



Annual Report

2023



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Foreword



Dear Shareholders,
Dear Business Partners,
Dear Employees,

We have behind us another difficult year, one affected by external turbulence, in particular sudden changes on the customer side of the equation. Fluctuating sales which could not have been foreseen influenced the systematic planning and organization of our production work. Responses to these changes required an enormous level of commitment from all our employees. I am glad to say that we managed to quickly and effectively implement changes in production programs and all related activities to meet the needs of our customers.

The expansion of our product portfolio confirmed that our strategy is the right one. As a result, we are able to ensure the required quality of sands for yet more customers and compensate for the isolated outages that occurred, and will probably continue to happen in the year that follows.

All this led to our company achieving a very solid financial result, helped by the quality work put in by company management and all our employees and by the price of energy, which was lower than we expected. This allows us to prepare and finance further projects into the future, and thus ensure that the company remains strong and stable in the coming years.

Our production capacities are in good technical condition, and we will see further, but gradual, streamlining of their use. The preventive maintenance system ensured a reduction in downtime, and consequently savings in repair costs.

All this guarantees the substantial stability and position of our company in the region, something that can also be seen at the personnel level, where we encounter low fluctuation in an environment where there are plenty of job offers. The responsible nature of our activities was confirmed by the smoothness of all audits conducted by state supervisory bodies and by confirmation of our financial results by an audit firm.

We work on the open and regular communication with our employees, explaining current problems and taking note of their suggestions and comments. Ensuring the safety of all our employees is far more than just a priority to us, and I am glad that the results achieved are long-term and absolutely no coincidence.

For all this, I would like to thank all of our employees and express my appreciation of their approach.

Pavel Šedlbauer
Chairman of the Board of Directors
17th April 2024



Company Profile

Sklopísek Střeleč, a. s. is a Czech legal entity founded by the establishment of EXIMOS, a. s. on 5 December 1991, which on 1 February 1994 bought Sklopísek Střeleč, s. p. from the National Property Fund of the Czech Republic.

Its main activities are production, trade and services not listed in Appendixes 1 to 3 of the Trade Licensing Act – producing other non-metallic mineral products not listed elsewhere.

The company is authorized to mine exclusive deposits owned by the Czech Republic.

Company owners

The shareholders of the company as at 31 December 2023 are:

Ficarex, s. r. o.	65,1 %
Quarzwerke GmbH	34,9 %

The company is part of the consolidation group AGC Group, Belgium, which is controlled by Asahi Glass Company, Japan.

The company's premises are located „halfway” between Jičín and Turnov. The 1.7 km² mining area is the largest place for silica sands mining in the Czech Republic. Although the historical mention of mining in this locality is more than 140 years old, the company Sklopísek Střeleč lives with an active presence with several plans for the future. In production capacities and annual volume of produced and sold sands, Sklopísek Střeleč is one of the largest producers and suppliers in Central Europe. Sklopísek Střeleč is fully aware of its position on the market and also the responsibility it has to its surroundings and business partners.

Company registered office

Sklopísek Střeleč, a. s.

Hrdoňovice 80
507 45 Újezd pod Troskami
Czech Republic

ID number: 447 95688
VAT number: CZ44795688

Data box: a96vrk5

Registration in the Commercial Register:
Regional Court in Hradec Králové,
file B1093.

GPS coordinates:
N 50,49885° / E 015,26000°



Mission, Vision, Strategy

Mission

We produce and sell high-quality sands from our raw material, according to our customer's needs and with the maximum respect for the environment, energy savings and the safety of our employees.

Vision

We will continue to build the good name of the company, both thanks to the excellent quality of our sands, as well as our approach to the environment, energy savings, occupational safety and impact on the environment.

Strategy

Continue to increase the level of customer care and build good relationships with customers and suppliers.

Ensure the maximum use of raw materials by modernizing production technologies while minimizing the impact on the environment and energy consumption.

Continuously improve the working environment and increase the professionalism and safety of our employees.

Actively communicate with the surrounding municipalities, as well as with interest groups and inhabitants and build strong partnerships with them.

Continue to take a responsible approach to the environment and strive to reduce energy intensity.

“We care for the environment.”



Sustainable Development

Sustainable development is a part of the corporate policy at Sklopisek Střeleč, a. s. We are committed to creating a safe and healthy working environment for our employees, we strive for continuous development in the field of environmental protection, and we work very closely with surrounding towns and villages so that our business activities are consistent and achieve the common goals of development and coexistence in our region.

Health and safety is one of our core values. We are responsible for this and at the same time act as a role model for our employees. Protecting the environment is absolutely crucial to us. Natural sources of glass and foundry sands are the base on which our company is built and we are aware that we will only be able to satisfy our basic needs, and the needs of future generations, if we conserve these resources, use them in an economical way, and then carefully rehabilitate the areas after extraction.

One core theme for us was, is, and will be the protection of climate and biodiversity. We are constantly working to reduce CO₂ emissions, and compared to 2019, we have been able to reduce the carbon footprint of milled sands by 13.6% and

that of dried sands by 16.8%. We also support biodiversity through the reclamation and renewal of mining area. Last year, we managed to plant more than 18,000 deciduous and coniferous trees over an area of 1.5 hectares. We use waste heat from our production processes, we use solar collectors to heat water, and LED lights, sorted waste, and much more are all a matter of course. We aim to contribute to the protection of the environment by providing products and services that respect the principles of sustainable development.

We want to be a respected partner, and therefore we consistently develop relations with the public, surrounding municipalities, and state administrative bodies on the principle of open communication, good neighborly relations, and cooperation. Examples of this are our regular social assistance to selected organizations as well as private individuals, a benefit program for employees, cooperation with a protected landscape area, cooperation with secondary schools in our area, etc.

Thanks to the continuous improvement of the indicators above, our company is the owner of four main certificates ISO 9001, ISO 14001, ČSN ISO 45001, and ČSN EN ISO 50001.

Events of the Year

JANUARY

On 12 January, a meeting of Sklopísek TOP MGMT with important suppliers took place, at which the actions of suppliers implemented in the previous year were evaluated.

A „Digitisation“ team was set up in January whose task it is to define the target HW and SW structure for the maximum digitisation of data in Sklopísek, while providing security against attacks and the possibility of recovering HW and SW in the event an attack does get through.

FEBRUARY

Petr Hübner (Managing Director) and Zdeněk Novotný (Head of the Sales Department) visited the AMBIENTE 2023 consumer goods, glass, and design fair in Frankfurt on 3 February. The fair is a great opportunity to win new markets for our high-quality glass sands and to strengthen existing business relationships with strategic partners in the industry.

A presentation day was held on 9 February at which company management and selected employees gave presentations with a view to evaluating the previous year and familiarising those in attendance with the tasks set for 2023. The event was also attended by Ing. Pavel Šedlbauer (Chairman of the Board of Directors) and Ing. Jiří Iša (Chairman of the Supervisory Board).

MARCH

At the beginning of March, KPMG Česká republika Audit, s. r. o. conducted a closure financial audit in Sklopísek. The Company's business performance was found to be in full compliance with Czech accounting regulations.

On 28 March, company management met representatives of the villages of Mladějov and Újezd pod Troskami in Sklopísek. In addition to a visit of the quarry and our production facilities, representatives of the municipalities heard important information about our company's activities, and this was followed by discussion of our cooperation with each other in the future.

APRIL

Geologists from Sibelco visited the company on 24 April, the meeting focused on discussions about our deposit, the quality and use of the sands produced, the size of stocks for further mining, and future cooperation.

MAY

A meeting of the Board of Directors and a sitting of the General Meeting took place in Sklopísek on 4 May. Those in attendance were acquainted with current developments in the company, with the results of 2022 and the first quarter of 2023, and with our continuation of the COST REDUCTION PLAN, which is a key tool in our efforts to reduce costs and increase profits.

At the proposal of S.C.R. – SIBELCO S.A., the General Meeting removed Mr. Stefan Maccioni and Mr. Hugo Vandormael from the position of members of the Board of Directors with effect from 31 May 2023. They were replaced by Mrs. Elena Mordovchenko and Mr. Benny Loix with effect from 1 June 2023. Furthermore, the General Meeting removed Ing. Jiří Iša from the position of member of the Supervisory Board, with effect from 30 June 2023, and appointed Ing. Jitka Pricová to that position, with effect from 1 July 2023. In light of the fact that Ing. Pavel Šedlbauer's term of office as a member of the Board of Directors ended on 5 May 2023, the Board of Directors proposed his re-election to the position with effect from 6 May 2023.

On 25 May, the independent evaluation platform EcoVadis again awarded us a silver medal for our performance in relation to sustainability.

A meeting with the director then took place on 30 May at which employees were provided with up-to-date information on the May meeting of the Board of Directors, on measures taken to concern the rising price of energy, on the increase in sales prices, and on the company's prospects into the future.

JUNE

The „Sklopísek Director' Cup Bowling Tournament“

was staged at Bowling Sedmihorky restaurant on 2 June. The tournament was exciting and great fun, the weather was good again, and everyone had a marvellous time.

JULY–AUGUST

Given that nature is such an integral part of a sand mine, it needs to be cared for just as well as our technology or employees. In light of future extraction, felled trees are replaced by the same number of new trees - 18,000, in fact, have been planted in last year. As part of this reclamation, our plan remains to transform mined areas into forests.

SEPTEMBER

Our company has long been General Partner to the „Music from Paradise“ festival. The festival culminated in a gala concert, taking place on 1 September in the Church of St. John the Baptist in Újezd pod Troskami. Violinist Václav Hudeček and young pianist Lukáš Klánský joined Karolína Cingrošová Žmolíková in performing for the audience.

OCTOBER

The regular autumn meeting of the Board of Directors was held in Sklopísek on 17 October. The programme covered the company's results, information on sales, business opportunities, and occupational health and safety. Members of the Board of Directors were acquainted with the expected profit for 2023 and, following a detailed presentation, the business and investment plan and the economic plan for 2024 were approved.

On the October 18 and 19, a supervisory audit was carried out by Bureau Veritas in Sklopísek.

NOVEMBER

The 59th Foundry Days were held in Brno on 7-8 November. There was an accompanying exhibition and founders and suppliers of raw materials and technologies for foundries had the chance to come together. The Czech Foundrymen Society this year celebrated its 100th anniversary. Our company representative gave a talk on the Redu-

ction of Foundry Waste Using Mixtures of Foundry Sands.

On 21 November, we attended the ceremonial announcement of the prestigious „Governor's Award for Social Responsibility in the Hradec Králové Region“ at Hotel Nové Adalbertinum in Hradec Králové. The competition focused on two categories - the private sector and the public sector. Sklopísek finished a magnificent third in the private sector category. The purpose of the competition was to show appreciation for companies whose activities are regionally, socially, economically, and environmentally responsible and that actively deal with this social responsibility above and beyond their legal obligations.

On 22 November, we lent our support to the 22nd traditional APROPO, o. p. s. fundraiser, which took place at Masaryk Theatre in Jičín. The proceeds will be used to make life easier for people living with disabilities.

A pre-Christmas meeting with the mayors and deputy mayors of surrounding municipalities took place in Sklopísek on 28 November. Representatives of the municipalities of Mladějov, Újezd pod Troskami, Libuň, Troskovice, and Holín were acquainted with Sklopísek's activities during the year and with its plans for 2024. Discussions also focused on mutual cooperation into the future. The meeting took place in a very friendly atmosphere, serving to confirm that ties between Sklopísek and the surrounding villages remain strong.

DECEMBER

The company's traditional Christmas party was staged at Masaryk Theatre in Jičín on 15 December. In addition to a varied cultural programme, cheques worth a total of CZK 100,000 were presented to the parents of two young children with special needs during the evening.

New company employees were introduced and recognition was given to employees having worked for the company for 5, 10, 15, 20, 25, and 30 years for their loyalty.

Business Activity

Occupational Health and Safety (OHS) and Fire Protection ■

Since we no longer had to deal with the Covid pandemic in 2023, we were able to fully focus on other projects aimed at achieving the continuous improvement of occupational health and safety.

We compiled an „Occupational Health and Safety and Fire Protection Manual” in order to improve knowledge of regulations and the principles of safe work, leading to the protection of health, ensuring a safe workplace, and making sure of the ability to cope with extraordinary incidents and emergencies. This publication summarises the most important legislative requirements and the principles of occupational health and safety and fire protection in Sklopísek Střeleč, a. s.

The manual, however, is not the end of the story. We also provide employees with periodic and all professional training required for the safe performance of their work. Training of visitors, the employees of external and supplier organisations, security agency employees, and preventive fire patrols is also a matter of course. At the same time, we provide extended training to selected employees for the correct and timely provision of first aid.

The fact that we are doing all this well is also evidenced by the fact that in 2023 we underwent several days of comprehensive inspection by the OBÚ (District Mining Authority), under the leadership of Chairman Mr. Ing. André Miksch. OBÚ employees did not find any non-compliances or errors during their inspection.

Our goal is to increase **safety standards** and **protect the health of employees**, because:

“Occupational health and safety always come first.”



Mining ■

Mining activities in 2023 continued with selective mining of glass and foundry sands according to the requirements of the production department. Thoroughly planned progress of mining of the deposit manifested itself during the year, as we promptly responded to the needs of our customers. At the same time, we were able to ensure a sufficient quantity of high-quality fine-grained products with low Fe_2O_3 content. When mining glass and foundry sands, emphasis was placed on optimal utilization of the raw material based on Fe_2O_3 content and grain size range. The appropriately chosen type of raw material for a specific production is the fundamental element for increasing the lifespan of the mining deposit and optimal utilization of all glass and foundry sands. According to the reclamation and remediation plan, topsoil was stored, which will be used for reclamation purposes at the inner overburden stockpile in the future. Overburden, under which valuable glass and foundry sands are located, were deposited at the inner overburden stockpile. This enables the modeling and preparation of areas for agricultural and forestry reclamation.

NOISE, SEISMIC AND DUST MEASUREMENT

Constant monitoring of seismic effects of blasting works did not show exceeding the permissible hygienic regulations set for the monitored objects according to ČSN EN 730040. The results meet the required values and are twenty times lower than the set limit. Regular washing and maintenance of roads and parking places in the plant area and in the quarry met another of the conditions of the mining activity permit. A sweeping truck does the cleaning work, which greatly helps to reduce dust on the company's premises, and at the same time by a sprinkler truck, which is supplemented by permanent sprinkler points where there is a higher frequency of movement of machines.

GROUNDWATER AND SURFACE WATER PROTECTION

A subcontracting company ensured continuous monitoring of surface and underground water in close and wide area around the deposit. The aim was to forecast the development of the groundwater level in objects to supply the population. In 2023, monitoring again did not show a decrease in water.

“We mine sustainably.”



Production ■

Sklopisek Střeleč, a.s. is one of the largest suppliers in Central Europe in terms of its production capacity of wet, dried, and milled sorted silica sands. As has become the tradition, our efforts to improve our products continued in 2023, and the company once again invested significant resources into new technologies and equipment to increase work productivity.

As with most industries, our company was affected by a reduction in the volume of orders throughout the year past. However, the production department tried to counteract such adverse influences in every possible way. Greatest emphasis was placed on optimising production processes, synchronising production lines, and ensuring their maximum flexibility, with efforts also being made to reduce costs as much as possible. Considerable emphasis was also placed on high labour productivity, which brought a reduction in the number of production days at the wet treatment plant and a reduction in the number of shifts at the dry treatment plant. In addition to the economic aspect of cost savings, this change also brought a significant reduction of noise pollution in surrounding municipalities.

The Production department last year completed the replacement of counterflow screener, thereby increasing the daily output by another 12%, which was seen positively in our ability to increase the capacity of the entire treatment plant and subsequently reduce the number of production days. The final missing module was added in the sphere of packing dried sorted sands.

As has become our tradition, last year the company focused on more than just projects that bring profit and productivity, also investing in the continuous improvement of the working environment. This primarily involved returning coarse parts to the crushing system, where our problem with the possible dust load has now definitively been resolved.

“We are a company focused not only on improving production processes and increasing work productivity, but also placing great emphasis on protecting the working environment.”

INVESTMENTS

The implementation of approved investments concentrated on projects designed to increase the productivity of production processes and energy measures leading to a reduction in energy consumption costs. A third bagging unit was installed on the packaging line to increase efficiency in the production of packaged sands. And another ROTEX screener was put into operation in the dry treatment plant sorting circuit to make it possible to use the full drying capacity for all kinds of dried sands. Removing bottlenecks in the production process is an important step on the road to optimising production campaigns, and in turn production costs.

Energy-related projects in 2023 was work on the construction of a photovoltaic power plant and the simple replacement of old high-voltage transformers with new, low-loss ones. Both projects were partially completed. As far as the photovoltaic power plant is concerned, construction was delayed by a change to the land-use plan, on which the issuance of a building permit was conditional. Work will be carried out in 2024. The installation of new transformers began at the first of four, the other three will be installed in the spring of 2024 under suitable weather conditions.

The optimisation of outdoor storage areas, as support for the company's motto of "Quality in every grain", significantly advances our guarantee of the quality of manufactured products by ensuring that products do not contaminate each other and that individual storage areas are separated from each other and from other areas by prefabricated concrete LEGO bricks.

SUPPORTING PROCESSES

The mechanical maintenance and electrical maintenance team remains stable and satisfies requirements when it comes to ensuring the smooth operation of production and shipping. All activities are maintained, reported, and settled in the company's information system. Preventive activities are not performed periodically, but are generated according to the operating hours of a device, meaning there are no unnecessary costs. Increased efficiency came with the transfer of part of the machine maintenance team to an 8-hour work cycle from the original 12-hour shifts.

Cooperation with the Secondary School of Industry in Jičín remains an important source of new recruits, particularly in technical professions. During excursions, internships, and part-time jobs, students have the opportunity to explore the activities involved in processing extracted sand and, subject to agreement, can eventually become stable employees at the company. The company's preference is to use human resources from the immediate vicinity based on long-term cooperation with surrounding municipalities.

Work teams are appointed as a supporting element in the onward development of the company. Digitalisation and EnMS (Energy Management System) teams work under the Technical department, and the Digitisation team, which takes care of the smooth operation of IT and related systems, is getting us ready to meet the obligations arising from implementation of the NIS2 (Cybersecurity) directive once that directive becomes part of the legislation of the Czech Republic. The EnMS team, meanwhile, is working on other projects to reduce energy costs. We successfully retained our ČSN EN ISO 50001:2019 standard certificate following a supervisory audit.



“We are continuously growing.”

Trade ■

After three turbulent years caused by the impact of Covid pandemic and the energy crisis, we had reasonable hopes that the 2023 business year would be more "standard". Meaning the situation to which we were all accustomed, one of stable market development, when we were able to predict the needs of our customers with relatively high accuracy when it came to planning production and the storage and logistics capacity.

The opposite, however, proved true. No sooner had energy prices finally stabilised than the economic recession hit. Most customers faced a significant drop in orders and were forced to unexpectedly cut production. Reduced sales were therefore reflected in almost all sectors of the industry. The largest decreases were seen in the production of glass fibres, in the production of construction chemicals, and in the foundry industry. By contrast, the fact that we were able to clearly specify and maintain our sales prices throughout the year was undoubtedly good news for our customers, helping them better plan their input costs.

Despite the negative impact of the economic recession, we were able to withstand lower sales thanks to our broad portfolio of customers and showed that we can respond quickly and effectively to unforeseen circumstances.

We believe that after the recession, we will once again be able to fully demonstrate our readiness to meet increased market requirements.

**“Immediate availability
of goods and sustainable
logistics over the long-term.”**



Awareness of Responsibility ■

The whole of the business world has undergone many changes during its evolution, above all during the industrial revolutions. Our company is also increasingly aware of its social responsibility, and by developing this we can build a fine reputation on the market and in the region, which will in turn bring us a sufficient number of quality workers, suppliers, and customers.

Our proactive and comprehensive approach was confirmed in the "Governor's Award for Social Responsibility in the Hradec Králové Region", announced by the Quality Council of the Czech Republic under the auspices of the Ministry of Industry and Trade, where we finished in a marvellous third place in the private sector category.

We have long been involved in helping surrounding municipalities, schools, kindergartens (with our "sand for the sandpit" event), firefighters, sports clubs and, time and again, organisations such as Domov pokojného stáří /Peaceful Retirement Home/ in Libošovice, where thanks to us they now have a new mobile shower system, allowing staff to improve the quality of care for their clients.

We also covered the cost of a unique examination chair for the uro-gynaecological outpatient clinic at Jičín District Hospital, which will be used in a new building there. We also traditionally support the Music from Paradise festival and the Jičín – Town of Fairy-tales festival, as well as the War Museum in Újezd pod Troskami.

We have also been helping children with special needs in the past few years, and in 2023 our finances helped to improve the lives of two young boys from Sobotka and Jičín who have been battling congenital disorders their whole lives. We made it possible for the boys to go on a therapeutic rehabilitation break and contributed to the purchase of a specially-adapted wheelchair.

“We are happy to be able to help.”



Company Management

Petr Hübner
Managing Director

Lukáš Horák
Head of the mining department

Zdeněk Novotný
Head of the sales department

Zdeněk Müller
Head of the technical department

Jiří Veselka
Head of the economic department

Pavel Novák
Head of the production department

Statutory bodies

As of 31 December 2023::

BOARD OF DIRECTORS

Chairman: Pavel Šedlbauer
Member: Otto Lorenz Hieber
Member: Stefano Maccioni until 31 May 2023
Member: Elena Mordovchenko from 1 June 2023
Member: Hugo Antoine R. Vandormael until 31 May 2023
Member: Benny Loix from 1 June 2023
Member: Jiří Mašek

SUPERVISORY BOARD

Chairman: Jiří Iša until 30 June 2023
Chairman: Jitka Pricová from 1 July 2023
Member: Ladislav Vostárek
Member: Miroslava Marková

Sklopísek Střeleč, a. s. has no branch or other part of its business activities abroad. The company did not acquire its own shares in 2023.

Summary of Economic Development and Subsequent Events

As a result of the economic recession, which led to a decrease in realized sales, the company promptly adjusted its production system to meet market demands. This included reducing production days and reorganizing shift schedules. Through these measures, the company managed to maintain production costs at an acceptable level and increase labor productivity.

The use of the going concern assumption is still considered appropriate by the company management for the following reasons:

- The Company has set cost-saving measures, e.g. limited heating, careful monitoring of unnecessary expenses, energy savings.
- As an alternative to gas drying, the Company can use extra light heating oil.
- The company began the construction of a photovoltaic power plant.
- The company has sufficient supplies and human resources to ensure its operations.
- The company is able to respond appropriately

to rising input prices by increasing sales prices adequately and reducing selected operating costs in a targeted manner.

- The company has sufficient funds to cover its liabilities, even if the current situation lasts for a longer period.
- The company has no loans received.
- The company has been profitable in the long term. The amount of capital is documented in the accompanying financial statements.
- The company did not undertake any research and development activities in 2023.

As a result, the financial statements as at 31 December 2023 have been prepared on the assumption that the company will be able to pursue its business activities in the future.

There were no events as of the date of preparation of the annual report that could affect significantly the financial statements prepared as of 31 December 2023.





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2023