Dear Shareholders!

SÁNDOR ZWACK
Chairman of the Board of Directors

After a challenging 2020, the 2021/2022 business year of Zwack Unicum was a very successful one, as you can see from our results. The pandemic became slowly manageable, trade found its way, and gastronomy was up and running again, albeit with much difficulty, which is also reflected in our results.
At the same time, a lot of new and unprecedented problems have emerged on the markets that will affect our results in the future, too. Retail is changing, with online shopping getting stronger and the turnover of small shops and discount stores also increasing, which indicate a change in consumer habits. The weekend bulk purchases experienced in the past are now split between more and smaller purchases close to home. In both retail and gastronomy, the lack of skilled workforce is a major problem. Some of our gastronomy partners were unable to open or work at the previous level due to the lack of staff. At the same time, wages started to grow, inflation started to rise already last year, which we are all experiencing in terms of prices, especially food prices. All these factors strongly impacted this past business year and will impact the next one even more. The above changes were well and predictably tracked by our annual planning, with sales getting very strong during the spring and summer and wages growing despite these changes. Wage increase was reflected in a shift of consumer demand towards higher value products, and the winners of this were mostly our premium brands. Our sales team started the season with a strong plan and willingness to act, the consumption increased, so we closed the year with a very positive result, by a volume growth of 24.3% compared to the previous 2020/2021 business year.
The significant volume growth was largely driven by our flagship product, Unicum. Once again, the launch of a highly successful new product, Unicum Barista, a new Unicum with Arabica coffee, contributed to the volume growth of the Unicum brand by almost 60%, thanks to the strong distribution built up, as well as an extremely positive consumer reception. The super premium Unicum Riserva strengthened once again even this year, showing an extremely healthy growth year after year now. In addition to the domestic market, Unicum also had a strong year in export markets. In Italy, the brand was one of the fastest growing brands by its growth of 38.2% and, as a whole, it also managed to increase its sales in other regions. Duty free also showed a strong growth by the second half of 2021, in parallel with the resumption of passenger traffic.
In addition to business success, protecting the health of our employees remains a priority for us. Last year we protected our workers by making the appropriate decisions in every covid wave. If necessary, by ordering to work from home, answering questions and dispelling misunderstandings about vaccinations, communicating medical facts, providing masks and gloves. Our human resources department organized screening opportunities (lung screening, lab testing, eye screening) and, when necessary, organized care or aftercare of covid patients. We are proud that our colleagues had a vaccination rate of over 90% already in autumn 2021, and thanks to the standards followed, as well as the extensive and continuous information provided by us, we managed to keep the number of cases very low.
The virus situation, followed by the unfortunate war situation close to us, also showed that sustainability and environmental protection is getting more important and can have more tangible benef its. Our Company is committed to follow this path in the future as well, and will provide details of our efforts in our sustainability reports, which we now plan to publish annually.
Dear shareholders, our company results show that the business year we just closed was a very successful one. But we don't sit back, as we clearly see the many challenges ahead of us in terms of rising inflation, increasing raw material and energy prices. However, ending the year it is important to stop and celebrate our achievements. For me now, like last year, our successful corporate results showed how important it was to retain our staff, to protect our employees, whose hard work brought us these good results once again this year.

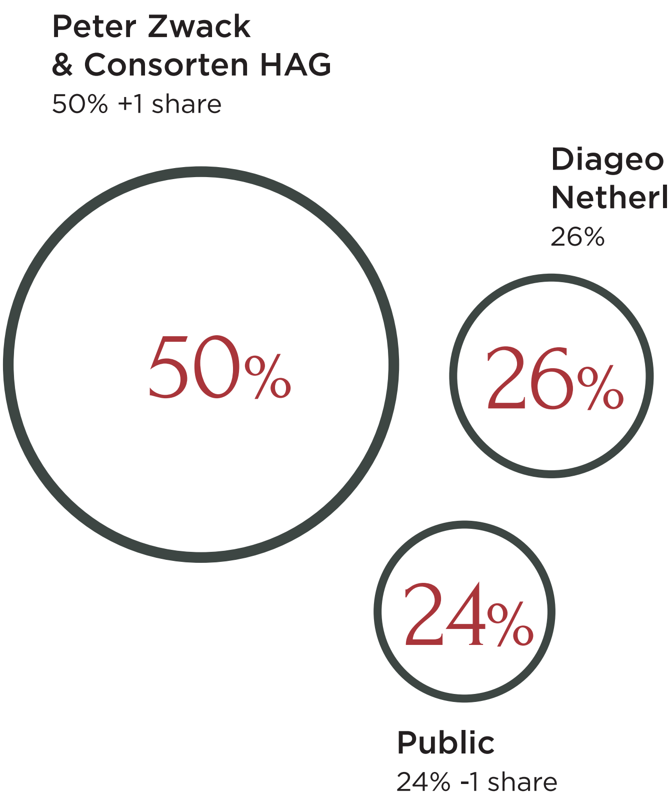
Sándor Zwack

DR. HUBERTINE UNDERBERG-RUDER
Chair of the Supervisory Board

The success of the last business year we are happy to present to you, dear Shareholder, is based on our core values. Tradition and innovation are core values of Zwack deeply rooted in the genes of our company. Continuous renewal is a must while the world is undergoing fundamental changes in such a short period of time. None of us have experienced anything comparable before and these changes did not only affect the economy, but they also have a strong social impact on our Company, our employees, and our consumers. These changes are a game changer. That is why we decided during the peak year of the pandemic to continue innovating.
Thanks to this, the Company started the year with a very successful launch: Unicum Barista, aged in oak casks with arabica coffee, was introduced to the market. The new product reflected the relevant consumer insights so well, that it was a huge success and Unicum has once again become the focus of interest in the bar and restaurant world. In addition, we introduced under the Hubertus brand a new unfiltered 60% Hubertus with a new look, targeting the young age group. On top came two new flavor variants under the Kalinka brand.
However, innovation is by far broader understood than just product development. Following our mission in the sustainability field at Zwack, we are committed to protecting the environment and reducing our impact on nature and climate. For us, a family Company, it is very important what we responsibly pass on to future generations. Therefore, the Board of Directors, the Supervisory Board and the management of the Company jointly decided on a number of long-term environmental investments that will significantly reduce the Company's carbon footprint in the coming years. I am proud to report that e.g. the CO_2 emissions of the three production sites including the offices were reduced by 35-45% over the last three years.
Covid didn't stop and we again suffered more waves this year. Our human resource department and the whole management team managed with admirable flexibility to organize the work smoothly over and over again as the situation required. The main focus was on the health of our employees last year as well, our employees were supported by continuous supply of protective devices, by medical care and screening and by organizing hospital care whenever necessary.
Summarizing: Our last year is a success story. The Company managed to show its market power once again. We recovered from the effects of the pandemic and our brands started to grow strongly again. Our sales increased despite various waves of infection and with the opening of gastronomy the numbers skyrocketed. In the second half of the year, we could see that consumers seized every opportunity to spend time and have fun together. Restaurants, bars, nightclubs were full of people talking, having fun, and enjoying the time they could spend together again. We were among the first to open and this was highly appreciated by our gastronomic partners.
The success of last year, reflected in the Company's results, once again showed that continuous adaptation and the tracking of changes along with long-term thinking and planning is a successful business strategy and it will be in the future as well. The Supervisory Board would like to say thank you to the Management and each and every employee of the Company again this year and would like to assure them of our continuous support.
Dear Shareholders, we are also thanking you for the trust you placed again in our Company.

Dr. Hubertine Underberg-Ruder

Distribution of voting shares of Zwack Unicum Plc.



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*This is an English translation of the separate financial statements for the financial year between 1 April 2021 and 31 March 2022 issued in Hungarian. The content of the English translation is consistent with the content of the separate financial statements prepared in xhtml format.

Declarations

We, the undersigned Zwack Unicum Liqueur Industry and Trading Public Limited Company, hereby declare that the facts and statements contained in the Annual Report covering the Company's business year of 2021-2022 (1 April 2021 – 31 March 2022) are true in all respects, and that the Annual Report does not hide any fact that is of importance in assessing the situation of the Company.

Financial reports (Statement of Financial Position, Statement of Comprehensive Income, Cash Flow, Statement of Changes in Equity and Notes to the Financial Statements) presented in the Annual Report were prepared according to the applicable accountancy regulations and our best knowledge. Financial reports give real and authentic picture of the assets, liabilities, financial situation and profit of the issuing company.

Business and Management Report, which is part of the Annual Report, gives authentic picture of the situation, development and achievement of the issuing company, reciting the major risks and factors of uncertainty.

The Company has fulfilled the periodic and extraordinary duties of disclosure, as required by the Capital Market law.

The Company's audit has been provided by KPMG Hungária Kft. The Auditor of the Company did not receive other assignment than the audit of the annual report of the Company.

Budapest, 24 May 2022

Katalin Hollósi
Chief Accountant

Balázs Szűcs
Investor Correspondent

based on the power of attorney provided by:

Sándor Zwack
Chairman of the Board

Frank Odzuck
Chief Executive Officer

Financial calendar

EVENT	DATE
Payment of dividend	**As from 27 July 2022**
Publication of the report about the first quarter of 2022/2023*	**9 August 2022**
Publication of the report about the first half year of 2022/2023*	**8 November 2022**
Publication of the report about the first three quarter of 2022/2023*	**7 February 2023**
Publication of the report about the financial year 2022/2023*	**26 May 2023**
Annual General Meeting	**28 June 2023**

** not final dates*

Zwack Unicum Plc. – Separate financial statements for the financial year ended 31 March 2022

PREPARED IN COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of financial position

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	NOTE	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
ASSETS			
NON-CURRENT ASSETS		3 491	3 652
Property, plant and equipment	5	3 309	3 442
Intangible assets	6	78	85
Investment in associate	7	0	16
Employee loans	8	1	0
Deferred tax asset	20	103	109
CURRENT ASSETS		11 601	9 406
Inventories	9	3 140	2 800
Trade and other receivables	10	3 382	2 617
– including: Current tax		0	77
Cash and cash equivalents	11	5 079	3 989
TOTAL ASSETS		15 092	13 058
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		8 812	7 012
Share capital		2 000	2 000
Share premium		165	165
Retained earnings		6 647	4 847
LIABILITIES		6 280	6 046
NON-CURRENT LIABILITIES		558	531
Other liabilities	12	558	531
CURRENT LIABILITIES		5 722	5 515
Trade and other liabilities	13	5 722	4 255
– including: Current tax		167	0
Short term loans	13	0	1 250
Provisions	14	0	10
TOTAL EQUITY AND LIABILITIES		15 092	13 058

The Financial statements were accepted by the Board of Directors on 24 May 2022 and signed on their behalf by:

based on the power of attorney provided by:

Katalin Hollósi
Chief Accountant

Balázs Szűcs
Investor Correspondent

Sándor Zwack
Chairman of the Board

Frank Odzuck
Chief Executive Officer

Statement of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	NOTE	2022 *(HUF mill)*	2021 *(HUF mill)*
REVENUE, GROSS OF EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX		**31 326**	**24 259**
Excise tax		(8 464)	(6 925)
Public health product tax		(5 171)	(4 251)
REVENUE, NET OF EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX	15	**17 691**	**13 083**
Material-type expenses		(6 561)	(5 149)
Employee benefits expense	16	(3 150)	(2 993)
Depreciation and amortization	5-6	(596)	(524)
Other operating expenses	17	(4 404)	(2 992)
- including: Impairment loss on trade receivables and contract assets	4	0	(7)
OPERATING EXPENSES, EXCLUDING EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX RELATED TO SALES		**(14 711)**	**(11 658)**
Other operating income	18	673	362
PROFIT FROM OPERATIONS		**3 653**	**1 787**
Interest and other financial income		125	23
Interest expense		(16)	(30)
NET FINANCIAL INCOME (COST)	19	**109**	**(7)**
PROFIT BEFORE TAX		**3 762**	**1 780**
Income tax expense	20	(562)	(344)
PROFIT FOR THE YEAR		**3 200**	**1 436**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3 200**	**1 436**
BASIC AND DILUTED EARNINGS PER SHARE (HUF/SHARE)		**1 600**	**718**

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	SHARE CAPITAL *(HUF mill)*	SHARE PREMIUM *(HUF mill)*	RETAINED EARNINGS *(HUF mill)*	TOTAL *(HUF mill)*
BALANCE AT 31 MARCH 2020	**2 000**	**165**	**4 011**	**6 176**
BALANCE AT 1 APRIL 2020	**2 000**	**165**	**4 011**	**6 176**
Profit for the year	-	-	1 436	1 436
Other comprehensive income	-	-	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**1 436**	**1 436**
Dividend related to financial year ended 31 March 2020 (HUF 300 per share)	-	-	(600)	(600)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	**-**	**-**	**(600)**	**(600)**
BALANCE AT 31 MARCH 2021	**2 000**	**165**	**4 847**	**7 012**
BALANCE AT 1 APRIL 2021	**2 000**	**165**	**4 847**	**7 012**
Profit for the year	-	-	3 200	3 200
Other comprehensive income	-	-	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**3 200**	**3 200**
Dividend related to financial year ended 31 March 2021 (HUF 700 per share)	-	-	(1 400)	(1 400)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	**-**	**-**	**(1 400)**	**(1 400)**
BALANCE AT 31 MARCH 2022	**2 000**	**165**	**6 647**	**8 812**

Cash flow statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	2022 *(HUF mill)*	2021 *(HUF mill)*
PROFIT BEFORE TAX	**3 762**	**1 780**
Net financial (income)/cost	(109)	7
Adjustment for depreciation and amortization	596	524
(Gain) on disposal of fixed assets	(27)	(22)
Increase in trade creditors and other liabilities	1 489	315
(Increase) in inventories	(340)	(117)
(Increase)/decrease in trade and other receivables	(1 002)	388
Loss/(gain) on unrealized foreign exchange rate difference	13	(33)
(Decrease) in other liabilities	(10)	(2)
CASH GENERATED FROM OPERATIONS	**4 372**	**2 840**
Interest paid	(16)	(30)
Income tax paid	(312)	(356)
CASH FLOW FROM OPERATING ACTIVITIES	**4 044**	**2 454**
Purchases of property, plant and equipment	(445)	(645)
Purchases of intangible assets	(28)	(18)
Interest received	74	23
Proceeds from sale of property, plant and equipment	62	67
Payment received from the sale of investment in associate	61	0
CASH FLOW USED IN INVESTING ACTIVITIES	**(276)**	**(573)**
Dividends paid	(1 400)	(600)
Payment of lease liabilities	(29)	(6)
Loan acquired	1 500	1 250
Payment of loans	(2 750)	(1 250)
CASH FLOW USED IN FINANCING ACTIVITIES	**(2 679)**	**(606)**
CHANGE IN CASH AND CASH EQUIVALENTS	**1 089**	**1 275**
Cash and cash equivalents, beginning of the year	3 989	2 709
Exchange gain on cash and cash equivalents	1	5
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**5 079**	**3 989**

Notes to Financial statements for the financial year ended 31 March 2022

PREPARED IN COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Note 1 – GENERAL BACKGROUND

(a) The Company and the nature of its operations

The Zwack Unicum Plc. (hereafter referred to as "the Company") is incorporated in Hungary and it is manufacturer and distributor mainly of alcoholic beverages. The Company seat is located at 26 Soroksári út, Budapest, 1095. The web site of the Company is a www.zwackunicum.hu.

Zwack Unicum Plc. is listed on the Budapest Stock Exchange.

Peter Zwack & Consorten HAG ("PZ HAG", AT-1190 Wien, Heiligenstadter Strasse 43.) is the ultimate majority owner and parent company of Zwack Unicum Plc. holding 50% + 1 share of the issued shares (registered ordinary shares), that is not obliged to prepare and publish consolidated financial statement under the law. The ultimate owners of PZ HAG are members of the Zwack and Underberg families.

REGISTERED ORDINARY SHARES OF THE COMPANY COMPRISE:

	2022		2021	
	%	*(HUF mill)*	%	*(HUF mill)*
PZ HAG	**50%+1 share**	**1 000**	**50%+1 share**	**1 000**
Diageo Holdings Netherlands B.V.	26%	520	26%	520
Public	24%-1 share	480	24%-1 share	480
TOTAL	**100%**	**2 000**	**100%**	**2 000**

The total number of authorized ordinary shares is 2 000 000 (31 March 2021: 2 000 000) with a par value of HUF 1 000 per share (31 March 2021: HUF 1 000 per share). All shares are issued and fully paid. Each share carries the same voting rights.

Basic and diluted earnings per share have been calculated based on the profit for the year and the total number of ordinary shares in issue.

The total number of authorized redeemable liquidity preference shares is 35 000 (2021: 35 000) with a par value of HUF 1 000. All these shares were issued to senior managers under a cash settled share-based compensation plan as described under Note 21. The share capital does not include the redeemable liquidity preference shares. Dividends relating to these redeemable liquidity preference shares are recognised as part of Employee benefits expense. For further details refer to Note 16.

(b) Other risks

Due to the Hungarian government's pandemic-related measures, during the 2020-2021 business year, the Company's net domestic sales had decreased by almost 7%. The major part of the decrease was due to plummeting sales in on-trade (Horeca) – which accounts for about half of the Company's gross sales. Soon after the restrictive measures were lifted, as from spring 2021, on-trade bounced back to its usual level and has steadily levelled off. Sales during the first quarter of calendar year 2022 once again produced outstanding results both in off-trade and on-trade. Two factors need to be considered here: demand bounced back after reopening, and certain sectors of the population had higher than usual earnings due to certain government measures.

We have always paid special attention to protecting the health of our employees, and that has been particularly taken care of during this pandemic. The Company has so far managed to handle the several waves of the pandemic. That has been the compound result of a whole array of measures (face masks, gloves, hand disinfection, checking workers' temperature, regular tests, limitation of headcount in offices, allowing work from home and so on) and the fact that nearly 100% of the employees have been vaccinated.

A difficult part of the pandemic is behind us. However, due to the dynamic post-pandemic bounce-back of the economy, inflation has shot up both in Hungary and elsewhere. The factors that are strengthening this tendency include the weakness of the Hungarian domestic currency, the forint, a rise in the consumption of the population as stimulated by government measures, and further inflationary effects as a result of the war in the Ukraine and the sanctions against Russia. The sum total of those factors is due to have a strong impact on the purchase price of raw materials and, indirectly, the consumer prices of the products of our Company in addition to the impacts of these factors on the general purchasing power of domestic households. All in all, the domestic demand for spirits, and so the growth prospects of the Company, are difficult to predict.

As a consequence of the pandemic, the supply chain anomalies are coupled with an increase in the prices of raw materials and packaging materials – and they are posing sales risks for the Company. In the forthcoming business year said risks might run up significantly concerning the value of raw materials and packaging materials that the Company purchases year by year.

The Company purchases very limited amount of goods from Ukraine (only mini bottles) and can substitute it with in Hungary produced PET bottles. Based on that fact we can see only a limited risk in raw material purchasing from that area.

Sales to the Ukrainian and Russian markets are not significant neither relative to total nor to export earnings, therefore the Russian-Ukrainian conflict does not have a significant effect on the Company's sales activity.

The Company stopped sales activities to the Russian market, since 20 January 2022 no products have been delivered to Russia.

(c) Basis of preparation

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("EU IFRS" or "IFRS") as adopted by the European Union and in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRS of Act C on Accounting in force in Hungary (hereinafter referred to as "Hungarian Accounting Law").

The financial statements have been prepared in millions of Hungarian Forints (HUF) on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date:

ITEMS	MEASUREMENT BASIS
derivative financial instruments (refer to Note 2 (g) (5))	Fair value
net defined benefit liability (refer to Note 2 (q) (2))	Present value of the defined benefit obligation
liabilities for cash-settled share based payment arrangements (refer to Note 2 (q) (2)-(4))	Fair value

The financial statements of the Company were approved for issue on 24 May 2022 by the Company's Board of Directors (the Board), however, the Annual General Meeting (AGM) of the owners, authorized to accept these financials, has the right to require amendments before acceptance.

The preparation of financial statements in conformity with EU IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 (s).

Standards issued but not yet effective

New amendments to standards adopted by the EU but not yet effective as at the reporting date:

- IFRS 17 Insurance Contracts and amendments to IFRS 17 (standard issued on 18 May 2017 and the amendments issued on 25 June 2020, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (issued on 14 May 2020, effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (issued on 14 May 2020, effective for annual periods beginning on or after 1 January 2022)
- References to the Conceptual Framework in IFRS Standards: Amendments to IFRS 3 (issued on 14 May 2020, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022)
- Annual Improvements 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41 (issued on 14 May 2020, effective for annual periods beginning on or after 1 January 2022)

The Company did not choose to adopt any of them early.

The following new standards and amendments to standards issued are not yet effective as at the reporting date, and have not yet been endorsed by the EU:

- Amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021, applicable on initial application of IFRS 17)

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021, effective for annual periods beginning on or after 1 January 2023)

These new standards and amendments to standards are not expected to have a material impact on these separate financial statements in the period when they will be initially applied.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following new amendments to standards applied initially by the Company from 1 April 2021, but none of them has a material impact on these financial statements:

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021, effective for annual periods beginning on or after 1 April 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (adopted by the EU on 13 January 2021, effective for annual periods beginning on or after 1 January 2021)

(a) Segment reporting

The CEO of Zwack Unicum Plc., is the Company's chief operating decision maker ('CODM'), as the CEO is responsible for allocating resources to, and assessing the performance of the Company on a monthly basis. Operating results are only reviewed at the Company level by the CODM hence the Company is deemed to be one segment. The balances in the reports reviewed by the CODM are in line with those presented in these financial statements.

(b) Investment in associates

Investments in associates are accounted for using the cost method of accounting. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognises the impairment loss in other operating expenses.

(c) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in HUF, which is the company's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Transactions in foreign currencies are translated into the functional currency at the date of the transaction. All resulting foreign exchange differences are included in other operating expenses/income.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is calculated on a straight line basis (or by reference to physical output) from the time the assets are deployed over their estimated useful lives.

Assets in the course of construction are stated at cost, reflecting their state of completion as of the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized as an expense in profit or loss when they are incurred.

Useful lives are as follows:

Buildings	15–50 years
Plant and equipment	7–10 years
Motor vehicles	3/5 years, or 150 000/160 000 km
Other assets	2–7 years

Land is not depreciated.

On an annual basis, the Company reviews the useful lives and residual values.

Gains and losses on disposals are determined as the difference between the proceeds and the carrying amount of the asset. Such gains and losses are recognised in profit or loss in other operating income or expenses.

(e) Intangible assets

Trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5 - 10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 - 6 years.

(f) Impairment of non-financial assets

Non-financial assets other than inventories and deferred tax assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level which generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Non-financial assets for which impairment was recognized are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are presented in 'Other operating expenses'.

(g) Financial instruments

(1) *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Trade receivables are without a significant financing component, therefore these are initially measured at the transaction price, and do not have a contractual interest rate. This implies that the effective interest rate for these receivables is zero.

(2) *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt instruments; FVOCI – equity instruments; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the purposes of the business model assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets and gains and losses are summarized as follows

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Employee loans are classified as financial assets at amortised cost. Difference between the nominal value of the employee loans granted and the initial fair value of the employee loan is recognized as prepaid employee benefits. Interest income on the loan granted calculated by using the effective interest method is recognized as finance income, while the prepaid employee benefits are amortized to 'Employee benefits expense' evenly over the required service period that corresponds to the term of the loan.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL.
A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(3) *Derecognition*

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expire. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(4) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(5) *Derivative financial instruments*

The Company occasionally enters into foreign currency forward contracts in order to reduce the exchange rate risk related to the foreign exchange denominated payment obligations.
The Company does not apply hedge accounting for its financial instruments.
Derivatives are measured at fair value, and changes therein are recognised in profit or loss.
Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

(6) *Impairment of non-derivative financial assets*

Financial instruments and contract assets
Loss allowances for expected credit losses (ECLs) is recognised on
- financial assets measured at amortised cost,
- contract assets.

Loss allowances is measured at an amount equal to lifetime ECLs, except for debt instruments (including bank balances) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

In this latter case, loss allowances are measured at an amount equal to 12-months ECLs.

Trade receivables and contract assets do not contain a significant financing component, therefore loss allowances for these assets are always measured at an amount equal to lifetime ECLs, , using a provision matrix.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per S&P and Fitch.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk has not increased significantly if the financial instrument is determined to have low credit risk at the reporting date. In other cases, the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The Company secures certain trade receivables with credit insurance which is also taken into account when calculating ECLs.

In case of financial assets other than trade receivables and contract assets, ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories of spare parts are stated at cost less a write down for obsolete and slow moving items.

(j) Revenue recognition

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of the asset (at a point in time or over time).

For goods sold and services provided under a single arrangement in a bundle, the Company accounts for individual goods and services as separate performance obligations, if they are distinct, i.e. if (a) a promise is separately identifiable from other promises in the contract, and (b) the customer can benefit from it either on its own or together with other resources that are readily available to the customer. The consideration is allocated to distinct goods and services based on their relative stand-alone selling prices determined based on the list prices at which the Company sells the goods and services in separate transactions. Any related discounts and rebates are allocated proportionately to all performance obligations in the contract unless certain criteria are met.

Revenue from contracts with customers is measured at the transaction price, which is the amount of consideration promised in the contract with customer, excluding amounts collected on behalf of third parties such as some sales taxes. The transaction price excludes value-added tax collected on behalf of the tax authorities.

The Company incurs excise tax which becomes payable when the product is removed from bonded premises, which generally occurs when the product is sold to a customer. The excise tax is not included as a separate item on the invoices; increases in excise tax may not always be passed on to the customer and if a customer fails its obligation to pay for products received the Company cannot reclaim the excise tax.

The Company incurs public health product tax which becomes payable when products are sold. The invoice shows that the Company is the subject of tax obligation. Increases in public health product tax are always passed on to the customer and where a customer fails to pay for products received the Company cannot reclaim the excise tax.

The Company presents excise tax and public health product tax as separate line items on the face of the statement of comprehensive income. 'Revenue, gross of excise tax and public health product tax' presented in the statement of comprehensive income includes, while 'Revenue, net of excise tax and public health product tax' excludes excise tax and public health product tax.

Variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration includes discounts, rebates and similar items.

Amounts paid to the customers (merchants) for positioning the products on eye-catching or prime shelf places, putting them in gondolas at the checkout counters, or putting ads in advertising brochures, are treated as variable consideration in determining the transaction price.

The amounts paid to the customers reduce the transaction price as incentives because they are not considered to be a distinct service from the customer.

The Company applies the practical expedient not to disclose information about unsatisfied (or partially unsatisfied) performance obligations at the reporting date on the basis that all of its performance obligations are part of contracts that have an original expected duration of one year or less.

Revenue for sales of own products and traded goods is recognised at the point in time when the Company has delivered the goods to the customer, the customer has accepted the goods and it is probable that the Company will collect the consideration.

The Company has no obligation to repossess its goods, except for the general rules and regulations (e.g.: in case of faulty products).

The Company bills the price of goods to the customer upon delivery. In addition to discounts, if any, included in the invoice the Company provides rebate to customers based on turnover. The invoice on sale of goods does not include the rebate, therefore the rebate due to customer at the reporting date is presented as 'amounts payable (due) to customers' in 'trade and other payables'.

(k) Material-type expenses

Material-type expenses include materials used in the production of self-manufactured inventories, and other costs of materials used, services related to production which are part of the cost of inventories, as well as changes in capitalised self-manufactured inventories and cost of goods sold.

The Company may receive refunds from brand owner suppliers relating to sales of goods purchased from them such as a reimbursement of amounts paid to retailers mentioned in Note 2 (s) (3). Such refunds are recognised as reduction in the cost of goods sold, by analogy to accounting for consideration to customers.

(l) Other operating expenses

The value of services received that are not to be presented as material-type expenses (see Note 2 (k)) are presented as other operating expenses'.

Point of sale materials ('POS') which serve the main purpose to advertise the Company's products are recognised as part of other operating expenses immediately after the Company gains the right to use these assets or upon the Company getting access to these materials.

Local tax regulations require the payment of building tax for buildings located on the territory of a municipality by the owner on the first day of the year. The Company recognises the full amount of the liability as an expense on the date when the obligation arises.

(m) Other operating income

The Company may incur marketing expenses in relation to sale of goods purchased from brand owner suppliers that are reimbursed by the suppliers. Reimbursement of marketing expenses by suppliers is recognised as other operating income in the period in which the related expense is recognised.

(n) Provisions

A provision for liabilities is recognised when and only when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(o) Lease

The Company has no contracts in which it is a lessor.

(i) The contract is, or contains a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset (underlying asset) for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts and contract modifications entered into, on or after 1 April 2019, i.e. the date on initial application of IFRS 16

(ii) The Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments. Variable lease payments that depend on the usage of the underlying asset are excluded from the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

The useful lives of the right-of-use assets are as follows:

Right-of-use assets (tools)	2-10 years, with usage proportionate depreciation based on the individual contract.

The Company has elected the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In this respect, a lease is a short-term lease if, at the commencement date, it has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. The Company considers the value of the underlying asset as a low value asset, if its value, when new, does not exceed USD 5 000, calculated using MNB's middle rate as at initial recognition.

(p) Income taxes

(1) Current tax

The Company treats the following taxes as income taxes: corporate income tax, local business tax, innovation contribution.

Corporate income taxes are payable to the tax authorities. The basis of the tax is the accounting profit adjusted for non-deductible and non-taxable items.

The Company calculates its corporate income tax liability based on the IFRS financial statements starting from 1 April 2017. With regards to its Property, plant and equipment, the Company has decided to calculate its corporate income tax as if IFRS has not been adopted.

Local business tax and innovation contribution is levied in Hungary based on revenue less certain expenses including the cost of materials and subcontractors, a certain portion of the cost of goods sold and recharged services, and the basis of the tax is adjusted for certain items. These taxes are deductible expenses for corporate income tax purposes.

(2) Deferred taxes

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset realized or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is generally provided on temporary differences arising from the impairment and depreciation of property, plant and equipment and packaging materials, impairment for receivables and provisions.

The local business tax and innovation contribution have no impact on deferred tax because the Company has no transactions that would result in temporary differences for these taxes.

(q) Employee benefits

(1) Short term employee benefits

Short term employee benefits are recognized as a current expense in the period when employees render their services. These include wages, social security contributions, bonuses, paid holidays, meal and holiday contributions and other fringe benefits and the tax charges thereon.

(2) Other long term benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise. Other long-term benefits include jubilee payments and payments upon becoming entitled to old-age pension.

Employees are working at the Company –for more than 10 years are entitled to jubilee payments in every five years.

Employees who become entitled to old-age pension are entitled to additional bonuses.

The amount of such bonuses depends on the basic pay and the length of service. The Company creates a fund to cover such future payments which is taken into account in the calculation of the liability due to the employees.

(3) Pensions

Payments to defined contribution pension plans and other welfare plans are recognized as an expense in the period in which they are earned by the employee.

(4) Share-based compensation

The Company recognises the cost of services received from its employees in a share-based payment transaction as an expense when services are received. Since the services are received in a cash-settled share-based payment transaction, the Company recognises the expense against a liability that is re-measured at each reporting date. Share-based compensation also includes dividends paid in respect of preference shares granted to employees under share-based payment arrangements.

(5) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognised as an estimated employee expense and liability.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Share capital and share premium are not available for dividend distribution purposes.

(s) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(1) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development. The appropriateness of the estimated useful lives is reviewed whenever there is an indication of significant changes in the underlying assumptions.

(2) Write-down of inventories

The Company calculates write down of inventories based on estimated losses resulting from the future sale of own produced and traded goods. The basis of the estimate of the net realisable value is the ageing of inventories, obsolescence and other information relating to the position of those products on the market. These involve assumptions about future market conditions. See Note 9 for the balance of write-downs at the reporting date.

(3) Amounts payable (due) to customers

The majority of these liabilities arises from amounts that are payable to customers (merchants) relating to incentives that constitute variable consideration. Such incentives include volume rebates, and amounts paid for positioning the Company's products on eye-catching or prime shelf places, putting them in gondolas at the checkout counters, or putting ads in advertising brochures.

The end of the Company's reporting period is 31 March, while incentive agreements with customers are concluded annually mainly for the calendar year. Therefore, the Company needs to estimate the volume rebates that the customer will be entitled to receive for its purchases made in the last quarter of the Company's financial year, which depends on the total purchases the customer will make in the calendar year.

When the Company has not agreed upon the annual terms and conditions of the incentives with the customer by the date the Company's financial statements are authorized for issue, but the customer has a valid expectation that the Company will pay an incentive, the consideration for the purchases made by customer in the last quarter of the Company's financial year is regarded to be variable even if otherwise the amounts payable by the Company to the customer will be a fix percentage of the consideration payable by the customer.

See Note 13 for the amount recognised in the period.

(4) Embedded leases

Bottle manufacturers make the tools necessary for the manufacturing of Zwack bottles themselves, and amortization due to use for production is built into the sale price of the manufactured bottles.

According to the contracts, the value of the tools will be "paid" by the Company for a specified period of time, taking delivery of an agreed number of production of bottles. The Company estimates the net present value, lease liability, interest charges of current year, cost of sales and depreciation in the case of each tool based on the bottles' and tools' estimated standalone selling price and the total number of production.

The right to use the tools is shown by the Company among property, plant and equipment.

Embedded leases are disclosed as part of Note 12.

(5) Jubilee payments and payments to employees upon reaching retirement age

Under a long-term benefit plan, employees are entitled to jubilee payments (see Note 2 (q) (2)) and payments upon reaching retirement age. The Company uses a number of assumptions about the future in calculating the present value of the benefit obligation. Using assumptions involves an estimation uncertainty that may cause the actual amounts payable to the employees differ from the estimate.

Note 3 – DISCLOSURES ON FINANCIAL INSTRUMENTS

All financial assets in the amount of HUF 8 348 million (31 March 2021: HUF 6 455 million) are categorized as financial assets measured at amortised cost (31 March 2021: all financial assets were categorised as financial assets measured at amortised cost). The carrying values of these financial assets approximately equals to their fair value.

All of the total balance of HUF 3 299 million (31 March 2021: HUF 3 608 million) financial liabilities are categorized as financial liabilities measured at amortised cost. The carrying value of these financial liabilities approximately equals to their fair value.

Net financial assets of HUF 2 847 million at 31 March 2021 have increased to HUF 5 049 million at 31 March 2022.

See assumptions for fair value estimations in Note 4 (b).

The table below shows the income and expenses relating to financial instruments in the year ending on 31 March 2022.

31 MARCH 2022	FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS *(HUF mill)*	INVESTMENT IN ASSOCIATE *(HUF mill)*	LEASE PAYABLES *(HUF mill)*	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST *(HUF mill)*	TOTAL *(HUF mill)*
Interest income	80	0	0	0	80
Profit from the sale of investment in associate	0	45	0	0	45
Exchange gain	53	0	0	55	108
Reversal	29	0	0	0	29
TOTAL INCOME RELATING TO FINANCIAL INSTRUMENTS	**162**	**45**	**0**	**55**	**262**
Interest expense	0	0	1	14	15
Exchange loss	56	0	1	43	100
Fee expenses	44	0	0	0	44
TOTAL EXPENSE RELATING TO FINANCIAL INSTRUMENTS	**100**	**0**	**2**	**57**	**159**
TOTAL INCOME AND EXPENSE RELATING TO FINANCIAL INSTRUMENTS NET	**62**	**45**	**(2)**	**(2)**	**103**

Fee expenses include credit rating expenses, customer credit insurance and bank fees.

The table below shows the income and expenses relating to financial instruments in the year ending on 31 March 2021.

31 MARCH 2021	LOANS AND RECEIVABLES *(HUF mill)*	LEASE PAYABLES *(HUF mill)*	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST *(HUF mill)*	TOTAL *(HUF mill)*
Interest income	19	4	0	23
Exchange gain	91	0	32	123
TOTAL INCOME RELATING TO FINANCIAL INSTRUMENTS	**110**	**4**	**32**	**146**
Interest expense	0	0	30	30
Exchange loss	37	2	52	91
Impairment loss	1	0	0	1
Fee expense	35	0	0	35
TOTAL EXPENSE RELATING TO FINANCIAL INSTRUMENTS	**73**	**2**	**82**	**157**
TOTAL INCOME AND EXPENSE RELATING TO FINANCIAL INSTRUMENTS NET	**37**	**2**	**(50)**	**(11)**

Note 4 – FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. In accordance with its accounting policy, the Company may use derivative financial instruments to hedge certain risk exposures.

Sensitivity analyses include potential changes in the profit before tax. The impacts disclosed below are subject to an income tax rate of approximately 9% (31 March 2021: 9%), i.e. the impact on Profit for the year would be 91% (31 March 2021: 91%) of the impact on the before tax amount. The potential impacts disclosed (less tax) are also applicable to the Company's equity.

(i) Market risk

(a) Foreign exchange rate risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company operates internationally and is exposed to exchange rate movements on one hand due to its import and export activity on the other hand due to its bank accounts and term deposits denominated in EUR.

The following tables show the currency denomination of the Company's financial assets and liabilities.

31 MARCH 2022	CAD *(HUF mill)*	EUR *(HUF mill)*	USD *(HUF mill)*	HUF *(HUF mill)*	Total *(HUF mill)*	Current *(HUF mill)*	Non-Current *(HUF mill)*
Trade receivables	43	307	0	2 848	3 198	3 198	0
Employee loans	0	0	0	2	2	1	1
Other financial receivables	0	38	0	31	69	69	0
Cash and cash equivalents	5	46	13	5 015	5 079	5 079	0
TOTAL FINANCIAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	**48**	**391**	**13**	**7 896**	**8 348**	**8 347**	**1**
Trade and other payables	0	1 513	0	518	2 031	2 031	0
Lease payable (present value)	0	43	0	0	43	19	24
Other financial liabilities	8	203	0	1014	1 225	1 225	0
TOTAL FINANCIAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**8**	**1 759**	**0**	**1 532**	**3 299**	**3 275**	**24**
TOTAL FINANCIAL ASSETS AND LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**40**	**(1 368)**	**13**	**6 364**	**5 049**	**5 072**	**(23)**

31 MARCH 2021	CAD *(HUF mill)*	EUR *(HUF mill)*	USD *(HUF mill)*	HUF *(HUF mill)*	Total *(HUF mill)*	Current *(HUF mill)*	Non-Current *(HUF mill)*
Trade receivables	29	285	16	2 080	2 410	2 410	0
Employee loans	0	0	0	3	3	3	0
Other financial receivables	0	30	0	23	53	53	0
Cash and cash equivalents	42	234	22	3 691	3 989	3 989	0
TOTAL FINANCIAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	**71**	**549**	**38**	**5 797**	**6 455**	**6 455**	**0**
Trade and other payables	1	1 086	1	443	1 531	1 531	0
Lease payable (present value)	0	54	0	0	54	15	39
Short term loans	0	0	0	1 250	1 250	1 250	0
Other financial liabilities	5	26	1	741	773	773	0
TOTAL FINANCIAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**6**	**1 166**	**2**	**2 434**	**3 608**	**3 569**	**39**
TOTAL FINANCIAL ASSETS AND LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**65**	**(617)**	**36**	**3 363**	**2 847**	**2 886**	**(39)**

The finance department continuously monitors the liabilities in foreign currency and it holds the necessary amounts on its bank accounts or as term deposits in order to mitigate the currency risk arising in connection with those liabilities. Exchange rate fluctuations therefore had no significant effect on profit or loss, or equity.

The Company occasionally enters into derivative contracts for risk reduction purposes. These foreign currency forward contracts are taken to reduce the exchange rate risk related to the foreign exchange denominated payment obligations.

The Company had no open forward positions either as of 31 March 2022 or as of 31 March 2021.

Compared to the spot FX rate as of 31 March 2022, a 1% weakening of HUF against EUR would cause approx. HUF 14 million loss in the net balance of financial assets and liabilities (2021: 2% weakening would have caused approx. HUF 12 million loss).

A reasonably possible 1% strengthening of HUF against EUR would cause approx. HUF 14 million gain in the net balance of financial assets and liabilities (2021: 2% strengthening would have caused HUF 12 million gain).

This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

The foreign exchange exposure arising from the net position denominated in other foreign currencies is not material.

Management's estimations on the possible change of exchange rates are based on the historical time series of the Hungarian National Bank.

(b) Other price risk

The Company's exposure to other price risk is immaterial. The Company is not exposed to significant commodity price risk.

(c) Interest rate risk

The Company has interest-bearing assets with fixed interest rates (employee loans), which would expose the Company to some fair value interest rate risk. However, these assets are not measured at fair value through profit or loss and therefore, a change in interest rates at the reporting date would not affect profit or loss.

The Company does not have loans received on 31 March 2022.

(ii) Credit risk

Credit risk is the risk of counterparties defaulting. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are carried in the statement of financial position.

The Company is exposed to significant concentration of credit risk related to trade receivables with respect to customers.

Exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount at 31 March 2022	Carrying amount at 31 March 2021
Hungary	2 874	2 080
Europe	281	285
Other	43	45
TOTAL	**3 198**	**2 410**

Invoices are usually payable by customers within 30 days after delivery.

The Company does not require additional (other than credit insurance) collateral in respect of trade receivables. The Company does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

Zwack Unicum Plc., manages credit risk through insuring, major part of trade receivables by financial institutions in 95% of the individual amounts of receivables from customers. At 31 March 2022 HUF 2 928 million (HUF 2 136 million in 31 March 2021) worth of accounts receivables was insured with a financial institution which is rated "A" as per A.M.B.

The Company considers that arranging credit insurance agreements and historically the non-payment of trade receivables was low, are effective enough to mitigate credit risk.

As the Company places its most cash and cash equivalents and bank deposits with major credit institutions, which are rated at least "BBB" as per S&P and Fitch.

The Company uses an allowance matrix to measure the ECLs of trade receivables.

The following tables give information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2022 and 31 March 2021.

31 March 2022	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Not past due	0.00%	3 142	0	No
1–30 days past due	2.00%	48	0	No
31–60 days past due	15.00%	8	0	No
61–90 days past due	25.00%	0	0	No
91-120 days past due	50.00%	0	0	Yes
121-180 days past due	75.00%	0	0	Yes
More than 180 days past due	100.00%	0	0	Yes
TOTAL		**3 198**	**0**	

31 March 2021	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Not past due	0.00%	2 366	0	No
1–30 days past due	2.00%	44	0	No
31–60 days past due	15.00%	0	0	No
61–90 days past due	25.00%	0	0	No
91-120 days past due	50.00%	0	0	Yes
121-180 days past due	75.00%	0	0	Yes
More than 180 days past due	100.00%	1	1	Yes
TOTAL		**2 411**	**1**	

ECL amounts are based on delinquency status and actual credit loss experience over the past two years and taking into consideration the potential effects of COVID-19. In the calculation of ECL amount we have also taken into consideration that trade receivables are insured and insurances are integral parts of the receivables.

Employee loans and other financial receivables are not past due and no impairment was recognised for these assets.

Movements of impairment of financial assets are as follows.

IMPAIRMENT OF RECEIVABLES	DOMESTIC TRADE RECEIVABLES *(HUF mill)*	FOREIGN TRADE RECEIVABLES *(HUF mill)*	RELATED PARTIES RECEIVABLES *(HUF mill)*	OTHER FINANCIAL RECEIVABLES *(HUF mill)*	TOTAL *(HUF mill)*
1 APRIL 2020	**2**	**0**	**4**	**22**	**28**
Reversal	(2)	0	(4)	0	(6)
Impairment loss	1	0	0	6	7
Write-off	0	0	0	0	0
31 MARCH 2021	**1**	**0**	**0**	**28**	**29**
1 APRIL 2021	**1**	**0**	**0**	**28**	**29**
Reversal	(1)	0	0	(28)	(29)
Impairment loss	0	0	0	0	0
Write-off	0	0	0	0	0
31 MARCH 2022	**0**	**0**	**0**	**0**	**0**

The following table summarizes the collaterals held by the Company.

GUARANTEE RECEIVED CONTENT	TYPE	GUARANTEE	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*	FALLING DUE
Guarantee of employee's housing loans	mortgage	employer	2	3	expiry of contract

(iii) Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, cash equivalents and term deposits as well as available funding through adequate amount of committed credit lines. Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

The Company has ongoing overdraft facilities of HUF 2 140 million as of 31 March 2022 (2021: HUF 2 140 million). The other remaining facilities represent regular bank loan facilities available to the Company.

BANK	FACILITY *(HUF mill)*	CONSISTS OF: FACILITY OF BANK OVERDRAFTS *(HUF mill)*	INTEREST RATE	CONSISTS OF: OTHERS *(HUF mill)*	MATURITY	31 MARCH 2022 *(HUF mill)*
Erste Bank Nyrt.	2 500	720	1 Month BUBOR+0.40%	1 780	31 December 2099	0
K&H Bank Zrt.	2 300	700	O/N* BUBOR+0.55%	1 600	31 December 2049	0
UniCredit Bank Zrt.	2 500	720	1 Month BUBOR+0.50%	1 780	30 December 2050	0
	7 300	**2 140**		**5 160**		**0**

BANK	FACILITY *(HUF mill)*	CONSISTS OF: FACILITY OF BANK OVERDRAFTS *(HUF mill)*	INTEREST RATE	CONSISTS OF: OTHERS *(HUF mill)*	MATURITY	31 MARCH 2021 *(HUF mill)*
Erste Bank Nyrt.	2 500	720	1 Month BUBOR+0.40%	1 780	31 December 2099	1 250
K&H Bank Zrt.	2 300	700	O/N* BUBOR+0.55%	1 600	31 December 2049	0
UniCredit Bank Zrt.	2 500	720	1 Month BUBOR+0.50%	1 780	30 December 2050	0
	7 300	**2 140**		**5 160**		**1 250**

*O/N: Overnight, daily BUBOR

The following two tables summarize the maturity structure of the Company's financial liabilities. Amounts are undiscounted, and include contractual interest payments as of 31 March 2022 and as of 31 March 2021.

FINANCIAL LIABILITIES 31 MARCH 2022	LESS THAN 1 YEAR *(HUF mill)*	OVER 1 YEAR *(HUF mill)*	TOTAL *(HUF mill)*
Domestic trade payables	749	0	749
Foreign trade payables	513	0	513
Related parties payables	769	0	769
Total trade and other payables	**2 031**	**0**	**2 031**
Short term loans	0	0	0
Other financial liabilities	1 225	0	1 225
Total financial liabilities excluding leases	**3 256**	**0**	**3 256**
Lease liabilities (with finance charges)	20	29	49
TOTAL FINANCIAL LIABILITIES	**3 276**	**29**	**3 305**

FINANCIAL LIABILITIES 31 MARCH 2021	LESS THAN 1 YEAR *(HUF mill)*	OVER 1 YEAR *(HUF mill)*	TOTAL *(HUF mill)*
Domestic trade payables	554	0	554
Foreign trade payables	307	0	307
Related parties payables	670	0	670
Total trade and other payables	**1 531**	**0**	**1 531**
Short term loans	1 250	0	1 250
Other financial liabilities	773	0	773
Total financial liabilities excluding leases	**3 554**	**0**	**3 554**
Lease liabilities (with finance charges)	15	40	55
TOTAL FINANCIAL LIABILITIES	**3 569**	**40**	**3 609**

The other liabilities consist of primarily accruals of expenses arising from normal course of business and accruals of amounts payable (due) to customers.

(b) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

Share-based payment liabilities are valued at fair value using the end of year market price (Level 1).

As of 31 March 2022 and 31 March 2021, the Company does not have financial instruments measured at fair value.

For financial instruments not measured at fair value, the Company determines the fair values only for disclosure purposes with the methods described below.

The fair value of the lease liabilities is measured using discounted cash flow method. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value determination of the lease liabilities is categorized as level 2 at 31 March 2022 and 31 March 2021. The fair value of the lease liabilities is HUF 43 million (2021: HUF 54 million).

Cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities have short maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

(c) Capital management

By managing capital structure, the goal of the Company is to keep the capacity for continuous operation, to make profit for the shareholders and its other concerned Companies, and to maintain a capital structure that is expected by the shareholders for reducing capital costs.

In order to maintain or adjust the capital structure, in accordance with the statutes the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company continuously monitors whether it meets the requirements of laws and regulations applicable in Hungary. The Company complied with the capital requirements imposed by the Civil Code in the financial years ended 31 March 2022 and 2021.

The capital, which the Company manages, amounted to HUF 8 812 million at 31 March 2022 (31 March 2021: HUF 7 012 million) comprising solely owner's equity and the Company does not use any long term loans or borrowings.

Note 5 – PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDING (HUF mill)	PLANT AND EQUIPMENT (HUF mill)	RIGHT-OF-USE ASSETS (HUF mill)	OTHER ASSETS (HUF mill)	TOTAL (HUF mill)
YEAR ENDED 31 MARCH 2021					
Opening carrying amount	1 589	1 178	30	539	3 336
Additions	75	257	16	314	662
Disposals	0	(5)	0	(43)	(48)
Depreciation charge	(77)	(185)	(2)	(244)	(508)
- including: Impairment loss	0	0	0	0	0
Closing carrying amount	**1 587**	**1 245**	**44**	**566**	**3 442**
AT 31 MARCH 2021					
Cost	3 946	4 084	139	2 506	10 675
Accumulated depreciation	2 359	2 839	95	1 940	7 233
Net carrying amount	**1 587**	**1 245**	**44**	**566**	**3 442**
YEAR ENDED 31 MARCH 2022					
Opening carrying amount	1 587	1 245	44	566	3 442
Additions	29	145	17	273	464
Disposals	0	(13)	0	(21)	(34)
Depreciation charge	(78)	(210)	(31)	(244)	(563)
- including: Impairment loss	0	(2)	0	0	(2)
Closing carrying amount	**1 538**	**1 167**	**30**	**574**	**3 309**
AT 31 MARCH 2022					
Cost	3 941	4 152	156	2 516	10 765
Accumulated depreciation	2 403	2 985	126	1 942	7 456
Net carrying amount	**1 538**	**1 167**	**30**	**574**	**3 309**

Assets in course of construction and not yet ready for use amounted to HUF 72 million (31 March 2021: HUF 7 million) and are included in the related categories (HUF 4 million in intangible assets, HUF 68 million in plant and equipment).

The Company does not have any significant borrowings and therefore no borrowing cost is capitalised as part of the cost of property, plant and equipment.

The right-of-use asset relates to leases of tools (see Note 2 (s) (4)).

Note 6 – INTANGIBLE ASSETS

	TRADEMARKS LICENCES AND OTHERS (HUF mill)	INTELLECTUAL PROPERTY (HUF mill)	TOTAL (HUF mill)
YEAR ENDED 31 MARCH 2021			
Opening net book amount	75	27	102
Additions (purchases)	6	23	29
Disposals	(12)	0	(12)
Amortisation	(13)	(21)	(34)
Closing net book amount	**56**	**29**	**85**
AT 31 MARCH 2021			
Cost	303	785	1 088
Accumulated depreciation	247	756	1 003
Net carrying amount	**56**	**29**	**85**

	TRADEMARKS LICENCES AND OTHERS *(HUF mill)*	INTELLECTUAL PROPERTY *(HUF mill)*	TOTAL *(HUF mill)*
YEAR ENDED 31 MARCH 2022			
Opening net book amount	56	29	85
Additions (purchases)	10	17	27
Disposals	(1)	0	(1)
Amortisation	(11)	(22)	(33)
Closing net book amount	**54**	**24**	**78**
AT 31 MARCH 2022			
Cost	223	779	1 002
Accumulated depreciation	169	755	924
Net carrying amount	**54**	**24**	**78**

Intellectual property includes mainly software.
The Company has no internally developed intangible assets.

Note 7 – INVESTMENT IN ASSOCIATE

NAME	NATURE OF BUSINESS	HOLDING %	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Morello Kft. (8200 Veszprém, Kórház u. 2.)	Fruit production, processing	35.43	0	16
			0	**16**

The Company sold its investment in associate (Morello Kft) in April 2021.

Note 8 – EMPLOYEE LOANS

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Employee loans	**1**	**0**

The effective interest rate used in the calculation was 6.3 %.

Note 9 – INVENTORIES

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Raw materials and consumables	812	673
Semi-finished and finished products	1 731	1 529
Purchased goods	597	598
	3 140	**2 800**

Inventories of HUF 6 561 million (31 March 2021: HUF 5 149 million) were recognised as an expense during the year and included in 'Material type expenses'. Change in the value of inventories of own products recognized in 'Material type expenses' amounts to HUF 202 million (2021: HUF 65 million).

The carrying amount of inventories carried at fair value less costs to sell at 31 March 2022 amounts to HUF 28 million (31 March 2021: HUF 69 million).

The accumulated write down for obsolete and slow-moving stock at 31 March 2022 amounts to HUF 36 million (31 March 2021: HUF 95 million). Write-down of HUF 6 million and reversal of write-down of HUF 65 million was recognised during the year and they are included in 'Material type expenses'. Last year's inventory write-down related mainly due to effects resulting from Covid-19 – change in the circumstances led to the reversal of the write down.

Note 10 – TRADE AND OTHER RECEIVABLES

	31 MARCH 2022 (HUF mill)	31 MARCH 2021 (HUF mill)
Trade receivables	3 198	2 410
Employee loan	1	3
Other financial receivables	69	53
TOTAL FINANCIAL RECEIVABLES	**3 268**	**2 466**
Overpayment of tax	0	77
Other receivables	35	30
Prepayments	79	44
	3 382	**2 617**

The impairment loss on trade and other receivables is disclosed in Note 4 (a).

Related party receivables are disclosed in Note 21.

Note 11 – CASH AND CASH EQUIVALENTS

	31 MARCH 2022 (HUF mill)	31 MARCH 2021 (HUF mill)
Cash at bank and in hand	529	739
Short term bank deposit	4 550	3 250
	5 079	**3 989**

Note 12 – NON-CURRENT OTHER LIABILITIES

	31 MARCH 2022 (HUF mill)	31 MARCH 2021 (HUF mill)
Lease liabilities	24	39
FINANCIAL LIABILITIES	**24**	**39**
Accrual for jubilee payments	415	393
Accrual for payment upon reaching retirement age	119	99
	558	**531**

Lease liabilities
Lease liabilities relate to leases of tools, see Note 2 (s) (4).
Lease agreements have a term of 2-10 years.

LEASE LIABILITIES	31 MARCH 2022 (HUF mill)	31 MARCH 2021 (HUF mill)
No later than 1 year	20	15
Later than 1 year and no later than 5 years	29	40
MINIMUM LEASE PAYMENTS	**49**	**55**
Future finance charges	(6)	(1)
PRESENT VALUE OF LEASE LIABILITIES	**43**	**54**

PRESENT VALUE OF LEASE LIABILITIES	31 MARCH 2022 (HUF mill)	31 MARCH 2021 (HUF mill)
No later than 1 year	19	15
Later than 1 year and no later than 5 years	24	39
	43	**54**

Reconciliation of movements of liabilities to cash flows arising from financing activities	2022 *(HUF mill)*	2021 *(HUF mill)*
BALANCE AT 1 APRIL	54	41
Payment of lease liabilities	(29)	(6)
Total changes from financing cash flows	**(29)**	**(6)**
The effect of changes in foreign exchange rates	1	3
New leases	17	16
BALANCE AT 31 MARCH	43	54

Note 13 – TRADE AND OTHER CURRENT LIABILITIES AND SHORT TERM LOANS

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Trade and other payables including accrued expenses	2 475	1 689
Lease liabilities	19	15
Amounts payable (due) to customers	781	614
Payable to owners	0	1
TOTAL FINANCIAL LIABILITIES	**3 275**	**2 319**
Wage and salary	592	594
Share-based payment liabilities	216	231
Value added and excise tax	1 285	904
Current taxes	167	0
Other taxes	85	90
Amount of deferred income	94	104
Other non-financial liabilities	8	13
	5 722	**4 255**

The Hungarian Ministry of Foreign Affairs and Trade (KKM) awarded the Company a non-repayable grant to increase competitiveness amounting to HUF 106 million on 9 June 2020. The grant follows from the Ministry's invitation to proposals, which was entitled "Invigorating the Economy amidst the Current COVID-19 Epidemic". The invitation to proposals was promulgated in Decree 7/2020 (16 April) of the Ministry of Foreign Affairs and Trade.

The Decree provides that the grant to increase competitiveness shall be spent on fixed assets. The Company used it as a co-financing instrument to purchase a packaging and palletizing machine to be installed in its plant at Dunaharaszti. During the first quarter of 2021 the new machines were test-run and then put into regular operation. Amount of the grant to the project amounted to 50% of its value.

The grant related to the asset is presented gross in the financial statements – amount of the grant has been deferred, and is recorded in profit or loss over the useful life of the depreciable asset and presented as Other operating income at 31 March 2022 in the amount of HUF 10 million (31 March 2021: 2 million).

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Short term loans	0	1 250
	0	**1 250**

Reconciliation of loan acquired to cash flows arising from financing activities	2022 *(HUF mill)*	2021 *(HUF mill)*
BALANCE AT 1 APRIL	**1 250**	**1 250**
Loan acquired	1 500	1 250
Payment of loans	(2 750)	(1 250)
Total changes from financing cash flows	**(1 250)**	**0**
The effect of changes in interest rate	0	0
Other changes	0	0
BALANCE AT 31 MARCH	**0**	**1 250**

Note 14 – **PROVISIONS**

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Provisions	0	10

	OTHER *(HUF mill)*	TOTAL *(HUF mill)*
1 APRIL 2021	**10**	**10**
Additions	0	0
Utilised	(10)	(10)
31 MARCH 2022	**0**	**0**

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Current	0	10
	0	**10**

Note 15 – **REVENUE**

	2022 *(HUF mill)*	2021 *(HUF mill)*
Revenue, gross of excise tax and public health product tax	31 326	24 259
Excise tax	(8 464)	(6 925)
Public health product tax	(5 171)	(4 251)
REVENUE, NET OF EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX	**17 691**	**13 083**

The basis of calculation of excise tax is the alcohol content of the products multiplied by a fixed rate. The excise tax rate for alcohol products is 3 334 HUF/hlf (percentage alcohol content per hectolitre). The Company is subject to public health product tax with respect to herbal spirit products. The basis of calculation of the public health product tax is quantities sold. The rate of the tax is determined based on ranges in the alcohol content.

Amounts paid to the customers (merchants) for positioning the products on eye-catching or prime shelf places, putting them in gondolas at the checkout counters, or putting ads in advertising brochures, are treated as variable consideration in determining the transaction price and rebates during the year amounted to HUF 3 778 million (2021: HUF 2 846 million).

Revenue by geographical markets:

	2022 *(HUF mill)*	2021 *(HUF mill)*
Hungary - including Duty free	15 700	11 428
Europe	1 829	1 499
Other	162	156
REVENUE	**17 691**	**13 083**

Major product groups:

	Traded products 2022 *(HUF mill)*	Traded products 2021 *(HUF mill)*	Own produced 2022 *(HUF mill)*	Own produced 2021 *(HUF mill)*	Total 2022 *(HUF mill)*	Total 2021 *(HUF mill)*
Product group revenue	4 030	2 815	13 661	10 268	**17 691**	**13 083**

Note 16 – **EMPLOYEE BENEFITS EXPENSE**

	2022	2021
The average number of persons employed	254	244

THE TOTAL COST OF THEIR REMUNERATION AMOUNTED TO	2022 *(HUF mill)*	2021 *(HUF mill)*
Wages and salaries (including bonus payments)	2 633	2 451
Share-based payment (see Note 22)	9	(30)
Expenses related to jubilee payments	74	95
Expenses related to payments upon reaching retirement age	22	20
Social security contributions	412	457
	3 150	**2 993**

Note 17 – OTHER OPERATING EXPENSES

	2022 *(HUF mill)*	2021 *(HUF mill)*
Advertising costs	2 265	1 139
Marketing costs	379	327
Transport costs	336	249
Warehousing costs	299	274
Other operating expenses, net	285	290
- including: Impairment loss on trade receivables and contract assets	0	7
Expert fees	214	224
Maintenance costs	200	142
Security charges	108	105
Sport donation	94	44
Other taxes	81	92
Insurances	71	60
Operating costs	47	33
Scrap, shortage and disposal of property, plant and equipment	20	5
Rental fees	4	4
Other fee	1	4
	4 404	**2 992**

Other operating expenses, net, include authority fees, educational expenditures and other overheads. Warehousing costs do not contain a lease.

Expenses recognized relating to short-term leases and leases of underlying assets with low value (rental fee) amounted to HUF 4 million (2021: HUF 4 million):

	2022 *(HUF mill)*	2021 *(HUF mill)*
Short term leases	3	3
Leases of low value assets	1	1
	4	**4**

Note 18 – OTHER OPERATING INCOME

	2022 *(HUF mill)*	2021 *(HUF mill)*
Reimbursement of marketing expenses	623	309
Gain on sale of property, plant and equipment	43	22
Foreign exchange gains, net	7	31
	673	**362**

Note 19 – NET FINANCIAL INCOME (COST)

	2022 *(HUF mill)*	2021 *(HUF mill)*
Interest income	80	19
Profit from the sale of investment in associate	45	0
Interest on lease liabilities	(1)	4
Other interest expenses	(15)	(30)
NET FINANCIAL INCOME	**109**	**(7)**

Profit from the sale of investment in associate consists of the result from the sale of Morello Kft.

Note 20 – **INCOME TAX**

	2022 *(HUF mill)*	2021 *(HUF mill)*
Current corporate income tax	208	92
Local business tax and innovation contribution	348	253
CURRENT TAX	**556**	**345**
Deferred tax	6	(1)
INCOME TAX EXPENSE	**562**	**344**

The corporate income tax rate is 9% (2021: 9%), the local business tax rate is 2% and 1.8% depending on the location of the facility (2021: 2% and 1.8%) and the innovation contribution tax rate is 0.3% (2021: 0.3%).

Reconciliation of the income tax expense calculated based on profit before tax and the income tax expense recognized:

	2022 *(HUF mill)*	2021 *(HUF mill)*
Profit before tax	3 762	1 780
Tax using the Company's domestic corporate income tax rate of 9%	339	160
Local business tax and innovation contribution	348	253
Tax exempt income	(39)	(35)
Sport donations	(94)	(44)
Non-deductible expenses	8	10
Income tax expense	**562**	**344**

Certain sport or performing arts donations are tax deductible expenses under Hungarian Corporate income tax law and the payment is also deductible from income tax payable as a tax credit. Such donations are recognised in 'other operating expense'.

The Company paid sport donations that are deductible for corporate income tax purposes in the amount of HUF 94 million during the year, (2021: HUF 44 million).

The Company's deferred tax balances are as follows:

	31 MARCH 2022 *(HUF mill)*	PROFIT AND LOSS EFFECT *(HUF mill)*	31 MARCH 2021 *(HUF mill)*	PROFIT AND LOSS EFFECT *(HUF mill)*	31 MARCH 2020 *(HUF mill)*
Different depreciation of property, plant and equipment	46	(5)	51	(7)	58
Different impairment of accounts receivable	0	(3)	3	0	3
Provisions	0	(1)	1	(2)	3
Other (jubilee, holiday accrual)	57	3	54	10	44
TOTAL DEFERRED TAX ASSETS	**103**	**(6)**	**109**	**1**	**108**

Under Hungarian law, tax returns are never formally agreed by the tax authority and a system of self-assessment operates. Under this system, tax years are left open for six years and can be subject to a full audit by the tax authority after the end of the financial year.

Note 21 – RELATED PARTY TRANSACTIONS

The Company carried out the following transactions with related parties (HUF million):

31 MARCH 2022	RECEIVABLE FROM	PAYABLE TO	REVENUES	OTHER OPERATING INCOME	GOODS PURCHASED	SERVICES RECEIVED
Zwack-Underberg Group	0	0	298	0	0	124
Diageo Scotland Ltd.	107	0	0	615	(322)*	0
Diageo North America Inc.	0	0	0	0	0	0
Diageo Brands B.V.	0	769	0	0	2 995	0
Dobogó Pincészet Kft.	0	0	0	0	15	0
Szecskay Ügyvédi Iroda	0	0	0	0	0	15
TOTAL	**107**	**769**	**298**	**615**	**2 688**	**139**

31 MARCH 2021	RECEIVABLE FROM	PAYABLE TO	REVENUES	OTHER OPER-ATING INCOME	GOODS PURCHASED	SERVICES RECEIVED
Zwack-Underberg Group	0	114	337	0	0	96
Diageo Scotland Ltd.	143	0	0	298	(368)*	0
Diageo North America Inc.	0	0	32	0	0	0
Diageo Brands B.V.	0	556	0	0	2 498	0
Dobogó Pincészet Kft.	0	0	0	0	4	0
Szecskay Ügyvédi Iroda	0	0	0	0	0	43
TOTAL	**143**	**670**	**369**	**298**	**2 134**	**139**

Diageo Group has a 26% interest in Zwack Unicum Plc. through its fully owned subsidiary (Diageo Holdings Netherlands B.V.). Zwack Unicum Plc. is the sole distributor of Diageo spirits in Hungary and also provides marketing services to the Diageo Group.

Trading parties of Diageo:

- Marketing services are provided to Diageo Scotland Ltd. from 1 July 2004. *See for details Note 2 (k).

- Spirits are purchased from Diageo Brands B.V. from 1 July 2004.

Zwack-Underberg Group consists of entities which are owned by the family members of Zwack or Underberg family. The business relations with the Zwack and Underberg Group include distribution of products, providing marketing and various expert services. Dr Hubertine Underberg-Ruder is member of the Underberg family, Chairwoman of the Supervisory Board.

PZ HAG has no business relationship with the Company.

Dobogó Pincészet Kft. (owned by Zwack family) sells own produced wines to the Company, and pays for the marketing expenses that are incurred on its behalf by the Company.

Szecskay Iroda acts as the legal representative of the Company in all significant matters and Dr Szecskay András is a member of the Supervisory Board.

KEY MANAGEMENT COMPENSATION	2022 *(HUF mill)*	2021 *(HUF mill)*
Short term benefits	504	500
Social security contribution of short term benefits	55	63

There was no contractual termination benefit paid to key management during either in the year ending on 31 March 2022 or 2021.

In November 2007 the Company issued 35 000 redeemable liquidity preference shares to its senior managers for a value of HUF 35 million, which shares provide the Company with a call option and the registered holders of such share with a put option as well as a liquidation preference. This is a cash-settled share-based compensation plan with an original vesting period of 10 years.

As the ten-year vesting period has elapsed for all those concerned, when assessing the program-related obligations, the relevant provisions of the Company's Memorandum and Articles of Association (Article 5.7.4 (V)) have been taken into account.

Total liabilities arising from share-based payment transactions amounted to HUF 216 million as at 31 March 2022 (31 March 2021: HUF 231 million) which includes the value of redeemable preference shares (classified as other financial liabilities in accordance with IAS 32) and the accumulated expenses. The fair value of the employees' services received in exchange for the grant of the options was recognised as an expense over the vesting period.

No option was exercised by 31 March 2022. At each reporting date, the Company re-measures the fair value of the liability and recognises the impact in profit or loss for the year and presents it in 'employee benefits expense'. HUF 15 million was recognised as an income in the current financial year relating to the option plan as remeasurement (2021: HUF 41 million as an expense).

Dividends paid for redeemable liquidity preference shares granted to the Company's employees are included in short term benefits and recognised as an expense in profit or loss and presented in 'employee benefits expense'.

Note 22 – **CONTINGENT LIABILITIES**

At 31 March 2022 the Company had contingent liabilities amounting to HUF 600 million in respect of bank guarantees arising from regulatory obligation (customs bond of untaxed excise products). The Company anticipates that no material liabilities will arise from this obligation.

Note 23 – **SEGMENT REPORTING**

The Company has determined that it has no separate operating segments but rather the whole Company can be deemed as one operating segment.

The balances reviewed by the Chief Operating Decision Maker include revenue, depreciation and amortisation, interest income and expense, income tax expense and profit for the year all of which are disclosed as part of the Statement of comprehensive income.

Revenue analysed by geographical areas and product groups are disclosed in Note 15. All property, plant and equipment and intangible assets of the Company are located in Hungary, all right of use assets are located in EU.

Note 24 – **SUBSEQUENT EVENTS**

The Company proposes to pay dividends for the financial year ended 31 March 2022, which is subject to approval by the forthcoming Annual General Meeting. The amount of dividend proposed by the Board of Directors amounts to HUF 3 000 million (1 500 HUF/share).

Note 25 – ADDITIONAL PRESENTATIONS ACCORDING TO HUNGARIAN ACCOUNTING REGULATIONS

a.) Person responsible for supervising transactional accounting and preparation of IFRS financial statements:

Name: Tibor András Dörnyei

Registration number: 161317

b.) Persons responsible for signing the annual financial statements:

Katalin Hollósi (1118 Budapest, Povl Bang Jensen u. 2/B)

Balázs Szűcs (2457 Adony, Rákóczi u. 10.)

based on the power of attorney provided by:

Sándor Zwack (1026 Budapest, Hidász u. 8.)

Frank Odzuck (1121 Budapest, Csillagvölgyi út 4/F.)

c.) Auditor

These financial statements are required to be audited in accordance with the Hungarian Accounting Law.
Fees charged by the auditor for the audit of these financial statements amounts to HUF 22 million. No other fees were charged by the auditor.

d.) Reconciliation of equity

In accordance with paragraph 114/B of the Hungarian Accounting Law, the financial statements include a reconciliation of the equity per financial statement prepared in accordance with IFRS principles and the equity per Hungarian Accounting Law.

Equity reconciliation for differences between IFRS equity presented in these financial statements and equity per Hungarian Accounting Law:

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Section 114 B (4) Equity under IFRS		
Share capital	2 000	2 000
Reserves	3 612	3 576
Profit/(loss) for the year	3 200	1 436
TOTAL EQUITY	**8 812**	**7 012**
Section 114 B (4) a) Equity		
Equity under IFRS	8 812	7 012
Supplementary payments received presented as liabilities under IFRS	–	–
Supplementary payments made presented as assets under IFRS (-)	–	–
Amount of deferred income from cash, assets received and transferred to the capital reserve under legislation	–	–
Amount of receivables from owners arising from capital contribution classified as equity instrument (-)	–	–
TOTAL EQUITY	**8 812**	**7 012**
Section 114 B (4) b) Share capital under IFRS		
Share capital according to the effective articles of association if classified as an equity instrument	2 000	2 000
TOTAL SHARE CAPITAL	**2 000**	**2 000**
Section 114 B (4) c) Registered but unpaid capital		
Unpaid share capital under IFRS	–	–
Section 114 B (4) d) Capital reserve		
Sum of all equity components that are not considered as share capital, registered but unpaid capital, retained earnings, revaluation reserve, profit/(loss) for the year or tied-up reserve	165	165
TOTAL CAPITAL RESERVE	**165**	**165**

	31 MARCH 2022 *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Section 114 B (4) e) Retained earnings		
Accumulated profits after tax of previous' years under IFRS that have not been distributed to owners yet	3 447	3 411
Amounts debited or credited directly to retained earnings under IFRS (+/-)	–	–
Amounts transferred from share capital or capital reserve to cover losses (+)	-	-
Any amounts transferred from other reserves, the transfer of which is required or allowed by IFRS (+)	-	-
Supplementary payments made presented as assets under IFRS (-)	–	–
Unused reserve for development purposes (-)	–	–
Deferred tax on unused reserve for development purposes under IAS 12 (+)	-	-
TOTAL RETAINED EARNINGS	**3 447**	**3 411**
Section 114 B (4) f) Revaluation reserve		
Other comprehensive income in the statement of comprehensive income including accumulated other comprehensive income and other comprehensive income for the current year	–	–
Amount of revaluation reserve recognized before transition to IFRS	–	–
TOTAL REVALUATION RESERVE	**–**	**–**
Section 114 B (4) g) Profit for the year		
Net profit or loss after tax from continuing and discontinued operations presented in the profit or loss section of the statement of comprehensive income	3 200	1 436
Amounts recognized in profit or loss under the Hungarian Accounting Law that are recognized in equity under IFRS, especially grants, cash given or received for no consideration (+)	-	-
TOTAL PROFIT FOR THE YEAR	**3 200**	**1 436**
Section 114 B (4) h) Tied-up reserve		
Supplementary payments received presented as liabilities under IFRS	–	–
Unused reserve for development purposes (+)	–	–
Deferred tax on unused reserve for development purposes under IAS 12 (-)	-	-
TOTAL TIED-UP RESERVE	**–**	**–**
Section 114 B (5) a) Reconciliation of registered capital with the share capital under IFRS		
Registered share capital	2 035	2 035
Share capital under IFRS	2 000	2 000
DIFFERENCE (REDEEMABLE LIQUIDITY PREFERENCE SHARES AT NOMINAL VALUE)	**35**	**35**
Section 114 B (5) b) Retained earnings available for distribution		
Retained earnings (including the net profit after tax for the last financial year closed with annual financial statements)	6 647	4 847
Accumulated, unrealized gain from the increase of fair value of investment properties under IAS 40 (-)	–	–
Deferred tax on the accumulated, unrealized gain from the increase of fair value of investment properties under IAS 40 (+)	-	-
RETAINED EARNINGS AVAILABLE FOR DISTRIBUTION	**6 647**	**4 847**

INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To the shareholders of Zwack Unicum Nyrt.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements for the financial year between 1 April 2021 and 31 March 2022 of Zwack Unicum Nyrt. ("the Company") included in the digital files 2138003326LXAD58SW93-20220331.xhtml[1] which comprise the separate statement of financial position as at 31 March 2022, with total assets of MHUF 15,092, the separate statement of comprehensive income, with profit for the year of MHUF 3,200, and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRSs") and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the separate financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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[1] digital identification of filename.xhtml separate financial statements wiht SHA 256 HASH Algorithm: 470f8e87503fc92675279359fb51b01bcfb6c5c07283e393edf914b5eb252106

This is an English translation of the Independent Auditors' Report on the 2022 separate financial statements of the Zwack Unicum Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.
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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Completeness and accuracy of customer incentives

As at 31 March 2022, amounts payable (due) to customers: HUF 781 million.

For more detailed information refer to Note 2 (s) (3) and Note 13 to the financial statements.

The key audit matter	*How the matter was addressed in our audit*
Amounts payable (due) to customers amount to HUF 781 million in the statement of financial position as at 31 March 2022. The majority of these liabilities arises from amounts that are payable to customers relating to sales incentives that are recognized as a reduction of the transaction price. The end of the Company's reporting period is 31 March, while sales agreements with customers are concluded annually mainly for the calendar year. Therefore, the Company needs to estimate the sales incentives including volume rebates that the customer will be entitled to receive for its purchases made in the first calendar quarter, which are determined based on the total purchases made in the full calendar year. Furthermore, in certain cases the Company has not finalized its agreements upon the annual terms and conditions of the sales incentives by the date the Company's financial statements were authorized for issue. As customers have valid expectation that the Company will continue to offer sales incentives, the consideration for the purchases made by customers in the last quarter of the Company's financial year includes the best estimate of such sales incentives. Due to the judgement required as well as estimation uncertainty involved in the determination of the amounts payable to customers relating to sales incentives, we considered this area as a key audit matter.	We performed the following procedures amongst others: • we tested selected controls over approval of sales incentives; • we compared prior year estimate of sales incentives payable to customers to actual payments; • for a sample of agreements with customers we compared the actual sales realized in the calendar year 2021 to the prior year estimate developed by the Company in order to assess the Company's estimation accuracy; • when the prior period estimate of accrued sales incentive was not based on signed agreements with customers, we compared the terms and conditions used in prior year estimate to subsequently signed contracts on a sample basis; • we evaluated the accuracy of data used in the estimate of sales incentives by reference to the underlying sales agreements on a sample basis; • based on the results of the preceding procedure we recalculated the sample of sales incentives due to customers and compared to the estimate made by the Company.

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Other Matter

Management is responsible for the presentation of the separate financial statements in a format that complies with the requirements set out in the Regulation (EU) No 815/2019 of 17 December 2018 (the "ESEF Regulation"). Our audit solely covered the human-readable content of the digital file containing the separate financial statements, which is electronically identified in our report. The scope of our audit did not include examining and expressing an opinion on whether the digitized information has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation. Accordingly, we do not express such an opinion.

Other Information

The other information comprises the annual report (including the business report and management report) of the Company for the period between 1 April 2021 and 31 March 2022. Management is responsible for the other information, including the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements, if any.
Our opinion on the separate financial statements expressed in the Opinion section of our report does not cover the business report, the management report and the other parts of the annual report.We do not express any form of assurance conclusion on the annual report except for the business report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements, including the assessment of whether the business report has been prepared in accordance with Section 95/B (2) e) and f) of the Act on Accounting and expressing an opinion on this and whether the business report is consistent with the separate financial statements.

With respect to the business report, based on the Act on Accounting, we are also responsible for checking that the information referred to in Section 95/B (2) a)-d), g) and h), Section 95/C of the Act on Accounting has been provided in the business report.

In our opinion the business report of the Company for the financial year between 1 April 2021 and 31 March 2022 is consistent, in all material respects, with its separate financial statements for the financial year between 1 April 2021 and 31 March 2022 and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the content of the business report, therefore, we do not express an opinion in this respects.

We confirm that the information referred to in Section 95/B (2) a)-d), g) and h) has been provided in the business report. The Company is exempt from providing information referred to in Section 95/C of the Act on Accounting.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatement in the business report, and if so, the nature of such misstatement. We have nothing to report in this regard.

Moreover, if, based on the work we have performed, we conclude that there is a material misstatement of the other parts of the annual report, (including the management report) other than the business report, we are required to report that fact. We have nothing to report in this regard either.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with EU IFRSs and for the preparation of the financial statements in accordance with provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of the Act on Accounting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by the Board of Directors acting in the competence of general meeting on 25 June 2020 to audit the separate financial statements of the Company for the financial year ended 31 March 2022. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 March 2019 to 31 March 2022.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 16 May 2022;

• we have not provided to the Company prohibited non-audit services (NASs) as set out by Article 5(1) of Regulation (EU) No 537/2014 and in terms of the member state derogations by the Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors in force in Hungary. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is the signatory of this report.

Budapest, 24 May 2022

KPMG Hungária Kft.

Registration number: 000202

Rózsai Rezső

Digitally signed by Rózsai Rezső
Date: 2022.05.24 14:07:06 +02'00'

Rezső Rózsai
Partner, Professional Accountant
Registration number: 005879

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FRANK ODZUCK
Chief Executive Officer

Business and management report

ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2022

1. Analysis of the Company's performance

Total gross sales of the Company were HUF 31 326 million – a year-on-year increase of 29.1% (that is, HUF 7 067 million). Net sales (sales revenues excluding excise tax and public health product tax [NETA]) were HUF 17 691 million, a year-on-year increase of 35.2% (HUF 4 608 million).

In the net domestic sales there was a year-on-year increase of HUF 4 133 million (36.1%). The net sales of own produced goods increased in the domestic market by HUF 2 918 million (by 33.8%) (it was HUF 11 546 million instead of HUF 8 628 million). Broken down, sales of premium products increased by 41.1% and those of quality products grew by 15.7%. The introduction of Unicum Barista – the youngest member of the Unicum line of products – was a key factor in the outstanding performance of the premium category. In addition, the sale of Zwack Unicum liqueur and Unicum Plum liqueur grew almost to the same degree, and the sales growth of super premium Unicum Riserva was nearly the same as the original Unicum.

The net sales revenue of traded products had a year-on-year increase of 43.2%. Broken down, the revenue of the Diageo portfolio increased by 40.6%, and the revenue of the other traded products grew by 69.1%. In the latter category wines and mineral waters contributed to growth in the same way.

Due to the Hungarian government's pandemic-related measures, during the 2020-2021 business year, the Company's net domestic sales had decreased by almost 7%. The major part of the decrease was due to plummeting sales in on-trade (Horeca) – which accounts for about half of the Company's gross sales. Soon after the restrictive measures were lifted, as from spring 2021, on-trade bounced back to its usual level and has steadily levelled off. Sales during the first quarter of calendar year 2022 once again produced outstanding results both in off-trade and on-trade. Two factors need to be considered here: demand bounced back after reopening, and certain sectors of the population had higher than usual earnings due to certain government measures.

Market research data about the retail turnover for the April 2021–March 2022 period indicate that the Hungarian taxed retail trade of spirits grew by 6.0% in volume and by 13.0% in value. In the same period the sales of Zwack Unicum Plc. in the retail sector increased by 24.6%. Overall, the sales by Zwack Unicum Plc. went up by nearly 36%, which was the combined effect of the successful introduction into retail of Unicum Barista and the bouncing back of on-trade.

Export earnings were HUF 2 116 million – a year-on-year increase of 28.9% (HUF 475 million). Export sales in the fourth quarter had a year-on-year increase of 22%. Exports to Italy and Romania accounted for almost 70% of the yearly increase. As for exports to Italy, the sale of the Unicum liqueur went up by more than 40%. As for exports to Romania, the yearly earnings shot up by 50% even though sales growth in the second half of the year was somewhat modest. Thanks to the bounceback of tourism, duty-free sales increased gradually. On a yearly basis, they were below those of pre-pandemic 2019-2020 business year level by merely 26%.

The material-type expenses increased by HUF 1 413 million (27.4%). As that figure is lower than the increase in net sales – the latter being 35.2% – the gross margin ratio has a year-on-year increase of 2.3 percentage points (62.9% instead of 60.6%). The decrease in the per-unit material cost was due to a favourable change in the product mix (the sale of high-margin goods grew steeper).

Employee benefits expense increased by HUF 157 million (5.2%). At the beginning of the business year, the Company granted an average pay hike of 4%. The effect of that move was muted by the reduction – by 1.5 percentage point – of the social contribution tax (effective as of 1 January 2022) and the cancellation of the vocational training contribution (which used to be 2.5%). Other personnel expenses (attendance of conferences, the cost of training courses, medical check-ups etc.), plus the taxes payable for them, increased the employee benefits expense by about 2.9%. By contrast, the Company's related expenses fell by HUF 54 million because the change of year-on-year obligation to pay jubilee payments and the retirement bonus decreased.

The depreciation charge showed a year-on-year increase of HUF 72 million (13.7%). Broken down, the depreciation figure for real estate, machinery and equipment went up by HUF 63 million (by 12.8%). A considerable part of that sum was accounted for by the depreciation charge of the packaging and palletizing machine installed in our plant at Dunaharaszti at the beginning of the business year. Another factor that increased the related costs was that the Company now categorizes pallets in its books as "tangible assets of minor value" and posts for them immediate depreciation.

The other operating expenses showed a year-on-year increase of HUF 1 412 million (47.2%). A considerable rise in marketing expenditure accounted for a major part of it. Unlike in the previous business year, in this business year a considerable part of the domestic marketing events did take place as in previous years. Thanks to adequate earnings in the currently closed business year, the Company could finance some major marketing activities. The export marketing expenses went up steeply (by HUF 213 million) also because our media campaign scheduled for autumn 2020 in Italy was transferred to the UEFA Euro 2020 Football Championship (held between 11 June and 11 July 2021). Other areas of operating expenses where there was higher year-on-year spending were technical maintenance, sports sponsorship that reduces the corporate income tax obligation, and transport costs (the latter caused by increase in volumes to be transported).

The other operating income increased by HUF 312 million (by 86.2%). Our revenues from marketing expenditure reimbursement shot up (owners of brands that we trade doubled their payments as compared to the corresponding period of the previous business year).

The operating income was HUF 3 653 million, which exceeded that a year before by HUF 1 866 million.

During the period under review the Company gained a net financial income of HUF 109 million. In April 2021 the Company sold Morello Kft. (Morello LLC) – which had been its associate entity. The revenue from that deal was higher than the book value of Morello. As the Company had a solid financial standing, in December 2021 the Board of Directors of the Company decided that the entire loan of HUF 1.5 billion – which had been raised to cushion operation – should be repaid earlier than scheduled. At present the Company does not have any bank loans. The balance of the interest that the Company had to pay on its loan and of the interests the Company received on its term deposits was HUF 65 million.

The Company's total income tax expense increased by HUF 218 million. The Company had to pay corporate income tax that was by HUF 116 million higher than that payable in the previous comparable period. The balance of the two sums is accounted for by an increase in both the local business tax payable on the gross margin and in the innovation contribution.

All in all, the Company's profit after taxation was HUF 3 200 million, which shows a year-on-year increase of HUF 1 764 million (122.8%) and is considerably above the target.

Taking a look at lines of the balance sheet, inventories went up by HUF 340 million (12.1%), which is due to the increase in the inventories of self-manufactured products and of their raw materials. The bulk of the increase can be ascribed to the strong rise in the cost of raw materials in the past few months and the fact that, due to unpredictable jolts in the supply chain, the Company has been forced to stockpile some raw materials to avoid temporary shortages in its finished products.

Trade and other receivables showed a year-on-year increase of HUF 765 million, and that complies with the considerable increase in sales in the latest quarter.

Trade and other liabilities showed a year-on-year increase of HUF 1 467 million. The higher sales value has incurred a higher excise tax and VAT obligation; and the higher volume of products manufactured pushed up the Company's liabilities towards suppliers.

Apart from the changes described above, there were no other major changes in the balance sheet.

2. Business environment of the Company

Zwack Unicum Plc. is the biggest player in Hungary's spirits market. As nearly 90% of its revenues are domestically generated, trends in domestic consumption are crucial for its wellbeing.

The consumption of premium alcoholic drinks had grown in Hungary in the past few years, but that tendency drastically changed due to the pandemic in 2020. Following the more than half-a-year-long lockdown of on-trade in the 2020/21 business year and the concomitant shrinking of consumption therein, presently the Company sees an uptick in the consumption of the population, which in the first quarter of calendar year 2022 was further strengthened by government measures.

3. Objectives and Strategy of the Company

The Company's primary activity is producing and selling branded premium and quality alcoholic drinks. In Hungary the principal aim of Zwack Unicum Plc. is to maintain its market leading role in spirits. Furthermore, we aim to strengthen the export markets.

In Hungary the Company is the official distributor of several international brands like the Diageo portfolio. Thus, in addition to the self-manufactured premium brands of outstanding importance in the Hungarian market (Unicum, Fütyülős, Vilmos, St. Hubertus and Kalinka), Zwack Unicum Plc.'s portfolio is enriched by world brands such as Johnnie Walker, Baileys and Captain Morgan. With such a portfolio our Company offers an impressively rich assortment of branded products for consumers.

Product innovation and successful product launch are crucial means of keeping and strengthening the market leader position. The Company has the objective of deriving at least 12% of its gross sales from exports and has the ambition to increase it. Our core export markets are Italy, Germany and Romania.

As from 1 September 2019, the Company has been using 100% green electricity. Other sustainability measures are constantly under evaluation and under execution – for the implemented sustainability measures, please, visit our sustainability report on our homepage. (https://zwackunicum.hu/en/cegunk/fenntarthatosag-napjainkban/)

In the next business year we start to invest in Dunaharaszti into geo thermal energy and we plan further steps to extend circular economy.

Also a very important part of our sustainability strategy is the satisfaction of our staff. Concerning this topic you can read more under the point "Human Resources".

4. Main Resources and Risks of the Company's Activities

Material resources

• Production, Plant and Investments

The Company has three production plants. Unicum production and part of early maturation are done in the Unicum plant in Soroksári út. The Dunaharaszti plant takes care of additional maturation and bottling of the Unicum liqueur, and also the bottling of the majority of the other products produced by the Company. The fruit palinka distillery operates in Kecskemét, and this is where the small series products are bottled.

The Company intends to maintain those three production plants in the long run. The output capacities of the plants concerned are appropriate for bulk production and bottling.

The Company started ambitiously revamping its bottling technology in its Dunaharaszti plant in 2015. Old machines in two bottling lines have been replaced by new ones. The plan was completed during the 2020/21 business year. As for planned capital expenditure in forthcoming years, energy-efficiency investments are prioritized.

• Financial position

The Company's financial position is stable and it always fulfils its financial obligations on time. Financial transactions were made by UniCredit, Erste and K&H Bank from among the largest commercial banks.

Human resources

During the business year under review the average statistical headcount stood at 254 (it was 244 last year).

We have always paid special attention to protecting the health of our employees, and that has been particularly taken care of during this pandemic. The Company has so far managed to handle the several waves of the pandemic. That has been the compound result of a whole array of measures (face masks, gloves, hand disinfection, checking workers' temperature, regular tests, limitation of headcount in offices, allowing work from home and so on) and the fact that nearly 100% of the employees have been vaccinated.

In the Hungarian spirits market the Zwack Unicum Plc. has the biggest human resources for sales and marketing. Indeed, the related competitive edge in distribution and innovation are among the Company's most important strengths.

Risk factors

A difficult part of the pandemic is behind us. However, due to the dynamic post-pandemic bounce-back of the economy, inflation has shot up both in Hungary and elsewhere. The factors that are strengthening this tendency include the weakness of the Hungarian domestic currency, the forint, a rise in the consumption of the population as stimulated by government measures, and further inflationary effects as a result of the war in the Ukraine and the sanctions against Russia. The sum total of those factors is due to have a strong impact on the purchase price of raw materials and, indirectly, the consumer prices of the products of our Company in addition to the impacts of these factors on the general purchasing power of domestic households. All in all, the domestic demand for spirits, and so the growth prospects of the Company, are difficult to predict.

Important risk factor affecting our Company is the possible change of the regulatory environment that may have a negative effect on domestic consumption and consequent sales volume decrease.

Company activities are exposed to various financial risks: market risks, credit risks and liquidity risks. Seen the high volatility and uncertainty of the current financial market, the Company seeks keeping the possible negative implications affecting Company finances at the minimum. In line with the accounting policy, the Company also applies derivative financial tools to counter certain financial risks.

Regarding its market risks, to reduce the foreign exchange risks arising from the export and import activities and from the Euro deposits, the Finance Department monitors, in line with the hedging policy, the foreign exchange liabilities, and keeps the necessary amount of forex on its bank accounts. Furthermore, the Company completes derivative transactions to reduce the same risks. Having said that, if the exchange rate changes during the business year, that can have a major impact on the Company's comprehensive income and the shareholders' equity. Therefore, the changes in exchange rate within the financial year have no significant implications on the statement of comprehensive income, nor on shareholders' equity.

As a consequence of the pandemic, the supply chain anomalies are coupled with an increase in the prices of raw materials and packaging materials – and they are posing sales risks for the Company. In the forthcoming business year said risks might run up significantly concerning the value of raw materials and packaging materials that the Company purchases year by year.

The Company purchases very limited amount of goods from Ukraine (only mini bottles) and can substitute it with in Hungary produced PET bottles. Based on that fact we can see only a limited risk in raw material purchasing from that area.

Sales to the Ukrainian and Russian markets are not significant neither relative to total nor to export earnings, therefore the Russian-Ukrainian conflict does not have a significant effect on the Company's sales activity.

The Company stopped sales activities to the Russian market, since 20 January 2022 no products have been delivered to Russia.

The Company has no significant credit risks, nor related to accounts receivables, due to the diversity of its customers. Also, a significant portion of the accounts receivable is insured by financial institution up to 95% of single liabilities. The Company applies no other credit rating methods since this credit guarantee method is deemed to be effective enough to manage credit risks.

Company financial assets and fixed deposits are mostly in Hungarian forints. The counterparty risk is low since Zwack Unicum Plc. placed its funds with reliable financial institutions.

Liquidity management of the Company covers the necessary number of financial tools and also the necessary credit lines. The Management continuously monitors the necessary liquidity provisions based on the expected cash flow.

This Report has been made according to the relevant accounting regulations and the financial statements made on the basis of our best knowledge. It gives a truthful and reliable account of the assets, liabilities, financial standing and profits of Zwack Unicum Plc. This Report gives a reliable picture also of Zwack Unicum Plc.'s situation, development and performance.

5. Environment protection, energy and quality management, food safety

As of 1 May 2021, we have updated our Integrated Policy, and their content continues complying with the Management's document, which is entitled "Our Mission and Key Values". Our Integrated Policy duly reflect our long-term aspirations.

The Company's management systems have been operating reliably and successfully in line with internal and external expectations. Acting in cooperation with the supervisory authorities, our management systems can reduce the number of mistakes and avoid their repetition. In autumn 2021 the Company successfully revised its quality-, food safety-, environmental- and energy management systems. Our quality- and food-safety management systems are scheduled for renewal audit in May 2022. The environmental- and energy management systems are due to be recertified in 2023.

The topics mentioned above will be discussed in more detail in our Sustainability Report, which will be issued later in 2022.

6. Ownership structure, company structure

The ownership structure of Zwack Unicum Nyrt. remained unchanged. Of the ordinary shares, 50%+1 are owned by Peter Zwack & Consorten HAG, and 26% by Diageo Holding Netherlands B.V. The remaining 24%-1 shares are divided among domestic and foreign institutional and private investors.

The closing price of the Company's shares at the Budapest Stock Exchange was HUF 16 800 on 31 March 2022, which is 1.8% higher than the closing price of the previous business year.

7. Shareholders' equity, voting rights, management declaration

1. Number and value of shares issued

Number issued	Par value	Type of share	Currency
2 000 000	1 000	ordinary shares	HUF
35 000	1 000	redeemable liquidation preference share	HUF

All of the ordinary shares carry the same rights; redeemable liquidation preference shares carry no voting rights.

Ordinary shares are shares traded on the Budapest Stock Exchange (BÉT), redeemable liquidity preference shares are shares issued in closed circles.

2. Amendment of the Articles of Association, appointment of senior officers, issuing shares

The modification of the Statutes, the appointment of the senior officers and the issuance of shares is the exclusive competence of the general meeting. The General Meeting of the Company has empowered the Board of Directors for five (5) years starting on 29 June 2017, to raise the shareholders' equity in a single go or in several steps only via issuing private redeemable liquidity preference shares up to altogether 200 000 shares (including the currently issued redeemable liquidation preference shares). There were no redeemable liquidity preference shares issued in the business year of 2021-2022.

Some of the senior offices were put up for election during the Annual General Meeting (AGM) of 30 June 2021, which concluded the 2020–2021 business year. The AGM took notice of the resignation from the Supervisory Board of Ms **Mag. Karin Trimmel.**

The AGM elected **Mr. Thomas Mempel** as a member of the Supervisory Board for a definite period of time expiring on July 31, 2024.

3. Management declaration

The Civil Code (Ptk.) section 3:289 provides on the preparation, content and adoption of the Responsible Governance Report for Hungarian public incorporated companies.

The Budapest Stock Exchange issued its Recommendations for Responsible Governance **("Recommendations")** in 2004, providing certain recommendations for corporate governance for companies listed on the Budapest Stock Exchange, taking into consideration the internationally most used principles, Hungarian experience and the particularities of the Hungarian market. The current version of the Recommendations have been approved by the Board of Directors of Budapesti Értéktőzsde Zrt. on December 8, 2020 and is effective as of January 1, 2021. The Recommendations are available at the homepage of the Budapest Stock Exchange (https://bse.hu/Issuers/corporate-governance-recommendations/Corporate-Governance-Recommendations). The Company does not apply any other regulation or practice concerning corporate governance.

In line with the above two regulations, Zwack Unicum Plc. Board of Directors pre-adopted and submitted to the General Meeting its Responsible Governance Report (the **"Report")** for the business year of 2021-2022 which is accessible to the public on the Company website (http://www.zwack.hu) under Investors' Relations (Befektetői Kapcsolatok), on the page on Responsible Governance. The above Report provides detailed information on compliance with and possible deviations from the Recommendations as well as the reasons thereof.

The Report also presents the Board of Directors, the Supervisory Board, the Audit Committee and the Management, their composition, describes how they function, and gives details on how they divide work. The overview of the rules on the internal control and risk management systems of the Company, its policy of making information public, its policy on insider trading, the rules of exercising shareholder rights and of how to organise and complete a General Meeting, the detailed position of the Company on diversity, and the explanation for deviations from certain points of the "Recommendation" are also part of the Report. The Report also contains the remuneration policy concerning the directors of the Company in compliance with the obligations pursuant to the Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the modification of certain legal acts for harmonization of the law.

As per points 12.3 and 14.3 of the Articles of Association, members of the Board of Directors and of the Supervisory Board are elected by the General Meeting for a maximum period of four years. The rules on the election and withdrawal of the members of the Board of Directors and of the Supervisory Board are included in Section 11 of the Statutes.

The stipulation and the amendment of the Articles of Association (except amendments by the Board of Directors), including raising the shareholders' equity (except raising it by the Board of Directors) and its lowering (unless the Civil Code provides otherwise), are exclusive powers of the General Meeting (point 11.2). Detailed regulations to modify the Statutes and to repurchase own shares are provided in point 11.2 (a) and (k) as well as in the entire Section 11 of the Statutes.

The detailed rules of the powers and functioning of the Board of Directors are stipulated under point 12.4 of the Statutes and the Rules of the Board of Directors, both accessible on the Company website, under the menu For Investors.

The annual report contains the list of the shareholders of the Company having a significant shareholding in the Company.

The Company did not issue any share representing special control rights and the Statutes of the Company do not contain limitations on the exercise of the voting rights.

8. Code of Conduct

The Zwack Unicum Plc. is a family enterprise both in its traditions and ownership structure. It is committed to perpetuating its traditions and adhering to its values – to the benefit of all the shareholders.

The Company considers itself an important player of the Hungarian economy and an internationally acknowledged representative of the spirits industry. It aspires to be an active participant in the life of society with a prudent business operation and commitments well beyond its core activities. The Company has been acting in business life in compliance with its social prestige, weight in the industry and its market-leading role. It seeks to define the norms of its operation in an exemplary manner. It aspires to be a paragon of business integrity, reliability and predictability in the eyes of its partners.

By making public its Code of Ethics, the Company enables all those interested to get an insight to a basic component of its organizational culture. (www.zwack.hu\Investor Relations\Guidelines of Corporate Governance\Code of Conduct)

9. Results of the 2021-2022 business year and prospects for 2022-2023

The 2021/22 business year was unprecedentedly successful in the history of the Zwack Unicum Plc. Profit after taxation stood at HUF 3.2 billion, which surpassed that of both the previous business year – which was heavily afflicted by the pandemic – and our plan.

The introduction into off-trade of Unicum Barista – the youngest member of the Unicum line of products – was the motor of that outstanding performance, and the post-pandemic bounceback in consumption augmented that. The plan target could be outperformed also because Hungarian government measures had strongly upped consumer income, which in the closing months of the business year further stimulated consumer spending. The net sales exceeded the plan by more than 22% in the business year under review. Although the Company invested into marketing activities much more than before, the profit after taxation was higher than in the previous business year by nearly HUF 1.8 billion.

Market-research data show that the Unicum liqueur – our top profit-generating product - was the fastest growing brand in off-trade during the year. It can be declared once again that the Unicum liqueur is Hungary's most popular spirit in off-trade.

The Company continued performing well in export markets. Towards the end of the business year duty free turnover came close to that of previous years. The Unicum liqueur continued being in keen demand in Italy and Romania. During the business year that brand was supported with a massive marketing spending.

Thanks to those outstanding results, the size of the dividend will considerably grow. The Board of Directors has recommended to the Annual General Meeting to pay a dividend of HUF 1 500. (That is a 114% growth over the dividend of HUF 700/share of the previous business year.) Just like during the last business year, almost the entire profit after taxation is to be paid out in dividend.

In our business plan for the 2022/23 business year made in January, we reckoned with the inflationary forecast of the time, that is, 4 to 5%; a modest rise in the volumes to be sold, that the prices of raw materials would increase much steeper than the rate of inflation, and that the Hungarian currency, the forint, would only be depreciated slightly. As a consequence of the pandemic, a strong inflationary pressure emerged in the global market of raw materials. Add to that the persistent energy-market crisis in the wake of the Russia–Ukraine war and the weakening of the forint. Because of all those factors, we are witnessing a steady, steep and unpredictable increase in the costs of raw materials.

The way we see it, market developments that can push up inflation might considerably affect our sales figures especially in the second part of the forthcoming business year, and they can increase our production costs beyond our plan throughout the business year ahead of us.

In the next business year, we will continue branding Barista, the youngest item of the Unicum product line, and will make extra efforts to popularize that new taste in the widest circle of consumers. Just like before, the Company will emphasize innovation: several new products are to be introduced into the domestic market during the forthcoming business year. Noteworthy among them will be two new taste versions of the Kalumba gin: blood orange and mango. As for the export markets, our plan for the coming business year predicts a modest marketing spending in contrast to the previous business year's intensive spending, in which the Unicum liqueur's Italian media campaign was the centrepiece. Overall, we plan lower marketing expenditure, compared to the spectacularly increased spending of the previous business year.

At the beginning of the business year, the Company granted a pay hike, which was differentiated for the various earning levels. Overall, the hike amounted an average of 10%. The effects of that measure were muted by the reduction of various contributions that the Company has to pay.

Customer-related expenditure and operating costs are likely to grow considerably, whose main cause is that the government has increased minimum wage by 20%.

Bearing the above factors in mind, the Company expects profit after taxation to be at HUF 2.2 billion, that is lower than that in the 2021/22 business year but still ambitious. Although in our pursuit of that goal, the Company will have to face the above-mentioned risks, we believe that, considering the circumstances that we know today, the target can be reached.

10. Parameters and indicators of Company's performance (data in HUF million)

		2019-2020 business year	2020-2021 business year	2021-2022 business year	2022-2023 plan
Gross Sales	HUF million	26 358	24 259	31 326	31 849
SALES NET OF TAXES	**HUF million**	**13 960**	**13 083**	**17 691**	**18 290**
Gross Margin	HUF million	8 673	7 934	11 129	10 196
Profit from operations	HUF million	2 169	1 787	3 653	2 727
Profit before tax	HUF million	2 184	1 780	3 762	2 775
Profit for the year	HUF million	1 696	1 436	3 200	2 208
Dividends paid / payable	HUF million	600	1 400	3 000*	
Total assets	HUF million	11 962	13 058	15 092	
Cash and cash equivalents, end of the year	HUF million	1 459	2 739	5 079	
Average statistical staff number	Person	244	244	254	
Gross margin ratio	%	62.1%	60.6%	62.9%	55.7%
Profit from operations / Net sales	%	15.5%	13.7%	20.6%	14.9%
Profit for the year / Net sales	%	12.1%	11.0%	18.1%	12.1%
Dividend / Profit for the year	%	35.4%	97.5%	93.8%	
Earnings per share	HUF	848	718	1 600	1 104

*The Company proposes to pay dividends for the financial year ended 31 March 2022, which is subject to approval by the forthcoming Annual General Meeting. The amount of dividend proposed by the Board of Directors amounts to HUF 3 000 million (1 500 HUF/share).

11. Events after the balance sheet date

There was no event occurring after the balance sheet date that was not mentioned in the report and would significantly affect the Company's assets, finances, revenues and operations.

Budapest, 24 May 2022

Katalin Hollósi
Chief Accountant

Balázs Szűcs
Investor Correspondent

A lenti vezető tisztségviselők által kiadott meghatalmazás alapján:

Sándor Zwack
Chairman of the Board

Frank Odzuck
Chief Executive Officer

Report of the supervisory board and the audit board

ON THE 2021–2022 BUSINESS YEAR

ZWACK UNICUM PLC.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD ON THE BUSINESS YEAR STARTING ON APRIL 1, 2021 AND TERMINATING ON MARCH 31, 2022

In the business year starting on April 1, 2021 and terminating on March 31, 2022, the Supervisory Board held 3 sessions in order to monitor and supervise the activities of the Board of Directors and the management of the Company. The Company management submitted detailed written reports at the sessions of the Supervisory Board. After receiving sufficient information on specific issues, the Chair of the Supervisory Board was requested to take a position on each issue, and such position was respected.

The members of the Supervisory Board continuously monitored the individual areas of operation. The Supervisory Board was allowed access to all the information required for the satisfactory fulfilment of its supervisory function.

The Supervisory Board did not make any complaint against the activities of the Board of Directors or the management.

The Supervisory Board and the Audit Board, after examining and discussing the draft of the Company's Annual Report concerning the business year starting on April 1, 2021 and terminating on March 31, 2022, containing the statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity prepared by the Board of Directors and audited by KPMG Hungária Kft., statutory auditor of the Company, unanimously approved both documents and agreed to submit them to the Annual General Meeting with a recommendation for approval.

The Supervisory Board also agreed with the Board of Directors' proposal to declare and distribute 1 500 HUF per share, in total HUF 3 052 500 000 as a dividend to be allocated in proportion to shareholding and submitted the proposal to the Annual General Meeting with a recommendation for approval.

The Supervisory Board also examined the Corporate Governance Report and the Remuneration Report prepared by the Board of Directors, agreed thereto and submitted them to the Annual General Meeting with a recommendation for approval.

The Audit Board did not make any complaint against the activities of the Auditor of the Company.

Report of the supervisory board and the audit board

ON THE 2021–2022 BUSINESS YEAR

The Supervisory Board coincidently with the Audit Board recommends to the Annual General Meeting for approval:

(i) the re-election of KPMG Hungary Kft. (H-1134 Budapest, Váci út 31., registration no.:000202; individual auditor in charge: Mr. Rezső Rózsai, registration no.: 005879, the substitute auditor appointed in the event of any extended absence of the auditor in charge is: Ms. Csilla Leposa, registration no.: 005299), as statutory auditor of the Company for a definite period expiring on August 31, 2024; and

(ii) honoraria - amounting to HUF 34 000 000 / year + VAT for KPMG Hungary Kft. for its services as auditor of the Company. The honoraria includes the fee for the auditing of the annual report concerning the 2022/23 and 2023/24 business and the verification of the remuneration report years in accordance with the applicable regulations.

The Audit Board found the operation of the financial reporting system of the Company satisfactory and did not make any recommendations in connection thereto.

The Audit Board established that the risk management principles and systems of the Company successfully ensured the handling and control of the risks related to the activities of the Company as well as the realization of the Company's performance and profit goals.

The Supervisory Board agreed with the proposals related to the other items on the agenda of the Annual General Meeting.

The Supervisory Board expressed its appreciation of the Board of Directors and the Company management for their efforts to maintain the profitability of the Company and for having successfully protected the team and maintained the operation of the Company at the period of the COVID-19 pandemic.

The Supervisory Board would like to take this opportunity to express its thanks to the employees of the company.

Budapest, May 24, 2022

DR. HUBERTINE UNDERBERG-RUDER
Chair of the Supervisory Board

THOMAS MEMPEL
Chair of the Audit Board

Supervisory Board

Dr. Hubertine Underberg-Ruder
Chair of the Supervisory Board,
President of the Board of
Underberg AG

Nándor Szakolczai
Group Reporting Director, Diageo

Thomas Mempel
Member of the Board,
Semper idem Underberg

András Szecskay, Dr.
Attorney at Law, Legal Counsel
to Zwack Unicum Plc.
Szecskay Attorneys at Law

György Geiszl, Dr.
Group Controller, Diageo

István Salgó, Dr.
Honorary Chairman,
Business Council for Sustainable
Development Hungary

Board of Directors

Sándor Zwack
Chairman of the Board of Directors of Zwack Unicum Plc.

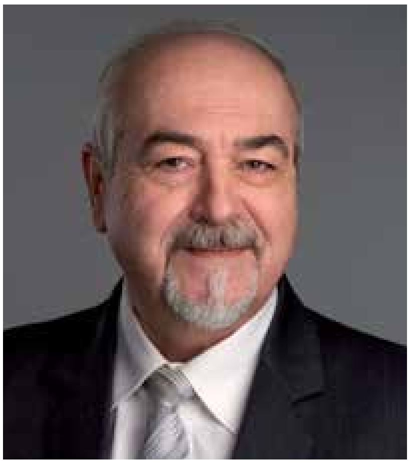
Izabella Zwack
Member of the Board of Directors of Zwack Unicum Plc.

Božidar Božić
Head of Commercial Finance Diageo European Partner Markets

Frank Odzuck
CEO Zwack Unicum Plc.

Mag. Wolfgang Spiller
CEO & Owner Gastro Consulting GmbH (Daniel Moser Products)
CEO Gurktaler Plc.

Zoran Maksić
Head of Revenue Growth Management & Business Effectiveness Russia, Eastern Europe, Middle East and North Africa, Diageo



Tibor Dörnyei
Deputy CEO,
CFO Zwack Unicum Plc.

Management of the Company

Csaba Belovai	**László Seprős**	**Sára Palcsó**	**Frank Odzuck**	**Orsolya Virágh**	**Tibor Dörnyei**
Commercial and Export Director	*Production-Technical Director*	*Marketing Director*	*Chief Executive Officer*	*Human Resource Director*	*Deputy CEO Chief Financial Officer*

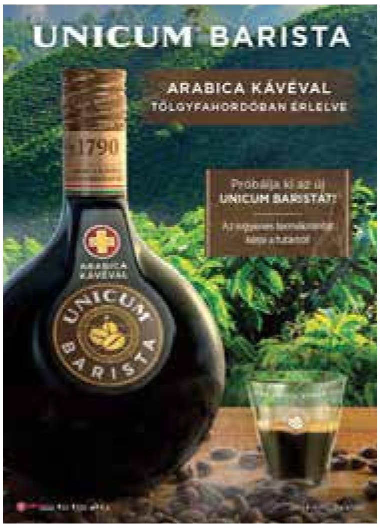
Marketing highlights of the 2021-2022 business year

UNICUM BRAND FAMILY

In the 2021/2022 business year, the goals set for the brand remained clear and consistent, in line with previous years. It remained our primary goal to continuously strengthen the image of Unicum, while the ‘rejuvenation’ of the brand also played a key role. We also made innovation a priority, including everything, from product development to the development of new packaging and to the potentials of digital communication, bearing in mind sustainable development.
As a result, we implemented an almost continuous series of consecutive campaigns throughout the year, which was supported with an increased marketing budget compared to previous years.

The introduction of Unicum Barista

The first and undoubtedly the most significant event of our business year was the nationwide introduction of Unicum Barista, which we supported with an unprecedented and extremely strong campaign on two occasions during the year. The first step was a full retail listing, followed by a 360-degree, comprehensive marketing campaign in May. Our second objective was to build brand awareness, so in the focus of the campaign was a TV spot featuring the product, broadcast on TV as part of a broad campaign with nationwide coverage. Besides product education, the aim of the TV spot was to introduce the consumer to the world of Unicum Barista, so a highly colorful, spectacular film was made for this purpose.

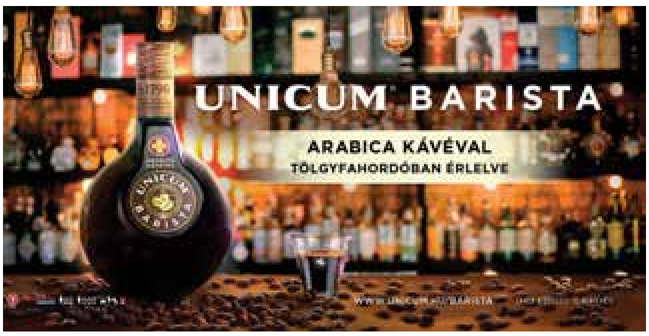


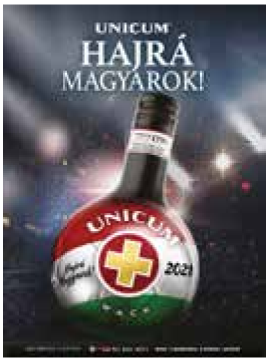
As a further part of our communication, we launched a strong outdoor campaign in May, also with nationwide coverage. At the same time, we started to enhance awareness of Unicum Barista on digital channels, which greatly strengthened during the pandemic period. Thus, we distributed our TV spot on popular video sharing platforms and also shared continuous educational content on social media, highlighting the uniqueness of the product – through the journey of the coffee to the barrel - thus strengthening the coffee authenticity of Unicum Barista. Furthermore, for the first time in the life of our Unicum brand, we launched a comprehensive influencer campaign in order to reach a younger target group as broadly as possible.

One of our main objectives was to promote the product mainly by making Barista tastings as widely available as possible. In April, adapting to the pandemic situation at that time, we could offer tastings in retail exclusively in connection with online orders. Nevertheless, nearly 90,000 customers could participate in our retail tastings alone.

Furthermore, we built awareness of Barista through a series of special activities in gastronomy, also including a wide range of tastings, encouraging consumers to try the product.
The second key period of our Unicum Barista launch continued in November with a similarly strong intensity as in April. Our aim was to further strengthen brand awareness ahead of the Christmas season. So, in addition to an intensive TV campaign, we continued to build awareness of Unicum Barista with an equally strong outdoor and digital campaign across all key media channels.

All in all, we can say that a stronger and more comprehensive campaign than usual paid off, with the launch of Unicum Barista being one of the most successful product launches in the history of Zwack Unicum. This is evidenced by the fact that the sales volume of Barista, already in the first six months, exceeded the introduction volume of Unicum Plum (in 2012), and all this in terms of added volume, without devouring Unicum or Unicum Plum – so we managed to reach a new circle of consumers.





Summer campaigns

Our Unicum Barista campaign was followed by the most significant sporting event of last year, the European Football Championship. In order to activate a wider target group, we tactically connected our Unicum brand to this event during the summer, paying tribute to the future success of the Hungarian team.

Both in gastronomy and retail, the limited-edition bottle had its revival. It was complemented by outdoor and online communications, as well as by unique appearances and messages of our influencers on social media - ensuring an even more diverse appearance.

Christmas period

The gift function of our Unicum brand is of great importance and significance, so for the first time this year, we focused on this and developed a comprehensive communication by presenting Unicum's role across generations in terms of the father-son relationship that is relevant to the brand.

The focus of communication was on a 15-second TV spot where emotions came to the fore. This was also backed up by a strong outdoor campaign and digital communication in December.

As a new activity, we debuted with a new form of display in retail chains over the Christmas period, the „shop in shop" design. Our aim with this installation was to present the world of our Unicum brand to consumers in a classic hypermarket environment, sharing the brand's rich history and promoting our products.

Our presence was very impressive and successful. As a result, we continued to use this format for the remaining months of the year.

With the brand's gift function in mind, the appearance of the Christmas gift boxes was redesigned and refreshed in response to consumer needs. As a result, the classic 0.7 litre edition with two glasses, now enriched with Unicum Barista, was brought back to our product range, in addition to the previously popular metal box.

Our main brand goal was innovation for the year, with a renewed 0.1 litre pocket bottle, the design of which was refreshed with colored bottles and new labels. In addition to the changes in design, in line with our corporate responsibility, a major factor was the consideration of sustainable development, so the raw material for the renewed 0.1 litre bottles is 100% recycled and made of 100% recyclable plastic.

In summary, in recent years it has been the most successful and colorful period of brand communication, with plenty of new activities and with a steady stream of diverse brand activities throughout the year.

UNICUM RISERVA

The success of Unicum Riserva continues to be outstanding, as it produced a steady volume growth over the past 6 years. The engine of this growth is the expansion in retail. Today, it is a major player in the super premium herbal liqueur segment.

In addition, it remained our primary brand goal to build awareness of Unicum Riserva. From the summer of 2021, social events were open to the public again, so after two years we could once again be a part of many important events.

To this end, we have launched a new long-term sports sponsorship cooperation with Hungary's number one polo club, „Polo La Estancia Club" - targeting a customer base that we could not reach or address with a brand message in any other forum. The event was called the „Riserva polo cup", so our collaboration contributed to the brand's super premium image by generating strong media value.

We also communicated online, mainly during the spring and fall. We made a unique short film specifically for educational purposes, in which we presented the specialty of ageing in double barrels, as interpreted by Attila Domokos, the manager of Zwack Izabella Wine House.

At the same time, the brand was also strongly represented in retail during the same periods. Through unique displays and on premium online retail platforms (e.g. kifli.hu) our Unicum Riserva promotion and communication was continuous in order to ensure its prominent presence.

FÜTYÜLŐS

The diversity of the Fütyülős brand allows us to promote different flavors for each season, while our broad product portfolio is emphasized throughout the year.
In January 2021, we launched our Fütyülős Coconut Pineapple flavor, so in the first half of the year we focused on introducing it in order to promote this truly exotic, unique flavor with dominating tropical flavor notes. We supported its retail launch with a neck cap to highlight the appearance of the new flavor. We launched the introductory campaign early March on various channels: our actual and future consumers could meet our new flavor on TV and Spotify, while influencers helped to promote it as widely as possible, and people could also meet the Fütyülős Coconut Pineapple in an exciting prize game on our own social media platforms.
In the summer, we continued to support the launch of the new flavor. We appeared in 'Nők Lapja', Hungary's most widely read women's magazine, also relevant to the target group. For a month, consumers could come across the new Fütyülős Tropical flavor on numerous online platforms, such as utazomajom.hu and balaton.hu. In August, brand awareness of Coconut Pineapple was enhanced with a nationwide, but Balaton-focused campaign to ensure its strong visibility in public spaces.

In addition to introducing our Coconut Pineapple flavor, we wanted to support the brand as much as possible during the summer. However, the Fütyülős brand faced another challenge: the July tasting at retail partners, which had been a tradition for years, could not be held due to the pandemic situation. In order to further build awareness of the new flavor, we organized a nationwide AP code competition, the name of which already referred to the grand prize: "Scoot Into Summer with Fütyülős", as the grand prize was a cool scooter. To participate in the game, one had to buy a 0.5 litre bottle of Fütyülős and upload the AP code on the block to the Fütyülős website. An important consideration in selecting the prizes was to have youthful and dynamic gifts relevant to the brand. The Fütyülős Towel, our choice for the daily prize, was a big hit, while we drew a bike as the weekly prize. The grand prize was a bold Vespa scooter with a prominent Fütyülős logo. In addition, those choosing our new flavor, the Coconut Pineapple, received an extra reward.

In order to reinforce our in-store communication, we also provided our Fütyülős 0.5 litre bottles with a neck cap for a month and a half, in order to grab the attention of as many consumers as possible.
The prize game was promoted throughout July with a digital campaign to encourage more people to play. Besides this, we also focused on our social media platforms to promote the competition and encourage participation. In addition, we had a special prize game on Facebook and Instagram to give consumers an extra chance to win. For this, followers had to answer various questions correctly, and those who participated in the game for four weeks could automatically enter the main prize draw. The main prize was a water adventure for two, while Fütyülős and Fütyülős Towels were the weekly prizes.

Brand building activities in gastronomy remain important, we delivered 600 scraper packs nationwide, by which Fütyülős consumers could win a t-shirt, baseball cap or lip balm. The promotion of Fütyülős Long Drinks continued during the summer period as part of the Zwack Long Drink program.

We started the season with a very spectacular and practical festival installation, and due to the epidemic situation, we were able to take the installation to 3 venues, including CAMPUS, one of the most popular festivals in Hungary.

As in the previous year, we continued our Student Brand Manager program also this year, further strengthening the brand's position in university life.

In addition to the summer season, Christmas plays a key role in the life of the brand. We updated our familiar gift boxes and added a new flavor to the gift box range. Thus, in addition to our Peach Honey and Black Cherry Honey flavors, a third one, the Coconut Pineapple was also available.

The pre-Christmas period brings exciting challenges for everyone: buying presents, meeting friends, attending year-end company events. It would be nice to give the maximum in all respects, to show our creativity to our family members, friends and colleagues. In the Fütyülős Influencer campaign, paid macro influencers posted Fütyülős recipes which inspired not only their followers, but also the nano and micro influencers on the Trnd site.

This chain took the form of a recipe competition, as not only macro influencers challenged their followers, but we also announced a competition between nano and micro influencers so that as many creative solutions as possible can be found on social media regarding the consumption of Fütyülős. We worked with 4 macro influencers and 50 nano and micro influencers. The campaign was launched on 4 November and ran until 3 December, producing a series of masterpieces accompanied by many fabulous photos.

In connection with the Fütyülős gift box a social media prize game campaign was launched in November ahead of the Christmas rush. The aim of the campaign was to draw people’s attention to the gift box, boost its purchases, reinforce its gift function and highlight the creativity of the brand. The game ran on Instagram, and we also had a sales diversion ad on Facebook to draw people’s attention to the gift box and the game, and had ads with access and engagement purposes.

Throughout the year, we were also active on social media, both on our Facebook and Instagram pages, in order to reach our followers with exciting, creative content, as well as with tips on the many ways to consume Fütyülős alongside shots.

ST. HUBERTUS

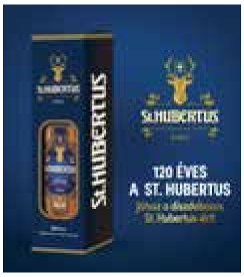
The aim of the St. Hubertus brand remained to maintain its market leader position in the value for money segment of herbal liqueurs and to enhance its premium image and youthful character.

In the summer, we launched Hubertus 60, an unfiltered, 60-degree version of the original St. Hubertus recipe, with an even more intense orange flavor. With its modern, clean, powerful look and a distinctive, unique taste it is aimed at young adult consumers.

Our commercial made in the previous business year with the main themes of friendship and love of nature, was broadcast last fall and in this spring. At the same time, we traditionally sponsored the TV series “A Mi Kis Falunk” (Our Little Village) broadcast on RTL Klub. Our spots ran before and after each episode, and the brand was also actively featured in the series through product placement.

We continued our cooperation from last year with Balázs Erdélyi “Pupa”, who became an influencer in the ever-growing fishing community. Pupa actively promoted the brand on social media throughout the year, organizing dedicated fishing events. These were for example the St. Hubertus Women’s Fishing Tournaments in Felsőtárkány and the St. Hubertus Upper Tisza Fishing Tournaments.

We are also opening up to younger consumers through more digital channels. In the summer we launched the new St.Hubertus Instagram page with a sweepstake campaign while in the winter St. Hubertus 60 image ads ran on YouTube and on banners. The Christmas sweepstake campaign celebrating the 120th anniversary of the St.Hubertus brand on our Facebook page was a great success. It managed to engage the St. Hubertus community, which has been active for years, and draw attention to the brand’s rich tradition.



The introduction of St.Hubertus 60 was supported by retail displays and shelf flags. At the end of the year, the three well-known flavors of St.Hubertus were presented in elegant gift boxes, making Christmas gifting easier. In gastronomy, hostess tastings and price promotions were running. In the winter season, we gave a shot glass to every Hubertus 60 purchased in the Zwack shop and webshop.

In February this year, the Zwack SBM program debuted with St.Hubertus 60, with Student Brand Managers promoting our brands at universities and colleges with monthly changing thematic content. The latest St.Hubertus was very well received by students. It proved that St.Hubertus 60 is truly a premium product, thanks to which the brand is able to appeal to younger generations.

KALINKA

In the spring, real specialties have appeared for those looking for more fruity, sweeter flavors. Our Kalinka Apple and Kalinka Cranberry flavors, which evoke the taste of sunny apples and juicy cranberries, were developed for them.

Our communication strategy during this period was built around the new flavors. In May, we launched a nearly two-month Instagram campaign aimed at introducing the new flavors. The campaign was a success, reaching more than 100,000 people and increasing our number of followers on Instagram by nearly 500 people.

In July, the promotion of the new flavors was continued with a nationwide public campaign with Kalinka liqueurs on display in many parts of the country.

In retail, neck caps and unique displays reinforced the visibility of our two new flavors on the shelves.

In gastronomy, we continued our well-established activities. As usual, we were present with two offers in the long drink program. A total of 600 Kalinka scraper packages were sold nationwide, and during the summer we were able to show up at a freshers' camp with our festival park.

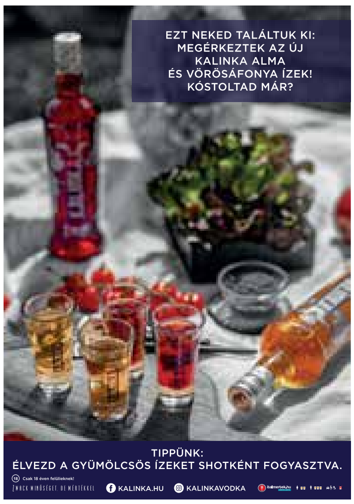
We continued to support Kalinka's new flavors in the autumn / winter period as well, and in November and December we managed to appear in a number of magazines and newspapers, thus reaching our target groups. We were featured in magazines such as the special issues of "Nők Lapja" (Women's Magazine) or National Geographic's publications that also address men.

Fruit flavors were also promoted with an influencer campaign in November, with 100 nano influencers promoting Kalinka Apple and Cranberry. The campaign was very successful, reaching 770,000 people and increasing the number of Kalinka Instagram followers by more than 1,300.

In addition to media coverage, we considered it important to get our target audience to taste the new flavors, so in October we partnered with 5 restaurant chains to give away mini Kalinka Apples and Blueberries with every food order. In total, 18 000 samples were delivered.

Our goal remained to build brand awareness, so we ran a TV campaign in February and March, where a well known bartender appeared on TV.

In addition to the TV campaign, we launched a campaign on social media to promote the brand and activate our followers. We wanted followers to be ac-



tively involved in getting to know the brand, and they could get closer to it by playing brand-related games and win a valuable Kalinka prize if they could answer questions correctly.
In addition, we also ran a digital campaign to promote the entire Kalinka portfolio, as a part of which we appeared on port.hu, welovebudapest.hu, welovebalaton.hu, and several other youthful websites.
In addition to the media, we also launched additional activities in the spring. We wanted to reach our tobacconist partners as much as possible, so we launched a banner campaign on the National Tobacco Shop Supplier platform, where we gave the edrink page as the landing page, drawing attention to the Kalinka portfolio. In addition, we also supported the brand in retail, providing extra in-store visibility through displays and price promotions in March.

We supported our Kalinka Citrus and Cucumber flavors with a dedicated campaign, namely as the sponsor of the highly successful „Konyhafőnök" (Chef) gastronomy show on TV and also online.
Throughout the year, we were actively present on social media, both on our Facebook and Instagram pages, to share quality, premium content, showcase our new products, as well as our cocktail and long drink suggestions.

KALUMBA MADAGASCAR GIN

Kalumba was able to maintain its market leader position in the gin segment for two years running in the most dynamically expanding spirit category. The growth of the brand is mainly due to Kalumba White, which became very popular since its launch in the previous business year.
Based on the market research conducted in 2021, since its launch in 2018, Kalumba gained a high level of awareness among gin consumers, similar to the big international brands. The brand's appearance, taste and communication were also well received by respondents.
In retail, Kalumba is also present with permanent displays in a number of large chains. The brand had a significant banner presence in the growing e-commerce segment. During the Christmas period, similarly to the previous year, both flavors (Spiced, White) were available in gift boxes.

In gastronomy, we continued to focus on increasing brand awareness and encouraging trials through tastings. We had hostess promotions, daily discount offers and handed out gifts in exchange for coupons throughout the year. More and more restaurants have permanent Kalumba decorations. Thanks to the long drink program, the brand is part of the permanent cocktail offer at several locations. During the summer we ran a TV communication campaign, which was complemented by an outdoor digital campaign in August. In the autumn, Kalumba appeared with a sponsorship spot and product placement in the reality series Survivor on RTL Klub. In December, we ran a nationwide DLP campaign in major shopping malls, featuring Kalumba White as gin & tonic and both flavors in gift box versions.

In the digital space, both in the spring and fall, we ran educational campaigns about the Kalumba brand and about gin-based cocktails. This was complemented by sweepstakes, which were a great success on the brand's social media platforms.
With the easing of the COVID situation, Kalumba was present at several professional events during the summer with a branded stand and cocktail tastings. These included the BarShow and the Dining Guide, an awards gala for top gastronomy.

JOHNNIE WALKER

The 2021/2022 business year was still largely dominated by the pandemic, but the business year started with the lifting of restrictions, so we were able to start the spring/summer period with a strong pre-pandemic level of communication. Johnnie Walker's brand goal is to address and reward new, younger consumer groups. The brand had one of its strongest periods in recent years in terms of activities and communication. For most of the year, the focus was on the Johnnie Walker Black Label with the aim of rewarding consumers, for which we were able to work with a very broad range of tools.

Spring 2021 - Johnnie Walker Icon
In the spring of 2021, Johnnie Walker Red Label and Johnnie Walker Black Label were released in a limited edition in a new look named Icon to mark the 200th anniversary. The packaging was available in its limited edition in retail and through wholesale channels. We had display placements in 112 stores in Tesco hypermarkets and communicated the product on shelf banners in 3D in Tesco and Interspar stores. We also produced three individual installations for the Johnnie Walker Black Label, which was displayed in Auchan and Metro stores from April to June.

The Icon campaign was supported by strong media communication. Unusually from Johnnie Walker, a TV campaign was running in May, rotating two commercials with Johnnie Walker Red Label or Black Label Icon product focus. In addition, in the online space we were present with the campaign on multiple channels: we had a banner communication on social media and on a predefined sitemix. In order to reach as many consumers as possible, we also communicated on billboards placed outdoors along national highways. The Icon campaign consistently used the slogan „Iconic Taste, Over 200 Years" on all channels.

Summer 2021 – The man who walked around the world
For the brand's 200th anniversary, award-winning filmmaker Anthony Wonke turned his camera to the Johnnie Walker whisky brand in order to process the history of the world's best-known Scottish brand, its impact on our last 200 years, all those economic, social and cultural milestones which were witnessed by one common witness: the man who walked the world. To present the film, we organized an exclusive press conference, at which press representatives were able to attend a fun party to kick off summer. During the evening, we tasted whisky cocktails from distillate expert and brand ambassador Csaba Gulyás and dress creations inspired by the Johnnie Walker brand were also made for the occasion.



Following the press conference, a large number of comprehensive articles were published about the film and Johnnie Walker's special story of its 200 years, and it was backed up with online banners, social media and e-commerce communications.

Summer 2021 - Consumer promotion
The focus in the summer season was on refreshing long drinks, easy to mix highball drinks with Johnnie Walker Red Label. In light of this, we launched a campaign with a box promotion in 500 stores of on-trade channels, while off-trade and in the media, we launched a consumer promotion, reinforced with strong instore tools, online and outdoor communication. Our consistent message across all the channels was „Have a Taste of Summer".

Autumn-Winter 2021 - THE WALKERS campaign
Our Christmas ATL communication was launched as early as September. The new campaign, THE WALKERS, uses the famous KEEP WALKING slogan to draw attention to our shared responsibility for our future. The brand wanted to express the belief that the world needs to move on now more than ever. After nearly two challenging years behind us, Johnnie Walker wants to inspire people to keep going, keep fighting, keep moving forward. In order to get this motivational message to the audience as effectively as possible, we entered two regional collaborations with actors Adrien Brody and Milla Jovovich. In addition, Oscar-winning actor Adrien Brody greeted the audience in Hungarian, his mother tongue, in the commercial.
As part of the THE WALKERS campaign, thanks to the two regional collaborations, we launched a TV campaign with very strong commercials from October to January, and a Johnnie Walker Black Label-focused image communication on Youtube, Facebook and Instagram, as well as paid and organic PR appearances. We also had the opportunity to interview Adrien Brody and Milla Jovovich, and the interviews were featured in WMN and Roadster magazines.
Thanks to the campaign, we were able to reach a very broad target group and we were able to reinforce one of the brand's key objectives, premiumisation.

In the framework of THE WALKERS campaign, we have also signed local collaborations with Bori Péterfy and Ivan & the Parazol. As part of this collaboration we shot 1-1 short films. We chose Bori Péterfy as the first domestic face of the Walkers campaign as we were looking for a unique, versatile and authentic celebrity who, in addition to her artistic achievements, also stands for socially important issues. In addition to delivering her immeasurable energy to her audience from theater and concert hall

stages, Bori also speaks up for women's and human rights, so we felt she was a perfect match with Johnnie Walker's spirit: we need to push our boundaries to move forward as a community. We shot a short film with Bori that was communicated online on social media and YouTube between December and February. The communication of the short film shot with Ivan & the Parazol started at the end of March 2022.

Autumn-Winter 2021 - Gifting

During the Christmas season, strengthening the gift function is a key priority for the whisky category. We were again present in retail with a broad portfolio of added value product packaging and, as in the spring, with limited edition packages under the name Icon 2.0.

In Tesco, Metro, Interspar and Auchan stores, we were present by continuous product display and secondary placements between October and December, and we re-launched our Johnnie Walker Black installations.

In October, we also announced a Tesco-specific consumer promotion where the elements of the gift pyramid were the limited edition portfolio and the special edition Johnnie Walker Blue Label Ghost & Rare, reinforcing the image and the premium character of the brand.

In the Christmas season the gift function was also strengthened on banners and in social media ads.

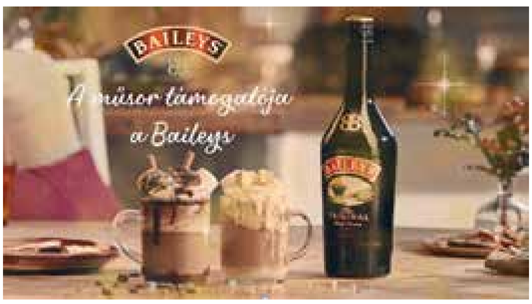
BAILEYS

In the 2021/2022 business year Baileys had an outstanding performance, which shows that the market leader premium cream liqueur maintained its unbroken popularity in Hungary. The products with a spring and autumn taste available for a limited time greatly contribute to this success.

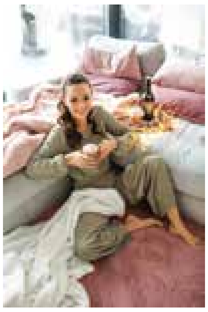
As a brand, Baileys targets women, so due to holidays like Valentine's Day, Women's Day, Easter and Mother's Day, the first part of the year is a significant period in Baileys' life. Each of these holidays had a strong media support, with the communication focusing not only on Baileys Original but also on Salted Caramel and Strawberries & Cream variants.

The Christmas season started early for Baileys in 2021, as a new variant, Apple Pie was introduced in a limited edition. We supported it with both ATL and BTL activities to get the new flavor out to as many people as possible and encourage purchases. Christmas remains the most powerful season in the life of Baileys, so we prepared for it with a 360° marketing strategy. Brand communication got a new focus over the Christmas period, with the consumption of Baileys hot chocolate taking center stage. As part of our TV campaign, we screened a new hot chocolate commercial. The TV campaign was complemented by two more program sponsorships. The Chef VIP and "Pirts Rám!" shows were supported by Baileys to reach our target audience as widely as possible and communicate the consumption of Baileys as a dessert.

In addition, we added a strong digital campaign to our marketing activities during the Christmas period. The protagonists









of the campaign were seven lifestyle influencers who had worked with the brand before and for whose website the idea of enjoying a hot chocolate in winter nights fits perfectly. The campaign was overrun by 37%, and its feedback shows that Baileys is a real love brand, the influencers are always happy to collaborate and the followers always love the end result.

In addition, we collaborated with two gastronomy influencers (Street Kitchen, Dóra Havas) who dreamed up Christmas delicacies with Baileys for the holidays. It was a very successful campaign, as we reached a total of almost one million individual visitors during this period.

As part of our digital campaign, we appeared on Facebook and Instagram from where we directed consumers to the Tesco webshop as the landing page.
A strong outdoor campaign was added to our communication. We appeared in three prominent locations in Budapest with a building mesh, thus managing to reach appr. 14 million number of contacts.
At the largest Christmas fair, “Advent at the Basilica,” Baileys was present with a hot chocolate point to reinforce the promotion of hot chocolate consumption during the winter.
We had grandiose visibility in all four major retail chains to grab consumers attention during the holidays.




Christmas gift boxes were very popular last year as well. Three different variants were available. The small icons on the box promoted the consumption of Baileys as a dessert. This year, the Original and the Salty Caramel Truffle variants were available in the stores, as well as the gift box with two glasses.



IZABELLA ZWACK WINE SELECTION

Two special wines were added to the Izabella Zwack Wine Selection, the Italian Guidalberto and the French Hampton Water rose.
This magnificent rosé was born in the Languedoc region of southern France thanks to the collaboration of Gérard Bertrand, Jon Bon Jovi and his son Jesse Bongiovi.
The blend of local grape varieties such as Grenache, Cinsault and Mourvedre embodies everything you would expect from a rosé from the South of France.
Intense, floral, fruity spring atmosphere, part of the wine is fermented and matured in oak barrels, so it is more substantial than the usual rosé wines.
The bottom of the beautiful bottle is reminiscent of corals, its turn-of-the-century label has a peaceful feel, and its glass plug indicates the premium segment.
The second red wine of the Tenuta San Guido estate is the little brother of Sassicaia.
Depending on the vintage, the recipe is usually 60% Cabernet Sauvignon and 40% Merlot, aged in French barrique barrels for about 15 months.
The aim of the estate was to produce a red wine that could be enjoyed by young people.
Intense color, overwhelming spiciness and excellent drinkability characterize this „mini super Tuscan”!

SPIRITS

UNICUM

UNICUM RISERVA

VILMOS

FÜTYÜLŐS

SPIRITS

KALUMBA

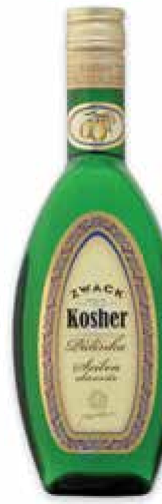
LÁNCHÍD

ZWACK MAXIMILIAN

ZWACK SÁNDOR NEMES PÁLINKA

HÍRÖS

KOSHER



ST. HUBERTUS

SPIRITS

KALINKA

JOHNNIE WALKER

CAOL ILA 12

TALISKER

SINGLETON

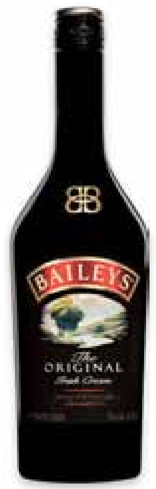
OBAN

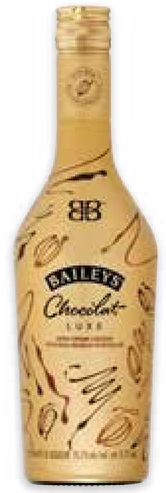
SPIRITS

BULLEIT

BLACK VELVET

BAILEYS





DISARONNO

ZACAPA

CAPTAIN MORGAN

SPIRITS

GORDON'S

TANQUERAY

SMIRNOFF

KETEL ONE

CIROC

EVIAN

SPIRITS

SÜTŐ LIQUEUR

PORTORICO

MARINE DRY

ÓBESTER

CASINO

TROIS TOURS

IZABELLA ZWACK WINE SELECTION

IZABELLA ZWACK WINE SELECTION

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