



SKLOPÍSEK  
STŘELEČ  
QUALITY IN EVERY GRAIN

KVALITA V KAŽDÉM ZRNKU



**Annual Report**



2020

**Annual Report**

# Contents

FOREWORD	6
COMPANY PROFILE	8
USE OF SAND	10
MISSION, VISION, STRATEGY	12
EVENTS OF THE YEAR	14
BUSINESS ACTIVITY	18
COMPANY MANAGEMENT	30
STATUTORY BODY	32
SUBSEQUENT EVENTS	34



# Foreword

Dear Shareholders,  
Dear Business Partners,  
Dear Employees,

2020 was special because of the global epidemic of the new coronavirus, which affected each of us, the happier ones without infection and the less fortunate with various forms of this unpredictable disease, fortunately without a fatal course in any of our employees.

How did we manage to fulfil our intentions and goals in these difficult conditions?

I appreciate the constant attention to work safety. We haven't had a serious injury, and that's very gratifying. Our operations are well maintained, clean and production well organized. We comply with all legal standards on dust and noise.

The amount of goods sold was lower compared to last year but total sales were at the level of last year, I consider this to be significant. This meets our goal of increasing sales of products with higher added value.

Despite the problems with our large customers, due to their reduced production because of the epidemic, the company filled its production capacity and worked without a break all year round.

Although the focus on more expensive products puts greater demands on production and quality control, it allowed the company to eliminate quantity outages and meant a further increase in margin compared to last year. I would like to remind you that the margin has increased over the last two years and this is the excellent result of increasing the efficiency of our production.

The company achieved a 6% reduction in production costs. The number of jobs has also been optimized.

Despite all the above restrictions and changes in the orientation of production, a year-on-year increase in profit of 1% was achieved.

All this was achieved by the quality work of our sales department, quality production processes, preventive maintenance and, last but not least, financial control.

This all allows the company to further invest and maintain the necessary development with a view to the future. We have succeeded in continuously expanding the mining area.

I appreciate good communication with the authorities and the local community, which is important for the good image of our company with the public.

I would like to emphasize the need to continue the company's strategy with the maximum focus on safe working conditions for our employees.

In conclusion, I would like to thank all our employees for their work over the past year and, most importantly, wish them good health to get over the difficult epidemic and a return to normal life soon.

  
**Pavel Šedlbauer**  
Chairman of the Board of Directors  
31. March 2021



# Company profile

Sklopísek Střeleč, a. s. is a Czech legal entity founded by the establishment of EXIMOS, a.s. on 5. 12. 1991, which on 1. 2. 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. 12. 2020 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.

## Headquarters

Sklopísek Střeleč, a. s.  
Hrdoňovice 80  
507 45 Újezd pod Troskami  
Czech Republic  
Identification number 447 95 688

The company's premises are located „halfway“ between Jičín and Turnov. The 1.7 km<sup>2</sup> mining area is the largest place for silica sand mining in the Czech Republic.

Although the oldest historical mention of mining in this locality will celebrate its 130 year anniversary in a short time, Sklopísek Střeleč lives with an active presence with a number of plans for the future. In production capacities and annual volume of

sold sands, Sklopísek is one of the most important suppliers in Central Europe. The company is a long-term and reliable supplier to many areas of industry. Sklopísek is fully aware of its position on the market and also the responsibility it has to its surroundings and business partners.

***“Thanks to modern technology and many years of know-how, we have established ourselves in a number of areas of industry.”***



# Use of sand



Silica sands from the company's production are used in a number of industries and subsequently in the daily lives of people. They are used, for example, in:

## Automotive industry

Automobile glass, mirrors, fibreglass in plastics, light bulbs, spark plugs ...

## Glass production, housing construction

Utility and cooking glass, crystal and packaging glass, glass bottle stoppers, chandeliers, glass fillings - windows, doors, fibre cement boards for building cladding, beads and matting, special high-strength concrete, components for artificial stone production, construction chemicals, screeds, floor and facade mixtures, mirrors, paintings, sprinkling waterproofing cardboard, paints, solar panels, glazes of tiles and roof tiles...

## Personal use items

Jewellery, glass ornaments, personal and astronomic binoculars, aiming optics, optics for cameras, cameras and projectors, toothpaste, components for dental laboratories, glass figures, water glass - part of detergents and cleaning products.

## Foundry, refractory materials

Sand moulds and cores for producing cast iron castings for casting brake linings and discs, engine cylinders and pistons, piston rings, cams, refractory materials and refractory materials for high-temperature furnaces ...

## Leisure, sport

Beach sports, backfilling for artificial turf, playgrounds,

filter sands for pool filtration, base for horse riding stables, safety glass in the game enclosure in the zoo, terrariums, aquariums ...

## Other industries

Blasting material, rail transport, glass fibres in wind power plants, industrial glass pipes, laboratory glass, protective and noise walls ...

| ***“We are with you every day.”***

# 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 know where we're going.”***



# Events of the year



## JANUARY

On 2. 1., the Automated Check-in System for Loading Wet Sands was put into operation. From 16. 1. to 17. 1., training was held for new and selected employees on the topic of „Mutual relations and communication in a team“ and „Organization and time management“.

## FEBRUARY

On 18. 2., a presentation day was held, at which the annual reports of the members of the management and selected employees were presented to evaluate the previous year and present the goals for the next period. Mr. Ing. Pavel Šedlbauer (Chairman of the Board of Directors) and Ing. Jiří Iša (Chairman of the Supervisory Board) also accepted invitations to this event.

From 24. 2. to 25. 2., management members training on the topic of the „future of the company“ took place in Ústí nad Labem. The two-day training also included an excursion to AGC Teplice and Vitrablok Duchcov.

## MARCH

From 16. 3. to 20. 3., KPMG Czech Republic Audit, s. r. o. conducted its final accounting audit in Sklopísek. The company's management fully complies with the Czech accounting regulations.

In connection with the beginning of the COVID-19 pandemic, in the second half of March we financially supported Mr. Stanislav Perný from Mladějov and provided him with material worth CZK 20,000, from which he made 500 protective shields for paramedics fighting the pandemic in the first line.

## APRIL

We sent a significant financial donation to the Regional Hospital in Jičín. The hospital used the funds to purchase tests, protective equipment and disinfection for medical staff.

## MAY

At the end of May, the railway crossing was repaired, which solved the poor condition of the crossing and new geometric shape of the tracks created after their line tampering at the end of last year.

## JUNE

On 9. 6. , a meeting between the company's director and employees took place. The employees were given up-to-date information, especially about the measures taken in the company against the spread of the new coronavirus.

## JULY

On 1. 7., Ing. Pavel Šedlbauer, Chairman of the Board of Directors arrived at the company for a meeting.

## AUGUST

On 28. 8., an inspection was carried out at the company by the District Mining Authority for the area of the Královéhradecký and Pardubický regions. The inspection focused on compliance with the conditions of the mining plan, records of the management of extracted reserves and stored overburden on the internal dumps. The mining inspector also focused on following the mining procedure in the quarry. The inspection verified that the company complies with all specified regulations and conditions ordered by the Mining Authority.

# Events of the year

As a general partner, we financially supported the gala concert in the Church of St. John the Baptist in Újezd pod Troskami, which took place on 28. 8. and was the culmination of the Music of the Paradise 2020 festival. The popular actor Igor Bareš, a member of the ensemble of the Vinohrady Theatre in Prague, also performed with Karolína Cingrošová Žmolíková in front of the audience. In his recitation and singing by Karolína Cingrošová Žmolíková all the listeners moved to England, to the time of William Shakespeare. They were accompanied on the harp by Kateřina Englichová.

## SEPTEMBER

We supported the celebrations in honour of the 150th anniversary of the founding of the Volunteer Fire Brigade and the 50th anniversary of the founding of the professional Fire and Rescue Service in Jičín. The event took place on Saturday 19. 7. on Wallenstein Square and it was possible to see the fire fighting equipment and the baptism of the battalion of the volunteer fire brigade.

On 17. 9., a meeting of important participants in the construction of a new plant for treating glass and foundry sands took place on the company's premises, the construction of which began on 3. 7. 1975 and was put into permanent operation in 1980. This important event was witnessed by a total of 12 representatives from supplier companies.

## OCTOBER

From 19. 10. to 21. 10., the company underwent a supervisory audit by Bureau Veritas under strict hygienic measures. Our system, which currently includes standards for quality (ISO 9001), environment (ISO 14001), health and safety (ISO 45001) and energy (ISO 50001), is fully established and functional, no shortcomings were found.

## NOVEMBER

During the month, we donated 4 refurbished computers to children from the surrounding municipalities, so that during the second wave of the pandemic they could devote themselves through computer interactive programs to distance learning. At least we helped them learn a little bit. The handover took place in the Libuň primary school and in the Sobotka primary school.

## DECEMBER

From 7. 12. to 11. 12., a pre-audit of the results for 2020 was carried out by the auditing company KPMG Czech Republic Audit, s. r. o..

On 7. 12., we financially supported the activities of the Regional Charity Sobotka - a nursing home in the village of Libošovice, which takes care of senior citizens.



# Business activity

## Occupational safety and health (OSH) and fire safety



### OSH

Despite all the pitfalls associated with the fight against the spread of the disease, we have not forgotten about occupational safety and health. By repeating safety principles and rules, but also by training on new facts and innovations in the legal requirements of occupational health and safety and fire safety, we have maintained a high level of occupational safety in the company.

### Injuries

This is proven by the fact that in 2020 we recorded only minor injuries without treatment by a doctor and without incapacity to work. Even though they were mainly minor abrasions, cuts and bruises, employees are always alerted to the accident, trained and measures are taken to eliminate other such injuries.

### First Aid Point - AED

In 2020, we set up a „First Aid Point“ in the company’s lobby. It includes rules for first aid and proper resuscitation, as well as a portable first aid kit and AED (automated external defibrillator).

### OSH inspections

The inspection of a safe working environment, valid legislation and compliance with the relevant obligations was controlled by statutory occupational safety and health inspections and the supervisory body of the State Mining Administration. Proof of a properly functioning OSH and fire safety system was the recertification from the existing standard ČSN OHSAS 18001: 2007 to the latest international certification ISO 45001.

### COVID-19

2020 was the year of Covid-19 and was full of new rules and unpleasant restrictions. Like other companies, we have been forced to take a number of measures to protect the health of our employees and to eliminate the spread of the disease to ensure continuous operation. We have installed disinfectant dispensers in common and catering areas and in individual operations. Plexiglass screens have been placed in multi-staff offices, dining tables and meeting rooms. All persons entering the company’s premises have to go through a mandatory body temperature measurement. We bought an ozone generator to disinfect the interior.

We equipped employees with personal disinfectants, respirators, silver masks and nano-filters. To increase immunity, employees received premium products to support it and vitamin supplements.

**“Occupational health & safety always come first!”**

# Business activity

## Extraction

In 2020, mining work continued in selective mining. The well-planned expansion was manifested mainly during the year when we flexibly responded to the needs of our customers affected by the COVID-19 pandemic. Raw materials were extracted below the groundwater level according to the valid permit and thus ensured perfect use of quality glass sites. According to the remediation and reclamation plan, overburden material was deposited on the inner dump. An archaeological rescue survey was carried out while digging the topsoil and subsequently storing it for future use. The District Mining Authority carried out 2 inspections. The inspections focused on the economical use of mineral resources, geological documentation and compliance with the conditions set out in the mining permit. No errors were found.

### Noise and seismic measurement

Constant monitoring of the seismic effects of blasting work did not show that the permissible hygienic regulations were exceeded. The results meet the required values and are twenty times lower than the set limit. In the year-round measurement of noise values, it was found that the degree of noise in the outdoor environment has not increased. This meets the necessary condition for a mining activity permit.

### Dust measurement

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. Constant dust monitoring by an authorized company, did not show that the set limits were exceeded.

### Groundwater and surface water protection

The mining area, on which glass and foundry sands are mined is also located in the cadastral area of the village of Troskovice. Therefore, and on the basis of good relations, our company decided to co-finance a new drinking water source for the municipality of Troskovice. The aim was to forecast the development of the groundwater level in buildings to supply the population. In 2020, monitoring again did not show a decrease in water, on the contrary, water levels in the monitoring facilities are stagnant or slightly increasing.

“We care about the environment.”



# Business activity

## Technical support



The aim of the technical department's activities is to maintain the trouble-free and continuous operation of the technology. Along with this difficult task, we managed to make investments that will allow us to increase work efficiency, strengthen our market position and protect the environment even more in the future.

### Investment

As in previous years, in 2020 investments were made to the necessary extent. For example, a new central vacuum cleaner was installed, the third in total. It was placed in production areas to improve the working environment of employees working in production and who may be involved in cleaning these areas. The purpose is to change the cleaning system so that the dust does not swirl but is sucked into the central hopper. Monitoring, which monitors the level of breathable dust, shows that we are on the right track, because each measurement shows better and better results. Furthermore, the cylindrical crusher was relocated and installed so that it processes the crude dry intermediate as quickly and efficiently as possible. The crusher shows greater efficiency at the new location due to the full use of its crushing capacity.

One of the most significant investments was the start of construction of the mill, which when commissioned will bring us a significant increase in the production capacity of ground sands and streamline their production. Commissioning is planned for the end of 2021.

### Significant repairs

All necessary repairs were carried out with a minimal reduction in production and shipping capacity, which was especially

important in the production of ground quartz, where complete repairs were made to all screens and some screws and worn pipes were replaced.

### Reconstruction of internal roads

A great benefit was the continuation of repairs of internal company roads. We managed to repair the aged concrete surface on one of the most frequented sections on the company's premises. The benefit of this is undoubtedly the rapid reduction of noise and dust from traffic, as well as the cost of necessary road maintenance.

### System maintenance management and innovation in repairs

In accordance with the long-term plan, we managed to start reporting maintenance work to the company's information system. We record all the activities of maintenance employees as well as work on a specific device. There has also been an innovation in workflow. An example was the redesign of the production technology extraction system, which was an accepted and implemented improvement proposal. After this, the frequency of repairs on this piping system decreased several times. Significant acceleration of replacing the anti-abrasive liner of the screens was achieved after changing the repair work procedure. Each successfully implemented innovation moves us further in thinking and realizing other goals.

|"We think about our work."

# Business activity

## Production and refining sands

In terms of production capacity, we are one of the largest suppliers in Central Europe. Long-term and targeted modernization of technologies and increasing labour productivity allows us to produce quartz sands with extremely low iron oxide content, which are the basic element for producing extra clear glass.

### Wet treatment plant

Last year, we again managed to capitalize on the results in the search for internal savings. Emphasis was placed primarily on optimizing production processes, synchronizing production lines and their maximum flexibility. By changing technological units, we can now respond very quickly and flexibly to fluctuations in the requirements of individual customers. Increasing the daily production of all lines in the wet treatment plant and using installed technologies at the same time brought us the opportunity to reduce production times by an incredible 20%. The result of this effort is a reduction in the number of production days and the ability to work in weekly shifts without weekends, which greatly optimizes production costs and increases labour productivity per employee.

### Dry treatment plant

We have also invested considerable funds in improving the production of dried, sharply sorted sands and thus contributed to meeting the motto „Quality in every grain“. Thanks to this costly investment, our operation of producing dried and sorted sands has become not only the basis of the quality of the delivered products, but also completely waste-free. The next step in optimizing production was installing a crushing line, which brought our company an increase in the yield of filter

sands and a significant savings of raw material extracted from the quarry. At present, we can respond as much as possible to the seasonal requirements of customers with the additional possibility of expanding the range of various qualities or grain sizes of these products.

### Suggestions for improvement

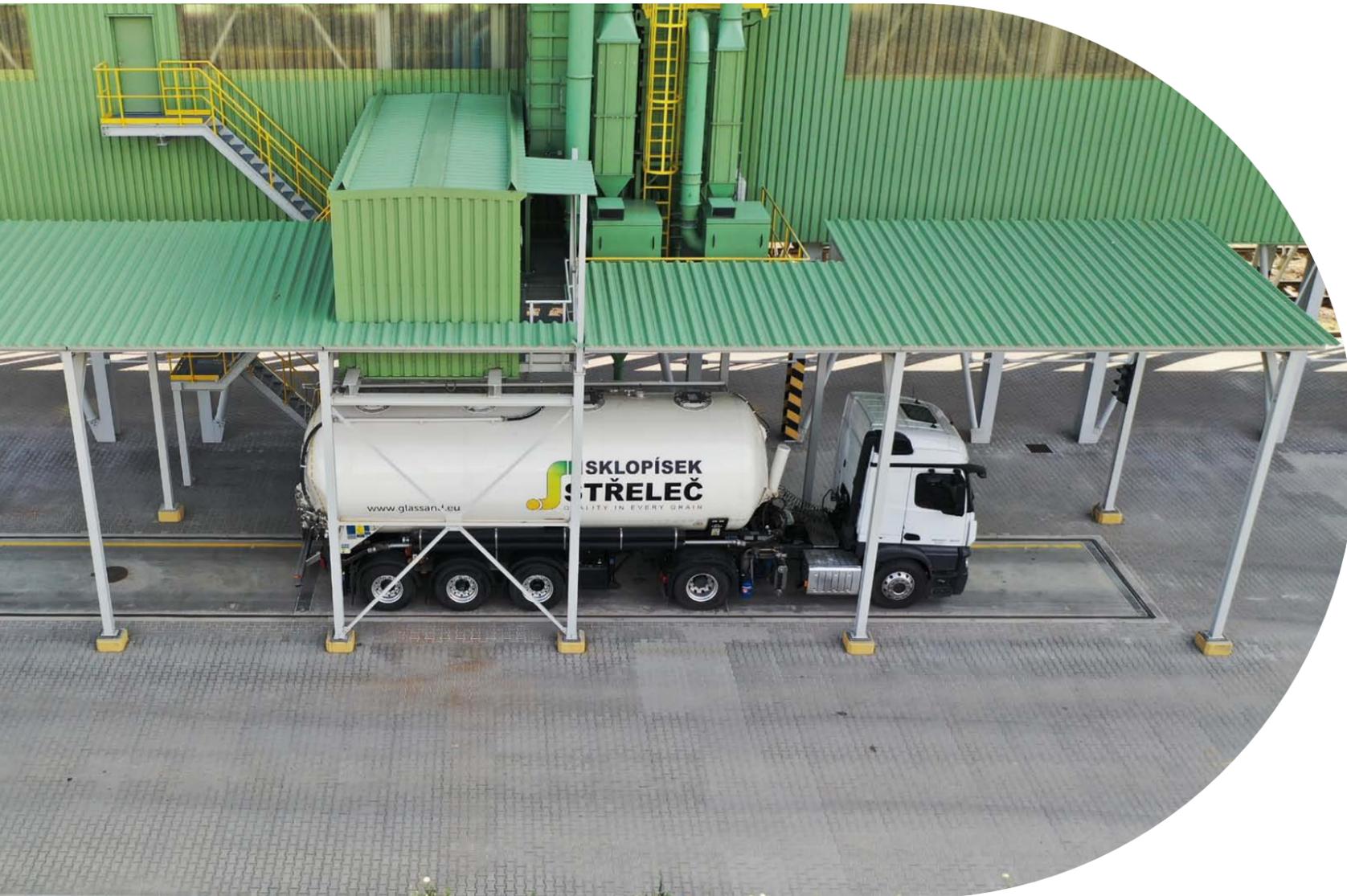
In addition to projects to increase work productivity, we also invest a lot of time and resources in continuously improving the working environment. This is mainly a system of using dust particles in production, which no longer burdens the environment. We work closely with all employees on their proposals for removing sources of dust and noise. By installing several filtration units and equipment for separating dust particles, our company has become a top workplace in terms of cleanliness of the working environment.

| **“We’re not noisy, do you hear?”**



# Business activity

## Trade



In terms of trade, 2020 was very turbulent. Sales for the first quarter were excellent, each month we grew by 8% year on year. The economy was in motion and we were looking forward to one of the best business years in history. Unfortunately, then came COVID...

From April, the volume of sands sold began to decline, customers' warehouses were soon filled with their products, their logistics began to tighten, and customers had nowhere to go and for whom to produce.

We immediately started intensive communication with them and set up „hotlines“. We were looking for a way to handle the situation with the least possible impact and how to continue to be ready to start at the previous level. The result of this unflagging work was that we retained all our customers and returned to growth with them from the autumn, which significantly offset our previous declines.

New business cases were also positive last year, especially on foreign markets, where we managed to win new orders on the Polish market for glass production.

Another significant success was, despite the decline in sales in the spring and summer months, a year-on-year increase in sales of ground sands by 10%.

We also managed to conclude multi-year contracts with major customers and thus ensure long-term cooperation with them. We are working intensively on developing low-iron sands below 80 ppm. These sands are specifically designed to gain new customers who require high purity quartz sands on the European market.

During 2020, the correctness of the decision to put the car wash into operation was confirmed to us, and this significantly contributed to maintaining cleanliness in the vicinity of our company. The commissioning of the Automatic Check-in System for checking the loading of Wet Sands was also rated very positively by customers. We are rightly proud that we are perceived by domestic and foreign customers as a reliable and sufficiently strong partner that can respond to their needs. Not only do we value this position, but we are also aware of the responsibility it brings.

**“We know what you need.”**

# Business activity

## Awareness of responsibility

The Company constantly strives to minimize the negative impact of production activities on the environment. This approach stems from our sense of responsibility towards the inhabitants of surrounding communities, but also for maintaining a good environment for future generations. The company represents its awareness of the importance of environmental protection by the introduction and certification of the ISO 14001 and ISO 50001 management system. Taking into account the surroundings of our company, we are trying to reduce noise and dust levels conceptually and in the long-term, regularly monitor groundwater and our priority is reclamation of lands affected by extraction.

Our social responsibility work is monitored and evaluated not only by Czech institutions. We are therefore proud that the worldwide independent EcoVadis certification program has also evaluated and awarded our approach to this matter with a silver medal every year!

We don't forget about our surroundings in our daily work. Although the situation in 2020 was not economically simple, we continued to support regional institutions, associations, athletes, culture, etc. We are glad that we were able to financially support the operation of the kindergarten again, we handed over computer equipment to children who did not have their own computer for distance learning, we supported sports and leisure activities of clubs and volunteer fire fighters. An expression of our efforts to constantly connect with the public was the publication of the company magazine Pískovák, which was distributed throughout the company's surroundings.

We have recently made a significant contribution to helping our health professionals fight the pandemic. We have handed over a significant financial donation to the Regional Hospital in Jičín and we will continue to do so. We have also recently financially supported the Regional Charity in Sobotka and financed the production of face shields.

Even in these difficult times, we also thought about what is most valuable to us, and that is our employees. We financially supported the extensive activities of our Sports Club, whose activities include cycling, cross-country and downhill skiing, bowling, hiking.

| **“We're helping.”**



# Company management



**Zdeněk Müller**  
Head of technical  
department

**Jiří Veselka**  
Head of the economic  
department

**Petr Hübner**  
Managing Director a.s.

**Lukáš Horák**  
Head of the mining  
department

**Pavel Novák**  
Head of the production  
department

**Zdeněk Novotný**  
Head of sales  
department

# Statutory body

As of 31. 12. 2020:

## Board of Directors

Chairman: Pavel Šedlbauer  
Member: Otto Lorenz Hieber  
Member: Eduardo Sainz Percebal  
Member: Mark Christopher James  
Member: Jiří Mašek

## Supervisory Board

Chairman: Jiří Iša  
Member: Ladislav Vostárek  
Member: Miroslava Marková

Sklopísek Střeleč, a. s. does not have a branch or other business establishments abroad.



# Subsequent events



The company's management evaluated the impact of the development of the situation around new coronavirus on business activities and concluded that it did not have a significant impact on the assumption of the indefinite duration of the company.

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

- On 5. 1. 2021, the company introduced regular testing of employees and suppliers on the company's premises. Antigenic tests are regularly performed by qualified medical personnel with immediate results. The advantage is, in case of detected positivity, immediate execution of the PCR test. Testing significantly reduces the risk of disease transmission between employees.

- The company regularly dispenses respirators, nano face masks and vitamins to employees.

- The company adjusted the diet and exercise regime in the plant dining room and canteen.

- The company makes full use of the work from home regime for Technical-economic staff.

- The company provided employees with blood tests to determine the level of antibodies to COVID-19.

- At present, the Company has sufficient stocks and human resources to ensure production.

- As a result of COVID-19, the Company expects a reduction in production and sales this year as well.

- The Company's management can respond appropriately to any reduction in revenue by adequately reducing operating costs.

- The company has sufficient funds to pay its liabilities, even with the longer-term situation.

- The company has no loans received.

- The company is profitable in the long run. The amount of capital is documented in the attached statements.

Due to this, the financial statements as at 31. 12. 2020 were prepared on the assumption that the Company will be able to continue its activities.

As of the date of preparing the annual report, no events have occurred that would have a significant impact on the financial statements prepared as of 31. 12. 2020.

# 2020

## Annual Report



Sklopísek Střeleč, a. s. | Hrdoňovice 80, 507 45 Újezd pod Troskami  
[www.glassand.eu](http://www.glassand.eu)