continually increasing investments in the Jägermeister brand in order to promote the opening up and development of new markets and to further strengthen and expand its international market position.

With Mast-Jaegermeister UK Ltd., the Jägermeister Group is in Great Britain locally active in one of its largest foreign markets. Against the background of Brexit as well as the forthcoming negotiations on a free-trade agreement, no final assessment of possible effects on the sales and profit development of Jägermeister in Great Britain can be made at this point in time.

Following the successful integration of the sales companies in the Czech Republic and Slovakia, the Management Board expects a strengthening of the position in Eastern Europe and a disproportionately high participation in the growth of the region.

Through the strategic partnership sealed at the end of the year with Siete Bucks Spirits, a company founded by Hollywood star Dwayne "The Rock" Johnson, Jägermeister receives the worldwide distribution rights to the tequila "Teremana" as part of the agreement. The Management Board expects this portfolio expansion to provide additional positive impulses for the operating business, initially in the USA.

For 2020, the group plans to make payments for investments in intangible assets and property, plant and equipment amounting to an estimated EUR 20.5 million, of which EUR 18.6 million is attributable to the MJSE. These relate in particular to the continuation of the remodelling and expansion of the production and storage capacities at the Wolfenbüttel location as well as further expansion and replacement investments for technical facilities and operating and office equipment.

For the 2020 financial year, the Management Board expects a slightly higher result than in the reporting year, both for the parent company and for the group, in light of non-quantifiable extraordinary effects resulting from the US punitive tariffs and the possible repercussions of the coronavirus. It will not be possible to fully compensate for the additional expense resulting from the 25 % penalty tariffs imposed by the US government on imports of our products since October 2019. The result for the 2019 financial year has already been burdened by this measure. The rapid spread of the coronavirus at the time of reporting, combined with the drastic measures taken by the Chinese government to contain it, will have an as yet unquantifiable negative impact on consumer behaviour and operating results.



**V. Concluding declaration of the Management Board concerning relationships with affiliated companies (Dependency report)**

The Management Board of Mast-Jägermeister SE has prepared a report in accordance with § 312 of the German Stock Corporation Act (AktG) concerning the relationships with affiliated companies and has issued the following concluding declaration:

*"With respect to the transactions and measures listed in the report concerning relationships with affiliated companies, our company received appropriate compensation for every transaction. There were no measures subject to reporting requirements. This assessment is based on the circumstances known to us at the time of the reportable transactions or which became known to us by the time the report was being prepared."*

Wolfenbüttel, 10<sup>th</sup> February 2020

Mast-Jägermeister SE

The Management Board

Michael Volke

Christopher Ratsch

Denis Schrey

[illegible]

Waffenbottel, 10th February 2020

Group profit and loss calculation for the period  
from 1st January to 31st December 2019  
for  
Mast-Jägermeister SE, Wolfenbüttel

	2019		2018	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
1. Revenues		624,892		516,397
2. Changes in inventory of finished and unfinished products		./.		1,266
		15,955	608,937	517,663
3. Other operating income			20,056	6,189
Overall performance			628,993	523,852
4. Material expenditure				
Costs of raw materials and supplies and for purchased goods			91,272	70,843
Gross profit			537,721	453,009
5. Personnel expenditure				
a) Wages and salaries	76,539			71,906
b) social security contributions and expenditure for retirement benefits and support payments	14,788			13,397
thereof for pensions:				
2.046 EUR thousand (previous year: 1.875 EUR thousand)		91,327		
6. Amortisation and depreciation				
a) of intangible assets				
of property, plant and equipment	19,084			18,714
b) of assets of current assets insofar as these exceed the depreciation customary in the corporation	0	19,084		636
7. Other operating expenses		244,104	354,515	205,066
Operating result			183,206	143,290
8. Income from other securities and loans from financial assets		2,218		1,738
9. Other interest and similar income		604	2,822	403
10. Amortisation of financial assets and securities held as current assets		0		476
11. Interest and similar expenses		3,711	3,711	683
Net finance and investment income			-889	982
12. Taxes on income and earnings			56,517	43,393
13. Profit after tax			125,800	100,879

Development of group assets in the financial year 2019  
for  
Maschinenbau SE, Wollensbüchel

	Opening balance cumulative 01.01.	Difference through currency conversion	Procurement and manufacturing costs				Transfers	Closing balance cumulative 31.12.
			Changes to the consumer base	Accruals	Deposits			
<b>- in EUR thousand -</b>								
<b>I. Intangible assets</b>								
1. Purchased commercial property rights and similar rights and assets	17,179	2	27	4,182	-152		30	21,268
2. Goodwill	124,088	0	7,501	0	0		0	131,590
3. Advance payments	30	0	0	316	0		-30	316
	141,298	2	7,528	4,498	-152		0	153,174
<b>II. Property, plant and equipment</b>								
1. Land, land rights and buildings including buildings on third-party land	112,142	34	7	6,038	0		608	119,827
2. Technical equipment and machinery	47,192	0	0	1,798	-111		879	49,556
3. Other equipment, factory and office equipment	39,267	57	0	4,305	-2,781		272	41,120
4. Advance payments and assets under construction	1,747	0	0	3,550	-24		-1,557	3,716
	200,348	91	7	15,689	-2,916		0	213,219
<b>III. Financial assets</b>								
1. Shares in affiliated companies	61	0	0	18,050	0		0	18,111
2. Investments	0	-73	0	20,892	0		0	20,819
3. Investment securities	227,667	0	0	71,678	-270,563		0	28,782
3. Other lending	165,192	0	0	20,000	-185,192		0	0
	392,920	-73	0	130,620	-455,755		0	87,712
	734,566	20	7,535	150,907	-458,823		0	434,105

Development of group assets in the financial year 2019  
for  
Mast-Jägermeister SE, Wolfenbüttel

	Amortisation and depreciation								
	Opening balance cumulative 01.01.	Difference through currency conversion	Changes to the consumer base	Accruals	Disposals	Transfers	Closing balance cumulative 31.12.		
<b>I. Intangible assets</b>									
- in EUR -									
1. Purchased commercial property rights and similar rights and assets	12,968	2	0	2,325	-59	0	15,236	0	45,236
2. Goodwill	33,691	0	0	9,259	0	0	42,950	0	42,950
3. Advance payments	0	0	0	0	0	0	0	0	0
	46,659	2	0	11,584	-59	0	58,186	0	58,186
<b>II. Property, plant and equipment</b>									
1. Land, land rights and buildings including buildings on third-party land	53,975	15	0	2,952	0	0	56,942	0	56,942
2. Technical equipment and machinery	39,715	0	0	1,694	-111	0	41,298	0	41,298
3. Other equipment, factory and office equipment	29,530	31	0	2,843	-2,388	0	30,016	0	30,016
4. Advance payments and assets under construction	0	0	0	0	0	0	0	0	0
	123,220	46	0	7,489	-2,499	0	128,256	0	128,256
<b>III. Financial assets</b>									
1. Shares in affiliated companies	0	0	0	0	0	0	0	0	0
2. Investments	0	0	0	0	0	0	0	0	0
3. Investment securities	295	0	0	0	-295	0	0	0	0
4. Other lending	0	0	0	0	0	0	0	0	0
	295	0	0	0	-295	0	0	0	0
	170,174	48	0	19,073	-2,853	0	186,442	0	186,442

Development of group assets in the financial year 2019  
for  
Maschinenwerk SE, Wolfenbüttel

	Residual value	
	Residual value 31.12.2019	Residual value 31.12.2018
- in EUR -		
<b>I. Intangible assets</b>		
1. Purchased commercial property rights and similar rights and assets	6,032	4,211
2. Goodwill	88,640	90,398
3. Advance payments	316	30
	<u>94,988</u>	<u>94,639</u>
<b>II. Property, plant and equipment</b>		
1. Land, land rights and buildings including buildings on third-party land	61,885	58,167
2. Technical equipment and machinery	8,258	7,477
3. Other equipment, factory and office equipment	11,104	9,737
4. Advance payments and assets under construction	3,716	1,747
	<u>84,963</u>	<u>77,128</u>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	18,111	61
2. Investments	20,819	0
3. Investment securities	28,782	227,372
4. Other lending	0	185,192
	<u>67,712</u>	<u>392,625</u>
	<u>247,663</u>	<u>564,392</u>

Group equity analysis as of 31st December 2019  
for  
Masz-Jägermeister SE, Wollensbüttel

- In EUR thousand -	Subscribed capital	Capital reserve	Statutory reserve	Other revenue reserves	Equity difference through currency conversion	Net profit/ Annual net profit	Group equity and equity of equity holders of the parent company
Status as of 31.12.2012	100,000,000.00	2,258,376.24	10,225,837.62	87,787,240.98	0.00	95,579,086.34	795,830,541.16
Dividend payment							
Appropriation to other retained earnings						(10,000,000.00)	(10,000,000.00)
Annual net profit				130,434,611.68		(130,434,611.68)	0.00
Status as of 31.12.2013	100,000,000.00	2,258,376.24	10,225,837.62	218,222,052.66	0.00	96,855,725.34	98,855,725.34
Dividend payment							
Appropriation to other retained earnings						(10,000,000.00)	(10,000,000.00)
Group annual net profit				40,470,468.45		(40,470,468.45)	0.00
Remaining group result					874,585.82	88,885,174.80	88,885,174.80
Status as of 31.12.2014	100,000,000.00	2,258,376.24	10,225,837.62	258,672,521.11	874,585.82	92,414,706.35	464,246,027.14
Dividend payment							
Appropriation to other retained earnings						(8,200,000.00)	(8,200,000.00)
Group annual net profit				42,600,863.77		(42,600,863.77)	0.00
Remaining group result					1,117,888.75	87,686,637.07	87,686,637.07
Status as of 31.12.2015	100,000	2,258	10,226	301,282	1,792	10,382.27	1,128,271.02
Dividend payment							
Appropriation to other retained earnings						(8,600)	(8,600)
Group annual net profit				40,882		(40,882)	0
Remaining group result					349	98,323	98,323
Status as of 31.12.2016	100,000	2,258	10,226	342,164	2,141	164,847	641,636
Dividend payment							
Appropriation to other retained earnings						(8,200)	(8,200)
Group annual net profit				38,492		(38,492)	0
Remaining group result						89,481	89,481
Status as of 31.12.2017	100,000	2,258	10,226	381,658	(8,837)	(3)	(9,840)
Dividend payment							
Appropriation to other retained earnings						(8,800)	(8,800)
Group annual net profit				46,671		(46,671)	0
Changes in group of consolidated companies					7	100,878	100,878
Remaining group result					3,581	(2)	3,579
Status as of 31.12.2018	100,000	2,258	10,226	427,327	(4,108)	277,039	807,742
Dividend payment							
Appropriation to other retained earnings						(10,000)	(10,000)
Group annual net profit				59,835		(59,835)	0
Remaining group result						125,800	125,800
Status as of 31.12.2019	100,000	2,258	10,226	487,162	(1,684)	328,007	925,769

Cash flow statement  
for the period from 1st January to 31st December 2019  
for  
Mast-Jägermeister SE, Wolfenbüttel

- in EUR thousand -	2019	2018
<b>1. Cash flow from operating activities</b>		
Period result	132,935	101,471
Amortisation and depreciation (+)	8,104	8,519
Decrease (-) / Increase (+) in provisions	-4,936	3,233
Other non-cash expenditure (+) / income (-)	24	112
Losses (+) / Profits (-) from the disposal of fixed assets	2,349	8
Losses (+) / Profits (-) from the disposal of financial investments in securities held as current assets	-470	0
Decrease (+) / Increase (-) of the inventories, trade receivables and other assets which are not attributable to investment or financing activities	-37,128	-43,854
Decrease (-) / Increase (+) of trade payables as well as other assets which are not attributable to investment or financing activities	75,954	16,814
Interest expenditure/interest revenue (+/-)	-2,327	-1,810
Investment income (-)	0	0
Income tax expenses/income (+/-)	57,146	43,293
Income tax payments (-/+)	-47,273	-41,277
<b>Cash flow from operating activities</b>	<b>184,378</b>	<b>86,509</b>
<b>2. Cash flow from investment activities</b>		
Inflows (+) from the disposal of intangible fixed assets	85	0
Outflows (-) for investments in intangible fixed assets	-4,029	-1,873
Inflows (+) from the disposal of tangible fixed assets	48	121
Outflows (-) for investments in tangible fixed assets	-14,168	-7,849
Inflows (+) from the disposal of investment assets	453,144	82,500
Outflows (-) for investments in investment assets	-128,241	-200,945
Inflows (+) from financial investments within the framework of short-term financial planning measures	20,079	20,000
Outflows (-) from financial investments within the framework of short-term financial planning measures	-500,030	0
Interest received (+)	2,339	1,950
Dividends received (+)	0	0
<b>Cash flow from investment activities</b>	<b>-170,773</b>	<b>-106,096</b>
<b>3. Cash flow from financing activities</b>		
Interest paid (-)	-12	-140
Dividends paid (-) to shareholders of the parent company	-10,000	-8,800
<b>Cash flow from financing activities</b>	<b>-10,012</b>	<b>-8,940</b>
<b>4. Financial resources at the end of the period</b>		
Cash-effective changes to financial resources	3,593	-28,527
Financial resources at the start of the period	55,402	83,929
<b>Financial resources at the end of the period</b>	<b>58,995</b>	<b>55,402</b>
<b>5. Composition of the financial resources</b>		
Cash in hand, bank balances and cheques	58,995	55,402
<b>Financial resources at the end of the period</b>	<b>58,995</b>	<b>55,402</b>



## **Notes to the Consolidated financial statements 2019 for Mast-Jägermeister SE, Wolfenbüttel**

### **1. Scope and principles of consolidation**

#### **General**

Mast-Jägermeister SE has prepared Consolidated financial statements for the 2019 financial year in accordance with the provisions of sections 290 et seq. HGB (German Commercial Code) and supplementary provisions of stock corporation legislation.

#### **Information on the parent company**

Mast-Jägermeister SE, with its headquarters in Wolfenbüttel, Jägermeisterstraße 7-15, is the ultimate parent company of the Mast-Jägermeister Group. It is registered in the commercial register of the Braunschweig local court (HRB 7599).

#### **Information on the scope of consolidation**

As of the reporting date, Mast-Jägermeister SE directly or indirectly holds the majority of the voting rights of 20 (previous year: 17) companies. In addition to Mast-Jägermeister SE, Wolfenbüttel, as the parent company, three domestic (previous year: four) and twelve (previous year: nine) foreign subsidiaries are included in the Consolidated financial statements.

In the financial year 2019, Mast-Jägermeister CZ s.r.o., based in Prague/Czech Republic, Mast-Jägermeister SK s.r.o., based in Bratislava/Slovakia, and M-Spirits, Inc., based in New Castle/Delaware/United States of America, will be included in the present Consolidated financial statements for the first time as subsidiaries of Mast-Jägermeister SE.

The list of shareholdings, which shows the scope of consolidation, is shown in section 6 "Other information".

#### **Information on the consolidation methods**

For capital consolidation, the equity of the subsidiary is determined according to the revaluation method on the basis of the valuations at the time of the respective initial inclusion of the subsidiary in the Consolidated financial statements and set off against the stake value of the parent company. Any resulting positive difference is capitalised as goodwill.

The annual financial statements of the subsidiaries included in the Consolidated financial statements are prepared uniformly in accordance with the accounting and valuation methods applicable at Mast-Jägermeister SE, in compliance with the statutory provisions.

The balance-sheet date for all companies included in the Consolidated financial statements is 31<sup>st</sup> December respectively.

The functional currency of the group is the euro. Balance sheets of foreign subsidiaries prepared in foreign currencies are translated using the average spot exchange rate on the balance-sheet date. This does not apply to equity, which is translated at its historical exchange rates. The translation of the profit and loss calculations is carried out at the average exchange rate for the year. Currency differences from the translation of capital subject to consolidation are taken into account within equity. The methods of foreign-currency translation in the individual financial statements are explained in section 2.

Receivables and liabilities between consolidated companies are offset. Interim results resulting from intra-group deliveries of goods and services are eliminated in accordance with § 304 (1) HGB (German Commercial Code) insofar as assets are valued higher in the individual financial statements than at group production cost.

Deferred tax assets or liabilities are recognised if consolidation measures result in differences between the valuations in the consolidated balance sheet and the respective tax balance sheets of the consolidated companies. For the determination of deferred taxes on deviating valuations resulting from consolidation measures, the individual company tax rates are used.

In the Group profit and loss account, the revenues from intra-group sales and other intra-group income are offset against the corresponding expenses or reclassified as changes in inventories.

Where permissible, disclosure options with regard to the thereof-comments are exercised in favour of the Notes to the Consolidated financial statements.

## **2. Accounting and valuation principles**

The Consolidated financial statements as of 31<sup>st</sup> December 2019 have been prepared in accordance with the accounting regulations of the German Commercial Code (HGB), taking into account the provisions of the German Stock Corporation Act (AktG). The valuation is performed in accordance with the going concern principle.

In order to improve the clarity of presentation, we have combined individual items of the consolidated balance sheet and consolidated profit and loss account and have therefore itemised and explained them separately within these Notes. For the same reason, information on the allocation to and comments on other items are also provided here.

The structural classification of the information and the explanations regarding the consolidated balance sheet and the Group profit and loss account corresponds to that of the previous year.

The Group profit and loss account has been prepared in accordance with the structure of § 275 (2) HGB.

The following principles were applied in the preparation of the included individual financial statements and the Consolidated financial statements:

The valuation of assets and liabilities takes into account all identifiable risks in accordance with the principles of prudent business judgment. The valuation is performed in accordance with the principles of going concern.

The historical acquisition or production costs are shown in the Statement of changes in fixed assets.

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

Differences on the assets side remaining within the scope of capital consolidation are capitalised as goodwill and amortised according to schedule over their expected useful life.

Property, plant and equipment are valued at acquisition or production cost less depreciation. Investment grants received were deducted from the acquisition or production costs with no effect on income.

Scheduled amortisation and depreciation for additions from the 2010 financial year onwards is calculated using the straight-line method in accordance with the expected useful life of the asset or the useful lives of the tax-depreciation tables, taking into account special features customary in the industry and business.

*Additions to property, plant and equipment are depreciated on a monthly basis. From the 2011 financial year onwards, additions to low-value assets will be fully depreciated in the commercial balance sheet in the year of acquisition by analogous application of Section 6 (2) of the German Income Tax Act (EStG) and will be shown, for simplification purposes, in the following year in the Statement of changes in fixed assets as disposals.*

Shares in affiliated companies, participations and securities are valued at their acquisition cost or lower current value. Loans are principally reported at nominal value.

Raw, auxiliary and operating materials as well as goods are valued at their acquisition cost or at the lower replacement cost. In addition to the direct costs of materials, the valuation of unfinished and finished goods also includes the overheads incurred in production and the depreciation of tangible assets used in production. Interest on borrowings is not included in the cost of production.

Advance payments are shown in the amount of the actual payments made less any input tax. Receivables and other assets are stated at nominal value less any necessary value adjustments.

Provisions for pensions and similar obligations are valued in accordance with the valuation regulations of § 253 (1) and (2) HGB using the net present-value method. The calculation is based on an interest rate of 2.71 % (previous year: 3.21 %), expected future salary increases of 3.50 % and pension increases of 2.00 %. The interest rate results from the further development of the value published by the Deutsche Bundesbank for the month of September 2019 in accordance with the provisions discounting regulation for an average remaining term of the obligations of 15 years in relation to the current balance sheet date. The respective calculations are based on actuarial reports which, in the year under review, were based on the Heubeck reference tables 2018G for the first time.

The valuation of other provisions takes into account all identifiable risks and uncertain liabilities. They are recognised at the expected settlement amount. Provisions with a remaining term of more than one year for which future price and cost increases are expected are evaluated taking into account individually estimated future price and cost increases. Provisions with a remaining term of more than one year, with the exception of provisions for pensions and similar obligations, are discounted in accordance with section 253 (2) sentences 1 and 4 of the HGB, taking into account the individual remaining term, using the interest rates announced by the Deutsche Bundesbank.

Tax provisions are calculated for income taxes on the basis of the annual results for tax purposes.

Liabilities are carried at their settlement amount.

Deferred taxes are calculated and developed in the individual financial statements of the companies included in the Consolidated financial statements in accordance with Section 274 HGB. They are calculated on the basis of the different valuations of individual assets and liabilities in the commercial and tax balance sheets on the balance-sheet date, taking into account supplementary tax regulations for determining income. Deferred taxes are calculated on the basis of the individual company tax rates. In addition, differences resulting from consolidation measures in accordance with sections 300 to 307 of the HGB are also taken into account, but

not differences from the initial recognition of goodwill or negative goodwill from capital consolidation. Deferred tax assets and liabilities are not netted.

Valuation units are formed to the extent that assets or liabilities are intended to compensate for opposing risks of changes in value from other assets or liabilities. The effective portion of such valuation units is valued in accordance with § 254 HGB using the compensatory valuation method.

Hedged assets and liabilities in foreign currencies are valued at the hedged rate. Short-term unhedged assets and liabilities in foreign currencies with a remaining term of up to one year are valued at the average spot exchange rate on the balance-sheet date. Expenses and income in the income statement are valued at the rate of acquisition, while unhedged assets and liabilities in foreign currencies with a remaining term of more than one year are valued at the rate of acquisition or the respective less favourable rate on the balance-sheet date.

Expenses and income are deferred to the financial year.

### **3. Notes to the consolidated balance sheet**

#### **Statement of changes in fixed assets**

The development of the fixed assets shown in the Consolidated financial statements in the period under review is shown in a separate annex ("Group assets analysis").

#### **Intangible assets**

Goodwill is shown as goodwill from the capital consolidation of the US companies Mast-Jaegermeister US, Inc. and Tap Machine, Inc. as well as Mast-Jaegermeister CZ s.r.o. and Mast-Jaegermeister SK s.r.o. The amortisation of the goodwill of Mast-Jaegermeister UK Ltd. ended in the 2019 financial year, therefore a value is no longer included for this company. The expected useful life of goodwill is five years for the Czech and Slovakian companies and 15 years for the US companies. The divergent useful lives are based in particular on the different market regulations.

The other items include, in particular, acquired trademark rights, software programs, advertising films and Internet presences.

#### **Property, plant and equipment**

The additions and transfers in the financial year under review are predominantly replacement and expansion investments in the areas of buildings and operating and office equipment, including IT systems, which must be capitalised.

Disposals mainly result from the segregation and sale of replaced assets.

The depreciation and amortisation of fixed assets in the 2019 financial year is calculated as follows:

	EUR thousand
Intangible assets	11,584
Property, plant and equipment	7,186
Low-value assets	246
Total	19,016

Furthermore, EUR 67 thousand in depreciation of low-value assets will be recognised directly in other operating expenses in the 2019 financial year.

#### Shares in affiliated companies and investments

This item relates to shares in non-consolidated subsidiaries and participations.

#### Investment securities

This item relates to registered bonds of a domestic issuer and shares in domestic and one foreign special fund.

#### Other lending

In the previous year, this item included registered bonds and promissory note loans from domestic and foreign issuers.

#### Trade receivables

The reported receivables have a remaining term of less than one year as of the balance-sheet date.

#### Receivables from affiliated companies

This item relates to receivables from a non-consolidated subsidiary arising from intra-group financial transactions.

#### Other securities

The increase in other assets is mainly the result of a receivable from the tax office for VAT (EUR 30,340 thousand). This item also includes oncharged advertising costs, tax-refund claims, bonus and compensation claims and interest claims from investments.

#### Securities held as current assets

The Shares in affiliated companies reported under Current assets relate to the reporting of the domestic subsidiary corporations acquired in the year under review and intended for splitting off. In view of the forthcoming splitting off, the participations are allocated to the current assets.

The Other securities reported as of 31.12.2018 are financial investments acquired for the purpose of short-term capital investment or liquidity management. As of 31.12.2019, the company has no other securities held as current assets.

Equity

The Appropriation to other retained earnings, the Equity difference through currency translation and the group Net profit is shown in the Group assets analysis.

The subscribed capital corresponds to the share capital of Mast-Jägermeister SE. The reported capital reserves correspond to the capital reserves of Mast-Jägermeister SE.

The consolidated balance sheet profit developed as follows:

(in EUR thousand)	2019	2018
Profit brought forward from the previous year	272,039	225,633
Dividend distribution	-10,000	-8,800
	262,039	216,833
Group annual net profit	125,800	100,879
Remaining group result	3	-2
Transfer from the Annual net profit to Other revenue reserves	-59,835	-45,671
Status as of 31.12.	328,007	272,039

The reported transfers from the Annual net profit to Other revenue reserves were made at Mast-Jägermeister SE. These are allocations in accordance with § 58 (2) AktG from the annual net profit of the respective financial year.

Provisions for pensions and similar obligations

The existing pension obligations are adequately covered by the provisions reported. For the year under review, EUR 158 thousand was released for current service costs, for adjustment to changed future pension entitlements, actuarial calculation progressions and other actuarial profits and losses as well as additions for interest accrual amounting to EUR 316 thousand.

Other provisions

Other provisions mainly relate to advertising cost subsidies still to be paid to foreign partners, obligations in the personnel and social area and provisions for legal and consulting costs.

**Liabilities**

The reported liabilities are structured as follows:

31.12.2019 (in EUR thousand)	Total	Remaining term		
		up to 1 year	1 to 5 years	in excess of 5 years
Advance payments received for orders	336	336	0	0
Accounts payable trade	49,143	49,143	0	0
Accounts payable to affiliated companies	294	294	0	0
Other liabilities	28,531	28,499	32	0
<i>thereof from taxes</i>	26,807	26,807	0	0
<i>thereof within the scope of social security</i>	240	208	32	0
<b>Total amount</b>	<b>78,304</b>	<b>78,272</b>	<b>32</b>	<b>0</b>

  

31.12.2018 (in EUR thousand)	Total	Remaining term		
		up to 1 year	1 to 5 years	in excess of 5 years
Advance payments received for orders	190	190	0	0
Accounts payable trade	20,064	20,064	0	0
Accounts payable to affiliated companies	555	555	0	0
Other liabilities	19,015	18,984	31	0
<i>thereof from taxes</i>	17,890	17,890	0	0
<i>thereof within the scope of social security</i>	64	33	31	0
<b>Total amount</b>	<b>39,824</b>	<b>39,793</b>	<b>31</b>	<b>0</b>

**Deferred taxes**

The deferred tax assets and liabilities reported in the Group balance sheet result from the following balance-sheet items:

in EUR thousand	Assets 31.12.2019	Liabilities 31.12.2019	Assets 31.12.2018	Liabilities 31.12.2018
Property, plant and equipment		369	28	416
Financial assets	28	173		4
Inventory	4,503		1,705	
Bank deposits			167	
Other assets		38	4	
Pension provisions	1,170		1,037	
Tax provisions				1
Other provisions	2,846	497	2,099	77
Other liabilities	322	1	43	15
Losses carried forward	443		66	
<b>Total</b>	<b>9,312</b>	<b>1,078</b>	<b>5,149</b>	<b>513</b>

The calculated deferred taxes on assets of the inventory assets result primarily from the elimination of intercompany profits. The other deferred taxes result from temporary valuation differences between the commercial and tax balance sheets at the level of the individual financial statements of the included companies. The calculation was based on the expected tax rates (Germany 29.83 %, Great Britain 19.00 %, USA 25.74 %, Czech Republic 19.00 %, Slovakia 21.00 %).

**Valuation units and financial instruments**

In the course of their business activities, Mast-Jägermeister SE and its subsidiaries are exposed to currency and price risks, which are partly hedged by the utilisation of derivative financial instruments; these are forward-exchange and spot foreign-exchange transactions. The aim of using financial instruments is to reduce the effects of changes in exchange rates on earnings and cash flows.

The underlying transactions give rise to price-change risks as a result of possible fluctuations in exchange rates. The financial instruments used for hedging purposes compensate for possible changes in the value of the underlying transactions by counteracting these effects.

The effective portion of valuation units is valued in accordance with § 254 HGB using the compensatory valuation method. The fair values of financial instruments are determined on the basis of the market values on the balance-sheet date. The dollar-offset method is used to measure the effectiveness of hedging relationships by comparing the fair values of the underlying and hedging transactions.

In the reporting year, swap transactions with a fair value of EUR 17,098 thousand (previous year: EUR 8,076 thousand) and a carrying amount of EUR 17,073 thousand (previous year: EUR 8,051 thousand) were combined to form valuation units (micro hedge) in order to hedge against currency risks arising from financial investments denominated in USD and the resulting expected interest income. The changes in value of the transactions included in the valuation unit offset each other without affecting income when the security matures in 2022.



Information on transactions not appearing in the balance sheet

In favour of the main customs office in Braunschweig, Mast-Jägermeister SE has ordered a security mortgage on the Wolfenbüttel plant premises, Jägermeisterstraße 7-15 in order to obtain a licence to operate an open spirits warehouse in accordance with §§ 5 ff. Alkoholsteuergesetz (Alcohol Excise Tax Act, formerly § 135 Branntweinmonopolgesetz / Spirits Monopoly Law).

Contingent liabilities and other financial obligations

Other financial obligations from leasing agreements amount to EUR 1.6 million. These are exclusively vehicle-leasing relationships entered into in the interest of efficient fleet management.

Order commitments from investment projects started on the balance-sheet date and inevitable following investments amount to EUR 9.7 million.

**4. Notes to the profit and loss account**Revenues

The reported sales revenues are broken down as follows:

(in EUR thousand)	2019	2018
Germany	145,492	124,896
Czech Republic*	42,661	
Great Britain	30,326	30,846
Slovakia*	10,943	
Remaining EU area	122,461	128,461
European Union	351,883	284,203
USA	158,723	155,518
Remaining third territory	114,286	76,676
Third territory	273,009	232,194
Total	624,892	516,397

In the case of the highlighted countries (see \*), business activities have been conducted through our own subsidiaries since 01.04.2019. For this reason, from this financial year onwards, they are reported separately in the Notes.

The sales revenues are predominantly spirits revenues. Within sales revenues, expenses for alcohol tax in the amount of EUR 126,440 thousand (previous year: EUR 89,280 thousand) were offset.

Other operating income

Significant individual items include income from the write-back of Other provisions (EUR 4,152 thousand) and the offsetting of non-cash benefits (EUR 991 thousand). This item also includes income unrelated to the accounting period amounting to EUR 1,923 thousand and income from currency translation amounting to EUR 3,547 thousand (previous year: EUR 2,336 thousand). Of this amount, EUR 1,551 thousand (previous year: EUR 277 thousand) is attributable to unrealised income.

Depreciation of current assets

The previous year's amortisation and depreciation resulted from the adjustment of inventories to take account of goods no longer saleable.

Other operating expenses

Other operating expenses primarily include costs of the sales area, in particular for marketing and advertising. This item furthermore includes currency translation expenses of EUR 3,579 thousand (previous year: EUR 2,425 thousand), of which EUR 1,714 thousand (previous year: EUR 520 thousand) is attributable to unrealised expenses.

Income from other securities and loans from financial assets

The income reported is interest income from securities held as fixed and current assets.

Other interest and similar income

The income reported here is predominantly interest income from overnight and fixed-term deposits.

Depreciation on financial assets and securities held as current assets

There were no write-downs on financial assets and securities held as current assets in the financial year. Of the previous year's write-downs, EUR 143 thousand is attributable to fixed-asset securities and EUR 333 thousand to current-asset securities. The write-downs serve the purpose of loss-free valuation of securities acquired above the redemption value. The depreciation is offset by interest income above the market yield.

Interest and similar expenses

The reported expenses include interest in connection with taxes in the amount of EUR 3,083 thousand. The expense item furthermore includes the interest portion (EUR 316 thousand) resulting from the allocation to provisions for pensions and similar obligations as a result of the extrapolation as of 31.12.2019.

Taxes on income and earnings

The reported income tax expense is made up as follows:

(in EUR thousand)	2019	2018
Effective income taxes	59,976	43,245
Deferred income taxes	-3,459	148
<b>Total</b>	<b>56,517</b>	<b>43,393</b>

The effective income taxes are primarily attributable to the respective financial year. Of this amount, EUR 57,070 thousand relates to income taxes payable in Germany and EUR 1,925 thousand in the USA.

## **5. Notes to the Cash flow statement**

The Cash flow from operating activities is characterised in particular by the increase in short-term assets. The increase in inventories in the UK and USA was undertaken as planned in order to be prepared for the negative effects of Brexit, as well as to counter the punitive tariffs imposed in the USA since October 2019. The increase in other receivables compared with the previous year is largely due to refund claims of a group company against the German tax authorities. The increase in trade payables had an opposite effect in the reporting year.

The Cash flow from investment activities includes cash inflows and outflows from the disposition of financial resources in fixed and current assets of EUR -139,429 thousand (previous year: EUR -97,379 thousand) on balance. The reason for the change compared to the previous year's figure is the reallocation of financial assets to investments in current assets, which will be split off in the 2020 financial year.

In the Cash flow from financing activities, the payments to company owners relate to the dividend distributed to the shareholders of Mast-Jägermeister SE.

The Financial resources fund consists exclusively of liquid funds in the form of bank and cash resources.

## 6. Other information

### Shareholdings

As of 31.12.2019, Mast-Jägermeister SE held direct and indirect interests in the following companies:

No.	Name	Headquarters	Share	Via	Currency	Capital in thousands	Result in thousands	Notes
1.	Mast-Jägermeister SE	Wolfenbüttel						
2.	CERUNNOS GmbH	Wolfenbüttel	100%	1.	EUR	27	-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	31	3	b)
6.	Mast-Jägermeister Immobilien GmbH & Co. KG	Wolfenbüttel	100% 0%	1. 5.	EUR	12	1	b), c) d)
7.	M-Venture GmbH	Wolfenbüttel	100%	1.	EUR	18,025	0	a), b)
8.	Mast-Jägermeister UK Holding Ltd.	Camberley / Great Britain	100%	1.	GBP	6,805	0	b)
9.	Mast-Jägermeister US Holding, Inc.	White Plains / USA	100%	1.	USD	178,716	0	
10.	M-Spirits, Inc.	Delaware / USA	100%	1.	USD	22,000	0	
11.	Mast-Jägermeister CZ s.r.o.	Prague / Czech Republic	100%	1.	CZK	253,218	64,175	
12.	Mast-Jägermeister SK s.r.o.	Bratislava / Slovakia	100%	1.	EUR	2,571	528	
13.	Mast-Jägermeister Services (China) Limited	Shanghai / PR China	100%	4.	RMB	2,734	516	
14.	Mast-Jägermeister Services (Hong Kong) Limited	Hong Kong / PR China	100%	4.	HKD	1,854	551	
15.	Mast-Jägermeister Services (Mexico) SRL CV	Mexico City / Mexico	99% 1%	4. 2.	MXN	2,220	302	
16.	Mast-Jägermeister Services (RUS) OOO	Moscow / Russian Federation	99% 1%	4. 2.	RUB	14,132	3,666	
17.	Mast-Jägermeister Services (South Africa) Pty Ltd.	Sandton / South Africa	100%	4.	ZAR	1,945	342	
18.	Mast-Jägermeister Services (India) Private Limited	New Delhi / India	99% 1%	4. 2.	INR	3,000	0	b)
19.	Mast-Jägermeister UK Ltd.	Camberley / Great Britain	100%	8.	GBP	8,996	-1,912	
20.	Mast-Jägermeister US, Inc.	White Plains / USA	100%	9.	USD	105,287	8,891	
21.	Tap Machine, Inc.	White Plains / USA	100%	9.	USD	267	0	

Explanation of the notes:

a) Profit and loss transfer agreement

b) Waiver of inclusion in the Consolidated financial statements in accordance with § 296 (2) HGB

c) Limited partnership contribution

d) Personally liable partner without capital contribution

The German subsidiaries Mast-Jägermeister Deutschland GmbH and Mast-Jägermeister Global Services GmbH utilise the facilitations of § 264 (3) HGB for the disclosure of their annual financial statements.

The British subsidiaries Mast-Jaegermeister UK Holding Ltd. (registered at Companies House under registration number 8646902) and Mast-Jaegermeister UK Ltd. (registered with Companies House under registration number 8646840) utilise the facilitations for the audit and disclosure of their annual financial statements as at 31.12.2019 pursuant to § 479A of the Companies Act 2006.

#### Fees for the auditor

The fees invoiced or the provisions set aside for this purpose for services rendered by the auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, comprised the following services:

(in EUR thousand)	2019	2018
Final examination	133	126
Tax consultancy	75	59
Other services	408	26
<b>Total</b>	<b>616</b>	<b>211</b>

#### Employees

With the exception of trainees, the annual average number of employees at the companies included in the Consolidated financial statements amounted to:

Wage earners	170
Salaried employees	715
<b>Total</b>	<b>885</b>

#### Members of the Supervisory Board

Florian Rehm  
(entrepreneur)  
- Chairman -

Berndt-Michael Winter  
(former Chairman of the Management Board of DELTON AG)  
- Vice Chairman -

Christina Flügel  
(entrepreneur)

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

Amaud 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

- Chairman of the Board -

Departments: Marketing, USA, Strategy, Human Resources & Communication

Christopher Ratsch

Departments: Finance, Production and Administration

Denis Schrey

Department: Global Markets

#### Total remuneration of the Management Board and the Supervisory Board

In accordance with § 286 (4) of the HGB, the total remuneration of the Management Board for the 2019 financial year is not disclosed. The remuneration of the members of the Supervisory Board for the financial year 2019 amounts to EUR 640 thousand (previous year: EUR 640 thousand).

Provisions for pension obligations for former members of the Management Board amount to EUR 6,924 thousand. A total of EUR 370 thousand was paid in pension benefits for this group of persons in the financial year 2019. The remuneration was paid exclusively by Mast-Jägermeister SE.

#### **7. Supplementary report**

There were no events of particular significance which occurred after the end of the financial year and which could have a significant impact on the assets, financial position and earnings situation.

#### **8. Proposal for the appropriation of profits**

The balance-sheet profit of Mast-Jägermeister SE reported in the annual financial statements as of 31<sup>st</sup> December 2019 amounts to EUR 326,500,000.00.

The Management Board and the Supervisory Board propose to distribute a dividend of EUR 0.33 per share from the balance-sheet profit of EUR 326,500,000.00 for the 2019 financial year on the share capital of EUR 100,000,000.00, divided into 40,000,000 no-par-value shares, i.e. EUR 13,200,000.00, to the shareholders on 19<sup>th</sup> March 2020 and to carry forward the remaining amount of EUR 313,300,000.00 to new account.

Wolfenbüttel, 10<sup>th</sup> February 2020

Mast-Jägermeister SE

The Management Board

Michael Volke

Christopher Ratsch

Denis Schrey

## **Independent auditor's report**

**To Mast-Jägermeister SE**

### **Audit opinions**

We have audited the Consolidated financial statements of Mast-Jägermeister SE, Wolfenbüttel, and its subsidiaries (the group) - comprising the Group balance sheet as of 31<sup>st</sup> December 2019, the Group profit and loss calculation, the Notes to the Consolidated financial statements including the presentation of the accounting and valuation methods, the Group equity analysis and the group Cash flow statement for the financial year from 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019. Furthermore, we have audited the Aggregated management report of Mast-Jägermeister SE, which was combined with the management report of the corporation, for the financial year from 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019.

In our opinion, based on the findings of our audit:

- The accompanying Consolidated financial statements comply in all material respects with German commercial law and convey a true and fair view of the assets and financial position of the group as of 31<sup>st</sup> December 2019 and of its earnings situation for the financial year from 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019 in accordance with German principles of proper accounting, and
- the attached Aggregated management report as a whole provides a suitable understanding of the group's position. In all material respects, this Aggregated management report is consistent with the Consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the Consolidated financial statements and the Aggregated management report.

### **Basis for the audit opinions**

We have conducted our audit of the Consolidated financial statements and the Aggregated management report in accordance with § 317 HGB under observance of the German principles of proper auditing as laid down by the Institut der Wirtschaftsprüfer (German Institute of Auditors, IDW ). Our responsibility in accordance with these rules and principles is described in greater detail in the section "Responsibility of the auditor for the audit of the Consolidated financial statements and the Aggregated management report" in our audit opinion. We are independent of the group companies in accordance with German commercial law and professional standards and have fulfilled our other German professional duties in accordance with these requirements. We are of the opinion that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our audit opinion on the Consolidated financial statements and the Aggregated management report.

### **Responsibility of the legal representatives and the Supervisory Board for the Consolidated financial statements and the Aggregated management report**

The legal representatives are responsible for the preparation of the Consolidated financial statements, which comply in all material respects with German commercial law, and for ensuring that the Consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the group in accordance with German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls which they have determined, in accordance with German principles of proper accounting, to be necessary in order to enable the preparation of Consolidated financial statements which are free from material misrepresentations, whether intentional or unintentional.

In preparing the Consolidated financial statements, the legal representatives are responsible for assessing the group's ability to continue its corporate activities. Furthermore, they are responsible for disclosing any matters relating to the continuation of the corporate activities, where relevant. In addition, they are responsible for preparing the balance sheet for the continuation of the corporate activities in accordance with the accounting principles, unless this is contradicted by factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the Aggregated management report, which as a whole provides an accurate representation of the group's position, is consistent with the Consolidated financial statements in all material respects, complies with German legal requirements and accurately presents the opportunities and risks of future development. Moreover, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary in order to enable the preparation of an Aggregated management report in accordance with the applicable German legal provisions



and to provide sufficient suitable evidence for the statements made in the Aggregated management report.

The Supervisory Board is responsible for monitoring the group's accounting process in preparing the Consolidated financial statements and the Aggregated management report.

**Responsibility of the auditor for the audit of the Consolidated financial statements and the Aggregated management report**

Our objective is to obtain reasonable assurance as to whether the Consolidated financial statements as a whole are free from material misrepresentations, whether intentional or unintentional, and whether the Aggregated management report as a whole provides an accurate view of the group's position and suitably presents the opportunities and risks of future development in all material respects in conformity with the Consolidated financial statements and the findings of our audit, complies with German legal requirements and accurately presents the opportunities and risks of future development, and furthermore to issue an auditor's report containing our audit opinions on the Consolidated financial statements and the Aggregated management report.

A reasonable assurance is a high level of assurance but provides no guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (German Institute of Auditors, IDW) will always detect material misrepresentations. Misrepresentations may result from violations or inaccuracies and are considered material if it could reasonably be expected that they would individually or collectively influence the economic decisions of addressees made on the basis of these Consolidated financial statements and Aggregated management report.

During the audit we exercise prudent discretion and maintain a critical fundamental attitude. Furthermore:

- We identify and assess the risks of significant misrepresentations, whether intentional or unintentional, in the Consolidated financial statements and Aggregated management report, plan and perform audit procedures in response to these risks and obtain audit evidence sufficient and appropriate for providing a basis for our audit opinion. The risk that significant misrepresentations will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional incompleteness, misleading statements or the invalidation of internal controls;
- We obtain an understanding of the internal control system relevant to the audit of the Consolidated financial statements and of the procedures and measures relevant to the audit of the Aggregated management report in order to plan audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- We evaluate the appropriateness of accounting policies used by the legal representatives as well as the tenability of accounting estimates and related disclosures presented by the legal representatives;
- We conclude on the appropriateness of accounting policies used by the legal representatives regarding the continuation of corporate activities and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions which might cast significant doubt on the group's ability to continue its corporate activities. If we conclude that a material uncertainty exists, we are obliged to draw attention in our audit report to the related disclosures in the Consolidated financial statements and Aggregated management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. Future events or circumstances may, however, result in the group being unable to continue its corporate activities;
- We assess the overall presentation, structure and content of the Consolidated financial statements, including the disclosures and whether the Consolidated financial statements present the underlying transactions and events in such a way that the Consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the group in accordance with German principles of proper accounting;
- We obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the group in order to provide audit opinions on the Consolidated financial statements and the Aggregated management report. We are

responsible for instructing, monitoring and performing the audit of the Consolidated financial statements. We are solely responsible for our audit opinions;

- We express an opinion on the consistency of the Aggregated management report with the Consolidated financial statements, the interpretation of the law and the assessment of the group's position presented therein;
- We perform audit procedures on the future-oriented statements in the Aggregated management report presented by the legal representatives. On the basis of sufficient and appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the *appropriate derivation of the forward-looking statements from these assumptions*. We do not express an independent audit opinion on the forward-looking statements and the underlying assumptions. A substantial unavoidable risk exists that future events could differ significantly from the forward-looking statements.

We discuss, with those responsible for the monitoring, matters such as the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system which we determine during our audit.

Hanover, 9<sup>th</sup> March 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft (auditing company)

Dr. Janze  
Auditor

Schönefeld  
Auditor

# Jägermeister

## Report of the Supervisory Board

During the reporting period, the Supervisory Board performed the duties incumbent upon it under the law and the Articles of Association. It regularly advised the Management Board concerning the governance of the company and monitored the management of the corporation.

### Advisory and monitoring activities of the Supervisory Board

In a total of five meetings held during the 2019 financial year, the Supervisory Board dealt with the economic situation of the company as well as the company's strategic and personnel orientation, relevant planning and risk management. In addition, diverse individual topics were handled and discussed with the Management Board. The Personnel Committee held three meetings and the Audit Committee two meetings in the reporting year. The two committees of the Supervisory Board are primarily responsible for preparing decisions and topics for the plenary meetings. To the extent permitted by law, the Supervisory Board has delegated decision-making powers to the committees.

The Supervisory Board was involved in all decisions of fundamental importance. The Supervisory Board's deliberations were based on regular written and oral reports from the Management Board, which the Management Board provided in a timely and comprehensive manner. The Chairman of the Supervisory Board was also regularly informed, outside the meetings, regarding the current development of the business and all important issues.

In 2019, the Supervisory Board supported the further expansion and development of the Jägermeister brand in Germany and abroad and accompanied it with decisions. A particular focus was once again directed at the global positioning of the Jägermeister brand and the associated demands on the company's structures. With regard to foreign operations, the Supervisory Board dealt intensively with strategic measures and options in selected foreign markets.

The corporate planning 2020 was approved in December 2019. The Supervisory Board was kept up-to-date on the development of the investment measures implemented in the reporting year.

The Supervisory Board is satisfied that the early-risk-detection system introduced by the Management Board is suitable for the early detection of developments which could endanger the continued existence of the company.

There were no conflicts of interest on the part of members of the Management Board or the Supervisory Board which must be disclosed to the Supervisory Board without delay and reported at the Annual General Meeting.

# Jägermeister

## **Annual financial statements and Consolidated financial statements**

The auditing company Ernst & Young GmbH, Hanover, appointed by the Annual General Meeting and commissioned by the Supervisory Board to audit the annual and Consolidated financial statements, has audited the annual and Consolidated financial statements prepared by the Management Board as of 31.12.2019 as well as the Aggregated management report, including the bookkeeping. The Supervisory Board was thereby informed regarding the progress of the audits. The audits did not give rise to any objections and the annual financial statements, the Consolidated financial statements and the Aggregated management report were each issued with an unqualified audit opinion on 10.03.2020.

The auditor provided the Supervisory Board with the audit reports. The reports were examined in detail by the Supervisory Board and discussed in detail in the presence of the auditor at its meeting on 17.03.2020. During this meeting, the auditor informed the Supervisory Board of the significant results of his audit. Supplementary questions were answered in detail. In his reports on the results of his audits, the auditor stated that he was not aware of any material weaknesses in the internal control and risk-management systems with regard to the financial reporting process..

The Supervisory Board, for its part, has examined the annual and Consolidated financial statements as of 31.12.2019 and the Aggregated management report prepared by the Management Board. The final results of the audits did not give rise to any objections.

The Supervisory Board therefore noted and approved the auditor's audit results. At its meeting today, it approved the financial statements prepared by the Management Board. The annual financial statements of Mast-Jägermeister SE are thus adopted in accordance with § 172 of the German Stock Corporation Act (AktG). The Supervisory Board approved the Aggregated management report and the Management Board's proposal for the appropriation of profits.

In accordance with § 312 AktG, the Management Board has prepared a report on relations with affiliated companies for the financial year 2019. The auditor audited the report and issued the following audit opinion: "Following our audit and assessment in accordance with professional standards, we confirm that: 1. The factual information in the report is correct, and 2. The consideration paid by the company for the legal transactions listed in the report was not inappropriately high."

The Supervisory Board also examined the report. It agrees with the results of the audit by the auditor and raises no objections to the report of the Management Board concerning relations with affiliated companies.

# **Jägermeister**

The Supervisory Board would like to thank the Management Board and all employees for their energetic and committed work, which provided a significant contribution towards the success of the 2019 financial year.

Wolfenbüttel, 17.03.2020

The Supervisory Board

Florian Rehm  
- Chairman -

**Record of the Management Board of  
Mast-Jägermeister SE,  
Wolfenbüttel**

**Resolution on the appropriation of profits**

The balance-sheet profit of Mast-Jägermeister SE reported in the annual financial statements as of 31<sup>st</sup> December 2019 amounts to EUR 326,500,000.00.

On 17<sup>th</sup> March 2020, the Annual General Meeting of our corporation resolved to distribute a dividend of EUR 0.33 per no-par share from the balance-sheet profit of EUR 326,500,000.00 for the 2019 financial year on the share capital of EUR 100,000,000.00, divided into 40,000,000 no-par shares, i.e. EUR 13,200,000.00, to the shareholders on 19<sup>th</sup> March 2020 and to carry forward the remaining amount of EUR 313,300,000.00 to new account.

Wolfenbüttel, 18<sup>th</sup> March 2020

The Management Board

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*The correctness and completeness of this translation from the German language original is certified.*

*Authorised translator for English language for the courts and notaries of the district court of Hanover:*

*Date: 17.07.2020*

