



**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>1</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.

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<sup>1</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.

### **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.

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>2</sup> is set out in Section (3) of the Report.

**(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.

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<sup>2</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.

### 3.1 Fixed elements

In the Financial Year, the fixed, i.e. non-performance-related, elements of the remuneration of the Directors were as follows<sup>3</sup>:

- (i) *The honorarium of a member of the Board<sup>4</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.*

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<sup>3</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>4</sup> Currently both the CEO and the Deputy CEO are members of the Board of Directors.

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

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>5</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.

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<sup>5</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.

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**

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>6</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>6</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>7</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>7</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>7</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 Szakolczai 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%	