



# **Interim Management Report**

*on the results of the*

## **Zwack Unicum Plc.**

*in the first quarter of the 2017–2018 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 quarter of the 2017–2018 business year.

In compliance with the accounting rules currently in force, as from 1 April 2017, the Company prepares its financial statement only in accordance with the International Financial Reporting Standards (IFRS).

The data are not audited.

Total gross sales of the Company amounted to HUF 5 273 million, a year-on-year decrease of 0.6%. Net sales (sales revenues excluding excise tax and public health product tax) were HUF 3 242 million – a year-on-year increase of 2.6% (HUF 81 million).

Net domestic sales showed a year-on-year increase of 2.9% (HUF 81 million). (That is, HUF 2 885 million instead of HUF 2 804 million in the previous year.) The net sales of own-produced goods increased in the domestic market by HUF 15 million (0.7%) (that means, it reached HUF 2 266 million instead of HUF 2 251 million). Broken down, the sales of premium products rose by more than 10%. That was due, among other factors, to the fact that the sale of each of our major brands (Unicum, Fütyülös and Vilmos) grew. The sales of own-produced quality goods showed a year-on-year decrease of close to 25%. That was a consequence of a spike in the sale of the Kalinka vodka at the end of 2016 – which we indicated in our earlier reports. By contrast, the sale of St. Hubertus increased by nearly 20%. The net sales revenue of traded products had a year-on-year increase of 11.8%. Broken down, the revenue of the Diageo portfolio went up by 19.4%, whereas the revenue of the other traded products was identical with that a year before. The sales figure was favourable largely because this year a considerable part of the revenue of the Easter season was generated in April while in 2016 it happened in March.

Market research for April and May indicate that the Hungarian market of spirits increased by 10.2% in volume. The sales went up in each of the segments: the premium segment by 10.5%, the quality segment by 4.9% and the non-branded segment by 13.4%.

Export earnings were HUF 357 million – exactly the same as those one year before. The export revenue of Unicum grew by 7.8% but the export of pálinka plummeted by 40.9%, chiefly in Germany. Among the key export destinations, the export revenue in Italy and in the Duty Free segment levelled off; the revenue from exports in Romania vaulted (by 76%), while the export figure for Germany was nearly halved due to the decrease in the sale of pálinka.

## Data sheet heading (general)

Company name :	Zwack Unicum Nyrt.	Telephone	456-5218
Company address:	1095 Bp. Soroksári út 26	Telefax	216-4981
Business branch	Food	E-mail	szucs@zwackunicum.hu
Period	2017-18. business year, 1. quarter (01.04.2017-30.06.2017)	Investor Relations	Balázs Szűcs

The material cost of goods sold increased by HUF 9 million (0.7%) – which was lower than the 2.6% rise in net sales. As a consequence, the gross margin ratio of sales rose by more than 0.7 percentage points (grew to 60.4% from 59.6%).

Employee benefit expense increased by HUF 101 million (16.5%). The bulk of the increase (HUF 72 million) was accounted for by a bonus paid to our employees equalling two weeks' pay. Originally recommended by the Company's major shareholders, it was approved by the Board of Directors in appreciation of the employees' part in the Company's achievements in the previous business year. In addition, at the start of the current business year the Company granted an across-the-board average pay hike of 6.2%. The pay hike was differentiated according to income bands (and ranged between 4 and 9 per cent); and it was higher in the lower income bands and lower in the higher ones. The employee benefits expense was also increased by a moderate rise in the headcount but it was considerably reduced by the fact that the social contribution tax was reduced by 5 percentage points.

The other operating expenses rose by HUF 65 million (10.8%), which was mainly due to increase in marketing expenses and fees paid to consultants. Higher marketing spending was chiefly connected to the Company's herbal liqueurs (Zwack Unicum and Unicum Reserva).

The other operating income decreased by HUF 50 million (36.3%). Of that decrease HUF 34 million was related to the fact that brand owners of traded products had reduced their year-on-year marketing expenditure. In the first quarter of the previous business year the Company posted exchange rate gain of almost HUF 17 million (which explains the rest of the change), whereas in the current business year the Company posted exchange rate loss of HUF 6 million (which appears in the line "Other operating expenses").

The balance of financial income and financial expense decreased by HUF 3 million (95.7%). In the current business year it is not worth keeping free financial assets in fixed deposits because interest rates are actually zero. That explains why financial income has practically disappeared. The free financial assets available for the Company are sufficient for us to pay the dividend that has been approved by the Annual General Meeting (HUF 2.1 billion), to finance investment in fixed assets and ordinary daily operation.

The Company's profit before taxation has thus decreased by HUF 141 million (20.3%) (HUF 551 million instead of HUF 691 million). The sale of Kalinka vodka considerably decreased but the Company has managed to compensate for that by realizing 10% increase in the sales of products belonging to other brands. Thus the size of the gross margin grew slightly (by 3.8%). The operating costs went up considerably (by HUF 159 million, 11.9%), and the increase can be divided into two parts. Two-thirds of the increase was due to one-off expenditures (a bonus equalling two weeks' pay, consultants' fees), and one third (such as the across-the-board pay hike for employees and the increase in marketing costs) can be felt throughout the business year.

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
Company address: 1095 Bp. Soroksári út 26  
Business branch Food  
Period 2017-18. business year, 1. quarter  
(01.04.2017-30.06.2017)

Telephone 456-5218  
Telefax 216-4981  
E-mail szucs@zwackunicum.hu  
Investor Relations Balázs Szűcs

The Company's calculated tax (corporate tax, local business tax and deferred tax) decreased by HUF 31 million (19.2%), which means it moved in tandem with the profit before taxation (-20.3%). That was because the lowering of the rate of corporate tax was counterbalanced by the application of the minimum tax, which was necessitated by the transition to accounting in accordance with the IFRS.

The Company's profit after taxation was HUF 422 million – a year-on-year decrease of 20.7% (previous: HUF 532 million) but it is substantially higher than the plan target.

There were no noteworthy year-on-year changes on the lines of balance sheet. The deferred tax liability is lower than in the previous business year by HUF 134 million, which is the consequence of the lowering of the corporate tax rate. Trade and other receivables went up by HUF 243 million, which was mainly because the sales figure for June was higher than that a year before. Trade and other liabilities increased by HUF 588 million, where HUF 400 million are accounted for by the fact that the dividend is higher than that in the previous business year.

During the first quarter of the business year the Zwack Unicum Plc. spent HUF 103 million on fixed assets, and those expenditures were of a supplemental type.

The Company has 237 employees (at the end of the 2016/2017 business year it had 227; and in the corresponding period of the previous business year it had 230.)


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


### **Additional information:**

- There was no change in the ownership structure of the Company.
- During the first quarter of the 2017–2018 business year there was no change in the organization of the Company.
- The Company does not possess shares of its own, just as before.

3 August 2017

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

  
Sándor Zwack  
Chairman

  
Tibor Dörnyei  
Member of the BoD

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
 Company address: 1095 Bp. Soroksári út 26  
 Business branch Food  
 Period 2017-18. business year, 1. quarter  
 (01.04.2017-30.06.2017)

Telephone 456-5218  
 Telefax 216-4981  
 E-mail szucs@zwackunicum.hu  
 Investor Relations Balázs Szűcs

## Financial Statements

### PK3. Balance Sheet (according to IFRS)

data in HUF million

	30.06.2016	31.03.2017	30.06.2017	Change to 30.06.2016	%	Change to 31.03.2017	%
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	2 792	2 891	2 825	33	1,2%	-66	-2,3%
Intangible assets	117	106	111	-6	-4,8%	5	5,0%
Returnable packaging materials	18	20	23	5	24,6%	3	13,9%
Investment in associate	16	16	16	0	0,0%	0	-1,8%
Employee loans	33	15	21	-11	-35,0%	6	41,2%
Deferred tax asset	233	109	99	-134	-57,6%	-10	-9,5%
	<b>3 208</b>	<b>3 157</b>	<b>3 094</b>	<b>-114</b>	<b>-3,6%</b>	<b>-63</b>	<b>-2,0%</b>
<b>Current assets</b>							
Inventories	1 921	1 862	1 993	72	3,7%	131	7,0%
Trade and other receivables	2 545	2 208	2 788	243	9,5%	580	26,3%
Cash and cash equivalents	2 681	2 809	3 135	454	16,9%	326	11,6%
	<b>7 147</b>	<b>6 879</b>	<b>7 916</b>	<b>769</b>	<b>10,8%</b>	<b>1 037</b>	<b>15,1%</b>
<b>TOTAL ASSETS</b>	<b>10 356</b>	<b>10 036</b>	<b>11 010</b>	<b>655</b>	<b>6,3%</b>	<b>974</b>	<b>9,7%</b>
<b>Shareholders' equity</b>							
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	2 849	4 558	2 881	32	1,1%	-1 677	-36,8%
	<b>5 013</b>	<b>6 723</b>	<b>5 045</b>	<b>32</b>	<b>0,6%</b>	<b>-1 678</b>	<b>-25,0%</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Other financial liabilities	361	427	427	66	18,3%	0	0,0%
	<b>361</b>	<b>427</b>	<b>427</b>	<b>66</b>	<b>18,3%</b>	<b>0</b>	<b>0,0%</b>
<b>Current liabilities</b>							
Trade and other liabilities	4 870	2 792	5 458	588	12,1%	2 666	95,5%
Provisions for other liabilities and charges	111	94	80	-31	-27,9%	-14	-14,8%
	<b>4 981</b>	<b>2 886</b>	<b>5 538</b>	<b>557</b>	<b>11,2%</b>	<b>2 652</b>	<b>91,9%</b>
<b>Total liabilities</b>	<b>5 342</b>	<b>3 313</b>	<b>5 965</b>	<b>623</b>	<b>11,7%</b>	<b>2 652</b>	<b>80,1%</b>
<b>TOTAL EQUITY &amp; LIABIL.</b>	<b>10 356</b>	<b>10 036</b>	<b>11 010</b>	<b>655</b>	<b>6,3%</b>	<b>974</b>	<b>9,7%</b>

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
 Company address: 1095 Bp. Soroksári út 26  
 Business branch Food  
 Period 2017-18. business year, 1. quarter  
 (01.04.2017-30.06.2017)

Telephone 456-5218  
 Telefax 216-4981  
 E-mail szucs@zwackunicum.hu  
 Investor Relations Balázs Szűcs

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

data in HUF million

	2016-2017.	2017-2018.	Variance	%
	I. quarter	I. quarter		
Gross Sales	5 303	5 273	-30	-0,6%
Excise Tax	1 907	1 732	-176	-9,2%
Public Health Product Tax (PHPT)	235	299	64	27,3%
<b>Sales net of taxes</b>	<b>3 160</b>	<b>3 242</b>	<b>81</b>	<b>2,6%</b>
Material cost of goods sold	1 276	1 284	9	0,7%
<b>Gross Margin</b>	<b>1 885</b>	<b>1 957</b>	<b>72</b>	<b>3,8%</b>
	59,6%	60,4%		0,7%
Employee benefits expense	612	713	101	16,5%
Depreciation and amortization	121	114	-7	-5,5%
Other operating expenses	603	668	65	10,8%
<b>Operating expenses</b>	<b>1 335</b>	<b>1 495</b>	<b>159</b>	<b>11,9%</b>
Other operating income	138	88	-50	-36,3%
<b>Profit from operations</b>	<b>688</b>	<b>550</b>	<b>-137</b>	<b>-20,0%</b>
Interest income	4	0	-3	-95,7%
Interest expense and other similar charges	0	0	0	
<b>Net financial income/loss</b>	<b>4</b>	<b>0</b>	<b>-3</b>	<b>-95,7%</b>
Share of profit of associates	0	0	0	
<b>Profit before tax</b>	<b>691</b>	<b>551</b>	<b>-141</b>	<b>-20,3%</b>
Tax (corporate, deferred and local industrial)	159	129	-31	-19,2%
<b>Profit after tax</b>	<b>532</b>	<b>422</b>	<b>-110</b>	<b>-20,7%</b>

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
Company address: 1095 Bp. Soroksári út 26  
Business branch Food  
Period 2017-18. business year, 1. quarter  
(01.04.2017-30.06.2017)

Telephone 456-5218  
Telefax 216-4981  
E-mail szucs@zwackunicum.hu  
Investor Relations Balázs Szűcs

## PK5. Cash-flow Statement (according to IFRS)

data in HUF million

Cash-Flow	2017-2018. I. quarter
<b>Profit before tax</b>	<b>551</b>
Net financial income	0
Share of profit of associates	0
Depreciation and amortization	114
(Gain)/loss on disposal of fixed assets	10
Increase\decrease in trade creditors and other liabilities	0
(Increase)\decrease in inventories	2 706
(Increase)\decrease in trade and other receivables	(134)
(Gain)/loss on unrealized foreign exchange rate difference	(451)
Impairment of investments in associates	0
Other changes	(2 114)
<b>Cash generated from operations</b>	<b>682</b>
Interest paid	0
Corporate income tax paid	(254)
<b>Cash flow from operating activities</b>	<b>428</b>
Capital expenditures	(103)
Sales \ (purchase) of investments	0
Dividends received	0
Interest received	1
Proceeds from sale of fixed assets	0
Proceeds from other financial assets	0
<b>Cash flow from investing activities</b>	<b>(102)</b>
Dividends paid	0
<b>Cash flow from financing activities</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>	<b>326</b>
Cash and cash equivalents, beginning of the period (01.04.2016)	2 809
Exchange gains/(losses) on cash and cash equivalents	0
<b>Cash and cash equivalents, end of the period</b>	<b>3 135</b>
Consists of:	
Overdraft	0
Cash in banks and on hand	3 135
<b>Balance end of the period</b>	<b>3 135</b>

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
Company address: 1095 Bp. Soroksári út 26  
Business branch Food  
Period 2017-18. business year, 1. quarter  
(01.04.2017-30.06.2017)

Telephone 456-5218  
Telefax 216-4981  
E-mail szucs@zwackunicum.hu  
Investor Relations Balázs Szűcs

## 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.

<b>Traded products</b>	<b>2016-2017.</b>	<b>2017-2018.</b>	<b>Variance</b>	<b>%</b>
	<b>I. quarter</b>	<b>I. quarter</b>		
Gross Sales	846	963	118	13,9%
Excise Tax	197	227	31	15,6%
Public Health Product Tax (PHPT)	96	117	21	22,2%
<b>Sales net of taxes</b>	<b>553</b>	<b>619</b>	<b>66</b>	<b>11,8%</b>
<b>Profit from operations</b>	<b>47</b>	<b>36</b>	<b>-11</b>	<b>-23,7%</b>

<b>Own produced</b>	<b>2016-2017.</b>	<b>2017-2018.</b>	<b>Variance</b>	<b>%</b>
	<b>I. quarter</b>	<b>I. quarter</b>		
Gross Sales	4 457	4 309	-148	-3,3%
Excise Tax	1 711	1 505	-206	-12,1%
Public Health Product Tax (PHPT)	139	182	43	30,8%
<b>Sales net of taxes</b>	<b>2 607</b>	<b>2 623</b>	<b>16</b>	<b>0,6%</b>
<b>Profit from operations</b>	<b>640</b>	<b>514</b>	<b>-126</b>	<b>-19,6%</b>

<b>Total</b>	<b>2016-2017.</b>	<b>2017-2018.</b>	<b>Variance</b>	<b>%</b>
	<b>I. quarter</b>	<b>I. quarter</b>		
Gross Sales	5 303	5 273	-30	-0,6%
Excise Tax	1 907	1 732	-176	-9,2%
Public Health Product Tax (PHPT)	235	299	64	27,3%
<b>Sales net of taxes</b>	<b>3 160</b>	<b>3 242</b>	<b>81</b>	<b>2,6%</b>
<b>Profit from operations</b>	<b>687</b>	<b>550</b>	<b>-137</b>	<b>-19,9%</b>

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
Company address: 1095 Bp. Soroksári út 26  
Business branch Food  
Period 2017-18. business year, 1. quarter  
(01.04.2017-30.06.2017)

Telephone 456-5218  
Telefax 216-4981  
E-mail szucs@zwackunicum.hu  
Investor Relations Balázs Szűcs

## Data Sheets related to the Financial Statements

### PK1. General information on financial data

Audited Yes  No  X  
Consolidated   X  
Accounting principles Hungarian  X IFRS  X Other

### PK2. Companies included in consolidation

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

### PK6. Off Balance Sheet significant items <sup>1</sup>

Name	Value (HUF)
Non existent	



## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
 Company address: 1095 Bp. Soroksári út 26  
 Business branch Food  
 Period 2017-18. business year, 1. quarter  
 (01.04.2017-30.06.2017)

Telephone 456-5218  
 Telefax 216-4981  
 E-mail szucs@zwackunicum.hu  
 Investor Relations Balázs Szűcs

## 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	% <sup>2</sup>	% <sup>3</sup>	pieces	% <sup>2</sup>	% <sup>3</sup>	pieces
Domestic institutional/company	0.81%	0.82%	16 412	7.04%	7.16%	143 192
Foreign institutional/company	81.99%	83.42%	1 668 478	78.00%	79.36%	1 587 336
Domestic private individual	9.48%	9.64%	192 873	11.82%	12.03%	240 553
Foreign private individual	5.97%	6.08%	121 518	1.39%	1.41%	28 200
Employees, top managers	0.03%	0.04%	719	0.03%	0.04%	719
<b>T O T A L</b>	<b>98.28%</b>	<b>100.00%</b>	<b>2 000 000</b>	<b>98.28%</b>	<b>100.00%</b>	<b>2 000 000</b>
<b>Redeemable liquidation preference shares</b>						
	% <sup>2</sup>	% <sup>3</sup>	pieces	% <sup>2</sup>	% <sup>3</sup>	pieces
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
<b>T O T A L</b>	<b>1.72%</b>	<b>0.00%</b>	<b>35 000</b>	<b>1.72%</b>	<b>0.00%</b>	<b>35 000</b>
<b>ALTOGETHER</b>						
	% <sup>2</sup>	% <sup>3</sup>	pieces	% <sup>2</sup>	% <sup>3</sup>	pieces
Domestic institutional/company	0.81%	0.82%	16 412	7.04%	7.16%	143 192
Foreign institutional/company	81.99%	83.42%	1 668 478	78.00%	79.36%	1 587 336
Domestic private individual	9.48%	9.64%	192 873	11.82%	12.03%	240 553
Foreign private individual	5.97%	6.08%	121 518	1.39%	1.41%	28 200
Employees, top managers	1.75%	0.04%	35 719	1.75%	0.04%	35 719
<b>T O T A L</b>	<b>100.00%</b>	<b>100.00%</b>	<b>2 035 000</b>	<b>100.00%</b>	<b>100.00%</b>	<b>2 035 000</b>

<sup>2</sup> Shareholder's share

<sup>3</sup> 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			

## Data sheet heading (general)

Company name : Zwack Unicum Nyrt.  
 Company address: 1095 Bp. Soroksári út 26  
 Business branch Food  
 Period 2017-18. business year, 1. quarter  
 (01.04.2017-30.06.2017)

Telephone 456-5218  
 Telefax 216-4981  
 E-mail szucs@zwackunicum.hu  
 Investor Relations Balázs Szűcs

### 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 <sup>1</sup>	Activity <sup>2</sup>	No of shares	Share (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Notes <sup>5</sup>
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

<sup>1</sup> Domestic (B), Foreign (K)

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

<sup>3</sup> To be rounded to two decimals

<sup>4</sup> Voting right assuring participation in decision making at the Issuer's General Meeting

<sup>5</sup> 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	230	227	237

### 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	31.07.2021	-	-
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	31.07.2021	651	-
FB	Dr. Salgó István		29.06.2006	31.07.2021	-	-
IT	Zwack Sándor	Chairperson	26.06.2008	31.07.2021	-	-
IT	Wolfgang Spiller		28.06.2012	31.07.2021	-	-
IT	Zwack Isabella Veronika		26.06.2008	31.07.2021	-	-
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	31.07.2021	-	16 000
IT	Dörnyei Tibor András		24.04.2002	31.07.2021	-	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		-	-

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