



Interim Management Report

on the results of the

Zwack Unicum Plc.

in the first three quarters of the 2016–2017 business year

The Board of Directors of the Zwack Unicum Plc. has approved the Management's report about the results of the Company in the first three quarters of the 2016–2017 business year.

The data are not audited (either those prepared according to the IFRS standards or those prepared according to the Hungarian accounting rules).

Total gross sales of the Company amounted to HUF 21 878 million, a year-on-year increase of 19.8%. Net sales (sales revenues excluding excise tax and public health product tax) were HUF 12 455 million – a year-on-year increase of 16.4% (HUF 1 750 million).

Excise tax increased steeper than gross sales due to changes in the mix of products sold.

Net domestic sales showed a year-on-year increase of 18.3% (HUF 1 754 million). (That is, HUF 11 323 million instead of HUF 9 568 million in the previous year.) In the third quarter gross sales increased by 19% (the increase was 23.9% in the first quarter and 12.3% in the second quarter). The amendment of the Act on Public Health Product Tax (NETA), effective as of January 2017, was the main cause of the spike in gross sales in the third quarter. As a broader range of alcoholic drinks will be affected by NETA in the future, our trading partners (especially the wholesalers) brought forward considerable purchases of Kalinka vodka. Disregarding that item, the increase in the October–December 2016 domestic gross sales was about 6%.

Within domestic sales, in the April–December 2016 period, the net sales of own-produced goods had a year-on-year increase of 19.1%. Domestic sales of premium products increased by 1.2% and the net sales of quality products rose by 71.6%. In the latter segment the sales of Kalinka accounted for the bulk of the increase due to a development described above, and the of St. Hubertus also rose by 8%. There was a year-on-year increase of 15.4% in the net sales from traded products. Broken down, sales of the Diageo portfolio increased up by 19.6%, while those of other products traded went up by 7.3%.

Market research figures for April–November 2016 indicate that, expressed in volume, the Hungarian market of spirits increased by 1.4%. Growth has been remarkable in the premium and quality segments (8.2% and 11.5%, respectively) however the volume of the non-branded segment decreased by 8.6%.

Export earnings were HUF 1 133 million, which is roughly the same as those one year before (-HUF 4 million; -0.3%). The export revenue of Unicum grew by 5.5% but the export of

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Business branch Food
Period 2016-17. I-III. quarters
(01.04.2016-31.12.2016)

Telephone 456-5218
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Investor Relations Balázs Szűcs

pálinka declined (by 45%) chiefly in the USA and Germany. Export to Italy increased by 6% and to Romania by 46%, and sales in the Duty Free segment rose by 33%.

The increase of 15.0% (HUF 674 million) in the material cost of goods sold was due mainly to changes in volume.

The gross margin of sales improved by 0.5 percentage point (climbed from 57.9% to 58.4%) mainly thanks to the increase in sales prices.

Employee benefits expense increased by HUF 121 million (6.5%). At the start of the business year the Company brought about an across-the-board average pay hike of 3.8%. The headcount also grew, and those two factors caused an increase in the employee benefits expense.

The other operating expenses increased by HUF 87 million (4.3%) due mainly to increase in marketing expenditure. Support for the Unicum and St. Hubertus brands increased, and the Company spent more also on trade marketing and research.

The other operating income decreased by HUF 20 million (-3.2%). The Company had a lower year-on-year exchange rate gain in the first three quarters of the year explains the decrease.

The balance of financial income and financial expense decreased by HUF 9 million (-55.9%). The decrease was due to the lower deposit interest rates. In the April–December period the average level of cash in hand and in banks showed a 21% year-on-year increase.

The Company's calculated tax (corporate tax, local business tax and deferred tax) increased by HUF 314 million (52.3%). The considerable increase in deferred tax is the main factor why the calculated tax rose steeper than the increase in the Company's profit before taxation (32.7%). That is because in the present Report the deferred tax is calculated using the new corporate tax rate of 9% (as compared to the earlier method when 10% or 19% were the tax rates used, depending on the size of the profit). As the Company's balance of deferred tax is asset type, the lower tax rate will in the future cause a lower deferred tax asset. As a consequence of the lowering of the tax rate, the Company has a one-off increase in the tax liabilities (to the tune of HUF 99 million).

The Company's profit after taxation according to the International Financial Reporting Standards (IFRS) stands at HUF 2 538 million, a year-on-year increase of 26.8% (previous: HUF 2 001 million).

As our track record shows that in the last quarter of the business year the Company is in deficit, the Management's profit forecast for the entire business year is that the profit after taxation will reach HUF 2 000 million.

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Trade and other liabilities showed a year-on-year increase of 25% (HUF 1 238 million). Half of that is due to our higher excise tax and VAT liability, which in turn is due to the increase in gross sales. The other half is because the Company's debts (within payment terms) to suppliers are higher than before because we purchased higher volumes.

In the first three quarters of the business year the Zwack Unicum Plc. spent HUF 425 million on fixed assets. Nearly half of that expenditure was of a supplemental type, and about HUF 100 million were spent on upgrading infrastructure.

The Company has 228 employees (at the end of the 2015/2016 business year it had 218, and in the corresponding period of the previous business year it had 216). Growth in headcount is due to mainly two factors:

- formerly outsourced activities are now executed by our own, newly employed workforce, and
- the marketing department has increased in size.

This Interim Management Report for the first three quarters of business year has been made according to the relevant accounting regulations and the financial statements made on the basis of our best knowledge, and they are in accordance with both the Hungarian and the international standards. It gives a truthful and reliable account of the assets, liabilities, financial standing and profits of Zwack Unicum Plc. This business report gives a reliable picture about the Company's situation, development and performance and it includes the major risks and factors of uncertainties. To make this report comparable with earlier ones, it carries figures in compliance with the International Financial Reporting Standards.

Additional information:

- There was no change in the ownership structure of the Company.
- During the first three quarters of the 2016–2017 business year there was no change in the organization of the Company.
- The Company does not possess shares of its own, just as before.

2 February 2017

*On behalf of the Board of Directors of the
Zwack Unicum Plc.,*


Sandor Zwack
Chairman


Frank Odzuck
Chief Executive Officer

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Financial Statements

PK3. Balance Sheet (according to IFRS)

data in HUF million

	31.12.2015	31.03.2016	31.12.2016	Change to 31.12.2015	%	Change to 31.03.2016	%
ASSETS							
Non-current assets							
Property, plant and equipment	2 808	2 845	2 879	71	2,5%	34	1,2%
Intangible assets	105	119	105	0	-0,3%	-14	-11,7%
Returnable packaging materials	18	17	22	3	19,1%	5	27,4%
Investments in associates	50	50	50	0	0,0%	0	0,0%
Employee loans	32	24	23	-9	-29,2%	-1	-4,9%
Deferred tax asset	175	228	117	-58	-33,4%	-111	-48,9%
	3 189	3 283	3 195	6	0,2%	-88	-2,7%
Current assets							
Inventories	2 111	1 876	1 892	-219	-10,4%	16	0,9%
Trade and other receivables	4 710	2 162	4 923	213	4,5%	2 761	127,7%
Cash and cash equivalents	1 901	2 257	3 711	1 810	95,2%	1 454	64,4%
	8 722	6 295	10 526	1 804	20,7%	4 231	67,2%
TOTAL ASSETS	11 910	9 578	13 721	1 810	15,2%	4 143	43,3%
Shareholders' equity							
Share capital	2 000	2 000	2 000	0	0,0%	0	0,0%
Share premium	165	165	165	0	0,0%	0	-0,3%
Retained earnings	4 352	4 045	4 883	531	12,2%	838	20,7%
	6 517	6 210	7 048	531	8,1%	838	13,5%
Liabilities							
Non-current liabilities							
Other financial liabilities	393	360	402	9	2,3%	42	11,8%
	393	360	402	9	2,3%	42	11,8%
Current liabilities							
Trade and other liabilities	4 949	2 889	6 187	1 238	25,0%	3 298	114,2%
Provisions for other liabilities and charges	51	119	83	32	64,0%	-36	-30,0%
	5 000	3 008	6 270	1 270	25,4%	3 262	108,5%
Total liabilities	5 394	3 368	6 673	1 279	23,7%	3 305	98,1%
TOTAL EQUITY & LIABIL.	11 910	9 578	13 721	1 810	15,2%	4 143	43,3%

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PK4. Profit and Loss (P/L) Statement (according to IFRS)

data in HUF million

	2015-2016. I-III. quarters	2016-2017. I-III. quarters	Variance	%
Gross Sales	18 259	21 878	3 619	19,8%
Excise Tax	6 521	8 533	2 011	30,8%
Public Health Product Tax (PHPT)	1 033	890	-143	-13,8%
Sales net of taxes	10 705	12 455	1 750	16,4%
Material cost of goods sold	4 505	5 179	674	15,0%
Gross Margin	6 200	7 276	1 076	17,4%
	57,9%	58,4%		0,5%
Employee benefits expense	1 859	1 980	121	6,5%
Depreciation and amortization	369	357	-12	-3,3%
Other operating expenses	2 012	2 100	87	4,3%
Operating expenses	4 240	4 437	196	4,6%
Other operating income	625	605	-20	-3,2%
Profit from operations	2 585	3 445	860	33,3%
Interest income	16	7	-9	-56,8%
Interest expense and other similar charges	0	0	0	-100,0%
Net financial income/loss	16	7	-9	-55,9%
Share of profit of associates	0	0	0	
Profit before tax	2 601	3 452	851	32,7%
Tax (corporate, deferred and local industrial)	600	914	314	52,3%
Profit after tax	2 001	2 538	537	26,8%

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PK5. Cash-flow Statement (according to IFRS)

data in HUF million

Cash-Flow	2016-2017. I-III. quarters
Profit before tax	3 452
Net financial income	(7)
Share of profit of associates	0
Depreciation and amortization	357
(Gain)/loss on disposal of fixed assets	(15)
(Gain)/loss on unrealized foreign exchange rate difference	(2)
Increase\decrease) in trade creditors and other liabilities	3 336
(Increase)\decrease in inventories	(21)
(Increase)\decrease in trade and other receivables	(2 246)
Impairment of investments in associates	0
Other changes	(36)
Cash generated from operations	4 818
Interest paid	0
Corporate income tax paid	(1 320)
Cash flow from operating activities	3 498
Capital expenditures	(422)
Sales \ (purchase) of investments	0
Dividends received	0
Interest received	9
Proceeds from sale of fixed assets	67
Proceeds from other financial assets	0
Cash flow from investing activities	(346)
Dividends paid	(1 700)
Cash flow from financing activities	(1 700)
Change in cash and cash equivalents	1 452
Cash and cash equivalents, beginning of the period (01.04.2016)	2 257
Exchange gains/(losses) on cash and cash equivalents	2
Cash and cash equivalents, end of the period	3 711
Consists of:	
Overdraft	0
Cash in banks and on hand	3 711
Balance end of the period	3 711

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Data FYI – Group of Products Report

data in HUF million

According to IFRS 8 all activities of the Zwack Unicum Plc. belong to the same segment. To make comparison easier with previous reports and to retain additional data, the Company publishes former product range information in the following reports too.

Traded products	2015-2016. I-III. quarters	2016-2017. I-III. quarters	Variance	%
Gross Sales	3 038	3 518	480	15,8%
Excise Tax	715	840	125	17,5%
Public Health Product Tax (PHPT)	354	406	51	14,5%
Sales net of taxes	1 969	2 273	304	15,4%
Profit from operations	151	196	45	29,6%

Own produced	2015-2016. I-III. quarters	2016-2017. I-III. quarters	Variance	%
Gross Sales	15 222	18 360	3 138	20,6%
Excise Tax	5 807	7 693	1 886	32,5%
Public Health Product Tax (PHPT)	679	485	-194	-28,6%
Sales net of taxes	8 736	10 183	1 447	16,6%
Profit from operations	2 434	3 249	815	33,5%

Total	2015-2016. I-III. quarters	2016-2017. I-III. quarters	Variance	%
Gross Sales	18 259	21 878	3 619	19,8%
Excise Tax	6 521	8 533	2 011	30,8%
Public Health Product Tax (PHPT)	1 033	890	-143	-13,8%
Sales net of taxes	10 705	12 455	1 750	16,4%
Profit from operations	2 585	3 445	860	33,3%

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PK3. Balance Sheet (according to the Hungarian accounting principles)

data in HUF million

				Change to		Change to	
	31.12.2015	31.03.2016	31.12.2016	31.12.2015	%	31.03.2016	%
Non-current assets	3 583	3 625	3 681	98	2,7%	57	1,6%
Intangible assets	97	113	100	3	3,1%	-13	-11,3%
Tangible assets	3 431	3 466	3 538	107	3,1%	73	2,1%
Financial investment	55	46	43	-12	-22,0%	-3	-6,9%
Current assets	9 072	6 440	11 004	1 933	21,3%	4 564	70,9%
Inventories	2 285	2 127	2 043	-242	-10,6%	-84	-4,0%
Receivables	4 886	2 056	5 251	365	7,5%	3 195	155,4%
Securities	0	0	0	0		0	
Liquid assets	1 901	2 257	3 711	1 810	95,2%	1 453	64,4%
Prepaid expenses and accrued income	178	147	136	-41	-23,2%	-11	-7,6%
TOTAL ASSETS	12 832	10 213	14 822	1 990	15,5%	4 610	45,1%
Shareholders' equity	7 300	5 287	7 900	600	8,2%	2 613	49,4%
Share capital	2 035	2 035	2 035	0	0,0%	0	0,0%
Capital reserve	264	264	264	0	0,0%	0	0,0%
Retained earnings	2 992	2 988	2 988	-4	-0,1%	0	0,0%
Profit per balance sheet	2 008	0	2 613	605	30,1%	2 613	
Provisions	245	318	282	38	15,4%	-36	-11,3%
Liabilities	3 567	3 504	4 279	712	20,0%	775	22,1%
Subordinated liabilities	0	0	0	0		0	
Long term liabilities	0	0	0	0		0	
Short term liabilities	3 567	3 504	4 279	712	20,0%	775	22,1%
Accrued expenses and prepaid income	1 721	1 103	2 361	640	37,2%	1 258	114,0%
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	12 832	10 213	14 822	1 990	15,5%	4 610	45,1%

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PK4. Profit and Loss (P/L) Statement (according to the Hungarian accounting principles)

data in HUF million

	2015-2016. I-III. quarters	2016-2017. I-III. quarters	Variance	%
Net sales revenues	20 702	24 675	3 973	19,2%
Capitalized value of own performance	473	-89	-562	-118,9%
Other income	163	153	-10	-5,9%
Material type expenditures	7 857	8 747	890	11,3%
Payments to personnel	1 982	2 146	165	8,3%
Depreciation charge	340	335	-4	-1,3%
Other expenditures	8 786	10 371	1 585	18,0%
TRADING PROFIT	2 373	3 139	766	32,3%
Revenues from financial transactions	98	44	-54	-54,9%
Expenditures of financial transactions	26	24	-2	-8,3%
FINANCIAL PROFIT	71	20	-51	-71,9%
PROFIT ON ORDINARY BUSINESS	2 445	3 159	715	29,2%
PROFIT / (LOSS) ON EXTRAORDINARY ITEMS	-62	0	62	-100,0%
PROFIT BEFORE TAXATION	2 383	3 159	776	32,6%
Tax liability	375	546	172	45,8%
PROFIT AFTER TAX	2 008	2 613	605	30,1%

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Data Sheets related to the Financial Statements

PK1. General information on financial data

	Yes	No			
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Consolidated	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Accounting principles		Hungarian <input checked="" type="checkbox"/>	IFRS <input checked="" type="checkbox"/>	Other <input type="checkbox"/>	

PK2. Companies included in consolidation

Name	Registered capital/Equity	Share in ownership (%)	Voting right ¹	Class ²
Non existent				

PK6. Off Balance Sheet significant items ¹

Name	Value (HUF)
Non existent	

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Data sheets related to shares structure and shareholders

RS1. Ownership structure and shareholders' shares

Name of shareholders	Total registered capital					
	Beginning of business year (on 1 April)			End of period		
Ordinary shares	% ²	% ³	pieces	% ²	% ³	pieces
Domestic institutional/company	0.88%	0.89%	17 841	0.81%	0.82%	16 412
Foreign institutional/company	83.30%	84.75%	1 695 099	81.99%	83.42%	1 668 478
Domestic private individual	8.21%	8.36%	167 102	9.48%	9.64%	192 873
Foreign private individual	5.86%	5.97%	119 307	5.97%	6.08%	121 518
Employees, top managers	0.03%	0.03%	651	0.03%	0.04%	719
TOTAL	98.28%	100.00%	2 000 000	98.28%	100.00%	2 000 000
Redeemable liquidation preference shares						
	% ²	% ³	pieces	% ²	% ³	Db
Domestic institutional/company						
Foreign institutional/company						
Domestic private individual						
Foreign private individual						
Employees, top managers	1.72%	0.00%	35 000	1.72%	0.00%	35 000
TOTAL	1.72%	0.00%	35 000	1.72%	0.00%	35 000
ALTOGETHER						
	% ²	% ³	pieces	% ²	% ³	Db
Domestic institutional/company	0.88%	0.89%	17 841	0.81%	0.82%	16 412
Foreign institutional/company	83.30%	84.75%	1 695 099	81.99%	83.42%	1 668 478
Domestic private individual	8.21%	8.36%	167 102	9.48%	9.64%	192 873
Foreign private individual	5.86%	5.97%	119 307	5.97%	6.08%	121 518
Employees, top managers	1.75%	0.03%	35 651	1.75%	0.04%	35 719
TOTAL	100.00%	100.00%	2 035 000	100.00%	100.00%	2 035 000

² Shareholder's share

³ Voting right assuring participation in decision making at the Issuer's General Meeting

The 2 000 000 ordinary shares are listed on the Budapest Stock Exchange (BÉT), and the 35 000 redeemable liquidation preference shares are not listed on BÉT.

RS2. Number of own shares in the business year

	1 April	30 June	30 September	31 December	31 March
At Company level	0	0	0	0	

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RS3/2. List of shareholders with more than 5% share, their standing (at the end of the period) in relation to the total registered capital

Name	Nationality ¹	Activity ²	No of shares	Share (%) ³	Voting right (%) ^{3,4}	Notes ⁵
Peter Zwack & Consorten H.AG.	Foreign	Financial Company	1 000 001	49.14	50.00	Professional
Diageo Holdings Netherlands B.V.	Foreign	Financial Company	520 000	25.55	26.00	Professional

¹ Domestic (B), Foreign (K)

² Custodian (L), Central Budget (Á), Nemetközi Fejlesztési Intézet (National Development Institution - F), Institutional (I), Financial Company (T) Private (M), Employee, top manager (D)

³ To be rounded to two decimals

⁴ Voting right assuring participation in decision making at the Issuer's General Meeting

⁵ E.g.: professional investor, financial investor, etc.

TSZ2/1. Number of full time employees

	End of base period	Beginning of business year	End of reported period
At Company level	216	218	228

TSZ3. (Strategic) top managers and employees affecting the operations of the Issuer

Jelleg	Name	Position	Beginning of appointment	End of appointment	Own ordinary shares (no.)	Own redeemable liquidation preference shares (no.)
FB	Dr. Hubertine Underberg-Ruder	Chairperson	29.06.2006	31.07.2017	-	-
FB	Mag. Karin Trimmel		28.06.2016	28.06.2020	-	-
FB	Renato Juric		25.06.2015	31.07.2018	-	-
FB	Zeisler Gábor		28.06.2016	28.06.2020	-	-
FB	Dr. Szecskay András		30.09.1992	31.07.2017	651	-
FB	Dr. Salgó István		29.06.2006	31.07.2017	-	-
IT	Zwack Sándor	Chairperson	26.06.2008	31.07.2017	-	-
IT	Wolfgang Spiller		28.06.2012	31.07.2017	-	-
IT	Zwack Isabella Veronika		26.06.2008	31.07.2017	-	-
IT	Pavel Reyes Lyubushkin		25.06.2015	31.07.2018	-	-
IT	Kalina Plamenova Tsanova		25.06.2015	31.07.2018	-	-
IT	Frank Odzuck		22.04.2004	31.07.2017	-	16 000
IT	Dörnyei Tibor András		24.04.2002	31.07.2017	-	10 500
SP	Frank Odzuck	General Manager	01.11.2003		-	16 000
SP	Dörnyei Tibor András	Financial Director	01.03.2001		-	10 500
SP	Belovai Csaba	Commercial Director	26.01.2004		-	8 500
SP	Palcsó Sára	Marketing Director	01.04.2016		-	-
SP	Dr.Segesváry Gábor	Human Resources Director	01.12.1999		-	-
SP	Seprős László	Production and Technical Director	01.04.2009		-	-

¹ Employee in strategic position (SP), Member of the Board of Directors (IT), Member of the Supervisory Board (FB)