

Green Bond Allocation and Impact Report

2023



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Management statement

„Making environmental protection a principle should be part of every community today. Starting with the family, not leaving aside companies, and ending with personal beliefs ...”

Climate risk is one of the biggest risks that humanity and business lines are facing today since there is no planet B. Both public and private players have to plan their business to minimize the impacts of global warming in both the short and longer terms.

To support this transformation, Stavmat works endlessly by putting sustainability at the top of the group’s agenda and searching the way of

stewardship for all ESG headings. With this aspiration, Stavmat issued its first corporate green bond in 2021.

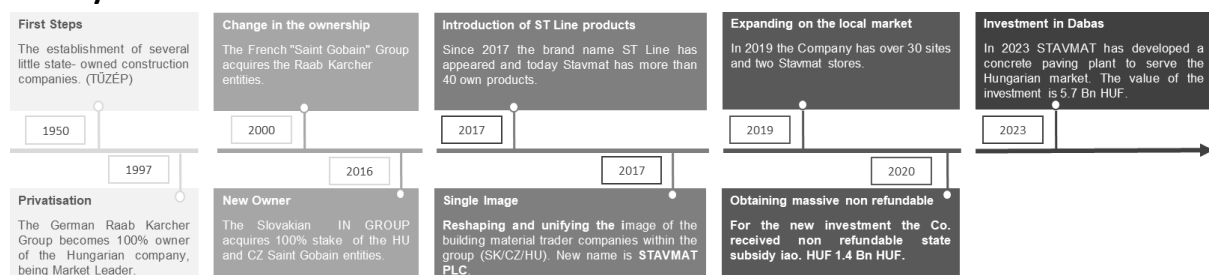
Our strategy is to be a company that cares about the environment in order to minimize the impact of our activities on the environment. Construction is one of the biggest polluters of the environment, so our network is a good place to promote this goal.

We focus on:


- ✓ **minimization of waste production and waste processing in the production of building materials,**
- ✓ **reducing electricity consumption in each work,**
- ✓ **reducing the carbon footprint by optimizing and precisely planning transport,**
- ✓ **training and raising the level and awareness of all employees, suppliers and contractors in the field of the environment**

Stavmat at a glance

History



Facts & Figures

Slovakian IN GROUP (100 % owner)	Stavmat PLC in Hungary
<ul style="list-style-type: none"> ✓ top player on the construction market in the Region SK / CZ / HU ✓ 652 ml EUR consolidated net sales (2022) ✓ 1859 employees ✓ 17 companies ✓ tripled net sales: 207 ml EUR (2015) → 652 ml EUR (2022) ✓ significantly improved profitability (8% EBITDA margin on 2021 from 5,8% in 2018). 	<ul style="list-style-type: none"> ✓ 26+ years professional experience on the local market ✓ 402 fő (2022) employees in Hungary ✓ Chain store network: 33 sites and 2 stores in Hungary 

Recognitions



Issuer rating of **B+/Negative**, along with a senior unsecured debt rating of **BB-**

Green bond in a nutshell

Stavmat's strategy focuses on strengthening the Hungarian entity's role within the group with the expansion of paving stone production facility in the country. The Company intends to realize the new investment making a step toward environmental and social sustainability. In alignment of the owner's commitment to sustainability awareness in financial issues Stavmat decided to issue a Green Bond to finance the new project.

Name of the bond: STAVMAT NKP Bond 2031/I.

Main conditions of bond issuance

- **Issuer:** STAVMAT Építőanyag Kereskedelmi zártkörűen működő Részvénytársaság (PLC)
- **Total nominal value of the bond:** maximum HUF 5 bn
- **Maturity:** ten years (2021-2031)
- **Maturity date:** 20.07.2031

To strengthen Stavmat's commitment towards a sustainable development strategy Stavmat has established a **Green Bond Framework** to be able to issue Green Bonds and attract dedicated funding for the business. Stavmat's Green Bond Framework has been developed in line with **ICMA's Green Bond Principles 2021** edition (GBP).

Planned investment:

New Investment	Value (mn HUF)
Intangible assets	100
Land and properties	2 600
Plant, machinery and vehicles	3 000
SUM	5 700



Visualization of the planned new plant:



The 4.000 m² production hall will be built on a 40.000 m² site where the latest developed German machinery line will be installed for the production of 800.000 m² of paving stone per year.

Purpose of the investment:

- Development of a high-quality paving stone manufacturing plant similar to the already existing two in Slovakia. (Sala, Geča) in order to serve the Hungarian market through the existing sales channels of Stavmat PLC (HU).
- Potential output of the factory per year should be 800,000 m² paving stones.

Development details

- The new plant will be set up in Dabas lot Nr. 7837. (Pest county, near Budapest with very good location).
- The investment significantly contributes to the modernization of the paving stone production process as it will set up a previously not existing production capacity by the installation of the latest technology line in the sector.
- The investment will create 40 new jobs; employees will work in two shifts, thus, it will be a highly automatized factory.

Sustainability at Stavmat

Stavmat's investments strategy is fully aligned with its Group's Corporate Social Responsibility policies.

What Stavmat already accomplished in the last years

- In 2020, a pilot project of a photovoltaic branch was launched, where solar electricity was used to power trucks and supplement a significant part of consumption.
- In 2021, a joint venture with GREENCON International was established in Hungary, which will process waste based on a unique technology. The resulting product will be boards usable in construction, a product that is a highly ecological alternative to classic boards used in construction and at the same time is one of the solutions for waste processing that significantly burdens the environment. The plant for the production of ecological waste boards will be located in the town of Kaposvár.

In the Group development projects, the goal is to minimize the carbon footprint during construction, and projects are planned under the BREEAM EXCELLENT standard. Projects include green roofs and urban greenery designed according to the principles supporting the plant and animal diversity of urban countries. Green infrastructure makes a significant contribution to mitigating the effects of climate change.

In line with the Group’s CSR strategy and in addition to the Group environmental objectives, **Stavmat is committed to support a sustainable development** within its own market. Stavmat sustainability strategy is designed along the commitment towards some of the **United Nations’ Sustainable Development Goals (SDGs)**, including:

<p>Consolidating local employment</p>		<p>Improving work and conditions innovation</p>	
<p>Building of resilient infrastructure</p>		<p>Sustainable Cities and Communities</p>	
<p>Responsible consumption and production</p>			

Allocation of green proceeds

The investment has been ended, the production has started from June 2023. Pictures about the finished investment:



The amount of investment slightly exceeded the planned HUF 5.7 billion cost:

	Total amount of investment (HUF)
Buildings	2 719 715 246
Production line	3 188 720 428
Electric forklifts	110 609 121
Total investment	6 019 044 795
Financed by state subsidy:	1 400 000 000
Bond allocated amount for investment:	4 619 044 795

The production had an extra inventory need (raw material and opening stock) which was partly also financed by bond issue. The amount of inventory at the end of 2023 was HUF 467 million.

Allocated and unallocated bond proceeds

ISIN		STAVMAT NKP Bond 2031/I.	%
Amount	(HUF)	5 000 000 000	100%
Allocated proceeds	(HUF)	4 619 044 795 (investment) + 380 955 205 (inventory)	100%

We hereby declare that the allocation of the Green Bond will has been verified by our auditor and it is in line with Stavmat’s Green Bond Framework.

Impact metrics

In 2023, in the completed factory mainly test production was conducted, therefore the relevant impact indicators pledged in the green bond framework are not yet available. We will publish these in next year's report.