



DOCUMENTS FOR THE ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING OF THE ZWACK UNICUM PLC. *(CAPS COAF: GMET HU20210515001003)*

DATE OF THE AGM: 30 June, 2021, 10 a.m.
**VENUE OF THE AGM: The Seat of the Company,
H-1095 Budapest, Soroksári út 26.**

Statement - based upon point b) of Subsection 3:272 (3) of the Civil Code

Dear Shareholder,

Zwack Unicum Plc.'s Board of Directors convened the company's Annual General Meeting to take place at 10.00 a.m., on June 30, 2021 with the below quoted items on the agenda. Please find the individual submissions and the proposed text of the General Meeting resolutions attached.

The Company hereby informs its honourable shareholders that in light of the applicable regulations,

THE AGM WILL NOT BE HELD and as per the authorization granted by Decree no. 502/2020. (XI.16.) of the Government of Hungary,

THE BOARD OF DIRECTORS WILL DECIDE ABOUT ANY AND ALL ISSUES LISTED ON THE AGENDA.

Agenda of the AGM

- (1) Report of the Board of Directors on the business activities of the Company in the business year starting on April 1, 2020 and terminating on March 31, 2021 and presentation of the related draft Annual Report of the Company;
- (2) Report of the Auditor;
- (3) Report of the Supervisory Board, including the report of the Audit Board;
- (4) Approval of the Corporate Governance Report;
- (5) Approval of the Annual Report of the Zwack Unicum Plc. concerning the business year starting April 1, 2020 and terminating on March 31, 2021, prepared in accordance with the international financial reporting standards (IFRS);
- (6) Resolution on dividend on the basis of the annual report concerning the business year starting on April 1, 2020 and terminating on March 31, 2021;
- (7) Resolution on the remuneration of the members of the Board of Directors and the Supervisory Board;
- (8) Election of members of the Board of Directors, the Supervisory Board and the Audit Board;
- (9) Modification and amendment of the Statutes of the Company;
- (10) Approval of the consolidated text of the Company's Statutes, including amendments to date;
- (11) Miscellaneous.

**The Supervisory Board of Zwack Unicum Plc. suggests the Shareholders
all the proposals for APPROVAL.**

Item No. 1
Report of the Board of Directors on the business activities of the Company in the business year starting on April 1, 2020 and terminating on March 31, 2021 and presentation of the related draft Annual Report of the Company

REPORT ON THE ACTIVITY OF THE 2020-2021 BUSINESS YEAR

Analysis of the Company's performance

Total gross sales of the Company were HUF 24 259 million – a year-on-year decrease of 8% (HUF 2 099 million). Net sales (sales revenues excluding excise tax and public health product tax [NETA]) were HUF 13 083 million, a year-on-year decrease of 6.3% (-HUF 877 million).

There was a year-on-year decrease of HUF 839 million in the net domestic sales (6.8%). The net sales of own produced goods decreased in the domestic market by HUF 674 million (by 7.2%); (it was HUF 8 628 million instead of HUF 9 302 million). Broken down, sales of premium products decreased by 12.8% while those of quality products increased by 10%.

The net sales revenue of traded products had a year-on-year decrease of 5.5%. Broken down, the revenue of the Diageo portfolio increased by 2.5%, while the revenue of the other traded products shrank by 46.9%.

During the fourth quarter of the business year net domestic sales increased slightly: by 1.4% so, compared to the previous business year, it was the highest performing quarter (first quarter: 24.1%; second quarter: +0.9% and third quarter: 5%). As from November 2020 – just as in the April–May period – the government, acting in view of the pandemic, once again closed the on-trade units (which account for half of the Company's domestic sales) right down to the end of the business year. By contrast, the off-trade performed relatively well, especially in March 2021.

Market research data about the retail turnover for the April–March period indicate that the Hungarian taxed retail trade of spirits grew by 8.2% in volume and by 12.8% in value. In the same period the sales of the Zwack Unicum Plc. decreased by 7.2% due to the temporary lockdown of on-trade units.

Export earnings were HUF 1 641 million – a year-on-year decrease of 2.3% (HUF 38 million). The fourth quarter's export earnings showed a year-on-year increase of 5.3%. As far as the key markets were concerned, sales to Italy decreased by 12%, however those to Germany showed a considerable year-on-year increase (+40%), and those to Romania grew by 8%. Sales in duty-free shops continued to plunge (by 87%) alongside the collapse of tourism.

The material-type expenses decreased by HUF 138 million (-2.6%). As that figure is lower than the decrease in net sales – the latter being -6.3% – the gross margin ratio has a year-on-year decrease of 1.5 percentage points (60.6% instead of 62.1%). The weakening of the Hungarian forint mainly accounted for the rise in the per-unit material cost.

Employee benefits expense increased by HUF 85 million (2.9%). At the beginning of the business year, the Company granted a wage and salary increase of between 5 and 10%, differentiating it for the various payment levels. The average pay hike was 6.5%. The rise was relative higher in lower payment

categories while it was lower in higher ones. The fact that the social contribution tax underwent a year-on-year reduction (-HUF 27 million) partly compensated for the Company's increased employee benefits expense. Moreover, under the IFRS, the dividends paid after liquidation preference shares have to be posted as a personnel type of cost. In contrast to the previous business year, when a dividend of HUF 1 300 was paid per share, in the current business year the Annual General Meeting resolved that only HUF 300 may be paid by share. That decision reduced employee benefit expenses by HUF 35 million, and the lower dividend figure decreased the Company's long-term liabilities related to the liquidation preference shares by a further HUF 40 million.

The depreciation charge of fixed assets showed a year-on-year increase of HUF 13 million (+2.8%). Another part of the depreciation charge increased by HUF 34 million because this Report categorized – for the first time – pallets as “fixed assets of minor value”. Hence it follows that the Company is applying for them an immediate depreciation instead of the earlier three-year depreciation method. The total depreciation charge increased by HUF 47 million (9.9%) due to the above two factors.

The other operating expenses showed a year-on-year decrease of HUF 588 million (16.4%). The cost reduction was due mainly to the significant reduction of the marketing expense. Many of the marketing events planned for the period concerned could not be held (for instance, summer music festivals were cancelled) and, as for other events (for instance, consumer promotion events in the on-trade), we suspended them for the period of the pandemic, bearing health-conscious considerations in mind. Export marketing costs have also showed a marked year-on-year decrease (HUF 202 million) because a media campaign that had been originally planned for Italy for the second quarter of this business year is now planned to be held in summer 2021.

The other operating income decreased by HUF 99 million (-21.5%). That was because the brand owners of traded products decreased their marketing expenditure reimbursement by HUF 126 million as our marketing expenditure for the products concerned was lower. By contrast, the exchange rate gain showed a year-on-year increase.

The operating income was HUF 1 787 million, which shows a year-on-year decrease of 17.6% (-HUF 382 million).

During the period under review the Company made a net financial expenditure of HUF 7 million. It is the balance of the interest payable on the Company's loan of HUF 2.5 billion – which we reported about in our Annual Report that was published on 25 June 2020, a loan that has granted increased financial security for the Company – and the interest gained on the Company's fixed deposits in banks. We repaid half of our loans in March 2021 – so at the end of the business year the Company has a loan of HUF 1.25 billion.

The income tax expense decreased by a total of HUF 144 million. That was due to two factors. First, in the corresponding period of the previous business year the Company posted HUF 98 million in local business tax self-revision cost but in the period under review no such item was posted. Second, the taxes levied on the Company's revenues during the period under review were lower than those a year before were by HUF 46 million (-11.8%).

All in all, the Company's profit after taxation was HUF 1 436 million – a year-on-year decrease of 15.3% (-HUF 260 million).

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

Business environment of the Company

The 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 Hungarian domestic consumption of premium alcoholic drinks has increased over the past few years. The retail trade turnover further increased during 2020, however, the four-month closure of on-trade units drastically reduced the on-trade figures. As a consequence, overall consumption might have also slightly decreased, because the retail growth couldn't compensate the on-trade drop.

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

		2018-19	2019-20	2020-21	2021-22
		business year	business year	business year	b. year plan
Gross Sales	HUF mill	26 341	26 358	24 259	26 544
Sales net of taxes	HUF mill	15 739	13 960	13 083	14 474
Gross Margin	HUF mill	10 016	8 673	7 934	8 974
Profit from operations	HUF mill	3 079	2 169	1 787	1 850
Profit before tax	HUF mill	3 083	2 184	1 780	1 830
Profit for the year	HUF mill	2 623	1 696	1 436	1 404
Dividends paid / payable	HUF mill	2 600	600	1 400*	
Total assets	HUF mill	11 147	11 962	13 058	
Cash and cash equivalents, end of the year	HUF mill	3 064	1 459	2 739	
Average statistical staff number	Person	244	244	244	
Gross margin ratio	%	63.6%	62.1%	60.6%	62.0%
Profit from operations / Net sales	%	19.6%	15.5%	13.7%	12.8%
Profit for the year / Net sales	%	16.7%	12.1%	11.0%	9.7%
Dividend / Profit for the year	%	99.1%	35.4%	97.5%	
Earnings per share	HUF	1 312	848	718	702

*The Company proposes to pay dividends for the financial year ended 31 March 2021, which is subject to approval by the forthcoming Annual General Meeting. The amount of dividend proposed by the Board of Directors amounts to HUF 1 400 million (700 HUF/share).

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting, **approved** the report of the Board of Directors regarding the business activities and financial results of the Company in the business year starting on April 1, 2020 and terminating on March 31, 2021.

Item No. 2 Report of the Auditor

Independent Auditors' Report

To the shareholders of Zwack Unicum Nyrt.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements for the financial year between 1 April 2020 and 31 March 2021 of Zwack Unicum Nyrt. (hereinafter referred to as "the Company"), which comprise the statement of financial position as at 31 March 2021, which shows total assets of MHUF 13,058, the statement of profit or loss and other comprehensive income, which shows profit for the year of MHUF 1,436, and the 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 financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, 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 EU (hereinafter referred to as "EU IFRSs") and those 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 (hereinafter referred to as "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 Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 2021, amounts payable (due) to customers: HUF 614 million.

For more detailed information refer to Note 2 B (u) (3) and Note 14 to the financial statements.

The key audit matter	<i>How the matter was addressed in our audit</i>
<p>Amounts payable (due) to customers amount to HUF 614 million in the statement of financial position as at 31 March 2021. 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>We performed the following procedures amongst others:</p> <ul style="list-style-type: none"> • we tested the 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 2020 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.

Other Information

The other information comprises the annual report (including the business report and management report) of the Company for the financial year between 1 April 2020 and 31 March 2021. 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 2020 and 31 March 2021 is consistent, in all material respects, with the financial statements of the Company for the financial year between 1 April 2020 and 31 March 2021 and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report of the Company, 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) of the Act on Accounting 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 financial statements of the Company for the financial year ended 31 March 2021. Our total uninterrupted period of engagement is 3 years, covering the periods ending 31 March 2019 to 31 March 2021.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 17 May 2021;
- we have not provided to the Company the prohibited non-audit services (NASs) as set out by Article 5(1) of EU 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, 25 May 2021

KPMG Hungária Kft.

Registration number: 000202

Rezső Rózsai

Partner, Professional Accountant

Registration number: 005879

This is an English translation of the Independent Auditors' Report on the 2021 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 financial statements it refers to.

Zwack Unicum Nyrt. - K31 - 2021.03.31.

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting, **approved** the report of KPMG Hungária Kft., as statutory auditor of the Company regarding the operation of the Company in the business year starting on April 1, 2020 and terminating on March 31, 2021 and the related Annual Report.

Item No. 3
Report of the Supervisory Board,
including the report of the Audit Board

ZWACK UNICUM PLC.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD
ON THE BUSINESS YEAR
STARTING ON APRIL 1, 2020 AND TERMINATING ON MARCH 31, 2021

In the business year starting on April 1, 2020 and terminating on March 31, 2021, 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, 2020 and terminating on March 31, 2021, 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 700 HUF per share, in total HUF 1 424 500 000 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 Policy 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.

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 25, 2021

DR. HUBERTINE UNDERBERG-RUDER
Chair of the Supervisory Board

MAG. KARIN TRIMMEL
Chair of the Audit Board

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting **approved** the report of the Supervisory Board, including the report of Audit Committee for the business year starting on April 1, 2020 and terminating on March 31, 2021.

Item No. 4

Approval of the Corporate Governance Report

Please see the Corporate Governance Report in the Appendix 1.

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting **approved** the Corporate Governance Report of the Board of Directors, approved by the Supervisory Board for the business year starting on April 1, 2020 and terminating on March 31, 2021.

Item No. 5

Approval of the Annual Report of the Zwack Unicum Plc. concerning the business year starting April 1, 2020 and terminating on March 31, 2021, prepared in accordance with the international financial reporting standards (IFRS)

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting **approved** the Annual Report of Zwack Unicum Plc. concerning the business year starting on April 1, 2020 and terminating on March 31, 2021, prepared in accordance with the international accounting standards (IFRS) as follows:

ZWACK UNICUM PLC.**STATEMENT OF FINANCIAL POSITION**in million HUF**Assets:**

Non-current assets:	3 652
Property, plant and equipment	3 442
Intangible assets	85
Investment in associate	16
Deferred tax asset	109
Current assets:	9 406
Inventories	2 800
Trade and other receivables	2 617
Cash and cash equivalents	3 989
<u>Total assets:</u>	13 058

Equity and liabilities:

Shareholder's equity:	7 012
Share capital	2 000
Share premium	165
Retained earnings	4 847
Non-current liabilities:	531
Other liabilities	531
Current liabilities:	5 515
Trade and other liabilities	4 255
Short term loans	1 250
Provisions	10
<u>Total equity and liabilities:</u>	13 058

STATEMENT OF COMPREHENSIVE INCOMEin million HUF

Revenue, gross of taxes	24 259
Excise tax	(6 925)
Public health product tax	(4 251)
Revenue, net of taxes	13 083
Operating expenses	(11 658)
Material-type expenses	(5 149)
Employee benefits expense	(2 993)
Depreciation and amortization	(524)
Other operating expenses	(2 992)
Other operating income	362
Profit from operations	1 787
Net financial income (cost)	(7)
Profit before tax	1 780
Income tax expense	(344)
Profit for the year	1 436

Item No. 6

Resolution on dividend on the basis of the annual report concerning the business year starting on April 1, 2020 and terminating on March 31, 2021

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting **approved** the proposal of the Board of Directors on the basis of which the Company has declared the payment of dividend in the amount of 700 HUF per share, in total HUF 1 424 500 000 (one billion four hundred and twenty four million and five hundred thousand Hungarian Forints). The Board of Directors will take the necessary steps for the payment of the dividends on a pro rata basis in accordance with the shareholding set forth in the Company's Share Register on July 21, 2021. The distribution of the dividends shall commence on July 28, 2021 except if a certain number of shareholders initiated the subsequent supervision of the decisions on the annual report and the use of profits as set forth in Section 9 of the Government Decree.

Item No. 7

Resolution on the remuneration of the members of the Board of Directors and the Supervisory Board

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting **approved** the honoraria for the members of the Company's Board of Directors and the Supervisory Board in regard to the business year starting on April 1, 2020 and terminating on March 31, 2021 as follows:

Chairman of the Board of Directors:	4.5 M HUF
Deputy Chairman of the Board of Directors	3.9 M HUF
Members of the Board of Directors:	3.3 M HUF
Chairwoman of the Supervisory Board:	4.5 M HUF
Deputy Chairwoman of the Supervisory Board	3.9 M HUF
Members of the Supervisory Board:	3.3 M HUF

Item No. 8

Election of members of the Board of Directors, the Supervisory Board and the Audit Board

Information on the Board members and candidates is available on the Company's website. (<https://zwackunicum.hu/en/for-investors/company's-board-and-management>)

Resolution proposals:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting acknowledged the *resignation* of **Mag. Karin Trimmel** (mother's full maiden name: Elfriede Schindler) *from her membership in the Supervisory Board* and consequently *in the Audit Board* as of June 29, 2021.

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting discharged Mag. Karin Trimmel from her membership in the Supervisory Board and consequently in the Audit Board from her liabilities in connection with her activities as member of the Supervisory and the Audit Boards.

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting approved *the election* of **Mr. Thomas Mempel** (mother's full maiden name: Antje Jährmann; date of birth: August 11, 1967) *as a member of the Supervisory Board* for a definite period of time starting on June 30, 2021 and expiring on July 31, 2024.

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting approved *the election* of **Mr. Thomas Mempel** (mother's full maiden name: Antje Jährmann; date of birth: August 11, 1967) *as a member of the Audit Board* for a definite period of time starting on June 30, 2021 and expiring on July 31, 2024.

Item No. 9

Modification and amendment of the Statutes of the Company

Modifications and amendments to the Statutes, to be accepted by the Annual General Meeting of June 30, 2021 only concern the Annex of the Statutes as only the changes in the members of the Supervisory Board and of the Audit Board require the modification of the Statutes. The Statutes themselves remain unchanged, except for their date.

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting approved the amendments of the Statutes of the Company and its annex as set forth in the published general meeting proposals.

Item No. 10

Approval of the consolidated text of the Company's Statutes, including amendments to date

Resolution proposal:

The Board of Directors - based on Subsection (1) of Section 5 and Section 9 of the Government Decree - acting in the competence of the General Meeting **approved** the consolidated version of the Statutes including the modifications and amendments set forth by the above Resolutions (containing all the amendments to date) attached to this Minutes as Appendices 1/A and 1/B.

REPORT**RELATING TO THE CORPORATE GOVERNANCE ON THE BASIS OF THE CORPORATE GOVERNANCE RECOMMENDATIONS (THE "RECOMMENDATIONS") PUBLISHED BY THE BUDAPEST STOCK EXCHANGE**

On the basis Corporate Governance Recommendations published by the Budapest Stock Exchange (the "**Recommendations**"), the Supervisory Board of Zwack Unicum Nyrt. (the "**Company**") by its resolution dated May 25, 2021 approved the following report made by the Board of Directors in the name of the Company.

On the basis of Subsection (1) of Section 5 and Section 9 of the decree no. 502/2020 (XI.16.) of the Government of Hungary on the reinsertion of deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency (the "**Decree**") (the "**Act**"), the Board of Directors acting in the competence of the AGM by its resolution No. 7/2021. 06. 30, passed on June 30, 2021 approved the following report.

DISCLOSURE ON CORPORATE GOVERNANCE**1. A brief presentation of the operation of the Executive Board / Board of Directors, and the distribution of responsibilities and tasks between the Executive Board / Board of Directors and the management.****1.1 A brief presentation of the operation of the Executive Board / Board of Directors**

The members of the Board of Directors shall be elected by the Shareholders Meeting in accordance with the proposal of the shareholders for a period of maximum four years. The Chairman and the Vice-Chairman of the Board of Directors are elected by and from among the members of the Board of Directors for a period of four (4) years. If the Chairman of the Board of Directors would be unable to execute his function, the responsibility to act as the Chairman of the Board of Directors shall be automatically transferred to the Vice-Chairman of the Board of Directors.

The Chairman of the Board of Directors is obliged to call the meetings of the Board of Directors and to organize and direct the continuous activities of the work organization of the Company.

The Board of Directors shall hold ordinary meetings at least once every quarter. The meeting of the Board of Directors is convoked by the Chairman of the Board of Directors and in case of unavailability, by the Vice-Chairman of the Board of Directors. The Chairman of the Board of Directors is also obliged to convoke the meeting of the Board of Directors if so required by two (2) members jointly with a statement regarding the reason and purpose of said request.

With the exception of a closed meeting, the members of the Supervisory Board and also the persons invited by the Board of Directors may take part in the meeting of the Board of Directors as consultants. The Board of Directors may also have closed (in camera) sessions, or discuss selected items on the agenda at closed sessions. A closed meeting shall be held at the request of any Director.

The Board of Directors has a quorum if six-seventh (6/7) of the board members are present. The propositions and resolutions of the Board of Directors shall be brought with a simple

majority of the votes of the board members present, except if otherwise provided by the Rules of Operation of the Board of Directors. Minutes have to be kept regarding the meeting of the Board of Directors, which shall contain a list of those present, the deliberations regarding the issues of the agenda, the results of the votes and the decisions.

The Board of Directors may pass resolutions without any or all Board members being physically present at the Meeting of the Board of Directors, by way of using electronic communications devices.

The tasks and competences of the Board of Directors are defined by the applicable legal regulations, the Statutes of the Company (available at www.zwack.hu) and its Rules of Operation, accepted by itself.

1.2 The distribution of responsibilities and tasks between the Executive Board / Board of Directors and the management

The Board of Directors shall appoint a General Manager from among the directors or the employees, for such period of time and under such terms as it deems fit. The Board of Directors may revoke such appointment at any time.

The General Manager, within his scope of employment, shall be responsible for the administration of the Work Organization of the Company, and shall exercise the employer's rights in respect of the employees of the Company. The General Manager shall be entitled to delegate his power to exercise the employer's rights in respect of employees of a given department to the employee in charge of that department, except for the employer's rights in respect of employees in executive positions.

The General Manager shall have the powers to decide in matters relating to the day-to-day operations of the Company. The competence of the General Manager shall be determined by the Rules of Operation of the Company approved by the Board of Directors.

2. An introduction of the Executive Board / Board of Directors, Supervisory Board and management members, a presentation of the committee structure

2.1 The Board of Directors

The Board of Directors of the Company actually consists of seven (7) members. The Chairman of the Board of Directors is Mr. Sándor Zwack, the Deputy Chairman is Mr. Wolfgang Spiller. The list of the members of the Board of Directors, their presentation and the data related to their independency status are available at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek/testulet-es-menedzsment/>).

2.2 The Supervisory Board

The Supervisory Board of the Company actually consists of six (6) members. The Chair of the Supervisory Board is Dr. Hubertine Underberg-Ruder, its Deputy Chair is Mag. Karin Trimmel. The list of the members of the Supervisory Board, their presentation and the data related to their independency status are available at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek/testulet-es-menedzsment/>).

2.3 The Management

The list of the members of the management and their presentation are available at the homepage of the Company (www.zwack.hu).

3. Specifying the number of meetings which the Executive Board / Board of Directors, Supervisory Board and committees held in the given period, complete with attendance rates

3.1 The Board of Directors

The Board of Directors, during the past 2020-2021 business year, had seven (9) meetings, with an average attendance of 98%.

3.2 The Supervisory Board

The Supervisory Board, during the past 2020-2021 business year, had three (3) meetings, with an average attendance of 100%.

3.3 The Audit Board

The Audit Board, during the past 2020-2021 business year, had three (3) meetings, with an average attendance of 100%.

4. Remuneration Policy (a presentation of the work done by the Executive Board / Board of Directors, the Supervisory Board and the management as well as the considerations for assessing their individual members)

The Board of Directors - based on the rules of the Decree - acting in the competence of the General Meeting on June 25, 2020, 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 (the "**ShRD Act**"), AGM – in its advisory competence - approved the remuneration policy concerning the directors of the Company ("**Remuneration Policy**").

The personal scope of the Remuneration Policy shall extend to the following persons:

- (i) members of the Company's Board of Directors;
- (ii) members of the Company's Supervisory Board;
- (iii) the CEO of the Company; and
- (iv) the Deputy CEO.

The Remuneration Policy is applicable for a period of 4 years from the date of its approval.

The Remuneration Policy, in line with the rules of ShRD Act contains:

- (a) the principles and objectives of the Remuneration Policy, its implementation;
- (b) the rules on the personal and temporal scope of the Remuneration Policy;

- (c) the rules on the fixed remuneration of the members of the Board of Directors and of the Supervisory Board; (d) the rules on the remuneration of the Company's chief executive officer, the deputy chief executive officer and of the members of the Board of Directors and the Supervisory Board having an employment or other relationship with the Company, including:
 - The fixed and (performance dependent) variable elements of the remuneration, and their relative proportions;
 - deferral period, recovery;
 - other conditions of the labor contracts.
- (e) the rules on Deviation from the Remuneration Policy; and
- (f) the rules on decision-making process regarding the Remuneration Policy.

The Remuneration Policy is available at the website of the Company (<https://zwackunicum.hu/en/befektetoknek/>).

The Board of Directors of the Company constantly evaluates the work of the members of the management not falling under the scope of the Remuneration Policy and also prepares a yearly evaluation.

5. A report on the operation of each committee, elaborating on the professional background of committee members, the number of and the attendance rate at the meetings held as well as the major topics discussed at the meetings and a presentation of the committee operation

5.1 The Supervisory Board

The presentation of the members of the Supervisory Board is included in Section 2.2 above, the number of the meetings held and the attendance rate are included in Section 3.2 above and the duration of the appointment of the members of the Supervisory Board is presented in the Remuneration Declaration published at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek/>).

In the business year 2020-2021, the Supervisory Board discussed the following major topics:

- (i) Examination of all the reports, overviews and documents related to the operation of the Company and its various bodies, departments and mechanisms as set forth in the Statutes of the Company and other corporate documents, including the preparation of the respective reports;
- (ii) Remuneration issues;
- (iii) Issues related to the Annual and Extraordinary General Meetings of the Company;
- (iv) Effect of the virus situation on the operation of the Company.

Pursuant to the Statutes, the Company shall establish a Supervisory Board consisting of at least six (6) members and at the most twelve (12) members. The management of the Company entered into an agreement with the workers' council pursuant to which the employees waived their right to participate in the operation of the Supervisory Board. The members of the Supervisory Board shall be elected by the Shareholders Meeting for a period of maximum four (4) years.

The Supervisory Board shall hold a meeting at least once every six months, at least three times a year, but at any time upon the request of the Shareholders Meeting. The meeting of the Supervisory Board shall be convoked by its Chair, who shall also chair the meeting. The Chair of the Supervisory Board shall be obliged to also call the meeting of the Supervisory Board, if so requested in writing by a member of the Supervisory Board who provides the reason and objective of the meeting. If the Chair fails to comply with such request, the member shall have the right to convene the meeting himself.

At the meetings of the Supervisory Board the Auditor may also take part with a right of consultation.

The Supervisory Board shall have a quorum if two thirds, but at least three, of the members of the Supervisory Board are present. The decisions of the Supervisory Board are brought with a simple majority of the members of the Supervisory Board present. Minutes have to be kept regarding the meeting of the Supervisory Board, which shall contain the list of those present, the results of the votes and the decisions.

According to its own procedural rules, the Supervisory Board may pass resolutions by way of using electronic communications devices.

5.2 The Audit Board

The Company established an Audit Board consisting of three (3) members, elected by the Shareholder's Meeting from the independent members of the Supervisory Board. The Chair of the Audit Board is Mag. Karin Trimmel. The list of the members of the Audit Board and the data related to the duration of their appointment are available at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek/>). The data related to the duration of their appointment are available in the Remuneration Declaration.

The number of the meeting held by the Audit Board and the attendance ratio are included in Section 3.3 above.

In the business year 2020-2021, the Audit Board discussed the following major topics:

- (i) Examination of all the reports, overviews and documents related to the operation of the Company and its various bodies, departments and mechanisms as set forth in the Statutes of the Company and other corporate documents, including the preparation of the respective reports;
- (ii) Issues related to the audit of the Company;
- (iii) Issues related to the financial reporting system, the internal audit and risk management systems of the Company.

The tasks and competences of the Audit Board are defined by the applicable legal regulations, the Statutes of the Company (available at <https://zwackunicum.hu/en/befektetoknek/alapszabaly/>) and the rules of operation of the Audit Board, approved by the Supervisory Board.

In the business year 2020-2021, the Board of Directors did not pass any decision against the propositions of the Audit Board.

5.3 Other Boards

Taking into consideration the shareholding structure of the Company¹ and that the Company's Board of Directors - acting on behalf of the general meeting pursuant to the Decree - approved the Remuneration Policy of the Company, there is no nomination committee at the Company. The tasks of the nomination committee are performed by the Board of Directors. In remuneration questions, the bodies and persons defined in the Remuneration Policy shall decide.

6. A description of the system of internal controls, an evaluation of the activities performed in the given period. A report on the efficiency and effectiveness of the risk management procedures

As of the 2008/2009 business year, the Company established a position of internal controller. However, the size of the Company does not justify the operation of a separate internal control department, thus the position is held by an internal controller who is already an employee of the Company and who directly reports to the General Manager.

The internal audit plan is approved by the Audit Committee and the internal controller makes a report about the results of the internal control to the Audit Committee. The Audit Committee – together with the Board of Directors and the Supervisory Board – reviews the result of the different administrative supervisions held at the Company and analyzes - together with the management - the risk map of the Company.

In the 2020-2021 business year internal audit plan has been approved by the Audit Committee and the internal controller made a report about the results of the internal control to the Audit Committee. With respect to the 2020-2021 business year, the Audit Committee established in its report that the risk management principles and mechanisms of the Company effectively secured the management and control of the risks related to the operation of the Company as well as the achievement of its performance and profit targets.

7. Information on whether the auditor performed any activities not related to auditing

The Auditor of the Company did not perform any activities not related to auditing.

8. An overview of the Company's publication policy and its insider trading policy

The Company Documents are in compliance with the provisions of the Civil Code, Act CXX of 2001 on the capital market (the "**Capital Market Act**"), Regulation 596/2014/EU on market abuse, the Budapest Stock Exchange and the Central Depository and Clearing House respectively, and the Company is disclosing information pursuant to the above acts and regulations. Consequently, the Company publishes quarterly interim management report, quick reports, annual reports following the closing of the financial year and provides extraordinary

¹ The qualified majority voting shares (76%+1) of the Company are held by two major shareholders.

reporting if the Company becomes aware of any information on any past or ongoing change that could directly or indirectly affect the value of or the yield on the securities, or could be significant for the market players in making their investment decisions. Furthermore, the Shareholders Bureau of the Company keeps continuous contact with the investors. The Company publishes its notifications on its own homepage (www.zwackunicum.hu), on the homepage of the Budapest Stock Exchange (www.bet.hu) and on the homepage www.kozzetetelek.hu.

The Company - in the Instruction no. 11/2016 - established its policy on insider tradings, pursuant to the applicable rules of Regulation no. 596/2014/EU on market abuse. The Company holds a register about the insiders, as prescribed by the Act. Pursuant to the Instruction and the Capital Market Act, certain persons specified in the Instruction (thus the members of the Board of Directors and of the Supervisory Board, directors of the Company and persons closely associated with them) shall notify the Hungarian National Bank and the Company without delay of every transaction conducted on their own account relating to the shares or debt instruments (e.g. bonds) of the Company or to derivatives or other financial instruments linked thereto. Furthermore, a person discharging managerial responsibilities shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked to them during a closed period as specified in the market abuse regulation, which is a thirty (30) calendar day period before the announcement of an interim financial report or a year-end report (annual report).

9. An overview of the method of exercising shareholder rights

Every registered common share having a nominal value of 1,000 HUF (one thousand Hungarian Forint) shall entitle its holder to one vote at the General Meeting. Shareholders may exercise their rights at the General Meeting either in person or through an authorized representative pursuant to a voting card or an equivalent official certification confirming the right to vote) to be issued by the Board of Directors. The proxy empowering its holder to representation shall be incorporated into a public legal document or a fully evidencing private deed, and shall be submitted prior to obtaining the certification entitling the certificate holder to the receipt of the voting card.

Certification of ownership is not required for the exercise of shareholders' rights; the entitlement is verified by way of the identification procedure prescribed in the act on securities and in rules of procedures of the central depository (KELER Zrt.). The registration of the shareholder into the Share Register is the obligation of investment service firms. The registration of the ownership can be initiated through the respective investment service firm within the deadline set forth therefore. Shareholders' rights at the General Meeting may be exercised by the person whose name is contained in the Share Register at 6 PM (Budapest time) on the second business day before the first day of the Shareholders' Meeting.

The detailed rules on exercising shareholder's rights are set forth by the Statutes of the Company available at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek/alapszabaly/>).

10. A brief presentation of the rules for the conduct of the General Meeting

The Company shall hold the annual ordinary Shareholders Meeting by July 31 of each year. The Board of Directors shall be entitled and obliged to call the Shareholders Meeting. The Board of Directors shall be entitled at any time to call an extraordinary Shareholders Meeting.

The Board of Directors shall publish the invitation to the Shareholders' Meeting at least 30 days before the Shareholders' Meeting. Such publication is to be made at the www.kozzetetelek.hu homepage as well as at the homepage of the Company and the homepage of the Budapest Stock Exchange.

The agenda of the Shareholders' Meeting is established by the Board of Directors, but the latter is obliged to place on the agenda any proposal for supplementing the agenda (complying with the rules on the details of the agenda) and any draft resolution related to an agenda item that is on agenda or to be added to the agenda, which are requested by the Shareholders representing at least one per cent (1%) of the votes, by the Supervisory Board and by the Auditor within 8 days after the publication of the invitation.

The Shareholders Meeting has a quorum if the Shareholders (or their representatives) who are present represent more than half of all the voting shares. In lack of a quorum, the reconvened General Meeting shall have a quorum irrespective of the actual number of shareholders present.

The detailed rules on the conducting of the General Meeting are set forth by the Statutes of the Company available at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek/alapszabaly/>).

According to the rules of the Decree, no general meetings can be held in a way which would require the physical presence of the shareholders during the state of emergency related to the coronavirus pandemic.

Thus, on June 30, 2021, according to the Decree, the Board of Directors decided on all issues listed on the published agenda.

According to the Act, the shareholders can request the convocation of the general meeting for the subsequent approval of the general meeting resolutions passed by the Board of Directors during the state of emergency within a 30-day deadline starting from the date of publishing the resolutions, with the exception of resolutions concerning the approval of the annual report and the allocation of the after-tax profits (dividends) where such deadline is 30 days from the date of publishing the resolutions

11. Remuneration Statement

The Remuneration Statement prepared by the Company is available at the homepage of the Company (<https://zwackunicum.hu/en/befektetoknek>).

The remuneration reports to be prepared pursuant to the Remuneration Policy will be first accepted at the 2022 annual general meeting of the Company.

12. Diversity

Taking into consideration that since its establishment, Company has applied a practice with respect to the election of its management and administration employees that also respects the criteria of diversity, treats everyone equally when choosing its employees and does not apply discriminatory criteria, the Company does not consider it necessary to be more explicit and to elaborate a separate diversity policy.

RECOMMENDATIONS

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

Explanation: The Company has an organizational unit dealing with investor relationship.

1.1.2. Are the Company's Articles of Association available on the Company's website?

Yes

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes

1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

No

Explanation: As according to Section 3:255. § (2) of the Civil Code, if a shareholder is represented by different representatives and these representatives vote in a different way, all the votes passed by them shall be considered as null and void, in order to facilitate the counting of the votes and order to avoid null and void votes, the Company accepts only one representative per shareholder.

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

Yes

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)

Yes

Explanation: The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals.

1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

Yes

1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

Yes

Explanation: During the past few years, there was no question asked at the General Meeting of the Company to which the representatives of the different bodies of the Company or the Auditor was not able to properly answer.

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

Yes

Explanation: During the past few years, there was no such proposals.

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)

Yes

Explanation: The Chairman of the General Meeting did not use a combined voting procedure in the above cases.

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

Yes

Explanation: Taking into consideration the topics listed on the agenda of the annual general meeting related to the 2020-2021 business year, the Statutes of the Company have only been modified and amended related to the change of certain titleholders. Thus, due to the number and administrative nature of the changes, there was no separate vote to determine whether each amendment of the Statutes should be individually voted. Naturally, if the number, the nature or the significance of the changes justifies it, the general meeting decides in a separate resolution each amendment of Statutes shall be decided by individual votes, joint votes, or votes combined in a specific way.

1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

Yes

1.5 Remuneration - ineffective

1.6.1.1. Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

Yes

1.6.1.2. Does the Company design it by considering the aspects of disclosure and the information of investors?

Yes

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?

No

Explanation: In case of publications, the Company follows current Hungarian legislation.

1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

No

Explanation: In case of publications, the Company follows current Hungarian legislation and considers the event classified as important those qualified as such by the respective legislation.

1.6.2.3. Did the Board of Directors/Governing Board assess the efficiency of the publication processes?

No

Explanation: In case of publications, the Company follows current Hungarian legislation.

1.6.2.4. Did the Company publish the findings of the efficiency assessment of the publication process?

No

Explanation: As in case of publications, the Company follows current Hungarian legislation, no such assessment has been prepared.

1.6.3. Did the Company publish its annual company event calendar?

Yes

1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

Yes

1.6.5. Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?

Yes

1.6.6. Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

Yes

1.6.7.1. - ineffective

1.6.7.2. - ineffective

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes

1.6.9.1. Did the Company publish its guidelines relating to the trading of its shares by insiders?

Yes

1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way?

Yes

1.6.10. Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes

Explanation: During the past few years, there was no relationship with third parties which could have affected the operation of the Company.

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

Yes

2.2.1. Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

Yes

2.2.2. Does the Company publish the procedure used for nominating Board of Directors / Governing Board members?

No

Explanation: Due to the shareholding structure of the Company², the nomination of the members of the Board of Directors is regulated by the shareholder's agreement of the two major shareholders. The content of the shareholder's agreement is a business secret.

2.3.1. Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

Yes

2.4.1.1. Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

Yes

² The significant majority of the voting shares of the Company (76%+1) are hold by two major shareholders.

2.4.1.2. Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

Yes

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board’s meetings?

Yes

2.5.1. Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

No

Explanation: The nomination of the candidates has been made as described in point 2.2.2 above. The information about the candidates has been made available in due time before the General Meeting.

2.5.2. Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes

2.5.3. Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

Yes

2.6.1. Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

Yes

2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

No

Explanation: The Company published its principles related to the assessment of the activities of the management, but the publication of further information would be unfavorable for the business of the Company.

2.6.3. Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

No

Explanation: Taking into consideration its shareholding structure, the Company considers the fulfillment of the independence criteria set forth in the laws as satisfying.

2.6.4. Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

No

Explanation: Taking into consideration its shareholding structure, the Company considers the fulfillment of the independence criteria set forth in the laws as satisfying.

2.7.1. Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

Yes

2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

Yes

Explanation: Such transactions were concluded according to general rules of practice of the company, with the general transparency rules which are sufficiently strict.

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes

2.7.4. Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

2.8.1. Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes

2.8.2. Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes

2.8.3. Did shareholders receive information about the operation of the system of internal controls?

Yes

2.8.4. Does the Company have a function ensuring compliance (compliance function)?

No

Explanation: The size of the Company does not justify the establishment of such a function, but the Company is in compliance with its legal obligations with the assistance of its external advisors.

2.8.5.1. Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes

Explanation: The Audit Board is responsible for the supervision of the risk management of the Company.

2.8.5.2. Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

Yes

2.8.6. With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes

2.8.7. Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes

2.9.2. Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports?

Yes

PROPOSALS

Level of compliance with the Proposals

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes

(Explanation: During the operation of the Company, no such initiative was made.)

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes

1.3.1.1. Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

Yes

1.3.1.2. In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes

(Explanation: During the operation of the Company, no such event happened.)

1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions. (Answer Yes, if not)

Yes

(Explanation: The Statutes of the Company does not contain such restriction.)

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

Yes

(Explanation: However, during the operation of the Company, no such initiative was made.)

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes

1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

Yes

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

Yes

2.9.1. Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

No

(Explanation: Such transactions are made according to general rules of practice of the Company, with the general transparency rules.)

Budapest, June 30, 2021

On behalf of the Board of Directors of Zwack Unicum Nyrt.

Sándor Zwack, chairman

Frank Odzuck, CEO