

**ZAPA beton a.s.**

**ANNUAL REPORT**  
**FOR THE YEAR 2021**

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 Kačarov 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 2021, ZAPA beton a.s. was producing in 53 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 13 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 <sup>3</sup> 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 <sup>3</sup> 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	<ul style="list-style-type: none"> <li>- Production by the ZAPA beton Group in the Czech Republic and Slovakia exceeded record 2.5 million m<sup>3</sup></li> <li>- ZAPA beton becomes the number one on the Slovak market for the first time</li> <li>- Acquisition of SONDA, s.r.o. (Slovak Republic)</li> </ul>
2009	<ul style="list-style-type: none"> <li>- 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 m<sup>3</sup></li> </ul>
2010	<ul style="list-style-type: none"> <li>- Production by the ZAPA beton Group in the Czech Republic and Slovakia amounted to nearly 1.6 million m<sup>3</sup></li> <li>- The first concrete mixing plant was opened at ZAPA BETON HUNGÁRIA Kft.</li> <li>- Takeover of a share in the Slovak company EURO BETON, s.r.o.</li> </ul>
2011	<ul style="list-style-type: none"> <li>- The ready mixed concrete production of the Group in the Czech Republic and Slovakia reached nearly 1.8 million m<sup>3</sup></li> </ul>
2013	<ul style="list-style-type: none"> <li>- Buzzi Unicem “squeezed out” the remaining minority shareholders of Dyckerhoff Aktiengesellschaft and became its sole shareholder</li> <li>- Sale of the ownership interest in EURO BETON, s.r.o.</li> </ul>
2014	<ul style="list-style-type: none"> <li>- New General Manager, the reorganization of the company started</li> <li>- Merger of Pískovny Hrádek a.s. with ZAPA beton a.s.</li> <li>- Merger of SONDA, s.r.o. with ZAPA beton SK s.r.o.</li> </ul>
2015	<ul style="list-style-type: none"> <li>- Commencement of the KOVV Project (Quality and Sale Are a Common Affair)</li> </ul>
2016	<ul style="list-style-type: none"> <li>- Ongoing reorganization of the company and its procedures; the KOVV Project in progress</li> <li>- Sale of the ownership interest in Beton Union Plzeň s.r.o.</li> <li>- Acquisition of another Hungarian sand pit company</li> </ul>
2017	<ul style="list-style-type: none"> <li>- Commencement of the NEMO Project; completion of the KOVV Project</li> </ul>
2018	<ul style="list-style-type: none"> <li>- Effectiveness of the NEMO Project and the remuneration system</li> </ul>
2019	<ul style="list-style-type: none"> <li>- Rebranding ZAPA - introduction of the group’s new logo</li> <li>- Concentration of headquarters in Prague</li> <li>- Introduction of a new project ZAPA R-Evolution</li> </ul>
2020	<ul style="list-style-type: none"> <li>- development of the NEMO project - “Tailor-made concrete”</li> <li>- Introducing the KDX ZAPA pilot project for sales, dispatching and logistics</li> <li>- Introduction of „Life Cycle Assessment”</li> </ul>
2021	<ul style="list-style-type: none"> <li>- Celebration of 30 year since the foundation of ZAPA beton a.s.</li> <li>- Development of the NEMO 2.0 project focused on premium special products</li> <li>- Industrial testing of concrete with recycled aggregates</li> <li>- Successful certification “Environmental Product Declaration – EPD” for Kačerov concrete plant</li> <li>- Significant reduction of carbon footprint of the concrete products introducing massive use of blended cements with lower clinker content</li> </ul>

## 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:	<a href="http://www.zapa.cz">www.zapa.cz</a>
E-mail:	<a href="mailto:zapa@zapa.cz">zapa@zapa.cz</a>
Date of incorporation:	16 <sup>th</sup> 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:

Finance Director:

Director Concrete Division CZ

Director of Quarries and Sandpits, Head of the Central Services Dpt.:

Head of Quality:

HR Manager

Marco Duranda

Jiří Haša

Kateřina Gáborová

Jörg Reiner Wild

Giuseppe Giunti

Alžběta Vlachová

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

Dear Shareholders, Business Partners, Colleagues, Stakeholders,

First of all, I would like to thank to Mr. Marco Duranda, who at the end of 2021, after eight years of inspiring cooperation, ended his activities as the General Manager of ZAPA beton a.s. I deeply believe that I will be able to use my knowledge and many years of experience to continue on activities that have begun.

Looking back over the past year 2021, unlucky again significantly affected by the coronavirus pandemic, ZAPA has undergone significant changes. Overall, in such turbulent period, we adapted to the difficult contest, we adopted preventive measures and we managed to defend the company's position on the Czech and Slovak markets, once more we were able to show a positive trend vs previous year in term of results.

Specifically speaking of EBITDA indicators, we show either a better profit per unit, either a grow of total EBITDA only partially due to the recover of volumes vs 2020.

We are showing again the profit levels of the so-called golden period (2007-2008). Such positive results could not be achieved without the restructuring, organizational changes and fulfillment of special projects we developed in the last 8 years, bringing ZAPA reinforcing our leading position in term of quality and services.

ZAPA's goal has always been to offer to our customers the highest services and best quality products. For that reason, last year we focused on premium special products through NEMO 2.0, aimed at further improving of the performances of our concrete. We constantly communicated these changes and opportunities through specific marketing campaigns on different channels during the year.

Today, ZAPA sells about 15% of special products of its total volume solving the necessities of our customers.

The area of Health and Safety remains the main priority. The safety and health of our employees is simply a daily task and we are continuously working to improve it. We launched the „Risk není zisk“ ("Risk is not a profit") project to draw our people's attention to their safety, and to the concept that health protection comes also from each of us, especially those on the front line.

Unfortunately, we had still some significant serious injuries, which is not acceptable. What is more valuable than our lives? Please do not underestimate your own safety, pay attention to the measures we put in place and to training programs, it's not a waste of time! Improving it for the future is a must! We all want to go back to our families at the end of the day.

None success would be possible without a new approach to the business: Sustainability is not only welcomed but it is the new way for companies working in our sector. ZAPA is fully concentrated into reducing its carbon footprint. Our people: managers, employees, clients and suppliers are fully aware that we don't have any other option than to be sustainable in what we do daily. It means that products, performances, way to build, will change more and more in the next years. Changes, whether in personal or professional life, are not easy to accept, but I am pleased to say that we can see the necessary correct and positive approach from all stakeholders involved in our business. Speaking about numbers we reduced our CO2 impact by 20% per unit of product saving approx 45 tons of CO2.

Last year we celebrated the 30th anniversary of ZAPA since its founding. Due to the limitations of the pandemic, the approach to celebrations was different than our original intention. We targeted the communities in our areas of operation by supporting them according to their needs. We organized virtual competitions with valuable gifts for our employees and their children. Our children, with a huge response, designed their own mix for the 30th anniversary of ZAPA, we would like to continue with this "tradition" in the years to come. I would like to emphasize once again that children are our future.

A special mention is for our Personnel Department that set up all changes in the organization and processes of simplifying the group structure to its current form. By introducing a clear and transparent system of remuneration using the KPI indicator, we have increased labor productivity, the introduction of the EBITDA bonus represents the shareholders' will to share positive results with employees. The employee benefits system is constantly supplementing its portfolio, including the awarding of our employees' children school results. Transparency and respect for business rules, the Buzzi Unicem Corporate Code of Conduct and compliance with the law and internal rules, moral values cannot be neglected. Great attention has been and still is paid to the training of employees from all fields.

Since 2014, ZAPA has been growing steadily worldwide, generating almost CZK 3 billion in operating profit EBITDA, paying approximately the same amount to its employees in wages and investing approximately 900 CZK million. The money ZAPA earned was partially returned to the company to keep it effective in its business. By installing new concrete plants, we reorganized our network of facilities in both countries, while we left some areas where net integration was hard to achieve. We have invested in environmental friendly technologies and modern mobile equipment to maintain plants at highest technical and image standards, now we show the new Buzzi Unicem group logo and we give importance to Company appearance.

Dear all, thank you for your approach, willingness and great patience to take part in the changes that have already taken place and to take part in further changes in the future. I am convinced that ZAPA faces a huge challenge to find its original path to sustainable development.

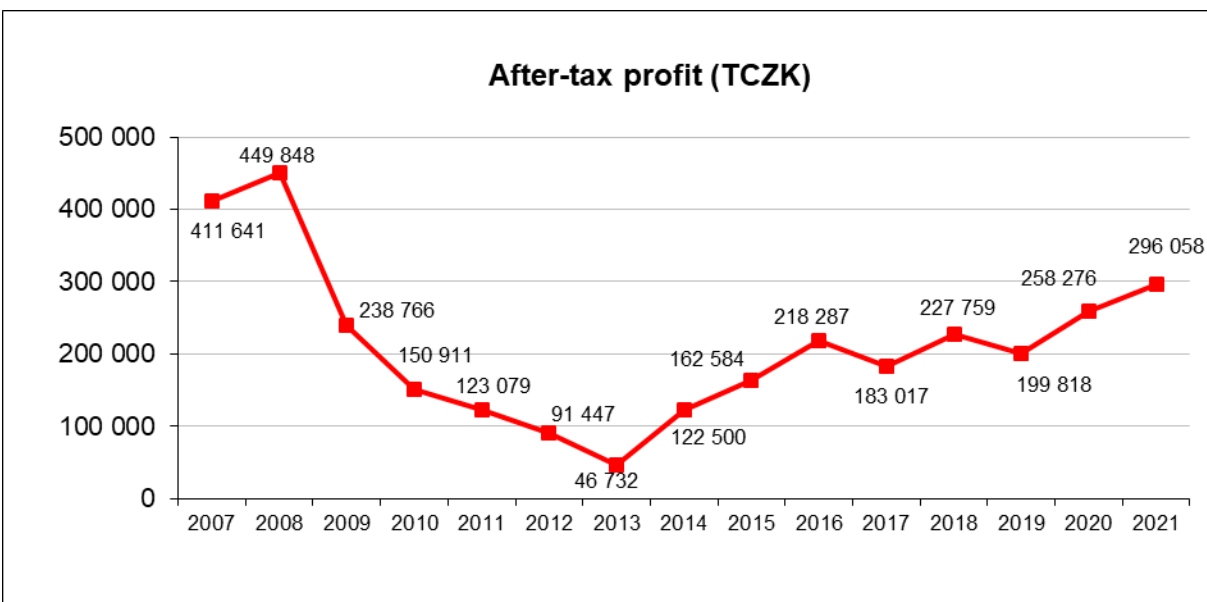
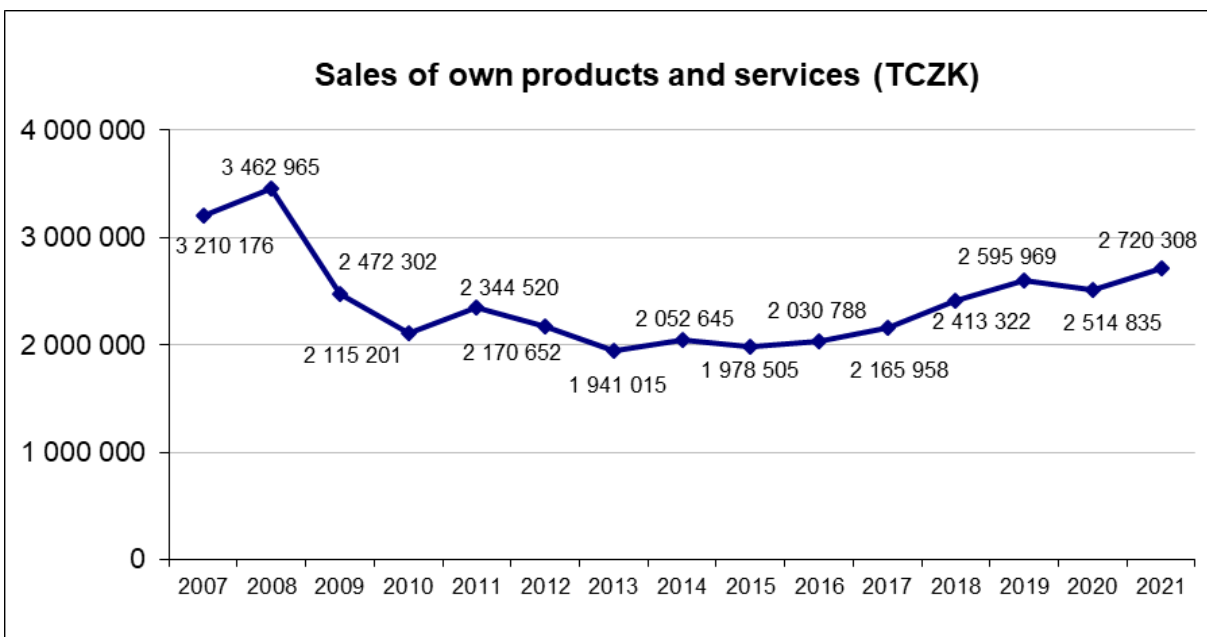
Prague, 22 February 2022



Jörg Reiner Wild

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	2021	
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%	20%	
Return on equity (ROE)	= after-tax profit / equity	38%	40%	26%	18%	15%	11%	6%	15%	18%	23%	20%	24%	22%	28%	31%	
Return on assets (ROA)	= after-tax profit / total net assets	23%	25%	15%	9%	7%	5%	3%	9%	12%	17%	13%	16%	14%	18%	20%	
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%	195%	
Equity level	= equity / total capital	60%	63%	56%	49%	48%	50%	49%	60%	66%	71%	65%	67%	64%	65%	66%	
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%	34%	

## ➤ Research and Development

Expenditure on activities associated with research and development amounted to 1,2 millions CZK in 2021. 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). There has also been a significant change in instrumentation and measuring equipment, including the commissioning of a new test press. After the successful completion of the EPSILON program announced by the Technology Agency of the Czech Republic from 2018-2020, a new product appeared in the ZAPA production portfolio under the name ZAPA AGRO - concrete for aggressive environments of agricultural buildings. In terms of research, we continued to focus on sustainable production in 2021, and we intend to continue this research and the subsequent application of products. 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. 2021 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. It has a QMS certificate from its subsidiaries according to ČSN EN ISO 9001: 2016 of the company EKO ZAPA beton, s.r.o. and ZAPA UNISTAV, s.r.o. In Slovakia, ZAPA beton SK s.r.o. QMS certified according to STN EN ISO 9001: 2016 is introduced at 17 concrete plants and two sand pits. In 2021, all of the listed companies were recertified by QMS by an independent certification body, and the certificates were issued until 2024.

As part of environmental quality assurance, the company has 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 Slovak concrete plants. The energy management system (EnMS) according to ČSN EN ISO 50001: 2019 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 2021, at the Kačerov concrete plant, based on the Life Cycle Assessment of our products, an Environmental Product Declaration (EPD) for the manufactured ready-mixed concrete was issued and independently verified by a third party.



The aim of the EPD is to make a transparent assessment of the environmental impact of our products and services using an internationally recognized methodology and to provide truthful information to stakeholders about the potential environmental impacts of the production, distribution, and eventual use or disposal of a given product.

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 minimizing 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 2021, 6 new silos were installed to expand the use of low-clinker cements. The installation and renewal of pumps enabling the use of sludge water for the production of concrete and thus reducing the consumption of clean water continues. In 2021, ZAPA purchased 4 concrete mixers, a concrete pump and a pump mixer with the EURO 6 emission class as part of a long-term investment plan for the modernization of the machine and vehicle fleet with strict EURO 6 and STAGE IV emission standards.

The high level of environmental protection is evidenced by the certification of EMS (environmental management system) according to ČSN EN ISO 14001: 2016, when the Czech Republic recertified in 2020 and in 2021 subsequently supervised CO according to the EMS standard. ZAPA beton a.s. own certificate for 22 concrete plants of the Bohemia region and 23 concrete plants of the Moravia region. Regarding ZAPA beton SK s.r.o., in 2021 the EMS was recertified according to ISO 14001: 2015 in the scope of 4 concrete plants.

ZAPA beton a.s. introduced an energy management system (EnMS) in 2016 at all its concrete plants in Bohemia and Moravia and quarries and sand pits in accordance with the requirements of ČSN EN ISO 50001: 2012, where it strives to reduce the energy intensity of its products and seeks additional opportunities to increase energy efficiency, thus helping to reduce the burden on the environment and reduce production costs - so it can offer its products to customers at more favorable prices. In 2021, the EnMS certificate was converted to the new edition of the ČSN EN ISO 50001: 2019 standard.

## **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 2021 ZAPA installed in its quarry in Votice a system to sprinkle truck loads to reduce dust emission during transport and paved a part of the communication to reduce dirt at truck wheels.

## **➤ Employees**

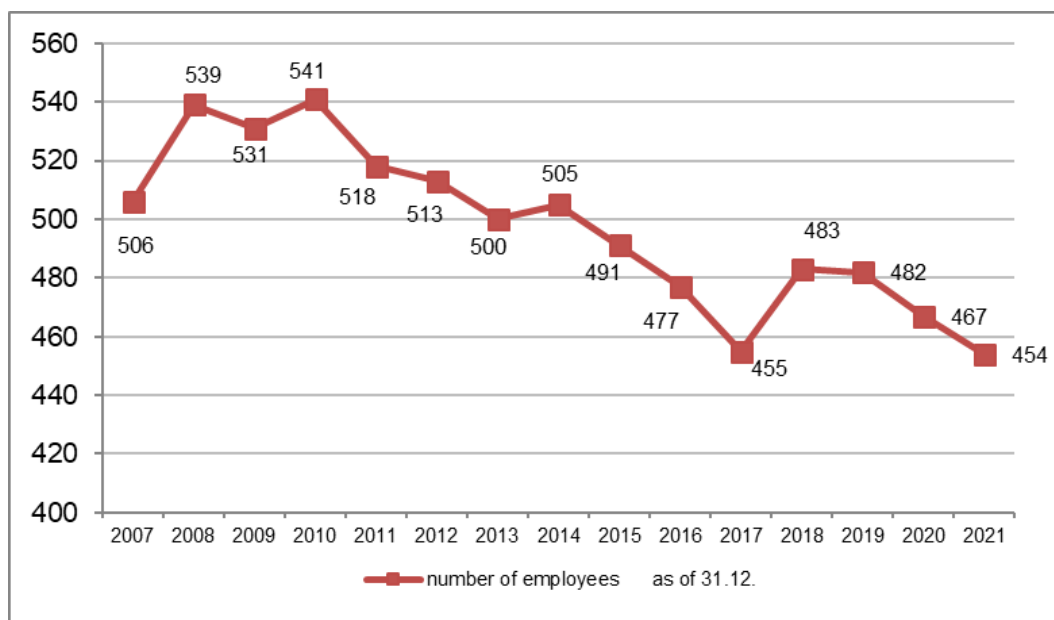
At the end of 2021 ZAPA beton a.s. registered a total of 454 employees. These are all employees as of December 31st, 2021 in an employment relationship, including employees working on the basis of an agreement on the performance of work and an agreement on work activities. The number of employees decreased by 2,8% last year. Selected labor costs (wages and tax) increased by 0,6%. The majority of staff (88,8%) are men; women were employed mainly in the administration.

The company has a sophisticated system of material incentives (bonuses, evaluation of personal goals, share in the evaluation of the company's performance - EBITDA bonus, remuneration upon retirement, company car according to work dispositions, also for personal use, etc.). ZAPA beton a.s. contributes to employees' supplementary pension savings / supplementary pension insurance, and then provides employees with coverage for insurance of damages caused by the employee to the employer during the performance of the profession. To support a healthy lifestyle - regular meals, the employer provides employees with meal vouchers (electronic cards) in the amount of 110 CZK (daily, 55% paid by the employer). Employees have the opportunity to use the so-called multisport card, which we use to support a healthy lifestyle for employees and their families, physical, sports and relaxation activities. The right to take recovery leave is 5 days higher than the legal minimum. Employees can use basic free legal advice for private purposes. In 2021, we continued to provide benefits for employees: remuneration for the child's academic results, according to the child's age and achievement, and a contribution to the child's sports or leisure activities or to the summer camp, health or sports stay of the child.

The training of employees in 2021 was largely focused on training in production: working with machines, driving vehicles, as well as in the field of occupational safety and health at work. Further training took place in connection with environmental protection. For other professions in the administration of the company, the training necessary to master the current legislative changes and regular periodic training (accounting, taxes, human resources and wages, as well as training for drivers, the legal department, etc.) took place. Internal English language courses were held for both administrative and selected operational positions, which were largely conducted online. An intensive two-day business skills development course was also held. The total cost of training in 2021 amounted to more than 780 thousand CZK. During 2021, about 4 000 hours of training took place, an average of 8,8 hours per employee.

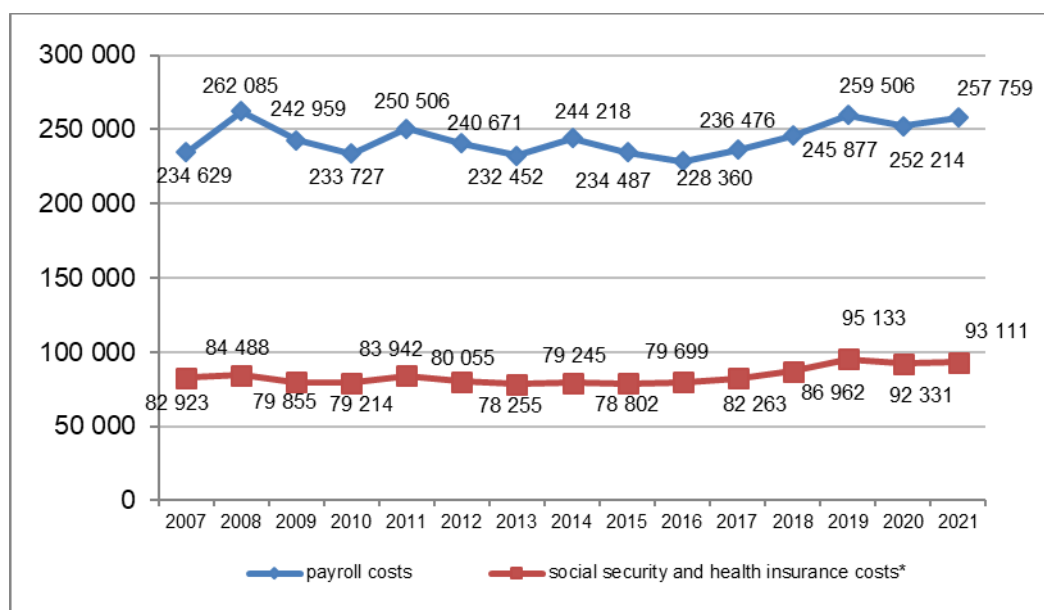
We continued with the established systems in the area of occupational safety and health protection of employees at work. In 2021, there were a total of seven accidents at work that required incapacity for work (unfortunately, one accident required human life). Compared to 2020, their number has increased. The goal for 2022 thus creates a requirement for a comprehensive setting of the area of occupational safety and health and the setting of other measures to create risks to ensure maximum safety of employees, especially when working with machinery, electrical equipment and vehicles, when moving on construction sites and workplaces, including quarries, and sand pits.

### Number of employees as at 31<sup>st</sup> December

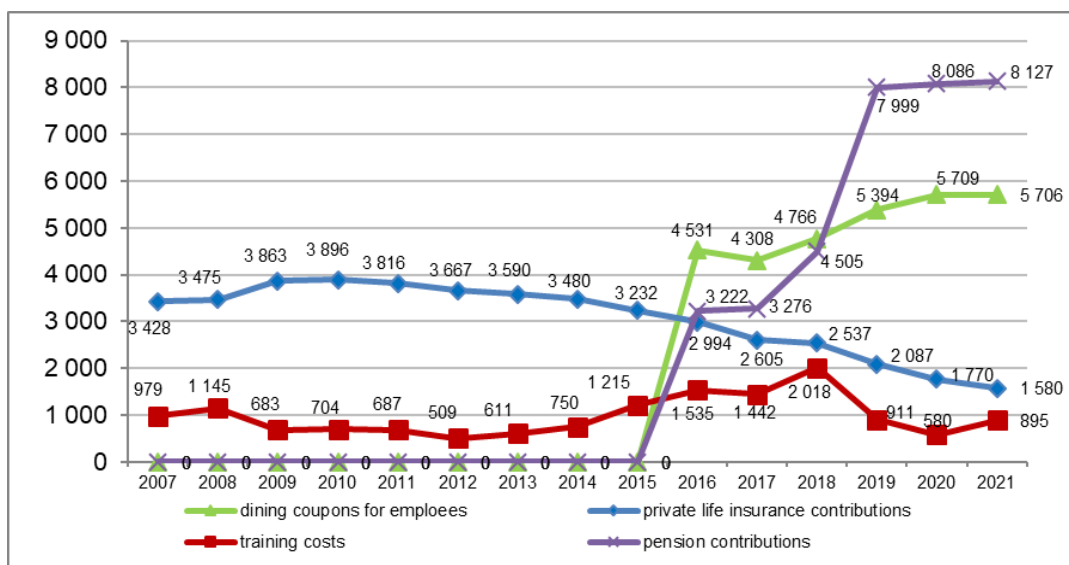


### Selected personnel costs – payroll costs, social and health insurance costs (TCZK)

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



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



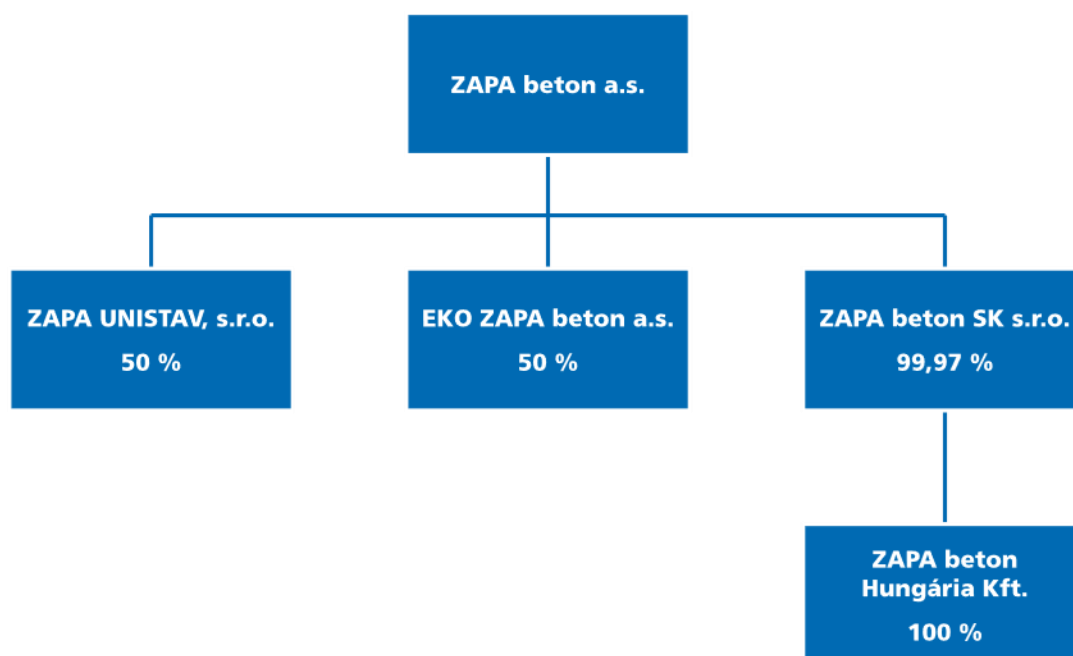
### Important Events Occurring after the Balance Sheet Date

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 2021, the company did not gain any own stocks or shares.

***Equity Participations of ZAPA beton a.s. (as at 31st December 2021)***



(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 2021, 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 2021, 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*

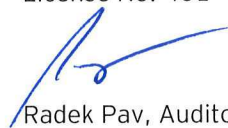
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.
- 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 2022  
Prague, Czech Republic



## **ZAPA beton a.s.**

### **Financial Statements for the year ended 31 December 2021**

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

## BALANCE SHEET

		Current year			Prior year 2020
		Gross	Allowances	Net	Net
	<b>TOTAL ASSETS</b>	<b>2,973,610</b>	<b>(1,512,735)</b>	<b>1,460,875</b>	<b>1,430,373</b>
<b>A.</b>	<b>STOCK SUBSCRIPTION RECEIVABLE</b>				
<b>B.</b>	<b>FIXED ASSETS</b>	<b>2,363,537</b>	<b>(1,396,920)</b>	<b>966,617</b>	<b>942,681</b>
B. I.	<b>Intangible fixed assets</b>	<b>42,662</b>	<b>(28,608)</b>	<b>14,054</b>	<b>15,588</b>
B. I. 1.	Development	2,881	(2,881)	0	
2.	Valuable rights	32,651	(18,597)	14,054	15,588
1.	Software	14,353	(12,008)	2,345	2,578
2.	Other valuable rights	18,298	(6,589)	11,709	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				
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress				
B. II.	<b>Tangible fixed assets</b>	<b>2,011,255</b>	<b>(1,291,828)</b>	<b>719,427</b>	<b>692,975</b>
B. II. 1.	Land and structures	788,241	(474,885)	313,356	303,255
1.	Land	169,086	(17,495)	151,591	142,065
2.	Structures	619,155	(457,390)	161,765	161,190
2.	Movable assets and sets of movable assets	1,101,680	(764,815)	336,865	343,208
3.	Gain or loss on revaluation of acquired property	45,442	(45,442)		753
4.	Other tangible fixed assets	6,066	(4,963)	1,103	1,359
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets	6,066	(4,963)	1,103	1,359
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress	69,826	(1,723)	68,103	44,400
1.	Advances granted for tangible fixed assets	1,112	(893)	219	596
2.	Tangible fixed assets in progress	68,714	(830)	67,884	43,804
B. III.	<b>Long-term investments</b>	<b>309,620</b>	<b>(76,484)</b>	<b>233,136</b>	<b>234,118</b>
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	17,625		17,625	18,607
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				
<b>C.</b>	<b>CURRENT ASSETS</b>	<b>602,915</b>	<b>(115,815)</b>	<b>487,100</b>	<b>479,815</b>
C. I.	<b>Inventories</b>	<b>52,668</b>	<b>0</b>	<b>52,668</b>	<b>54,001</b>
C. I. 1.	Materials	27,355		27,355	27,409
2.	Work in progress and semi-finished production				
3.	Finished products and goods	25,313		25,313	26,592
1.	Finished products	25,095		25,095	26,123
2.	Goods	218		218	469
4.	Livestock				
5.	Advances granted for inventories				
C. II.	<b>Receivables</b>	<b>522,400</b>	<b>(115,815)</b>	<b>406,585</b>	<b>397,377</b>
C. II. 1.	<b>Long-term receivables</b>	<b>16,369</b>	<b>0</b>	<b>16,369</b>	<b>18,536</b>
1.	Trade receivables				
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset				
5.	Other receivables	16,369		16,369	18,536
5.1.	Receivables from partners				
5.2.	Long-term advances granted	16,369		16,369	18,528
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables				8

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 2020
		Gross	Allowances	Net	Net
C. II. 2.	<b>Short-term receivables</b>	<b>506,031</b>	<b>(115,815)</b>	<b>390,216</b>	<b>378,841</b>
1.	Trade receivables	434,788	(113,621)	321,167	286,861
2.	Receivables – controlled or controlling entity	25,140		25,140	65,895
3.	Receivables – significant influence				
4.	Other receivables	46,103	(2,194)	43,909	26,085
4.1.	Receivables from partners	46		46	35
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables	10,496		10,496	19,291
4.4.	Short-term advances granted	3,077	(1,189)	1,888	1,584
4.5.	Unbilled revenue	2,540		2,540	2,248
4.6.	Miscellaneous receivables	29,944	(1,005)	28,939	2,927
C. III.	<b>Short-term financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	<b>Cash</b>	<b>27,847</b>	<b>0</b>	<b>27,847</b>	<b>28,437</b>
1.	Cash in hand	49		49	90
2.	Cash at bank	27,798		27,798	28,347
D.	<b>Prepaid expenses and accrued income</b>	<b>7,158</b>	<b>0</b>	<b>7,158</b>	<b>7,877</b>
D. 1.	Prepaid expenses	3,675		3,675	3,612
2.	Prepaid expenses (specific-purpose expenses)	3,483		3,483	4,258
3.	Accrued income				7

## BALANCE SHEET

		Current year	Prior year 2020
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,460,875</b>	<b>1,430,373</b>
<b>A.</b>	<b>EQUITY</b>	<b>966,073</b>	<b>928,291</b>
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.	<b>Share premium and revaluation reserve</b>	<b>424</b>	<b>424</b>
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.	<b>Reserves from profit</b>	<b>94,340</b>	<b>94,340</b>
A. III. 1.	Other reserves	94,340	94,340
2.	Statutory and other reserves		
A. IV.	<b>Profit (loss) brought forward (+/-)</b>	<b>275,051</b>	<b>275,051</b>
IV. 1.	Retained earnings	275,051	275,051
2.	Other profit (loss) brought forward (+/-)		
A. V.	<b>Profit (loss) for the year (+/-)</b>	<b>296,058</b>	<b>258,276</b>
A. VI.	<b>Approved decision on advances for profit distribution (-)</b>	<b>0</b>	<b>0</b>
<b>B. + C.</b>	<b>PROVISIONS AND LIABILITIES</b>	<b>494,572</b>	<b>500,384</b>
B.	<b>Provisions</b>	<b>68,139</b>	<b>58,283</b>
B. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax		
3.	Provisions recognized under special legislation	28,523	26,962
4.	Other provisions	39,616	31,321
C.	<b>Liabilities</b>	<b>426,433</b>	<b>442,101</b>
C. I.	<b>Long-term liabilities</b>	<b>36,772</b>	<b>27,053</b>
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	36,772	27,053
9.	Other liabilities		
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities		
C. II.	<b>Current liabilities</b>	<b>389,661</b>	<b>415,048</b>
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Short-term advances received	2,477	2,104
4.	Trade payables	331,852	348,807
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Other liabilities	55,332	64,137
1.	Liabilities to partners		5,627
2.	Short-term borrowings	52	
3.	Liabilities to employees	18,175	15,205
4.	Liabilities arising from social security and health insurance	9,984	9,178
5.	Due to government – taxes and subsidies	6,671	17,248
6.	Unbilled deliveries	20,450	16,879
7.	Miscellaneous liabilities		
D.	<b>Accruals and deferred income</b>	<b>230</b>	<b>1,698</b>
D. 1.	Accruals	177	1,645
2.	Deferred income	53	53

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. for the year ended 31 December 2021

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

## INCOME STATEMENT

		Current year	Prior year 2020
I.	Revenue from sale of finished products and services	2,720,308	2,514,835
II.	Revenue from sale of goods	28,358	24,643
A.	<b>Production-related consumption</b>	<b>1,951,618</b>	<b>1,808,856</b>
A.1.	Cost of goods sold	30,135	21,965
A.2.	Consumption of material and energy	1,494,471	1,379,241
A.3.	Services	427,012	407,650
B.	<b>Change in inventory produced internally (+/-)</b>	<b>32</b>	<b>(8,737)</b>
C.	<b>Own work capitalized (-)</b>	<b>(1,475)</b>	<b>(1,286)</b>
D.	<b>Personnel expenses</b>	<b>358,213</b>	<b>351,711</b>
D.1.	Wages and salaries	258,277	252,732
D.2.	Social security and health insurance costs and other costs	99,936	98,979
D.2.1.	Social security and health insurance costs	93,111	92,331
D.2.2.	Other costs	6,825	6,648
E.	<b>Value adjustments in respect of operating activities</b>	<b>31,876</b>	<b>57,587</b>
E.1.	Value adjustments in respect of intangible and tangible fixed assets	72,644	67,524
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	72,644	67,076
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	(40,768)	(9,937)
III.	<b>Other operating income</b>	<b>57,566</b>	<b>35,490</b>
III.1.	Income from sale of fixed assets	31,938	6,183
III.2.	Income from sale of materials	16,232	16,160
III.3.	Miscellaneous operating income	9,396	13,147
F.	<b>Other operating expenses</b>	<b>103,432</b>	<b>53,353</b>
F.1.	Net book value of fixed assets sold	15,292	412
F.2.	Net book value of materials sold	13,639	12,974
F.3.	Taxes and charges relating to operations	8,355	9,322
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	10,654	(2,153)
F.5.	Miscellaneous operating expenses	55,492	32,798
*	<b>Profit or loss on operating activities (+/-)</b>	<b>362,536</b>	<b>313,484</b>
IV.	<b>Income from long-term investments - interests</b>	<b>4,969</b>	<b>6,577</b>
IV.1.	Income from interests in subsidiaries or parents	4,969	6,577
IV.2.	Other income from interests		
G.	<b>Cost of interests sold</b>	<b>0</b>	<b>0</b>
V.	<b>Income from other long-term investments</b>	<b>0</b>	<b>0</b>
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments		
H.	<b>Expenses relating to other long-term investments</b>	<b>0</b>	<b>0</b>
VI.	<b>Interest receivable and similar income</b>	<b>635</b>	<b>738</b>
VI.1.	Interest receivable and similar income - subsidiaries or parents	635	702
VI.2.	Other interest receivable and similar income		36
I.	<b>Value adjustments and provisions relating to financial activities</b>	<b>0</b>	<b>0</b>
J.	<b>Interest payable and similar expenses</b>	<b>497</b>	<b>29</b>
J.1.	Interest payable and similar expenses - subsidiaries or parents	497	29
J.2.	Other interest payable and similar expenses		
VII.	<b>Other finance income</b>	<b>1,625</b>	<b>3,405</b>
K.	<b>Other finance cost</b>	<b>4,035</b>	<b>5,346</b>
*	<b>Profit or loss on financial activities (+/-)</b>	<b>2,697</b>	<b>5,345</b>
**	<b>Profit or loss before taxation (+/-)</b>	<b>365,233</b>	<b>318,829</b>

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 2021  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

**INCOME STATEMENT**

		Current year	Prior year 2020
<b>L.</b>	<b>Income tax</b>	<b>69,175</b>	<b>60,553</b>
L.1.	Income tax due	59,456	54,677
L.2.	Income tax deferred (+/-)	9,719	5,876
<b>**</b>	<b>Profit or loss after taxation (+/-)</b>	<b>296,058</b>	<b>258,276</b>
<b>M.</b>	<b>Transfer of share of profit or loss to partners (+/-)</b>	<b>0</b>	<b>0</b>
<b>***</b>	<b>Profit or loss for the year (+/-)</b>	<b>296,058</b>	<b>258,276</b>
<b>*</b>	<b>Net turnover</b>	<b>2,813,461</b>	<b>2,585,688</b>

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 2021  
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

**CASH FLOW STATEMENT**

For the years ended 31 December 2021 and 2020

		Current year	Prior year 2020
<b>Cash flows from operating activities</b>			
<b>Z.</b>	<b>Profit or loss on ordinary activities before taxation (+/-)</b>	<b>365,233</b>	<b>318,829</b>
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	50,749	47,697
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	108,346	80,193
A. 1. 2.	Change in allowances	(40,731)	(9,489)
A. 1. 3.	Change in provisions	9,856	(3,274)
A. 1. 4.	Foreign exchange differences		(99)
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(21,615)	(12,348)
A. 1. 6.	Interest expense and interest income	(138)	(709)
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	(4,969)	(6,577)
<b>A *</b>	<b>Net cash from operating activities before taxation, changes in working capital and extraordinary items</b>	<b>415,982</b>	<b>366,526</b>
A. 2.	Change in non-cash components of working capital	(54,279)	(454)
A. 2. 1.	Change in inventory	1,333	(12,406)
A. 2. 2.	Change in trade receivables	(28,809)	61,217
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	(15,192)	(1,469)
A. 2. 4.	Change in trade payables	(16,955)	(41,062)
A. 2. 5.	Change in other payables, and in accruals and deferred income	5,344	(6,734)
<b>A **</b>	<b>Net cash from operating activities before taxation, interest paid and extraordinary items</b>	<b>361,703</b>	<b>366,072</b>
A. 3. 1.	Interest paid	(497)	(29)
A. 4. 1.	Income Tax paid	(69,073)	(53,467)
<b>A ***</b>	<b>Net cash provided by (used in) operating activities</b>	<b>292,133</b>	<b>312,576</b>
<b>Cash flows from investing activities</b>			
B. 1. 1.	Purchase of fixed assets	(111,872)	(124,764)
B. 2. 1.	Proceeds from sale of fixed assets	36,907	12,760
B. 3. 1.	Loans granted	40,744	35,288
B. 4. 1.	Interest received	635	738
B. 5. 1.	Dividends received	4,969	6,577
<b>B ***</b>	<b>Net cash provided by (used in) investing activities</b>	<b>(28,617)</b>	<b>(69,401)</b>
<b>Cash flows from financing activities</b>			
C. 1.	Change in long-term liabilities, and long-term and short-term loans	(5,627)	2,511
C. 2. 1.	Effect of other changes in equity on cash		
C. 2. 2.	Profit shares paid	(258,276)	(250,000)
C. 2. 3.	Effect of other changes in own capital on cash		
<b>C ***</b>	<b>Net cash provided by (used in) financing activities</b>	<b>(263,903)</b>	<b>(247,489)</b>
<b>F.</b>	<b>Net increase (decrease) in cash</b>	<b>(387)</b>	<b>(4,314)</b>
<b>P.</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>1,272</b>	<b>5,586</b>
<b>R.</b>	<b>Cash and cash equivalents at end of year</b>	<b>885</b>	<b>1,272</b>

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 2021

## 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](http://www.buzziunicem.com)).

In 2021, a change was made to the Commercial Register entry pertaining to the proxy holder of the Company: with effect from 1 July 2021 to 31 December 2021, the position was held by Katarína Gáborová (until 30 June 2021 by Vlastimil Hanáček).

Members of statutory and supervisory bodies as at 31 December 2021 were as follows:

Board of Directors	
Chair:	Paolo Zelano
Member:	Jörg Reiner Wild
Member:	Marco Duranda*

Supervisory Board	
Chair:	Luigi Buzzi
Member:	Massimo Paris
Member:	Dirk Beese

Proxy holders:	
Proxy holder:	Jiří Haša
Proxy holder:	Katarína Gáborová*



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\* An organizational change took effect as at 1 January 2022, consisting in the removal of Marco Duranda as a member of the Board of Directors and the appointment of a new member of the Board of Directors, Katarína Gáborová; in addition, the proxy awarded to Katarína Gáborová was withdrawn and Viktor Slezák was appointed a new proxy holder of the Company.

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 General Manager reports to the Board of Directors; the director of division concrete, the director for quarries and sandpits (being a head of central services department at the same time), the head of quality, the finance director and HR manager all report to the General Manager.

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.

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.

The accompanying financial statements have been prepared as separate financial statements. As at 31 December 2021, 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 2021 and 2020.

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 2021 and 2020 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 from CZK 40 thousand to CZK 80 thousand are recorded in the balance sheet and amortized on a straight-line basis over a period of 24 months. Intangible fixed assets with a cost of CZK 80 thousand and higher are recorded

The accompanying balance sheet, income statement and cash flow statement are an integral part of the financial statements.

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Financial Statements for the year ended 31 December 2021

in the balance sheet and amortized on a straight-line basis over a period of 48 months or over the life of the respective license.

#### 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

#### 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

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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.

### **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.

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 2021 and 2020 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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#### 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	13,479	-	-	874	14,353
Patents, royalties and similar rights	18,298	-	-	-	18,298
Foundation and organization expenses	7,130	-	-	-	7,130
Intangible fixed assets in progress	-	874	-	(874)	-
2021 Total	41,788	874	-	-	42,662
2020 Total	26,929	14,989	(130)	-	41,788

###### **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	(10,901)	(1,107)	-	(12,008)	2,345
Patents, royalties and similar rights	(5,288)	(1,301)	-	(6,589)	11,709
Foundation and organization expenses	(7,130)	-	-	(7,130)	-
Intangible fixed assets in progress	-	-	-	-	-
2021 Total	(26,200)	(2,408)	-	(28,608)	14,054
2020 Total	(25,866)	(464)	130	(26,200)	15,588

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

	At beginning of year	Additions	Disposals	Transfers	At end of year
Land	159,560	-	(9,677)	19,203	169,086
Structures	618,106	-	(20,020)	21,069	619,155
Machinery and equipment	811,811	-	(14,771)	27,364	824,404
Vehicles	256,276	-	(638)	20,312	275,950
Furniture and fixtures	1,497	-	(171)	-	1,326
Gain or loss on revaluation of acquired property	45,442	-	-	-	45,442
Miscellaneous tangible fixed assets	5,735	-	-	331	6,066
Advances granted for tangible fixed assets	1,490	8,396	(8,774)	-	1,112
Tangible fixed assets in progress	44,634	113,203	(844)	(88,279)	68,714
2021 Total	1,944,551	121,599	(54,895)	-	2,011,255
2020 Total	1,822,384	152,800	(30,633)	-	1,944,551

**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)	151,591
Structures	(454,916)	(15,028)	(5,466)	20,020	(455,390)	(2,000)	161,765
Machinery and equipment	(661,325)	(27,673)	(149)	14,771	(674,376)	-	150,027
Vehicles	(63,554)	(26,196)	-	638	(89,112)	-	186,838
Furniture and fixtures	(1,497)	-	-	171	(1326)	-	-
Gain or loss on revaluation of acquired property	(44,689)	(753)	-	-	(45,442)	-	-
Miscellaneous tangible fixed assets	(4,377)	(586)	-	-	(4,963)	-	1,103
Advances granted for tangible fixed assets	-	-	-	-	-	(893)	219
Tangible fixed assets in progress	-	-	-	-	-	(830)	67,884
2021 Total	(1,230,358)	(70,236)	(5,615)	35,600	(1,270,609)	(21,218)	719,427
2020 Total	(1,167,058)	(66,590)	(412)	3,702	(1,230,358)	(21,218)	692,975

In 2021, the Company put into operation a new Nymburk center worth approximately CZK 38 million. Further, significant additions to investments included acquisition of concrete pumps worth approximately CZK 14 million, truck mixers worth approximately CZK 6 million and wheel loaders in the amount of CZK 14 million.



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The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 29,330 thousand and CZK 28,559 thousand as at 31 December 2021 and 2020, respectively.

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

Summary of changes in long-term financial investments.

	Balance as at 31/ 12/ 2019	Revaluation	Allowance	Balance as at 31/ 12/ 2020 Net	Revaluation	Balance as at 31/ 12/ 2021 Net
Subsidiaries	201,215	-	-	201,215	-	201,215
Associates	14,296	-	-	14,296	-	14,296
Loans to subsidiaries and associates	18,015	592	-	18,607	(982)	17,625
Total	233,526	592	-	234,118	(982)	233,136

As at 31 December 2021, the Company assessed the results of operations as well as estimated future cash flows generated by the subsidiary ZAPA beton SK s.r.o.; no impairment of the ZAPA beton SK s.r.o. financial investment was found. The impairment of the financial investment was compensated for in 2019 by creating an allowance totaling CZK 76,484 thousand.

Subsidiaries and associates as at 31 December 2021 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	99.969	50	50
Total assets	13,248	52,505	24,614
Equity	5,956	40,697	19,639
Basic capital and capital funds	11,952	24,650	13,891
Reserves from profit	292	2,000	202
Retained earnings / accumulated loss	(5,653)	8,312	-
Other	(60)	-	-
Profit for the current year	(576)	5,736	5,546

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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	99.969	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

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 2021 and 2020, 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		
2021	Gross	261,948	58,501	883	489	3,098	109,869	172,840	434,788
	Allowances	-	3	162	489	3,098	109,869	113,621	113,621
	Net	261,948	58,498	721	-	-	-	59,219	321,167
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

The Company wrote off irrecoverable receivables of CZK 35,702 thousand and CZK 13,117 thousand in 2021 and 2020, 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/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020	Additions	Deductions	Balance as at 31/ 12/ 2021
Fixed assets	20,770	781	(333)	21,218	-	-	21,218
Financial assets	76,484	-	-	76,484	-	-	76,484
Receivables – legal	136,277	4,173	(19,043)	121,407	3,415	(31,540)	93,282
Receivables – other	30,206	4,933	-	35,139	2,904	(15,510)	22,533
Total	263,737	9,887	(19,376)	254,248	6,319	47,050	213,517

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 26,962 thousand and CZK 27,165 thousands as at 31 December 2021 and 2020, 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/ 2019	Increase	Decrease	Balance as at 31/ 12/ 2020	Increase	Decrease	Balance as at 31/ 12/ 2021
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	-	(50,182)	275,051	-	-	275,051
Profit / (loss) for the year	199,818	258,276	(199,818)	258,276	296,058	(258,276)	296,058
Total equity	920,015	258,276	(250,000)	928,291	296,058	(258,276)	966,073

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 22 March 2021, the payment of a dividend totaling CZK 258,276 thousand to the sole shareholder was approved.

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.

## 11. PROVISIONS

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

Provisions	Balance as at 31/ 12/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020	Additions	Deductions	Balance as at 31/ 12/ 2021
Legal	27,165	1,866	(2,069)	26,962	1,561	-	28,523
Other	34,392	4,247	(7,318)	31,321	13,886	(5,591)	39,616
Total	61,557	6,113	(9,387)	58,283	15,447	(5,591)	68,139

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.

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## 12. CURRENT LIABILITIES

As at 31 December 2021 and 2020, the Company had liabilities of CZK 9,984 thousand and CZK 9,178 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):

	2021	2020
Profit before taxes	365,233	318,829
Non-taxable revenues	(4,968)	(6,577)
Difference between book and tax depreciation	(53,897)	(30,159)
Non-deductible expenses		
Creation / (reversal) of allowances, net	(12,605)	1,340
Creation / (reversal) of provisions, net	6,309	(3,116)
Other (e.g. entertainment expenses, shortages and losses)	16,098	9,886
Taxable income	316,170	290,203
Current income tax rate	19%	19%
Tax	60,072	55,139
Tax relief (Section 35)	(213)	(167)
Adjustment of the tax paid in previous years	(403)	(295)
Current tax expense	59,456	54,677

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

	2021		2020	
Deferred tax items	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)	-	(48,749)	-	(38,957)
Other temporary differences:				
Allowances	4,451	-	6,010	-
Provisions	7,526	-	5,894	-
Total	11,977	(48,749)	11,904	(38,957)
Net		(36,772)		(27,053)

**14. LEASES**

As at 31 December 2021 and 2020, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):

Description	Terms	Expense in 2021	Expense in 2020
Trucks	48–60 months	113	173
Passenger cars	48–72 months	9,995	9,843
Total		10,108	10,016

**15. REVENUES**

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

	2021		2020	
	Domestic	Foreign	Domestic	Foreign
Goods – concrete	24,554	-	18,274	-
Goods – stone	1,796	-	-	-
Goods – anhydride	-	-	104	-
Other	1,633	375	5,684	581
Revenues from the sale of goods	27,983	375	24,062	581

	2021		2020	
	Domestic	Foreign	Domestic	Foreign
Sale of product – concrete	2,066,576	-	1,955,059	-
Sale of product – stone	171,416	-	150,379	-
Other revenues	12,182	-	736	-
Services – freight	151,276	-	400,414	-
Services – rent	3,414	614	1,759	681
Other services	312,611	2,219	5,608	199
Revenues from the sale of products and services	2,717,475	2,833	2,513,955	880

In 2021, 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):

	2021		2020	
	Total personnel	Members of managerial bodies	Total personnel	Members of managerial bodies
Average number of employees	432	38	451	33
Wages and salaries	256,277	42,873	252,214	36,992
Bonuses of members of the corporation	518	518	518	518
Social security and health insurance	93,111	13,084	92,331	11,679
Social cost	6,825	3,733	6,648	3,539
Total personnel expenses	356,731	60,208	351,711	52,728

The members of statutory and supervisory bodies received total bonuses and other remuneration of CZK 518 thousand in 2021.

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 2021 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 7,627 thousand and CZK 5,762 thousand in 2021 and 2020, respectively.

Trade receivables from related parties as at 31 December 2021 and 2020 were as follows (in CZK thousands):

Related party	2021	2020
ZAPA BETON Hungária Kft.	4,537	4,562
ZAPA beton SK	50	204
ZAPA UNISTAV	221	267
EKO ZAPA beton	62	36
DYCKERHOFF Polska	2,219	610
DYCKERHOFF GmbH	1,925	-
Total	9,014	5,679

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases were CZK 555,156 thousand and CZK 519,894 thousand in 2021 and 2020, respectively.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2021

Short-term payables to related parties as at 31 December 2021 and 2020 were as follows (in CZK thousands):

Related party	2021	2020
Cement Hranice a.s	96,158	83,382
ZAPA UNISTAV	-	-
EKO ZAPA beton	-	-
DYCKERHOFF GmbH	-	627
ZAPA beton SK	17	-
Total	96,175	84,009

Loans and borrowings to group companies (long-term) as at 31 December 2021 and 2020 were as follows (in CZK thousands):

Company	Terms	2021	2020
ZAPA beton SK s.r.o.	Due date: 31/ 12/ 2024	17,625	18,607

Short-term loans to group companies arising from cash-pool as at 31 December 2021 and 2020 were as follows (in CZK thousands):

Company	2021	2020
ZAPA beton SK s.r.o.	47	49
Cement Hranice	25,093	65,846
Total	25,140	65,895

As at 31 December 2021 and 2020, outstanding interest on the loan to ZAPA beton SK s.r.o. amounted to CZK 47 thousand and CZK 49 thousand, respectively, and was recorded in 'Receivables from group companies with majority control'. The interest rate is EURIBOR + 3.075% p.a.

In 2021 and 2020, the Company received dividends from finance investments amounting to CZK 4,969 thousand and CZK 6,577 thousand, respectively.

## 18. SIGNIFICANT ITEMS OF INCOME STATEMENT

Operation related consumption as at 31 December 2021 and 2020 was as follows (in CZK thousands):

	2021	2020
Consumption of material	1,457,745	1,344,013
Consumption of energy	36,726	35,228
Total consumed purchases	1,494,471	1,379,241



ZAPA beton a.s.

Financial Statements for the year ended 31 December 2021

Miscellaneous operating expenses as at 31 December 2021 and 2020 were as follows (in CZK thousands):

	2021	2020
Gifts	1,947	1,929
Write-off of receivables and ceded receivables	35,702	13,232
Other operating expenses	17,843	17,637
Total miscellaneous operating expenses	55,492	32,798

Statutory auditor's fees as at 31 December 2021 and 2020 were as follows (in CZK thousands):

	2021	2020
Audit of the financial statements	925	900

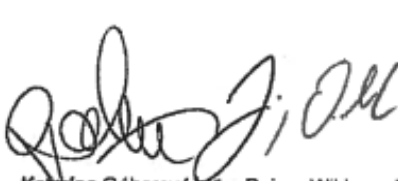


#### 19. COVID-19 IMPACTS ON THE ENTITY

In 2021, 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 program.

#### 20. SUBSEQUENT EVENTS

As at 10 February 2022 change in the board of directors and proxy holder took place. Katarína Gáborová was appointed as a new member of the Board of Directors (effective from 1 January 2022). Viktor Slezák was appointed a new proxy holder of the Company on the same date (see point 1).

#### 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 2022	 Katarína Gáborová, Jörg Reiner Wild	 Renáta Adamová	 Jiří Haša

# RELATED PARTY TRANSACTIONS REPORT for 2021

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

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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  
Email: [zapa@zapa.cz](mailto:zapa@zapa.cz)

## Preamble

Chairman Paolo Zelano, members Katarína Gáborová 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 Dychkerhoff/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](http://www.buzziunicem.it), [www.dyckerhoff.com](http://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.
4. 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.
5. 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.

In 2021, a change was made to the Commercial Register entry pertaining to the Company's proxy holder.

As to the Supervisory Board:

Chairman – Luigi Buzzi, two members – Dirk Beese and Massimo Paris.

As to the Board of Directors:

2021: Chairman – Paolo Zelano, two members – Jörg Reiner Wild and Marco Duranda (until 31 December 2021).

6. It continues to apply that two members of the Board of Directors or two proxy holders jointly represent the Company in all matters.

Jiří Haša and from 1 July 2021 to 31 December 2021 Katarína Gáborová (until 30 June 2021 Vlastimil Hanáček) were proxy holders of the Company.

In 2021, the executive management of the Company consisted of: General Manager Marco Duranda, Director for Bohemia Ing. Katarína Gáborová, Director for Moravia Vlastimil Hanáček (until 30 June 2021) with the provision that the regions of Bohemia and Moravia were merged as at 1 July 2021 and Katarína Gáborová has been the Director of division Concrete since 1 July 2021, 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.

7. The excerpt from the Register of Beneficial Owners can be found at <https://esm.justice.cz>. The record of the Company in the Register of Beneficial Owners was updated in compliance with Act No. 37/2021 Coll. on the Register of Beneficial Owners, for the last time on 1 December 2021.
8. An organizational change took effect as at 1 January 2022, consisting in the removal of Marco Duranda as a member of the Board of Directors and the appointment of a new member of the Board of Directors, Katarína Gáborová; in addition, the proxy awarded to Katarína Gáborová was withdrawn and Viktor Slezák was appointed a new proxy holder of the Company.

## 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 2021, the controlling entity invoiced and reinviced 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 1<sup>st</sup> 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. In 2021, a sub-licence agreement for the use of the BUZZI trademark was concluded with retroactive effect from 14 September 2019. No other contracts, which could be categorised under the group of mutual contracts, have not been entered into.
2. In 2021, Buzzi Unicem SpA (governing entity), as the lender, provided fulfilment according to the International Hiring Out of Labour from 19<sup>th</sup> February 2014. No other contracts, which could be categorised under the group of mutual contracts, have not been entered into.
3. In 2021, 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 all plants (concrete mixing plants), purchase of bulk cement, where Cement Hranice, joint-stock company, is the supplier and ZAPA the purchaser.
- Contract for work of 5<sup>th</sup> April 2017, as amended by Amendment No. 4 of 22<sup>nd</sup> June 2021, including the price of services for 2021, where ZAPA is specified as the ordering party; provision of accounting and related services, entered into for an indefinite period effective from 1<sup>st</sup> January 2017.

- Contract for work of 4<sup>th</sup> April 2017, as amended by Amendment No. 4 of 22<sup>nd</sup> June 2021, including the price of services for 2021, where ZAPA is specified as the ordering party; provision of IT and related services, entered into for an indefinite period effective from 1<sup>st</sup> 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 2<sup>nd</sup> January 2015 for an indefinite period, with a three month notice.
- Contract for Automatic Transfer of Cash-pool Account Balances dated 1<sup>st</sup> October 2003, as amended by Amendments No. 1 of 22<sup>nd</sup> December 2006 and No. 2 of 20<sup>th</sup> 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 20<sup>th</sup> October 2003, as amended by Amendments dated 25<sup>th</sup> September 2009 and 1<sup>st</sup> 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 31<sup>st</sup> August 2000, as amended by Amendment No. 22 for the lease amount for 2021, ZAPA as the Lessee, on the lease of land for a concrete mixing plant in Hranice.
- Lease agreement of 29<sup>th</sup> May 2015, as amended by Amendment No. 6 for the lease amount for 2021, 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 21<sup>st</sup> October 2015, as amended by Amendment No. 6 for the lease amount for 2021, 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 17<sup>th</sup> February 2014, with Cement Hranice, joint-stock company specified as the supplier, for the concrete mixing plant in Hranice and since 1<sup>st</sup> August 2015 also for the laboratory in Hranice, as amended by the Amendment No. 2 of 29<sup>th</sup> January 2021, to this contract.
- Contract for bundled electricity supply services dated 31<sup>st</sup> July 2015 with automated renewal, ZAPA as the Client, supplies for the Hranice laboratory, as amended by Amendments No. 2 dated 29<sup>th</sup> January 2021.
- In 2021, 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 297 thousand.
- Contract for the provision of services in the sphere of GDPR – general IT services, human resources, accounting, finance and controlling dated 3<sup>rd</sup> 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 3<sup>rd</sup> 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 2<sup>nd</sup> January 2002, sales representative services, EKOZAPA as the Interested party.
- Contract for concrete transportation dated 15<sup>th</sup> May 2002, truck mixers of the operator, i.e. ZAPA, EKOZAPA as the Ordering party of concrete transportation.
- Contract for concrete transportation dated 1<sup>st</sup> 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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 2<sup>nd</sup> January 2001, as amended by Amendment dated 30<sup>th</sup> 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 4<sup>th</sup> March 2021, ZAPA UNISTAV as the ordering party.
- Contract for concrete transportation dated 1<sup>st</sup> October 2002, ZAPA UNISTAV as the operator.
- Use of concrete pursuant to orders.
- Rebilling of phone costs, 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 3<sup>rd</sup> 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 3<sup>rd</sup> May 2018; ZAPA as the Interested party.

#### **ZAPA beton SK s.r.o.**

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

Business registration number (IC): 35 814 497

- Agreement on the sub-lease of property (Volvo L 150F wheel loader) of 1<sup>st</sup> August 2013.
- Lease agreement on the use of property (mobile cone crusher Pegson Maxtrak 1000SR) dated 2<sup>nd</sup> August 2014, concluded for an indefinite period.
- Loan agreement of 2<sup>nd</sup> June 2003, as amended by Amendment No. 12 on loan maturity date extension until 31<sup>st</sup> December 2024.
- Purchase agreement on the sale of fixed assets dated 9<sup>th</sup> February 2021 for EUR 33,192.55 (ZAPA as the Purchaser).
- Lease agreement dated 1<sup>st</sup> March 2021, as amended by Amendment No. 1 on the lease of concrete plant technology for an indefinite period (ZAPA as the Lessee).
- In 2021, 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 1,459 thousand and incurred costs of CZK 2,063 thousand.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3<sup>rd</sup> 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 3<sup>rd</sup> May 2018; ZAPA as the Interested party.

#### **ZAPA Beton Hungaria Kft.**

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

- In 2021 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 2 thousand.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3<sup>rd</sup> 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 3<sup>rd</sup> May 2018; ZAPA as the Interested party.

**Dyckerhoff Polska Sp.z o.o.**

Zakładowa 3, Sitkówka - Nowiny, zip code 26052, Poland

- Technology and quality services contract for 2021 (ZAPA as the Provider).

4. It was decided by the controlling entity on 22<sup>nd</sup> March 2021 on payment of dividends for 2020 totaling CZK 258,276,170.10.
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 2021, except as described herein.

#### **IV. 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 respective provisions 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 2022

**ZAPA beton a.s.**  
  
.....  
**Paolo Zelano**  
**Chairman of the Board of Directors**

  
.....  
**Katarina Gaborová**  
**Member of the Board of Directors**

  
.....  
**Jörg Reiner Wild**  
**Member of the Board of Directors**