

ANNUAL REPORT SELECTED INFORMATION**2020**

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Introductory Word of Chairman of the Board

Dear shareholders,

Dear business partners, Dear friends,

We have gone through one of the most difficult years of this millennium. Though the economic results of the group do not belong to the worst ones, the complications associated with the COVID-19 pandemic in particular have affected many lives and impacted the business. Restrictions on retail sales and, in some cases, complications in industrial operations have also adversely affected our business. It is therefore positive that the COLORLAK group, thanks to a good team of employees and business partners, has managed to cope with this situation with honour. For this, they deserve our thanks and respect.

We would be naive to believe that all troubles are behind us and that only trouble-free times lay ahead. We must assume that each period will carry complications, sometimes more, sometimes less. So COVID is fading and, among other things, it is still influencing and putting under pressure the situation on the raw materials and packaging market, not only in terms of price but also in terms of the absolute unavailability of certain items. It is, of course, up to us not only to look for, but first of all to find appropriate solutions. I am convinced that we will accomplish this task.

Even in these turbulent times, I tried to find inspiration in the thoughts of Mr. Kirschner. This time I chose his thin little book dated 1948. Obviously, due to the time of its creation, this work is mainly interwoven with philosophical reflections, while the previous works were more business advice. „Only those who have achieved success through their own diligence, gain confidence and determination. Only those who have not sheltered from every storm and rain in their lives can deal with difficult situations that would overwhelm everybody leading a pampered life...” And I am convinced that what is true for natural persons is also true for legal persons.

In Staré Město, May 2021



Svatopluk Chalupa
Chairman of the Board
COLORLAK, a.s.

Report of the Board and Statutory Director on Company Business Activities in 2020 and Assets as at 31. 12. 2020

A. Business Activities

Last year was not very successful commercially. Net turnover decreased to CZK 501.3 million, i.e. by CZK 71.6 million and 12.5 % less than in the previous year. In two years, the company sales fell by almost a third. The main reason for the decline in sales is the same. The decrease of deliveries to the automotive industry to less than half of 2019 resulted in a revenue shortfall of CZK 61 million. In two years, the sales in this segment fell by more than CZK 150 million, i.e. to roughly 30 %. We must take into account that a return to the original sales in the automotive segment is unrealistic and strive to maintain them at least at the level of 2020.

As is evident from the above data, sales in other segments were also less successful, with the exception of industry, where year-on-year sales growth was almost 14 %. Our projections had already taken into account a decline in exports which were affected by a one-off order in 2019. The decline in sales in this segment was 28 %. Under anti-epidemic measures in retail sector, sales in the consumer market went down by 1.5 %. Average selling prices increased by 7.6 %, thus the total gross margin increased slightly by 0.3 %.

We responded to the lower performance by reducing the cost intensity of production. Critical material and energy consumption fell to CZK 278 million, i.e. by CZK 56 million and 16.8 % year-on-year, which is more than the decrease in turnover. Also costs of services were lower by another more than CZK 4.7 million (-11.8 %). Rational management of power consumption resulted in mitigation of the impacts of the decline in sales. In 2020, personnel costs were also lower by CZK 5.7 million, i.e. by 4.3 %, and exceeded CZK 127 million. Despite this, we increased average wages from personnel costs from CZK 39,856 to CZK 40,750, i.e. by 2.3 %. Just to compare, the average wage growth was 2.2% in the previous year. This was achieved in response to a decline in performance by reducing the headcount by 6.5 %, essentially through natural attrition.

The impact of the above on the operating income is obviously positive. Compared to 2019, the operating result almost doubled from CZK 9.7 million to CZK 17.8 million. If we add by almost CZK 1 million better financial result to this, the pre-tax profit exceeded CZK 10 million which we consider to be in line with the development of the entire economy.

What I have already stated is reflected in the overall profit. The result after tax is more than CZK 8.4 million. In fact we have returned to profitability at the level of the period before the automotive sales slump. This is also the basis for The Board proposal how to distribute profits. I am proposing that the after-tax profit amounting to TCZK 8,403 should be distributed to the shareholders in less than half of it, i.e. in an amount of CZK 4,195,782, with the remainder of CZK 4,206,819 to be booked into the retained earnings of previous years. The exact amounts are given in the draft decision.

B. Assets

As at 31 December 2020, the balance sheet total decreased by approximately CZK 31 million year-on-year, i.e. by almost 5 %, from more than CZK 671 million to CZK 640 million. We believe that the reduction in assets is consistent with the lower performance in recent years. Fixed assets are at CZK 343 million. The main change was the completion of major investments and therefore the transfer of investments in progress to assets. Non-current assets make up slightly less than 54 % of total assets.

Current assets decreased by 5 % to CZK 296 million, i.e. nearly by CZK 16 million. Within two years, we reduced the current assets by more than 13 %. In 2020, the decisive reduction was in receivables (7.5 % reduction). Inventories were lower by about CZK 1 million. It is not every year that we apply „pre-supplying“ of subsidiaries during which we transfer products for the season to them, which was also the case of last year. At the end of the year, receivables were lower by almost CZK 16 million, i.e. by 7.5 %, which is mainly related to the decrease in sales. Currently we see no problem in collecting receivables. Over the course of three years, we have reduced our working capital requirements by more than CZK 82 million, i.e. by a quarter; this corresponds to both a reduction in performance and the implementation of our

long-term plan to reduce the need for working capital (inventories and receivables) and thus the demands for financing.

The balance of funds was at the level of CZK 22.5 million at the end of the year. For some comparison, this is a sum that is enough to cover roughly half a month of payments during the year.

In terms of the sources for financing assets, i.e. liabilities, the share of own resources (equity) exceeded the desired half of the balance sheet total year-on-year, amounting to 52.7 %. Within three years, we have increased the share of equity by more than a tenth. The positive retained earnings from previous years (including 2020, almost CZK 203 million) thus exceed the share capital by 13.5 %.

The lower need in working capital made it possible to cut down the use of external resources by a further 11%, i.e. by CZK 38 million to CZK 301 million. In three years, we have reduced the volume of external sources by some CZK 127 million, i.e. by approximately 30 %. Nearly one third of the lower foreign resources is attributable to a reduction in trade payables by CZK 17 million, to an amount of less than CZK 36 million. Over three years we succeeded to reduce our debts to suppliers to one third. We are a trustworthy and solid debtor for our business partners.

Loans and financial accommodations were drawn in an amount of CZK 243 million at the end of the year. This is a year-on-year decrease of CZK 10 million (- 4.3 %), roughly to the level of 2018. For part of these loan sources, we also used the possibilities of the COVID programme. We did not have and do not have any problems with repaying the loans and financial accommodations.

Condition of the tangible property is good, it is properly cared for and appropriate efforts are made to maintain it. More than 98 % of our fixed assets are financed by equity. We created adjustments on inventory amounting to 7.5 % of their book value, and on receivables in an amount of 3.8 % of their nominal value, totalling more than CZK 14 million. As mentioned above, the degree of financial independence reached almost 53 %. This brief summary confirms that the company does not have any major problems in the field of financial management.

C. Consolidation

As in previous years, the consolidation was prepared for the parent company, PANTER COLOR, COLORLAK SK, COLORLAK POLSKA and COLORLAK maloobchod (formerly AAA Barvy), applying the method of full consolidation.

Consolidated net turnover for the accounting period exceeded CZK 909 million, which is by less than 6 % and almost CZK 57 million less than in the previous year. Virtually all of the reduction in the turnover is attributable to the parent company (the reasons for this are given in Section A). Compared to 2019 and 2018, the decrease is about half. Three quarters of the operating income was generated domestically and one quarter abroad.

We can consider the corresponding response with a year-on-year reduction in production consumption by more than 8 % (by almost CZK 56.4 million) to be a positive one. This means that the production consumption fell by almost the same amount as net turnover. Personnel costs were also lower, by 4 %, i.e. by approximately CZK 9 million. Nevertheless, the average wage was higher year-on-year, due to the decrease in the average recalculated number of employees. These significant savings in operating

costs had a major impact on substantial improvement in economic results. The operating result ended at just under CZK 20 million, i.e. more than ten times the 2019 figure.

The economic development also brought about a slight stabilisation of interest rates, thus reducing the loss on financial management by 12 %, i.e. by CZK 1.4 million. The consolidated profit before tax, which exhibited a loss of nearly CZK 11 million in 2019, reached a profit of CZK 5.3 million.

The consolidated balance sum total decreased to CZK 605.3 million, i.e. by CZK 36 million and 5.6 %. In two years, the decrease in the balance sheet total amounts to CZK 102.5 million. The volume of fixed assets amounted to CZK 265.5 million which is a decrease of approximately 9 %. Current assets were CZK 337.5 million which means a decrease of 2.6 %. Inventories increased slightly by 6.3 %. This is connected with purchase of commodities where rise in prices was expected at the beginning of 2021. The trend of better management of receivables continued. These were lower by almost CZK 27 million year-on-year which means that over two years the receivables were reduced by CZK 83 million, i.e. by almost half.

The share of equity in total liabilities increased to 34 %, with an increase of its volume by 8.5 % year-on-year. External sources fell by almost CZK 100 million (exactly CZK 96 million) over two years. The decrease in external sources amounted to 11 %. The important thing is that short-term payables were reduced by 16 %, i.e. by more than CZK 20 million. In two years, we succeeded to reduce this item of the balance sheet by more than CZK 50 million. Compared to 2019, bank loans and financial accommodations are by almost CZK 20 million lower, i.e. almost by a tenth.

The consolidation is substantially affected by both the income statement and the balance sheet of the parent company. Going forward, we must focus on performance growth of all members of the group and maintaining cost-efficiency trends.

D. Acquisition of Company Own Shares

In 2020, the company did not acquire any shares of its own. As of December 31, 2020, the company held 5,183,659 pcs of treasury shares with a purchase price of CZK 62.2 million.

E. Development in 2020

This year has again been marked by the impact of the COVID 19 pandemic throughout the economy. Its negative effects had impacts on both our company and the group. Restrictions on retail sale of paints and varnishes in both the Czech and Slovak Republic lasted for 4 long months. The decline in these sales had impact on both production and overall sales. At the end of May, sales at the parent company fell by approximately 1 % compared to last year, at PANTER COLOR by approximately 10 %, COLORLAK SK by about 14 % and COLORLAK maloobchod by 21 %.

After the relaxation of restrictive measures, the paint market is slowly recovering, but the shortfall, especially in the retail sector, is unlikely to be caught up. This month, COLORLAK maloobchod is reaching roughly last year figures, but that will not erase the sales loss of the previous 4 months. We are trying to expand our store assortment to include also non-painting merchandise. Unfortunately, the situation in Slovakia has changed slightly for the worse in the last month. Wholesale is also lagging behind last year. So far, COLORLAK is doing best in sales, and there is a chance that by the half year sales will be better than in 2020.

In the spring, there was a huge rise in prices of raw materials and packaging, in connection with the development of oil prices, but also with the impact of the effects of the pandemic. This month, for the second time this year, we have been forced to adjust our price list for the consumer market and to intensify price negotiations in the industry. So far, we are managing the situation, the profit of the parent company at the end of April was higher than last year. Nevertheless, the situation leads us to believe that we need to be more flexible in our pricing than before and to react to the raw materials market if it does not calm down.

We will report on this year's progress in more detail at our general meeting when the figures are one month later.

In Staré Město, on 27th May 2021



Svatopluk Chalupa
Chairman of the Board

Our world is paints. High quality and environmentally friendly paints. Paints with qualities appreciated by every layman and professional.

COLORLAK, a.s. produces a diverse range of paints and varnishes for wood, metal, concrete and mineral substrates. The production also includes spray paints, thinners and other auxiliary products.

65% of the production is for small consumers. The best-selling product groups include the ProDřevo range of glaze varnishes, the ProKov range of primers and top coats, the Univerzál range of top coats and one-coat paints. The company specializes in spray paints and products of the ProBeton line. The ProInteriér product line includes white and tinted decorating paint colours. One of the latest trends in the offered range of paint materials includes the mass introduction of the universal COLORLAK TINTING SYSTEM.

35 % of the production is supplied to the industrial market. Our products are mainly applied in engineering, woodworking industry and construction, but also for horizontal road marking.



a] Basic Data on the Issuer

Trade name:	COLORLAK, a.s.
Registered office:	Tovární 1076, Staré Město, 686 03
Registration number/Tax identification number:	494 44 964 / CZ49444964
Date of foundation:	1. 9. 1993
Legal basis and legislation for setting-up the company:	The joint-stock company was set up under Section 172 of the Act No. 513/91 Coll. - Commercial Code.
Legal form:	joint-stock company

Scope of Business:

- business in the field of hazardous waste management
- manufacture of hazardous chemical substances and hazardous chemical mixtures and sale of chemical substances and chemical mixtures classified as highly toxic and toxic
- road motor transport – goods transport provided by vehicles or truck trains of maximum permitted weight not exceeding 3.5 t, if designed to convey animals or articles
- repairs of road vehicles
- bricklaying
- painting, lacquering, varnishing
- accounting consultancy, bookkeeping services and taxation records
- production, trade and services other than listed in Annex 1 – 3 to the Trades Licensing Act

The Commercial Court in charge of the Commercial Register: Regional Court in Brno, Section B, Insert 1112

b] Registered Capital

The registered capital of COLORLAK, a.s. amounted to CZK 178,543,930 in 2020. It consisted of 17,854,393 pcs of ordinary registered shares in the form of share certificates with a nominal value of CZK 10 each. Based on decision of the general meeting held on 08 December 2016, the acquisition of company own shares was approved up to 5,370,000 pcs with a nominal value of CZK 10/pc. The company may be acquiring its shares till 07 December 2021 at the latest. On 08 December 2016, COLORLAK, a.s. acquired 5,183,659 pieces of its own shares under concluded contract on securities sale.

Owners holding shares over 15 % as at 31. 12. 2019 and 31. 12. 2020:

Svatopluk Chalupa
Mojmír Olšer
COLORLAK, a.s.

The company COLORLAK, a. s. is part of a holding and is a controlling entity. In accordance with Section 71 of the Act on Business Corporations it

- **exercises influence over:** the company **PANTER COLOR a.s.**
with its registered office at: Pištěkova 22/1171, Praha 4, PSČ 149 00
company registration number: 262 01 143
registered in Commercial Register kept by the Municipal Court in Prague, Section B, Insert 6750
represented by: Svatopluk Chalupa Chairman of the Board
Mojmír Olšer Statutory Director till 31. 12. 2020
Authorized Officer from 10. 02. 2021
- **exercises influence over:** the company **COLORLAK SK, s.r.o.**
with its registered office at: Zvolenská cesta 37, Banská Bystrica, PSČ 974 05, Slovak Republic
company registration number: 36 254 487
registered in Commercial Register kept by the District Court in Banská Bystrica, Section Sro., Insert 15802/S
represented by: Miroslav Piršel Executive Officer
Danka Šimkovičová Executive Officer
Mariana Richvalská Executive Officer
- **exercises influence over:** the company **MILANO COLOR, a.s.**
with its registered office at: Pištěkova 1171/22, Chodov, Praha 4, PSČ 149 00
company registration number: 264 06 951
registered in Commercial Register kept by the Municipal Court in Prague, Section B, Insert 20218
represented by: Zdeněk Bulejka Chairman of the Board
Statutory Director till 31.12.2020
- **exercises influence over:** the company **EKOLAK s.r.o.**
with its registered office at: Tovární 1076, Staré Město, PSČ 686 03
company registration number: 253 23 130
registered in Commercial Register kept by the Regional Court in Brno, Section C, Insert 25410
represented by: Jan Hróz Executive Officer
- **exercises influence over:** the company **COLORLAK POLSKA SP Z O O**
with its registered office at: Wrocławska 30, Nowa Sól, PSČ 67-100, Poland
company registration number: 0000379393
registered in National Court Register
represented by: Pavel Macháč Chairman of the Board of Directors

Ownership interests of COLORLAK, a.s. in business of other legal entities as at 31. 12. 2020

<i>company registration number</i>	<i>legal entity</i>	<i>registered capital in EUR, PLN</i>	<i>share of the company in controlled and regulated companies in CZK</i>	<i>share of the company in registered capital in %</i>
26201143	PANTER COLOR a.s.		60,000,000	100
36254487	COLORLAK SK, s.r.o.	EUR 700,000	17,787,000	100
26406951	MILANO COLOR, a.s.		2,000,000	100
25323130	EKOLAK s.r.o.		200,000	100
0000379393	COLORLAK POLSKA SP Z O O	PLN 550,000	3,165,250	100

c] Securities

Type:	ordinary shares
Form:	registered shares
Appearance:	share certificates, issued both as individual shares and collective documents
Number of securities:	17,854,393 pcs of ordinary registered shares with a nominal value of CZK 10 each
Total nominal value:	CZK 178,543,930
Method of transfer:	Transferability of shares is not limited. Transfer of registered shares is carried out by endorsement and delivery to the acquirer.

COLORLAK, a.s. has no ascertained financial institution through which the shareholders can exercise their rights in property.

The shares are associated with all shareholder rights in accordance with the valid company Articles of Association and as regulated in the Act on Business Corporations No.90/2012 Coll., and the Act No. 89/2012 Coll., the Civil Code. The shareholder is in conformity with Section 256 of the Act on Business Corporations entitled to first of all participate in management of the company, its profit (dividend) and liquidation surplus in the event of company dissolution. It is his/her right to take part in general meeting, to vote there, query, put forward proposals and counterproposals and other in compliance with Section 357 and the subsequent ones of the Act on Business Corporations. Has a pre-emptive right to subscribe new shares.

On the grounds of the contract on sale of securities, COLORLAK a.s. acquired 5,183,659 pieces of its own shares on 08 December 2016. The company cannot exercise any voting rights with these shares. Though the right to pay share in profits arises to the company by virtue of Section 348 of the Act on Business Corporations, the company cannot execute it as it automatically expires on its maturity. Such non-distributed dividend must be transferred to the account of retained earnings from previous years.

COLORLAK, a.s. does not issue any bonds.

d] Principal Activities

Manufacture, research and development of paint materials, synthetic resins, adhesives

Research and development

COLORLAK, a.s. expended CZK 8.3 million on research and development in 2020. The activities are aimed at applied research. It is provided by both the internal strength of the company and cooperation with external entities. COLORLAK, a.s. is a member of consortium in Competence Centres where together with other members participates in research and development. A great significance is attached to improvement of environmental parameters of manufacturing processes and new products launched by the company. More detailed data on development trends are considered to be a trade and industrial secret of the company and as such are not disclosed.

Building materials

Plasters

Silicone: KC PUTZ SILIKON E*307, EKOPUTZ SILIKON E*303, STRUKTURPUTZ SILIKON E*311

Silicone PROFI: KC PUTZ SILIKON PROFI E*314, STRUKTURPUTZ SILIKON PROFI E*315, EKOPUTZ SILIKON PROFI E*313

Dispersion: KC PUTZ E*305, EKOPUTZ E*301

Mosaic: QUARZPUTZ E304*

Other: KC PUTZ SILIKÁT E*306, EKOPUTZ SILIKÁT E*302

Facade paints

Main products: FASAX E0201, PROEXTERIÉR FASÁDA V2012, FASIKON E0208, EKOFAS JZ E0203, BETOKRYL V2013, EKOTRAN E0901, FASAX SILIKÁT E0207

Interior paints

Main products: PROINTERIÉR PLUS V2098, PROINTERIÉR PROFI V2099, PROINTERIÉR COLOR V2005, EKODUR PROFI E0503, PROINTERIÉR STANDARD V2006, PROINTERIÉR TOP V2519, EKODUR NATURAL E0501, EKODUR E0502, BRILIANT MAT V2091, SÁDROKARTON V2531, PROINTERIÉR LATEX V2017, PROINTERIÉR TERMO V2200, PROINTERIÉR ELEGANT V2025

Penetrations and priming coats

Main products: PENETRACE S2802A E0607, EKOFAS E0204, EKOPEN E0601, PENSIKON E0604, ČISTIČ FASÁD V1920, OCHRANA FASÁD V1930, ANTISPOT E0904, EKOPEN KONCENTRÁT E0602, ČISTIČ FASÁD koncentrát V1923, PENSIL E0603, EKOFAS SILIKÁT E0206

Powder coatings

Main products: VAZAFIX E4009, EKOFIX PLUS E4005, EKOFIX E4002, VAZAKRYL E4007, EKOFIX-Z E4001, EKOHYDROL E4014, EKOFIX-ZF E4003

Paint materials

Nitrocellulose paint materials

Main products: CELOX C2001, NICEL C1103, CELOLESK C1037, ZÁKLADNÍ LAK C1036, CELOMAT C1038, NICEL C1001, NICEL C1014, CELOX PRIMER C2000, NICEL C1016, NICEL C2030, NICEL C1005, NICEL C1002, NICEL C2121, NICEL C1019, NICEL C1106, NICEL C1805, NICEL C1107

Synthetic paint materials

Main products: LUSONOL S1023, UNIVERSAL SU2013, SYNOREX PRIMER S2000, PROTIREZ S2015, EPAX S2318, UNIVERZAL ZÁKLAD SU2020, ZINOREX S2211, SYNTEPUR PRIMER S2220, PROFI LAZURA S1025, SILAMAT S2819, JACHTLAK S1006, ULTRA RAPID S2225, SYNOREX EXTRA S2003, SYNOREX S2216, FUNGISTOP S1031, RADIATOR S2117, AXATHERM S2053, SYNTECOL LAK S1002, AXATHERM S2055, PROFI OKNO S2082, PROFI METAL S2029, SYNTERAL S2139, LUSONOL EXTRA S1024, EPAX S2326, SYNTECOL BÁZE S2161, PROFI EMAIL S2085, EPAX S2320, EPAX S2381, SYNTECOL PRIMER S2070

Polyurethane paint materials

Main products: AXAPUR U2219, AXAPUR U2218, AXAPUR U2066, AXAPUR U2074, AXAPUR PRIMER U2008, AXAPUR U2056, AXAPUR U2060, 1K POLYURETAN U2210, AXAPUR U2054, AXAPUR PLUS U2072

Water-based paint materials

Main products: SQUAREX V2115, AKRYLCOL MAT V2045, AQUACOL PRIMER V2070, AQUACOL V2052, COLORNAL MAT akrylátový V2030, AKRYLCOL LESK V2046, AQUALAK V1419, FORTELUX AQUA V1407, LIGNOSTOP HOBBY V1042, AQUACOL V1413, LIGNOSTOP HOBBY V1047, LIGNOSTOP HOBBY V1052, LIGNOSTOP PROFI V1041, LIGNOSTOP PROFI V1051, AQUASPORT UNI V1422, PROFI PARKET V1509, AQUACOL RADIATOR V2077, LIGNOSTOP i-PROFI V1048

Other products

Main products: OLEJOVÁ LAZURA O1020, TERASOIL O1014, TREXON BAZÉNY H2203, TREXON EMAIL H2001, ANTIGRAFFITY COLOR P8014, PAINT REMOVER P 07, WOOD OIL O1011, LIHOLAK L1010, TREXON H2003, WOOD CLEANER AND BRIGHTENER P8001, thinners and industrial liquids

Production and filling of aerosol products

Main products: PROFI SPREJ Top Coat A3243, EUROSPRAY Frosting Decoration A1142, HOBBY SPREJ for furniture A3141, EUROSPRAY for decorations A1114, EUROSPRAY for leather A1146, HOBBY SPREJ for decorations A3114, HOBBY SPREJ Primer A3149, HOBBY SPREJ Marking Paint A3123

In 2020, the following new products were successfully launched:

1K POLYURETAN U2210 One-Coat Polyurethane Paint in 7 basic colour shades.

COLORNAL MAT V2030 Water-Based Matt Top Coat in 8 new colour shades.

Environmental protection

In 2020, COLORLAK, a.s. fulfilled all legislative indicators in the field of waste management, air and water protection, as well as in the transport of dangerous goods in accordance with the RID Regulation Concerning the International Carriage of Dangerous Goods by Rail and in accordance with the Road Transport Act and the ADR European Agreement Concerning the International Carriage of Dangerous Goods by Road.

The company has successfully defended the established integrated quality and environmental management system, including the successful defence of the quality management system for compliance with the requirements of the ČOS 051672 Czech Defence Standard.

Activities associated with joining the Responsible Care – Responsible Business in the Chemical Industry initiative, consist, among other things, also in the environmental impact report, which is prepared in accordance with Part 1 – Abridged Guide for Reporting Data on the Company Occupational Safety, Health and Environmental Activities. The reports are published on the company website www.colorlak.cz

In 2020, COLORLAK was issued with a Certificate and the associated right to use the RESPONSIBLE CARE logo.

The company takes a proactive approach to proving the safety of its products for special applications, such as toys, food processing plants or agricultural equipment.

Investments in tangible fixed assets

| in TCZK |

<i>period</i>	<i>2019</i>	<i>2020</i>
Land		444
Buildings & constructions	14,671	502
Machinery & equipment, inventory, fleet	8,394	4,064
Intangible fixed assets	156	
Total INVESTED CAPITAL	23,221	5,011

The capital was invested domestically in 2020, in an amount of TCZK 5,011.

In 2020, COLORLAK, a.s. invested in the purchase of servers, technical improvement of buildings, spraying equipment, mixers, cars and other machinery and equipment. Furthermore, the company invested in purchases of partial parts of land to settle property rights.

e] Assets and Financial Position of the Issuer**Changes in shareholders' equity**

| in TCZK |

<i>year</i>	<i>shareholders' equity</i>
2019	329,114
2020	337,467

Ownership interests of COLORLAK, a.s. as at 31. 12. 2020

| in TCZK, TEUR, TPLN |

<i>company</i>	<i>ownership interest</i>	<i>% of shareholders' equity</i>
PANTER COLOR a.s.	TCZK 60,000	17.78
MILANO COLOR, a.s.	TCZK 2,000	0.59
EKOLAK s.r.o.	TCZK 200	0.06
COLORLAK SK, s.r.o.	TEUR 700	5.44
COLORLAK POLSKA SP Z O O	TPLN 550	0.94

Trading income per 1 share

<i>year</i>	<i>trading income after tax (TCZK)</i>	<i>total shares (pcs)</i>	<i>trading income per 1 share (CZK)</i>
2019	1,030	17,854,393	0.058
2020	8,403	17,854,393	0.471

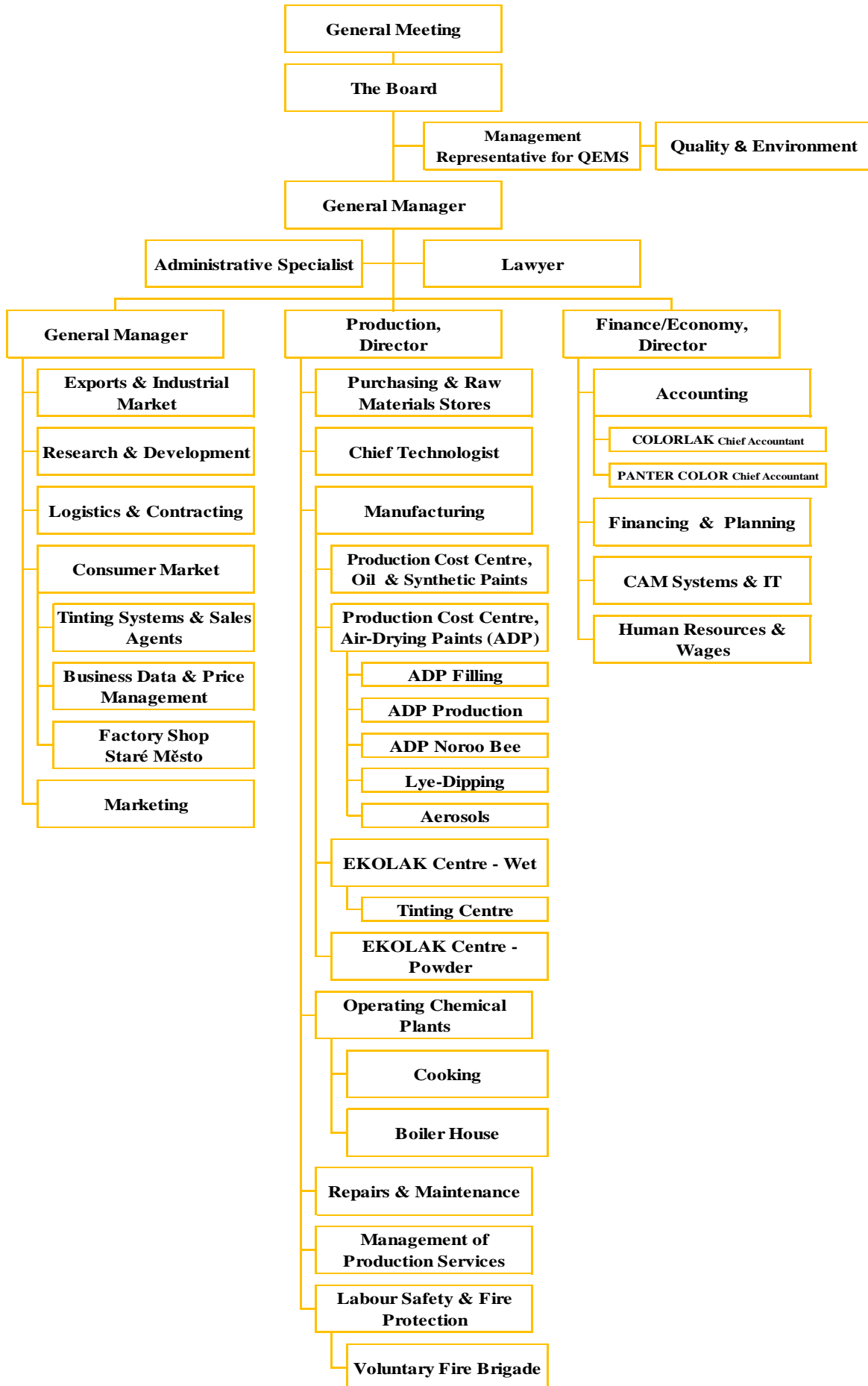
In 2019, COLORLAK, a.s. paid out dividends in an amount of TCZK 1,250 – of which TCZK 363 are dividends from COLORLAK own shares. By this amount the retained earnings of COLORLAK from previous years have been increased.

The company did not pay out any dividends in 2020.

COLORLAK, a.s. staff

	<i>2019</i>	<i>2020</i>
Average staff	278	260
- of which managerial	22	21
Personnel costs (in TCZK)	132,858	127,140
- of which managerial	24,264	23,540

Organization Chart of COLORLAK, a.s.



f] Statutory Bodies of the Issuer

The Board

as at 31. 12. 2020

Chairman of the Board:	Svatopluk Chalupa
date of birth:	8. 11. 1944
domicile:	Tererova 1354/15, Chodov, 149 00 Praha 4
Authorized Officer:	Mojmír Olšer
date of birth:	7. 12. 1964
domicile:	Hošťálkova 518/3, Břevnov, 169 00 Praha 6

Executive Management

as at 31. 12. 2020

Statutory Director:	Svatopluk Chalupa
General Manager – Authorized Officer:	Mojmír Olšer
Economic Director:	Jiří Hróz
Production Director:	Marek Fiala

Money incomes received in 2020 by members of the statutory bodies: CZK 1,440,000.

Members of the statutory bodies and company executive management holding shares of COLORLAK, a.s. in 2020:

Svatopluk Chalupa

Mojmír Olšer

Eva Víchová


Jiří Hróz

Marek Fiala

COLORLAK, a.s. granted no loans or guarantees or other securities to its statutory bodies or their members and issued no employees shares.

g] Responsibility for the Annual Report and Auditing Financial Statements

Person responsible for the Annual Report of COLORLAK, a.s.:



Svatopluk Chalupa
Chairman of the Board

The Chairman of the Board declares that the data stated in the Annual Report are true and that no significant circumstances which might affect an accurate and correct assessment of the issuer of securities have been omitted.

Auditing company in 2019 and 2020

BENE FACTUM a.s. – License No. 480 of the Chamber of Auditors of the Czech Republic, Kodaňská 1441/46, 100 10 Praha 10

Karel Hampel – License No. 0005 of the Chamber of Auditors of the Czech Republic, auditor in charge

Prepared in accordance with Decree
No.500/2002 Coll. as amended

BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION)
as at December 31, 2020
(in thousands of CZK)

Business name or other name
of the accounting unit

COLORLAK, a.s.

Registered office, residence
or place of business of the
accounting unit

Tovární 1076

686 03 Staré Město


ID number

49444964

Code a	ASSETS b	Line c	Current accounting period			Past acc. period
			Gross 1	Adjustment 2	Net 3	Net 4
	TOTAL ASSETS (I. 02 + 03 + 37 + 74)	001	1,074,550	434,100	640,450	671,127
A.	Receivables from subscriptions	002				
B.	Fixed assets (I. 04 + 14 + 27)	003	763,325	419,678	343,647	358,222
B. I.	Intangible fixed assets (I. 05 + 06 + 09 + 010 + 011)	004	55,850	20,747	35,103	36,030
B. I. 1	Research and Development	005				
2	Valuable rights	006	55,540	20,645	34,895	35,702
	B.I.2.1. Software	007	18,503	17,853	650	1,346
	B.I.2.2. Other valuable rights	008	37,037	2,792	34,245	34,356
3	Goodwill	009				
4	Other intangible fixed assets	010	154	102	52	77
5	Advance payments for intangible fixed assets and intangible fixed assets under construction	011	156	0	156	251
	B.I.5.1. Advance payments for intangible fixed assets	012				
	B.I.5.2. Intangible fixed assets under construction	013	156		156	251
B. II.	Tangible fixed assets (I. 15 + 18 + 19 + 20 + 24)	014	542,238	398,931	143,307	158,589
B. II. 1	Land and constructions	015	280,355	172,398	107,957	103,701
	B.II.1.1. Land	016	10,199		10,199	9,781
	B.II.1.2. Constructions	017	270,156	172,398	97,758	93,920
2	Equipment	018	260,662	226,378	34,284	34,754
3	Adjustment to acquired assets	019				
4	Other tangible fixed assets	020	155	155	0	0
	B.II.4.1. Perennial crops	021				
	B.II.4.2. Adult animals and their groups	022				
	B.II.4.3. Other tangible fixed assets	023	155	155	0	0
5	Advance payments for tangible fixed assets and tangible fixed assets under construction	024	1,066	0	1,066	20,134
	B.II.5.1. Advance payments for tangible fixed assets	025	10		10	
	B.II.5.2. Tangible fixed assets under construction	026	1,056	0	1,056	20,134
B. III.	Long-term financial assets (I. 28 to 34)	027	165,237	0	165,237	163,603
B. III. 1	Shares - controlled or controlling person	028	165,237	0	165,237	163,603
2	Loans - controlled or controlling person	029				
3	Shares - substantial influence	030				
4	Loans - substantial influence	031				
5	Other securities and shares	032				
6	Other loans	033				
7	Other long-term financial assets	034	0	0	0	0
	B.III.7.1. Other long-term financial assets	035				
	B.III.7.2. Advance payments for long-term financial assets	036				

Code a	ASSETS b	Line c	Current accounting period			Past acc. period
			Gross 1	Adjustment 2	Net 3	Net 4
C.	Current assets (I. 38 + 46 + 68 + 71)	037	310,579	14,422	296,157	311,933
C. I.	Inventory (I. 39 + 40 + 41 + 44 + 45)	038	92,540	6,887	85,653	86,686
C. I. 1	Materials	039	44,121	2,246	41,875	48,775
2	Work in progress and semi-products	040	5,257		5,257	3,759
3	Finished products	041	43,162	4,641	38,521	34,152
	C.I.3.1. Products	042	40,773	4,248	36,525	32,144
	C.I.3.2. Merchandise	043	2,389	393	1,996	2,008
4	Young and other animals and their groups	044				
5	Advance payments for inventory	045				
C. II.	Receivables (I. 47 + 57)	046	195,475	7,535	187,940	203,209
C. II. 1	Long-term receivables	047	6,554	0	6,554	2,200
	C.II.1.1. Trade receivables	048				
	C.II.1.2. Receivables - controlled or controlling person	049	6,554	0	6,554	2,050
	C.II.1.3. Receivables - substantial influence	050				
	C.II.1.4. Deferred tax receivable	051				
	C.II.1.5. Other receivables	052	0	0	0	150
	C:II.1.5.1. Receivables from partners	053				
	C.II.1.5.2. Long-term deposits given	054				
	C.II.1.5.3. Estimated receivables	055				
	C.II.1.5.4. Other receivables	056	0		0	150
2	Short-term receivables	057	188,921	7,535	181,386	201,009
	C.II.2.1. Trade receivables	058	46,946	7,535	39,411	59,990
	C.II.2.2. Receivables - controlled or controlling person	059	139,979	0	139,979	138,308
	C.II.2.3. Receivables - substantial influence	060	332	0	332	117
	C.II.2.4. Other receivables	061	1,664	0	1,664	2,594
	C.II.2.4.1. Receivables from partners	062				
	C.II.2.4.2. Social security and health insurance	063				
	C.II.2.4.3. Due from state - tax receivables	064	676	0	676	1,481
	C.II.2.4.4. Short-term deposits given	065	661	0	661	718
	C.II.2.4.5. Estimated receivables	066	34	0	34	71
	C.II.2.4.6. Other receivables	067	293	0	293	324
C. III.	Short-term financial assets (I. 69 to 70)	068	0	0	0	0
C. III. 1	Shares - controlled or controlling person	069				
2	Other short-term financial assets	070				
C. IV.	Funds (I. 72 to 73)	071	22,564	0	22,564	22,038
C. IV. 1	Cash	072	1,383	0	1,383	2,293
2	Bank accounts	073	21,181	0	21,181	19,745
D. I.	Accruals (I. 75 to 77)	074	646	0	646	972
D. I. 1	Deferred expenses	075	646	0	646	972
2	Complex deferred costs	076				
3	Deferred income	077	0		0	0

Code a	LIABILITIES b	Line c	Current acc. period 5	Past acc. period 6
	TOTAL LIABILITIES (I. 79 + 101 + 141)	078	640,450	671,127
A.	Equity (I. 80 + 84 + 92 + 95 + 99 + 100)	079	337,469	329,114
A. I.	Registered capital (I. 81 to 83)	080	116,340	116,340
1	Registered capital	081	178,544	178,544
2	Company's own shares and ownership interests (-)	082	-62,204	-62,204
3	Changes in registered capital	083		
A. II.	Share premium and capital funds (I. 85 to 86)	084	-44,077	-45,711
A. II. 1	Share premium	085		
2	Capital funds	086	-44,077	-45,711
	A.II.2.1. Other capital funds	087	644	644
	A.II.2.2. Differences from revaluation of assets and liabilities	088	3,800	2,166
	A.II.2.3. Differences from revaluation in transformation of business corporations	089	-48,521	-48,521
	A.II.2.4. Differences from transformations of business corporations	090		
	A.II.2.5 Differences from valuation in transformation of business corporations	091		
A. III.	Funds from profits (I. 93 + 94)	092	62,612	62,612
A. III. 1	Other reserve funds	093	62,204	62,204
2	Statutory and other funds	094	408	408
A. IV.	Profit/loss - previous years (I. 96 + 98)	095	194,191	194,843
A. IV. 1	Retained earnings from previous years	096	194,191	194,843
2	Accumulated losses from previous years	097		
3	Other profit/loss - previous years	098		
A. V.	Profit/loss - current accounting period (+/-) (I. 01 - (+ 80 + 84 + 92 + 95 + 100 + 101 + 141))	099	8,403	1,030
A. VI.	Decision on advance payment of profit share	100		
B. + C.	External sources (I. 102 + 107)	101	301,041	338,912
B. I.	Reserves (I. 103 to 106)	102	0	0
B. I. 1	Reserve for pensions and similar payables	103		
2	Income tax reserves	104		
3	Reserves under special statutory regulations	105		
4	Other reserves	106		
C.	Payables (I. 108 + 123)	107	301,041	338,912
C. I.	Long-term payables (I. 109 + 112 + 113 + 114 +115 + 116 + 117 + 118 + 119)	108	37,336	27,838
C. I. 1	Issued bonds	109	0	0
	C.I.1.1. Convertible bonds	110		
	C.I.1.2. Other bonds	111		
2	Payables to credit institutions	112	10,807	13,363
3	Long-term advances received	113		
4	Trade payables	114		
5	Long-term notes payable	115		
6	Payables - controlled or controlling person	116		
7	Payables - substantial influence	117		
8	Deferred tax liability	118	3,326	3,517
9	Other payables	119	23,203	10,958
	C.I.9.1. Payables to partners	120		
	C.I.9.2. Estimated payables	121		
	C.I.9.3. Other payables	122	23,203	10,958

Code a	LIABILITIES b	Line c	Current acc. period 5	Past acc. period 6
C. II.	Short-term payables (I. 124 + 127 + 128 + 129 + 130 + 131 + 132 + 133)	123	263,705	311,074
C. II. 1	Issued bonds	124	0	0
	C.II.1.1. Convertible bonds	125		
	C.II.1.2. Other bonds	126		
2	Payables to credit institutions	127	124,771	134,546
3	Short-term advances received	128	794	850
4	Trade payables	129	35,773	52,946
5	Short-term notes payable	130		
6	Payables - controlled or controlling person	131	2	11
7	Payables - substantial influence	132		
8	Other payables	133	102,365	122,721
	C.II.8.1. Payables to partners	134	25	25
	C.II.8.2. Short-term financial accommodations	135	84,259	104,595
	C.II.8.3. Payroll	136	1,085	1,118
	C.II.8.4. Payables to social security and health insurance	137	3,699	3,536
	C.II.8.5. Due from state - tax liabilities and subsidies	138	4,468	2,839
	C.II.8.6. Estimated payables	139	1,746	4,401
	C.II.8.7. Other payables	140	7,083	6,207
D. I.	Accruals (I. 142 + 143)	141	1,940	3,101
D. I. 1	Accrued expenses	142	1,915	3,066
2	Deferred revenues	143	25	35
Legal form of the accounting unit :		joint-stock company		
Scope of business or other activity:		Production and sale of coating materials		
Date of preparation	Signature record of the person responsible for preparation of the financial statements	Signature record of the statutory body or natural person who is the accounting unit Svatopluk Chalupa, Chairman of the Board		
30.04.2021				

Prepared in accordance with Decree
No.500/2002 Coll. as amended

PROFIT AND LOSS STATEMENT
as at December 31, 2020
(in thousands of CZK)

Business name or other name of
the accounting unit

COLORLAK, a.s.

Registered office, residence or
place of business of the accounting
unit


Tovární 1076

686 03 Staré Město

ID Number

49444964

Code a	ITEM b	Line c	Accounting Period	
			Current 1	Past 2
I.	Revenues from sold products and services	01	464,566	537,223
II.	Revenues from sold goods	02	15,489	15,297
A.	Production consumption (I. 04 + 05 + 06)	03	326,300	387,546
A. 1	Expenses on sold goods	04	12,988	13,449
A. 2	Consumption of material and energy	05	277,963	334,027
A. 3	Services	06	35,349	40,070
B.	Change in inventory of own products	07	-7,083	7,279
C.	Capitalization	08	-1,472	-1,181
D.	Personnel expenses (I. 10 + 11)	09	127,140	132,858
D. 1	Wages and salaries	10	91,479	95,882
D. 2	Social security, health insurance and other expenses	11	35,661	36,976
	2. 1. Social security and health insurance expenses	12	33,856	35,063
	2. 2. Other expenses	13	1,805	1,913
E.	Adjustments to values in the operational area (I. 15 + 18 + 19)	14	15,274	14,381
E. 1	Adjustments to intangible and tangible fixed assets	15	14,494	15,543
	1.1. Adjustments to intangible and tangible fixed assets - permanent	16	14,494	15,543
	1.2. Adjustments to intangible and tangible fixed assets - temporary	17		
E. 2	Adjustments to inventory values	18	753	-402
E. 3	Adjustments to receivables	19	27	-760
III.	Other operating revenues (I. 21 + 22 + 23)	20	10,814	15,802
III. 1	Revenues from disposals of fixed assets	21	3,158	1,178
III. 2	Revenues from disposals of materials	22	5,572	6,890
III. 3	Other operating revenues	23	2,084	7,734
F.	Other operating expenses (I. 25 to 29)	24	12,956	17,718
F. 1	Net book value of sold fixed assets	25	1,997	630
F. 2	Sold material	26	5,431	7,568
F. 3	Taxes and fees	27	1,541	1,481
F. 4	Operating reserves and complex deferred costs	28		
F. 5	Other operating expenses	29	3,987	8,039
*	Operating profit/loss (I. 01 + 02 - 03 - 07 - 08 - 09 - 14 + 20 - 24)	30	17,754	9,721

Code a	ITEM b	Line c	Accounting Period	
			Current 1	Past
IV.	Revenues from long-term financial assets - shares (I. 32 +33)	31	0	0
IV. 1	Revenues from shares - controlled or controlling person	32		
2	Other revenues from shares	33		
G.	Expenses on sold ownership interests	34		
V.	Revenues from other long-term financial assets (I. 36 +37)	35	0	0
V. 1	Revenues from other long-term financial assets - controlled or controlling person	36		
2	Other revenues from other long-term financial assets	37		
H.	Expenses related to other long-term financial assets	38		
VI.	Interest revenues and similar revenues (I. 41 + 42)	39	87	191
VI. 1	Controlled or controlling person	40	87	191
2	Other interest revenues and similar revenues	41	0	0
I.	Financial adjustments and reserves	42		
J.	Interest expenses and similar expenses (I. 45 +46)	43	7,031	8,121
J. 1	Controlled or controlling person	44	0	0
2	Other Interest expenses and similar expenses	45	7,031	8,121
VII.	Other financial revenues	46	10,319	4,346
K.	Other financial expenses	47	10,962	4,902
*	Profit/loss from financial operations (I. 31 - 34 + 35 - 38 + 39 - 42 - 43 + 46 - 47)	48	-7,587	-8,486
**	Profit/loss before tax (I. 30 + 48)	49	10,167	1,235
L.	Income tax (I. 51 + 52)	50	1,764	205
L. 1	Income tax due	51	1,955	420
2	Income tax deferred	52	-191	-215
**	Profit/loss after tax (I. 59 - 50)	53	8,403	1,030
M.	Transfer profit (loss) to partners	54		
***	Profit/loss of current accounting period (I. 53 - 54)	55	8,403	1,030
*	Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.	56	501,275	572,859
Date of preparation 30.04.2021	Signature record of the person responsible for preparation of the financial statements	Signature record of the statutory body or natural person who is the accounting unit Svatopluk Chalupa, Chairman of the Board 		

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of

COLORLAK, a.s.

Opinion

We have audited the accompanying financial statements of COLORLAK, a.s. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of COLORLAK, a.s. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Director is responsible for the other information.

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 obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- 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 is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Director for the Financial Statements

The Statutory Director is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Director 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 Statutory Director 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 Statutory Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 above mentioned laws and 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 above law or regulation, 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 Statutory Director.
- Conclude on the appropriateness of the Statutory Director's 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 Statutory Director 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.

Prague, 30th April 2021


BENE FACTUM a.s.
Licence number 480
Kodaňská 1441/46
100 10 Praha 10




Ing. Karel Hampl
Licence number 0005

**Consolidated
Financial Statements
of COLORLAK group
for 2020**

Definition of the consolidated unit (further referred to as „group“)

<i>company name</i>	<i>registered office</i>	<i>share in registered capital in %</i>	<i>rate of dependence</i>	<i>consolidation method</i>
COLORLAK, a.s.	Tovární 1076, Staré Město	N/A	N/A	N/A
PANTER COLOR a.s.	Pištěkova 22/1171, Praha 4	100	subsidiary	full
COLORLAK maloobchod, s.r.o.	Českobrodská 3/17, Hrdlořezy, Praha 9	100	subsidiary	full
COLORLAK POLSKA SP Z O O	Wroclawska 30, Nowa Sól, Polsko	100	subsidiary	full
COLORLAK SK, s.r.o.	Zvolenská cesta 37, Banská Bystrica, Slovensko	100	subsidiary	full

Financial statements of all companies are kept for presentation purposes in registered office of the parent company at Staré Město, Tovární 1076.

In 2019, the AAA barvy, s.r.o. changed its name to COLORLAK maloobchod, s.r.o.

In accordance with the legislation in force, the consolidation unit (group) does not incorporate the subsidiaries MILANO COLOR, a.s. and EKOLAK s.r.o.

In 2020, there were no changes in the group composition.

Date of financial statements and balance sheet date of the companies included in the group is December 31, 2020.

Accounting methods and general accounting principles

The account books of the group are kept and the consolidated financial statements were drawn up in accordance with the Act No. 563/1991 Coll. on Accounting as amended, executive regulation No. 500/2002 Coll., implementing some provisions of the Act No. 563/1991 Coll. on Accounting as later amended, for those accounting units that are business entities keeping their books in double-entry accounting system as amended, and Czech Accounting Standards for business entities as amended.

The accounting respects general accounting principles, in particular the principle of appraising value of assets by their historical costs, the principle of keeping accounts maintaining timing and subject-matter relations, the principle of precaution and the assumed probability that the accounting unit is capable to continue its activities.

For the purpose of preparing these consolidated financial statements of COLORLAK group some accounting procedures within the group have been unified.

Data contained in the present consolidated financial statements are provided in thousands of Czech Crowns (CZK).

Consolidated Balance Sheet (in TCZK)

	2019	2020
TOTAL ASSETS	641,365	605,290
A. Receivables from subscriptions	0	0
B. Fixed assets	292,523	265,529
B.I. Intangible fixed assets	39,279	35,802
B.II. Tangible fixed assets	187,686	168,762
B.III. Long-term financial assets	23,964	23,963
B.IV. Positive difference on consolidation	41,594	37,002
B.V. Negative difference on consolidation	0	0
B.VI. Securities and ownership interests under the equity method	0	0
C. Current assets	346,617	337,505
C.I. Inventory	202,838	215,486
C.II. Receivables	116,715	90,004
C.II.1. Long-term receivables	1,590	1,145
C.II.2. Short-term receivables	115,125	88,859
C.III. Short-term financial assets	0	0
C.IV. Funds	27,064	32,015
D. Assets accruals	2,225	2,256
TOTAL LIABILITIES	641,365	605,290
A. Equity	189,138	205,225
A.I. Registered capital	116,340	116,340
A.II. Share premium and capital funds	-43,671	-42,037
A.III. Reserves from profits	75,199	74,791
A.IV. Retained earnings	41,270	56,131
A.V. Consolidation reserve fund	0	0
B.+C. Other sources	448,305	397,204
B. Reserves	1,066	981
C. Payables	447,239	396,223
C.I. Long-term payables	8,759	7,784
C.II. Short-term payables	127,110	106,924
C.III. Bank loans and financial accommodations	311,370	281,515
D. Liabilities accruals	3,922	2,861
E. Minority equity	0	0
E.I. Minority registered capital	0	0
E.II. Minority capital funds	0	0
E.III. Minority funds including retained earnings and accumulated loss from previous years	0	0
E.IV. Minority profit/loss of current accounting period	0	0

Consolidated Profit and Loss Statement (in TCZK)

	2019	2020
I. Revenues from sold products and services	271,949	213,292
II. Revenues from sold goods	672,795	669,492
A. Production consumption	677,856	621,379
B. Change in inventory of own products	7,279	- 7,084
C. Capitalization	- 1,181	- 1,472
D. Personnel expenses	226,537	217,520
E. Operating adjustments	23,092	21,252
Accounting of negative differences on consolidation	- 4,592	- 4,592
Accounting of positive differences on consolidation	0	0
III. Other operating revenues	16,680	15,583
F. Other operating expenses	21,394	22,341
* Consolidated operating profit/loss	1,855	19,839
IV. Revenues from long-term financial assets - ownership interests	0	0
G. Expenses on sold ownership interests	0	0
V. Revenues from other long-term financial assets	0	0
H. Expenses associated with other long-term financial assets	0	0
VI. Interest revenues and similar revenues	171	108
I. Financial adjustments and reserves	0	0
J. Interest expenses and similar expenses	10,012	8,353
VII. Other financial revenues	5,195	10,602
K. Other financial expenses	7,737	13,272
* Consolidated profit/loss from financial operations	- 12,383	-10,915
** Consolidated profit/loss before tax	- 10,528	8,924
L. Income tax	456	3,602
*** Consolidated after-tax profit/loss of the accounting period before equity share	- 10,984	5,322
of which: Consolidated profit/loss of the accounting period before minority interests	- 10,984	5,322
Minority profit/loss of current accounting period	0	0
*** Consolidated profit/loss of the accounting period	- 10,984	5,322
Net turnover for the accounting period (I. + II. + III. + IV. + V. + VI. + VII.)	966,790	909,077

Comments on Subsidiary Companies

PANTER COLOR a.s., Praha

The main activity of PANTER COLOR a.s. involves wholesale and retail trade with paint materials and auxiliary products in all regions of the Czech Republic. The products of COLORLAK parent company represent more than one half of company sales. The assortment is complemented with paint materials and auxiliary products of other producers, both domestic and from abroad. In 2020, PANTER COLOR a.s. ran five wholesale centres in most regions of the Czech Republic. At the end of the year, it was decided to close the operations of Jiřice centre and to move the centre to the modern managed warehouse of LAGERMAX in Prague Ruzyně. LAGERMAX will provide all logistics services for the former Jiřice centre, and, beginning April 2021, also for the Vysoké Mýto centre. For COLORLAK brand, PANTER COLOR also provides distribution of products sold through the www.mall.cz internet portal.

COLORLAK maloobchod, s.r.o., Praha

The original name of the company is AAA Barvy Praha, s.r.o. The main scope of activities of this company is retail trade with paint materials and construction chemical products. In 2019, new retail stores were transferred to the company, which until then were organizationally integrated in PANTER COLOR, a.s. The separation of the retail and wholesale activities contributed to improvement of economic results of the entire group. After years of losses, COLORLAK maloobchod company turned profitable and continues to expand with new outlets. The product range is gradually being unified at all locations, among other things with a focus on increasing the share of sales of COLORLAK products. In 2020, the online stores operated under the domains www.aabarvy.cz and www.cscolor.cz were unified into the new domain www.colorlak-barvy.cz.

COLORLAK SK, s.r.o., Banská Bystrica

This Slovak subsidiary runs wholesale and retail trade in coatings and products of construction chemistry. Similarly to the Czech Republic, sales of paints and construction materials are growing in Slovakia and the company is also achieving an increase in sales of products from the parent company production. For COLORLAK brand, COLORLAK SK provides distribution of products sold through the online shopping mall www.mall.sk.

COLORLAK POLSKA, SP Z O O, Nowa Sól

The company focuses on sale of paint materials to industries as well as to small fabricants and tradesmen. The company operates particularly in the territory of Northwest Poland. The headquarters and warehouse are located in Nowa Sól. Since 2020, the company has been focusing mainly on the sale of COLORLAK brand products and, in collaboration with the parent company, extending expert consultancy for our clients in the field of paints application.



This is to certify that the management system of:

COLORLAK, a.s.

Main Site: Tovární 1076
686 03 Staré Město
Czech Republic

Additional Site: COLORLAK, a.s., středisko EKOLAK
Bilovice 497
687 12 Bilovice
Czech Republic

has been registered by Intertek as conforming to the requirements of:

ISO 9001:2015

The management system is applicable to:

Development, production and sale of paints, facade, interior and floor materials, waterproofing and thermal insulation systems.

Certificate Number:
QMS 24476
Initial Certification Date:
20 November 2006
Date of Certification Decision:
26 October 2020
Issuing Date:
26 October 2020
Valid Until:
19 November 2023



Calin Moldovean
President, Business Assurance

Intertek Certification Limited, 10A Victory Park,
Victory Road, Derby DE24 8ZF, United Kingdom



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Main Site: Tovární 1076
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President, Business Assurance

Intertek Certification Limited, 10A Victory Park,
Victory Road, Derby DE24 8ZF, United Kingdom



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SVAZ CHEMICKÉHO PRŮMYSLU ČESKÉ REPUBLIKY
 ASSOCIATION OF CHEMICAL INDUSTRY OF THE CZECH REPUBLIC
 awards the member company

COLORLAK, a.s.

CERTIFICATE

of results achieved in fulfilling voluntary aims and goals in the program
RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
 This program aims to improve environmental protection and health
 and safety of all activities of the company.
 pronouncement from 9. 1. 1996
 first vindication 1997
 ninth vindication 2020

Along with this certificate, the company has the right to use the logo
RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
 until **October 2022**
 in accordance with conditions announced
 by the European Chemical Industry Council (CEFIC)

In Prague, September 24th, 2020

President

CZECH REPUBLIC

DEFENCE STANDARDIZATION, CODIFICATION
AND GOVERNMENT QUALITY ASSURANCE AUTHORITY

issues in compliance with the Act No. 309/2000 Coll., Section 30 para 5

CERTIFICATE

No. 36-2020

to

COLORLAK, a.s.
Tovární 1076, 686 03 Staré Město
Company Registration Number: 49444964

of quality system compliance as required by
ČOS 051672 (AQAP 2110)

Scope of validity:

Development, Production and Sale of Paints, Facade, Interior
and Floor Materials, Waterproofing and Thermal Insulation
Systems.

- This Certificate is issued by DSCGQAA after quality system audit carried out from October 6th, 2020 to October 6th, 2020. The Authority is not responsible for the quality system changes implemented by the contractor after this Certificate has been issued.
- This Certificate is valid solely for verified scope of activities and must not be used for other scope of activities than for which it is issued.
- The Authority is responsible neither for unauthorized use of the Certificate nor for damage which could be caused by both authorized or unauthorized use to a third party.
- This Certificate does not replace quality guarantee and contractor's responsibility for flaws and damage resulting from generally accepted legal regulations nor does it replace official verification in accordance with other generally accepted regulations.

This Certificate is valid till: **October 31st, 2021**

As far as foodstuff suppliers are concerned, the title to avail of this certificate is subject to continuous observance of hygienic norms and recommendations for supplying the Armed Forces of the Czech Republic with foodstuff that is issued as a part of Protocol of an inspecting authority on behalf of the Military Veterinary Service.

In Prague on: October 21st, 2020

Ing. Martin Dvofák, Ph.D.
 Director DSCGQAA

COLORLAK, a.s.

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686 03 Staré Město
Czech republic

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