



## **DOCUMENTS FOR THE ANNUAL GENERAL MEETING**

### **ANNUAL GENERAL MEETING OF THE ZWACK UNICUM PLC.** *(CAPS COAF: GMET HU20220225002961)*

**DATE OF THE AGM: 29 June, 2022, 10 a.m.**

**VENUE OF THE AGM: Mercure Budapest Castle Hill,  
H-1013 Budapest, Krisztina krt. 41-43.**

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 29, 2022 with the below quoted items on the agenda. Please find the individual submissions and the proposed text of the General Meeting resolutions attached.**

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, 2021 and terminating on March 31, 2022 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, 2021 and terminating on March 31, 2022, 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, 2021 and terminating on March 31, 2022;
- (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) Election of the Company's auditor and approval of its remuneration;
- (10) Advisory vote on the Remuneration report concerning the business year starting on April 1, 2021 and terminating on March 31, 2022;
- (11) Authorization to the Board of Directors for the purchase of own shares of the Company;
- (12) Modification and amendment of the Statutes of the Company;
- (13) Approval of the consolidated text of the Company's Statutes, including amendments to date;
- (14) 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, 2021 and terminating on March 31, 2022 and presentation of the related draft Annual Report of the Company**

**REPORT ON THE ACTIVITY OF THE 2021-2022 BUSINESS YEAR**

**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.

### **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.

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

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
		<b>business</b>	<b>business</b>	<b>business</b>	<b>business year</b>
		<b>year</b>	<b>year</b>	<b>year</b>	<b>plan</b>
Gross Sales	HUF mill	26 358	24 259	31 326	31 849
<b>Sales net of taxes</b>	<b>HUF mill</b>	<b>13 960</b>	<b>13 083</b>	<b>17 691</b>	<b>18 290</b>
Gross Margin	HUF mill	8 673	7 934	11 129	10 196
Profit from operations	HUF mill	2 169	1 787	3 653	2 727
Profit before tax	HUF mill	2 184	1 780	3 762	2 775
<b>Profit for the year</b>	<b>HUF mill</b>	<b>1 696</b>	<b>1 436</b>	<b>3 200</b>	<b>2 208</b>
Dividends paid / payable	HUF mill	600	1 400	3 000*	
Total assets	HUF mill	11 962	13 058	15 092	
Cash and cash equivalents, end of the year	HUF mill	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).

### **Resolution proposal:**

The AGM **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, 2021 and terminating on March 31, 2022.

## **Item No. 2 Report of the Auditor**

### **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<sup>1</sup> 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.

##### *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.

<sup>1</sup> digital identification of filename.xhtml separate financial statements with 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.

Zwack Unicum Nyrt. - K31 - 2022.03.31.

### 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.

<b>The key audit matter</b>	<i>How the matter was addressed in our audit</i>
<p>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.</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"><li>• we tested selected controls over approval of sales incentives;</li><li>• we compared prior year estimate of sales incentives payable to customers to actual payments;</li><li>• 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;</li><li>• 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;</li><li>• we evaluated the accuracy of data used in the estimate of sales incentives by reference to the underlying sales agreements on a sample basis;</li><li>• 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.</li></ul>

### *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

Rezső Rózsai

*Partner, Professional Accountant*

Registration number: 005879

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Zwack Unicum Nyrt. - K31 - 2022.03.31.

### **Resolution proposal:**

The AGM has **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, 2021 and terminating on March 31, 2022 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, 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.

The Supervisory Board coincidentally 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

**Resolution proposal:**

The AGM **approved** the report of the Supervisory Board, including the report of Audit Committee for the business year starting on April 1, 2021 and terminating on March 31, 2022

**Item No. 4**  
**Approval of the Corporate Governance Report**

Please see the Corporate Governance Report in the Appendix 1.

**Resolution proposal:**

The AGM **approved** the Corporate Governance Report of the Board of Directors, approved by the Supervisory Board for the business year starting on April 1, 2021 and terminating on March 31, 2022.

## Item No. 5

### Approval of the Annual Report of the Zwack Unicum Plc. concerning the business year starting April 1, 2021 and terminating on March 31, 2022, prepared in accordance with the international financial reporting standards (IFRS)

#### Resolution proposal:

The AGM **approved** the Annual Report of Zwack Unicum Plc. concerning the business year starting on April 1, 2021 and terminating on March 31, 2022, prepared in accordance with the international accounting standards (IFRS) as follows:

#### ZWACK UNICUM PLC. STATEMENT OF FINANCIAL POSITION

in million HUF

##### Assets:

<b>Non-current assets:</b>	<b>3 491</b>
Property, plant and equipment	3 309
Intangible assets	78
Employee loans	1
Deferred tax asset	103
<b>Current assets:</b>	<b>11 601</b>
Inventories	3 140
Trade and other receivables	3 382
Cash and cash equivalents	5 079
<b>Total assets:</b>	<b>15 092</b>

##### Equity and liabilities:

<b>Shareholder's equity:</b>	<b>8 812</b>
Share capital	2 000
Share premium	165
Retained earnings	6 647
<b>Non-current liabilities:</b>	<b>558</b>
Other liabilities	558
<b>Current liabilities:</b>	<b>5 722</b>
Trade and other liabilities	5 722
<b>Total equity and liabilities:</b>	<b>15 092</b>

#### STATEMENT OF COMPREHENSIVE INCOME

in million HUF

<b>Revenue</b>	<b>17 691</b>
<b>Operating expenses</b>	<b>14 711</b>
Material-type expenses	6 561
Employee benefits expense	3 150
Depreciation and amortization	596
Other operating expenses	4 404
<b>Other operating income</b>	<b>673</b>
<b>Profit from operations</b>	<b>3 653</b>
Net financial income (cost)	109
<b>Profit before tax</b>	<b>3 762</b>
Income tax expense	562
<b>Profit for the year</b>	<b>3 200</b>

**Item No. 6**  
**Resolution on dividend on the basis of the annual report concerning the business year starting on April 1, 2021 and terminating on March 31, 2022**

**Resolution proposal:**

The AGM **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 1 500 HUF per share, in total HUF 3 052 500 000 (three billion fifty two million and five hundred thousand Hungarian Forints). The AGM has ordered the Board of Directors to 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 20, 2022. The distribution of the dividends shall commence on July 27, 2022.

**Item No. 7**  
**Resolution on the remuneration of the members of the Board of Directors and the Supervisory Board**

**Resolution proposal:**

The AGM **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, 2021 and terminating on March 31, 2022 as follows:

Chairman of the Board of Directors:	4.7 M HUF
Deputy Chairman of the Board of Directors	4.1 M HUF
Members of the Board of Directors:	3.5 M HUF
Chairwoman of the Supervisory Board:	4.7 M HUF
Deputy Chairman of the Supervisory Board	4.1 M HUF
Members of the Supervisory Board:	3.5 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 AGM acknowledged the resignation of Mr. **Zoran Maksic** (mother's full maiden name: Mirjana Ekert; address: Zagreb, Skokov prilaz 9.) from his membership in the Board of Directors as of June 28, 2022. The AGM discharged Mr. Zoran Maksic from his liabilities in connection with his activities as member of the Board of Directors.

The AGM approved the election of Mr. **Zoltán Hangodi** (mother's full maiden name: Julianna Kurunczi; date of birth: 24 January 1978) as a member of the Board of Directors for a definite period of time starting on today and expiring on July 31, 2025.

**Item No. 9****Election of the Company's auditor and approval of its remuneration****Resolution proposals:**

The AGM **approved** the re-election of **KPMG Hungary Kft.** (registered seat: 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. **The AGM** authorized the Board of Directors to conclude the agreement with the statutory auditor.

The AGM approved the honoraria - amounting to HUF **34 000 000 / year** + VAT for KPMG Hungary Kft. (registered seat: H-1134 Budapest, Váci út 31., registration no.:000202) for its performance 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 years and the verification of the remuneration report in accordance with the applicable regulations.

**Item No. 10****Advisory vote on the Remuneration report concerning the business year starting on April 1, 2021 and terminating on March 31, 2022**

Please see the Remuneration report in the Appendix 2.

**Resolution proposal:**

The AGM approved the Remuneration Report concerning the business year starting on April 1, 2021 and terminating on March 31, 2022, elaborated and proposed by the Board of Directors of the Company with respect to Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and Modification of Certain Acts with the Purpose of Legal Harmonization and the effective remuneration policy of the Company.

**Item No. 11**  
**Authorization to the Board of Directors**  
**for the purchase of own shares of the Company**

**Resolution proposal:**

The general meeting authorizes the Board of Directors to purchase treasury shares. According to the authorization, the Board of Directors may resolve that the Company should acquire registered ordinary shares issued by the Company with a par value of HUF 1000 each, free of charge or against consideration. The lowest amount of consideration payable for one treasury share is HUF 1 and the highest amount payable shall be 150% of the volume-weighted average stock exchange price of the 180 days' period before the date of the transaction. The authorization shall be valid for a definite term from the date of the resolution of the General Meeting until 29 December 2023. The maximum amount of treasury shares obtained by the Company based on the authorization may be 25% of the registered capital at the most.

**Item No. 12**  
**Modification and amendment of the Statutes of the Company**

The modifications and amendments to the statutes (the "**Statutes**") of Zwack Unicum Likőripari és Kereskedelmi Nyilvánosan Működő Részvénytársaság (the "**Company**"), to be accepted by the general meeting of June 29, 2022 of the Company are the following (with the deletions marked in ~~stricken through~~, and the insertions marked in underlined):

(1) The last sentence of Section 5.7.8 of the Statutes is deleted:

“5.7.8 The above rights may not be exercised if the Company is not authorized to distribute any dividend under applicable laws. ~~The content of the annual report and the interim balance sheet may be taken into account in connection with determining whether there is enough coverage for the exercise of the call or put option within a six-month period following the date of the balance sheet.~~”

*Reason of the amendment: The amendment follows the amendment of the Civil Code. The accounting rules regulate how long the interim balance sheet or the balance sheet in the annual report can be taken into account.*

(2) From Section 11.15 of the Statutes, the second paragraph – with the following wording – is deleted:

~~“The Board of Directors shall disclose on the Company’s website simultaneously with convening the Shareholders’ Meeting the names of the members of the Board Of Directors and the Supervisory Board, and all monetary and non-monetary benefits granted to these members in this role, detailed by members and the legal title for the benefit. The Board of Directors shall ensure that this information is available on its website continuously.”~~



*Reason of the amendment: Under the rules of Act LXCVII of 2019 on the Promotion of Long-Term Shareholder Commitment and the Civil Code, the Company discloses a remuneration report annually from 2022. The disclosure on the benefits, which was required by rules not effective anymore, is now unnecessary.*

(3) Section 21.4 of the Statutes is amended as follows:

“21.4 The Company shall be obliged to decrease the registered capital in cases prescribed by the Civil Code, especially if the equity of the Company due to losses, has decreased to two-thirds of the registered capital and such circumstance is not eliminated within three months following the conclusion of the Shareholders Meeting which had been convened in order to eliminate such circumstance. ~~Should the registered capital decrease below twenty million Hungarian Forint, (HUF 20,000,000) as the result of the capital decrease, the Shareholders Meeting shall be obliged to decide on the transformation of the Company limited by shares into another form of a business association or on the termination of the Company without a legal successor. If the registered capital cannot be decreased, the Company shall apply the provisions applicable in case of a frustration of a capital decrease.~~”

*Reason of the amendment: Based on the amendment of Section 3:270 of the Civil Code, effective from 1 January 2022, it was necessary to amend the rules of procedure to be followed in case of situations with a lack of capital.*

**Resolution proposal:**

The AGM **approved** the amendments of the Statutes of the Company and its annex as set forth in the published general meeting proposals.

**Item No. 13**

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

**Resolution proposal:**

The AGM **approved** the consolidated version of the Statutes including the modifications and amendments set forth by the above Resolutions of the AGM (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 24, 2022 approved the following report made by the Board of Directors in the name of the Company.

The Annual General Meeting of the Company held on June 29, 2022 by its resolution no. 5/29.06.2022 approved the following report.

**DISCLOSURE ON CORPORATE GOVERNANCE**

**1.1 A brief presentation of the operation of the Board of Directors and the management**

1.1.1 The operation of the 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](http://www.zwack.hu)) and its Rules of Operation, accepted by itself.

#### 1.1.2 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.

### **1.2. An introduction of the Board of Directors, Supervisory Board and management**

#### 1.2.1 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/>).

#### 1.2.2 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 Thomas Mempel. 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/>).

### 1.2.3 The Management

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

## 1.3. **Specifying the number of the meetings of the Board of Directors, Supervisory Boardheld in the given period**

### 1.3.1 The Board of Directors

The Board of Directors, during the past 2021-2022 business year, had eight (8) meetings, with an average attendance of 96%.

### 1.3.2 The Supervisory Board

The Supervisory Board, during the past 2021-2022 business year, had three (3) meetings, with an average attendance of 94%.

## 1.4. **A presentation of the work done by the Board of Directors, the Supervisory Board and the management (Remuneration Policy / Remuneration declaration (remuneration report))**

### 1.4.1 Remuneration Policy

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/>).

#### 1.4.2 Evaluation of members of the management not falling under the scope of the Remuneration Policy

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.

#### 1.4.3 Remuneration Statement (Remuneration Report)

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

The remuneration report to be prepared pursuant to the Remuneration Policy of the Company will be first approved by the Company at its 2022 annual general meeting and will be available at the homepage of the Company after its approval.

### **1.5. A report on the operation of each committee**

#### 1.5.1 The Supervisory Board

The presentation of the members of the Supervisory Board is included in Section 1.2.2 above, the number of the meetings held and the attendance rate are included in Section 1.3.2 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 2021-2022, 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 General Meeting of the Company;
- (iv) Effect of the virus situation and the war 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.

### 1.5.2 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 Thomas Mempel. 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 Audit Board, during the past 2021-2022 business year, had three (3) meetings, with an average attendance of 100%.

In the business year 2021-2022, 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 2021-2022, the Board of Directors did not pass any decision against the propositions of the Audit Board.

### 1.5.3 Other Boards

Taking into consideration the shareholding structure of the Company<sup>1</sup> 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.

## 1.6. A description of the system of internal controls

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 some members of 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 2021-2022 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 2021-2022 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.

## 1.7. 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.

## 1.8. 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

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

reports, annual reports following the closing of the financial year and provides extraordinary 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](http://www.zwackunicum.hu)), on the homepage of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)) and on the homepage [www.kozzetetelek.hu](http://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).

### **1.9. 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/>).



### **1.10. 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](http://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/>).

### **1.11. Presentation on the issuer's compliance with Section IV of Act LXVII of 2019 on the incentivisation of long-term shareholder participation and harmonization of particular other acts (Remuneration Policy / Remuneration Report)**

Information on the Remuneration Policy approved by the Company and on the remuneration report are included in Section 1.4 of the present Report.

### **1.12. Other informations**

#### **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 Company<sup>2</sup>, 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?

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

**Yes**

**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 29, 2022

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

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Sándor Zwack, chairman

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Frank Odzuck, CEO



**REMUNERATION REPORT OF ZWACK UNICUM NYRT.  
FOR THE FINANCIAL YEAR STARTING ON APRIL 1, 2021 AND  
TERMINATING ON MARCH 31, 2022**

The Board of Directors of Zwack Unicum Nyrt. (the "**Company**") hereby submits to the Annual General Meeting of the Company to be held on June 29, 2022 the following remuneration report (the "**Report**") concerning the financial year starting on April 1, 2021 and terminating on March 31, 2022 (the "**Financial Year**").

**(1) INTRODUCTION**

**1.1 The Remuneration Policy**

The Company, in compliance with its obligations under Act LXVII of 2019 on the promotion of long-term shareholder engagement and the modification of certain legal acts for harmonization of the law (the "**Act**"), approved the remuneration policy for the directors of the Company (the "**Remuneration Policy**") by the Board of Directors' resolution No. 33/2020 of 25 June 20, acting in the capacity of the General Meeting.

**1.2 Purpose of the Remuneration Policy**

The objective of this Remuneration Policy is

- (i) to provide for shareholders of the Company a clear, understandable and comprehensive overview of the remuneration principles applicable to the titleholders of the Company defined as director by the Act (the "**Directors**")<sup>3</sup>, so that they can make an informed decision on the Remuneration Policy at the general meeting of the Company;
- (ii) to contribute to the Company's business strategy, long-term interests and sustainability;
- (iii) to assess the performance of the to the Directors on the basis of both financial and non-financial criteria, including, where appropriate, the environmental, social and governance factors.

**1.3 Compliance with the Remuneration Policy**

The Company has paid remuneration to its Directors solely in accordance with the Remuneration Policy and the total remuneration paid to the Directors is in accordance with the Company's adopted Remuneration Policy.

**1.4 Application of the performance criteria**

The criteria for the payment of the variable (i.e. performance-related) components of remuneration have been applied consistently and in the best interests of the Company, as explained in detail below for each form of remuneration.

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<sup>3</sup> The personal scope of the Remuneration Policy shall extend to the following persons, being the Directors: (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 payment conditions of the coupon bonus and the bonus set out in points 3.2 (i) - (ii) below that are the financial and non-financial performance criteria, as well as sustainability and corporate social responsibility criteria defined by the Board of Directors of the Company for the period under review, i.e. the Financial Year on the basis of the current market, legal and tax environment have been met as set out in section 3.2.

When measuring the fulfillment of measurable criteria, the Company considered the percentage of fulfillment. The Company considered non-measurable criteria to be met under the Remuneration Policy if the criterion was met in full.

### **1.5 Remuneration received from companies in the group**

The Company does not have a mother company or any subsidiaries within the meaning of Act C of 2000 on Accounting.

### **1.6 Contribution to the performance of the Company**

The remuneration paid by the Company to the Directors under the Remuneration Policy during the Financial Year contributed effectively and efficiently to the achievement of the objectives set out in the Remuneration Policy, provided the Directors with the appropriate incentives to maintain and improve their management performance and to achieve the objectives set by the Company.

As a result of the above, despite the significant market changes caused by the COVID-19 pandemic, the Company achieved the expected financial results in the changed economic environment despite the closures.

**1.7** Quantified data on the remuneration of Directors are set out in points (2) to (3) of this Report and in the tables referred to therein. The Report includes gross amounts in HUF, except where otherwise indicated in the Report.

## **(2) REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD**

The Company's established practice is that the members of the Board of Directors and the Supervisory Board perform their duties in return for a fixed fee, the amount of which is approved by the General Meeting of Shareholders each year under a separate agenda item for the *previous* financial year.

For the Financial Year, the Annual General Meeting of the Company to be held on June 29, 2022 will determine the remuneration of the members of the Board of Directors and the Supervisory Board, and therefore the remuneration *proposed in* the Board of Directors' proposal is included out in Annex 1 to this Report. This solution, in line with the principles of the Law, ensures that the remuneration of the members of the Board of Directors and the Supervisory Board can be determined by the shareholders in the light of the Company's performance in the previous year.

The members of the Board of Directors and the Supervisory Board did not receive any variable, performance-related or other remuneration in connection with their functions.

The remuneration of the members of the Board of Directors who are employed concurrently with the Company in view of their other positions in the Company<sup>4</sup> is set out in Section (3) of the Report.

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<sup>4</sup> Frank Odzuck, Member of the Board of Directors and CEO; Tibor Dörnyei, Member of the Board of Directors and Deputy CEO; Sándor Zwack, President of the Board of Directors and brand expert; Isabella Zwack, Member of the Board of Directors and brand expert.

**(3) REMUNERATION OF THE CEO AND DEPUTY CEO OF THE COMPANY, AS WELL AS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD WHO ARE EMPLOYED BY OR OTHERWISE HAVE A LEGAL RELATIONSHIP WITH THE COMPANY**

The Directors' remuneration for the Financial Year consisted of fixed and variable (performance depending) components as set out below.

For the Financial Year, the remuneration of the CEO and the Deputy CEO of the Company, as well as the members of the Board of Directors and the Supervisory Board who are employed by or otherwise have a legal relationship with the Company, was paid in the amounts defined in Annex 1 to this Report.

**3.1 Fixed elements**

In the Financial Year, the fixed, i.e. non-performance-related, elements of the remuneration of the Directors were as follows<sup>5</sup>:

- (i) *The honorarium of a member of the Board<sup>6</sup> of Directors, Supervisory Board or other committees of the Company (e.g. Audit Committee), as to be determined by the Company at its Annual General Meeting on 29 June 2022 by resolution 8/2022.06.29;*
- (ii) *Basic salary:* essentially depends on the importance of the position fulfilled - established on the basis of an analysis of the related tasks and obligations - and may be influenced by the market;
- (iii) *Absentee fee* during vacation;
- (iv) *Cafeteria:* in the amount of one month's basic salary;
- (v) *Food allowance;*
- (vi) *Discounted Purchase (at the Company shop);*
- (vii) *Leadership health insurance;*
- (viii) *Other benefit:* such payment was not made;
- (ix) *Life insurance:* paying the insurance amount to the insurance company, as well as remuneration of the personal income tax and after the expiration of the insurance, the former insurance fee and compensation is turned to salary supplement;
- (x) *Daily allowance of a secondment:* Such payment was not made;
- (xi) *Vehicle.* The value of the remuneration cannot be quantified;
- (xii) *Company mobile telephone.* The value of the remuneration cannot be quantified.
- (xiv) *IT devices.* The value of the remuneration cannot be quantified.
- (xv) *Taxi card.* The Taxi card was only used for the benefit of the Company, therefore it does not constitute any remuneration for the directors;
- (xvi) *Low-value allowances:* pursuant to the Company's collective agreement, every employee is entitled to, for example an Easter package;
- (xvii) any *other salary item or allowance* not determined above which is based on market practice, custom or technological innovation. Such payment was not made.

**3.2 Variable, i.e. performance-related, elements of remuneration**

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<sup>5</sup> The base salary and absentee fee referred to in Subpoints (ii) and (iii) of Point 3.1 are indicated in the first sub-column of column No.1 of the table attached hereto in Annex 1. The Honorarium referred to in Subpoint (i) of Point 3.1 is indicated in the second sub-column of column No.1. of the table attached hereto in Annex 1, while the other remuneration referred to in Subpoints (iv)-(xviii) of Point 3.1. are indicated in the third sub-column of column No.1. of the same table.

<sup>6</sup> Currently both the CEO and the Deputy CEO are members of the Board of Directors.

The variable, i.e. performance-related, elements of remuneration in the financial year were as follows:

- (i) *Coupon Bonus*: by its meeting held on 26 April 2022, the Board of Directors of the Company resolved that Frank Odzuck, member of the Board of Directors and Chief Executive Officer of the Company and Tibor Dörnyei, member of the Board of Directors and Deputy Chief Executive Officer, Sándor Zwack, Member of the Board of Directors and brand expert, Isabella Zwack, Member of the Board of Directors and brand expert of the Company – as all employees of the Company uniformly - shall receive a bonus for the Fiscal Year equal to the dividend of 60 shares per person. In this resolution, the Board of Directors has determined that the conditions set out in section 4.2.4 of the Remuneration Policy have been met as 100% of the measurable criteria has been met and the non-measurable criteria has also been fully met.
- (ii) *Bonus*: such payment was not made.
- (iii) *Loyalty bonus*: such payment was not made.
- (iv) *Retirement bonuses* such payment was not made; and
- (v) *any other salary item or allowance not specified above - based on market practice or custom*: such payment was not made.

### **3.3 Share-based benefits**

In November 2007, the Company issued 35,000 redeemable liquidation preference shares ("**Management Shares**") for a total amount of HUF 35 million for which the Company has an option to purchase, while the senior management have an option to sell and a preferential liquidation right. The vesting period was originally 10 years, which has expired. The rights related to the Management Shares, including the related sale and purchase rights, are specified in Section 5.7 of the Statutes of the Company.

Resolution of the Company's AGM no. 21/2017. 06. 29.<sup>7</sup> provides that the Company's Board of Directors can, with the conditions contained therein, issue further Management Shares.

As the participants of the program become co-owners of the Company under certain conditions, the operation of the Program contributes substantially to the Company's business strategy and long-term interests. In the Company's view, the dividend paid or payable on the basis of Management Shares is not remuneration but capital income of previously purchased shares. Therefore, the dividend paid on the basis of Management Shares is not included in the Report. The number of Management Shares owned is available on the Company's website.

The payment of the coupon bonus based on the dividend of the shares is presented in section 3.2 (i) of the Report above.

There are no other share-based payments in the Company.

### **3.4 Reclaiming of variable remuneration**

The lawfully paid bonus, based on criteria that have been fulfilled, cannot be reclaimed.

## **4. DEVIATION FROM THE REMUNERATION POLICY**

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<sup>7</sup> Resolution of the AGM No. 21/2017. 06. 29.: The AGM authorized the Board of Directors of the Company to increase, within one or more phases, the registered capital of the Company within five (5) years as of June 29, 2019, exclusively by issuing up to 200,000 redeemable liquidation preference shares (including the already issued redeemable liquidation preference shares) through private placement. The highest amount by which the Board of Directors can increase the registered capital of the Company is up to (within one or more phases) HUF 200,000,000 that is two hundred million Hungarian forints (including the capital represented by the already issued redeemable liquidation preference shares). The placement value of such redeemable liquidation preference shares will be their nominal value equaling to HUF 1,000 (one thousand Hungarian forints). The Board of Directors is entitled to decide about the exclusion or limitation of preferential subscription rights related to such capital increase(s) as may be necessary. The Board of Directors can only exercise such capital increase right with respect to the new shares to be issued and the prior written approval of the Supervisory Board.



Deviations from the Remuneration Policy may only be made in exceptional circumstances and on a temporary basis, in accordance with point 5 of the Remuneration Policy.

During the Financial Year, the Company did not deviate from the Remuneration Policy.

**5. THE ANNUAL CHANGE IN REMUNERATION OVER THE LAST FIVE FINANCIAL YEARS, THE EVOLUTION OF THE COMPANY'S PERFORMANCE AND THE AVERAGE REMUNERATION OF THE COMPANY'S NON-EXECUTIVE EMPLOYEES OVER THAT PERIOD, EXPRESSED IN FULL-TIME EQUIVALENTS AND PRESENTED IN A WAY THAT ALLOWS COMPARISON**

Not yet applicable for the Financial Year.

**6. TAKING INTO ACCOUNT THE VOTE OF THE GENERAL MEETING ON THE REMUNERATION REPORT FOR THE PREVIOUS FINANCIAL YEAR**

Not yet applicable.<sup>8</sup>

**7. SUMMARY**

The objective of the Remuneration Policy to give incentive for the performance of the Company's top level executives to achieve the Company's objectives and to ensure the Company's effective operation was, in the Company's view, achieved in a market and economic environment that was significantly challenged by COVID-19 during the Financial Year.

Budapest, 24 May, 2022

*The above Report was approved by the General Meeting of the Company by its resolution of 13/2022.06.29.*

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<sup>8</sup> Pursuant to Section 29 (4) of the Act.

**Annex 1**  
**Remuneration of the members of the Board of Directors and the Supervisory Board**

Name, position of Director	1. Fixed elements of remuneration			2. The variable components of remuneration		3. Extraordinary items	4. Pension expenses	5. Income from parent company and subsidiary	6. Full Remuneration	7. Percentage of the fixed components compared to total remuneration	Comments
	Base salary + Absentee fee	Honorarium	Other benefits <sup>9</sup>	Within a year (one year)	Over a year (multi-year)						
Frank Odzuck, Board Member and CEO	117 396 000	3 500 000	15 822 614	115 038	0		0	0	136 833 652	99.9%	
Tibor Dörnyei Member of the Board and Deputy CEO	61 848 000	3 500 000	6 839 030	115 038	0		0	0	72 302 068	99.8%	
Sándor Zwack, President of the Board of Directors	27 416 400	4 700 000	3 009 588	115 038	0		0	0	35 241 026	99.7%	
Isabella Zwack, Board Member	27 416 400	3 500 000	2 916 362	115 038	0		0	0	33 947 800	99.7%	
Dr. Hubertine Underberg-Ruder, Chairman of the Supervisory Board		4 700 000			0		0	0	4 700 000	100%	
Mag. Wolfgang Spiller, Deputy Chairman of the Board of Directors		4 100 000			0		0	0	4 100 000	100%	

<sup>9</sup> Other elements of point 4.2.1 of the Remuneration Policy: (iii)-(xvii), including elements which cannot be quantified (see Section 3.1 above).

Name, position of Director	1. Fixed elements of remuneration			2. The variable components of remuneration		3. Extraordinary items	4. Pension expenses	5. Income from parent company and subsidiary	6. Full Remuneration	7. Percentage of the fixed components compared to total remuneration	Comments
	Base salary + Absentee fee	Honorarium	Other benefits <sup>9</sup>	Within a year (one year)	Over a year (multi-year)						
Thomas Mempel, Deputy Chairman of the Supervisory Board		4 100 000			0		0	0	4 100 000	100%	
Božidar Božić, Member of the Board of Directors		3 500 000			0		0	0	3 500 000	100%	Honorarium will be renounced
Zoran Maksić, Member of the Board of Directors		3 500 000			0		0	0	3 500 000	100%	Honorarium will be renounced
Nándor Szokolczai Member of the Supervisory Board		3 500 000			0		0	0	3 500 000	100%	Honorarium will be renounced
Dr. György Geiszl, Member of the Supervisory Board		3 500 000			0		0	0	3 500 000	100%	Honorarium will be renounced
Dr. András Szecskay, member of the Supervisory Board		3 500 000			0		0	0	3 500 000	100%	
Dr. István Salgó Member of the Supervisory Board		3 500 000			0		0	0	3 500 000	100%	