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1. Basic Data

1.1. Basic data about the Company

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Company</td>
<td>ZETOR TRACTORS a.s.</td>
</tr>
<tr>
<td>Registered Office</td>
<td>Trnkova 3060/111, Lišeň, 628 00 Brno, Czech Republic</td>
</tr>
<tr>
<td>Company ID</td>
<td>269 21 782</td>
</tr>
<tr>
<td>Tax ID</td>
<td>CZ26921782</td>
</tr>
<tr>
<td>Date of Foundation</td>
<td>March 8, 2004</td>
</tr>
<tr>
<td>Basic Capital</td>
<td>CZK 789,484,920.-</td>
</tr>
<tr>
<td>Foundation Method</td>
<td>in compliance with Czech legal regulations, Section 172 of Labor Code</td>
</tr>
</tbody>
</table>

Company is registered in Commercial Register maintained by the Regional Court in Brno, Section B, entry 4126.

1.2. Matter of business (activity)

In 2016, the business matter (activity) of ZETOR TRACTORS a.s. was as follows:

1. Production, sales and service not specified in Appendix 1-3 of Trading Code
2. Technical-organization activities in the area of fire protection
3. Providing services in the area of health protection
4. Accountant services, bookkeeping, tax records
5. Lease of dead stock, apartments and commercial premises

1.3. Basic capital and stock

1.3.1 Amount of basic capital

Total amount of basic capital of the Company: CZK 789,484,920.-

In 2016, there was no change regarding basic capital of the Company.

1.3.2 Equities of the Company

20 pcs of ordinary share in nominal value of CZK 84,000.-, in documentary form
937,863 pcs of ordinary share for a name, in nominal value of CZK 840.-, in documentary form

1.3.3 Shareholding structure

In 2016, there was no change in shareholding structure. The only shareholder of ZETOR TRACTORS a.s. is HTC holding a.s., Company ID: 313 42 141, with registered office in Bratislava, Dobrovičova 8, Slovakia.
### Overview of property shares in ZETOR TRACTORS a.s.:

#### A. Domestic companies

<table>
<thead>
<tr>
<th>Property shares in the Company</th>
<th>Type</th>
<th>Basic capital of the company</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZETOR KOVÁRNA, s.r.o.</td>
<td>business share</td>
<td>CAK 99,200,000.-</td>
<td>100</td>
</tr>
<tr>
<td>Brno, Trnkova 111, Czech Republic Company ID: 26924765</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zetor Havlíčkův Brod, a.s.</td>
<td>equities</td>
<td>CZK 142,000,000.-</td>
<td>100</td>
</tr>
<tr>
<td>Brno, Trnkova 111, Czech Republic Company ID: 26295628</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zetor Engineering, s.r.o.</td>
<td>business share</td>
<td>CZK 1,000,000.-</td>
<td>100</td>
</tr>
<tr>
<td>Brno, Trnkova 111, Czech Republic Company ID: 28897641</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### B. International companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Currency</th>
<th>Capital (in currency)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zetor Deutschland GmbH</td>
<td>EUR</td>
<td>540,000</td>
<td>100</td>
</tr>
<tr>
<td>Furth im Wald, Germany</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zetor UK Limited</td>
<td>GBP</td>
<td>1,110,001</td>
<td>100</td>
</tr>
<tr>
<td>Coventry, United Kingdom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZETOR FRANCE Sárl</td>
<td>EUR</td>
<td>557,550</td>
<td>100</td>
</tr>
<tr>
<td>Duttlenheim, France</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zetor Polska, Sp.z o.o.</td>
<td>PLN</td>
<td>1,756,000</td>
<td>100</td>
</tr>
<tr>
<td>Kalisz, Poland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zetor North America, Inc.</td>
<td>USD</td>
<td>1,159,560</td>
<td>100</td>
</tr>
<tr>
<td>Jacksonville, USA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZETOR Slovensko, s.r.o.</td>
<td>EUR</td>
<td>5,000</td>
<td>100</td>
</tr>
<tr>
<td>Bratislava, Slovakia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zetor India Private Limited</td>
<td>INR</td>
<td>8,000,000</td>
<td>90</td>
</tr>
<tr>
<td>Chandigarh, India</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Bodies of the Company

1. General Assembly
2. Supervisory Board
3. Board of Directors

2.1. General Assembly

Due to the fact that there is one shareholder of the Company, there is no General Assembly; its activities are taken over by one shareholder. In 2016, the only shareholder made 4 decisions within the scope of activities of General Assembly. The decision within the scope of activities of the General Assembly was adopted on May 20, 2016.

2.2 Supervisory Board

In 2016, there was no change in the members of the Supervisory Board:

Ing. Dana Haľamová - Chairperson
Mgr. Marta Tkáčová - Member
Ivo Sysel - Member

2.3 Board of Directors

In 2016, the members of Board of Directors were as follows:

Martin Blaškovič - Chairman of the Board
(re-elected on Sept 25, 2016, in the position of the Chairman since Sept 26, 2016)
Marián Lipovský - Member
Ing. Jana Ragasová - Member (re-elected on Sept 25, 2016)
Ing. Margaréta Víghová - Member (re-elected on Sept 25, 2016)
Ing. Lukáš Krejčíř - Member

3. Development of the Company

3.1 Development of the Company so far

In 2016, the development of total sales in farming machines witnessed recession. For three years, the segment has been affected by decline in total amount of sales, which is reflected also in the economy of the Company. Last year, in western countries, total sales declined by 9 % if compared to 2015. The European market with tractors is subject to more severe crises than there was at the time of economic crisis at the turn of 2009/2010. The market trend is logically reflected by the results of ZETOR TRACTORS a.s. However, it is necessary to state that despite the declining amount of sales, the Company has been successful in maintaining its positions in individual markets, even becoming stronger in some areas such as for instance in Germany, Lithuania, Slovakia and other countries.
Another important aspect is that the economic result of the Company was positive and the total amount of costs related to research and development were in the same value as in past years. The Company has been attempting to further extend its product portfolio, strengthen its positions in western markets and enter new markets.

The year 2016 was significant for ZETOR TRACTORS a.s. because of celebrating the 70th anniversary of the brand. The historic milestone of the brand was commemorated not only at home but also abroad during the whole course of the year. The celebrations were visited by the staff, business partners, customers and fans of the ZETOR brand.
In 2016, the Company took a significant step towards strengthening its positions on the markets of Western Europe. Through its subsidiary, ZETOR DEUTSCHLAND GmbH, a new office in central Germany was opened, in the territory of Hessia. Thus, the positions of the ZETOR brand were strengthened in the area of improving service and sales towards sales partners and customers. It is a success that despite the decline of total sales on the German market, ZETOR increased sales as well as market share throughout the year.

Another birthday gift was by ZETOR in Poland; a new seat of the ZETOR POLSKA subsidiary was opened in mid–August. New premises in Poland provide customers and partners with higher quality and better comfort of services. It also makes representative and stately premises for the red ZETOR tractors.
Last year was also in the name of presenting product innovations. Already in 2015, the new generation of ZETOR engines was presented to the public, meeting the currently valid emission standards STAGE IV. In the course of the year, it was gradually implemented on FORTETRA and PROXIMA model ranges. In late 2016, the MAJOR model range was extended by the new MAJOR HS. If compared to the previous model, the tractor offers to the customers more comfortable and sophisticated solutions. Works were still in progress to develop and launch a tractor of the fifth tractor range of the lowest power as well as to implement the design concept ZETOR by Pininfarina into serial production.

One of the main aims of the Company is to strengthen its positions in the markets of Western Europe and North America. Close attention is paid to potential new markets and business opportunities. Last year witnessed the contributions of ZETOR INDIA subsidiary, which was successful in starting cooperation with new partners. This subsidiary of ZETOR TRACTORS a.s. is active in extending the positions of the ZETOR brand abroad. It focuses on countries in Asia and Africa. The company deals with sales of products of the ZETOR brand, offering to the customers also new model range marked ZETOR GLOBAL RANGE, which is meant exclusively for Asia and Africa. Among new markets, which the Company was successful to enter last year, there are Iran, Turkey, and Myanmar. We have also approached other potential partners.
ZETOR TRACTORS a.s. was successful in Europe – FORTERRA HD was awarded a prestigious prize in the Tractor of the Year Competition. It was the premiere participation of the ZETOR tractor and it was nominated among the 7 tractors in the finals in the category of Tractor of 2017, thus being one of the 7 best tractors for 2017. The prize is awarded by professional judges made up of 25 professional journalists in the area of farming from 24 European countries. The success is also a bond to the Company for the future.

The issue of quality was one of the key issues for ZETOR TRACTORS last year. The Company was successful in being re-certified in quality system, environment and energy management. For the first time in history, the Company was awarded Certificate of Excellence thus making it among the icons the Czech industry. ZETOR was awarded the Certificate of Excellence for successful implementation of the above mentioned three management systems.

In 2016, ZETOR TRACTORS a.s. welcomed a number of important persons: Miloš Žeman, President of the Czech Republic; Bohuslav Sobotka, Prime Minister of the Czech Republic; Marian Jurečka, Minister of Agriculture of the Czech Republic; Jan Mládeček, Minister of Industry and Commerce of the Czech Republic; and Andrej Babiš, Minister of Finance of the Czech Republic; as well as several guests from abroad. We appreciate the interest in the Company and the support we get.
3.2 Expected future development

The year 2016 is now past for ZETOR TRACTORS a.s. Now, the Company is heading new perspectives while its aims stay the same: it attempts to strengthen its positions in individual markets in Western Europe, such as Germany, France, Benelux, UK etc. Works are in progress to extend the product portfolio.

Works are also in progress to extend the product offer of tractors with powers from 40 to 70 hp. The year 2017 can expect the innovation of the current model ranges which are going to be extended by more modern and sophisticated safety features. Attention is also paid to the implementation of the attractive design concept introduced in 2015 at the AGRITECHNICA Exhibition into serial production.

The brand is going to participate in the prestigious exhibition of farming machines, Agritechnica, which takes place in Hannover, Germany, in the autumn of 2017. The Company still focuses on updating its production processes while investing financial means also into human resources aiming at creating good background for motivated and committed employees.

3.3 Main indexes of business plan for 2017

<table>
<thead>
<tr>
<th>Index</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tractor sales</td>
<td>3,189 pcs</td>
</tr>
<tr>
<td>Revenue as of Profit and Loss Report total</td>
<td>CZK 3,322 mil.</td>
</tr>
<tr>
<td>Operation economic result</td>
<td>CZK 92 mil.</td>
</tr>
<tr>
<td>Economic result prior to taxation</td>
<td>CZK 92 mil.</td>
</tr>
<tr>
<td>Average number of staff</td>
<td>682 persons</td>
</tr>
<tr>
<td>Investments</td>
<td>CZK 117 mil.</td>
</tr>
</tbody>
</table>

4. Production and Sales

In 2016, total of 3,144 tractors, 80 components, and 44 customer engines were sold. If compared to 2015, it is a decline, which was caused by the situation on the markets at that time. Export amounted to 81 % of total production.
5. Economic Result

In 2016, total revenue from core activities of ZETOR TRACTORS a.s. amounted to CZK 3,186 mil. For 2016, the Company’s accounting profit prior to taxation amounted to CZK 102 mil. whereas in 2015, accounting profit prior to taxation amounted to CZK 144 mil. The main reason for the worse economic result than in 2015 is the overall situation on the market of tractor sales in Europe and related decline in the sales of Zetor tractors.

6. Assets Balance

The balance sum of the Company as of Dec 31, 2016 reached nett value of CZK 2,422.7 mil., which presents a decline by CZK 389.6 mil., if compared to Jan 1, 2016.

If compared to Jan 1, 2016, the value of individual kinds of assets changed as follows: Nett value of stable assets declined by CZK 136.2 mil. to CZK 1,150.4 mil., while the main reason for the decline was the sale of unneeded land. Nett value of circulatory assets declined by CZK 293.1 mil. to CZK 1,223.1 mil., mainly due to the decrease in stock by CZK 307.2 mil. to CZK 576.9 mil.

As opposed to the situation on Jan 1, 2016, the value of individual kinds of liabilities changed as follows: The actual capital declined by CZK 55.8 mil. to CZK 1,419.2 mil. If compared to Jan 1, 2016, the value of foreign resources declined by CZK 333.6 mil. to CZK 996.0 mil, while the share of foreign resources in the value of liabilities declined from 47 % in 2015 to 41 % in 2016. The main reason fo the decline in foreign resources was the decrease in short-term obligations from business relations by CZK 262.0 mil. to CZK 325.0 mil. and the decrease of bank loans and aids by CZK 125.7 mil. to CZK 359.3 mil.

7. Research and Development

7.1 Main tasks in 2016

In 2016, Proxima and Forterra models with Stage IV emission standards were launched. Late that year, there was the premiere of the new Major HS model in the category of tractors up to the power of 80 hp. The development of innovations related to ZETOR CRYSTAL meeting the afore-mentioned Stage IV emission standard was in progress. The Company was working to develop small universal tractor in the power range up to 50 hp.
Continuously, works were launched to innovate current models in relation to new legal regulations which will become effective in 2018 (Standard EU 167/2013).

Continuous development was in progress concerning new transmission as well as other updates which will improve comfort for customers such as axial hydraulic pump for coupled aggregations with bigger power. Technical Division of the Company was further working to continuously improve the quality of current tractors in serial production.

7.2 Research and development in 2017

For 2017, there is a plan to continue in development related to legal regulations effective from 2018, finishing the development of small tractor as well as projects aimed at increasing customer comfort. The Company is continuously working to extend model ranges (both with higher and lower power) to satisfy wider scope of new customers.

The Company participated in DataBio programs, as part of the support of research and development tasks from EU structural funds. The project to develop diesel engine with Common Rail injection is also in progress with the support of Technological Agency of the Czech Republic.

8. Environment Protection. Energetics

8.1 Environment

In 2016, over 56 % of the total amount of produced waste was recycled or further re-used, in compliance with legal regulations.

Late that year, the First Supervisory Audit of quality management system and environment took place. Based on the audit, in November 2016, the system’s ability to respect the requirement of respective laws and regulations was proved. The implemented system is in compliance with ISO 14001:2005 Standard.

At the moment, there is no civil administration against the Company or its employees in relation to breaching regulations on environment protection.

8.2 Energetics

Total costs of energies were reduced by 11.5 % if compared to the previous year.

During August 2016, there was inspection of Energetic Regulation Authority related to fulfilling duties according to Section 78 of Act No. 458/2000 of the holder of the licence for Distribution of Heat Energy. During the inspection, no breach of duties was found.

To reduce the use of energies significantly in the upcoming period, individual steps of the “STOP STEAM” Project were taken:

- Disconnection of part of steam piping
- Disconnection of building 34 from heat supply
- Elaboration of project and selection of supplier of substitute temporary source of steam
- Cut-off steam heating units in buildings 442 and 31
- Preparation of gas introduction into inter-operation wash of products in T3 and T4 workshops
In late 2016, there was the First Supervisory Audit of the EnMS System. Based on the audit, in November 2016, it ability of the system to respect the requirements of respective laws and regulations was proved. The implemented system is in compliance with ISO 50001 Standard.

9. Employment Relations

ZETOR TRACTORS a.s. Company entered the year 2016 with 679 core employees and 36 agency employees. The share of graduate employees was 23.05 %.

In the area of human resources, support was given not only to the mother company based in this country but also to its subsidiaries based abroad. In 2016, projects continued to the advance the qualification of employees, their assessment and recruitment. A special training system for operators in production was created and implemented; it significantly advances adaptation and supports substitutability while increasing the motivation of employees.

The Company is also trying to support satisfaction and motivation of employees through company benefits, the list of which further increases. Among the benefits, there are 5 weeks of holiday, working hours shortened to 37.5 hours per week, financial contribution to pension and life insurance, financial contribution for summer and winter holiday, advantaged call rates for family members or reduced prices of tickets to theatres or sports centres.

In late 2015, the model of HR Business Partners was implemented in the Company. The system started to be fully employed during 2016. Apart from other things, the model of HR Business Partners aims at long-term stabilization of qualified employees in the Company.