



ANNUAL REPORT 2023



ZAPA beton a.s.

Michle, no.ev. 417, 141 00 Praha 4

ID: 25137026

registered in the Commercial Register maintained by the Municipal Court in Prague
under file number B 4785

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General information about the joint-stock company

Business company: ZAPA beton a.s.
ID: 25137026
TAX ID: CZ25137026
Data box ID: 94wg39w
Registered office: Michle no. ev. 417, 142 00 Praha 4, Czech Republic
Telephone num.: + 420 226 004 444
Fax: + 420 226 004 440
Http: www.zapa.cz
E-mail: zapa@zapa.cz
Date of creation: 16. 6. 1997
Legal form: joint-stock company
Share capital: CZK 300,200,000
(3,002 registered shares with a nominal value of CZK 100,000)
Commercial register: registered in the Commercial Register maintained by the Municipal Court in Prague under file number B 4785
Shareholder: Dyckerhoff GmbH (100 %), with registered office at Biebricher Strasse 68, 65203 Wiesbaden, Germany (registered with the Registration Court of Wiesbaden under HRB 27594)
Statutory authority Chairman: Jörg Reiner Wild
- Board of directors: Members: Katarína Gáborová, Ladislav Hylmar
Supervisory Board: Chairman: Luigi Buzzi
Members: Dirk Beese, Patrick Klein

Executive Management

Chief Executive Officer:	Jörg Reiner Wild
Chief Financial Officer:	Ladislav Hylmar
Director of Concrete Division CZ:	Katarína Gáborová
Director of Quarries and Sandstones:	Viktor Slezák
Head of Quality:	Daniel Miczek
HR Director:	Alžběta Vlachová

Word from the CEO on the development of the business and the expected development of the company

Dear shareholders, business partners and colleagues, stakeholders,

We have had another year marked by a globally unstable political situation that has affected the economy and inadvertently is also becoming part of our business.

Due to the economic slowdown in the European markets, the market has cooled down. The effects of high inflation, the mortgage crisis have had a noticeable impact on the cooling of demand in the construction sector and have been reflected in a slowdown in demand from construction companies.

ZAPA beton produced 1.2 million m³ of concrete and 770 thousand tons of aggregates last year. We continued to invest in concrete plant renovations and improvements totaling over EUR 5.6 million, including EUR 2.2 million in mixers and pumps. Our subsidiary ZAPA beton SK ceased operations at 6 sites in Slovakia, while in the Czech Republic we expanded our portfolio by 2 more sites.

In terms of employee safety, we are continuing our massive campaign to train our employees towards prevention and intensive communication to prevent risk situations. The aim is to reduce the accident rate to the minimum possible. The area of occupational health and safety is a clear priority for us.

Our technologists continue to channel their energy and vision towards changes in production strategy – the importance of recycles in the construction industry in climate change and for sustainable development is key. In 2023, we introduced a new sustainable product range, ZAPA NEXT, which is aimed at reducing not only the carbon footprint but also the proportion of natural aggregates by appropriately replacing artificial aggregates derived from the recycling of construction rubble.

We have adjusted the remuneration of our employees. We are pleased that our employees perceive positively the opportunities in the field of further education, which we are constantly expanding.

We continue to support and help in the localities where we operate. We have an active base of blood donors. We have seen positive response to our cooperation on projects with secondary schools, whether in the field of design and realization of the design of our fleet of vehicles or in the field of construction, whose winning projects can be implemented by schools with our help. We continue our professional seminars in the framework of university cooperation.

The year 2024 will be not only for us at ZAPA beton, but for the entire construction market a great challenge, a year of expectations and, we believe, also a year of gradual growth.

A big thank you to our staff for a job well done, we look forward to working together again in the coming year 2024.

In Prague, 22 March 2024



Jörg Reiner Wild
CEO

Member of the Board of Directors

Research and development

Expenditure on research and development activities in 2023 amounted to CZK 1.4 million. This was mainly the cost of our laboratories as well as a share of costs in testing (material testing services and concrete consumption during testing). There was also a significant renewal of instrumentation and measuring equipment, including the commissioning of a new test press. Also in 2023, in terms of research, our focus was predominantly on sustainable production, and we continued the subsequent application of products with a lower environmental impact.

Environmental protection

The production of ready-mixed concrete and the extraction and processing of aggregates are industrial activities that place great demands on environmental protection, particularly in terms of reducing emissions, dust, and noise. Continuous efforts to implement environmental protection measures in a timely manner and to raise the technological level of production at all stages ensure that ZAPA beton keeps pace with current environmental management trends and does not come into conflict with environmental protection interests.

Already in 2015, legislation on environmental aspects was fundamentally changed to comply with European Union regulations, with the aim of unifying the classification of hazardous waste and hazardous substances according to the EU Commission Regulation. This was reflected in increased efforts by our management and control bodies in preparing and implementing professional training for responsible personnel at individual centers and implementing the changes at our sites.

Employees

At the end of 2023, ZAPA beton had a total of 437 employees. These are all employees in employment as of 31 December 2023, including employees working under performance and employment agreements. The number of employees has decreased by 1.01% over the past year. Selected labor costs (wages and contributions) increased by 7%. Most staff (86.32%) are male; women were employed mainly in administration.

Employee training in 2023 was largely focused on training in production: working with machinery, driving vehicles, and occupational health and safety. Other training was related to the development of PC skills, communication and presentation skills and the operation of newly implemented systems. Employees in administration had the opportunity to participate in environmental teambuilding - tree planting. For the professions in the company administration, trainings necessary for learning the current legislative changes and regular periodic trainings (accounting, tax, HR and payroll, training of drivers of clerks, legal department, etc.) took place. Internal English language courses were held for administrative and selected operational positions. The total cost of training in 2023 was more than CZK 1,130 thousand. Approximately 5,416 hours of training took place during 2023, an average of 12.39 hours per employee.

Financial management

The financial position of the Company for the years 2023 and 2022 can be seen from the attached financial statements which form an integral part of the Annual Report.

Other facts

The impact of the war in Ukraine did not have a material impact on the Company's results in 2023. There was no need to significantly curtail production or transfer employees to partial unemployment.

Significant events after the balance sheet date and other information

No events have occurred after the balance sheet date that are material to the purpose of this Annual Report.

The Company does not have any branch or other part of business establishment abroad.

The Company has not acquired any equity shares or interests during 2023.



Katarína Gáborová
Statutory representative of the Company



Ladislav Hylmar
Statutory representative of the Company

ZAPA beton a.s.

Financial statements

31 December 2023

Company name: ZAPA beton a.s.
Identification number: 251 37 026
Legal form: Joint-Stock Company
Primary business: Production, transport and delivery of concrete mixtures
Balance sheet date: 31 December 2023
Date of preparation of the financial statements: 22 March 2024

BALANCE SHEET

(in thousand Czech crowns)

Ref. a	ASSETS b	Row c	31.12.2023			31.12.2022
			Gross 1	Provision 2	Net 3	Net 4
	TOTAL ASSETS	001	3 067 933	(1 628 243)	1 439 690	1 489 130
B.	Fixed assets	003	2 509 365	(1 554 734)	954 631	960 789
B. I.	Intangible fixed assets	004	42 056	(31 955)	10 101	12 183
B. I. 1.	Development cost	005	2 881	(2 881)	-	-
B. I. 2.	Royalties	006	32 045	(21 944)	10 101	11 963
B. I. 2. 1.	Software	007	13 747	(12 753)	994	1 555
B. I. 2. 2.	Other royalties	008	18 298	(9 191)	9 107	10 408
B. I. 4.	Other intangible fixed assets	010	7 130	(7 130)	-	-
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	011	-	-	-	220
B. I. 5. 2.	Intangible fixed assets in the course of construction	013	-	-	-	220
B. II.	Tangible fixed assets	014	2 175 314	(1 398 120)	777 194	715 998
B. II. 1.	Land and constructions	015	778 677	(472 204)	306 473	313 295
B. II. 1. 1.	Land	016	150 812	-	150 812	151 452
B. II. 1. 2.	Constructions	017	627 865	(472 204)	155 661	161 843
B. II. 2.	Equipment	018	1 235 229	(872 855)	362 374	335 026
B. II. 3.	Adjustment to acquired fixed assets	019	45 442	(45 442)	-	-
B. II. 4.	Other tangible fixed assets	020	6 958	(5 233)	1 725	1 937
B. II. 4. 3.	Tangible fixed assets - other	023	6 958	(5 233)	1 725	1 937
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	024	109 008	(2 386)	106 622	65 740
B. II. 5. 1.	Advances paid for tangible fixed assets	025	893	(893)	-	79
B. II. 5. 2.	Tangible fixed assets in the course of construction	026	108 115	(1 493)	106 622	65 661
B. III.	Long-term investments	027	291 995	(124 659)	167 336	232 608
B. III. 1.	Investments - subsidiaries and controlling party	028	277 699	(124 659)	153 040	201 215
B. III. 3.	Investments - associates	030	14 296	-	14 296	14 296
B. III. 4.	Loans and borrowings - associates	031	-	-	-	17 097
C.	Current assets	037	553 449	(73 509)	479 940	522 330
C. I.	Inventories	038	77 367	-	77 367	81 726
C. I. 1.	Raw materials	039	39 216	-	39 216	37 582
C. I. 3.	Finished goods and goods for resale	041	38 151	-	38 151	44 144
C. I. 3. 1.	Finished goods	042	35 865	-	35 865	44 144
C. I. 3. 2.	Goods for resale	043	2 286	-	2 286	-
C. II.	Receivables	046	446 045	(73 509)	372 536	363 549
C. II. 1.	Long-term receivables	047	12 343	-	12 343	14 054
C. II. 1. 5.	Receivables - other	052	12 343	-	12 343	14 054
C. II. 1. 5. 2.	Long-term advances paid	054	12 343	-	12 343	14 054
C. II. 2.	Short-term receivables	057	433 702	(73 509)	360 193	349 495
C. II. 2. 1.	Trade receivables	058	388 534	(73 176)	315 358	316 111
C. II. 2. 2.	Receivables - subsidiaries and controlling party	059	17 575	-	17 575	52
C. II. 2. 4.	Receivables - other	061	27 593	(333)	27 260	33 332
C. II. 2. 4. 1.	Receivables from shareholders	062	-	-	-	49
C. II. 2. 4. 3.	Taxes - receivables from the state	064	19 533	-	19 533	22 707
C. II. 2. 4. 4.	Short-term advances paid	065	3 095	(60)	3 035	2 386
C. II. 2. 4. 5.	Estimated receivables	066	3 368	-	3 368	1 918
C. II. 2. 4. 6.	Other receivables	067	1 597	(273)	1 324	6 272
C. IV.	Cash	075	30 037	-	30 037	77 055
C. IV. 1.	Cash in hand	076	405	-	405	481
C. IV. 2.	Cash at bank	077	29 632	-	29 632	76 574
D.	Prepayments and accrued income	078	5 119	-	5 119	6 011
D. 1.	Prepaid expenses	079	2 647	-	2 647	3 175
D. 2.	Complex prepaid expenses	080	2 472	-	2 472	2 836

Ref.	LIABILITIES AND EQUITY	Row	31.12.2023	31.12.2022
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY	082	1 439 690	1 489 130
A.	Equity	083	849 689	959 090
A. I.	Share capital	084	300 200	300 200
A. I. 1.	Share capital	085	300 200	300 200
A. II.	Share premium and capital contributions	088	424	424
A. II. 2.	Capital contributions	090	424	424
A. II. 2. 3.	Merger/demerger revaluation reserve	093	424	424
A. III.	Reserves from profit	096	94 340	94 340
A. III. 1.	Other reserve funds	097	94 340	94 340
A. IV.	Retained earnings / Accumulated losses	099	275 051	275 051
A. IV. 1.	Retained earnings or (accumulated losses)	100	275 051	275 051
A. V.	Profit / (loss) for the current period	102	179 674	289 075
B. + C.	Liabilities	104	589 740	529 439
B.	Provisions	105	73 890	73 339
B. 3.	Tax-deductible provisions	108	30 255	28 885
B. 4.	Other provisions	109	43 635	44 454
C.	Payables	110	515 850	456 100
C. I.	Long-term payables	111	44 960	45 022
C. I. 8.	Deferred tax liability	121	44 960	45 022
C. II.	Short-term payables	126	470 890	411 078
C. II. 3.	Short-term advances received	131	1 633	1 426
C. II. 4.	Trade payables	132	327 383	344 267
C. II. 8.	Liabilities - other	136	141 874	65 385
C. II. 8. 2.	Other short-term borrowings	138	81 880	4 344
C. II. 8. 3.	Liabilities to employees	139	16 616	16 897
C. II. 8. 4.	Liabilities for social security and health insurance	140	9 442	9 284
C. II. 8. 5.	Taxes and state subsidies payable	141	3 204	5 605
C. II. 8. 6.	Estimated payables	142	30 732	29 255
D.	Accruals and deferred income	147	261	601
D. 1.	Accrued expenses	148	249	589
D. 2.	Deferred income	149	12	12

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INCOME STATEMENT

(in thousand Czech crowns)

Ref. a	TEXT b	Row c	Accounting period	
			2023	2022
			1	2
I.	Sales of products and services	01	2 972 440	3 014 927
II.	Sales of goods	02	9 338	3 897
A.	Cost of sales	03	2 220 828	2 247 761
A. 1.	Cost of goods sold	04	8 178	4 161
A. 2.	Raw materials and consumables used	05	1 800 166	1 810 007
A. 3.	Services	06	412 484	433 593
B.	Changes in inventories of finished goods and work in progress	07	7 726	(20 031)
C.	Own work capitalised	08	(3 198)	(774)
D.	Staff costs	09	392 614	369 087
D. 1.	Wages and salaries	10	279 782	264 820
D. 2.	Social security, health insurance and other costs	11	112 832	104 267
D. 2. 1.	Social security and health insurance costs	12	102 855	96 856
D. 2. 2.	Other costs	13	9 977	7 411
E.	Value adjustments in operating activities	14	65 920	27 391
E. 1.	Value adjustments of fixed assets	15	78 879	56 738
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	78 879	73 570
E. 1. 2.	Provision for impairment of fixed assets	17	-	(16 832)
E. 2.	Provision for impairment of inventories	18	1 420	-
E. 3.	Provision for impairment of receivables	19	(14 379)	(29 347)
III.	Operating income - other	20	46 920	65 292
III. 1.	Sales of fixed assets	21	10 266	30 494
III. 2.	Sales of raw materials	22	16 413	20 925
III. 3.	Other operating income	23	20 241	13 873
F.	Operating expenses - other	24	64 354	105 334
F. 1.	Net book value of fixed assets sold	25	1 088	23 489
F. 2.	Cost of raw materials sold	26	14 136	18 254
F. 3.	Taxes and charges	27	6 636	7 402
F. 4.	Operating provisions and complex prepaid expenses	28	916	7 313
F. 5.	Other operating expenses	29	41 578	48 876
*	Operating result	30	280 454	355 348
IV.	Income from long-term investments - shares	31	5 364	5 641
IV. 1.	Income from investments - subsidiaries or controlling party	32	5 364	5 641
VI.	Interest and similar income	39	608	676
VI. 1.	Interest and similar income - subsidiaries or controlling party	40	608	676
I.	Value adjustments and provisions from financial operations	42	48 175	-
J.	Interest and similar expenses	43	2 343	1 469
J. 1.	Interest and similar expenses - subsidiaries or controlling party	44	2 343	1 469
VII.	Other financial income	46	3	3
K.	Other financial expenses	47	1 627	3 900
*	Financial result	48	(46 170)	951
**	Net profit / (loss) before tax	49	234 284	356 299
L.	Tax on profit or loss	50	54 610	67 224
L. 1.	Tax on profit or loss - current	51	54 672	58 974
L. 2.	Tax on profit or loss - deferred	52	(62)	8 250
**	Net profit / (loss) after tax	53	179 674	289 075
***	Net profit / (loss) for the financial period	55	179 674	289 075
*	Net turnover for the financial period	56	3 034 673	3 090 436

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STATEMENT OF CASH FLOWS

(in thousand Czech crowns)

Ref. a	TEXT b	Accounting period	
		2023 1	2022 2
	Cash flows from operating activities		
	Net profit /(loss) before tax	234 284	356 299
A. 1.	Adjustments for non-cash movements:	101 841	42 199
A. 1. 1.	Depreciation and amortisation of fixed assets	78 879	101 122
A. 1. 2.	Change in provisions and provisions for impairment	35 769	(41 872)
A. 1. 3.	(Profit)/loss from sales of fixed assets	(9 178)	(12 646)
A. 1. 4.	Dividend income	(5 364)	(5 641)
A. 1. 5.	Net interest expense/(income)	1 735	793
A. 1. 6.	Other non-cash movements	-	443
A *	Net cash flow from operating activities before tax and changes in working capital	336 125	398 498
A. 2.	Non-cash working capital changes:	60 767	14 879
A. 2. 1.	Change in receivables and prepayments	7 619	20 354
A. 2. 2.	Change in payables and accruals	48 789	23 583
A. 2. 3.	Change in inventories	4 359	(29 058)
A **	Net cash flow from operating activities before tax	396 892	413 377
A. 3.	Interest paid	(2 343)	(1 469)
A. 4.	Interest received	608	-
A. 5.	Income tax paid	(61 466)	(60 769)
A ***	Net cash flow from operating activities	333 691	351 139
	Cash flows from investing activities		
B. 1.	Acquisition of fixed assets	(109 122)	(73 506)
B. 2.	Proceeds from sale of fixed assets	10 266	36 135
B. 3.	Loans and borrowings to related parties	-	25 085
B. 4.	Interest received	-	676
A. 6.	Dividends received	5 364	5 641
B ***	Net cash flow from investing activities	(93 492)	(5 969)
	Cash flows from financing activities		
C. 2.	Changes in equity:	(289 075)	(296 058)
C. 2. 6.	Dividends paid	(289 075)	(296 058)
C ***	Net cash flow from financing activities	(289 075)	(296 058)
	Net increase/(decrease) in cash and cash equivalents	(48 876)	49 112
	Cash and cash equivalents at the beginning of the year	49 997	885
	Cash and cash equivalents at the end of the year	1 121	49 997

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STATEMENT OF CHANGES IN EQUITY

(in thousand Czech crowns)

	Share capital	merger/demerger revaluation reserve	Other reserve funds	Retained earnings or	Total
As at 1 January 2022	300 200	424	94 340	275 051	670 015
Net profit for the current period	-	-	-	289 075	289 075
As at 31 December 2022	300 200	424	94 340	564 126	959 090
Dividends paid	-	-	-	(289 075)	(289 075)
Net profit for the current period	-	-	-	179 674	179 674
As at 31 December 2023	300 200	424	94 340	454 725	849 689

1. General information

1.1. Introductory information about the Company

ZAPA beton a.s. ("the Company"), was incorporated on to the commercial register maintained by the Municipal Court in Prague, Section B, Insert 4785, as at 16 June 1997. Identification number is 251 37 026. The Company's primary business activities are production, transport and storage of concrete mixtures.

The Company is not a shareholder with unlimited liability in any undertaking.

1.2. Current economic situation

The current economic situation remains sensitive to geopolitical developments in the world. The impact on financial and commodity markets, supply chains, and key macroeconomic indicators impacting business, such as inflation rates, interest rate levels, currency rate volatility, and more, is still significant.

2. Accounting policies

2.1. Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic relevant for large companies and have been prepared under the historical cost convention.

The data in these financial statements are expressed in thousands of Czech crowns (CZK thousand).

2.2. Tangible and intangible fixed assets

All intangible (and tangible) assets with a useful life longer than one year and a unit cost of more than CZK 40 thousand (CZK 1 thousand) are treated as intangible (and tangible) fixed assets.

Purchased intangible and tangible fixed assets are initially recorded at cost, which includes all costs related to their acquisition.

Intangible and tangible fixed assets are amortized/depreciated over their estimated useful lives.

Technical improvements, if it exceeded the sum of CZK 80 thousand for the individual property in total for the tax period increases the acquisition price of intangible and tangible assets.

The valuation of tangible assets is reduced by received subsidies from the state budget.

The depreciation plan is updated during the use of long-term intangible and tangible assets based on changes in life expectancy. A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

2.3. Financial assets

Non-current financial assets consist of investments in subsidiaries and associates, other interests, loans, borrowings and available-for-sale and held-to-maturity securities with maturity dates over 1 year and other non-current financial assets.

2.3.1. Interests in controlled persons and persons under significant influence

Interests in controlled entities represent interests in business corporations that are controlled or directed by the Company ("Subsidiary").

Interests in entities under significant influence represent interests in business corporations in which the Company exercises significant influence but does not have the ability to control or direct the entity ("Affiliate").

Interests in subsidiaries and affiliates are measured at cost, taking into account any impairment.

2.4. Inventories

Purchased inventories are stated at the lower of cost and net realizable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

Inventories generated from own production, i.e. work-in-progress and finished goods, are stated at the lower of production cost and estimated net realizable amount. Production cost includes direct and indirect materials, direct and indirect wages, and production overheads.

2.5. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers.

Receivables from related parties have not been provided for.

2.6. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

2.7. Changes in accounting procedures

As at 31 December 2023, the Company used the option pursuant to section No. 58, paragraph 2 of Decree No. 500/2002 Coll. and reported income and expenses due to exchange rate differences in the profit and loss statement collectively on the line "other financial expenses".

In this context, the Company also changed the comparable data for 2009 and the value of exchange rate differences in profits in the total amount of CZK 1,058 thousand in 2022 reported on the line "other financial income" was reduced by "other financial costs".

2.8. Provision

A company makes provisions if it has a current liability, it is probable that own resources will be required to settle the liability and there is a reliable estimate of the amount of the liability.

The company creates statutory provisions in the sense of the Act on Reserves and reserves for losses and risks in cases where the title, amount and date of performance can be determined with a high degree of probability while observing the material and temporal context.

The provision for remediation and reclamation and for mining damage is created based on the instructions of the relevant mining authority and its creation is based on the amount of extracted rock. The amount of creation is credited to a escrow bank account.

The company creates a provision for the income tax liability reduced by paid income tax advances. If income tax advances exceed estimated tax, the difference is recognized as a current receivable.

2.9. Revenue recognition

Sales are recognised upon the delivery of products and transfer of title to the customer or the date of performance of services and is stated net of discounts and value added tax.

Revenues are recorded on the date the services are provided and are reported net of discounts and value added tax.

2.10. Related parties

The Company's related parties are considered to be the following:

- Parties, which directly or indirectly control the Company, their subsidiaries and associates;
- Parties, which have directly or indirectly significant influence on the Company;
- Members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence; and/or
- Subsidiaries and associates and joint-venture companies.

Significant transactions and balances with related parties are disclosed in Note 11.

2.11. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet.

2.12. Interest expense

All interest costs are expensed.

2.13. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

The book value of the deferred tax asset is assessed at each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable profit will be available against which this asset or part of it could be claimed.

Deferred tax assets and liabilities are offset against each other and reported in the balance sheet at a total net value, except in cases where some partial tax assets cannot be set off against partial tax liabilities.

2.14. Cash-flow statement

Cash-flow statement was prepared using the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

The Company has prepared the Cash-flow statement using the indirect method.

ZAPA beton a.s.

Notes to financial statements
for the year ended 31 December 2023

Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

Part of the current accounts as of December 31, 2023 and December 31, 2022 are escrow accounts in which funds are earmarked for a specific purpose in connection with the legal provision for rehabilitation and reclamation and mine damage. For the purposes of the cash flow statement, these funds are not reported as cash and cash equivalents, but as an increase in receivables.

The Company assessed the nature of cash-pooling in view of the contractual arrangements with the counterparties and in view of the method managing of cash pooling balances by the group.

The Company concluded that the cash-pooling does not meet the criteria for classification as Cash and cash equivalents. Given that receivables/liabilities arising from cash-pooling represent part of the Company's working capital, the related movements in the cash flow statement are classified under operating activities.

2.15. Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed but are not themselves recognised in the financial statements.

3. Intangible fixed assets

(CZK'000)	1 January 2023	Additions / transfers	Disposals	31 December 2023
Cost				
Research & development	2,881	-	-	2,881
Software	14,573	220	(1,046)	13,747
Royalties	18,298	-	-	18,298
Establishment costs	7,130	-	-	7,130
Advances paid for intangible assets and intangible fixed assets in the course of construction	220	(220)	-	-
Total	43,102	-	(1,046)	42,056
Accumulated amortisation and impairment				
Research & development	(2,881)	-	-	(2,881)
Software	(13,018)	(782)	1,047	(12,753)
Royalties	(7,890)	(1,301)	-	(9,191)
Establishment costs	(7,130)	-	-	(7,130)
Impairment	-	-	-	-
Total	(30,919)	(2,083)	1,047	(31,955)
Net book value	12,183			10,101

ZAPA beton a.s.

Notes to financial statements
for the year ended 31 December 2023

(CZK'000)	1 January 2022	Additions / transfers	Disposals	31 December 2022
Cost				
Research & development	2,881	-	-	2,881
Software	14,353	220	-	14,573
Royalties	18,298	-	-	18,298
Establishment costs	7,130	-	-	7,130
Advances paid for intangible assets and intangible fixed assets in the course of construction	-	220	-	220
Total	42,662	440	-	43,102
Accumulated amortisation [and impairment]				
Research & development	(2,881)	-	-	(2,881)
Software	(12,008)	(1,010)	-	(13,018)
Royalties	(6,589)	(1,301)	-	(7,890)
Establishment costs	(7,130)	-	-	(7,130)
Impairment	-	-	-	-
Total	(28,608)	(2,311)	-	(30,919)
Net book value	14,054			12,183

4. Tangible fixed assets

(CZK'000)	1 January 2023	Additions / transfers	Disposals	31 December 2023
Cost				
Land	151,452	-	(640)	150,812
Constructions	622,716	7,122	(1,973)	627,865
Equipment	1,148,940	91,078	(4,789)	1,235,229
Valuation difference on acquired assets	45,442	-	-	45,442
Other tangible fixed assets	6,958	-	-	6,958
Advances paid for tangible fixed assets and tangible fixed assets in the course of construction	68,126	40,882	-	109,008
Total	2,043,634	139,082	(7,402)	2,175,314
Accumulated amortisation and impairment				
Constructions	(460,873)	(13,281)	1,950	(472,204)
Equipment	(813,914)	(62,994)	4,053	(872,855)
Valuation difference on acquired assets	(45,442)	-	-	(45,442)
Other tangible fixed assets	(5,021)	(212)	-	(5,233)
Impairment	(2,386)	-	-	(2,386)
Total	(1,327,636)	(76,487)	6,003	(1,398,120)
Net book value	715,998			777,194

ZAPA beton a.s.

Notes to financial statements
for the year ended 31 December 2023

(CZK'000)	1 January 2022	Additions / transfers	Disposals	31 December 2022
Cost				
Land	169,086	-	(17,634)	151,452
Constructions	619,155	20,099	(16,538)	622,716
Equipment	1,101,680	55,674	(8,414)	1,148,940
Valuation difference on acquired assets	45,442	-	-	45,442
Other tangible fixed assets	6,066	1,036	(145)	6,958
Advances paid for tangible fixed assets and tangible fixed assets in the course of construction	69,826	10,390	(12,090)	68,126
Total	2,011,255	87,199	(54,821)	2,043,634
Accumulated amortisation and impairment				
Land	(17,495)	-	17,495	-
Constructions	(457,390)	(13,552)	10,069	(460,873)
Equipment	(764,814)	(57,110)	8,010	(813,914)
Valuation difference on acquired assets	(45,442)	-	-	(45,442)
Other tangible fixed assets	(4,963)	(203)	145	(5,021)
Other tangible fixed assets	(1,723)	(663)	-	(2,386)
Total	(1,291,827)	(71,528)	35,719	(1,327,636)
Net book value	719,428			715,998

5. Long-term investments

5.1. Interests in controlled persons and persons under significant influence

	Net book value	Investment	Profit/loss	Equity*	Income from profit sharing
31 December 2023	(CZK'000)	in Share capital (%)	for 2023 (CZK'000)	(CZK'000)	for 2023 (CZK'000)
Foreign					
ZAPA beton SK s.r.o. Vajnorská 142, 730 00 Bratislava	153,040	99,96%	93,075	216,737	-
Domestic					
ZAPA UNISTAV, s.r.o.* Moravanská 224/98, 619 00 Brno	6,233	50%	2,328	40,218	3,864
EKO ZAPA beton, s.r.o.* Michle č. ev.417, 141 00 Praha 4 - Michle	8,063	50%	4,096	18,189	1,500
Total	167,336				5,364

* Not audited

ZAPA beton a.s.

Notes to financial statements
for the year ended 31 December 2023

	Net book value (CZK'000)	Investment in Share capital (%)	Profit/loss for 2022 (CZK'000)	Equity* (CZK'000)	Income from profit sharing for 2022 (CZK'000)
31 December 2022					
Foreign					
ZAPA beton SK s.r.o.					
Vajnorská 142, 730 00 Bratislava	201,215	99,96%	(15,034)	128,846	-
Domestic					
ZAPA UNISTAV, s.r.o.					
Moravanská 224/98, 619 00 Brno	6,233	50%	5,928	40,890	2,866
EKO ZAPA beton, s.r.o.					
Michle č. ev.417, 141 00 Praha 4 - Michle	8,063	50%	7,782	21,821	2,773
Total	215,511				5,641

There is no difference between the percentage of ownership interest and the percentage of voting interest for any of these subsidiaries.

The Company is not an unlimited partner in any company.

Change in impairment allowance for equity interests in subsidiaries.

	Subsidiaries	
(CZK'000)	2023	2022
Opening balance on 1 January	76,484	76,484
Creation for the period	48,175	-
Cancellation for the period	-	-
Closing balance at 31 December	124,659	76,484

6. Inventories

The Company do not created a provision for inventories as at 31 December 2023 (also as at 31 December 2022).

7. Receivables

Overdue receivables as at 31 December 2023 amounted to CZK 124,454 thousand (as at 31 December 2022: CZK 137,077 thousand).

The provision for doubtful receivables as at 31 December 2023 was CZK 73,176 thousand (as at 31 December 2022: CZK 86,121 thousand).

Advances for income tax of CZK 59,285 thousand paid by the Company by 31 December 2023 (by 31 December 2022: CZK 47,006 thousand) are netted off with the provision for income tax of CZK 54,672 thousand as at 31 December 2023 (as at 31 December 2022: CZK 58,974 thousand).

Unsettled receivables as at 31 December 2023 have not been covered by guarantees and none of them are due after more than 5 years.

The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

8. Equity

The Company is fully owned by Dyckerhoff GmbH, incorporated in Germany.

The Company forms a part of the only consolidation group and its parent Company is Buzzi Unicem SpA with the registered office at Casale Monferrato (AL) 15033, Italy.

The consolidated financial statements of the only group of entities of which the Company is a part can be obtained at seat of company Buzzi Unicem SpA Via Luigi Buzzi 6, 15033 Casale Monferrato (AL), Italy (www.buzziunicem.com).

The general meeting of The sole shareholder approved the financial statements for 2022 and decided about the allocation of profit earned in 2022 of CZK 289,075 thousand on 7 March 2023.

Up to the date of preparation of these financial statements, the Company has not proposed distribution of the profit earned in 2023.

9. Provisions

(CZK'000)	31 December 2023	31 December 2022
Provisions for reclamation and mining damage	45,597	46,570
Other reserves	28,293	26,769
Total reserves	73,890	73,339

The Company establishes legal reserves within the meaning of the Provisions Act and provisions for losses and risks where the title, amount and timing of performance can be determined with a high degree of certainty, subject to material and temporal relationships.

Provisions for reclamation and rehabilitation and for mining damage are made on the basis of instructions from the relevant mining authority and are based on the amount of rock extracted. The amount is credited to an escrow bank account.

The legal reserve for mining damage, rehabilitation and reclamation was established in accordance with the decision of the competent District Mining Authority.

10. Payables, commitments and contingent liabilities

Trade and other payables have not been secured against any assets of the Company and are not due after more than 5 years.

The total amount of liabilities not recorded in the balance sheet, which is based on concluded operating lease contracts as at 31 December 2023 amounted to CZK 152,294 thousand (as at 31 December 2022: CZK 139,018 thousand).

The Company does not record any other liabilities that are recognised in the balance sheet.

The management of the Company is not aware of any contingent liabilities as at 31 December 2023.

11. Revenue analysis

Breakdown of the company's income from ordinary activities

(CZK' 000)	2023		2022	
	Domestic	Foreign	Domestic	Foreign
Goods concrete	-	-	1,069	-
Goods aggregate	8,560	-	-	-
Other	491	287	2,191	637
Revenue from sale of goods	9,051	287	3,260	637

(CZK' 000)	2023		2022	
	Domestic	Foreign	Domestic	Foreign
Product sales concrete	2,390,140	-	2,374,789	-
Product sales Aggregate	142,716	-	156,734	-
Other revenues	3,022	-	3,364	-
Transportation services	413,288	-	460,809	-
Services rent	4,824	748	5,201	565
Other services	15,662	2,040	11,085	2,380
Revenue from sale of products and services	2,969,652	2,788	3,011,982	2,945

12. Related-party transactions

(CZK'000)	2023	2022
Revenues		
Sales of services	6,190	7,432
Sales of goods	338	761
Interest income	542	676
Total	7,070	8,869

Purchases		
Purchase of services	18,109	16,050
Purchase of goods for resale	759,230	690,090
Other	1,144	7,236
Interest expense	2,343	1,432
Total	780,826	714,808

(CZK'000)	31 December 2023	31 December 2022
Receivables		
Trade receivables	5,426	7,223
Other receivables	-	-
Loans granted	17,575	17,142
Total	23,001	24,365
Liabilities		
Liabilities to companies within the consolidation group	194,809	112,945
Out of which:		
Trade payables	112,929	108,608
Loans received	81,880	4,337
Total	194,809	112,945

ZAPA beton a.s.

Notes to financial statements
for the year ended 31 December 2023

Loans granted and loans received are interest at market rates. The interest rate on the loan is EURIBOR + 3.075% p.a.

In 2023 and 2022, members of the Statutory and Supervisory bodies and management personnel did not receive any loans, granted guarantees, advances or other benefits and do not own any Company shares. The members of the Statutory and Supervisory bodies and management personnel also use personal cars for private purposes.

13. Employees

	2023		2022	
	number	CZK'000	number	CZK'000
Wages and salaries to other management	35	41,532	37	37,583
Wages and salaries to other employees	390	238,250	389	227,237
Social security costs		102,855		96,856
Other social costs		9,977		7,411
Wages and salaries total	425	392,614	426	369,087

The Company's management includes senior staff members directly reporting to the statutory body.

14. Income tax

The income tax expense analysis:

(CZK'000)	2023	2022
Current tax expense (19%)	54,672	59,245
Deferred tax expense	(62)	8,250
Adjustment of the previous year's tax expense according to the tax return filed	-	(271)
Total income tax expense	54,610	67,224

The deferred tax was calculated at 19% (the rate enacted for 2022 and beyond).

The deferred tax liability analysis:

(CZK'000)	31 December 2023	31 December 2022
Deferred tax asset / (liability) arising from:		
Difference between accounting and tax net book value of fixed assets	(55,045)	(54,993)
Provisions	10,085	9,971
Net deferred tax liability	(44,960)	(45,022)

Act No. 416/2023 Coll. on Top-up taxes for large multinational groups and large domestic groups was adopted based on EU Council Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. The aim of the Top-up taxes is to eliminate competition between states over different corporate tax rates by introducing a single minimum tax rate to ensure equal conditions for entities around the world and allow states to better protect their tax bases.

Top-up taxes will be collected if the calculated effective tax rate in the given jurisdiction is lower than 15 %. Companies in the group whose consolidated annual revenues reported in the consolidated financial statements of the highest parent entity amount to EUR 750 mil. in at least 2 of the 4 reporting periods immediately preceding the given tax period are liable for Top-up taxes.

The Company expects to become a payer of the top-up taxes in the period immediately following the current period. Top-up taxes were not considered in calculating the deferred tax. The Company expects that the tax liability in relation to the Top-up taxes to be immaterial in the following period.

15. Cash-flow statement

Cash and cash equivalents disclosed in the Cash-flow statement can be analysed as follows:

(CZK'000)	1 December 2023	31 December 2022
Cash in hand	405	481
Cash at banks	29,632	76,574
Cash in escrow accounts	(28,916)	(27,058)
Total cash and cash equivalents	1,121	49,997

The Company adjusted the classification of the line "Interest received" in the cash-flow statement. In 2023, the line "Interest received" was reported under net cash flows from operating activities, as this reporting better corresponds to the nature of interest received.

The Company further adjusted the classification of the line "Provided loans and borrowings". In 2023, the line "Provided loans and borrowings" was reported under net cash flows from operating activities, as this reporting better corresponds to the nature of the interest received.

Comparable data have not been adjusted.

16. Subsequent events

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2023.

22 March 2024



Katarína Gáborová,
Statutory representative of the Company



Ladislav Hylmar
Statutory representative of the Company



English translation

Independent Auditor's Report

To the shareholder of ZAPA beton a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of ZAPA beton a.s., with its registered office at Michle č. ev. 417, Praha 4 (the "Company") as at 31 December 2023, and of the Company's financial performance and cash flows for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2023,
- the income statement for the year ended 31 December 2023,
- the statement of changes in equity for the year ended 31 December 2023,
- the statement of cash flows for the year ended 31 December 2023, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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 about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- 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 has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation 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 of the Company is responsible for overseeing the 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 the Audit 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 Audit regulations, we exercise professional judgment and maintain professional scepticism 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 board of directors and 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.

22 March 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

Jiří Koval
Statutory Auditor, Licence No. 1491

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Report on Relations

of the company

ZAPA Beton a.s.

Pursuant to Section 82 of the Act on Corporations

for accounting period of the calendar year 2023

The Board of Directors of the company ZAPA Beton a.s., with its registered office at Michle no. 417, 141 00 Prague 4, identification number (IČ) 251 37 026, registered in the Commercial Register kept by the Municipal Court in Prague, Section B, Insert 4785 (in this Report also **“the Company”** or **“ZAPA”**) have prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the **“Corporations Act”**), for the accounting period of the calendar year 2023 (the **“Relevant period”**).

1. Structure of relations

- 1.1 According to the information available to the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant period, the Company formed a part of a group in which the controlling party is Buzzi SpA (**“the Group”**). Information on the entities forming part of the Group is stated as at 31 December 2023 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Group is graphically illustrated in the Annex No. 1.

1.1.1 Controlling Party

Buzzi SpA, with its registered office at Casale Monferrato (AL), Italy, identification number 00930290044, registered in the Commercial Register kept by Regional Court in Alessandria (in this Report **“Controlling party”**) indirectly controls the Company through Dyckerhoff GmbH, which was in the Relevant period the sole shareholder of the Company.

2. Role of the Company within the Group

The Company 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.

3. Methods and means of the control

The Controlling Party indirectly controls the Company through the company Dyckerhoff GmbH, which was in the Relevant period the sole shareholder. The control of the Company occurs in particular through the decisions at the General Meeting.

4. Mutual Contracts within the Group

- 4.1 Contracts entered into between the Company and the Controlling Party that were effective and valid in the Relevant period:

There were no effective and valid contracts between the Company and the Controlling Party in the Relevant period.

- 4.2 Contracts entered into between the Company and the other parties controlled by the Controlling Party that were effective and valid in the Relevant period:

Contracts entered into with company **Dyckerhoff GmbH**:

- in 2023, the controlling party invoiced and re-invoiced liability insurance, invoiced SAP hosting, data archiving, infrastructure services (the three latter services according to the contract for the provision of information services from 1 January 2013, where the controlling party is the provider).
- 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 party 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.
- On 8 June 2022 the controlled entity joined and accepted the "Tax Consulting Service Agreement" concluded by the controlling entity on 2 June 2022 with WTS Steuerberatungsgesellschaft mbH, registered office: Taunusanlage 19, 60325 Frankfurt am Main, BRD, registered in the commercial register of AG München, HRB 192 598.

Contracts entered into with company **Cement Hranice, joint-stock company:**

- In 2023 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, for the period from 1 January 2023 to 31 December 2023.
- Contract for work of 5 April 2017, as amended by Amendment No. 6 of 30 May 2023, including the price of services for 2023, where ZAPA is specified as the ordering party; provision of accounting and related services, entered into for an indefinite period effective from 1 January 2017.
- Contract for work of 4 April 2017, as amended by Amendment No. 6 of 30 May 2023, including the price of services for 2023, where ZAPA is specified as the ordering party; provision of IT and related services, entered into for an indefinite period effective from 1 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 January 2015 for an indefinite period, with a three-month notice.
- Contract for Automatic Transfer of Cash-pool Account Balances dated 1 October 2003, as amended by Amendments No. 1 of 22 December 2006 and No. 2 of 20 September 2010, entered into with HVB Bank Czech Republic a.s., with ZAPA beton a.s. and Cement Hranice, joint-stock company as the clients.
- Contract for mutual settlement of interest from cash-pooling of 20 October 2003, as amended by Amendments dated 25 September 2009 and 1 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 August 2000, as amended by Amendment No. 24 of 22 February 2023 for the lease amount for 2023, ZAPA as the Lessee, on the lease of land for a concrete mixing plant in Hranice.
- Lease agreement of 29 May 2015, as amended by Amendment No. 8 of 6 April 2023 for the lease amount for 2023, ZAPA as the Lessee, on the lease of business premises (offices with equipment) including services, lease for an indefinite period, with a three-month notice.
- Lease agreement of 21 October 2015, as amended by Amendment No. 8 of 6 April 2023 for the lease amount for 2023, ZAPA as the Lessee, on the lease of business premises (laboratory with equipment) including services, lease for an indefinite period, with a three-month notice.
- Contract on Supplying of Water and Drainage of Wastewater of 17 February 2014, with Cement Hranice, joint-stock company specified as the supplier, for the concrete mixing plant in Hranice and since 1 August 2015 also for the laboratory in Hranice, as amended by the Amendment No. 2 of 31 January 2023, to this contract.
- Contract for bundled electricity supply services dated 31 July 2015 with automated renewal, ZAPA as the Client, supplies for the Hranice laboratory, as amended by Amendments No. 2 dated 31 January 2023.
- In 2023, 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 239 thousand.
- Contract for the provision of services in the sphere of GDPR – general IT services, human resources, accounting, finance and controlling dated 3 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 May 2018; ZAPA as the Interested party.

Contracts entered into with company **EKO ZAPA beton, s.r.o.:**

- Agreement on the provision of services dated 2 January 2002, sales representative services, ZAPA as the operator.
- Contract for concrete transportation dated 15 May 2002, truck mixers of the operator, i.e., ZAPA, ZAPA as the concrete transport operator.
- Contract for concrete transportation dated 1 July 2016, amended by Amendment No. 1 of 1 May 2023, ZAPA as the Ordering party.
- Additionally, EKOZAPA paid to ZAPA 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 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 May 2018; ZAPA as the Provider.

Contracts entered into with company **ZAPA UNISTAV, s.r.o.:**

- Based on the contract of 2 January 2001, as amended by Amendment dated 30 December 2008, the following services were provided: concrete testing, technology works, legal services, ZAPA as the Provider.
- Contract dated 1 July 2016 on the transport of concrete, ZAPA operator, dated 1 May 2023 with Amendment No. 1. where part of this amendment is *Safety instructions for the entry of workers and employees of supplier companies to the workplace of the establishment and familiarization with the risks.*
- Contract for concrete transportation dated 4 March 2021, ZAPA as the Operator.
- Contract for concrete transportation dated 1 October 2002, ZAPA as the Ordering party.
- Use of concrete pursuant to orders.
- Rebilling of phone costs, purchase of promotional items and calendars, spare parts, property, meal vouchers, GPS tracking and security, invoiced by ZAPA.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3 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 May 2018; ZAPA as the Provider.

Contracts entered into with company **Dyckerhoff Polska Sp.z o.o.:**

- Technology and quality services contract for 2023 (ZAPA as the Provider).

Contracts entered into with company **ZAPA beton SK s.r.o.:**

- Agreement on the sub-lease of property (Volvo I. I50F wheel loader) of 1 August 2013.
- Lease agreement on the use of property (mobile cone crusher Pegson Maxtrak 1000SR) dated 2 September 2014, concluded for an indefinite period.
- Loan agreement of 2 June 2003, as amended by Amendment No. 12 on loan maturity date extension until 31 December 2024.
- Contract for the rental of a means of transport - Scania mixer truck, terminated by agreement as of 5 October 2023, ZAPA as the Lessor.
- Lease agreement dated 1 March 2021, as amended by Amendment No. 1 on the lease of concrete plant technology for an indefinite period (ZAPA as the Lessee).
- Purchase contract – CAT wheel loader dated 3 January 2023, ZAPA as the Buyer,
- Lease agreement dated on 12 January 2023 Škoda Fabia, agreement terminated by agreement on 30 June 2023, ZAPA as the Lessor.
- Škoda Superb Combi vehicle sublease agreement dated on 13 February 2023, as amended by Amendment No. 1 dated on 30 March 2023, ZAPA as the Sublessee.
- Lease contract for a Mercedes-Benz vehicle with a Putzmeister body dated 29 May 2023, contract terminated by agreement on 5 October 2023, ZAPA as the Lessor.

- Citroen Furgon vehicle sublease agreement dated 8 June 2023, terminated by agreement on 31 December 2023, ZAPA as the Lessor.
- In 2023, 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 448 thousand and incurred costs of CZK 247 thousand.
- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3 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 May 2018; ZAPA as the Provider.

Contracts entered into with company **ZAPA Beton Hungaria Kft.:**

- Contract for the provision of services in the sphere of GDPR - general IT services, human resources, accounting, finance and controlling dated 3 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 May 2018; ZAPA as the Provider.

5. Legal acts made at the instigation of or in the interest of the Controlling Party or other parties controlled by the Controlling Party

During the Relevant period, the Company made below mentioned legal acts in the interest, or at the instigation of, the Controlling Party or other parties controlled by the Controlling Party, which would involve assets exceeding in value CZK 95 909 thousand, which represents 10% of the Company's equity reported in the latest Financial Statements as at 31 December 2022:

- The sole shareholder decided to pay dividends for 2022 in the total amount of CZK 289 075 thousand.
- Purchase of material from Cement Hranice, a joint-stock company according to the above-mentioned contracts.

6. Assessment of a detriment and its compensation

No detriment occurred to the Company on the basis of the agreements entered into in the Relevant period between the Company and other entities from the Group, other acts which were implemented in the interest, or at the instigation of, of such entities by the Company in the Relevant period.

7. Evaluation of relations and risks within the Group

7.1 Evaluation of advantages and disadvantages of relations within the Group

In particular the following advantages arise from the participation within the Group to the Company. The inclusion of a controlled entity in a business group brings financial stability, open access to technological know-how, easier access to foreign markets (Poland, Slovakia) and the advantage of vertical linkage: production of cement – aggregate – concrete.


No disadvantages have arisen to the Company from the participation within the Group.

7.2 No risks have arisen to the Company from the relations within the Group.

22 March 2024



Katarína Gáborová
Statutory representative of the Company



Ladislav Hylmar
Statutory representative of the Company

Annex No. 1: The structure of relations within the Group

