Dear Shareholders!

SÁNDOR ZWACK
Chairman
of the Board of Directors

After the Covid-dominated periods of the last several years, life presented our Company with a new challenge, and we once again successfully overcame this challenge. After the post-Covid normalization of supply chains, trade, and consumer and business confidence, the resilience that characterizes us was once again demonstrated by our Company under the wartime and inflationary economic conditions that characterized the entire 2022 business year.

Rising energy, raw material and consumer prices and customer reactions to these, as well as the impact of inflation on wages, pose new commercial and business challenges for our Company. The success of our business year even in the face of sales volumes' decline in line with falling purchasing power, promotions and discount channels gaining importance, the two price increases during the business year and the weakening of consumer confidence in the future, was due to the outstanding results of the first four months and to the rapid and effective responses given to the challenges of the subsequent period which was determined by the economic effects of inflation and the war.

Our Company, worthy of its reputation, also looked after its employees and responded promptly to inflationary challenges by providing utility subsidies, a contribution to commuting costs and a one-off extra benefit to help employees and their families. Caring not only for our employees but also for future generations is important to us, which is why we have successfully installed a solar farm and heat pump system at our Dunaharaszti plant, in line with our sustainability principles. From the next business year onwards, this investment will not only help us achieve our environmental objectives but will also benefit us by energy and cost savings in the face of soaring energy prices.

As in the previous business year, our Company achieved a very successful result this year. Despite a general decline in consumer confidence, we were able to capture the attention of our consumers through our brand-building marketing activities. Our sales team successfully coped with the difficult period of two price increases and an increased pressure for discounts and promotions thanks to a well-planned promotional and pricing strategy, so we managed to close the year with a 1.9% increase in volume and a 14,2% increase in turnover excluding excise duty. A significant part of the sales increase was driven by the Unicum brand and its flavor variants (+9.5%) and the super-premium Unicum Riserva (+5.2%), supported by the sales increase of Fütyülős (+17.3%), St Hubertus (+12.6%), Kalinka vodka (+29.2%) and Kalumba gin (+137.5%).

In addition to our leading role in the domestic market, the Company's foreign expansion is of strategic importance for us. Our total export turnover increased by 10.5%, of which we achieved a 12% growth in the Italian market, our priority market, and a 52% in the Duty-Free sector, which is again growing rapidly in passenger traffic.

In addition to the business result, Zwack Unicum Plc will continue to act as a responsible company towards both the environment and our employees. To alleviate the pressure on our employees due to the economic situation caused by the war, in the next business year we will include the extra benefits in the salary, maintain the home office option and plan to extend our environmental protection and energy saving investments to our other factories as well.

Dear shareholders, I am proud that, even in the difficult economic environment, we can once again look back on a successful business year, thanks to the competence and commitment of our staff. Perceiving the global political and local economic changes, seeing the impact of high inflation and rising procurement prices on production costs and purchasing power, I believe it is important that we continue to build our efficiency and effectiveness also in the coming years around our priorities: our business and sustainability principles, our brand and innovation strategy and our care for our employees.

Sándor Zwack

DR. HUBERTINE UNDERBERG-RUDER
Chair
of the Supervisory Board

Our Company – also in the last business year - has been successful. I am alleviated that this is true despite a volatile environment consisting of post-Covid, the Russian-Ukrainian war, rising interest rates and prices for raw materials, energy and services and many other challenges. How was this success possible? How did Zwack Unicum´s team manage to resiliently steer the company with all the employees through these troubled waters of unpredictable and unexpected changes?

The first answer needs to be that this is a successful team effort, to which most thankfully everybody has contributed. Basis for this teamwork is Zwack Unicum's strategy, based on our brands and their building, efficient and effective processes focused on consumer and client centricity and, last but not least, our values. Let me name values like respect for and enrichment through different views, responsibility for our impact be it on the society or on the environment, both tradition and innovation and entrepreneurial thus long-term thinking. This has enabled the Company to propel through all the economic and social difficulties of the last year.

In the domestic market Zwack Unicum's leading position remained dominant and was further strengthened by brand, production, and economic innovations. The Unicum Barista innovation, developed based on deep consumer insights and launched last year, successfully established itself in the herbal liqueur category, contributing significantly to the overall sales of the Unicum brand. The rejuvenated Fütyülős brand was extended with a new watermelon flavor variant which was introduced with an outstanding success in the second half of the year. Thanks to the launch of the mango and blood orange flavors of Kalumba gin, the brand is taking a leading role in the growing gin category.

Innovation is a priority and part of the company's values and DNA. It goes far beyond brand and product innovation. Also, the value sustainability is a priority in our Company. As a result of both, we have been active in various environmental projects and energy saving investments. This year we put into operation a heat pump system supported by a solar park at the end of the business year, which meets the energy needs of our Dunaharaszti factory economically while minimizing CO2 emissions (for more visit www.zwackunicum.hu).

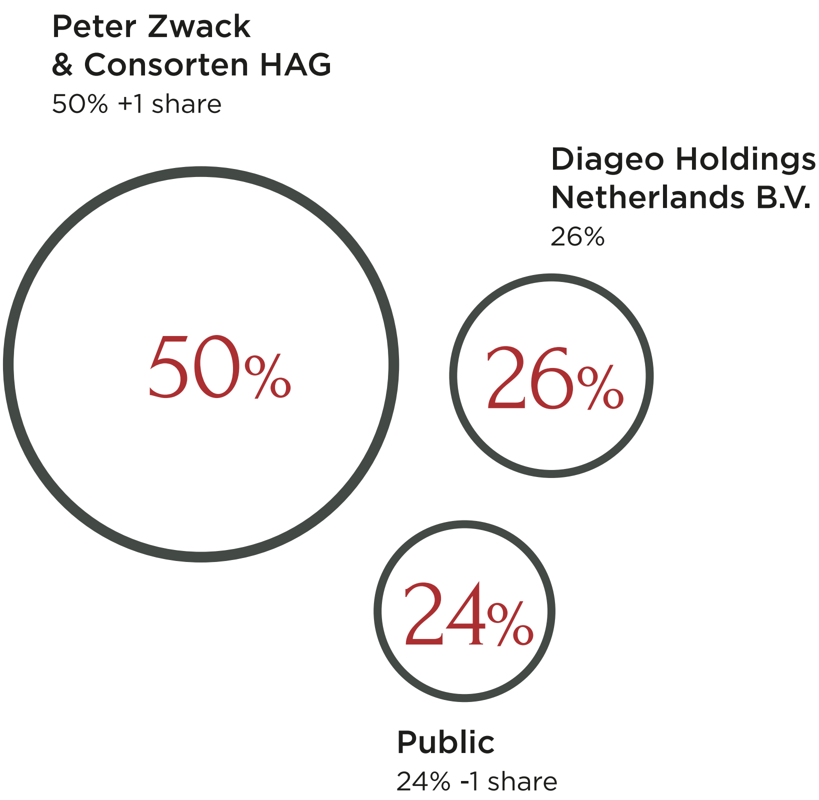
Our employees were confronted with many new challenges in the two years of several waves of Covid and the economic consequences of the Russian-Ukrainian war. The Company proactively explored the fields of "new work" and tried to mitigate the impact of the above with periodic extra support. The various benefits and the possibility to work from home also after the end of the Covid period contributed to the fact that, as a caring Company, we aim and can work with employees committed on the long-term and have a low employee turnover.

Despite the difficulties, our business year is another success story. Zwack Unicum managed this even in the face of negative economic conditions and changes in consumer behavior. The successful business years has shown that a well-designed business strategy, being based on premium brand building rooted likewise in tradition and innovation, as well as an employer mindset that assumes responsibility and cares for the society and the employees, can create a strong foundation even in a volatile environment with the constant need to further embrace change.

The Supervisory Board would like to say thank you to the Management and each and every Employee of the Company again this year and would like to assure them of our continuous support. Dear Shareholders, we are also thanking you for the trust you placed in the Company and assure you of our continued work to deserve this also in the future.

Dr. Hubertine Underberg-Ruder

Distribution of voting shares of Zwack Unicum Plc.



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*This is an English translation of the separate financial statements for the financial year between 1 April 2022 and 31 March 2023 issued in Hungarian. The content of the English translation is consistent with the content of the separate financial statements prepared in xhtml format.

Declarations

We, the undersigned Zwack Unicum Liqueur Industry and Trading Public Limited Company, hereby declare that the facts and statements contained in the Annual Report covering the Company's business year of 2022-2023 (1 April 2022 – 31 March 2023) are true in all respects, and that the Annual Report does not hide any fact that is of importance in assessing the situation of the Company.

Financial reports (Statement of Financial Position, Statement of Comprehensive Income, Cash Flow, Statement of Changes in Equity and Notes to the Financial Statements) presented in the Annual Report were prepared according to the applicable accountancy regulations and our best knowledge. Financial reports give real and authentic picture of the assets, liabilities, financial situation and profit of the issuing company.

Business and Management Report, which is part of the Annual Report, gives authentic picture of the situation, development and achievement of the issuing company, reciting the major risks and factors of uncertainty.

The Company has fulfilled the periodic and extraordinary duties of disclosure, as required by the Capital Market law.

The Company's audit has been provided by KPMG Hungária Kft. The Auditor of the Company did not receive other assignment than the audit of the annual report of the Company.

Budapest, 25 May 2023

Katalin Hollósi
Chief Accountant

Balázs Szűcs
Investor Correspondent

based on the power of attorney provided by:

Sándor Zwack
Chairman of the Board

Frank Odzuck
Chief Executive Officer

Financial calendar

EVENT	DATE
Payment of dividend	**As from 26 July 2023**
Publication of the report about the first quarter of 2023/2024*	**3 August 2023**
Publication of the report about the first half year of 2023/2024*	**2 November 2023**
Publication of the report about the first three quarters of 2023/2024*	**6 February 2024**
Publication of the report about the financial year 2023/2024*	**24 May 2024**
Annual General Meeting	**26 June 2024**

** not final dates*

Zwack Unicum Plc. – Separate financial statements for the financial year ended 31 March 2023

PREPARED IN COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of financial position

FOR THE FINANCIAL YEAR ENDED 31 MARCH 20232

	NOTE	31 MARCH 2023 (HUF mill)	31 MARCH 2022 Restated * (HUF mill)	1 APRIL 2021 Restated* (HUF mill)
ASSETS				
NON-CURRENT ASSETS		**4 121**	**3 491**	**3 652**
Property, plant and equipment	5	3 946	3 309	3 442
Intangible assets	6	75	78	85
Investment in associate		0	0	16
Employee loans	7	1	1	0
Deferred tax asset	19	99	103	109
CURRENT ASSETS		**11 312**	**11 601**	**9 406**
Inventories	8	4 517	3 140	2 800
Trade receivables	9	3 149	3 198	2 410
Other financial receivables	9	109	70	56
Current income tax		0	0	77
Non-financial receivables	9	104	114	74
Cash and cash equivalents	10	3 433	5 079	3 989
TOTAL ASSETS		**15 433**	**15 092**	**13 058**
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY		**9 260**	**8 812**	**7 012**
Share capital		2 000	2 000	2 000
Share premium		165	165	165
Retained earnings		7 095	6 647	4 847
LIABILITIES		**6 173**	**6 280**	**6 046**
NON-CURRENT LIABILITIES		**680**	**652**	**635**
Leases	11	24	24	39
Long-term employee benefits	11	573	534	492
Deferred income	11	83	94	104
CURRENT LIABILITIES		**5 493**	**5 628**	**5 411**
Trade and other payables	12	2 543	2 475	1 690
Leases	12	6	19	15
Amount payable (due) to customers	12	547	781	614
Current income tax	12	195	167	0
Employee benefits	12	883	808	825
Other taxes and other non-financial liabilities	12	1 306	1 378	1 007
Short term loan		0	0	1 250
Provisions	13	13	0	10
TOTAL EQUITY AND LIABILITIES		**15 433**	**15 092**	**13 058**

**See Note 2 (t)

The Financial statements were accepted by the Board of Directors on 25 May 2023 and signed on their behalf by:

based on the power of attorney provided by:

Katalin Hollósi	**Balázs Szűcs**	**Sándor Zwack**	**Frank Odzuck**
Chief Accountant	*Investor Correspondent*	*Chairman of the Board*	*Chief Executive Officer*

Statement of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	NOTE	2023 (HUF mill)	2022 Restated * (HUF mill)
REVENUE, GROSS OF EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX		**35 364**	**31 949**
Excise tax		(12 517)	(8 464)
Public health product tax		(1 632)	(5 171)
REVENUE, NET OF EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX	**14**	**21 215**	**18 314**
Material-type expenses		(8 511)	(6 561)
Employee benefits expense	15	(3 685)	(3 150)
Depreciation and amortization	5-6	(600)	(596)
Other operating expenses	16	(4 651)	(4 404)
- including: Impairment loss on trade receivables and contract assets	4	0	0
OPERATING EXPENSES, EXCLUDING EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX RELATED TO SALES		**(17 447)**	**(14 711)**
Other operating income	17	100	50
PROFIT FROM OPERATIONS		**3 868**	**3 653**
Interest and other financial income		293	125
Interest expense		(1)	(16)
NET FINANCIAL INCOME (COST)	18	**292**	**109**
PROFIT BEFORE TAX		**4 160**	**3 762**
Income tax expense	19	(712)	(562)
PROFIT FOR THE YEAR		**3 448**	**3 200**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3 448**	**3 200**
BASIC AND DILUTED EARNINGS PER SHARE (HUF/SHARE) See Note 1 (a)		1 724	1 600

*see Note 2 (t)

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	SHARE CAPITAL (HUF mill)	SHARE PREMIUM (HUF mill)	RETAINED EARNINGS (HUF mill)	TOTAL (HUF mill)
BALANCE AT 31 MARCH 2021	2 000	165	4 847	7 012
BALANCE AT 1 APRIL 2021	**2 000**	**165**	**4 847**	**7 012**
Profit for the year	-	-	3 200	3 200
Other comprehensive income	-	-	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**3 200**	**3 200**
Dividend related to financial year ended 31 March 2021 (HUF 700 per share)	-	-	(1 400)	(1 400)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	**-**	**-**	**(1 400)**	**(1 400)**
BALANCE AT 31 MARCH 2022	2 000	165	6 647	8 812
BALANCE AT 1 APRIL 2022	**2 000**	**165**	**6 647**	**8 812**
Profit for the year	-	-	3 448	3 448
Other comprehensive income	-	-	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**3 448**	**3 448**
Dividend related to financial year ended 31 March2022 (HUF 1 500 per share)	-	-	(3 000)	(3 000)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	**-**	**-**	**(3 000)**	**(3 000)**
BALANCE AT 31 MARCH 2023	2 000	165	7 095	9 260

Cash flow statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	2023 (HUF mill)	2022 (HUF mill)
PROFIT BEFORE TAX	**4 160**	**3 762**
Net financial (income)	(292)	(109)
Adjustment for depreciation and amortization	600	596
(Gain) on disposal of fixed assets	(73)	(27)
(Decrease)/increase in trade creditors and other liabilities	(124)	1 489
(Increase) in inventories	(1 377)	(340)
(Increase) in trade and other receivables	(17)	(1 002)
(Gain)/loss on unrealized foreign exchange rate difference	(1)	13
Increase/(decrease) in other liabilities	13	(10)
CASH GENERATED FROM OPERATIONS	**2 889**	**4 372**
Interest paid	(1)	(16)
Income tax paid	(680)	(312)
CASH FLOW FROM OPERATING ACTIVITIES	**2 208**	**4 044**
Purchases of property, plant and equipment	(1 212)	(445)
Purchases of intangible assets	(26)	(28)
Interest received	298	74
Proceeds from sale of property, plant and equipment	119	62
Payment received from the sale of investment in associate	0	61
CASH FLOW USED IN INVESTING ACTIVITIES	**(821)**	**(276)**
Dividends paid	(3 000)	(1 400)
Payment of lease liabilities	(14)	(29)
Loan acquired	0	1 500
Payment of loans	0	(2 750)
CASH FLOW USED IN FINANCING ACTIVITIES	**(3 014)**	**(2 679)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(1 627)**	**1 089**
Cash and cash equivalents, beginning of the year	5 079	3 989
Exchange (loss)/gain on cash and cash equivalents	(19)	1
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**3 433**	**5 079**

Notes to Financial statements for the financial year ended 31 March 2023

PREPARED IN COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

NOTE 1 – GENERAL BACKGROUND

(a) The Company and the nature of its operations

The Zwack Unicum Plc. (hereafter referred to as "the Company") is incorporated in Hungary and it is manufacturer and distributor mainly of alcoholic beverages. The Company seat is located at 26 Soroksári út, Budapest, 1095. The web site of the Company is www.zwackunicum.hu.

Zwack Unicum Plc. is listed on the Budapest Stock Exchange.

Peter Zwack & Consorten HAG ("PZ HAG", AT-1190 Wien, Heiligenstadter Strasse 43.) is the ultimate majority owner and parent company of Zwack Unicum Plc. holding 50% + 1 share of the issued shares (registered ordinary shares), that is not obliged to prepare and publish consolidated financial statement under the law. The ultimate owners of PZ HAG are members of the Zwack and Underberg families.

REGISTERED ORDINARY SHARES OF THE COMPANY COMPRISE:

	2023		2022	
	%	*(HUF mill)*	*%*	*(HUF mill)*
PZ HAG	**50% +1 share**	**1 000**	**50% +1 share**	**1 000**
Diageo Holdings Netherlands B.V.	26%	520	26%	520
Public	24% -1 share	480	24%-1 share	480
TOTAL	**100%**	**2 000**	**100%**	**2 000**

The total number of authorized ordinary shares is 2 000 000 (31 March 2022: 2 000 000) with a par value of HUF 1 000 per share (31 March 2022: HUF 1 000 per share). All shares are issued and fully paid. Each share carries the same voting rights.

Basic and diluted earnings per share have been calculated based on the profit for the year and the total number of ordinary shares in issue.

The total number of authorized redeemable liquidity preference shares is 35 000 (2022: 35 000) with a par value of HUF 1 000. All these shares were issued to senior managers under a cash settled share-based compensation plan as described under Note 20. The share capital does not include the redeemable liquidity preference shares. Dividends relating to these redeemable liquidity preference shares are recognised as part of Employee benefits expense. For further details refer to Note 15.

(b) Other risks

Sales to the Ukrainian and Russian markets are not significant neither relative to total nor to export earnings, therefore the Russian-Ukrainian conflict does not have a significant effect on the Company's sales activity.

The Company stopped sales activities to the Russian market, since 20 January 2022 no products have been delivered to Russia.

(c) Basis of preparation

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("EU IFRS" or "IFRS") as adopted by the European Union and in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRS of Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "Hungarian Accounting Law").

The financial statements have been prepared in millions of Hungarian Forints (HUF) on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date:

ITEMS	MEASUREMENT BASIS
derivative financial instruments (refer to Note 2 (g)(5))	Fair value
net defined benefit liability (refer to Note 2 (q)(2))	Present value of the defined benefit obligation
liabilities for cash-settled share based payment arrangements (refer to Note 2 (q) (2)-(4))	Fair value

The financial statements of the Company were approved for issue on 25 May 2023 by the Company's Board of Directors (the Board), however, the Annual General Meeting (AGM) of the owners, authorized to accept these financials, has the right to require amendments before acceptance.

The preparation of financial statements in conformity with EU IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 (s).

Standards issued but not yet effective

New amendments to standards adopted by the EU but not yet effective as at the reporting date::

- IFRS 17 Insurance Contracts and amendments to IFRS 17 (standard issued on 18 May 2017 and the amendments issued on 25 June 2020, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021, effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021, applicable on initial application of IFRS 17)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021, effective for annual periods beginning on or after 1 January 2023)

The Company did not choose to adopt any of them early.

The following new standards and amendments to standards issued are not yet effective as at the reporting date, and have not yet been endorsed by the EU:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022, effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 and 31 October 2022, effective for annual periods beginning on or after 1 January 2024)

These new standards and amendments to standards are not expected to have a material impact on these separate financial statements in the period when they will be initially applied.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following new amendments to standards applied initially by the Company from 1 April 2022, but none of them has a material impact on these financial statements:

- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (issued on 14 May 2020, effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (issued on 14 May 2020, effective for annual periods beginning on or after 1 January 2022
- References to the Conceptual Framework in IFRS Standards: Amendments to IFRS 3 (issued on 14 May 2020, applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022)
- Annual Improvements 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41 (issued on 14 May 2020, effective for annual periods beginning on or after 1 January 2022)

(a) Segment reporting

The CEO of Zwack Unicum Plc., is the Company's chief operating decision maker ('CODM'), as the CEO is responsible for allocating resources to, and assessing the performance of the Company on a monthly basis. Operating results are only reviewed at the Company level by the CODM hence the Company is deemed to be one segment. The balances in the reports reviewed by the CODM are in line with those presented in these financial statements.

(b) Investment in associates

Investments in associates are accounted for using the cost method of accounting. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognises the impairment loss in other operating expenses.

(c) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in HUF, which is the company's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Transactions in foreign currencies are translated into the functional currency at the date of the transaction. All resulting foreign exchange differences are included in other operating expenses/income.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is calculated on a straight line basis (or by reference to physical output) from the time the assets are deployed over their estimated useful lives.

Assets in the course of construction are stated at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized as an expense in profit or loss when they are incurred.

Useful lives are as follows:

Buildings	15 - 50 years
Plant and equipment	7 - 10 years
Motor vehicles	4/6 years, or 150 000/160 000 km
Other assets	2 - 7 years

Land is not depreciated.

On an annual basis, the Company reviews the useful lives and residual values.

Gains and losses on disposals are determined as the difference between the proceeds and the carrying amount of the asset. Such gains and losses are recognised in profit or loss in other operating income or expenses.

(e) Intangible assets

Trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5 - 10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 - 6 years.

(f) Impairment of non-financial assets

Non-financial assets other than inventories and deferred tax assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level which generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Non-financial assets for which impairment was recognized are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are presented in 'Other operating expenses'.

(g) Financial instruments

(1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Trade receivables are without a significant financing component, therefore these are initially measured at the transaction price, and do not have a contractual interest rate. This implies that the effective interest rate for these receivables is zero.

(2) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt instruments; FVOCI – equity instruments; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the purposes of the business model assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets and gains and losses are summarized as follows:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Employee loans are classified as financial assets at amortised cost. Difference between the nominal value of the employee loans granted and the initial fair value of the employee loan is recognized as prepaid employee benefits. Interest income on the loan granted calculated by using the effective interest method is recognized as finance income, while the prepaid employee benefits are amortized to 'Employee benefits expense' evenly over the required service period that corresponds to the term of the loan.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(3) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expire. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(5) Derivative financial instruments

The Company occasionally enters into foreign currency forward contracts in order to reduce the exchange rate risk related to the foreign exchange denominated payment obligations.

The Company does not apply hedge accounting for its financial instruments.

Derivatives are measured at fair value, and changes therein are recognised in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

(6) Impairment of non-derivative financial assets

Financial instruments and contract assets
Loss allowances for expected credit losses (ECLs) is recognised on
- financial assets measured at amortised cost,
- contract assets.

Loss allowances is measured at an amount equal to lifetime ECLs, except for debt instruments (including bank balances) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
In this latter case, loss allowances are measured at an amount equal to 12-months ECLs.
Trade receivables and contract assets do not contain a significant financing component, therefore loss allowances for these assets are always measured at an amount equal to lifetime ECLs, using a provision matrix.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.
The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per S&P and Fitch.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.
The Company assumes that the credit risk has not increased significantly if the financial instrument is determined to have low credit risk at the reporting date. In other cases, the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).
The Company secures certain trade receivables with credit insurance which is also taken into account when calculating ECLs.
In case of financial assets other than trade receivables and contract assets, ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant

recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories of spare parts are stated at cost less a write down for obsolete and slow moving items.

(j) Revenue recognition

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of the asset (at a point in time or over time).

For goods sold and services provided under a single arrangement in a bundle, the Company accounts for individual goods and services as separate performance obligations, if they are distinct, i.e. if (a) a promise is separately identifiable from other promises in the contract, and (b) the customer can benefit from it either on its own or together with other resources that are readily available to the customer. The consideration is allocated to distinct goods and services based on their relative stand-alone selling prices determined based on the list prices at which the Company sells the goods and services in separate transactions. Any related discounts and rebates are allocated proportionately to all performance obligations in the contract unless certain criteria are met.

Revenue from contracts with customers is measured at the transaction price, which is the amount of consideration promised in the contract with customer, excluding amounts collected on behalf of third parties such as some sales taxes. The transaction price excludes value-added tax collected on behalf of the tax authorities.

The Company incurs excise tax which becomes payable when the product is removed from bonded premises, which generally occurs when the product is sold to a customer. The excise tax is not included as a separate item on the invoices; increases in excise tax may not always be passed on to the customer and if a customer fails its obligation to pay for products received the Company cannot reclaim the excise tax.

The Company incurs public health product tax which becomes payable when products are sold. The invoice shows that the Company is the subject of tax obligation. Increases in public health product tax are always passed on to the customer and where a customer fails to pay for products received the Company cannot reclaim the excise tax.

The Company presents excise tax and public health product tax as separate line items on the face of the statement of comprehensive income. 'Revenue, gross of excise tax and public health product tax' presented in the statement of comprehensive income includes, while 'Revenue, net of excise tax and public health product tax' excludes excise tax and public health product tax.

Variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration includes discounts, rebates and similar items.

Amounts paid to the customers (merchants) for positioning the products on eye-catching or prime shelf places, putting them in gondolas at the checkout counters, or putting ads in advertising brochures, are treated as variable consideration in determining the transaction price.

The amounts paid to the customers reduce the transaction price as incentives because they are not considered to be a distinct service from the customer.

The Company applies the practical expedient not to disclose information about unsatisfied (or partially unsatisfied) performance obligations at the reporting date on the basis that all of its performance obligations are part of contracts that have an original expected duration of one year or less.

Revenue for sales of own products and traded goods is recognised at the point in time when the Company has delivered the goods to the customer, the customer has accepted the goods and it is probable that the Company will collect the consideration.

The Company has no obligation to repossess its goods, except for the general rules and regulations (e.g.: in case of faulty products).

The Company bills the price of goods to the customer upon delivery. In addition to discounts, if any, included in the invoice the Company provides rebate to customers based on turnover. The invoice on sale of goods does not include the rebate, therefore the rebate due to customer at the reporting date is presented as 'amounts payable (due) to customers'.

The Company may incur marketing expenses in relation to sale of goods purchased from brand owner suppliers that are reimbursed by the suppliers. Reimbursement of marketing expenses by suppliers is recognised as revenue in the period in which the related expense is recognised.

(k) Material-type expenses

Material-type expenses include materials used in the production of self-manufactured inventories, and other costs of materials used, services related to production which are part of the cost of inventories, as well as changes in capitalised self-manufactured inventories and cost of goods sold.

The Company may receive refunds from brand owner suppliers relating to sales of goods purchased from them such as a reimbursement of amounts paid to retailers mentioned in Note 2 (s) (3). Such refunds are recognised as reduction in the cost of goods sold, by analogy to accounting for consideration to customers.

(l) Other operating expenses

The value of services received that are not to be presented as material-type expenses (see Note 2 (k)) are presented as other operating expenses'.

Point of sale materials ('POS') which serve the main purpose to advertise the Company's products are recognised as part of other operating expenses immediately after the Company gains the right to use these assets or upon the Company getting access to these materials. This also applies to expenses related to commercial films made available to the Company that are used for marketing purposes.

Local tax regulations require the payment of building tax for buildings located on the territory of a municipality by the owner on the first day of the year. The Company recognises the full amount of the liability as an expense on the date when the obligation arises.

(m) Other operating income

The gain on the sale of Property, plant and equipment of the Company is accounted for as other operating income.

The grant related to the asset is presented gross in the financial statements – amount of the grant is deferred, and is recorded in profit or loss over the useful life of the depreciable asset and presented as Other operating income.

(n) Provisions

A provision for liabilities is recognised when and only when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(o) Lease

The Company has no contracts in which it is a lessor.

(i) The contract is, or contains a lease
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset (underlying asset) for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts and contract modifications entered into, on or after 1 April 2019, i.e. the date on initial application of IFRS 16.

(ii) The Company as a lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments. Variable lease payments that depend on the usage of the underlying asset are excluded from the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

The useful lives of the right-of-use assets are as follows:

Right-of-use assets (tools)	2-10 years, with usage proportionate depreciation based on the individual contract.

The Company has elected the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In this respect, a lease is a short-term lease if, at the commencement date, it has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. The Company considers the value of the underlying asset as a low value asset, if its value, when new, does not exceed USD 5 000, calculated using MNB's middle rate as at initial recognition.

(p) Income taxes

(1) Current tax

The Company treats the following taxes as income taxes: corporate income tax, local business tax, innovation contribution.

Corporate income taxes are payable to the tax authorities. The basis of the tax is the accounting profit adjusted for non-deductible and non-taxable items.

The Company calculates its corporate income tax liability based on the IFRS financial statements starting from 1 April 2017. With regards to its Property, plant and equipment, the Company has decided to calculate its corporate income tax as if IFRS has not been adopted.

Local business tax and innovation contribution is levied in Hungary based on revenue less certain expenses including the cost of materials and subcontractors, a certain portion of the cost of goods sold and recharged services, and the basis of the tax is adjusted for certain items. These taxes are deductible expenses for corporate income tax purposes.

(2) Deferred taxes

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset realized or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is generally provided on temporary differences arising from the impairment and depreciation of property, plant and equipment and packaging materials, impairment for receivables and provisions.

The local business tax and innovation contribution have no impact on deferred tax because the Company has no transactions that would result in temporary differences for these taxes.

(q) Employee benefits

(1) Short term employee benefits

Short term employee benefits are recognized as a current expense in the period when employees render their services. These include wages, social security contributions, bonuses, paid holidays, meal and holiday contributions and other fringe benefits and the tax charges thereon.

(2) Other long term benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise. Other long-term benefits include jubilee payments and payments upon becoming entitled to old-age pension.

Employees are working at the Company –for more than 10 years are entitled to jubilee payments in every five years.

Employees who become entitled to old-age pension are entitled to additional bonuses.

The amount of such bonuses depends on the basic pay and the length of service. The Company creates a liability to cover such future payments which is taken into account in the calculation of the liability due to the employees.

The model uses the Projected Unit Credit Method (PUCM) to determine liabilities and service costs incurred, in accordance with IAS 19 standard. Under this approach, each employee earns an additional unit of benefit in each period of service. The

PUCM takes into account the total benefit entitlement that the employee can achieve at the time the benefit is paid out. The actuarial present value calculation also incorporates factors such as the probability of an employee's death, change in earning capacity (disability) or leaving the Company for various reasons.

(3) Pensions

Payments to defined contribution pension plans and other welfare plans are recognized as an expense in the period in which they are earned by the employee.

(4) Share-based compensation

The Company recognises the cost of services received from its employees in a share-based payment transaction as an expense when services are received. Since the services are received in a cash-settled share-based payment transaction, the Company recognises the expense against a liability that is re-measured at each reporting date. Share-based compensation also includes dividends paid in respect of preference shares granted to employees under share-based payment arrangements.

(5) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognised as an estimated employee expense and liability.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Share capital and share premium are not available for dividend distribution purposes.

(s) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected.

(1) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development. The appropriateness of the estimated useful lives is reviewed whenever there is an indication of significant changes in the underlying assumptions.

(2) Write-down of inventories

The Company calculates write down of inventories based on estimated losses resulting from the future sale of own produced and traded goods. The basis of the estimate of the net realisable value is the ageing of inventories, obsolescence and other information relating to the position of those products on the market. These involve assumptions about future market conditions. See Note 9 for the balance of write-downs at the reporting date.

(3) Amounts payable (due) to customers

The majority of these liabilities arises from amounts that are payable to customers (merchants) relating to incentives that constitute variable consideration. Such incentives include volume rebates, and amounts paid for positioning the Company's products on eye-catching or prime shelf places, putting them in gondolas at the checkout counters, or putting ads in advertising brochures.

The end of the Company's reporting period is 31 March, while incentive agreements with customers are concluded annually mainly for the calendar year. Therefore, the Company needs to estimate the volume rebates that the customer will be entitled to receive for its purchases made in the last quarter of the Company's financial year, which depends on the total purchases the customer will make in the calendar year.

When the Company has not agreed upon the annual terms and conditions of the incentives with the customer by the date the Company's financial statements are authorized for issue, but the customer has a valid expectation that the Company will pay an incentive, the consideration for the purchases made by customer in the last quarter of the Company's financial year is regarded to be variable even if otherwise the amounts payable by the Company to the customer will be a fix percentage of the consideration payable by the customer.

See Note 12 for the amount recognised in the period.

(4) Jubilee payments and payments to employees upon reaching retirement age

Under a long-term benefit plan, employees are entitled to jubilee payments (see Note 2 (q) (2)) and payments upon reaching retirement age. The Company uses a number of assumptions about the future in calculating the present value of the benefit obligation. Using assumptions involves an estimation uncertainty that may cause the actual amounts payable to the employees differ from the estimate. The assumptions and their effects are presented in Note 11.

(t) Comparative information

In order to maintain consistency with the current year presentation, and to comply with the classification, recognition and presentation requirements of IFRS, certain items have been reclassified for comparative purposes.

(1) The income from reimbursement of marketing expenses by suppliers is presented as revenue since it is considered to be a consideration paid by a customer for the rendering of services by the Company where the supplier is considered to be the customer that has contracted to obtain those services for consideration. In prior periods, the income from reimbursement was presented as other operating income. The comparative figures were restated as follows:

	As previously reported 2022	Adjustments	As restated 2022
Revenue, gross of excise tax and public health product tax	31 326	623	31 949
Excise tax	(8 464)	0	(8 464)
Public health product tax	(5 171)	0	(5 171)
Revenue, net of excise tax and public health product tax	17 691	623	18 314
Other operating income	673	(623)	50

(2) Financial and non-financial assets and liabilities are presented in separate line items in the statement of financial position due to their dissimilar nature. In prior periods, financial and non-financial items were presented in a single line item.

Deferred income from government grants is presented in long-term liabilities in the statement of financial position. In prior periods, it was presented as part of "Trade and other liabilities" among current liabilities instead of long term liability. The comparative amounts have been restated and the deferred income has been reclassified from current liabilities to non-current liabilities in the amount of HUF 94 million in 2022 and HUF 104 million in 2021.

The comparative figures were restated as follows:

	As previously reported 31 March 2022	Adjustments	As restated 31 March 2022
Trade and other receivables	**3 382**	**(3 382)**	**0**
Trade receivables		3 198	3 198
Other financial receivables		70	70
Non-financial receivables		114	114
Non-current liabilities	**558**	**94**	**652**
Other liabilities	558	(558)	0
Leases		24	24
Long-term employee benefits		534	534
Deferred income		94	94
Current liabilities	**5 722**	**(94)**	**5 628**
Trade and other liabilities	5 722	(5 722)	0
Trade and other payables		2 475	2 475
Leases		19	19
Amount payable (due) to customers		781	781
Current income tax		167	167
Employee benefits		808	808
Other taxes and other non-financial liabilities		1 378	1 378

	As previously reported 1 April 2021	Adjustments	As restated 1 April 2021
Trade and other receivables	**2 617**	**(2 617)**	**0**
Trade receivables		2 410	2 410
Other financial receivables		56	56
Current income tax		77	77
Non-financial receivables		74	74
Non-current liabilities	**531**	**104**	**635**
Other liabilities	531	(531)	0
Leases		39	39
Long-term employee benefits		492	492
Deferred income		104	104
Current liabilities	**5 515**	**(104)**	**5 411**
Trade and other liabilities	4 255	(4 255)	0
Trade and other payables		1 690	1 690
Leases		15	15
Amount payable (due) to customers		614	614
Employee benefits		825	825
Other taxes and other non-financial liabilities		1 007	1 007

NOTE 3 – DISCLOSURES ON FINANCIAL INSTRUMENTS

All financial assets in the amount of HUF 6 692 million (31 March 2022: HUF 8 348 million) are categorized as financial assets measured at amortised cost (31 March 2022: all financial assets were categorised as financial assets measured at amortised cost). The carrying values of these financial assets approximately equals to their fair value.

All of the total balance of HUF 3 120 million (31 March 2022: HUF 3 299 million) financial liabilities are categorized as financial liabilities measured at amortised cost. The carrying value of these financial liabilities approximately equals to their fair value.

Net financial assets of HUF 5 049 million at 31 March 2022 have decreased to HUF 3 572 million at 31 March 2023.

See assumptions for fair value estimations in Note 4 (b).

NOTE 4 – FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. In accordance with its accounting policy, the Company may use derivative financial instruments to hedge certain risk exposures.

Sensitivity analyses include potential changes in the profit before tax. The impacts disclosed below are subject to an income tax rate of approximately 9% (31 March 2022: 9%), i.e. the impact on Profit for the year would be 91% (31 March 2022: 91%) of the impact on the before tax amount. The potential impacts disclosed (less tax) are also applicable to the Company's equity.

(i) Market risk

(a) Foreign exchange rate risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company operates internationally and is exposed to exchange rate movements on one hand due to its import and export activity on the other hand due to its bank accounts and term deposits denominated in EUR.

The following tables show the currency denomination of the Company's financial assets and liabilities.

31 MARCH 2023	CAD (HUF mill)	EUR (HUF mill)	USD (HUF mill)	HUF (HUF mill)	Total (HUF mill)	Current (HUF mill)	Non-Current (HUF mill)
Trade receivables	4	543	0	2 602	3 149	3 149	0
Employee loans	0	0	0	1	1	0	1
Other financial receivables	0	47	0	62	109	109	0
Cash and cash equivalents	46	441	10	2 936	3 433	3 433	0
TOTAL FINANCIAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	**50**	**1 031**	**10**	**5 601**	**6 692**	**6 691**	**1**
Trade and other payables	2	1 552	0	989	2 543	2 543	0
Lease payable	0	30	0	0	30	6	24
Amounts payable (due) to customers	0	51	0	496	547	547	0
TOTAL FINANCIAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**2**	**1 633**	**0**	**1 485**	**3 120**	**3 096**	**24**
TOTAL FINANCIAL ASSETS AND LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**48**	**(602)**	**10**	**4 116**	**3 572**	**3 595**	**(23)**

31 MARCH 2022	CAD (HUF mill)	EUR (HUF mill)	USD (HUF mill)	HUF (HUF mill)	Total (HUF mill)	Current Restated* (HUF mill)	Non-Current (HUF mill)
Trade receivables	43	307	0	2 848	3 198	3 198	0
Employee loans	0	0	0	2	2	1	1
Other financial receivables	0	38	0	31	69	69	0
Cash and cash equivalents	5	46	13	5 015	5 079	5 079	0
TOTAL FINANCIAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	**48**	**391**	**13**	**7 896**	**8 348**	**8 347**	**1**
Trade and other payables	8	1 558	0	909	2 475	2 475	0
Lease payable	0	43	0	0	43	19	24
Amounts payable (due) to customers	0	158	0	623	781	781	0
TOTAL FINANCIAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**8**	**1 759**	**0**	**1 532**	**3 299**	**3 275**	**24**
TOTAL FINANCIAL ASSETS AND LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**40**	**(1 368)**	**13**	**6 364**	**5 049**	**5 072**	**(23)**

***see Note 2 (t)**

The finance department continuously monitors the liabilities in foreign currency and it holds the necessary amounts on its bank accounts or as term deposits in order to mitigate the currency risk arising in connection with those liabilities. Exchange rate fluctuations therefore had no significant effect on profit or loss, or equity.

The Company occasionally enters into derivative contracts for risk reduction purposes. These foreign currency forward contracts are taken to reduce the exchange rate risk related to the foreign exchange denominated payment obligations.

The Company had no open forward positions either as of 31 March 2023 or as of 31 March 2022.

Compared to the spot FX rate as of 31 March 2023, a 3% weakening of HUF against EUR would cause approx. HUF 18 million loss in the net balance of financial assets and liabilities (2022: 1% weakening would have caused approx. HUF 14 million loss).

A reasonably possible 3% strengthening of HUF against EUR would cause approx. HUF 18 million gain in the net balance of financial assets and liabilities (2022: 1% strengthening would have caused HUF 14 million gain).

This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Management's estimations on the possible change of exchange rates are based on the historical time series of the Hungarian National Bank.

(b) Other price risk

The Company's exposure to other price risk is immaterial. The Company is not exposed to significant commodity price risk.

(c) Interest rate risk

The Company has interest-bearing assets with fixed interest rates (employee loans), which would expose the Company to some fair value interest rate risk. However, these assets are not measured at fair value through profit or loss and therefore, a change in interest rates at the reporting date would not affect profit or loss.

The Company does not have loans received on 31 March 2023.

(ii) Credit risk

Credit risk is the risk of counterparties defaulting. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets that are carried in the statement of financial position.

The Company is exposed to significant concentration of credit risk related to trade receivables with respect to customers.

Significant trade receivables (over 10%) account for 30% of the total receivables.

Exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount at 31 March 2023 *(HUF mill)*	**Carrying amount at 31 March 2022** *(HUF mill)*
Hungary	2 637	2 874
Europe	508	281
Other	4	43
TOTAL	**3 149**	**3 198**

Invoices are usually payable by customers within 30 days after delivery.

The Company does not require additional (other than credit insurance) collateral in respect of trade receivables. The Company does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

Zwack Unicum Plc., manages credit risk through insuring, major part of trade receivables by financial institutions in 95% of the individual amounts of receivables from customers. At 31 March 2023 HUF 2 726 million (HUF 2 928 million in 31 March 2022) worth of accounts receivables was insured with a financial institution which is rated "A" as per A.M.B.

The Company considers that arranging credit insurance agreements and historically the non-payment of trade receivables was low, are effective enough to mitigate credit risk.

As the Company places its most cash and cash equivalents and bank deposits with major credit institutions, which are rated at least "BBB" as per S&P and Fitch.

The Company uses an allowance matrix to measure the ECLs of trade receivables.

The following tables give information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2023 and 31 March 2022.

31 March 2023	**Weighted-average loss rate**	**Gross carrying amount** *(HUF mill)*	**Loss allowance** *(HUF mill)*	**Credit-impaired**
Not past due	0.00%	3 148	0	No
1–30 days past due	2.00%	1	0	No
31–60 days past due	15.00%	0	0	No
61–90 days past due	25.00%	0	0	No
91-120 days past due	50.00%	0	0	Yes
121-180 days past due	75.00%	0	0	Yes
More than 180 days past due	100.00%	0	0	Yes
TOTAL		**3 149**	**0**	

31 March 2022	Weighted-average loss rate	Gross carrying amount (HUF mill)	Loss allowance (HUF mill)	Credit-impaired
Not past due	0.00%	3 142	0	No
1–30 days past due	2.00%	48	0	No
31–60 days past due	15.00%	8	0	No
61–90 days past due	25.00%	0	0	No
91-120 days past due	50.00%	0	0	Yes
121-180 days past due	75.00%	0	0	Yes
More than 180 days past due	100.00%	0	0	Yes
TOTAL		**3 198**	**0**	

ECL amounts are based on delinquency status and actual credit loss experience over the past two years. In the calculation of ECL amount we have also taken into consideration that trade receivables are insured and insurances are integral parts of the receivables.
Employee loans and other financial receivables are not past due and no impairment was recognised for these assets.
Movements of impairment of financial assets are as follows.

Impairment of receivables	Domestic trade receivables (HUF mill)	Foreign trade receivables (HUF mill)	Related parties receivables (HUF mill)	Other financial receivables (HUF mill)	Total (HUF mill)
1 APRIL 2021	**1**	**0**	**0**	**28**	**29**
Reversal	(1)	0	0	(28)	(29)
Impairment loss	0	0	0	0	0
Write-off	0	0	0	0	0
31 March 2022	**0**	**0**	**0**	**0**	**0**
1 APRIL 2022	**0**	**0**	**0**	**0**	**0**
Reversal	0	0	0	0	0
Impairment loss	0	0	0	0	0
Write-off	0	0	0	0	0
31 March 2023	**0**	**0**	**0**	**0**	**0**

The following table summarizes the collaterals held by the Company.

GUARANTEE RECEIVED CONTENT	TYPE	GUARANTEE	31 MARCH 2023 (HUF mill)	31 MARCH 2022 (HUF mill)	FALLING DUE
Guarantee of employee's housing loans	mortgage	employer	1	2	expiry of contract

(iii) Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, cash equivalents and term deposits as well as available funding through adequate amount of committed credit lines. Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

The Company has ongoing overdraft facilities of HUF 2 140 million as of 31 March 2023 (2022: HUF 2 140 million). The other remaining facilities represent regular bank loan facilities available to the Company.

BANK	FACILITY *(HUF mill)*	CONSISTS OF: FACILITY OF BANK OVERDRAFTS *(HUF mill)*	INTEREST RATE	CONSISTS OF: OTHERS *(HUF mill)*	MATURITY	31 MARCH 2023 *(HUF mill)*
Erste Bank Nyrt.	2 500	720	1 Month BUBOR+0,40%	1 780	31 December 2099	0
K&H Bank Zrt.	2 300	700	O/N* BUBOR+0,55%	1 600	31 December 2049	0
UniCredit Bank Zrt.	2 500	720	1 Month BUBOR+0,50%	1 780	30 December 2050	0
	7 300	**2 140**		**5 160**		**0**

BANK	FACILITY *(HUF mill)*	CONSISTS OF: FACILITY OF BANK OVERDRAFTS *(HUF mill)*	INTEREST RATE	CONSISTS OF: OTHERS *(HUF mill)*	MATURITY	31 MARCH 2022 *(HUF mill)*
Erste Bank Nyrt.	2 500	720	1 Month BUBOR+0,40%	1 780	31 December 2099	0
K&H Bank Zrt.	2 300	700	O/N* BUBOR+0,55%	1 600	31 December 2049	0
UniCredit Bank Zrt.	2 500	720	1 Month BUBOR+0,50%	1 780	30 December 2050	0
	7 300	**2 140**		**5 160**		**0**

*O/N: Overnight, daily BUBOR

The following two tables summarize the maturity structure of the Company's financial liabilities. Amounts are undiscounted and include contractual interest payments as of 31 March 2023 and as of 31 March 2022.

FINANCIAL LIABILITIES 31 MARCH 2023	LESS THAN 1 YEAR *(HUF mill)*	OVER 1 YEAR *(HUF mill)*	TOTAL *(HUF mill)*
Domestic trade and other payables	1 204	0	1 204
Foreign trade and other payables	582	0	582
Related parties trade and other payables	757	0	757
Total trade and other payables	**2 543**	**0**	**2 543**
Amounts payable (due) to domestic customers	496	0	496
Amounts payable (due) to foreign customers	38	0	38
Amounts payable (due) to related parties customers	13	0	13
Total amount payable (due) to customers	**547**	**0**	**547**
Lease liabilities (with finance charges)	7	28	35
TOTAL FINANCIAL LIABILITIES	**3 097**	**28**	**3 125**

FINANCIAL LIABILITIES 31 MARCH 2022	LESS THAN 1 YEAR Restated* *(HUF mill)*	OVER 1 YEAR *(HUF mill)*	TOTAL *(HUF mill)*
Domestic trade and other payables	1 204	0	1 204
Foreign trade and other payables	495	0	495
Related parties trade and other payables	776	0	776
Total trade and other payables	**2 475**	**0**	**2 475**
Amounts payable (due) to domestic customers	623	0	623
Amounts payable (due) to foreign customers	121	0	121
Amounts payable (due) to related parties customers	37	0	37
Total amount payable (due) to customers	**781**	**0**	**781**
Lease liabilities (with finance charges)	20	29	49
TOTAL FINANCIAL LIABILITIES	**3 276**	**29**	**3 305**

*see Note 2 (t)

The other payables consist of primarily accruals of expenses arising from normal course of business.

(b) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.
The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

Share-based payment liabilities are valued at fair value using the end of year market price (Level 1).

As of 31 March 2023 and 31 March 2022, the Company does not have financial instruments measured at fair value.

For financial instruments not measured at fair value, the Company determines the fair values only for disclosure purposes with the methods described below.

The fair value of the lease liabilities is measured using discounted cash flow method. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value determination of the lease liabilities is categorized as level 3 at 31 March 2023 and 31 March 2022. The fair value of the lease liabilities is HUF 30 million (2022: HUF 43 million).

Cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities have short maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

(c) Capital management

By managing capital structure, the goal of the Company is to keep the capacity for continuous operation, to make profit for the shareholders and its other concerned Companies, and to maintain a capital structure that is expected by the shareholders for reducing capital costs.

In order to maintain or adjust the capital structure, in accordance with the statutes the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company continuously monitors whether it meets the requirements of laws and regulations applicable in Hungary. The Company complied with all the relevant laws and regulations including the capital requirements imposed by the Civil Code in the financial years ended 31 March 2023 and 2022.

The capital, which the Company manages, amounted to HUF 9 260 million at 31 March 2023 (31 March 2022: HUF 8 812 million) comprising solely owner's equity and the Company does not use any long term loans or borrowings.

NOTE 5 – **PROPERTY, PLANT AND EQUIPMENT**

	FREEHOLD LAND AND BUILDING *(HUF mill)*	PLANT AND EQUIPMENT *(HUF mill)*	RIGHT-OF-USE ASSETS *(HUF mill)*	OTHER ASSETS *(HUF mill)*	TOTAL *(HUF mill)*
YEAR ENDED 31 MARCH 2022					
Opening carrying amount	**1 587**	**1 245**	**44**	**566**	**3 442**
Additions	29	145	17	273	464
Disposals	0	(13)	0	(21)	(34)
Depreciation charge	(78)	(210)	(31)	(244)	(563)
- including: Impairment loss	0	(2)	0	0	(2)
Closing carrying amount	**1 538**	**1 167**	**30**	**574**	**3 309**
AT 31 MARCH 2022					
Cost	3 941	4 152	156	2 516	10 765
Accumulated depreciation	2 403	2 985	126	1 942	7 456
Net carrying amount	**1 538**	**1 167**	**30**	**574**	**3 309**
YEAR ENDED 31 MARCH 2023					
Opening carrying amount	**1 538**	**1 167**	**30**	**574**	**3 309**
Additions	616	151	0	487	1 254
Disposals	0	(6)	0	(40)	(46)
Depreciation charge	(74)	(183)	(4)	(310)	(571)
- including: Impairment loss	0	0	0	0	0
Closing carrying amount	**2 080**	**1 129**	**26**	**711**	**3 946**
AT 31 MARCH 2023					
Cost	4 556	4 257	156	2 758	11 727
Accumulated depreciation	2 476	3 128	130	2 047	7 781
Net carrying amount	**2 080**	**1 129**	**26**	**711**	**3 946**

Assets in course of construction and not yet ready for use amounted to HUF 22 million (31 March 2022: HUF 72 million) and are included in the related categories (HUF 3 million in intangible assets, HUF 19 million in plant and equipment).

The Company does not have any significant borrowings and therefore no borrowing cost is capitalised as part of the cost of property, plant and equipment.

NOTE 6 – **INTANGIBLE ASSETS**

	TRADEMARKS LICENCES AND OTHERS *(HUF mill)*	INTELLECTUAL PROPERTY *(HUF mill)*	TOTAL *(HUF mill)*
YEAR ENDED 31 MARCH 2022			
Opening net book amount	**56**	**29**	**85**
Additions (purchases)	10	17	27
Disposals	(1)	0	(1)
Amortisation	(11)	(22)	(33)
Closing net book amount	**54**	**24**	**78**
AT 31 MARCH 2022			
Cost	223	779	1 002
Accumulated depreciation	169	755	924
Net carrying amount	**54**	**24**	**78**

	TRADEMARKS LICENCES AND OTHERS *(HUF mill)*	INTELLECTUAL PROPERTY *(HUF mill)*	TOTAL *(HUF mill)*
YEAR ENDED 31 MARCH 2023			
Opening net book amount	**54**	**24**	**78**
Additions (purchases)	9	17	26
Disposals	0	0	0
Amortisation	(11)	(18)	(29)
Closing net book amount	**52**	**23**	**75**
AT 31 MARCH 2023			
Cost	227	790	1 017
Accumulated depreciation	175	767	942
Net carrying amount	**52**	**23**	**75**

Intellectual property includes mainly software.

The Company has no internally developed intangible assets.

NOTE 7– **EMPLOYEE LOANS**

	31 MARCH 2023 *(HUF mill)*	31 MARCH 2022 *(HUF mill)*
Employee loans	1	1

The effective interest rate used in the calculation was 6.3 %.

NOTE 8 – **INVENTORIES**

	31 MARCH 2023 *(HUF mill)*	31 MARCH 2022 *(HUF mill)*
Raw materials and consumables	1 157	812
Semi-finished and finished products	2 336	1 731
Purchased goods	1 024	597
	4 517	**3 140**

Inventories of HUF 8 511 million (31 March 2022: HUF 6 561 million) were recognised as an expense during the year and included in 'Material type expenses'. Change in the value of inventories of own products recognized in 'Material type expenses' amounts to HUF 605 million (2022: HUF 202 million).

The carrying amount of inventories carried at net realized value at 31 March 2023 amounts to HUF 65 million (31 March 2022: HUF 28 million).

The accumulated write down for obsolete and slow-moving stock at 31 March 2023 amounts to HUF 157 million (31 March 2022: HUF 36 million). Write-down of HUF 127 million and reversal of write-down of HUF 6 million was recognised during the year and they are included in 'Material type expenses'.

NOTE 9 – TRADE AND OTHER FINANCIAL AND NON-FINANCIAL RECEIVABLES

	31 MARCH 2023 (HUF mill)	31 MARCH 2022 Restated* (HUF mill)
TRADE RECEIVABLES	**3 149**	**3 198**
Employee loan	0	1
Other financial receivables	109	69
TOTAL OTHER FINANCIAL RECEIVABLES	**109**	**70**
Other receivables	15	35
Prepayments	89	79
TOTAL NON-FINANCIAL RECEIVABLES	**104**	**114**
	3 362	**3 382**

*see Note 2 (t)

The impairment loss on trade and other receivables is disclosed in Note 4 (a).

Related party receivables are disclosed in Note 20.

NOTE 10 – CASH AND CASH EQUIVALENTS

	31 MARCH 2023 (HUF mill)	31 MARCH 2022 (HUF mill)
Cash at bank and in hand	666	529
Short term bank deposit	2 767	4 550
	3 433	**5 079**

NOTE 11 – NON-CURRENT FINANCIAL AND NON-FINANCIAL LIABILITIES

	31 MARCH 2023 (HUF mill)	31 MARCH 2022 Restated* (HUF mill)
Lease liabilities	24	24
FINANCIAL LIABILITIES	**24**	**24**
Accrual for jubilee payments	448	415
Accrual for payment upon reaching retirement age	125	119
LONG-TERM EMPLOYEE BENEFITS	**573**	**534**
DEFERRED INCOME	**83**	**94**
	680	**652**

*see Note 2 (t)

The Hungarian Ministry of Foreign Affairs and Trade (KKM) awarded the Company a non-repayable grant to increase competitiveness amounting to HUF 106 million on 9 June 2020. The grant follows from the Ministry's invitation to proposals, which was entitled "Invigorating the Economy amidst the Current COVID-19 Epidemic". The invitation to proposals was promulgated in Decree 7/2020 (16 April) of the Ministry of Foreign Affairs and Trade.

The Decree provides that the grant to increase competitiveness shall be spent on fixed assets. The Company used it as a co-financing instrument to purchase a packaging and palletizing machine to be installed in its plant at Dunaharaszti. During the first quarter of 2021 the new machines were test-run and then put into regular operation. Amount of the grant to the project amounted to 50% of its value.

At 31 March 2023 the Company had contingent liabilities amounting to HUF 1 200 million in respect of bank guarantees arising from regulatory obligation (customs bond of untaxed excise products). The Company anticipates that no material liabilities will arise from this obligation.

Lease liabilities
Lease agreements have a term of 2-10 years.

LEASE LIABILITIES	31 MARCH 2023 *(HUF mill)*	31 MARCH 2022 *(HUF mill)*
No later than 1 year	7	20
Later than 1 year and no later than 5 years	28	29
MINIMUM LEASE PAYMENTS	**35**	**49**
Future finance charges	(5)	(6)
PRESENT VALUE OF LEASE LIABILITIES	**30**	**43**

PRESENT VALUE OF LEASE LIABILITIES	31 MARCH 2023 *(HUF mill)*	31 MARCH 2022 *(HUF mill)*
No later than 1 year	6	19
Later than 1 year and no later than 5 years	24	24
	30	**43**

Reconciliation of movements of liabilities to cash flows arising from financing activities	**2023** *(HUF mill)*	**2022** *(HUF mill)*
BALANCE AT 1 APRIL	**43**	**54**
Payment of lease liabilities	(14)	(29)
Total changes from financing cash flows	**(14)**	**(29)**
The effect of changes in foreign exchange rates	1	1
New leases	0	17
BALANCE AT 31 MARCH	**30**	**43**

Accrual for jubilee payments and payment upon reaching retirement age:

	JUBILEE		PENSION AWARD	
	2023 *(HUF mill)*	**2022** *(HUF mill)*	**2023** *(HUF mill)*	**2022** *(HUF mill)*
OPENING LIABILITY AT 1 APRIL	**454**	**441**	**126**	**110**
Current service cost	37	35	10	9
Interest cost	27	3	8	1
Release of benefit paid	(28)	(61)	0	(6)
Actuarial profit/loss	(3)	36	(3)	12
CLOSING LIABILITY AT 31 MARCH	**487**	**454**	**141**	**126**

The meaning of each item is as follows:

- The current service cost is the increase of the liability due to the service rendered by the employees in the current period.
- The interest cost captures the change in the time value of money; the expected return on assets due to discounting (even if the asset side generally covers the liability side).
- The level of the provision decreases as the benefits were paid out, since the corresponding amount of the release of the provision covers the benefits at the time of payment.
- Actuarial profit/loss includes several components, the most important ones are (alongside with their effect on the provision in brackets, and the opposite effect on the P&L):
  - the effect of discount rates' change (+/-)
  - the impact of the difference between the expected and the actual salary indexation (+/-)
  - the expected reserve release based on turnover rates (+)
  - the release of reserve due to actual leaving employees (-)
  - change of turnover and/or mortality assumptions (+/-)

NOTE 12– TRADE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

	31 MARCH 2023 (HUF mill)	31 MARCH 2022 Restated* (HUF mill)
TRADE AND OTHER PAYABLES	**2 543**	**2 475**
Lease liabilities	6	19
Amounts payable (due) to customers	547	781
TOTAL OTHER FINANCIAL LIABILITIES	**553**	**800**
CURRENT INCOME TAX	**195**	**167**
Wage and salary	643	592
Share-based payment liabilities	240	216
EMPLOYEE BENEFITS	**883**	**808**
Value added and excise tax	1 194	1 285
Other taxes	85	85
Other non-financial liabilities	27	8
OTHER TAXES AND OTHER NON-FINANCIAL LIABILITIES	**1 306**	**1 378**
TOTAL TRADE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES	**5 480**	**5 628**

*see Note 2 (t)

Significant trade payables (over 10%) account for 32% of the total trade payables.

Reconciliation of liabilities acquired to cash flows arising from financing activities	31 MARCH 2023 (HUF mill)	31 MARCH 2022 (HUF mill)
BALANCE AT 1 APRIL	**0**	**1 250**
Loan acquired	0	1 500
Payment of loans	0	(2 750)
Total changes from financing cash flows	**0**	**(1 250)**
The effect of changes in interest rate	0	0
Other changes	0	0
BALANCE AT 31 MARCH	**0**	**0**

NOTE 13 – **PROVISIONS**

	31 MARCH 2023 (HUF mill)	31 MARCH 2022 (HUF mill)
Provisions	13	0

	LIABILITIES (HUF mill)	TOTAL (HUF mill)
1 APRIL 2022	**0**	**0**
Additions	13	13
31 MARCH 2023	**13**	**13**

	31 MARCH 2023 (HUF mill)	31 MARCH 2022 (HUF mill)
Current	13	0
	13	**0**

The Company created the provision for the liabilities related to the bottles that have not been received and which the Company cannot use.

NOTE 14 – **REVENUE**

	2023 (HUF mill)	2022 Restated* (HUF mill)
Revenue, gross of excise tax and public health product tax	35 364	31 949
Excise tax	(12 517)	(8 464)
Public health product tax	(1 632)	(5 171)
REVENUE, NET OF EXCISE TAX AND PUBLIC HEALTH PRODUCT TAX	**21 215**	**18 314**
- thereof products revenue	**20 130**	**17 691**

*see Note 2 (t)

The basis of calculation of excise tax is the alcohol content of the products multiplied by a fixed rate. The excise tax rate for alcohol products changed to 5 658 HUF/hlf (percentage alcohol content per hectolitre) from 1 July 2022 (until June 2022: 3 334 HUF/hlf). The Company was subject to public health product tax with respect to herbal spirit products until 30 June 2022, after that, due to a change in the law, this payment obligation was canceled. The basis of calculation of the public health product tax was quantities sold. The rate of the tax was determined based on ranges in the alcohol content.

Amounts paid to the customers (merchants) for positioning the products on eye-catching or prime shelf places, putting them in gondolas at the checkout counters, or putting ads in advertising brochures, are treated as variable consideration in determining the transaction price and rebates during the year amounted to HUF 4 306 million (2022: HUF 3 778 million).

Revenue from sale of products by geographical markets:

	2023 (HUF mill)	2022 (HUF mill)
Hungary	17 793	15 575
Europe	2 150	1 954
Other	187	162
REVENUE	**20 130**	**17 691**

Major product groups:

	2023 (HUF mill)	2022 (HUF mill)
Own domestic produced premium products	9 611	8 677
Own domestic produced quality products	3 326	2 868
Export (own produced)	2 337	2 116
Traded products (domestic)	4 856	4 030
TOTAL PRODUCTS REVENUE	**20 130**	**17 691**

The sales revenue of the traded products consists mainly of the sales revenue of the Diageo portfolio.

NOTE 15 – **EMPLOYEE BENEFITS EXPENSE**

	2023	2022
The average number of persons employed	258	254

THE TOTAL COST OF THEIR REMUNERATION AMOUNTED TO	2023 (HUF mill)	2022 (HUF mill)
Wages and salaries (including bonus payments)	3 102	2 633
Share-based payment (see Note 20)	77	9
Expenses related to jubilee payments	61	74
Expenses related to payments upon reaching retirement age	15	22
Social security contributions	430	412
	3 685	**3 150**

NOTE 16 – OTHER OPERATING EXPENSES

	2023 (HUF mill)	2022 (HUF mill)
Advertising costs	2 093	2 265
Other operating expenses	464	285
Transport costs	455	336
Marketing costs	408	379
Warehousing costs	349	299
Expert fees	229	214
Maintenance costs	227	200
Security charges	123	108
Other taxes	103	81
Insurances	78	71
Foreign exchange losses net	69	0
Operating costs	34	47
Sport donation	10	94
Rental fees	6	5
Scrap, shortage and disposal of property, plant and equipment	3	20
	4 651	**4 404**

Other operating expenses, include authority fees, educational expenditures and other overheads.
Warehousing costs do not contain a lease.
Expenses recognized relating to short-term leases and leases of underlying assets with low value (rental fee) amounted to HUF 4 million (2022: HUF 4 million):

	2023 (HUF mill)	2022 (HUF mill)
Short term leases	3	3
Leases of low value assets	1	1
	4	**4**

NOTE 17 – OTHER OPERATING INCOME

	2023 (HUF mill)	2022 Restated* (HUF mill)
Gain on sale of property, plant and equipment	79	43
Foreign exchange gains, net	0	7
Other operating income	21	0
	100	**50**

*see Note 2 (t)

NOTE 18 – NET FINANCIAL INCOME (COST)

	2023 (HUF mill)	2022 (HUF mill)
Interest income	293	80
Profit from the sale of investment in associate	0	45
Financial income	**293**	**125**
Interest on lease liabilities	(1)	(1)
Other interest expenses	0	(15)
Financial cost	**(1)**	**(16)**
Net financial income	**292**	**109**

The table below shows the income and expenses relating to financial instruments in the year ending on 31 March 2023.

31 March 2023	**Financial assets measured at amortized costs** *(HUF mill)*	**Investment in associate** *(HUF mill)*	**Lease payables** *(HUF mill)*	**Financial liabilities measured at amortised cost** *(HUF mill)*	**Total** *(HUF mill)*
Interest income	293	0	0	0	293
Profit from the sale of investment in associate	0	0	0	0	0
Exchange gain	112	0	0	92	204
Reversal	0	0	0	0	0
Total income relating to financial instruments	**405**	**0**	**0**	**92**	**497**
Interest expense	0	0	1	0	1
Exchange loss	82	0	1	189	272
Fee expenses	53	0	0	0	53
Total expense relating to financial instruments	**135**	**0**	**2**	**189**	**326**
TOTAL INCOME AND EXPENSE RELATING TO FINANCIAL INSTRUMENTS NET	**270**	**0**	**(2)**	**(97)**	**171**

Fee expenses include credit rating expenses, customer credit insurance and bank fees.

The table below shows the income and expenses relating to financial instruments in the year ending on 31 March 2022.

31 March 2022	**Financial assets measured at amortized costs** *(HUF mill)*	**Investment in associate** *(HUF mill)*	**Lease payables** *(HUF mill)*	**Financial liabilities measured at amortised cost** *(HUF mill)*	**Total** *(HUF mill)*
Interest income	80	0	0	0	80
Profit from the sale of investment in associate	0	45	0	0	45
Exchange gain	53	0	0	55	108
Reversal	29	0	0	0	29
Total income relating to financial instruments	**162**	**45**	**0**	**55**	**262**
Interest expense	0	0	1	14	15
Exchange loss	56	0	1	43	100
Fee expenses	44	0	0	0	44
Total expense relating to financial instruments	**100**	**0**	**2**	**57**	**159**
TOTAL INCOME AND EXPENSE RELATING TO FINANCIAL INSTRUMENTS NET	**62**	**45**	**(2)**	**(2)**	**103**

NOTE 19 – INCOME TAX

	2023 *(HUF mill)*	**2022** *(HUF mill)*
Current corporate income tax	334	208
Local business tax and innovation contribution	374	348
CURRENT TAX	**708**	**556**
Deferred tax	4	6
INCOME TAX EXPENSE	**712**	**562**

The corporate income tax rate is 9% (2022: 9%), the local business tax rate is 2% and 1.8% depending on the location of the facility (2022: 2% and 1.8%) and the innovation contribution tax rate is 0.3% (2022: 0.3%).

Reconciliation of the income tax expense calculated based on profit before tax and the income tax expense recognized:

	2023 *(HUF mill)*	2022 *(HUF mill)*
Profit before tax	4 160	3 762
Tax using the Company's domestic corporate income tax rate of 9%	374	339
Local business tax and innovation contribution	374	348
Tax exempt income	(40)	(39)
Sport donations	(10)	(94)
Non-deductible expenses	14	8
INCOME TAX EXPENSE	**712**	**562**

Certain sport or performing arts donations are tax deductible expenses under Hungarian Corporate income tax law and the payment is also deductible from income tax payable as a tax credit. Such donations are recognised in 'other operating expense'.

The Company paid sport donations that are deductible for corporate income tax purposes in the amount of HUF 10 million during the year, (2022: HUF 94 million).

The Company's deferred tax balances are as follows:

	31 MARCH 2023 *(HUF mill)*	PROFIT AND LOSS EFFECT *(HUF mill)*	31 MARCH 2022 *(HUF mill)*	PROFIT AND LOSS EFFECT *(HUF mill)*	31 MARCH 2021 *(HUF mill)*
Different depreciation of property, plant and equipment	36	(10)	46	(5)	51
Different impairment of accounts receivable	0	0	0	(3)	3
Provisions	1	1	0	(1)	1
Other (jubilee, holiday accrual)	62	5	57	3	54
TOTAL DEFERRED TAX ASSETS	**99**	**(4)**	**103**	**(6)**	**109**

Under Hungarian law, tax returns are never formally agreed by the tax authority and a system of self-assessment operates. Under this system, tax years are left open for five years from the submission of the corporate tax return for the business year and can be subject to a full audit by the tax authority after the end of the financial year. The amount recognized in profit or loss relates to the origination and reversal of temporary differences.

NOTE 20 – **RELATED PARTY TRANSACTIONS**

The Company carried out the following transactions with related parties (HUF million):

31 MARCH 2023	RECEIVABLE FROM	PAYABLE TO	REVENUES	OTHER OPERATING INCOME	GOODS PURCHASED	SERVICES RECEIVED
Zwack-Underberg Group	0	126	248	0	0	162
Diageo Scotland Ltd.	258	0	1 015	14	(423)	0
Diageo North America Inc.	0	0	0	0	0	0
Diageo Brands B.V.	0	639	0	0	4 063	0
Dobogó Pincészet Kft.	0	0	0	0	20	0
Szecskay Ügyvédi Iroda	0	5	0	0	0	7
TOTAL	**258**	**770**	**1 263**	**14**	**3 660**	**169**

31 MARCH 2022	RECEIVABLE FROM	PAYABLE TO	REVENUES Restated*	OTHER OPERATING INCOME Restated*	GOODS PURCHASED	SERVICES RECEIVED
Zwack-Underberg Group	0	39	298	0	0	124
Diageo Scotland Ltd.	107	0	615	0	(322)	0
Diageo North America Inc.	0	0	0	0	0	0
Diageo Brands B.V.	0	769	0	0	2 995	0
Dobogó Pincészet Kft.	0	0	0	0	15	0
Szecskay Ügyvédi Iroda	0	5	0	0	0	15
TOTAL	**107**	**813**	**913**	**0**	**2 688**	**139**

*see Note 2 (t)

Diageo Group has a 26% interest in Zwack Unicum Plc. through its fully owned subsidiary (Diageo Holdings Netherlands B.V.). Zwack Unicum Plc. is the sole distributor of Diageo spirits in Hungary and also provides marketing services to the Diageo Group.

Trading parties of Diageo:
• Marketing services are provided to Diageo Scotland Ltd. from 1 July 2004. *See Note 2 (t).
• Spirits are purchased from Diageo Brands B.V. from 1 July 2004.

Zwack-Underberg Group consists of entities which are owned by the family members of Zwack or Underberg family. The business relations with the Zwack and Underberg Group include distribution of products, providing marketing and various expert services. Dr Hubertine Underberg-Ruder is member of the Underberg family, Chairwoman of the Supervisory Board.

PZ HAG has no business relationship with the Company.

Dobogó Pincészet Kft. (owned by Zwack family) sells own produced wines to the Company, and pays for the marketing expenses that are incurred on its behalf by the Company.

Szecskay Iroda acts as the legal representative of the Company in all significant matters and Dr Szecskay András is a member of the Supervisory Board.

KEY MANAGEMENT COMPENSATION	2023 *(HUF mill)*	2022 *(HUF mill)*
Short term benefits	592	504
Social security contribution of short term benefits	58	55

There was no termination benefit paid to key management during either in the year ending on 31 March 2023 or 2022.

In November 2007 the Company issued 35 000 redeemable liquidity preference shares to its senior managers for a value of HUF 35 million, which shares provide the Company with a call option and the registered holders of such share with a put option as well as a liquidation preference. This is a cash-settled share-based compensation plan with an original vesting period of 10 years.

As the ten-year vesting period has elapsed for all those concerned, when assessing the program-related obligations, the relevant provisions of the Company's Memorandum and Articles of Association (Article 5.7.4 (V)) have been taken into account.

Total liabilities arising from share-based payment transactions amounted to HUF 240 million as at 31 March 2023 (31 March 2022: HUF 216 million) which includes the value of redeemable preference shares (classified as other financial liabilities in accordance with IAS 32) and the accumulated expenses. The fair value of the employees' services received in exchange for the grant of the options was recognised as an expense over the vesting period.

No option was exercised by 31 March 2023. At each reporting date, the Company re-measures the fair value of the liability and recognises the impact in profit or loss for the year and presents it in 'employee benefits expense'. HUF 24 million was recognised as an expense in the current financial year relating to the option plan as remeasurement (2022: HUF 15 million as an income).

Dividends paid for redeemable liquidity preference shares granted to the Company's employees are included in short term benefits and recognised as an expense in profit or loss and presented in 'employee benefits expense' HUF 53 million (2022: HUF 25 million).

NOTE 21 – **SEGMENT REPORTING**

The Company has determined that it has no separate operating segments but rather the whole Company can be deemed as one operating segment.

The balances reviewed by the Chief Operating Decision Maker include revenue, depreciation and amortisation, interest income and expense, income tax expense and profit for the year all of which are disclosed as part of the Statement of comprehensive income.

Revenue analysed by geographical areas and product groups are disclosed in Note 14. All property, plant and equipment and intangible assets of the Company are located in Hungary, all right of use assets are located in EU.

NOTE 22 – **SUBSEQUENT EVENTS**

The Company proposes to pay dividends for the financial year ended 31 March 2023, which is subject to approval by the forthcoming Annual General Meeting. The amount of dividend proposed by the Board of Directors amounts to HUF 3 400 million (1 700 HUF/share).

NOTE 23 – **ADDITIONAL PRESENTATIONS ACCORDING TO HUNGARIAN ACCOUNTING REGULATIONS**

a.) Person responsible for supervising transactional accounting and preparation of IFRS financial statements:

Name: Tibor András Dörnyei

Registration number: 161317

b.) Persons responsible for signing the annual financial statements:

Katalin Hollósi (1118 Budapest, Povl Bang Jensen u. 2/B)

Balázs Szűcs (2457 Adony, Rákóczi u. 10.)

based on the power of attorney provided by:

Sándor Zwack (1026 Budapest, Hidász u. 8.)

Frank Odzuck (1121 Budapest, Csillagvölgyi út 4/F.)

c.) Auditor

These financial statements are required to be audited in accordance with the Hungarian Accounting Law.

Fees charged by the auditor for the audit of these financial statements amounts to HUF 34 million. No other fees were charged by the auditor.

d.) Reconciliation of equity

In accordance with paragraph 114/B of the Hungarian Accounting Law, the financial statements include a reconciliation of the equity per financial statement prepared in accordance with IFRS principles and the equity per Hungarian Accounting Law.

Equity reconciliation for differences between IFRS equity presented in these financial statements and equity per Hungarian Accounting Law:

	31 MARCH 2023 *(HUF mill)*	31 MARCH 2022 *(HUF mill)*
Section 114 B (4) Equity under IFRS		
Share capital	2 000	2 000
Reserves	3 812	3 612
Profit/(loss) for the year	3 448	3 200
TOTAL EQUITY	**9 260**	**8 812**
Section 114 B (4) a) Equity		
Equity under IFRS	9 260	8 812
Supplementary payments received presented as liabilities under IFRS	–	–
Supplementary payments made presented as assets under IFRS (-)	–	–
Amount of deferred income from cash, assets received and transferred to the capital reserve under legislation	–	–
Amount of receivables from owners arising from capital contribution classified as equity instrument (-)	–	–
TOTAL EQUITY	**9 260**	**8 812**
Section 114 B (4) b) Share capital under IFRS		
Share capital according to the effective articles of association if classified as an equity instrument	2 000	2 000
TOTAL SHARE CAPITAL	**2 000**	**2 000**
Section 114 B (4) c) Registered but unpaid capital		
Unpaid share capital under IFRS	–	–
Section 114 B (4) d) Capital reserve		
Sum of all equity components that are not considered as share capital, registered but unpaid capital, retained earnings, revaluation reserve, profit/(loss) for the year or tied-up reserve	165	165
TOTAL CAPITAL RESERVE	**165**	**165**
Section 114 B (4) e) Retained earnings		
Accumulated profits after tax of previous' years under IFRS that have not been distributed to owners yet	3 647	3 447
Amounts debited or credited directly to retained earnings under IFRS (+/-)	–	–
Amounts transferred from share capital or capital reserve to cover losses (+)	–	–
Any amounts transferred from other reserves, the transfer of which is required or allowed by IFRS (+)	–	–
Supplementary payments made presented as assets under IFRS (-)	–	–
Unused reserve for development purposes (-)	–	–
Deferred tax on unused reserve for development purposes under IAS 12 (+)	–	–
Total retained earnings	–	–
EREDMÉNYTARTALÉK ÖSSZESEN	**3 647**	**3 447**
Section 114 B (4) f) Revaluation reserve		
Other comprehensive income in the statement of comprehensive income including accumulated other comprehensive income and other comprehensive income for the current year	–	–
Amount of revaluation reserve recognized before transition to IFRS	–	–
TOTAL REVALUATION RESERVE	**-**	**-**

	31 MARCH 2023 *(HUF mill)*	31 MARCH 2022 *(HUF mill)*
Section 114 B (4) g) Profit for the year		
Net profit or loss after tax from continuing and discontinued operations presented in the profit or loss section of the statement of comprehensive income	3 448	3 200
Amounts recognized in profit or loss under the Hungarian Accounting Law that are recognized in equity under IFRS, especially grants, cash given or received for no consideration (+)	–	–
TOTAL PROFIT FOR THE YEAR	**3 448**	**3 200**
Section 114 B (4) h) Tied-up reserve		
Supplementary payments received presented as liabilities under IFRS	–	–
Unused reserve for development purposes (+)	–	–
Deferred tax on unused reserve for development purposes under IAS 12 (-)	–	–
TOTAL TIED-UP RESERVE	**–**	**–**
Section 114 B (5) a) Reconciliation of registered capital with the share capital under IFRS		
Registered share capital	2 035	2 035
Share capital under IFRS	2 000	2 000
DIFFERENCE (REDEEMABLE LIQUIDITY PREFERENCE SHARES AT NOMINAL VALUE)	**35**	**35**
Section 114 B (5) b) Retained earnings available for distribution		
Retained earnings (including the net profit after tax for the last financial year closed with annual financial statements)	7 095	6 647
Accumulated, unrealized gain from the increase of fair value of investment properties under IAS 40 (-)	-	-
Deferred tax on the accumulated, unrealized gain from the increase of fair value of investment properties under IAS 40 (+)	-	-
RETAINED EARNINGS AVAILABLE FOR DISTRIBUTION	**7 095**	**6 647**

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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 2022 and 31 March 2023 of Zwack Unicum Nyrt. ("the Company") included in the digital files 2138003326LXAD58SW93-2023-03-31-hu.xhtml[1] which comprise the separate statement of financial position as at 31 March 2023, with total assets of MHUF 15,433, the separate statement of comprehensive income, with profit for the year of MHUF 3,448, 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 2023, 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 (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, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) translated into Hungarian and published on the website of the Chamber of Hungarian Auditors 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.

[1] digital identification of digital files identified above with SHA 256 HASH Algorithm: 9e34f3a48444fce3183bb22b67f0cb22a668fcc5819a13ee6814928179fef4c8

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.

Completeness and accuracy of customer incentives

As at 31 March 2023, amounts payable (due) to customers: HUF 547 million.

For more detailed information refer to Note 2 (s) (3) and Note 12 to the financial statements.

The key audit matter	*How the matter was addressed in our audit*
Amounts payable (due) to customers amount to HUF 547 million in the statement of financial position as at 31 March 2023. 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. 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. 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. 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.	We performed the following procedures amongst others: • we tested selected controls over approval of sales incentives; • we compared prior year estimate of sales incentives payable to customers to actual payments; • for a sample of agreements with customers we compared the actual sales realized in the calendar year 2022 to the prior year estimate developed by the Company in order to assess the Company's estimation accuracy; • when the prior period estimate of accrued sales incentive was not based on signed agreements with customers, we compared the terms and conditions used in prior year estimate to subsequently signed contracts on a sample basis; • we evaluated the accuracy of data used in the estimate of sales incentives by reference to the underlying sales agreements on a sample basis; • based on the results of the preceding procedure we recalculated the sample of sales incentives due to customers and compared to the estimate made by the Company.

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Other Information

The other information comprises the annual report (including the business report and management report) included in the 2138003326LXAD58SW93-2023-03-31-hu.xhtml of the Company for the period between 1 April 2022 and 31 March 2023. 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 fulfilling our responsibility with respect to the business report, the requirements set out in the Regulation (EU) No 815/2019 of 17 December 2018 (ESEF Regulation) were considered as other legal requirements applicable for the business.

In our opinion the business report of the Company for the period between 1 April 2022 and 31 March 2023 is consistent, in all material respects, with its separate financial statements for the period between 1 April 2022 and 31 March 2023 and the applicable provisions of the Act on Accounting and the requirements of the ESEF Regulation.

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

INDEPENDENT AUDITORS' REPORT

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

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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 shareholders' meeting on 29 June 2022 to audit the separate financial statements of the Company for the financial year ended 31 March 2023. Our total uninterrupted period of engagement is five years, covering the periods ending 31 March 2019 to 31 March 2023.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 17 May 2023;

• 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.

Report on the Compliance of the Presentation of the Separate Financial Statements with the Requirements of the Regulation on the European Single Electronic Format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the financial statements included in the 2138003326LXAD58SW93-2023-03-31-hu.xhtml prepared by the Company ("separate financial statements in ESEF format") with the requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF Regulation).

Responsibilities of the Management and Those Charged with Governance for the Separate Financial Statements in ESEF Format

Management is responsible for the presentation of the separate financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the separate financial statements in the applicable XHTML format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Company's financial reporting process including compliance with the ESEF Regulation.

Our Responsibility and Summary of the Work Performed

Our responsibility is to express an opinion on whether the presentation of the separate financial statements in ESEF format complies, in all material respects, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

INDEPENDENT AUDITORS' REPORT

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation and verifying whether the XHTML format was applied properly.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the presentation of the separate financial statements in ESEF format of the Company for the year ended 31 March 2023 included in the digital file 2138003326LXAD58SW93-2023-03-31-hu.xhtml complies, in all material respects, with the requirements of the ESEF Regulation.

The engagement partner on the audit resulting in this independent auditors' report is the signatory of this report.

Budapest, 25 May 2023

KPMG Hungária Kft.

Registration number: 000202

Rózsai Rezső

Digitally signed by Rózsai Rezső
Date: 2023.05.25 11:46:47 +02'00'

Rezső Rózsai
Partner, Professional Accountant
Registration number: 005879

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FRANK ODZUCK
Chief Executive Officer

Business and management report

ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2023

1. Analysis of the Company's performance

Total gross sales of the Company in the 2022–23 business year were HUF 35 364 million – a year-on-year increase of 10.7% (HUF 3 415 million). Net sales (sales revenues excluding excise tax and public health product tax [NETA]) were HUF 21 215 million, a year-on-year increase of 15.8% (HUF 2 901 million). In this report on the 2022–23 business year the revenues derived from marketing expenditure reimbursement paid by brand owners are posted in the sales revenue in contrast to the earlier practice of posting them at the other operating income. The relevant data have been transferred also in the revenue figure of the previous business year.

Net domestic sales of products had a year-on-year increase of HUF 2 218 million (14.2%). Net sales of own-produced goods in the domestic market increased by HUF 1 392 million (12.1%) (HUF 12 937 million instead of HUF 11 545 million). Broken down, sales of premium products increased by 11%, while sales of quality products increased by 16%. Within the premium segment, sales of Kalumba increased nearly one and a half times, mainly due to the successful market launch of two new flavours (mango and blood orange). Fütyülős also performed well in this business year with its sales up 17%. In the quality segment Kalinka grew steeper than the average.

Net sales of traded products had a year-on-year increase of 20.5%. Broken down, the revenues of the Diageo portfolio were up 18.7%, and those of other traded products grew by 35.6%. In the latter category, wines and sparkling wines performed higher than the average.

As a consequence of the amendment of Hungarian tax regulations, which became operative on 1 July 2022, the excise tax of alcohol jumped by nearly 70% (HUF 5 658 per litre of pure alcohol (LPA) instead of HUF 3 334 per LPA), while the public health product tax (NETA) was abolished. Put together, those changes increased the Company's tax burden as related to alcohols on average by 6%. Our Company incorporated into its invoiced prices the increase in taxes and the rise in costs, which in turn was caused by the rise the prices of raw materials. As of 1 July 2022, the Company upped its prices on average by 7%. Owing to the continued rise of raw and packaging materials, and due to a marked increase in our costs of operation, the Company needed to further increase its prices as of 1 January 2023. That hike was an average of 5.6%. During the last quarter of the business year the volume of domestic sales fell by nearly 20%. Because our prices had gone up in the meantime, the net sales figure showed a smaller drop: nearly 8%. The decrease in sales was felt especially in off trade.

According to the April 2022–March 2023 market research data for the retail turnover, the Hungarian country-wide taxed spirits market declined by 3.6% in volume terms, while it grew by 7.9% in value terms. Over the same period, the Company's retail sales increased by 1.0% in volume and 6.7% in gross value.

Export sales of products in the business year were HUF 2 337 million, a year-on-year increase of 10.4% (HUF 221 million). Among our major export markets, strong growth was achieved in Slovakia (39%). Sales value to Italy grew by 12% but in terms of volume they levelled off. Duty free sales significantly outperformed the previous business year both in volume (27%) and sales revenue (52%). In the fourth quarter the sales revenue from exports decreased by 9.6%, which was mainly caused by poorer performance in Romania and Germany. As for Romania, despite the underperforming fourth quarter, the whole of the business year achieved an increase of 6% in sales revenue.

Revenue from services were HUF 1 085 million, a year-on-year increase of 74.2% (HUF 462 million). Within that revenues derived from marketing expenditure reimbursement paid by brand owners – which according to the current new accounting method is posted at the Sales revenue instead of the Other operating income – went up by HUF 392 million (62.9%).

Material-type expenses increased by HUF 1 950 million (29.7%) – higher than the 15.8% increase in net sales, resulting in a gross margin ratio of 4.3 percentage points lower than a year ago (59.9% instead of 64.2%). The increase in the per-unit material cost was due to a steady growth of raw material prices and a weakening of the forint.

Expenditure on employee benefits increased by HUF 535 million (17%). At the beginning of the business year wages and salaries were raised on average by 10%. The Annual General Meeting of 29 June 2022 decided to pay HUF 1 500 in dividend per share instead of HUF 700 a year before. Under the IFRS, the dividend payable after liquidation preference shares and any change in related liabilities have to be posted as a personnel type of costs. Consequently, the higher dividend increased the employee benefit expenditure by HUF 68 million. In view of the drastic increase in energy prices, during the heating season from October to March, the Company provided its employees an allowance for overheads in the value of HUF 30 000 per month. In the third quarter, that employee benefit resulted in an additional cost increase of HUF 52 million. At the end of the business year the Management of the Company decided to reward the dedicated and successful work of the staff with a one-off bonus of HUF 180 000. That move upped the expenditure on employee benefits by a further HUF 52 million. Furthermore, increase in other personnel expenses (attendance of conferences, the cost of training courses), plus the taxes payable for them, increased the employee benefit expense by about 1.5%.

Depreciation increased by HUF 4 million (0.7%). Broken down, the immediate depreciation of pallets, whose price has been steadily rising, was by HUF 28 million higher. By contrast, the depreciation of property, plant and equipment decreased by HUF 24 million. The Company regularly revises the expected useful service life of the parts of its equipment deemed especially valuable. We have found that several pieces of production machinery have a longer expected useful service life than what our books showed.

Other operating expenses went up by HUF 247 million (5.6%). An increased turnover and rise in fuel prices resulted in a HUF 119 million increase in freight costs. In this business year an exchange loss of HUF 69 million was incurred due to the strong weakening of the forint till mid-October 2022 and its higher closing level at the end of the business year compared to the opening on 1 April 2022. Furthermore, warehouse costs went up by HUF 50 million as the inventories were expanded to make our operation more robust. As our Company received certain supplies from partners late, we were late in some of our supplies to some partners and therefore had to pay them late delivery penalty in the value of HUF 47 million. Other taxes (building tax, company car and vehicle tax and inspection fees) increased by HUF 22 million. There was a noteworthy year-on-year increase, totalling HUF 73 million, in maintenance costs, guarding property, fees paid to experts and fees paid to inspection and certification done by other than official personnel. The other costs of operation went up by HUF 10 million. However, our expenditure on promoting our brands decreased by 5.4% (HUF 143 million).

The other operating income increased by HUF 50 million (100%). During the business year the Company sold some of its motorcars and the related profit (+HUF 36 million) is posted in that line of the balance. Deferred income derived from assets that were obtained without payment increased the other income by HUF 21 million. However, compared to a foreign exchange gain of HUF 7 million in the same period last year, this year there has been a foreign exchange loss, which is detailed at Other operating expenses.

The operating profit or loss figure was HUF 3 868 million, which exceeded that a year before by HUF 215 million.

During the period under review the Company gained a net financial income of HUF 292 million, all of which was interest on our fixed deposits.

Taxes levied on the Company's profits showed a year-on-year increase of HUF 150 million (+26.7%). Corporation tax was by HUF 126 million (+60.6%) higher. The local business tax and the innovation contribution went up by HUF 26 million (7.5%). The deferred tax expenditure showed a year-on-year decrease of HUF 2 million.

All in all, the Company's profit after taxation was HUF 3 448 million, which shows a year-on-year increase of HUF 248 million (7.8%). Although profits in the fourth quarter were lower than in the comparable period last year, the Company had a business year that outperformed even the previous, outstanding period. That was thanks to strong increase in profits during the first three quarters, which fell in the last quarter by 13%.

The stock of fixed assets increased by HUF 637 million (19.3%). The main items here are projects that have been realized in the production plant in Dunaharaszti: a geothermal power facility and the installation of solar panels.

The inventories grew by HUF 1 377 million (43.9%), whose main cause was an increase in the inventory of own-produced goods and their raw materials. The bulk of that increase can be ascribed to the drastic rise in the cost of raw materials and unpredictable jolts in supply chains. In view of those circumstances, the Company has been forced to stockpile more than usual raw materials to avoid temporary shortages in its finished products. At the same time, the stock value of purchased finished goods also increased, explained by the weakening of the exchange rate of the forint in addition to the increase in purchase prices.

Cash and cash equivalents decreased by HUF 1 646 million (32.4%) as a consequence of the increase in the value of our inventories and the projects to have a geothermal facility and solar panels in Dunaharaszti.

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

2. Business environment of the Company

Zwack Unicum Plc. is the biggest player in Hungary's spirits market. As the Hungarian domestic market accounts for nearly 90% of the Company's revenues from selling products, the domestic demand plays a definitive influence on the Company's results. 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. Recently after the short increasing period the high inflation, higher shelf prices due to rising cost of goods and rising tax levels has clearly slowed down the rising trend of consumption.

3. Objectives and Strategy of the Company

The Company's primary activity is producing and selling branded premium and quality alcoholic drinks. The principal aim of Zwack Unicum Plc. is to maintain its market leading role in spirits in Hungary. Furthermore, we aim to strengthen the export markets.

In Hungary the Company is the official distributor of several international brands like the Diageo portfolio. Thus, in addition to the self-manufactured premium brands of outstanding importance in the Hungarian market (Unicum, Fütyülős, Vilmos, St. Hubertus and Kalinka), Zwack Unicum Plc.'s portfolio is enriched by world brands such as Johnnie Walker, Baileys and Captain Morgan. With such a portfolio our Company offers an impressively rich assortment of branded products for consumers.

Product innovation and successful product launch are crucial means of keeping and strengthening the market leader position. Regarding exports, we intend to increase their share in sales revenue of products from an actual 11% to 15% in the next three years. Our core export markets are Italy, Germany and Romania.

As from autumn 2019 the Company has been exclusively using green electricity. During the 2022–23 business year the Company completed heat pump and solar panel projects in Dunaharaszti. Recently we started to utilize of geothermic energy, and further steps are planned towards promoting the circular economy. Further environment protection projects are underway and being evaluated and planned (Kecskemét and Soroksári plant). To see our Sustainability Report, please visit our website. (https://zwackunicum.hu/en/cegunk/fenntarthatosag-napjainkban/)

4. Main Resources and Risks of the Company's Activities

Material Resources

• Production, Plant and Investments

The Company has three production plants. Unicum production and part of early maturation are done in the Unicum plant in Soroksári út. The Dunaharaszti plant takes care of additional maturation and bottling of the Unicum liqueur, and also the bottling of the majority of the other products produced by the Company. The fruit palinka distillery operates in Kecskemét, and this is where the small series products are bottled.

The Company intends to maintain those three production plants in the long run. The output capacities of the plants concerned are appropriate for bulk production and bottling.

As for planned capital expenditure in forthcoming years, energy-efficiency investments are prioritized.

• Financial Position

The Company's financial position is stable and it always fulfils its financial obligations on time. Financial transactions were made by UniCredit, Erste and K&H Bank from among the largest commercial banks.

Human Resources

Average statistical headcount of the Company in the business year was 258 (it was 254 during the last business year). Headcount increased in Production and Sales.

In the Hungarian spirits market the Zwack Unicum Plc. has the biggest human resources for sales and marketing. Indeed, the related competitive edge in distribution and innovation are among the Company's most important strengths.

Risk factors

The most difficult part of the pandemic is behind us. However, due to the dynamic post-pandemic bounce-back of the economy, inflation has shot up both in Hungary and elsewhere. The factors that are strengthening this tendency include the weakness of the Hungarian domestic currency, the forint and further inflationary effects as a result of the war in the Ukraine and the sanctions against Russia. The sum total of those factors is due to have a strong impact on the purchase price of raw materials and, indirectly, the consumer prices of the products of our Company, furthermore, changes in the general purchasing power of the Hungarian households are to make the demand for spirits unpredictable in Hungary.

Important risk factor affecting our Company is the possible change of the regulatory environment that may have a negative effect on domestic consumption and consequent sales volume decrease.

Company activities are exposed to various financial risks: market risks, credit risks and liquidity risks. Seen the high volatility and uncertainty of the current financial market, the Company seeks keeping the possible negative implications affecting Company finances at the minimum.

Regarding its market risks, to reduce the foreign exchange risks arising from the export and import activities and from the Euro deposits, the Finance Department monitors, in line with the hedging policy, the foreign exchange liabilities, and keeps the relevant amounts of forex on its bank accounts. Occasionally the Company can enter into derivative transactions to reduce said risks. Having said that, if the exchange rate changes during the business year, that can have a major impact on the Company's comprehensive income and the Shareholders' equity. In spite of that the changes in exchange rate within the financial year could have significant implications on the statement of comprehensive income and on shareholders' equity.

The prices of raw materials and packaging materials have sharply risen due to post-pandemic supply-chain disruptions, an inflationary business environment, the crisis in the energy market, and the weakening of the domestic currency, the forint. Those factors are posing risks to the Company's market performance. By making raising our prices during the business year, we have managed to cushion the effects of those risks.

The Company has no significant credit risks, nor related to accounts receivables, due to the diversity of its customers. Also, a significant portion of the accounts receivable is insured by financial institution up to 95% of single liabilities. The Company applies no other credit rating methods since this credit guarantee method is deemed to be effective enough to manage credit risks.

Company financial assets and fixed deposits are mostly in Hungarian forints. The counterparty risk is low since Zwack Unicum Plc. placed its funds with reliable financial institutions.

Liquidity management of the Company covers the necessary number of financial tools and also the necessary credit lines. The Management continuously monitors the necessary liquidity provisions based on the expected cash flow.

This 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 report gives a reliable picture also of Zwack Unicum Plc.'s situation, development and performance.

5. Environment protection, energy- and quality management and food safety

The content of our Integrated Policy (last updated 01.05.2021) continues complying with our "Mission and Core Values" issued by the Management and reflects our long-term aspirations.

The Company's management systems have been operating reliably and successfully in line with internal and external expectations, and with the supervisory activities our management systems can reduce the number of mistakes and avoid their repetition.

The recertification audit of our Company's quality management and food safety management systems was conducted in May 2022, a surveillance audit will be conducted by the certification body in May 2023, while we had a surveillance audit of our environmental management and energy management systems in October 2022 and the systems will be recertified in the autumn of 2023.

The topics mentioned above will be discussed in more detail in our Sustainability Report, which will be issued later in 2023.

6. Ownership structure, company structure

The ownership structure of Zwack Unicum Plc. remained unchanged. Of the ordinary shares, 50%+1 are owned by Peter Zwack & Consorten HAG, and 26% by Diageo Holding Netherlands B.V. The remaining 24%-1 shares are divided among domestic and foreign institutional and private investors.

The closing price of the Company's shares at the Budapest Stock Exchange was HUF 18 600 on 31 March 2023, which is 10.7% higher than the closing price of the previous business year.

7. Shareholders' equity. voting rights, management declaration

1. Number and value of shares issued

Number issued	Par value	Type of share	Currency
2 000 000	1 000	ordinary shares	HUF
35 000	1 000	redeemable liquidation preference share	HUF

All of the ordinary shares carry the same rights; redeemable liquidation preference shares carry no voting rights.

Ordinary shares are shares traded on the Budapest Stock Exchange (BÉT), redeemable liquidity preference shares are shares issued in closed circles.

2. Amendment of the Articles of Association, appointment of senior officers, issuing shares

The modification of the Statutes, the appointment of the senior officers and the issuance of shares is the exclusive competence of the general meeting. The General Meeting of the Company has empowered the Board of Directors for five (5) years starting on 29 June 2017, to raise the shareholders' equity in a single go or in several steps only via issuing private redeemable liquidity preference shares up to altogether 200 000 shares (including the currently issued redeemable liquidation preference shares). There were no redeemable liquidity preference shares issued in the business year of 2022-2023.

Some of the senior offices were put up for election during the Annual General Meeting (AGM) of 29 June 2022, which concluded the 2021–2022 business year. The AGM took notice of the resignation from the Board of Directors of **Mr. Zoran Maksic.**

The AGM elected **Mr. Zoltán Hangodi** as a member of the Board of Directors for a definite period of time expiring on July 31, 2025.

3. Management declaration

The Civil Code (Ptk.) section 3:289 provides on the preparation, content and adoption of the Responsible Governance Report for Hungarian public incorporated companies.

The Budapest Stock Exchange issued its Recommendations for Responsible Governance (**"Recommendations"**) in 2004, providing certain recommendations for corporate governance for companies listed on the Budapest Stock Exchange, taking into consideration the internationally most used principles, Hungarian experience and the particularities of the Hungarian market. The current version of the Recommendations have been approved by the Board of Directors of Budapesti Értéktőzsde Zrt. on December 8, 2020 and is effective as of January 1, 2021. The Recommendations are available at the homepage of the Budapest Stock Exchange (https://bse.hu/Issuers/corporate-governance-recommendations/Corporate-Governance-Recommendations). The Company also complies with the corporate governance rules set forth in Act no. 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 is among others available in the Nation Legal Database (in Hungarian: Nemzeti Jogszabálytár; https://njt.hu/jogszabaly/2019-67-00-00). The Company does not apply any other regulation or practice concerning corporate governance.

In line with the above two regulations, Zwack Unicum Plc. Board of Directors pre-adopted and submitted to the General Meeting its Responsible Governance Report (the **„Report")** for the business year of 2021-2022, which is accessible to the public on the Company website (http://www.zwack.hu) under Investors' Relations (Befektetői Kapcsolatok), on the page on Responsible Governance. The above Report provides detailed information on compliance with and possible deviations from the Recommendations as well as the reasons thereof.

The Report also presents the Board of Directors, the Supervisory Board, the Audit Committee and the Management, their composition, describes how they function, and gives details on how they divide work. The overview of the rules on the internal control and risk management systems of the Company, its policy of making information public, its policy on insider trading, the rules of exercising shareholder rights and of how to organise and complete a General Meeting, the detailed position of the Company on diversity, and the explanation for deviations from certain points of the "Recommendation" are also part of the Report. The Report also contains the remuneration policy concerning the directors of the Company in compliance with the obligations pursuant to the Act no. LXVII of 2019 on the encouragement of long-term shareholder engagement and the modification of certain legal acts for harmonization of the law.

As per points 12.3 and 14.3 of the Articles of Association, members of the Board of Directors and of the Supervisory Board are elected by the General Meeting for a maximum period of four years. The rules on the election and withdrawal of the members of the Board of Directors and of the Supervisory Board are included in Section 11 of the Statutes.

The stipulation and the amendment of the Articles of Association (except amendments by the Board of Directors), including raising the shareholders' equity (except raising it by the Board of Directors) and its lowering (unless the Civil Code provides otherwise), are exclusive powers of the General Meeting (point 11.2). Detailed regulations to modify the Statutes and to repurchase own shares are provided in point 11.2 (a) and (k) as well as in the entire Section 11 of the Statutes.

The detailed rules of the powers and functioning of the Board of Directors are stipulated under point 12.4 of the Statutes and the Rules of the Board of Directors, both accessible on the Company website, under the menu For Investors.

The annual report contains the list of the owners having a significant shareholding in the Company.

The Company did not issue any share representing special control rights and the Statutes of the Company do not contain limitations on the exercise of the voting rights with respect to the ordinary shares of the Company. The redeemable liquidation preference shares do not provide voting rights.

8. Code of Conduct

The Zwack Unicum Plc. is a family enterprise both in its traditions and ownership structure. It is committed to perpetuating its traditions and adhering to its values – to the benefit of all the shareholders.

The Company considers itself an important player of the Hungarian economy and an internationally acknowledged representative of the spirits industry. It aspires to be an active participant in the life of society with a prudent business operation and commitments well beyond its core activities. The Company has been acting in business life in compliance with its social prestige, weight in the industry and its market-leading role. It seeks to define the norms of its operation in an exemplary manner. It aspires to be a paragon of business integrity, reliability and predictability in the eyes of its partners.

By making public its Code of Ethics, the Company enables all those interested to get an insight to a basic component of its organizational culture. (www.zwack.hu\Investor Relations\Guidelines of Corporate Governance\Code of Conduct)

9. Results of the 2022-2023 business year and prospects for 2023-2024

In the 2022/23 business year the Zwack Unicum Plc. once again had a record profit after taxation: HUF 3.4 billion, which surpassed that of the previous record business year of 2021/22 by nearly HUF 250 million.

The international economic environment was unpredictable throughout 2022/23, which was a tough challenge for the Management of the Company. In such a volatile environment the main key to success was that the Management responded to the changes in the market and the legal environment fast and resolutely. That is why the supply of raw materials was steady; there was no chronic shortage in strategic products and in the business year considered as a whole, the Company offered the high-level service its customers had been accustomed to. The Company's two midyear price increases were managed so deftly that they did not provoke a serious drop in sales. Extra expenditure due to soaring raw-material prices and the weakness of the forint, the local currency, were efficiently compensated for by our higher prices. Although the sales volume did not increase considerably, the net sales revenue went up by nearly 16%, and the operating income surpassed the previous business year's outstanding figure by over HUF 200 million.

Market research on the Hungarian retail sector shows that the Company remained the market-leader, in fact it could increase its market share in terms of volume and sales revenue. We see it as an outstanding achievement of that period that in the discount category – whose importance is growing – the Unicum liqueur assumed a prestigious position among the brands by becoming the product that is purchased more often than its competitors. The Company also did well in the gin category: thanks to the introduction of new taste versions, Kalumba has been Hungary's leading gin brand for the third consecutive year.

The radical changes in the world market environment have strongly impacted – in addition to the domestic performance – the Company's exports. That said, the Unicum brand stood its ground well and in fact in some priority countries and in the duty-free category it could even up sales. Put together, the export sales were slightly below those of the previous business year in volume but in value they edged upwards by 8%.

The Zwack Unicum Plc. has been committed to environmental protection for a long time. It was in that spirit that during the business year the Company completed its biggest energy-efficiency project to date. A geothermal power facility was installed worth nearly HUF 600 million and a solar park to cover its energy requirement. Starting as early as from a month after its inauguration, the geothermal power plant replaced a considerable amount of natural gas in the Company's energy pattern. That is helping reduce both the Company's ecological footprint, exposure to a volatile natural gas supply and the energy bill.

Thanks to the accomplishments of that outstanding business year, the dividend will be higher than before. The Board of Directors is recommending the Annual General Meeting to pay a dividend of HUF 1 700. (That is an increase of 13.3% over the previous business year's dividend of HUF 1 500 per share.) Just like during the previous business year, the entire profit after taxation is to be paid out in dividend.

When drafting the Company's next business plan, we predicted that the prices of raw materials would continue rising, the exchange rate of the forint would fluctuate, and the operating costs would rise by more than 10%. The Company raised its prices on average by 5.6% in January 2023 but that move could not fully compensate the increase in the Company's costs. We predict that in the coming months consumer confidence will significantly weaken, which might considerably reduce the domestic consumption of our products. The unpredictable price policies of our competitors and the expected intensification of the price competition that is going on in the market might threaten the volume of products we can sell. Bearing in mind all those factors, we expect the Company's gross sales to remain at the level of those of the previous business year. Taking into consideration said risks to the volume of products we can sell, that target appears to be quite a challenge.

We plan to increase the Company's spending on marketing by 10% in the coming business year. The primary aims are to further build the Unicum brand image and strengthen the brand awareness of the two youngest versions of that product line: Barista and Plum. To that end, the Company will promote those two brands with a joint marketing communications project in summer 2023. As for the Fütyülős liqueurs line – where last year saw the successful introduction of the Watermelon taste – we will introduce a new version: Tropical Fruit. Unicum will once again be promoted by a priority media campaign in Italy, the Company's biggest export market, at the end of this summer; and we plan further marketing investments in Germany and Romania.

At the beginning of the business year under review the Company raised wages by more than 15% by differentiating it according to the various income levels of the staff.

All in all, the Company's target of profit after taxation is HUF 2 billion, which is considerably lower than that of the previous business year but – given the present volatile market conditions – is understood to be realistic.

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

		2020-2021 business year**	2021-2022 business year**	2022-2023 business year	2023-2024 plan
Gross Sales	HUF mill	24 568	31 949	35 364	35 605
SALES NET OF TAXES	**HUF mill**	**13 392**	**18 314**	**21 215**	**21 297**
Gross Margin	HUF mill	8 243	11 753	12 704	11 120
Profit from operations	HUF mill	1 787	3 653	3 868	2 479
Profit before tax	HUF mill	1 780	3 762	4 160	2 619
Profit for the year	HUF mill	1 436	3 200	3 448	2 020
Dividends paid / payable - ordinary	HUF mill	1 400	3 000	3 400*	
Dividends paid / payable - redeemable		25	53	60*	
Dividends paid / payable - total		1 425	3 053	3 460*	
Total assets	HUF mill	13 058	15 092	15 433	
Cash and cash equivalents, end of the year	HUF mill	2 739	5 079	3 433	
Average statistical staff number	Person	244	254	258	
Gross margin ratio	%	61.6%	64.2%	59.9%	52.2%
Profit from operations / Net sales	%	13.3%	19.9%	18.2%	11.6%
Profit for the year / Net sales	%	10.7%	17.5%	16.3%	9.5%
Dividend / Profit for the year	%	97.5%	93.8%	98.6%	
Earnings per share	HUF	718	1 600	1 724	1 010

* The Company proposes to pay dividends for the financial year ended 31 March 2023, which is subject to approval by the forthcoming Annual General Meeting. The amount of dividend proposed by the Board of Directors amounts to 1 700 HUF/share).

** The base figure changed due to reclassification of marketing expenditure reimbursement.

11. Events after the balance sheet date

There was no event occurring after the balance sheet date that was not mentioned in the report and would significantly affect the Company's assets, finances, revenues and operations.

Budapest, 25 May 2023

Katalin Hollósi
Chief Accountant

Balázs Szűcs
Investor Correspondent

based on the power of attorney provided by:

Sándor Zwack
Chairman of the Board

Frank Odzuck
Chief Executive Officer

Report of the supervisory board and the audit board

ON THE 2022-2023 BUSINESS YEAR

ZWACK UNICUM PLC.

REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD ON THE BUSINESS YEAR STARTING ON APRIL 1, 2022 AND TERMINATING ON MARCH 31, 2023

In the business year starting on April 1, 2022 and terminating on March 31, 2023, 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, 2022 and terminating on March 31, 2023, 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 1 700 HUF per share, in total HUF 3 459 500 000 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.

Report of the supervisory board and the audit board

ON THE 2022–2023 BUSINESS YEAR

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 excellent profitability of the Company.

The Supervisory Board would like to take this opportunity to express its thanks to the employees of the company.

Budapest, May 25, 2023

DR. HUBERTINE UNDERBERG-RUDER	**THOMAS MEMPEL**
Chair of the Supervisory Board	Chair of the Audit Board

Supervisory Board

Dr. Hubertine Underberg-Ruder
Chair of the Supervisory Board,
President of the Board of
Underberg AG

Nándor Szakolczai
Group Reporting Director, Diageo

Thomas Mempel
Member of the Board,
Semper idem Underberg

András Szecskay, Dr.
Attorney at Law, Legal Counsel
to Zwack Unicum Plc.
Szecskay Attorneys at Law

György Geiszl, Dr.
Group Controller, Diageo

István Salgó, Dr.
Honorary Chairman,
Business Council for Sustainable
Development Hungary

Board of Directors

Sándor Zwack
Chairman of the Board of Directors of Zwack Unicum Plc.

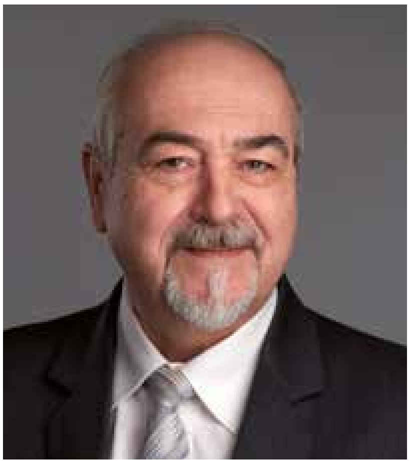
Izabella Zwack
Member of the Board of Directors of Zwack Unicum Plc.

Božidar Božić
Global Project FP&A Lead, Diageo

Frank Odzuck
CEO Zwack Unicum Plc.

Mag. Wolfgang Spiller
CEO & Owner Gastro Consulting GmbH (Daniel Moser Products)
CEO Gurktaler Plc.

Zoltán Hangodi
Head of Financial Planning and Reporting for the Global Travel Market, Diageo



Tibor Dörnyei
Deputy CEO,
CFO Zwack Unicum Plc.

Management of the Company

László Seprős *Production-Technical Director*	**Tibor Dörnyei** *Deputy CEO Chief Financial Officer*	**Orsolya Virágh** *Human Resource Director*	**Frank Odzuck** *Chief Executive Officer*	**Csaba Belovai** *Commercial and Export Director*	**Dávid Gábor Kovács** *Marketing Director*

Marketing highlights of the 2022-2023 business year

UNICUM BRAND FAMILY

In the 2022/2023 business year, it remained the primary objective for the brand to continuously build and strengthen the image of the Unicum brand. To fulfill this objective, for the first time in the history of the brand, we implemented two new image communications, which were launched separately during the year, each linked to a specific season. Our key brand objectives also included **innovation** which, in addition to product development, also included the development of packaging, as well as exploiting the potential inherent in new communication channels. Last, but not least, the **rejuvenation of the brand** remains a key brand objective.
All our brand activities in the business year were planned to serve the above brand objectives. Thanks to this, we implemented a continuous series of activities from May onwards throughout the year, with an increased marketing budget compared to our base year.

New Unicum Image communication
We have been working since 2021 to create a worthy continuation of our iconic Unicum image communication and replace the previous communication after 5 years.
As a result, we implemented the „balloon communication" which, aware of the media consumption habits of the brand's target audience, we again centred around a TV spot.
In the new spot, the iconic bottle form that can be seen at Unicum events appears in the shape of a balloon and travels around the country, connecting wonderful places, occasions, generations, and even the most important events in our lives.

The TV spot takes place halfway between reality and imagination: the balloons which appear in different life situations symbolize the spiritual elevation of those defining intimate aspects of life- Unicum moments - that carry us forward and that will be really good to remember.
We started the communication with the TV spot, with a strong campaign in May, followed by a 360-degree comprehensive

marketing campaign in June. In addition to strong outdoor communications, we could see our balloon communication at displays and secondary placements in retail stores. Our communication was also extended to the digital space. On one hand, we aimed to maximize reach of the TV spot and we also activated our opinion leaders to promote our new communication to their own target audience. As a result, the 1-minute online spot achieved 391,000 views on YouTube in one month, which is a remarkable result, as more than 80% of these views qualify as full views.

Summer campaigns
In the summer of 2022, the big summer festivals were organized again for the first time after the Covid restrictions that also affected us, and the Unicum brand was present at these key festivals with the well-known Unicum Bar installation.
Our goal was to maximize the potentials of communication in the digital space, in addition to ensuring the brand's presence and conveying brand experience.
Thus, with the help of our opinion leaders, we implemented pre-, on-site and post-festival communication, extending the 4-day festival period, thus carrying out a summer-long communication and consumer activation. In addition to the VOLT festival, our Unicum brand was also present at Campus.

Christmas period

For the last Christmas period, we prepared our first large-scale brand communication, the center of which was again a TV spot, featuring an iconic pair of actors, Máté Haumann and his father, Péter Haumann, who evoke the magic of holiday traditions, the joy of homecoming and spending time together, as well as the extraordinary bond between fathers and sons.

The Christmas season is about spending time together and true values. We celebrate in many different ways, our customs and family traditions may differ, but these moments are equally important for everyone. This was also highlighted in last year's Christmas film by Unicum, demonstrating that home which provides a place of security, appreciation, and love, can be more than just a physical place, and is rather the handhold in our lives from which we can draw strength in difficult moments, and which makes joyful moments more fulfilling.

The focus of our communication was a 30-second TV spot and a 60-second spot developed specifically for the digital space.

Ahead of the Christmas rush and advertising hype, we held an exclusive press conference at the beginning of November, during which Máté Haumann and Sándor Zwack presented the film and talked about the details of the journey from the idea to its realization. The film was first screened and launched here. It achieved best ever results, generating more than 60 press appearances in one month, and it was viewed by 127,000 people in the digital space even before the start of the campaign. As a result of the campaign, a total of 752,000 people watched the film on the YouTube platform, which is also a record viewership number in the history of our Unicum brand.

With the brand's gifting function in mind, we planned the 2022 Christmas season by leaving the designs of the Christmas gift boxes unchanged. In terms of the product range, we appeared again with the classic gift box, the 0.7 litre bottle with two glasses and the 0.5 litre metal box.

Innovation was our main brand goal for the year, within the framework of which we renewed the 5 litre edition to fully maximize its gift function.
We decided to redesign Unicum's largest version, the 5 litre bottle, in response to the ever-changing market needs.
From September 2022, all three members of the Unicum family, Unicum, Unicum Plum and now also Unicum Barista, are available in 3 litre bottles.
It was important to consider not only size, but also other aspects in the redesign. The new product got a more premium appearance thanks to the labelling possibilities, however the ease of use was also a key consideration in the development of the unique bottle. Thus, the bottle was also equipped with a pouring stopper, typical of super premium products. In addition, the bottle's box was also redesigned to reflect the product's gift function more strongly in its overall effect.

In summary, we had the most successful and colorful brand communication period in recent years, with two iconic new communications, spiced up with lots of new activities, resulting in a steady flow of alternating brand activities throughout the year.

UNICUM RISERVA

In the 2022/2023 business year, Unicum Riserva continued to be a dominant player in the super premium segment. In line with this, our brand objective has been clear and consistent since Riserva was launched in 2016, and this is to build brand awareness.
We therefore continued our sponsorship activities with Hungary's number one polo club, "Polo La Estancia Club", targeting a customer base that we could not reach with our brand message on any other forums. The event is called the "Riserva Polo Cup", so our collaboration contributed to the brand's super premium image by generating strong media value.
Before the Christmas season, we also renewed the Unicum Riserva gift box after 6 years.
Our aim with this renewal was to give Riserva an overall look that better reflects the super-premium nature of the product, and that the brand's world view can be more strongly reflected by the gift box.
Especially in the autumn and Christmas periods, Unicum Riserva was also strongly represented in retail with individual display presence, as well as appearing on premium online commercial platforms (e.g. kifli.hu), where we were continuously present with promotions and communications, thus reinforcing our brand objective.

FÜTYÜLŐS

Fütyülős is a truly diverse brand with a wide range of flavors, which allows us to support it in creative and different ways throughout the year. Flavors ensure many ways to enjoy the brand and also offers an excellent opportunity to try out exciting communication options.
One of the major activities was the introduction of the new flavor, Fütyülős Watermelon. The flavor was introduced in May 2022, and was supported throughout the year with various activities. The latest innovation of Fütyülős, the summer favorite of many, is watermelon. Not only in the hot months, but also in the cooler seasons, it can be enjoyed on its own as a shot or as a cocktail ingredient. The sweet watermelon flavor is complemented by the refreshing mint in the background making it an unforgettable experience for the consumer. Boosted with

a squeeze of lemon juice, it evokes the exhilaration of summer days even on the coldest winter evenings.

The other big innovation was the sleeve packaging, with which we aimed to grab consumers' attention and invite them to try one of our Fütyülős flavors. Besides the new variant, Fütyülős Watermelon, we put Strawberry Rozé and Coconut-Pineapple into the sleeve packaging. The sleeved bottles were introduced in May 2022, and our Watermelon flavor was launched already in a sleeve packaging. The success of the products available in limited-edition and in special packaging is clearly demonstrated by the fact that they were sold out much sooner than we had originally planned.

The campaign was launched with a digital approach. Our aim was to get as many people as possible to discover our new flavor and the summer flavors of Fütyülős in limited-edition. We appeared with visual and unavoidable, static or mobile content, on target group relevant platforms. We had nearly 2.5 million appearances in one month.

During the summer, we continued to support the launch of the new flavor and the sleeve packaging. In July, we ran a billboard campaign, focusing on the areas around Lake Balaton and Lake Tisza, in addition to major cities, to reach consumers as effectively as possible. We supported both the introduction of the new flavor and the communication of the packaging in limited edition with a one-month campaign on our social media platforms.

This was made more attractive with colorful, eye-catching posts and dark videos, with the aim of reaching as wide consumer base as possible. In addition to the colorful content, we incentivized our consumers with a game, and our goal remained to present the new flavor and the sleeved bottles through simple games. To reach the 18-34 age group more effectively, we also ran a YouTube campaign. The Fütyülős advertisement preceded the YouTube videos of top Hungarian music artists, resulting in more than 250,000 views.

After the sleeve communication, we thought it was important to give the new flavor a special attention, so in September, by the time all our products were available again without a sleeve, we were on TV with a 10-second spot, so the new flavor was again featured in a spot using the stop-motion technology.

Innovation was not only supported in the media, but was also in the focus of both retail and gastronomy. Further, the brand appeared with floor stickers in many Tesco stores in July, as we wanted to draw special attention to the packaging available for a limited time. In addition to floor stickers, these flavors also appeared on a number of displays.

In gastronomy, we also tried to refresh the brand with special and new activities, in addition to introducing our new flavor. The first of these was the chatbot, which was essentially a tasting without a hostess. By scanning the QR code placed on the spot, our phone directed us to the Fütyülős chatbot interface, where we collected questions about Fütyülős, its flavors and consumption methods. People over the age of 18 were asked five questions, four of which had to be answered correctly. Those who made it could take a shot of our Fütyülős Watermelon at the bar. Our aim was to get as many people as possible to try the new flavor. We also started to update and digitally enhance the scratchbox promotion, which has worked well for several years. Therefore, the basis of the existing mechanism remained the same, i.e. you could buy a shot, cocktail or long drink in any Fütyülős flavor during the July-August period and receive a raffle ticket, which then should be scanned to find out whether you won or not, and what is your prize, if you won. One of the prizes was a watermelon-flavored lollipop, thereby promoting the new flavor, and one could also win a Fütyülős T-shirt. In addition, visibility was also built at some places with specific communication about the new flavor.

The sleeved bottles were also available in the tobacco stores and were very successful here too. We also planned and implemented a specific activity in this channel. To participate, it was enough to purchase a 0.5 litre bottle of Fütyülős in any flavor giving you a chance to win a Fütyülős T-shirt. Focusing on the new flavor, we also promoted the brand with different banners appearing on the edrink website.

Fütyülős was able to renew itself not only in terms of communication, but also in terms of consumption methods. Based on consumer needs, we launched the Fütyülős shooters program in gastronomy in May.

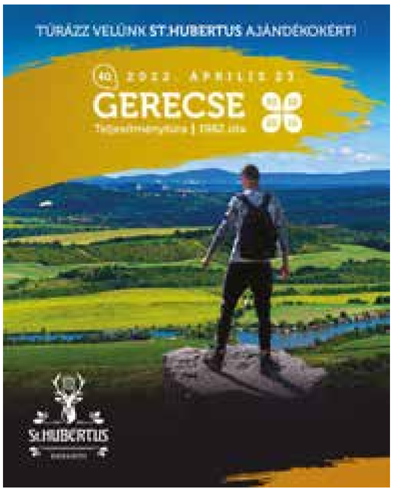
During the summer period, we were present at four festivals, and the participants were able to meet our festival installation at the Budaörs Days, the FEZEN, the Campus festival and at the freshman camp of SOTE. To reach the young target audience, we collaborated with the team of Colorfestival and appeared at eight venues nationwide with the Fütyülős brand, focusing on our new flavor, the Watermelon. The 18-25 age group were introduced to the brand not only offline but also online. Having reached the young target group, we promoted the Fütyülős brand, including the Watermelon flavor, as part of the Student Brand Manager program in September. Our aim here was again to introduce the brand to as many university students as possible and this year the focus was specifically on our new flavor. Besides the summer season, Christmas plays a particularly important role in the life of the brand. We updated the design of our familiar gift boxes, but its composition remained the same, with a shot glass as a gift to accompany the bottle.

Over the Christmas period, we were busy in the digital space. Due to the overload of Christmas advertising, instead of the traditional takeaway game concept, we ran a so-called rapid campaign to increase our Instagram camp and popularize the gift boxes.
From mid-November to mid-December, in the pre-Christmas bustle, we ran a nano influencer campaign where, as well as promoting the Fütyülős brand, our goal was also to present it in a creative way, i.e. making Christmas decorations or souvenirs by using Fütyülős bottles.

ST. HUBERTUS HERB LIQUEUR

For this business year, the aim of the St. Hubertus brand remained to maintain its market leader position in the value for money segment of herb liqueurs and to enhance its premium image and youthful character.
Our commercial about friendship and love of nature was broadcast on TV in the spring and autumn, and we continued the sponsorship of the RTL series "Mi Kis Falunk" (Our Little Village), which was also broadcast in the spring and autumn. Our sponsorship spots ran before and after each episode, and the brand was also actively featured in the series through product placement.
Our successful cooperation with Balázs Erdélyi "Pupa", the popular and authentic opinion leader among the ever-growing Hungarian fishing community, was continued from last year. Pupa actively promotes the brand on social media throughout the year and organizes dedicated fishing events, for example the St. Hubertus Women's Fishing Tournaments in Felsőtárkány, the FlySox Day or the St. Hubertus cooking competition, the accompanying event of the Deseda fishing tournament.

We entertain our highly active follower base on our social media platforms with quality content and competitions. This spring, our prize draws were based around three themes: nature walks, friendship and a joint activity with RTL's "Mi kis falunk" production. This year we also launched our website www.sthubertus.hu, where you can read, among other things, about the history of the brand, its flavors and ways of consuming.



Love of nature and hiking are closely linked to the life of the brand, and this year we participated for the first time in the Gerecse 50 tour organized by the Hungarian Hiking Association, where almost 5,500 hikers headed for the Gerecse, including Pupa, who reported on the event on social media.

In gastronomy, we introduced a new game to accompany our hostess promotions,

and in the autumn and winter period, our pack offers also worked successfully. During the winter season, we gave a gift glass to every St.Hubertus 60 product purchased in the Zwack shop and webshop.

From October, the St.Hubertus brand range was enriched with a new edition, we introduced the 0.1 litre pocket bottle which reflects in its appearance the character of the brand, although in a more dynamic and youthful way.

As part of the Zwack SBM program, Zwack brands are promoted by Student Brand Managers at universities and colleges, with monthly renewed thematic content. St.Hubertus is also recognized by young people, and the brand once again found its way to the younger generation with its values and traditions.

At the end of the year, the three basic flavors of St.Hubertus in 0.5 litre bottles were put in elegant gift boxes, while the 0.7 litre bottle was also available in a festive gift box with a shot glass, making Christmas gift giving more exciting.

KALINKA

In the spring, we focused our attention on the promotion of Kalinka liqueurs launched last year and supported them with a strong print campaign in the spring-summer period. We specifically chose newspapers and magazines (like special issues of "Nők Lapja" ((Women's Magazine)) the Story Magazine or the National Geographic, which also focuses on men in particular) that were available on newsstands from early spring until the end of summer, thus lengthening awareness of the flavors. In addition, we also organized a mini product tasting in May with Tesco, reaching around 20,000 people. Along with the tasting samples, we gave people a leaflet so that they can get to know the new flavor better and gave some ideas on how to drink it.

We also promoted Kalinka liqueurs on our social media platforms. Our aim is to introduce our Kalinka

Apple and Kalinka Cranberry flavors to Kalinka consumers. Since our goal here was to reach as many consumers as possible, we launched the one-month campaign on our Facebook page. Though we ran dark posts and shared Instagram Stories on our Instagram page, the contest itself was running on Kalinka's Facebook page. The campaign generated more than 300,000 views and 262 new followers.
Furthermore, we were active on social media throughout the year, both on Facebook and Instagram, to share quality, premium content and present our new products, cocktail or long drink suggestions.
In addition to supporting the flavors, particular attention was paid to our Kalinka and Kalinka Lemon variants. These were reinforced through our social media platforms, digital campaigns and film supports.
Our goal remains to build brand awareness, so we ran a TV campaign in February and March, where a well-known bartender appeared on the TV screen.
From the second half of the summer, from August until the end of December, we were back on TV with a new solution to support the brand. We sponsored films for various channels, so our Kalinka sponsorship spot, featuring Kalinka Lemon alongside Kalinka, could be watched on TV several times before the films and during the breaks.

In line with this, we also launched a strong outdoor campaign in August, where the focus was again on Kalinka and Kalinka Lemon. We tried to be present next to big towns at popular Hungarian destinations such as Lake Balaton and the Tisza.

The brand was also promoted in the digital space, the two variants were communicated through various forms of advertising, on sites relevant to the target group in order to reach out to them.
During the summer, we were present with our festival installation at two locations, one was the FEZEN festival in Székesfehérvár and the other was the SOTE freshman camp in Tata. Our collaboration with Colorfestival to reach the young target audience proved to be a success, as more than 10,000 young people had the opportunity to meet and taste the brand.
We tried to strengthen our retail presence also with this brand, so in August, we drew attention to the Kalinka brand with floor stickers, in line with outdoor communication. We also supported the brand's in-store presence with shelf offers and in-store billboards. It is very important to be visible in gastronomy, so during this period we implemented a number of creative visibility campaigns uniquely designed to the specific locations.
The year 2022 was not a year without innovation, as in October 2022 our newest edition, the Kalinka 0.1 litre bottle was launched. With this new bottle size, we aim to effectively reach consumers shopping in tobacco shops and expand distribution in this channel, as well. In addition to tobacco shops, we believe it is important to make Kalinka available in independent retail outlets, for which this new bottle size could be an excellent choice. We also appeared in these channels with an extra lighting device in the shape of a Kalinka bottle to provide extra visibility in these popular stores. In addition to tobacco shops, the Edrink platform is also being used more and more frequently to promote the brand, where it is present with various banners.

In November, we launched a campaign in cooperation with Street Kitchen, and the recipe video appeared on several platforms, such as Street Kitchen's YouTube and Facebook pages, and we were also visible on the streetkitchen.hu homepage. In addition to collaborations with Street Kitchen, we also planned to work with Indavideo.hu to expand our online presence and increase our reach.
In 2022, a whole new appearance opportunity emerged, among others for the Kalinka brand, and this is the partnership with Food Panda. While most Zwack brands are already available on this platform, it was important to highlight the Kalinka brand. At the end of the year, we ran a joint promotion with a soft drink company, which was a success. There were numerous click-throughs from the banner to the promotion and purchases were made, so in the future we will probably incorporate more of this or similar activities in the life of the brand on this platform.
We also tried to keep the brand active among our gastronomy partners, as we ran a scratchbox promotion at the beginning of the year, in January-February, with gifts matching the season, including ice scrapers, socks and even a shot glass among the gifts. The scraping activity, already well known in gastronomy, was brought into the digital space and our Scrape and Win online campaign was also launched. The campaign was running on Kalinka's Facebook and Instagram pages and on the Kalinka.hu website. We supported the game with a teaser and a dark post, and published all game-related posts so that the news of the game would reach as many people as possible. With the ads, we were able to attract mainly the 35-44 age group, especially women, to the site. While we incentivized a slightly different age group with the posts, it was women between the

ages of 25 and 34 who clicked the most. The Scrape and Win campaign was a bit different from the previous games, in which we involved consumers. With this type of game we were able to convey a brand experience by incentivizing many people by bringing the experience of scraping into the digital space.

KALUMBA MADAGASCAR GIN

Currently, Kalumba is the best-selling gin brand by volume of all gin brands measured by Nielsen, and just like the gin market, Kalumba is also growing. In this business year, our main objective was a successful double-flavor launch and to strengthen the position of the brand. Kalumba added two new flavors in 2022: one is Mango and the other is Blood Orange, both are made using wild spices from Madagascar. The two new products were introduced at the same time in April 2022 and were a great success among our distributors and consumers already in the first months.

First, we introduced the new gins to our gastronomy market, journalists and influencers, creating a jungle atmosphere on the rooftop terrace of a hotel in Budapest, followed by hostess promotions in gastronomy across the country to introduce and promote the new flavors. In June, we organized a cocktail competition where bartenders created drinks using the two new Kalumba flavors, and the best competitor according to a professional jury won a trip to the Berlin Bar Convent event.

Kalumba was also present at summer festivals, including Campus, the Fezen and the East-Fest, where one of the most popular gin&tonic was made from a flavor of the Kalumba brand.

In the spring and summer, the introduction of the flavors was supported with a social media campaign, an online campaign and a TV campaign, for which 2 new flavor-focused films were made. During the summer, we ran a billboard and citylight campaign around Lake Balaton. Our website www.kalumba.hu was also launched.

We are very proud that we had the opportunity to sponsor a successful expedition, by which Dr. Emil Neszmélyi reached the Everest mountain peak for the second time, after the northern, now also from its southern side, from Nepal, taking a bottle of Kalumba gin with him, which he also brought back, and the bottle that made it to the top of Everest is exhibited in the House of Unicum.

Distribution was also quickly built up in retail, initially the neck bottle info also attracted the customers. During the summer, some of our larger distributors gifted customers mini samples of our new flavors to accompany their online purchases, so we had the opportunity to get our new flavors tasted in a wider audience. In the summer, Kalumba appeared on entrance gates and floor stickers in stores around Lake Balaton, while individual displays were placed nationwide with the entire Kalumba portfolio.
For the festive season, we entered the market with a special gift box: an elegant glass was added to the box to accompany Kalumba White or the two new flavors, which we recommended especially for gin & tonic consumption. During December, we presented the new flavors on digital devices in popular shopping centers in Budapest, while also promoting our new gift box on social media and running an educational campaign on the making of gin & tonic.

At the end of March, in preparation for Easter, Kalumba Madagascar Gin was placed on a building mesh at two busy junctions in Budapest, and we are also promoting the brand on social media platforms with the help of the two new films.
In addition, we were actively present on social media throughout the year, and we also tried to provide exciting, yet educational, content for our followers on our Facebook and Instagram pages.
Our exceptionally strong activity throughout the year was rewarded with success, as the sales volume of the Kalumba brand almost doubled by the end of our business year. We will start the next year with similar momentum!

JOHNNIE WALKER

For the 2022/2023 business year, we set ambitious targets as usual. We remained committed to be the most popular whisky brand in the country. The pillars of our brand strategy are addressing youngsters (LPA-35) and female consumers and premiumization led by Johnnie Walker Black Label. Our consistent and constant messages were focused on flavors, consumption occasions and gifting.
Briefly about our main campaigns:

EVERY WOMAN DESERVES SECURITY AT NIGHT
Women have been at the forefront of Johnnie Walker's history from the very beginning: Elizabeth Walker, the founder's wife, played an important role in the creation of the brand's iconic blended whisky, and the current master blender, Dr. Emma Walker, made history in 2022 by becoming the first woman to hold this important position.
As its basic philosophy, Johnnie Walker has always promoted a progressive approach, an important part of which is equality. With its several international initiatives, the brand has already paid tribute to those extraordinary women who freely forge their own path, take the risk of failure, and take the initiative to achieve their goals.

Thanks to a program of Johnnie Walker launched at the beginning of the summer, we helped more women to create a sense of security through the Take Me Home By Phone Foundation. With this initiative we put the emphasis on prevention: the question is not about how many atrocities we have to endure, but rather whether we can walk our own path without fear. Johnnie Walker encourages women to step forward in all areas of their lives, whether at work or in their free time, because if they get going, they can change the world.
The campaign was launched with a press event where, in addition to our speakers, Milla Jovovich joined us live. The campaign was running until the end of July with a strong media and BTL back up. We supported the Take Me Home By Phone Foundation with 2.000.000 HUF, which was spent on expanding and developing the range of its activities.

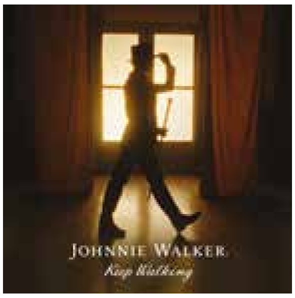
REFRESHING HIGHBALLS

In the summer season, the focus was on refreshing long drinks, easy to mix highball drinks from Johnnie Walker Red Label. In line with this, a campaign was launched on the ontrade channel with a scratchbox promotion in 400 stores, and we were also present in the Zwack Long Drink program with 3 offerings. In the retail channel, we reinforced the message "Mix a highball at home too!" with shelf stoppers and online communication.

THE WALKERS

The entire business year was covered by THE WALKERS online communication, with various locally and regionally produced commercials running continuously across online channels. Our commercial, starring Milla Jovovich, was in the focus throughout the year, however its role peaked in the Christmas season. On the one hand, we launched a television campaign and an online campaign on YouTube, Facebook and Instagram, while a national outdoor campaign was also part of the communication. The campaign allowed us to reach a very broad target group, which enabled us to reinforce one of the brand's key objectives of premiumization, with a Johnnie Walker Black Label focus. We also intensified our local collaborations within the framework of THE WALKERS campaign. The communication of the short film shot with the band Ivan & the Parazol was started at the end of March 2022, and the communication of our Bori Péterfy videos was also continued.

In a new episode of THE WALKERS campaign, Johnnie Walker passed on his walking stick to Franciska Farkas. We selected the award-winning actress-social worker to be the newest local face of The Walkers, our platform to present brave pioneers. The short film, the heart of the campaign, fits well to the series of clip-like commercials of the brand, all of which encourage viewers to break through the limits of social expectations, move forward and never give up.



The one-minute spot named after Franciska Farkas and timed for International Women's Day, as we have come to expect from the brand, focuses once again on the never-ending struggle for self-realization and the importance of believing in ourselves. The main character's passionate narrative, culminating in a slam poetry, proclaims the primacy of the individual and encourages us all to stand up for our own truth, ignoring the noise of the outside world, in harmony with ourselves. Female empowerment is a trendy buzzword nowadays, but it is rare for a brand to truly carry it in its DNA.

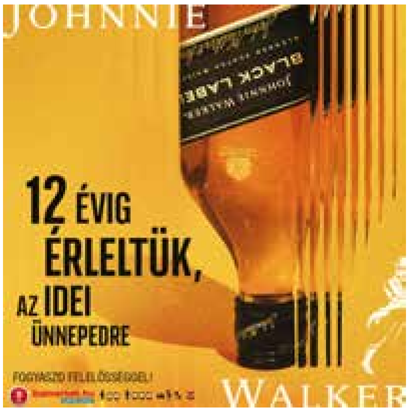
The campaign was launched in March 2023 on online channels.

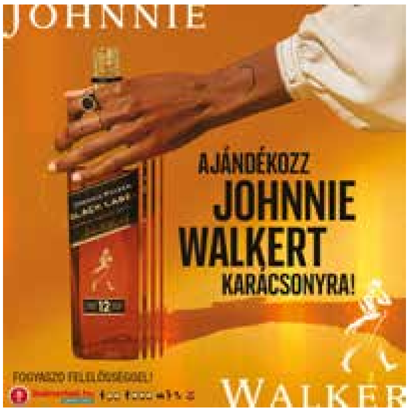
GIFTING

Before the Christmas and Easter seasons, the strengthening of gifting is a priority for the whisky category. We were present in retail channels with a broad portfolio of value added packages.

From October till the end of December, the products were present in permanent displays and secondary placements in Tesco, Metro, Interspar and Auchan stores, and we also re-displayed our Johnnie Walker Black installations and our 2-meter Striding Man statue.

Gifting was again reinforced through banners and social media ads during the Christmas season, using creative assets called the new Whisky desire.





BAILEYS

In the 2022/2023 business year, the Baileys brand family successfully exceeded its outstanding performance in the previous year. The brand remained the market leader in the cream liqueur category in Hungary. Overall, it is one of the most popular spirits brands among domestic consumers. Its growth is primarily due to the unbroken success of Baileys Original.

In the autumn, a new variant, Baileys Deliciously Light was launched and became a permanent part of the portfolio. In line with recent health trends, this product is made with 40% less calories compared to Baileys Original Irish Cream. We supported the launch with online, social media and influencer campaigns and in-store promotions.
Christmas is the most important period for Baileys, so as usual, we timed our most comprehensive appearances around this period. As in 2021, the focus of the communication was on the hot chocolate serve. Baileys Deliciously Light also appeared on the creative materials in addition to Baileys Original.

In our TV campaign last year's hot chocolate commercial was broadcasted again. This spot campaign was complemented by a number of program sponsorships. Among these was the sponsorship of The Chef VIP (Konyhafőnök VIP) show, in which Baileys was actively featured in an episode as one of the main ingredients used.
The strong TV appearance was complemented by a particularly strong outdoor (building mesh, MVM Dome neon sign, citylight, digital cylinder) and digital campaign. In digital media, in addition to numerous banner, video or social media ads, we placed a strong emphasis on the creative involvement of our experienced Baileys influencers, just like we did during the introduction of Bailey Deliciously Light.




We also built Baileys Treat Bars at two locations in Budapest (Westend Roof, Szabadság Square) with the help of our gastronomy partners. At these locations, the influencers created attention-grabbing content to encourage their followers to taste the hot Baileys drinks available on site.

Grandiose visibility was built in all four major retail chains to grab consumers' attention as much as possible during the holidays. The Christmas gift boxes were a great success again this year. We added a glass mug to the most widely available gift box to encourage the consumption of Baileys as a hot chocolate drink, which fits perfectly with the cozy Christmas atmosphere.

TANQUERAY

Tanqueray premium gin showed an outstanding volume growth of more than 80% compared to the previous business year taking advantage of the domestic gin market trends. In the 2022/2023 business year the new blackcurrant flavor Royale, was launched alongside the already available orange flavoured Flor de Sevilla. London Dry got a new label, unifying the look of the classic gin and the flavor variants.
Summer is the most important season for Tanqueray, so the brand's major activities were concentrated in this season. We showcased Tanqueray at the BarShow, the major annual event of the cocktail bar industry, followed by the Gin Festival and Gin Market. These latter events were organized for the general public interested in gins.

The most important event of the summer was Sziget Festival. Tanqueray was the official gin of the Sziget and Sound festivals. A leisure zone called Tanqueray Beach was created on the northern part of Hajógyári Island. Our on-site presence was supported by social media, influencer and instore campaigns.

IZABELLA ZWACK WINE SELECTION

We had an outstanding year in the life of the wine business. The wines of the Dobogó winery enjoy unbroken popularity, as do the wines of Géza Légli from Balaton.

The retail channel also got involved in the sales, so the special wines distributed by Zwack Izabella Wine Selection also appeared on the shelves of the largest supermarkets. Of course, our gastronomy partners also performed well, with the Italian prosecco from the Ca'di Rajo estate continuing to be hugely popular, and Hampton Water, the French rosé from Gérard Bertrand, Jon Bon Jovi and his son Jesse Bongiovi also proving a great success.

Lanson champagne was also able to present itself to the country's leading gastronomy experts at the Dining Guide awards gala, where the 'Lanson - Wine List of the Year' award was also presented. It also appeared as the exclusive champagne at several prestigious boating events organized by Stickl Yachts.

SPIRITS

UNICUM

UNICUM RISERVA

VILMOS

FÜTYÜLŐS

SPIRITS

KALUMBA

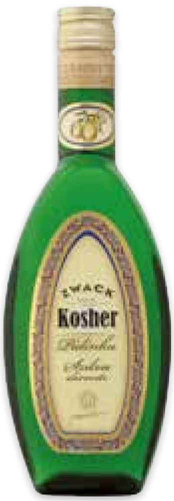
LÁNCHÍD

ZWACK MAXIMILIAN

ZWACK SÁNDOR NEMES PÁLINKA

HÍRÖS

KOSHER



ST. HUBERTUS

SPIRITS

KALINKA

JOHNNIE WALKER

CAOL ILA 12

TALISKER

SINGLETON

SPIRITS

BULLEIT

BLACK VELVET

BAILEYS

DISARONNO

ZACAPA

CAPTAIN MORGAN

SPIRITS

GORDON'S

TANQUERAY

SMIRNOFF

KETEL ONE

CIROC

EVIAN

SPIRITS

SÜTŐ LIQUEUR

PORTORICO

MARINE DRY

ÓBESTER

CASINO

TROIS TOURS

IZABELLA ZWACK WINE SELECTION

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