

ZAPA beton a.s.

ANNUAL REPORT
FOR THE YEAR 2020

ZAPA beton a.s.
Víteňská 495, 142 00 Prague 4
Corporate ID No.: 25137026
recorded in the Commercial Register by the Municipal Court in Prague under file No. B 4785

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Company Profile

The Past and the Present

The history of the company ZAPA beton began at the start of the nineties as a small business with only a few employees. Production initially took place in batching stations. The first conventional concrete mixing plant operated by ZAPA was in Kačerov in Prague. For financial reasons, the company's initial expansion mainly went the way of renting older plants and their gradual modernisation. The first markets in the Czech Republic were Prague and Central Bohemia and the first plant in Moravia was the concrete mixing plant in Hulín. The acquisition of new plants took place swiftly and, over the course of the 1990s, ZAPA beton became one of the leading producers on the Czech market for ready mixed concrete.

At the end of the same decade, ZAPA beton was incorporated into the structure of the German Dyckerhoff Group, which later became part of the multinational Buzzi Unicem Group from Italy. This holding company is orientated towards the production of cement and ready mixed concrete and is active in Europe, Russia, the USA, Mexico and North Africa. The company thus stabilised its capital at the turn of the millennium and continued to grow. In 2003, ZAPA beton a.s. became a company with 100% foreign capital participation. It also gradually achieved an important position on the Slovakian market, where it has now been present since 2001, and is also active on the Hungarian market. In addition, ZAPA beton produces aggregates.

Production in ZAPA beton a.s. takes place on the level of individual plants (concrete mixing plants and plants producing aggregates), with a basic division into the regions of Bohemia and Moravia. The same regional division also applies (in the case of ready mixed concrete) to sales activities. Company management – economic and administrative control – is performed centrally. The company does not have any branch or another part of enterprise abroad. At the end of 2020, ZAPA beton a.s. was producing in 54 concrete mixing plants, 2 quarries, 1 grinding plants and 1 gravel pit in the Czech Republic and through its subsidiary companies it also controlled another 2 concrete mixing plants. In the Slovak Republic it was operating 16 concrete mixing plants and 2 gravel pits. One gravel pit was operated under the ZAPA beton brand also in Hungary, where another sand pit was acquired in 2016.

ZAPA beton a.s. participated in establishing the Czech Association of Concrete Producers and is one of its active members. Its subsidiary, ZAPA beton SK s.r.o., is a member of the Slovak Association of Ready Mixed Concrete Producers. These are professional interest groups made up of the most important companies in the field.

ZAPA beton – years and events:

- | | |
|-----------|---|
| 1991 | - Company founded by Jiří Pavlica, with its first plant in Prague |
| 1993 | - 3 plants in Prague |
| 1994 | - 5 plants, expansion into central Bohemia |
| 1996 | - 12 plants, expansion into eastern Bohemia and Moravia
- Transformed into a limited liability company |
| 1997 | - Transformed into a joint-stock company |
| 1998 | - Purchase of 49.97% of ZAPA beton a.s. shares by Dyckerhoff
- Acquisition of the subsidiary company VIA – VODA spol. s r.o. |
| 2000 | - Foundation of the subsidiary company ZAPA UNISTAV, s.r.o. |
| 2001 | - Entry into the Slovak market, foundation of the subsidiary company ZAPA beton SK s.r.o.
- Acquisition of the subsidiary EKO ZAPA beton, a.s. |
| 2002 | - Expansion into the Hungarian market, foundation of the subsidiary company ZAPA BETON HUNGÁRIA Kft.
- Takeover of the ownership interests in the subsidiary companies of Dyckerhoff: Bohemia Beton Union Děčín s.r.o., Beton Union Plzeň s.r.o., BLANK BETON CHEB, k.s., ZS BETON CHEB, s.r.o., BLANK BETON MOST, k.s. and MOST BETON, s.r.o. (in 2003 and 2004, the last four companies named merged with ZAPA beton a.s.) |
| 2002-2003 | - Increase in Dyckerhoff's ownership interest to 100%
- Acquisition of a part of the Pískovny Hrádek a.s. shares |
| 2003 | - ZAPA beton a.s. surpassed 1 million m ³ of ready mixed concrete produced in one year
- The ZAPA beton Group became the Czech market leader for the first time |
| 2006 | - The ZAPA beton Group produced over 2 million m ³ in the Czech Republic and Slovakia
- The Group was again the leader on the Czech market this year
- Merger of the subsidiary VIA – VODA spol. s r.o. with ZAPA beton a.s. |

- 2007 - Sale of Bohemia Beton Union Děčín s.r.o.
- 2008 - Production by the ZAPA beton Group in the Czech Republic and Slovakia exceeded record 2.5 million m³
 - ZAPA beton becomes the number one on the Slovak market for the first time
 - Acquisition of SONDA, s.r.o. (Slovak Republic)
- 2009 - Impact of the economic crisis on the sales of the ZAPA beton Group: production in the Czech and Slovak Republics in total dropped to 1.7 million m³
- 2010 - Production by the ZAPA beton Group in the Czech Republic and Slovakia amounted to nearly 1.6 million m³
 - The first concrete mixing plant was opened at ZAPA BETON HUNGÁRIA Kft.
 - Takeover of a share in the Slovak company EURO BETON, s.r.o.
- 2011 - The ready mixed concrete production of the Group in the Czech Republic and Slovakia reached nearly 1.8 million m³
- 2013 - Buzzi Unicem "squeezed out" the remaining minority shareholders of Dyckerhoff Aktiengesellschaft and became its sole shareholder
 - Sale of the ownership interest in EURO BETON, s.r.o.
- 2014 - New General Manager, the reorganization of the company started
 - Merger of Pískovny Hrádek a.s. with ZAPA beton a.s.
 - Merger of SONDA, s.r.o. with ZAPA beton SK s.r.o.
- 2015 - Commencement of the KOVV Project (Quality and Sale Are a Common Affair)
- 2016 - Ongoing reorganization of the company and its procedures; the KOVV Project in progress
 - Sale of the ownership interest in Beton Union Plzeň s.r.o.
 - Acquisition of another Hungarian sand pit company
- 2017 - Commencement of the NEMO Project; completion of the KOVV Project
- 2018 - Effectiveness of the NEMO Project and the remuneration system
- 2019 - Rebranding ZAPA - introduction of the group's new logo
 - Concentration of headquarters in Prague
 - Introduction of a new project ZAPA R-Evolution
- 2020 - development of the NEMO project - "Taylor-made concrete"
 - Introducing the KDX ZAPA pilot project for sales, dispatching and logistics
 - Introduction of „Life Cycle Assessment“

Fundamental Company Data

Company name: ZAPA beton a.s.
Corporate ID No.: 25137026
Tax ID No.: CZ25137026
Data Box ID: 94wg39w
Registered office: Vídeňská 495, 142 00 Praha 4, Czech Republic
Telephone: + 420 226 004 444
Fax: + 420 226 004 440
Website: www.zapa.cz
E-mail: zapa@zapa.cz
Date of incorporation: 16th June 1997
Legal form: joint-stock company
Registered capital: CZK 300,200,000 (3,002 registered shares with a nominal value of CZK 100,000)
Commercial Register: Commercial Register by the Municipal Court in Prague under file No. B 4785
Company Shareholder: Dyckerhoff GmbH (100%), with its registered office at Biebricher Strasse 68, 65203 Wiesbaden, Germany (at the Registration Court in Wiesbaden under No. HRB 27594)

Statutory Body Chairman: Paolo Zelano
Board of Directors: Members: Marco Duranda, Jörg Reiner Wild
Supervisory Board: Chairman: Luigi Buzzi
Members: Massimo Paris, Dirk Beese

Company Executive Management

General Manager:	Marco Duranda
Finance Director:	Jiří Haša
Director for Bohemia:	Kateřina Gáborová
Director for Moravia:	Vlastimil Hanáček
Director of Quarries and Sandpits, Head of the Central Services Dpt.:	Jörg Reiner Wild
Head of Quality:	Giuseppe Giunti
HR Manager:	Alžběta Vlachová

Foreword from the General Manager on the Development of Company Activities and Expected Development

Dear Shareholders, Business Partners and Colleagues,

In 2020 we were forced to face a very unpleasant and hard situation: Covid 19 has changed our lives and affected each of us although in different way. Unfortunately, the past period will remain associated with many difficult moments and restrictions due to the coronavirus pandemic are still accompanying us in the beginning of 2021.

The second wave of the pandemic hit us to a much greater extent throughout Europe and other countries, it also affected ZAPA. The significant increase in diseases within the Czech Republic and Slovakia in the period of October and November was also reflected in the growing increase in positively tested persons among our employees. It was especially noticeable at our operations, fortunately most of our employees developed the disease with a mild course. Despite the growing cases of illness, as a Company, we managed relatively well year 2020, I am aware that it was not at all easy to keep perfect and stable performances at this time therefore I want to thank all our people: employees, partners, clients for following to work in such difficult period.

Year 2021 will bring us a vaccine and a probable solution to the covid pandemic, therefore there will be a progressive restart of all economies and our sector will play an important role in this recovery plan, I am sure ZAPA will be part of that, consolidating and even improving its good results.

As I mentioned, we were able to achieve positive results, we kept our profit quite at the same good level achieved in 2019 even if we saw a significant drop in sales vs last year in CZ and SK and an increase of our raw material cost. We continued to offer to our clients, big and small, the best products and the best services and in terms of economic indicators and EBITDA, thanks to the restructuration of the Company we leaded in the past 5 years, we were able to consolidate our margin and this represents an excellent goal.

Yearly goal in terms of sustainability was to reduce the number of accidents at work at an absolute minimum. To increase the attention of our employees to their safety we followed with the project RISK NENI ZISK, which includes specific training, clear communication and adoption of dedicated procedures. Despite all the measures we have taken in this area, we have not managed to achieve zero level accidents, which remains our main goal for the future.

Thorough the ZAPA R-Evolution project we focused on improving our sustainable KPIs, on reduction of the impact to the climate change. Challenge was, is and will be to develop a sustainable mentality in and around ZAPA dedicating new efforts to fulfill the expectations of our stakeholders.

We dedicated resources (ZAPA Group's investments were aprox 5 mil EUR) to sustainable investments in batching plants to improve key parameters as energy, heat and water consumption as well to continue to limit the involvement of natural resources in production and especially to lower carbon footprint of our products.

We followed to modernize our fleet of mixes and pumps, new modern equipment mean efficiency and lower consumptions. ZAPA will operate a new 56 m big pump, the biggest we never had.

Through NEMO Project (New Evolutionary Materials for InnOvation) we included in our standard production new technical achievements and performance, our team of technologists will follow to develop "Taylor-made concrete", to integrate into sustainable construction. In 2021 NEMO 2.0 will bring us goals through the implementation of a new software for sales, dispatching and logistics.

Finally I would like to reinforce the optimism for 2021, I am fully convinced that the upcoming year will give us back our lives.

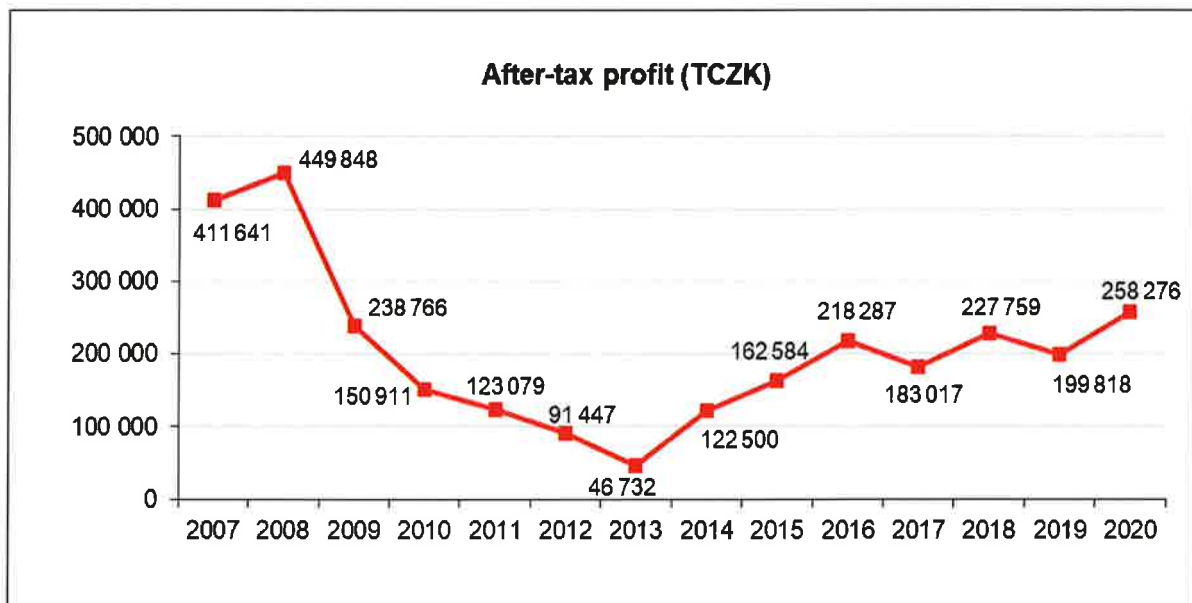
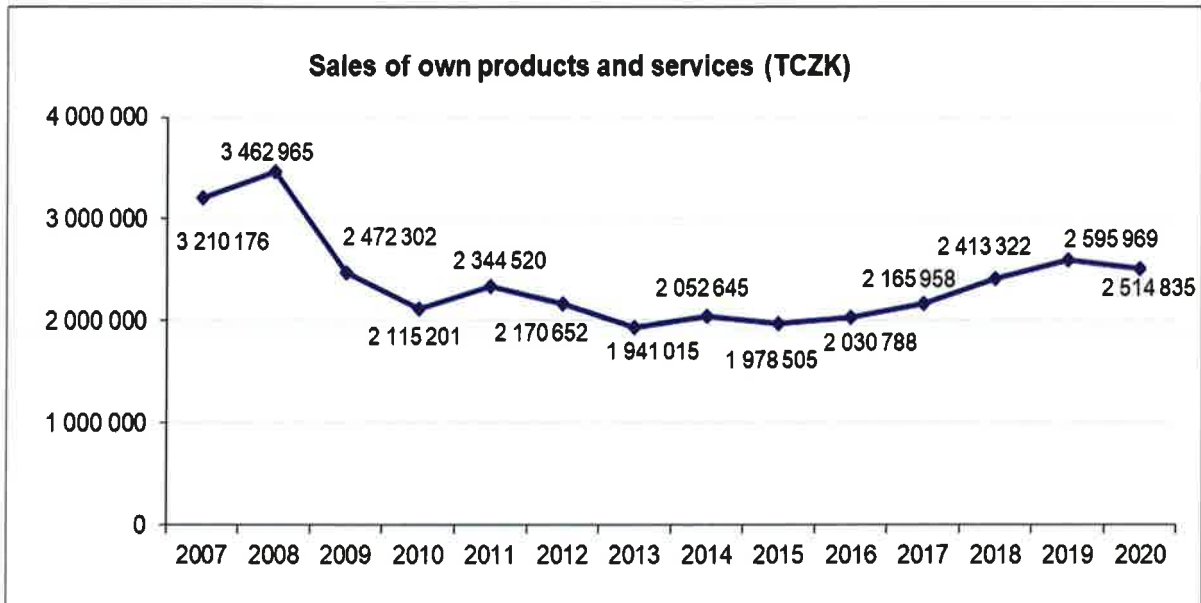
Prague, February 22th, 2021



Marco Duranda

General Manager
Member of Board of Directors

Sales and After-Tax Profit



Selected Financial Indicators of ZAPA beton a.s.

Indicator	Calculation of the Indicator	Indicator Level														
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Economic Effectiveness (Profitability)																
Return on total capital	= (after-tax profit + interest expenses * (1 - tax rate 15% / 100)) / total capital	23%	25%	15%	9%	8%	6%	3%	9%	12%	17%	13%	16%	14%	18%	
Return on equity (ROE)	= after-tax profit / equity	38%	40%	26%	18%	15%	11%	6%	15%	18%	23%	20%	24%	22%	28%	
Return on assets (ROA)	= after-tax profit / total net assets	23%	25%	15%	9%	7%	5%	3%	9%	12%	17%	13%	16%	14%	18%	
Financial Independence, Equity Level and Indebtedness																
Financial independence	= equity / liabilities liabilities = rows of the Balance Sheet B. Liabilities + C. Other liabilities	152%	167%	125%	96%	92%	99%	95%	149%	193%	244%	185%	205%	175%	185%	
Equity level	= equity / total capital	60%	63%	56%	49%	48%	50%	49%	60%	66%	71%	65%	67%	64%	65%	
Total indebtedness	= liabilities / total net assets liabilities = rows of the Balance Sheet B. Liabilities + C. Other liabilities	40%	37%	44%	51%	52%	50%	51%	40%	34%	29%	35%	33%	36%	35%	

Research and Development

Expenditure on activities associated with research and development amounted to 1,5 millions CZK in 2020. This mainly involved the costs at our accredited laboratory and a share of the testing costs (services of material testing and concrete consumption for testing purposes). The testing laboratory moved from Pisnice to Kačerov began to function fully. There has also been a significant change in instrumentation. In 2018, ZAPA beton a.s. in cooperation with the Faculty of Civil Engineering at the Brno University of Technology started a three-year research project on "Development of high-performance concrete resistant to the chemically aggressive environment of specific agricultural constructions". This project comes under the EPSILON programme for the support of applied research and experimental development put out by the Technology Agency of the Czech Republic. The project expenditure in 2020 was CZK 1,584 thousand (of which CZK 422 thousand from public sources). In 2020, a research result was achieved in the form of developed concrete for the aggressive environment of agricultural buildings. In the following years, this concrete will be in ZAPA's production portfolio under the name ZAPA AGRO. In 2020 we have focused in terms of research on sustainable production and we intend to continue this research and application. Our focus is mainly on the possibilities of using mixed cements with a lower carbon footprint, their combination, as well as on the possibilities of using recycled aggregates or aggregates that are difficult to use for concrete production. We continue to develop our knowledge of modern concrete technology and apply this knowledge to the development of new special products and more environmentally friendly products.

Quality

An integral part of the quality management system is the quality policy set by senior company management, which conforms to the company's strategies, plans, objectives and possibilities and which defines customer satisfaction with the products and services offered as one of the company's main priorities. The introduction, maintenance and constant improvement of the quality management system and its subsequent control are ensured in the company by highly-qualified workers. In 2014, the documentation of the quality management system and the environmental management was converted into electronic form in the company intranet and became to be on-line accessible for each plant. In 2016, this documentation was extended by the Energy Management System. Senior company management performs regular evaluations of the effectiveness of the company's quality management system, including the adoption of measures to increase this and to ensure the constant deepening of the awareness of all of the company's employees of the quality management system that has been introduced within the company.

Efforts to ensure quality for the customers include (amongst other things) the regular checking and evaluation of quality claims made concerning concrete. Laboratories perform continuous supervision of production. The company has an elaborate system of training for plant leaders, dispatchers and sales representatives.

As part of ensuring the quality of its products and services, ZAPA beton a.s. by the end of yr.2020 implemented and successfully certified a quality management system (QMS) according to ČSN EN ISO 9001:2016 at 28 concrete plants in Moravia, at 24 concrete plants in the Czech Republic, at 2 of its quarries and 3 sand pits, according to STN EN ISO 9001:2016 at 17 concrete plants and two sand pits in Slovakia. As part of environmental quality assurance, the company implemented and successfully certified an environmental management system (EMS) according to ČSN EN ISO 14001:2016 at 22 concrete plants in the Czech Republic, 23 concrete plants in Moravia, and according to STN EN ISO 14001:2016 at 4 concrete plants in Slovakia. The energy management system (EnMS) according to ČSN EN ISO 50001:2012 was implemented and successfully certified at 28 concrete plants in Moravia, 24 concrete plants in the Czech Republic and at 2 quarries and 3 sand pits.

In 2020, ZAPA began the process of obtaining the Concrete CCA and Environmental Product Statement (LCA). The aim was to transparently assess the impact of our products and services on the environment using an internationally recognized methodology and to issue a certified Environmental Product Declaration (EPD).

Among the subsidiary companies, a QMS certificate in line with ČSN EN ISO 9001:2016 is held by EKO ZAPA beton, s.r.o., and ZAPA UNISTAV, s.r.o. The quality management system has been gradually introduced and adopted in Slovakia since 2002. By the end of 2018, QMS certificates issued in line with ISO 9001:2015 were held in ZAPA beton SK s.r.o. by 17 concrete mixing plants and the administration centre in Bratislava. In 2018, the quality management system according to ISO 9001:2015 was newly introduced with ZAPA beton SK s.r.o. and certified for Ducové and Most pri Bratislave gravel plants.

Environmental Protection

The production of concrete mixtures and the mining and processing of aggregates are industrial activities that place great demands on environmental protection, especially in the field of decreasing emissions, dust and noise pollution. Constant efforts focused on the timely implementation of environmental protection measures and increasing the technological level of production in all of its stages ensure that ZAPA beton a.s. is managing to keep up with current trends in environmental management and not coming into conflict with the interests of environmental protection.

As early as 2015 the environmental legislation was significantly amended to comply with European Union law and unify hazardous waste and substances classification pursuant to EU Commission Regulation. It was reflected in extended efforts of our company's management and control bodies which prepared and carried out special trainings of responsible persons in respective plants and implemented changes in our concrete mixing plants.

Concrete Mixing Plants

The main purpose of the business of ZAPA beton a.s. is the production and placing of ready mixed concrete. Strict ecological norms are complied within individual plants, in line with the relevant legislation and in close cooperation with the specialist centres of the individual ministries concerned (e.g. the Ministry of the Environment) and with the regulatory authorities or state administration (e.g. the Czech Environmental Inspectorate). The strategic aim of ZAPA beton a.s. is to situate individual plants in approved industrial zones, with the aim of minimising any possible impact on the environment. In terms of environmental protection, production technology is especially focused on reducing the release of solid pollutants into the atmosphere. Individual concrete mixing plants are encased and insulated, in order to provide protection against operational noise and dust, and, furthermore, some of them are equipped with misting or sprinkling equipment to moisten individual aggregate sizes and the whole plant premises. High-performance filters are installed in cement and fly-ash silos, capable of catching more than 99.829% of dust particles. The treatment of sludge water and solid waste constitutes an integral part of environmental protection. Most plants are equipped with recycling equipment, which allows the further processing of sludge water and solid recyclable material when preparing mixtures according to approved prescriptions. This means that practically waste-free operation is achieved. Great emphasis is placed on the regular training of staff at concrete mixing plants in fields relating to the production of technically more-advanced mixtures and environmental protection.

In 2020, a recycling facility was installed in Dolní Dunajovice. Additional pumps were installed at another 12 concrete plants, enabling the use of sludge water for concrete production and thus reducing the consumption of clean water. In 2020, ZAPA purchased 8 concrete mixers and 3 pumps with emission class EURO 6, replacing old vehicles. It continued to invest in the modernization of its machinery with the acquisition of 9 new STAGE IV loaders.

The high level of the environmental protection has been documented also by the EMS (Environmental Management System) certification in line with ČSN EN 14001:2016. In 2018, the Company was re-certified for the new edition of the EMS standard. ZAPA beton a.s. owns certificates for 22 concrete plants in the Bohemia region and 23 concrete plants in the Moravia region. As concerns ZAPA beton SK s.r.o., the original certificate EMS in line with ISO 14001:2004 was replaced by ISO 14001:2015 and extended from the scope of 4 concrete plants and administration in Bratislava to a range of 5 concrete plants and administration in Bratislava.

In 2016, ZAPA beton a.s. introduced a ČSN EN ISO 50001:2012-compliant Energy Management System (EnMS) in all its concrete mixing plants in the Bohemia and Moravia regions and all aggregates plants. Through the adoption of this system, the company strives to decrease the energy consumption of its operations and seeks further opportunities to improve energy efficiency, thereby decreasing its environmental impact and production costs. This also enables us to offer our products to customers at better prices. Also in 2016, the company received EnMS certification for all its concrete mixing plants in the Bohemia and Moravia regions and all its aggregates plants.

Quarries and Sand Pits

Locations which are a habitat of wild fauna, particularly amphibians and reptiles, are guaranteed, during mining operation, to be preserved in their original condition so that there is no disturbance to the functioning of the environment or any new negative impact. New biotopes (mostly pools) are designed and created so that the population of such animals is not endangered by mining and related activities, and vice versa, so that mining can be carried out in a sustainable range. In pursuit of maintaining a good state of pools by, for example, securing permanently stable conditions in their vicinity, keeping the water level during droughts, controlled succession, etc., we secure permanent care performed by our employees under a supervision of professional bio-monitoring that regularly monitors given locations and instructs on how to maintain such locations' good condition and enhance them. New habitats (bodies of water, pools, wetlands, shrubberies, forest or rock cultures, and other things) are further created as a part of reclamation of excavation voids. In 2018 ZAPA bought 2 loaders with emission limit STAGE IV, replacing older machines.

Employees

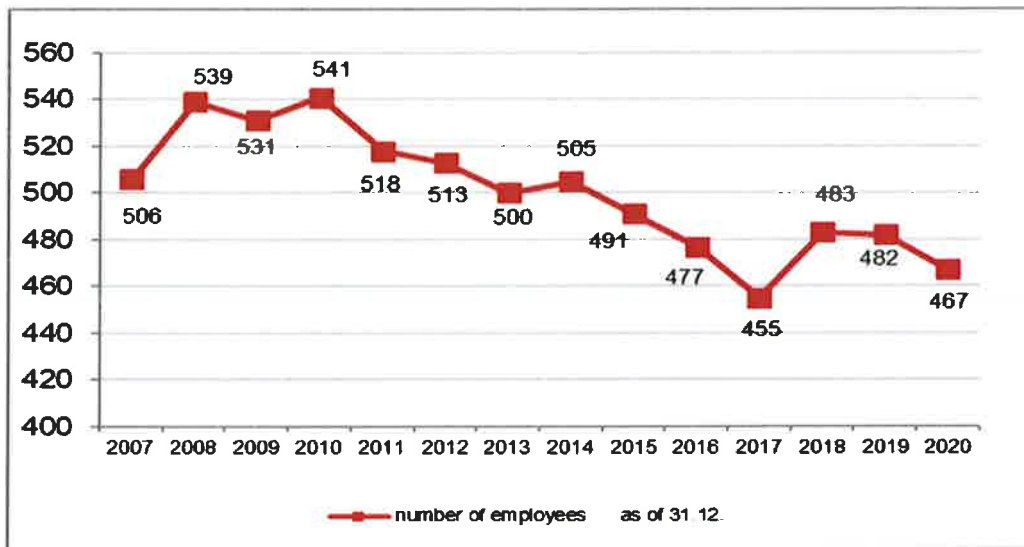
By the end of 2020, ZAPA beton a.s. had a total of 467 employees. This concerns all employees as at 31st December 2020, with deductions for social security and health insurance, including those working subject to agreements for repeated work and including agreements for the performance of one-off work, in cases where there was an obligation to deduct social security and health insurance contributions. The number of employees decreased by 3,11% year-on-year and the total payroll costs decreased by 2,8%. Most of our personnel (87,8%) were male; women were mainly employed in administration.

The Company has an elaborate system of material incentives in place (bonuses, evaluation of personal targets, participation in the company results - EBITDA bonus, retirement bonus, a company car if required, which is also available for personal use etc.). ZAPA beton a.s. provides its employees with contributions towards private life insurance and towards additional private pension insurance. In addition, the Company is insured for (employer's) damage caused by employees whilst performing work. In order to support a healthy lifestyle – regular catering of the employees – the value of dining coupons for employees was increased to CZK 110. In The Company followed with another benefit for its employees with limits of use due to epidemic situation. Holiday entitlement is 5 days more above the legal minimum. On the birth of a child, fathers will have entitlement for one additional free day paid by the Company. Employees are entitled to free legal consultancy. In 2020, we continued to provide the benefits: children's reward for their academic performance and a child's recovery stay, a school stay or a children's camp.

Staff training was severely limited in 2020 due to a pandemic situation. Operational training sessions are mostly focused on working with machinery inclusive of driving and occupational health and safety. The company is also focused on the training measures connected with the environmental protection. Other professions in the field of administration undergo regular training sessions, which are mainly orientated to the provision of information on current legislation and other knowledge (accounting, tax, HR and salaries, IT skills, training for drivers of company passenger cars, the Legal Department etc). English courses took place for the administrative positions mainly online. The total training costs in 2020 amounted to more than CZK 580 thousand. In 2020 a total of more than 3500 hours of trainings were realized; the average amount of training hours per employee was 7,87 hrs.

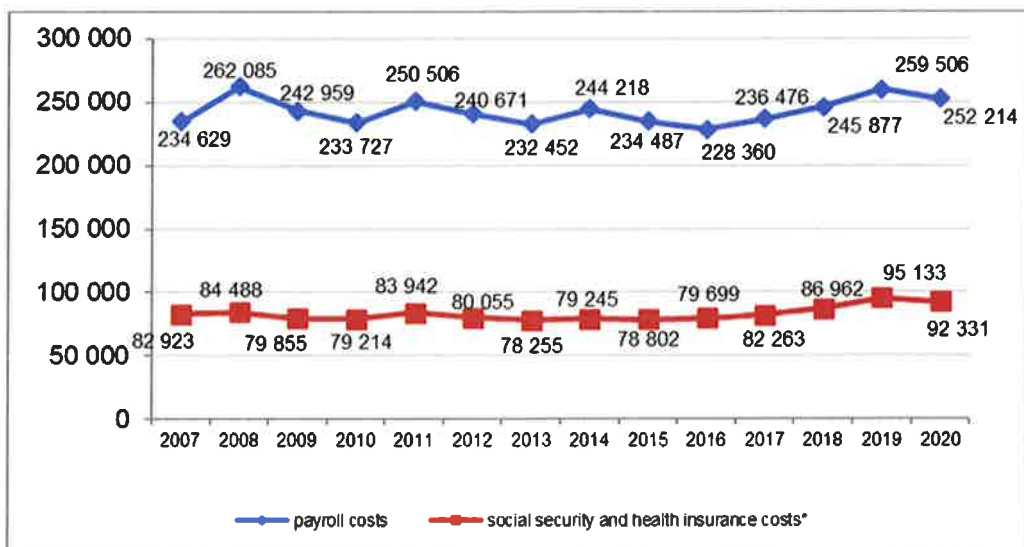
We have continued with established occupational safety and health protection programs; we have been able to decrease number of work-related injuries to a total of 3 in 2020 with incapacity of work. The aim for the 2021 is a rigorous organization of work as well as adoption of new measures to strengthen risk prevention – ensuring maximum safety of employees – especially when working with machines, electrical equipment and means of transport at construction sites.

Number of employees as at 31st December (employees with social security & health insurance contributions)

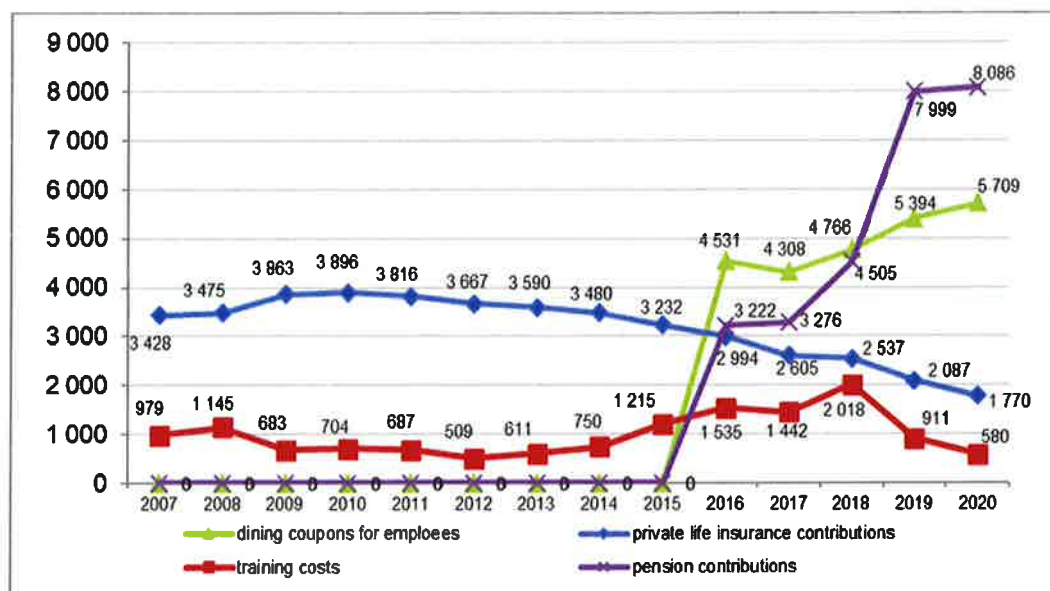


Selected personnel costs – payroll costs, social and health insurance costs (TCZK)

** since 2016, incl. additional private pension insurance*



Selected personnel costs – dining coupons, private life insurance contributions, pension fund contribution, training (TCZK)



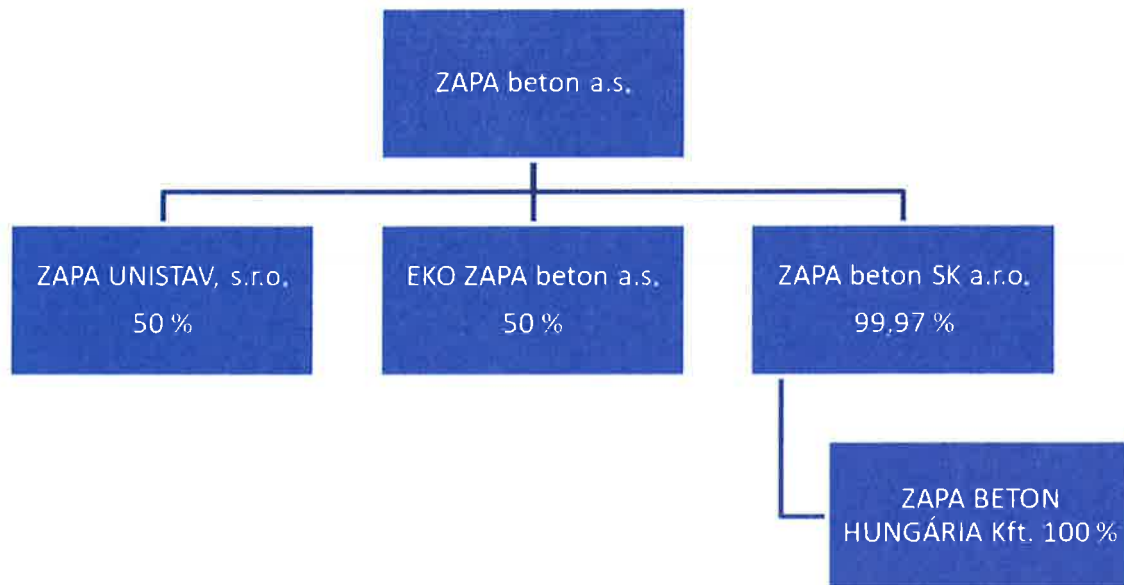
Important Events Occurring after the Balance Sheet Date

No subsequent events have occurred, which could have a material impact on meeting the purpose of this Annual Report.

The company does not have any branch or any other part of the business entity abroad.

In 2020, the company did not gain any own stocks or shares.

Equity Participations of ZAPA beton a.s. (as at 31st December 2020)



(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ZAPA beton a.s.:

Opinion

We have audited the accompanying financial statements of ZAPA beton a.s. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 above regulations 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 financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**Building a better
working world**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board 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.

Ernst & Young Audit, s.r.o.
License No. 401

Radek Pav, Auditor
License No. 2042

22 February 2021
Prague, Czech Republic

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2020

(Translation of Financial Statements Originally Issued in Czech –
See Note 2 to the Financial Statements)

ZAPA beton a. s. as at 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year			Prior year 2019
		Gross	Allowances	Net	Net
TOTAL ASSETS		2,941,179	(1,510,806)	1,430,373	1,448,893
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	2,298,941	(1,354,280)	942,681	869,145
B. I.	Intangible fixed assets	41,788	(26,200)	15,588	1,083
B. I. 1.	Development	2,881	(2,881)	0	
2.	Valuable rights	31,777	(16,189)	15,588	186
1.	Software	13,479	(10,901)	2,578	186
2.	Other valuable rights	18,298	(5,288)	13,010	
3.	Goodwill				
4.	Other intangible fixed assets	7,130	(7,130)	0	
5.	Advances granted for intangible fixed assets and intangible fixed assets in progress				877
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress				877
B. II.	Tangible fixed assets	1,944,551	(1,251,576)	692,975	634,556
B. II. 1.	Land and structures	777,666	(474,411)	303,255	307,712
1.	Land	159,560	(17,495)	142,065	142,634
2.	Structures	618,106	(456,916)	161,190	165,078
2.	Movable assets and sets of movable assets	1,069,584	(726,376)	343,208	276,464
3.	Gain or loss on revaluation of acquired property	45,442	(44,689)	753	2,044
4.	Other tangible fixed assets	5,736	(4,377)	1,359	1,930
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets	5,736	(4,377)	1,359	1,930
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress	46,123	(1,723)	44,400	46,406
1.	Advances granted for tangible fixed assets	1,489	(893)	596	1,770
2.	Tangible fixed assets in progress	44,634	(830)	43,804	44,636
B. III.	Long-term investments	310,602	(76,484)	234,118	233,526
B. III. 1.	Interests – controlled or controlling entity	277,699	(76,484)	201,215	201,215
2.	Loans and borrowings – controlled or controlling entity				
3.	Interests – significant influence	14,296		14,296	14,296
4.	Loans and borrowings - significant influence	18,607		18,607	18,015
5.	Other long-term securities and interests				
6.	Loans and borrowings - other				
7.	Other long-term investments				
1.	Miscellaneous long-term investments				
2.	Advances granted for long-term investments				
C.	CURRENT ASSETS	636,361	(156,546)	479,815	652,806
C. I.	Inventories	54,001	0	54,001	41,595
C. I. 1.	Materials	27,409		27,409	23,261
2.	Work in progress and semi-finished production				
3.	Finished products and goods	26,592		26,592	18,334
1.	Finished products	26,123		26,123	17,558
2.	Goods	469		469	776
4.	Livestock				
5.	Advances granted for inventories				
C. II.	Receivables	553,923	(156,546)	397,377	479,470
C. II. 1.	Long-term receivables	20,235	(1,699)	18,536	401
1.	Trade receivables	1,699	(1,699)	0	
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset				
5.	Other receivables	18,536		18,536	401
5.1.	Receivables from partners				
5.2.	Long-term advances granted	18,528		18,528	393
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables	8		8	8

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

ZAPA beton a. s. as at 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year			Prior year 2019
		Gross	Allowances	Net	Net
C. II. 2.	Short-term receivables	533,688	(154,847)	378,841	479,069
1.	Trade receivables	439,779	(152,918)	286,861	351,460
2.	Receivables – controlled or controlling entity	65,895		65,895	101,139
3.	Receivables – significant influence				
4.	Other receivables	28,014	(1,929)	26,085	26,470
4.1.	Receivables from partners	35		35	79
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables	19,291		19,291	19,533
4.4.	Short-term advances granted	2,773	(1,189)	1,584	2,171
4.5.	Unbilled revenue	2,248		2,248	1,646
4.6.	Miscellaneous receivables	3,667	(740)	2,927	3,041
C. III.	Short-term financial assets	0	0	0	0
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	Cash	28,437	0	28,437	31,741
1.	Cash in hand	90		90	917
2.	Cash at bank	28,347		28,347	30,824
D.	Prepaid expenses and accrued income	7,877	0	7,877	24,942
D. 1.	Prepaid expenses	3,612		3,612	19,557
2.	Prepaid expenses (specific-purpose expenses)	4,258		4,258	5,378
3.	Accrued income	7		7	7

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

BALANCE SHEET

		Current year	Prior year 2019
TOTAL EQUITY & LIABILITIES		1,430,373	1,446,893
A.	EQUITY	928,281	920,016
A. I.	Basic capital	300,200	300,200
A. I. 1.	Registered capital	300,200	300,200
2.	Own ownership interests (-)		
3.	Changes in basic capital		
A. II.	Share premium and revaluation reserve	424	424
A. II. 1.	Share premium		
2.	Capital funds	424	424
1.	Other capital funds		
2.	Gain or loss on revaluation of assets and liabilities (+/-)		
3.	Gain or loss on revaluation upon corporate transformation (+/-)	424	424
4.	Differences arising on corporate transformation (+/-)		
5.	Differences arising between balance sheet date and transformation date (+/-)		
A. III.	Reserves from profit	94,340	94,340
A. III. 1.	Other reserves	94,340	94,340
2.	Statutory and other reserves		
A. IV.	Profit (loss) brought forward (+/-)	275,051	325,233
IV. 1.	Retained earnings	275,051	325,233
2.	Other profit (loss) brought forward (+/-)		
A. V.	Profit (loss) for the year (+/-)	258,276	199,616
A. VI.	Approved decision on advances for profit distribution (-)	0	0
B. + C.	PROVISIONS AND LIABILITIES	500,384	525,776
B.	Provisions	58,283	61,557
B. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax		
3.	Provisions recognized under special legislation	26,962	27,165
4.	Other provisions	31,321	34,392
C.	Liabilities	442,101	464,219
C. I.	Long-term liabilities	27,053	21,177
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Long-term advances received		
4.	Trade payables		
5.	Long-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Deferred tax liability	27,053	21,177
9.	Other liabilities		
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities		
C. II.	Current liabilities	415,048	443,042
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Short-term advances received	2,104	3,429
4.	Trade payables	348,807	373,192
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Other liabilities	64,137	66,421
1.	Liabilities to partners	5,627	3,116
2.	Short-term borrowings		
3.	Liabilities to employees	15,205	16,213
4.	Liabilities arising from social security and health insurance	9,178	9,810
5.	Due to government – taxes and subsidies	17,248	16,778
6.	Unbilled deliveries	16,879	20,504
7.	Miscellaneous liabilities		
D.	Accruals and deferred income	1,598	1,102
D. 1.	Accruals	1,645	988
2.	Deferred income	53	114

ZAPA beton a. s. for the year ended 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2019
I.	Revenue from sale of finished products and services	2,514,835	2,595,970
II.	Revenue from sale of goods	24,643	15,327
A.	Production-related consumption	1,808,856	1,856,301
A.1.	Cost of goods sold	21,965	14,951
A.2.	Consumption of material and energy	1,379,241	1,412,971
A.3.	Services	407,650	428,379
B.	Change in inventory produced internally (+/-)	(8,737)	(2,212)
C.	Own work capitalized (-)	(1,286)	(455)
D.	Personnel expenses	351,711	362,124
D.1.	Wages and salaries	252,732	260,501
D.2.	Social security and health insurance costs and other costs	98,979	101,623
D.2.1.	Social security and health insurance costs	92,331	95,134
D.2.2.	Other costs	6,648	6,489
E.	Value adjustments in respect of operating activities	57,587	57,893
E.1.	Value adjustments in respect of intangible and tangible fixed assets	67,524	61,909
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	67,076	61,909
E.1.2.	Value adjustments in respect of intangible and tangible fixed assets - temporary	448	
E.2.	Value adjustments in respect of inventory		
E.3.	Value adjustments in respect of receivables	(9,937)	(4,016)
III.	Other operating income	35,490	71,869
III.1.	Income from sale of fixed assets	6,183	29,353
III.2.	Income from sale of materials	16,160	22,514
III.3.	Miscellaneous operating income	13,147	20,002
F.	Other operating expenses	53,353	72,220
F.1.	Net book value of fixed assets sold	412	14,073
F.2.	Net book value of materials sold	12,974	19,014
F.3.	Taxes and charges relating to operations	9,322	9,546
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	(2,153)	1,537
F.5.	Miscellaneous operating expenses	32,798	28,050
*	Profit or loss on operating activities (+/-)	313,484	337,295
IV.	Income from long-term investments - interests	6,577	4,839
IV.1.	Income from interests in subsidiaries or parents	6,577	4,839
IV.2.	Other income from interests		
G.	Cost of interests sold	0	0
V.	Income from other long-term investments	0	0
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments		
H.	Expenses relating to other long-term investments	0	0
VI.	Interest receivable and similar income	738	778
VI.1.	Interest receivable and similar income - subsidiaries or parents	702	778
VI.2.	Other interest receivable and similar income	36	
I.	Value adjustments and provisions relating to financial activities	0	76,484
J.	Interest payable and similar expenses	29	52
J.1.	Interest payable and similar expenses - subsidiaries or parents	29	48
J.2.	Other interest payable and similar expenses		4
VII.	Other finance income	3,405	617
K.	Other finance cost	5,346	2,404
*	Profit or loss on financial activities (+/-)	5,345	(72,706)
**	Profit or loss before taxation (+/-)	318,829	264,589

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

ZAPA beton a. s. for the year ended 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2019
L.	Income tax	60,553	64,771
L.1.	Income tax due	54,677	57,011
L.2.	Income tax deferred (+/-)	5,876	7,760
**	Profit or loss after taxation (+/-)	258,276	199,818
M.	Transfer of share of profit or loss to partners (+/-)	0	0
***	Profit or loss for the year (+/-)	258,276	199,818
*	Net turnover	2,585,688	2,689,400

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

ZAPA beton a. s. for the year ended 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

CASH FLOW STATEMENT

For the years ended 31 December 2020 and 2019

		Current year	Prior year 2019
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	318,829	264,589
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	47,697	115,800
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	80,193	68,222
A. 1. 2.	Change in allowances	(9,489)	72,468
A. 1. 3.	Change in provisions	(3,274)	591
A. 1. 4.	Foreign exchange differences	(99)	203
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(12,348)	(20,119)
A. 1. 6.	Interest expense and interest income	(709)	(726)
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	(6,577)	(4,839)
A *	Net cash from operating activities before taxation, changes in working capital and extraordinary items	366,528	380,389
A. 2.	Change in non-cash components of working capital	(454)	(30,074)
A. 2. 1.	Change in inventory	(12,406)	(3,518)
A. 2. 2.	Change in trade receivables	61,217	(53,849)
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	(1,469)	(11,164)
A. 2. 4.	Change in trade payables	(41,062)	30,024
A. 2. 5.	Change in other payables, and in accruals and deferred income	(6,734)	8,433
A **	Net cash from operating activities before taxation, interest paid and extraordinary items	366,072	350,315
A. 3. 1.	Interest paid	(29)	(52)
A. 4. 1.	Income Tax paid	(53,467)	(56,476)
A ***	Net cash provided by (used in) operating activities	312,576	293,787
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	(124,764)	(102,779)
B. 2. 1.	Proceeds from sale of fixed assets	12,760	34,192
B. 3. 1.	Loans granted	35,288	(42,210)
B. 4. 1.	Interest received	738	2,583
B. 5. 1.	Dividends received	6,577	4,839
B ***	Net cash provided by (used in) investing activities	(69,401)	(103,375)
Cash flows from financing activities			
C. 1.	Change in long-term liabilities, and long-term and short-term loans	2,511	(812)
C. 2. 1.	Effect of other changes in equity on cash		
C. 2. 2.	Profit shares paid	(250,000)	(227,759)
C. 2. 3.	Effect of other changes in own capital on cash		
C ***	Net cash provided by (used in) financing activities	(247,489)	(228,571)
F.	Net increase (decrease) in cash	(4,314)	(36,159)
P.	Cash and cash equivalents at beginning of year	5,586	43,745
R.	Cash and cash equivalents at end of year	1,272	5,586

The accompanying balance sheet, income statement, statement of changes in equity and notes are an integral part of the financial statements.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2020

1. DESCRIPTION OF THE COMPANY

ZAPA beton a.s. ("the Company") is a joint stock company that was established by the Memorandum of Association of 2 April 1997 and was incorporated on 16 June 1997 by entry into the Commercial Register maintained with the Municipal Court in Prague. The Company's registered office is located in Prague 4, Vídeňská 495, zip code 142 00, the Czech Republic, and the business registration number (IČ) is 251 37 026. The Company is involved in the production, transport and laying of concrete mixtures.

The sole shareholder of the Company is Dyckerhoff GmbH., Wiesbaden, Biebricher Strasse 68, 65203, Germany, registration No.: HRB 27594.

The Company is a member of the Dyckerhoff/BUZZI Group (Buzzi Unicem S.p.A.), with its registered office located at via Luigi Buzzi 6, 150 33 Casale Monferrato (AL), Italy (registered by the Commercial Court in Alessandria under No. 00930290044).

Since 2013, the sole owner of the controlling entity has been Buzzi Unicem SpA, a joint-stock company, with its registered office at Casale Monferrato (AL), Italy (the governing entity). The shares of Buzzi Unicem SpA are quoted on the exchange in Milan, and the code of the shares is: ISIN IT0001347308.

The Company is included in the consolidated group of Buzzi Unicem SpA with its registered address at Casale Monferrato (AL) 15033, Italy.

Consolidated financial statements of the Company are lodged at the registered address of BUZZI Unicem SpA Via Luigi Buzzi 6, 15033 Casale Monferrato (AL), Italy (www.buzziunicem.com).

No factual changes were made to the Commercial Register entry of the Company in 2020. In 2020, the Supervisory Board reappointed the following Board of Directors members: Paolo Zelano, Marco Duranda and Jörg Reiner Wild.

Members of statutory and supervisory bodies as at 31 December 2020 were as follows:

<hr/> Board of Directors <hr/>	
Chair:	Paolo Zelano
Member:	Jörg Reiner Wild
Member:	Marco Duranda
<hr/>	
<hr/> Supervisory Board <hr/>	
Chair:	Luigi Buzzi
Member:	Massimo Paris
Member:	Dirk Beese
<hr/>	
<hr/> Proxy holders: <hr/>	
Proxy holder:	Jiří Haša
Proxy holder:	Vlastimil Hanáček
<hr/>	

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2020

A dualistic system of management has been implemented in the Company. The Company's statutory body is the Board of Directors; the Company's supervisory body is the Supervisory Board. As for the reporting structure, the CEO reports to the Board of Directors; executive director for the Bohemia region, the executive director for the Moravia region, the executive director for quarries and sand quarries (being a head of central services department at the same time), the quality assurance manager, the financial director and HR manager all report to the CEO.

In all matters, the joint-stock company is represented by two members of the Board of Directors, or by two procurators, always acting jointly on the Company's behalf.

The excerpt from the Register of Beneficial Owners can be found at <https://issm.justice.cz> after inserting a unique identifier.

The accompanying financial statements have been prepared as separate financial statements. As at 31 December 2020, ZAPA beton a.s. is exempt from the obligation to prepare the consolidated financial statements as it does not exercise a significant interest in the subsidiaries EKO ZAPA beton, s.r.o. and ZAPA UNISTAV, s.r.o., i.e. the Company does not form a consolidation group with the said entities.

The Company has no foreign branch or other part of the business abroad.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2020 and 2019.

The figures contained in these financial statements are presented in thousands of Czech crowns (CZK thousands).

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2020 and 2019 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets are assets with a value exceeding CZK 40 thousand and useful economic life exceeding one year in each individual case. Intangible fixed assets with a cost exceeding CZK 40 thousand are amortized over their useful economic lives.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2020

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Certification	4
Software	4
License	5

b) Tangible Fixed Assets

Tangible fixed assets are assets with a value exceeding CZK 20 thousand and useful economic life exceeding one year in each individual case.

Purchased tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs.

The valuation of tangible fixed assets produced internally includes direct costs, incidental costs directly attributable to the internal production of assets (production overheads), or alternatively incidental costs of an administrative nature if assets production exceeds a single accounting period.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
IT	4
Passenger cars	4
Building machinery	10
Pumps	10
Mix trucks and other trucks	10
Safety equipment	10
Furniture and fixtures	10
Concrete plant technology	10
Other machinery and equipment	10
Utility supply networks	15
Handling areas	15
Gain or loss on revaluation of acquired property	15
Constructions + fences	30
Fixed assets introduced after expiration of lease contracts	2

Any gain or loss on the revaluation of acquired property represents the difference between either the valuation of an enterprise, or a part thereof, acquired by transfer for consideration, passage of ownership interest or by contribution, or between the valuation of assets and liabilities made in connection with the business corporation transformation (except the cases where the transformation brings a change in the legal form), and the aggregate of individually revalued asset components in accounting of a selling, contributing or dissolving accounting entity, net of assumed liabilities. Gain on the revaluation of acquired property is depreciated on a straight-line basis over 15 years from the enterprise acquisition date.

Allowance making policy

Based on inventory-taking, allowances may be created against unused tangible fixed assets whose carrying value temporarily does not correspond to their actual condition. The amount of such allowances is determined by comparing the book value and the fair value of the relevant asset.

c) Financial Assets

Long-term financial assets consist of ownership interests, available-for-sale securities and loans with maturity exceeding one year.

Upon acquisition, securities and ownership interests are valued at their acquisition cost, which includes direct costs related to the acquisition, e.g. fees paid to consultants.

On the date of acquisition of ownership interests, these long-term financial investments are classified by the Company as subsidiaries or associates (ownership interests constituting controlling or significant influence).

Ownership interests were acquired as a consideration for a non-monetary contribution to a business company and are valued at the net book value of the non-monetary contribution. If the contribution constitutes a taxable supply, such net book value shall be increased by value added tax.

Investments in enterprises in which the Company has the power to govern the financial and operating processes so as to obtain benefits from their operations are treated as 'Equity investment in subsidiaries'.

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating processes so as to obtain benefits from their operations are treated as 'Equity investments in associates'.

The long-term portion of a loan provided to group companies which is due after one year is recorded as 'Loans and borrowings – associates' in the balance sheet. The short-term portion of a loan provided to group companies which is due within one year and outstanding interest is recorded in 'Short-term receivables from group companies with majority control' in the balance sheet.

If there is a decrease in the carrying value of long-term financial assets that are not revalued at the balance sheet date, the difference is considered a temporary diminution in value and is recorded as an allowance.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2020

d) Cash

Cash includes liquid valuables, cash in hand and at bank.

Within the group, a system for utilization of idle money of individual group companies, i.e. cash pool, has been introduced. Cash used from this system as at the date of the financial statements is reported in 'Current liabilities to group companies with majority control' in the accompanying balance sheet and the change in the deposited cash is reported in 'Changes in long-term liabilities and long-/short-term loans' in the accompanying cash flow statement.

e) Inventory

Purchased inventory is stated at cost. Costs of purchased inventory include acquisition-related costs (freight, customs, warehousing, commission, insurance, etc.). Finished goods and work-in-progress are recorded at actual cost.

The cost of inventory produced internally includes material and labor costs and a proportion of production overhead costs allocated on the basis of stage of completion.

Inventory released from warehouse is recorded using the weighted average method.

Allowances are recorded on the basis of evaluation of marketability of inventory as a percentage of the warehouse value of inventory.

f) Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate allowances for doubtful and bad amounts. Receivables acquired for a consideration or by payment are carried at their acquisition cost and, subsequently, they are carried at this value adjusted for doubtful and uncollectible amounts. No accounting or statutory allowances are created against group receivables.

g) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Regional Court. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the balance sheet date is recorded through changes in basic capital.

In accordance with the Articles of Association, the Company creates a reserve fund from profit or from amounts contributed by partners above their contributions.

h) Provisions and Liabilities

The Company creates legal provisions in accordance with the Act on Provisions and provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

The provision for restoration and rehabilitation of land is created over the period of the lease contract based on estimated costs of rehabilitation of the land and costs of liquidation of the concrete plant after the lease contract expires.

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The provision for remediation and reclamation and for mining damage is created based on the instructions of the relevant Mining Authority taking into account the volume of extracted material. Additions to the provision are credited to a restricted bank account.

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables.

i) Leases

The Company records leased assets by expensing the lease payments and, for finance leases, capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

j) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate prevailing as at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

k) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

l) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Revenues are recorded on the date on which the goods are dispatched from warehouse and the ownership passes to customer or on the date on which the services are provided, and are recorded net of discounts and value added tax.

Interest revenues are recognized on an accrual basis based on the outstanding principal amount and the valid interest rate.

Revenues from dividends are recorded when the right to receive dividends is declared.

m) Cash Flow Statement

The cash flow statement was prepared using the indirect method. Cash equivalents are short-term liquid assets that can be easily translated to a known amount of cash.

Cash and cash equivalents from operating, investment and financial activities included in the cash flow statement are not mutually offset.

Current accounts as at 31 December 2020 and 2019 include restricted accounts maintained with banks and used for the purpose of the statutory provision for remediation and reclamation; the use of the funds in this account is restricted. As a result, these funds are reflected as an increase in receivables rather than cash and cash equivalents in the cash flow statement.

n) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss, research and development costs) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

o) Subsidies / COVID Compensations

For subsidies / COVID compensations received for operating expenses, the Company recognizes an actual amount of subsidies received as operating income in the period in which the legal title to the subsidy arose.

p) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet. If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

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Financial Statements for the year ended 31 December 2020

4. FIXED ASSETS

a) Intangible Fixed Assets (in CZK thousands)

COST

	At beginning of year	Additions	Disposals	Transfers	At end of year
Research and development	2,881	-	-	-	2,881
Software	10,623	-	-	2,856	13,479
Patents, royalties and similar rights	5,288	-	-	13,010	18,298
Foundation and organization expenses	7,130	-	-	-	7,130
Other intangible fixed assets	130	-	(130)	-	-
Intangible fixed assets in progress	877	14,989	-	(15,866)	-
2020 Total	26,929	14,989	(130)	-	41,788
2019 Total	26,138	791	-	-	26,929

ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Disposals	At end of year	Net book value
Research and development	(2,881)	-	-	(2,881)	-
Software	(10,437)	(464)	-	(10,901)	2,578
Patents, royalties and similar rights	(5,288)	-	-	(5,288)	13,010
Foundation and organization expenses	(7,130)	-	-	(7,130)	-
Other intangible fixed assets	(130)	-	130	-	-
Intangible fixed assets in progress	-	-	-	-	-
2020 Total	(25,866)	(464)	130	(26,200)	15,588
2019 Total	(25,219)	(647)	-	(25,866)	1,063

b) Tangible Fixed Assets (in CZK thousands)**COST**

	At beginning of year	Additions	Disposals	Transfers	At end of year
Land	159,348	-	(22)	234	159,560
Structures	606,678	-	(22)	11,450	618,106
Machinery and equipment	769,741	-	(2,206)	44,276	811,811
Vehicles	185,357	-	(1,351)	72,270	256,276
Furniture and fixtures	1,620	-	(123)	-	1,497
Gain or loss on revaluation of acquired property	45,442	-	-	-	45,442
Miscellaneous tangible fixed assets	5,736	-	-	-	5,736
Advances granted for tangible fixed assets	2,663	25,643	(26,817)	-	1,489
Tangible fixed assets in progress	45,799	127,157	(92)	(128,230)	44,634
2020 Total	1,822,384	152,800	(30,633)	-	1,944,551
2019 Total	1,732,256	139,411	(49,283)	-	1,822,384

ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Cost of sales or liquidation	Disposals	At end of year	Allowances	Net book value
Land	-	-	-	-	-	(17,495)	142,065
Structures	(439,600)	(15,325)	(13)	22	(454,916)	(2,000)	161,190
Machinery and equipment	(634,868)	(28,499)	(164)	2,206	(661,325)	-	150,486
Vehicles	(43,766)	(20,904)	(235)	1,351	(63,554)	-	192,722
Furniture and fixtures	(1,620)	-	-	123	(1,497)	-	-
Gain or loss on revaluation of acquired property	(43,398)	(1,291)	-	-	(44,689)	-	753
Miscellaneous tangible fixed assets	(3,806)	(571)	-	-	(4,377)	-	1,359
Advances granted for tangible fixed assets	-	-	-	-	-	(893)	596
Tangible fixed assets in progress	-	-	-	-	-	(830)	43,804
2020 Total	(1,167,058)	(66,590)	(412)	3,702	(1,230,358)	(21,218)	692,975
2019 Total	(1,122,737)	(61,262)	(358)	17,299	(1,167,058)	(20,770)	634,556

In 2020, the Company put into operation a completely reconstructed concrete plant in Dolní Dunajovice in the amount of CZK 22 million. Further, significant additions to investments included acquisition of concrete pumps worth approximately CZK 44 million, truck mixers worth approximately CZK 23 million and wheel loaders in the amount of CZK 15 million.

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The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 28,559 thousand and CZK 28,527 thousand as at 31 December 2020 and 2019, respectively.

c) Long-Term Financial Investments (in CZK thousands)

Summary of changes in long-term financial investments.

	Balance as at 31/ 12/ 2018	Revaluation	Allowance	Balance as at 31/ 12/ 2019 Net	Revaluation	Balance as at 31/ 12/ 2020 Net
Subsidiaries	277,699	-	(76,484)	201,215	-	201,215
Associates	14,296	-	-	14,296	-	14,296
Loans to subsidiaries and associates	18,238	223	-	18,015	952	18,607
Total	310,233	223	(76,484)	233,526	952	234,118

As at 31 December 2019, the Company assessed the results of operations as well as estimated future cash flows generated by the subsidiary ZAPA beton SK s.r.o., and found significant impairment of the financial investment. Accordingly, the investment net book value was reduced through an allowance totaling CZK 76,484 thousand.

Based on the 2020 financial results of the subsidiary ZAPA beton SK s.r.o. and the appreciation of the company's estimated future cash flows, no further impairment of the ZAPA beton SK s.r.o. financial investment has not been ascertained.

Subsidiaries and associates as at 31 December 2020 were as follows (in CZK thousands):

Name	ZAPA beton SK s.r.o. Vajnorská 142, 730 00 Bratislava	ZAPA UNISTAV, s.r.o. Moravanská 224/98, 619 00 Brno	EKO ZAPA beton, s.r.o. Michle 417, 141 00 Prague 4 – Michle
Registered office			
Currency	EUR	CZK	CZK
Percentage of ownership	99.96	50	50
Total assets	14,217	45,412	25,584
Equity	6,532	39,450	19,542
Basic capital and capital funds	11,952	24,650	13,891
Reserves from profit	292	2,000	202
Retained earnings/ Accumulated loss	(5,644)	8,312	-
Other	(60)	-	-
Profit for the current year	(8)	4,488	5,449

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Subsidiaries and associates as at 31 December 2019 were as follows (in CZK thousands):

Name	ZAPA beton SK s.r.o. Vajnorská 142, 730 00 Bratislava	ZAPA UNISTAV, s.r.o. Moravanská 224/98, 619 00 Brno	EKO ZAPA beton, s.r.o. Michle 417, 141 00 Prague 4 – Michle
Registered office			
Currency	EUR	CZK	CZK
Percentage of ownership	99.96	50	50
Total assets	15,827	51,392	24,795
Equity	6,540	43,020	19,187
Basic capital and capital funds	11,952	24,650	13,891
Reserves from profit	292	2,000	202
Retained earnings / accumulated loss	(3,300)	8,312	-
Other	(60)	-	-
Profit for the current year	(2,344)	8,058	5,094

Financial information about these companies was obtained from the companies' unaudited financial statements.

5. INVENTORY

Excess, obsolete and slow-moving inventory has been written down to its estimated net realizable value by an allowance account (see Note 7).

6. RECEIVABLES

Allowances against outstanding short-term receivables that are considered doubtful were charged to income in 2020 and 2019, respectively (see Note 7).

Year	Category	Due	Overdue					Total overdue	Total
			0–90 days	91–180 days	181–360 days	1–2 years	More than 2 years		
2020	Gross	251,407	34,560	1,889	2,551	7,306	142,066	188,372	439,779
	Allowances	-	-	995	2,551	7,306	142,066	152,918	152,918
	Net	251,407	34,560	894	-	-	-	35,454	286,861
2019	Gross	275,583	76,382	5,736	411	25,391	131,552	239,472	515,055
	Allowances	34	807	5,400	411	25,391	131,552	163,561	163,595
	Net	275,549	75,575	336	-	-	-	75,911	351,460

The Company wrote off irrecoverable receivables of CZK 13,117 thousand and CZK 3,570 thousand in 2020 and 2019, respectively due to cancellation of bankruptcy proceedings, unsatisfying the claims in bankruptcy proceedings, etc.

Receivables from related parties (see Note 17).

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7. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 4, 5 and 6).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/ 12/ 2018	Additions	Deductions	Balance as at 31/ 12/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020
Fixed assets	20,770	-	-	20,770	781	(333)	21,218
Financial assets	-	76,484	-	76,484	-	-	76,484
Receivables – legal	130,988	22,706	(17,417)	136,277	4,173	(19,043)	121,407
Receivables – other	39,511	18,716	(28,021)	30,206	4,933	-	35,139
Total	191,269	117,906	(45,438)	263,737	9,887	(19,376)	254,248

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

8. CASH

Cash consists of cash in hand, liquid valuables and cash at bank.

Current accounts include restricted accounts maintained with UniCredit Bank Praha totaling CZK 27,165 thousand and CZK 26,155 thousands as at 31 December 2020 and 2019, respectively and used for the purpose of the statutory provision for remediation and reclamation; the use of the funds in this account is restricted. In the cash flow statement, cash is reduced by these amounts and are recorded as an increase in receivables.

9. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses include, in particular, rental fees and other overheads and are charged to income for the year in which they were incurred.

Prepaid expenses (specific purpose expenses) include, in particular, the costs of overburden.

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10. EQUITY

Statement of changes in equity (in CZK thousands):

	Balance as at 31/ 12/ 2018	Increase	Decrease	Balance as at 31/ 12/ 2019	Increase	Decrease	Balance as at 31/ 12/ 2020
Number of shares	3,002	-	-	3,002	-	-	3,002
Basic capital	300,200	-	-	300,200	-	-	300,200
Gain or loss on revaluation upon corporation transformations	424	-	-	424	-	-	424
Reserve fund	94,340	-	-	94,340	-	-	94,340
Retained earnings / accumulated loss	325,233	-	-	325,233	-	(50,182)	275,051
Profit / (loss) for the year	227,759	199,818	(227,759)	199,818	258,276	(199,818)	258,276
Total equity	947,956	199,818	(227,759)	920,015	258,276	(199,818)	928,291

The basic capital of the Company consists of 3,002 registered shares, fully subscribed and paid, with a nominal value of CZK 100,000 each.

Pursuant to the decision made by the sole shareholder on 19 March 2020, the payment of a dividend totaling CZK 250,000 thousand to the sole shareholder was approved.

Pursuant to the decision made by the sole shareholder on 14 March 2019, the distribution of the 2018 profit after tax totaling CZK 227,759 thousand to the sole shareholder was approved.

11. PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2018	Additions	Deductions	Balance as at 31/ 12/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020
Legal	26,155	2,110	(1,100)	27,165	1,866	(2,069)	26,962
Other	34,811	6,765	(7,184)	34,392	4,247	(7,318)	31,321
Total	60,966	8,875	(8,284)	61,557	6,113	(9,387)	58,283

Legal provision was created against mining damage, remediation and reclamation in compliance with the decision of the competent Regional Mining Authority.

Other provisions are created for the purposes of provision for holiday, provision for restoration and rehabilitation of leased land and accounting provisions for mining damage, remediation and reclamation.

12. CURRENT LIABILITIES

As at 31 December 2020 and 2019, the Company had liabilities of CZK 9,178 thousand and CZK 9,810 thousand, respectively owing to social security and health insurance premiums.

Unbilled deliveries represent, in particular, unbilled rent, energy consumption and repairs.

Payables to related parties (see Note 17).

13. INCOME TAXES

On the basis of preliminary calculation, the Company calculated tax as follows (in CZK thousands):

	2020	2019
Profit before taxes	318,829	264,589
Non-taxable revenues	(6,577)	(4,840)
Difference between book and tax depreciation	(30,159)	(29,459)
Non-deductible expenses		
Creation / (reversal) of allowances, net	1,340	(9,305)
Creation / (reversal) of provisions, net	(3,116)	(418)
Other (e.g. entertainment expenses, shortages and losses)	9,886	82,943
Taxable income	290,203	303,511
Current income tax rate	19%	19%
Tax	55,139	57,667
Tax relief (Section 35)	(167)	(87)
Adjustment of the tax paid in previous years	(357)	(569)
Current tax expense	54,615	57,011

The Company quantified deferred taxes as follows (in CZK thousands):

Deferred tax items	2020		2019	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes (incl. the effect of allowances)	-	(38,957)	-	(33,450)
Other temporary differences:				
Allowances	6,010	-	5,739	-
Provisions	5,894	-	6,534	-
Total	11,904	(38,957)	12,273	(33,450)
Net		(27,053)		(21,177)

14. LEASES

As at 31 December 2020 and 2019, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):

Description	Terms	Expense in 2020	Expense in 2019
Trucks	48–60 months	173	2,072
Passenger cars	48–72 months	9,843	8,593
Total		10,016	10,665

15. REVENUES

The breakdown of revenues on ordinary activities is as follows (in CZK thousands):

	2020		2019	
	Domestic	Foreign	Domestic	Foreign
Goods – concrete	18,274	-	12,052	-
Goods – stone	-	-	162	-
Goods – anhydride	104	-	140	-
Other	5,684	581	2,597	376
Revenues from the sale of goods	24,062	581	14,951	376

	2020		2019	
	Domestic	Foreign	Domestic	Foreign
Sale of product – concrete	1,955,059	-	2,000,423	37
Sale of product – stone	150,379	-	144,464	-
Other revenues	736	-	962	-
Services – freight	400,414	-	438,684	-
Services – rent	1,759	681	2,104	705
Other services	5,608	199	7,754	837
Revenues from the sale of products and services	2,513,955	880	2,594,391	1,579

In 2020, the revenues of the Company were concentrated primarily with the sale of concrete to customers in the construction industry. Revenues from ordinary activities were generated mainly within the Czech Republic.

16. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2020		2019	
	Total personnel	Members of managerial bodies	Total personnel	Members of managerial bodies
Average number of employees	451	33	454	35
Wages and salaries	252,214	36,992	259,506	35,364
Bonuses of members of the corporation	518	518	995	995
Social security and health insurance	92,331	11,679	95,134	11,233
Social cost	6,648	3,539	6,489	2,804
Total personnel expenses	351,711	52,728	362,124	50,396

The members of statutory and supervisory bodies received total bonuses and other remuneration of CZK 518 thousand and CZK 995 thousand in 2020 and 2019, respectively.

No loans, guarantees, advances and other benefits were granted to the members and former members of statutory and supervisory bodies and to directors and executive officers in 2020 and they do not hold any shares of the Company. Members of statutory and supervisory bodies and directors and executive officers use company cars for private purposes.

17. RELATED PARTY INFORMATION

The Company sells products to related parties in the ordinary course of business. Sales were CZK 5,762 thousand and CZK 7,198 thousand in 2020 and 2019, respectively.

Trade receivables from related parties as at 31 December 2020 and 2019 were as follows (in CZK thousands):

Related party	2020	2019
ZAPA BETON Hungária Kft.	4,562	4,534
ZAPA beton SK	204	709
ZAPA UNISTAV	267	161
EKO ZAPA beton	36	69
DYCKERHOFF Polska	610	648
Total	5,679	6,121

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases were CZK 519,894 thousand and CZK 549,783 thousand in 2020 and 2019, respectively.

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Short-term payables to related parties as at 31 December 2020 and 2019 were as follows (in CZK thousands):

Related party	2020	2019
Cement Hranice a.s	83,382	101,799
ZAPA UNISTAV	-	-
EKO ZAPA beton	-	-
DYCKERHOFF GmbH	627	1,558
ZAPA beton SK	-	35
Total	84,009	103,392

Loans and borrowings to group companies as at 31 December 2020 and 2019 were as follows (in CZK thousands):

Company	Terms	2020	2019
ZAPA beton SK s.r.o.	Due date: 31/ 12/ 2024	18,607	18,015

Short-term loans to group companies arising from cash-pool as at 31 December 2020 and 2019 were as follows (in CZK thousands):

Company	2020	2019
ZAPA beton SK s.r.o.	49	-
Cement Hranice	65,846	101,139
Total	65,895	101,139

As at 31 December 2020 and 2019, outstanding interest on the loan to ZAPA beton SK s.r.o. amounted to CZK 49 thousand and CZK 0 thousand, respectively, and was recorded in 'Receivables from group companies with majority control'. The interest rate is EURIBOR + 3.075% p.a.

In 2020 and 2019, the Company received dividends from finance investments amounting to CZK 6,577 thousand and CZK 4,839 thousand, respectively.

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18. SIGNIFICANT ITEMS OF INCOME STATEMENT

Operation related consumption as at 31 December 2020 and 2019 was as follows (in CZK thousands):

	2020	2019
Consumption of material	1,344,013	1,375,455
Consumption of energy	35,228	37,516
Total consumed purchases	1,379,241	1,412,971

Miscellaneous operating expenses as at 31 December 2020 and 2019 were as follows (in CZK thousands):

	2020	2019
Gifts	1,929	1,364
Write-off of receivables and ceded receivables	13,232	8,144
Other operating expenses	17,637	18,542
Total miscellaneous operating expenses	32,798	28,050

Statutory auditor's fees as at 31 December 2020 and 2019 were as follows (in CZK thousands):

	2020	2019
Audit of the financial statements	900	952

19. COVID-19 IMPACTS ON THE ENTITY

In 2020 the effects of COVID-19 did not have a significant impact on the going concern assumption. There was no need to significantly limit production or transfer employees to the partial unemployment scheme. The Company did not draw the aid from the Antivirus programme.




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Financial Statements for the year ended 31 December 2020

20. SUBSEQUENT EVENTS

There were no significant subsequent events.

21. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 10)

Prepared on:	Signature of entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
22 February 2021	 Marco Duranda, Jörg Reiner Wild	 Veronika Benová	 Jiří Haša

RELATED PARTY TRANSACTIONS REPORT for 2020

of

ZAPA Beton a.s.

Vídeňská 495, 142 00 Prague 4

Business reg. no. (IČ): 251 37 026

registered in the Commercial Register maintained by the Municipal Court in Prague,
Section B, Insert 4785

registered capital: CZK 300,200,000
3,002 registered shares in the nominal value of CZK 100,000 per share

sole shareholder: Dyckerhoff GmbH
Biebricher StraBe 68, 65203 Wiesbaden, Germany
registered in: the Commercial Register of the Amtsgericht District Court in Wiesbaden,
under reference number HRB 27594

Tax ID No.: CZ25137026
Data Box ID: 94wg39w
Bank: UniCredit Bank Czech Republic and Slovakia, a.s.
Account No.: 801811006 / 2700
Phone: +420 226 004 444
Fax: +420 226 004 440
E-mail: zapa@zapa.cz

Preamble

1. Chairman Paolo Zelano, members Marco Duranda and Jörg Reiner Wild, as a statutory body of ZAPA beton a.s., in accordance with the provisions of Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations (hereinafter the "Business Corporations Act"), as fulfilment of their duties have prepared this report, which describes relationships between connected persons and entities, meaning relationships between the controlled entity and the controlling entity and relationships between the controlled entity and other entities controlled by the same controlling entity. The relationships are described with consideration for the need to respect the provisions of Section 504 of Act No. 89/2012 Coll., the Civil Code, related to trade secrets.

I.

Structure of relationships in the business grouping and the controlled entity's role

1. Controlling entity:
Pursuant to the provisions of Section 74 of the Business Corporations Act, the controlling entity of ZAPA beton a.s. is: Dyckerhoff GmbH, a company with its registered office located at: Biebricher Straße 68, 65203 Wiesbaden, Germany, registered in the Commercial Register of the Amtsgericht District Court in Wiesbaden, under reference number HRB 27594.
Since 2013, the sole owner of the controlling entity has been Buzzi Unicem SpA, a joint-stock company with its registered office at via Luigi Buzzi, 6, 15033 Casale Monferrato (AL), Italy (the governing entity).
2. ZAPA beton a.s. is a Czech subsidiary of the cement concern Dyckerhoff/Buzzi Unicem, the shares of Buzzi Unicem SpA are quoted on the exchange in Milan, and the code of the shares is: ISIN IT0001347308. The detailed structure of the relationships within the business group can be found on the parties' websites (www.buzziunicem.it, www.dyckerhoff.com).
3. The controlled entity ZAPA beton a.s. is one of the leading manufacturers of ready mixed concrete in the Czech Republic. As a member of the Italian concern Buzzi Unicem (since 2004), it is also one of the world's leading manufacturers of construction materials. The joint-stock company's main production activity is manufacturing, transport and placing of concrete and other products containing cement or other types of binding materials.

A dualistic system of management has been implemented in the company. The Board of Directors of the joint-stock company as its statutory body and the Supervisory Board of the joint-stock company as its control body each have three members, who serve three-year terms.

No factual changes were made to the Commercial Register entry of the Company in 2020. In 2020, the Supervisory Board reappointed the following Board of Directors members: Paolo Zelano, Marco Duranda and Jörg Reiner Wild.

In all matters, the joint-stock company is represented by two members of the Board of Directors, or by two procurators, always acting jointly on the Company's behalf. Jiří Haša and Vlastimil Hanáček serve as the Company's proxy holders.

In 2020, the executive management of the Company consisted of: General Manager Marco Duranda, Director for Bohemia Ing. Katarína Gáborova, Director for Moravia Vlastimil Hanáček, Director of Quarries and Sandpits and Head of the Central Services Department Jörg Reiner Wild, Head of Quality Giuseppe Giunti, Finance Director Jiří Haša, and HR Manager Alžběta Vlachová.

An extract pertaining to the company from the Register of beneficial owners can be obtained at <https://issm.justice.cz> after inserting a unique identifier.

II.

Method and means of control and other important activities

1. Chairman of the Board of Directors, Paolo Zelano, acts as a Director of the Central and Eastern Europe Division. The Chairman of the Supervisory Board, Luigi Buzzi, serves within the concern as a member of the Supervisory Board of Dyckerhoff GmbH, and Supervisory Board Member Dirk Beese, who is Managing Director of Dyckerhoff GmbH, and Supervisory Board Member Massimo Paris, who within the concern is Director of Group Quality Assurance, through their decision making activities within the control body of the controlled entity promote the interests of the sole shareholder.

2. Besides their independent activities carried out pursuant to the Statutes of the company, the members of the Board of Directors and the Supervisory Board attend joint meetings, at which they discussed the controlled entity's business plan and at which the process of approving legal acts and other measures taken by the Board of Directors were carried out, for which the Supervisory Board's consent is needed.
3. A concern agreement, a joint-venture agreement, an agreement on exercising of voting rights and similar agreements have not been entered into.

III.

Overview of contracts within the business grouping, other legal acts and other measures

1. Relations between the controlled entity ZAPA beton a.s. and the controlling entity Dyckerhoff GmbH: in 2020, the controlling entity invoiced and re-invoiced the liability insurance, invoiced SAP hosting, data archiving, infrastructure services (these three last mentioned services according to the Contract on Provision of Information Services, entered with this company as the provider on 1st January 2013). In 2018, a contract for the provision of services in the sphere of GDPR – general IT services, human resources, accounting, finance and controlling was concluded, along with the agreement for personal data processing made in compliance with Article 28 GDPR; with the controlling entity as the provider. No other contracts, which could be categorised under the group of mutual contracts, have not been entered into.
2. In 2020, Buzzi Unicem SpA (governing entity), as the lender, provided fulfilment according to the International Hiring Out of Labour from 19th February 2014. No other contracts, which could be categorised under the group of mutual contracts, have not been entered into.
3. In 2020, the following transactions were carried out with other entities controlled by the controlling entity, Dyckerhoff GmbH or Buzzi Unicem SpA, involving ZAPA beton a.s. (hereinafter referred to as "ZAPA"):

Cement Hranice, joint-stock company

registered office: Bělotínská 288, Hranice I – Město, 753 01 Hranice

Business reg. no. (IČ): 155 04 077

- Yearly purchase contracts entered into for selected plants (concrete mixing plants), purchase of bulk cement, where Cement Hranice, joint-stock company, is the supplier.
- Contract for work of 5th April 2017, as amended by Amendment No. 3 of 27th March 2020, including the price of services for 2020, where ZAPA is specified as the ordering party; provision of accounting and related services, entered into for an indefinite period effective from 1st January 2017.
- Contract for work of 4th April 2017, as amended by Amendment No. 3 of 27th March 2020, including the price of services for 2020, where ZAPA is specified as the ordering party; provision of IT and related services, entered into for an indefinite period effective from 1st January 2017.
- Framework agreement on cooperation of the two companies in the field of technology of concrete and other materials with cement binders entered into on 2nd January 2015 for an indefinite period, with a three month notice.
- Contract for Automatic Transfer of Cash-pool Account Balances dated 1st October 2003, as amended by Amendments No. 1 of 22nd December 2006 and No. 2 of 20th September 2010, entered into with HVB Bank Czech Republic a.s., with ZAPA beton a.s. and Cement Hranice as the clients.
- Contract for mutual settlement of interest from cash-pooling of 20th October 2003, as amended by Amendments dated 25th September 2009 and 1st July 2016, with the market interest rate of O/N PRIBOR + 0.40%, (for debit balances) and 0.18% for credit balances.

- Lease agreement of 31st August 2000, as amended by Amendment No. 20 for the lease amount for 2020, and Amendment No. 21 on extending the agreement until 31 December 2030, ZAPA as the Lessee, on the lease of land for a concrete mixing plant in Hranice.
- Lease agreement of 29th May 2015, as amended by Amendment No. 5 for the lease amount for 2020, ZAPA as the Lessee, on the lease of business premises (offices with equipment) including services, lease for an indefinite period of time, with a three month notice.
- Lease agreement of 21st October 2015, as amended by Amendment No. 5 for the lease amount for 2020, ZAPA as the Lessee, on the lease of business premises (laboratory with equipment) including services, lease for an indefinite period of time, with a three month notice.
- Contract on Supplying of Water and Drainage of Waste Water of 17th February 2014, with Cement Hranice, joint-stock company specified as the supplier, for the concrete mixing plant in Hranice and since 1st August 2015 also for the laboratory in Hranice, as amended by the Amendment No. 2 of 31st January 2020, to this contract.
- Contract for bundled electricity supply services dated 31st July 2015 with automated renewal, ZAPA as the client, supplies for the Hranice laboratory, as amended by Amendments No. 2 dated 31 January 2020.
- In 2020, the two parties invoiced each other and re-invoiced to each other costs connected with operation of the plant based on one-off orders, i.e. costs of fuel, with total costs for ZAPA of CZK 178.66 thousand.
- Contract for the provision of services in the sphere of GDPR – general IT services, human resources, accounting, finance and controlling dated 3rd May 2018 made for an indefinite period with three month notice option at the end of the calendar year together with the agreement for personal data processing made in compliance with Article 28 GDPR dated 3rd May 2018; ZAPA as the interested party.

EKO ZAPA beton, s.r.o.

registered office: Prague 4, Michle no. 417, zip code 141 00

Business reg. no. (IČ): 258 56 782

- Agreement on the provision of services dated 2nd January 2002, sales representative services, EKOZAPA as the interested party.
- Contract for concrete transportation dated 15th May 2002, truck mixers of the operator, i.e. ZAPA, EKOZAPA as the ordering party of concrete transportation.
- Contract for concrete transportation dated 1st July 2016, vehicles of the operator, EKOZAPA as the operator.
- Additionally, EKOZAPA paid the invoiced costs of diesel, technology works, concrete tests, promotional items, tires, spare parts, protective work clothes, telephone services, meal vouchers, security and GPS tracking, repairs and property.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3rd May 2018 made for an indefinite period with three month notice option at the end of the calendar year together with the agreement for personal data processing made in compliance with Article 28 GDPR dated 3rd May 2018; ZAPA as the interested party.

ZAPA UNISTAV, s.r.o.

registered office: Brno, Moravanska 224/98, zip code 619 00

Business reg. no. (IČ): 255 97 655

- Based on the contract of 2nd January 2001, as amended by Amendment dated 30th December 2008, the following services were provided: concrete testing, technology works, legal services, ZAPA as the provider, ZAPA UNISTAV as the interested party for these services.
- Contract for concrete transportation dated 1st September 2002, ZAPA UNISTAV as the ordering party.

- Contract for concrete transportation dated 1st October 2002, ZAPA UNISTAV as the operator.
- Sale of concrete realized pursuant to orders, ZAPA UNISTAV as the seller.
- Purchase of concrete realized pursuant to orders, ZAPA UNISTAV as the purchaser.
- Two parties re-invoiced to each other costs telephone, purchase of promotional items and calendars, spare parts, property, meal vouchers, multi-sport cards, GPS tracking and security.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3rd May 2018 made for an indefinite period with three month notice option at the end of the calendar year together with the agreement for personal data processing made in compliance with Article 28 GDPR dated 3rd May 2018; ZAPA as the interested party.

ZAPA beton SK s.r.o.

registered office: Vajnorská 142, Bratislava, zip code 830 00

Corporate ID No.: 35 814 497

- Agreements on the sub-lease of property (Volvo L 150F wheel loader) of 1st August 2013.
- Lease agreement on the use of property (mobile cone crusher Pegson Maxtrak 1000SR) dated 2nd August 2014, concluded for an indefinite period.
- Lease agreements on the use of property (Skoda Superb 2.0 TDI 140, lic. plate no.: 5AT 1435) dated 28th March 2018 effective until 1st September 2021.
- 3 sublease contracts for the sublease of vehicles in 2019 for an indefinite period of time,
- Loan agreement of 2nd June 2003, as amended by Amendment No. 12 on loan maturity date extension until 31st December 2024.
- In 2020 the two parties invoiced each other and re-invoiced to each other based on one-off orders the costs connected with operation of the plant, such as costs of water consumption, fuel, travel expenses etc., with total revenues for ZAPA of CZK 2,258 thousand and incurred costs of CZK 558 thousand.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3rd May 2018 made for an indefinite period with three month notice option at the end of the calendar year together with the agreement for personal data processing made in compliance with Article 28 GDPR dated 3rd May 2018; ZAPA as the interested party.

ZAPA Beton Hungaria Kft.

registered office: Zsujta, Béke ut 6, zip code 3897, Hungary

- In 2020 the two parties invoiced each other and re-invoiced to each other based on one-off orders the costs connected with operation of the plant, sales of technology etc., with total revenues for ZAPA of CZK 1 thousand.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3rd May 2018 made for an indefinite period with three month notice option at the end of the calendar year together with the agreement for personal data processing made in compliance with Article 28 GDPR dated 3rd May 2018; ZAPA as the interested party.
- Purchase contract (VOLVO self-propelled machine) dated 1 December 2019, ZAPA as the seller.

4. It was decided by the controlling entity on 19th March 2020 on payment of dividends for 2019 totaling CZK 250,000 thousand.

5. In the most recent accounting period, no actions were carried out initiated by or in the interest of the controlling entity or entities controlled by the controlling entity in relation to assets that exceeded 10% of the equity of the controlled entity determined based on the most recent financial statements, and no other measures were adopted or carried out in the interest of or initiated by controlled entities in 2020, except as described herein.

**IV.
Assessment of harm**

1. The controlled company, ZAPA beton a.s., did not suffer any harm from its relationships with Dyckerhoff GmbH/Buzzi Unicem SpA. The performance based on the business relationships described above was arranged in standard prices for the given locations and time.
2. Inclusion of the controlled entity in the business grouping brings financial stability, an open approach to technological know-how and the advantage of vertical interconnection: production of cement - aggregates - concrete.

**V.
Statutory Body's declaration**

The Board of Directors as the statutory body of ZAPA beton a.s. hereby declares that the details contained herein are accurate and complete and that this report was prepared pursuant to the provisions of Section 82 of the Business Corporations Act with full inclusion of all information and details that the statutory body has available and/or were determined while exercising proper care.

In Prague, on 22 February 2021

ZAPA beton a.s.



Paolo Zelano
Chairman of the Board of Directors



Marco Duranda
Member of the Board of Directors



Jörg Reiner Wild
Member of the Board of Directors