

# **ANNUAL REPORT** **SELECTED INFORMATION**

2021



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## Introductory Word of Chairman of the Board

Dear business partners,

Dear shareholders,

As you can read in this annual report, last year was a difficult one. Throughout the year, and especially at its beginning, we had to face trade restrictions related to the pandemic. And the markets for raw materials and supplies had a very dynamic evolution and logistics problems began to mount up. The rising prices of raw materials and packaging, along with the increased uncertainty of their deliveries, had a negative impact on costs and thus on the company overall economy. Although we changed our price lists three times during the year, even such adjustments were not enough to fully eliminate the adverse effects.

I think that not all of the negative aspects can be attributed to the adverse external influences only. Some of our internal shortcomings have also been revealed, and we need to address them urgently. In particular, we need to deal more vigorously with the reconstruction of the energy management and the modernisation of production technologies. Naturally, this will entail increased demands for investment, with links to the whole economy of the company and its intensification. But this is the only way how we can reach a good future for COLORLAK. We would like to implement the main steps within the next three years, which also coincides with the company's centenary.

This year again I cannot omit the life wisdom left to us by Mr. Kirschner. Taking into account the complicated nature of the present time, I have this time turned to his little book dated 1948, which was written in times undoubtedly even more difficult. However, our founder was looking more to the future even at that time. "... A happy life requires the joy of work done. Those who can enjoy their work can also enjoy life and spread the feeling of well-being around them ...". You may wonder what such ideas have to do with paints, but they apply to our work with paints too. So let us try to stick to these words and, working with paints, bring joy to ourselves and people around us.

In Staré Město, May 2022

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

## Report of the Board and Statutory Director on Company Business Activities in 2021 and Assets as at 31. 12. 2021

### A. Business Activities in 2021

Not even the year 2021 was among the most successful. Net turnover fell to CZK 490.7 million, i.e. by CZK 10.5 million and by 2 % compared to 2020. However, it is a decrease by CZK 60 million less than the reduction in turnover in the previous year. The main reason for the decline in sales is all the time the same. Deliveries to the automotive industry continued to fall by a further 30 % against 2020, resulting in a revenue shortfall of CZK 18.6 million. Over three years, the decline in sales in this segment amounts to some CZK 170 million. In the automotive segment, a return to the original sales is unrealistic and it would be a success to maintain them at least at a level close to 2020.

From the above data it seems, the sales in other segments were successful but the consumer market which faced a reduction in sales at the beginning of the year, also had to cope with the decline. Sales in this segment were down by 3.5 % year-on-year, i.e. by CZK 11 million. According to the survey, the Czech consumer market of paint materials declined by 4 % year-on-year and 2.3% with independent retailers. From this point of view, our sales development seems to be adequate. The favourable development of sales was thus only in the industrial and exports segment. The sales growth in this segment totalled CZK 23 million, i.e. 20.6 %. This positive trend keeps going on even in the current year.

However, more serious than the development in sales is the decrease in their efficiency. The gross margin went down by 13.5 % year-on-year and, combined with lower sales, the contribution margin from sales was lower by CZK 16.5 million, i.e. by 10.6 %. From simple comparison of the figures we can see that the decline in the contribution margin is in absolute terms and as a percentage of sales significantly higher than the development of sales. Unfortunately, as stated below, unlike the previous year, we were not able to compensate for this decline in sales efficiency by rationalising cost items.

Even with lower performance, production consumption increased. Critical material and energy consumption went up to CZK 285 million. This is a year-on-year increase by 2.5 %, i.e. almost the same percentage as the decline in turnover. The main influence was the rise in prices of raw materials, energy and freight costs in the course of the year. Increases in prices of raw materials by tens of percent were no exception. The cost of services remained in fact at the level of 2020. Personnel costs were also stagnant in 2021, at approximately CZK 127 million. Despite this, we increased average gross wages from personnel costs from CZK 40,750 to CZK 41,721 per employee, i.e. by almost CZK 1,000 and 2.4 %. Just to compare, the average wage growth was 2.2 % in 2019 and 2.3 % last year. This was achieved in response to the decline in performance by reducing the headcount to 253 employees, i.e. by 2.7 %, primarily through natural attrition. However, current inflation trends show that such rates of wage growth will not be sufficient this year.

The impact of the above mentioned cost increases on the operating profit is obviously not favourable. The operating result reached ca. the level of 2019, i.e. CZK 9.7 million, but it is only slightly over half of the result for the year 2020 (CZK 17.8 million). Although the year-on-year improvement in the financial result by CZK 2.7 million slightly corrects this drop, the pre-tax profit amounted to only CZK 4.8 million, i.e. not even half of 2020. After taxing, we are left with CZK 3.5 million, which is one of the least favourable results in recent years.

This is also the basis for The Board proposal how to distribute profits. There is no room for dividend payments under the above situation, especially if we want to further develop the company by investing in its energy management and production technologies. I propose the entire after-tax profit to be booked into the retained earnings of previous years. The exact amount is given in the draft decision.

## **B. Assets as at December 31, 2021**

As at December 2021, the balance sheet total increased by nearly CZK 18 million year-on-year (i.e. by 2.8 %). Thus the value of CZK 658.3 million is somewhere between CZK 671 million in 2019 and CZK 640 million last year. The differences in fixed assets can be attributed to depreciation and changes in the valuation of financial investments due to exchange rate effects at subsidiaries. Fixed assets stand at CZK 334 million. The main change is the recognition of depreciation. Fixed assets make up slightly less than 51 % of total assets.

The most significant changes were in current assets, in particular in inventories. This requires a more detailed explanation. It has already been mentioned that the prices of raw materials and supplies were a major problem for us last year. Such dynamic and often unexpected price changes were accompanied by the effects of unpredictable logistics problems. There was an excess demand over supply and the price outlook for this year was even more difficult. Therefore, at the end of the year, we decided to purchase raw materials at year-end prices, where available. As a result, our year-end stocks were 60 % higher than last year. However, only approximately 40 % of this growth was material.

At the same time, we decided to produce products that we are sure to sell in the season. We do such so called "prior stocking" every year. The value of product inventories was more than by 34 % higher than in 2020. Unfortunately, only about half of the increase in product inventory is material-related, the other half goes to higher input prices of raw materials and packaging.

Not every year we take over the "prior stocking" to our subsidiaries when the products for the season are transferred to them. Along with the "prior stocking" at the parent company, last year we again transferred a part of it to the subsidiaries, which also entailed an increase in receivables by some CZK 9 million, i.e. by about 6 %. However, the total increase in receivables was only half of this amount which means that the "other" receivables were lower. We currently see no problem in collecting receivables.

In spite of the increase of the working capital last year, we have been reducing our need in it in the long term. Over four years, we have reduced our working capital requirements by more than CZK 45 million, i.e. by one tenth. This is a response both to 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 demand for financing.

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 to 50.3 % year-on-year. Within three years, we have increased the share of equity by more than a tenth. The positive retained earnings from previous years (almost CZK 201 million including 2021) thus account for more than 60 % of the equity.

Nevertheless, we did not do without an increased use of external resources by another almost CZK 21 million, i.e. by 7.3 %, to almost CZK 323 million. It is necessary to be more specific on it and mention that over a period of four years we succeeded to reduce the volume of foreign resources by approximately CZK 106 million, i.e. by about a quarter. The plus is that only CZK 1 million is the increase from bank loans. A substantial part is generated by higher trade payables. But compare the growth in inventories of materials, which amounts to CZK 253 million, and payables to suppliers amounting to CZK 21.1 million. The overwhelming part of the increase in these liabilities can be attributed to the aforementioned purchases at the end of the year. Therefore, we are a trustworthy and solid debtor for our business partners. We have not had 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 99% of our fixed assets are financed with the equity. We have created adjustments on inventory amounting to 5,2 % of their book value, and on receivables in an amount of 2.9 of their nominal value, totalling more than CZK 12.4 million. As mentioned above, the degree of financial independence exceeded one half. This brief summary confirms that the company has no 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, applying the method of full consolidation.

Consolidated net turnover for the accounting period amounted to almost CZK 883 million, i.e. by almost 3 % and by CZK 26 million less than in the previous year. The year-on-year decline is “only” ca. one third of that in the previous years 2019 and 2020. Virtually the entire reduction in the turnover is attributable to the parent company (the reasons for this are given in Section A). Three quarters of the operating income was generated domestically and one quarter abroad.

Following the development of costs in the parent company, production consumption went up by CZK 6.5 million, i.e. by 1 %. Compared to the parent company, the increase in production consumption in the consolidation is significantly lower, which means that the subsidiaries succeeded to dampen the cost growth more effectively. However, the trading companies did not have to deal with the prices of raw materials. Even so, this development means a lower production consumption compared to 2019, by nearly CZK 50 million. Personnel costs fell by CZK 8.3 million, i.e. by 4 %, that is roughly by the same amount as in 2020 compared to 2019. The main source of these savings was the reorganization of PANTER COLOR logistics services. A significant part of the warehousing and freight costs is acquired as a service. The consolidated operating result ended at CZK 11.3 million, which is a decrease compared to 2020, but roughly five times the figure of 2019.

Last year, interest rate changes did not yet have a significant impact, therefore the interest expenses dropped by more than 7 %. Also the currency development got stabilised, which resulted practically in the same financial revenues and expenses (there was a loss of almost CZK 3 million in 2020 and more than CZK 4 million the year before). The consolidated operating result before tax fell to approximately CZK 0.8 million, but I must add that in 2019 the loss amounted to nearly CZK 11 million.

The consolidated balance sum total came to CZK 622.2 million which is by 2.8 % and CZK 17 million more than in 2020. That means that the value of the sum is somewhere in the middle between 2019 and 2020. Even so, over three years, the decline in the balance sheet total amounted to CZK 85 million. Fixed assets amounted to CZK 252.9 million which is a decrease by 4.7 %. The largest part of the decrease in fixed assets is recognition of depreciation and the decrease in consolidation difference. The consolidation difference is a comparison of the current price and the purchase price of acquisitions. On the other hand, current assets increased to CZK 367.6 million, i.e. by CZK 30 million more than a year ago, which represents an increase by 8.9%. The decisive factor was the increase in inventories by CZK 42 million, which is almost one fifth. The reasons have been described in Section B. Receivables decreased slightly, contrary to the parent company, where the increase was mainly due to an increase in receivables from daughter companies. Over three years, we managed to reduce receivables from outside the Group by CZK 85 million. However, this is also connected with the decline in sales.

The share of equity in total liabilities reached 31 %. External sources had to be strengthened by CZK 27.6 million, i.e. by 6.7 %. Still their level is lower than in 2019. The key factor was growth in payables by CZK 16.7 million (+ 14,6 %), supplemented by higher bank loans and financial accommodations of CZK 10 million (+ 3.6 %). Growth in liabilities is related to purchases at the end of the year and their level

got close to the level of 2019, while loans and accommodations were even by CZK 10 million lower than in the year before last.

The consolidation is substantially affected by both the income statement and the balance sheet of the parent company and reflects the current state of the economy.

#### D. Acquisition of Company Own Shares

In 2021, we did not acquire any shares of our own. As at December 2021, the company held 5,183,659 pcs of treasury shares with a purchase price of CZK 62.2 million. The deadline approved by the general meeting for the purchase of company own shares expired on December 8, 2021. 186,341 pcs of the amount of shares approved for repurchase have not been used. We therefore recommend that the option of buying back the treasury shares in the amount not yet exhausted is approved again, with a deadline for repurchase until June 29, 2027, under the same conditions as those stipulated in 2016. Detailed terms and conditions are provided in the draft resolution.

#### E. Development in 2022

The beginning of last year was strongly affected by anti-epidemic measures. The restrictions on retail sale of paints and varnishes in both the Czech and Slovak Republic lasted for four long months. This, of course, significantly influences the comparison of this year with last year, especially in the first months of the year. At the end of May, in comparison with last year, sales at the parent company rose by approximately 5 %, in PANTER COLOR by some 4 %, COLORLAK SK by approximately 8% and COLORLAK maloobchod by 25 %. There is a clear tendency for this dynamics to decrease over time, especially in the month of April.

During this year, the prices of raw materials are on the rise again, in recent weeks especially of those that are linked to oil (solvents). For these commodities, it is no exception that the prices change from one day to the next. Needless to say, that such situation makes it much more difficult to plan purchases and puts a strain on production costs. So far, we are basically managing the situation. On a consolidated basis, we increased sales by 9.8% in the fourth months compared to 2020. But production consumption went up by 18.1 % and personnel costs by 5.1 %. However, value added was higher by a tenth and the result is on a par with last year. But taking into account, what we have discussed in relation to last year, this means that we have almost no economic advantage ahead of 2020 and therefore need to improve the flexibility of our trade and pricing policy.

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

In Staré Město, on 26th May 2022



Svatopluk Chalupa  
Chairman of the Board



**Our world is paints.**

**Our paints bring people joy of a beautiful and clean home.**

**They provide industry with protection for its products.**

**They are modern and eco-friendly.**

COLORLAK, a.s. produces a very 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 intended for small consumers. The best-selling product groups include the ProDřevo range of glaze varnishes, the ProKov range of primers and top coats, and the Univerzál range of varnishes, top coats and one-coat paints. The ProInteriér line includes white and tinted decorating paints. The offered range of paint materials includes the introduction of the universal COLORLAK TINTING SYSTEM.

35 % of the production is supplied to the industrial market. Our products are mainly used in engineering, woodworking industry and construction.





## **a ] Basic Data on the Issuer**

Trade name:	<b>COLORLAK, a.s.</b>
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 2021. 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. On 08 December 2016, COLORLAK, a.s. acquired 5,183,659 pieces of its own shares under the concluded contract on securities sale.

## **Owners holding shares over 15 % as at 31. 12. 2020 and 31. 12. 2021:**

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 Authorized Officer
- **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
- **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. 2021

<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	17,402,000	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	2,974,400	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 8.6 million on research and development in 2021. The activities are aimed at applied research. It is provided by both the internal strength of the company and cooperation with external entities. 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.

#### **Main products**

##### **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: EKOPUTZ SILIKÁT E\*302

###### **Facade paints**

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

###### **Interior paints**

Main products: PROINTERIÉR PLUS V2098, PROINTERIÉR PROFI V2099, EKODUR PROFI E0503, PROINTERIÉR COLOR V2005, PROINTERIÉR STANDARD V2006, PLUS 3A V2032, PROINTERIÉR TOP V2519, EKODUR E0502, EXTRA 3A V2031, EKODUR NATURAL E0501, SÁDROKARTON V2531, BRILIANT MAT V2091, PROINTERIÉR LATEX V2017, PROINTERIÉR TERMO V2200

###### **Penetrations and priming coats**

Main products: PENETRACE S2802A E0607, EKOFAS E0204, EKOPEN E0601, ČISTIČ FASÁD V1920, PENSIKON E0604, OCHRANA FASÁD V1930, ANTISPOT E0904, ČISTIČ FASÁD koncentrát V1923, EKOPEN KONCENTRÁT E0602, 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, NICEL C1014, NICEL C1001, CELOMAT C1038, NICEL C1002, ZÁKLADNÍ LAK C1036, NICEL C1016, CELOX PRIMER C2000, NICEL C1005, NICEL C1805, NICEL C2121, NICEL C1019, NICEL C1106, NICEL C2030, NICEL C1107

##### **Synthetic paint materials**

Main products: LUSONOL S1023, SYNOREX PRIMER S2000, UNIVERSAL SU2013, PROTIREZ S2015, EPAX S2318, UNIVERZAL ZÁKLAD SU2020, ZINOREX S2211, PROFI LAZURA S1025, SYNTEPUR PRIMER S2220, SILAMAT S2819, JACHTLAK S1006, SYNOREX EXTRA S2003, ULTRA RAPID S2225, PROFI METAL S2029, FUNGISTOP S1031, RADIATOR S2117, SYNOREX S2216, AXATHERM S2053, AXATHERM S2055, PROFI OKNO S2082, SYNTECOL LAK S1002, SYNTERAL S2139, EPAX S2320, SYNTECOL BÁZE S2161, LUSONOL EXTRA S1024, PROFI EMAIL S2085, SYNTECOL PRIMER S2070, AXAL S1807, SYNTEPUR S2221, EPAX S2381

### **Polyurethane paint materials**

Main products: AXAPUR U2219, AXAPUR PRIMER U2008, AXAPUR U2060, AXAPUR U2218, AXAPUR U2066, AXAPUR U2074, AXAPUR U2056, AXAPUR U2054, 1K POLYURETAN U2210, ARMY U2500, AXAPUR PLUS U2072

### **Water-based paint materials**

Main products: SQUAREX V2115, AKRYLCOL MAT V2045, COLORNAL MAT akrylátový V2030, AQUACOL V2052, AQUACOL PRIMER V2070, AQUALAK V1419, AKRYLCOL LESK V2046, FORTELUX AQUA V1407, LIGNOSTOP HOBBY V1052, AQUACOL V1413, LIGNOSTOP PROFI V1051, PROFI PARKET V1509, AQUACOL RADIATOR V2077, AQUASPORT UNI V1422, LIGNOSTOP SH V1055, AQUACOL V1411

### **Other products**

Main products: OLEJOVÁ LAZURA O1020, TERASOIL O1014, ANTIGRAFFITY COLOR P8014, PAINT REMOVER P 07, TREXON BAZÉNY H2203, TREXON EMAIL H2001, WOOD OIL O1011, LIHOLAK L1010, TREXON H2003, 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

### **In 2021, the shade ranges have been extended for the following products:**

TERASOIL O1014 Terrace oil with UV protection – 3 shades

COLORNAL BÁZE V2030 Water-Based Matt Top Coat can be tinted in different shades.



## **Environmental protection**

In 2021, COLORLAK, a.s. significantly increased its investment in environmental protection and occupational safety. In particular, in technical improvement of buildings, in cooling equipment, mixer, tanks, an electronic fire alarm system, vapour extraction system for the thinner filling plant, preparation of a photovoltaic project, purchase of a fire tanker and other machinery and equipment.

Furthermore, in 2021 COLORLAK, a.s. took steps for compliance with the harmonised requirement for reporting hazardous mixtures (PCNs) and product labelling with UFI (Unique Formula Identifier) in accordance with the legal requirements, stipulating the effectivity from 2021. COLORLAK, a.s. will continue this activity during the transition period until January 1, 2025.

**Investments in tangible fixed assets**

| in TCZK |

<i>period</i>	<i>2020</i>	<i>2021</i>
Land	444	
Buildings & constructions	502	2,600
Machinery & equipment, inventory, fleet	4,064	7,354
Intangible fixed assets		260
<b>Total INVESTED CAPITAL</b>	<b>5,011</b>	<b>10,214</b>

The capital was invested domestically in 2021, in an amount of TCZK 10,214.

In 2021, COLORLAK a.s. invested in technical improvement of buildings, in cooling equipment, mixer, the electronic fire alarm system, vapour extraction system for the thinner filling plant, preparation of a photovoltaic project, a fire tanker, cars and other machinery and equipment.

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

| in TCZK |

<i>year</i>	<i>shareholders' equity</i>
2020	337,469
2021	331,078

**Ownership interests of COLORLAK, a.s. as at 31. 12. 2021**

<i>company</i>	<i>ownership interest</i>	<i>% of shareholders' equity</i>
PANTER COLOR a.s.	TCZK 60,000	18.12
MILANO COLOR, a.s.	TCZK 2,000	0.60
EKOLAK s.r.o.	TCZK 200	0.06
COLORLAK SK, s.r.o.	TEUR 700	5.26
COLORLAK POLSKA SP Z O O	TPLN 550	0.90

**Trading income per 1 share**

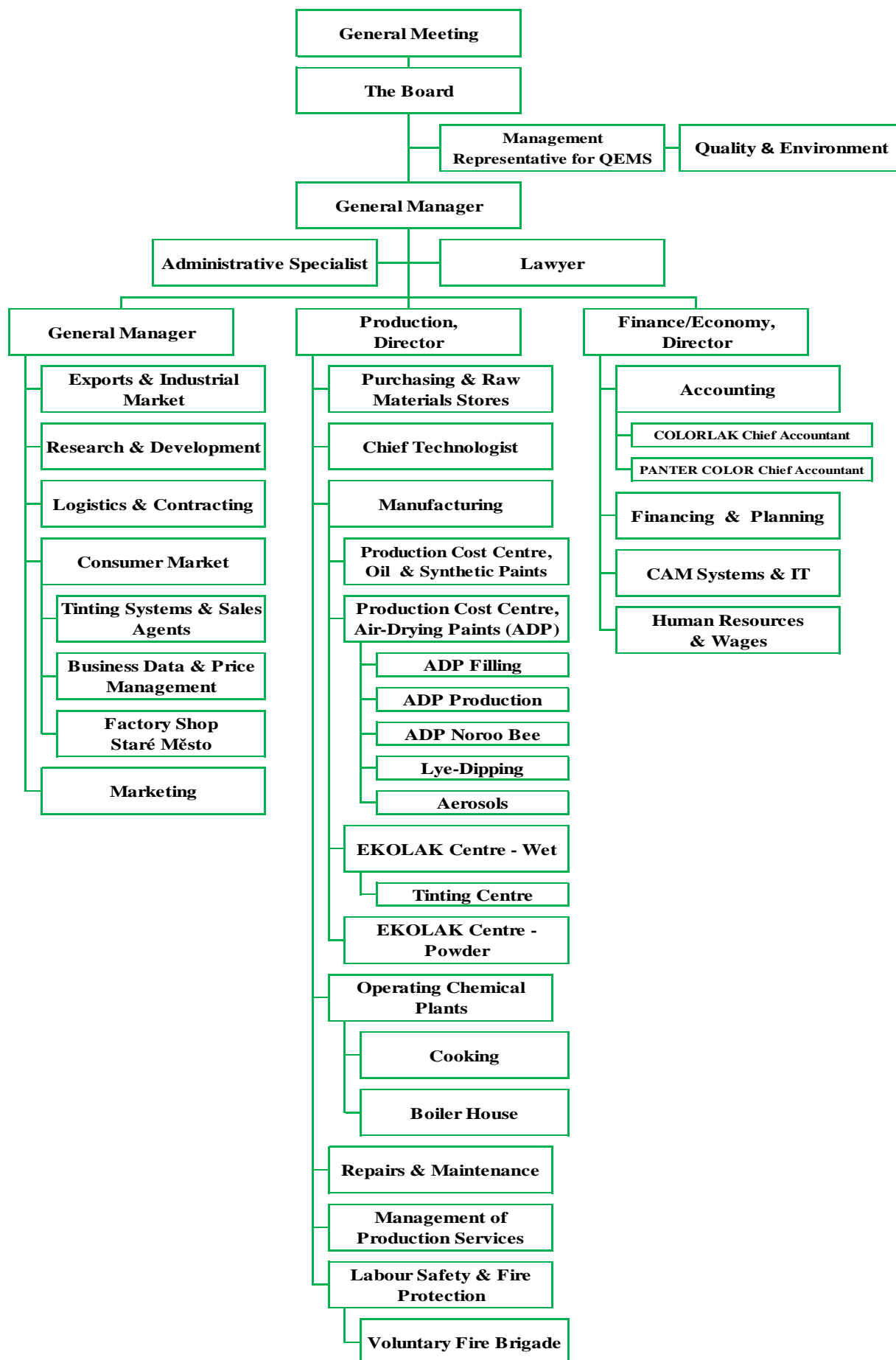
<i>year</i>	<i>trading income after tax (TCZK)</i>	<i>total shares (pcs)</i>	<i>trading income per 1 share (CZK)</i>
2020	8,403	17,854,393	0.471
2021	3,499	17,854,393	0.196

The company did not pay out any dividends in 2020. In 2021, COLORLAK, a.s. paid out dividends in an amount of TCZK 4,196 – of which TCZK 1,218 are dividends from COLORLAK own shares. By this amount the retained earnings of COLORLAK a.s. from previous years have been increased.

**COLORLAK, a.s. staff**

	<i>2020</i>	<i>2021</i>
Average staff	260	253
- of which managerial	21	21
Personnel costs (in TCZK)	127,140	126,665
- of which managerial	23,540	24,792

## Organization Chart of COLORLAK, a.s.





## **f ] Statutory Bodies of the Issuer**

### **The Board**

as at 31. 12. 2021

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

### **Executive Management**

as at 31. 12. 2021

<b>Chairman of the Board:</b>	<b>Svatopluk Chalupa</b>
<b>General Manager – Authorized Officer:</b>	<b>Mojmír Olšer</b>
<b>Economic Director:</b>	<b>Jiří Hróz</b>
<b>Production Director:</b>	<b>Marek Fiala</b>

Money incomes received in 2021 by members of the statutory bodies: CZK 1,140,000.

Members of the statutory bodies and company executive management holding shares of COLORLAK, a.s. in 2021:

Svatopluk Chalupa

Mojmír Olšer

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 2020 and 2021**

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

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

# BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

as at December 31, 2021

(in thousands of CZK)

ID number

49444964

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

Code  a	ASSETS  b	Line  c	Current accounting period			Past acc. period
			Gross 1	Adjustment 2	Net 3	Net 4
	<b>TOTAL ASSETS (I. 02 + 03 + 37 + 74)</b>	001	1,101,519	443,189	658,330	640,450
A.	Receivables from subscriptions	002				
B.	<b>Fixed assets (I. 04 + 14 + 27)</b>	003	765,091	430,829	334,262	343,647
B. I.	<b>Intangible fixed assets (I. 05 + 06 + 09 + 010 + 011)</b>	004	55,823	20,954	34,869	35,103
B. I. 1	Research and Development	005				
2	Valuable rights	006	55,513	20,826	34,687	34,895
	B.I.2.1. Software	007	18,503	18,061	442	650
	B.I.2.2. Other valuable rights	008	37,010	2,765	34,245	34,245
3	Goodwill	009				
4	Other intangible fixed assets	010	154	128	26	52
5	Advance payments for intangible fixed assets and intangible fixed assets under construction	011	156	0	156	156
	B.I.5.1. Advance payments for intangible fixed assets	012				
	B.I.5.2. Intangible fixed assets under construction	013	156	0	156	156
B. II.	<b>Tangible fixed assets (I. 15 + 18 + 19 + 20 + 24 )</b>	014	548,623	409,875	138,748	143,307
B. II. 1	Land and constructions	015	281,932	177,310	104,622	107,957
	B.II.1.1. Land	016	10,199	0	10,199	10,199
	B.II.1.2. Constructions	017	271,733	177,310	94,423	97,758
2	Equipment	018	265,686	232,410	33,276	34,284
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	850	0	850	1,066
	B.II.5.1. Advance payments for tangible fixed assets	025	0	0	0	10
	B.II.5.2. Tangible fixed assets under construction	026	850	0	850	1,056
B. III.	<b>Long-term financial assets (I. 28 to 34)</b>	027	160,645	0	160,645	165,237
B. III. 1	Shares - controlled or controlling person	028	160,645	0	160,645	165,237
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.	<b>Current assets (I. 38 + 46 + 68 + 71)</b>	037	335,816	12,360	323,456	296,157
C. I.	<b>Inventory (I. 39 + 40 + 41 + 44 + 45)</b>	038	131,561	6,885	124,676	85,653
C. I. 1	Materials	039	69,410	2,246	67,164	41,875
2	Work in progress and semi-products	040	5,812	0	5,812	5,257
3	Finished products	041	56,339	4,639	51,700	38,521
	C.I.3.1. Products	042	53,269	4,129	49,140	36,525
	C.I.3.2. Merchandise	043	3,070	510	2,560	1,996
4	Young and other animals and their groups	044				
5	Advance payments for inventory	045				
C. II.	<b>Receivables (I. 47 + 57)</b>	046	191,471	5,475	185,996	187,940
C. II. 1	Long-term receivables	047	0	0	0	6,554
	C.II.1.1. Trade receivables	048				
	C.II.1.2. Receivables - controlled or controlling person	049	0	0	0	6,554
	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	0
	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	0	0
2	Short-term receivables	057	191,471	5,475	185,996	181,386
	C.II.2.1. Trade receivables	058	36,937	5,475	31,462	39,411
	C.II.2.2. Receivables - controlled or controlling person	059	148,965	0	148,965	139,979
	C.II.2.3. Receivables - substantial influence	060	243	0	243	332
	C.II.2.4. Other receivables	061	5,326	0	5,326	1,664
	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	3,907	0	3,907	676
	C.II.2.4.4. Short-term deposits given	065	1,122	0	1,122	661
	C.II.2.4.5. Estimated receivables	066	0	0	0	34
	C.II.2.4.6. Other receivables	067	297	0	297	293
C. III.	<b>Short-term financial assets (I. 69 to 70)</b>	068	0	0	0	0
C. III. 1	Shares - controlled or controlling person	069				
2	Other short-term financial assets	070				
C. IV.	<b>Funds (I. 72 to 73)</b>	071	12,784	0	12,784	22,564
C. IV. 1	Cash	072	1,488	0	1,484	1,383
2	Bank accounts	073	11,296	0	11,296	21,181
D. I.	<b>Accruals (I. 75 to 77)</b>	074	612	0	612	646
D. I. 1	Deferred expenses	075	612	0	612	646
2	Complex deferred costs	076				
3	Deferred income	077	0	0	0	0

Code a	LIABILITIES b	Line c	Current acc. period 5	Past acc. period 6
	<b>TOTAL LIABILITIES (I. 79 + 101 + 141)</b>	078	658,330	640,450
A.	<b>Equity (I. 80 + 84 + 92 + 95 + 99 + 100 )</b>	079	331,078	337,469
A. I.	<b>Registered capital (I. 81 to 83 )</b>	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.	<b>Share premium and capital funds (I. 85 to 86)</b>	084	-48,669	-44,077
A. II. 1	Share premium	085		
2	Capital funds	086	-48,669	-44,077
	A.II.2.1. Other capital funds	087	644	644
	A.II.2.2. Differences from revaluation of assets and liabilities	088	-792	3,800
	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.	<b>Funds from profits (I. 93 + 94 )</b>	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.	<b>Profit/loss - previous years (I. 96 + 98)</b>	095	197,296	194,191
A. IV. 1	Retained earnings from previous years	096	197,296	194,191
2	Accumulated losses from previous years	097		
3	Other profit/loss - previous years	098		
A. V.	<b>Profit/loss - current accounting period (+/-) (I. 01 - (+ 80 + 84 + 92 + 95 + 100 + 101 + 141))</b>	099	3,499	8,403
A. VI.	<b>Decision on advance payment of profit share</b>	100		
B. + C.	<b>External sources (I. 102 + 107)</b>	101	322,935	301,041
B. I.	<b>Reserves (I. 103 to 106)</b>	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.	<b>Payables (I. 108 + 123)</b>	107	322,935	301,041
C. I.	<b>Long-term payables (I. 109 + 112 + 113 + 114 + 115 + 116 + 117 + 118 + 119 )</b>	108	43,865	37,336
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	8,252	10,807
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	2,817	3,326
9	Other payables	119	32,796	23,203
	C.I.9.1. Payables to partners	120		
	C.I.9.2. Estimated payables	121		
	C.I.9.3. Other payables	122	32,796	23,203

Code a	LIABILITIES b	Line c	Current acc. period 5	Past acc. period 6
C. II.	<b>Short-term payables (I. 124 + 127 + 128 + 129 + 130 + 131 + 132 + 133)</b>	123	279,070	263,705
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	127,979	124,771
3	Short-term advances received	128	1,380	794
4	Trade payables	129	56,884	35,773
5	Short-term notes payable	130		
6	Payables - controlled or controlling person	131	6	2
7	Payables - substantial influence	132		
8	Other payables	133	92,821	102,365
	C.II.8.1. Payables to partners	134	25	25
	C.II.8.2. Short-term financial accommodations	135	75,140	84,259
	C.II.8.3. Payroll	136	19	1,085
	C.II.8.4. Payables to social security and health insurance	137	3,650	3,699
	C.II.8.5. Due from state - tax liabilities and subsidies	138	1,925	4,468
	C.II.8.6. Estimated payables	139	3,270	1,746
	C.II.8.7. Other payables	140	8,792	7,083
D. I.	<b>Accruals (I. 142 + 143)</b>	141	4,317	1,940
D. I. 1	Accrued expenses	142	2,573	1,915
2	Deferred revenues	143	1,744	25
Legal form of the accounting unit:		joint-stock company		
Scope of business or other activity:		Production and sale of coating materials		
Date of preparation 31.03.2022		Signature record of the statutory body or natural person who is the accounting unit  Svatopluk Chalupa, Chairman of the Board 		

# PROFIT AND LOSS STATEMENT

as at December 31, 2021  
(in thousands of CZK)

ID Number

49444964

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

Code a	ITEM b	Line c	Accounting Period	
			Current 1	Past 2
I.	Revenues from sold products and services	01	457,543	464,566
II.	Revenues from sold goods	02	15,373	15,489
A.	Production consumption (I. 04 + 05 + 06)	03	333,354	326,300
A. 1	Expenses on sold goods	04	12,561	12,988
2	Consumption of material and energy	05	284,961	277,963
3	Services	06	35,832	35,349
B.	Change in inventory of own products	07	-13,275	-7,083
C.	Capitalization	08	-973	-1,472
D.	Personnel expenses (I. 10 + 11)	09	126,665	127,140
D. 1	Wages and salaries	10	91,030	91,479
2	Social security, health insurance and other expenses	11	35,635	35,661
	2. 1. Social security and health insurance expenses	12	33,584	33,855
	2. 2. Other expenses	13	2,051	1,805
E.	Adjustments to values in the operational area (I. 15 + 18 + 19)	14	12,947	15,274
E. 1	Adjustments to intangible and tangible fixed assets	15	15,007	14,494
	1.1. Adjustments to intangible and tangible fixed assets - permanent	16	15,007	14,494
	1.2. Adjustments to intangible and tangible fixed assets - temporary	17		
2	Adjustments to inventory values	18	-1	753
3	Adjustments to receivables	19	-2,059	27
III.	Other operating revenues (I. 21 + 22 + 23)	20	12,195	10,814
III. 1	Revenues from disposals of fixed assets	21	131	3,158
2	Revenues from disposals of materials	22	10,008	5,572
3	Other operating revenues	23	2,056	2,084
F.	Other operating expenses (I. 25 to 29)	24	16,790	12,956
F. 1	Net book value of sold fixed assets	25	35	1,997
2	Sold material	26	8,780	5,431
3	Taxes and fees	27	1,514	1,541
4	Operating reserves and complex deferred costs	28		
5	Other operating expenses	29	6,461	3,987
*	Operating profit/loss (I. 01 + 02 - 03 - 07 - 08 - 09 - 14 + 20 - 24)	30	9,603	17,754

Code a	ITEM b	Line c	Accounting Period	
			Current 1	Past 2
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	52	87
VI. 1	Controlled or controlling person	40	52	87
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	6,431	7,031
J. 1	Controlled or controlling person	44	0	0
2	Other Interest expenses and similar expenses	45	6,431	7,031
VII.	Other financial revenues	46	5,561	10,319
K.	Other financial expenses	47	4,019	10,962
*	Profit/loss from financial operations (I. 31 - 34 + 35 - 38 + 39 - 42 - 43 + 46 - 47 )	48	-4,837	-7,587
**	<b>Profit/loss before tax (I. 30 + 48)</b>	49	4,766	10,167
L.	Income tax (I. 51 + 52)	50	1,267	1,764
L. 1	Income tax due	51	1,776	1,955
2	Income tax deferred	52	-509	-191
**	<b>Profit/loss after tax (I. 59 - 50)</b>	53	3,499	8,403
M.	Transfer profit (loss) to partners	54		
***	<b>Profit/loss of current accounting period (I. 53 - 54)</b>	55	3,499	8,403
*	Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.	56	490,724	501,275
Legal form of the accounting unit:		joint-stock company		
Date of preparation  31.03.2022		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 2021, 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 2021, 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 Chairman of the Administrative Board 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 Chairman of the Administrative Board for the Financial Statements***

The Chairman of the Administrative Board 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 Chairman of the Administrative Board 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 Chairman of the Administrative Board 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 Chairman of the Administrative Board 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 Chairman of the Administrative Board 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, 31st March 2022



BENE FACTUM a.s.  
Licence number 480  
Kodaňská 1441/46  
110 00 Praha 10



Ing. Karel Hampl  
Licence number 0005

# **Consolidated Financial Statements of COLORLAK group for 2021**

**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 2021, 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, 2021.

**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)

		2020	2021
	<b>TOTAL ASSETS</b>	<b>605,290</b>	<b>622,238</b>
<b>A.</b>	<b>Receivables from subscriptions</b>	<b>0</b>	<b>0</b>
<b>B.</b>	<b>Fixed assets</b>	<b>265,529</b>	<b>252,860</b>
B.I.	Intangible fixed assets	35,802	36,637
B.II.	Tangible fixed assets	168,762	159,849
B.III.	Long-term financial assets	23,963	23,964
B.IV.	Positive difference on consolidation	37,002	32,410
B.V.	Negative difference on consolidation	0	0
B.VI.	Securities and ownership interests under the equity method	0	0
<b>C.</b>	<b>Current assets</b>	<b>337,505</b>	<b>367,575</b>
C.I.	Inventory	215,486	257,670
C.II.	Receivables	90,004	88,548
C.II.1.	Long-term receivables	1,145	573
C.II.2.	Short-term receivables	88,859	87,975
C.III.	Short-term financial assets	0	0
C.IV.	Funds	32,015	21,357
<b>D.</b>	<b>Assets accruals</b>	<b>2,256</b>	<b>1,803</b>
	<b>TOTAL LIABILITIES</b>	<b>605,290</b>	<b>622,238</b>
<b>A.</b>	<b>Equity</b>	<b>205,225</b>	<b>193,275</b>
A.I.	Registered capital	116,340	116,340
A.II.	Share premium and capital funds	- 42,037	- 46,629
A.III.	Reserves from profits	74,791	74,203
A.IV.	Retained earnings	56,131	49,362
A.V.	Consolidation reserve fund	0	0
<b>B.+C.</b>	<b>Other sources</b>	<b>397,204</b>	<b>423,785</b>
<b>B.</b>	<b>Reserves</b>	<b>981</b>	<b>841</b>
<b>C.</b>	<b>Payables</b>	<b>396,223</b>	<b>422,944</b>
C.I.	Long-term payables	7,784	10,257
C.II.	Short-term payables	106,924	121,166
C.III.	Bank loans and financial accommodations	281,515	291,521
<b>D.</b>	<b>Liabilities accruals</b>	<b>2,861</b>	<b>5,177</b>
<b>E.</b>	<b>Minority equity</b>	<b>0</b>	<b>0</b>
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)

	2020	2021
I. Revenues from sold products and services	213,292	214,247
II. Revenues from sold goods	669,492	646,282
A. Production consumption	621,379	627,823
B. Change in inventory of own products	- 7,084	- 13,275
C. Capitalization	- 1,472	- 973
D. Personnel expenses	217,520	209,221
E. Operating adjustments	21,252	24,528
Accounting of negative differences on consolidation	- 4,592	- 4,592
Accounting of positive differences on consolidation	0	0
III. Other operating revenues	15,583	16,599
F. Other operating expenses	22,341	13,893
* <b>Consolidated operating profit/loss</b>	<b>19,839</b>	<b>11,319</b>
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	108	96
I. Financial adjustments and reserves	0	0
J. Interest expenses and similar expenses	8,353	7,750
VII. Other financial revenues	10,602	5,591
K. Other financial expenses	13,272	5,489
* Consolidated profit/loss from financial operations	- 10,915	- 7,553
** Consolidated profit/loss before tax	8,924	3,767
L. Income tax	3,602	2,926
*** Consolidated after-tax profit/loss of the accounting period before equity share	5,322	841
of which: Consolidated profit/loss of the accounting period before minority interests	5,322	841
Minority profit/loss of current accounting period	0	0
*** <b>Consolidated profit/loss of the accounting period</b>	<b>5,322</b>	<b>841</b>
Net turnover for the accounting period (I. + II. + III. + IV. + V. + VI. + VII.)	909,077	882,815



## Comments on Subsidiary Companies

### **PANTER COLOR a.s. Praha**

The main activity of PANTER COLOR a.s. involves wholesale of paint materials and drugstore goods in the whole Czech Republic. The products of COLORLAK parent company account for more than one half of the company sales. The assortment is complemented with paint materials and auxiliary products of other manufacturers, both domestic and from abroad, and, from 2021, also with drugstore products. PANTER COLOR a.s. previously ran five wholesale centres in most regions of the Czech Republic. At the end of the year 2020, it was decided to close the operations of Jiřice and Vysoké Mýto centres. In 2021, the centres were relocated to LAGERMAX modern managed warehouse in Prague Ruzyně. LAGERMAX provides not only the storage of goods, but also all logistic services. Following the positive response to this step, it was decided to discontinue the wholesale operations also in Třeboň and Klatovy. Nowadays there are only two distribution points: LAGERMAX in Prague for Bohemia and Staré Město for Moravia. The original centres in Vysoké Mýto and Třeboň have been adapted to retail outlets. For COLORLAK brand, PANTER COLOR a.s. also provides distribution of products sold via internet portals [www.mall.cz](http://www.mall.cz) and [www.alza.cz](http://www.alza.cz).

### **COLORLAK maloobchod s.r.o., Praha**

The main scope of activities of this company is retail trade with paint materials, construction chemical products and drugstore goods. After years of losses, COLORLAK maloobchod s.r.o. went into the black in 2020. In the first third of 2021, it was under pressure due to government measures during the COVID-19 pandemic. Some outlets were closed completely, while most of them made only limited sales from stock. Daily no more than half of the opening hours. Thanks to the savings in costs and government support revenues, the result was still a positive zero. In 2021, the unification of the product range continued at all locations, with an emphasis on increasing the share of sales of COLORLAK products. The website [www.colorlak-barvy.cz](http://www.colorlak-barvy.cz) was modernised.

### **COLORLAK SK, s.r.o., Banská Bystrica**

This Slovak subsidiary runs wholesale and retail trade in coatings and products of construction chemistry. Similar to the Czech Republic, also the operations in Slovakia were significantly curtailed due to COVID-19 pandemic in the first third of 2021. In spite of the restricted operation of some of the stores, the year 2021 was a successful one for the company and COLORLAK SK, s.r.o. achieved the highest profit in its history. Sales of paint and building materials grow steadily and the company has also achieved growth in sales of products from the parent company production. For COLORLAK brand, COLORLAK SK, s.r.o. provides distribution of products sold through [www.mall.sk](http://www.mall.sk) internet portal.

### **COLORLAK POLSKA SP Z O O, Nowa Sól**

The company focuses on sale of paints and coatings to industries as well as to small fabricants and craftspersons. It operates mainly in the territory of Northwest Poland. Since 2020, the company has narrowed its product range and focuses in particular on sale of COLORLAK brand products. In collaboration with the parent company, it extends expert consultancy for our clients in the field of paints application. Here too, the impact of the pandemic was strong. Several major automotive customers have suspended production which resulted in reduced purchases of paint materials. Nevertheless, after several years of decline, sales rose slightly in 2021.

**intertek**  
Total Quality. Assured.

# CERTIFICATE OF REGISTRATION

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

**Intertek** 014



Calin Moldoveanu  
President, Business Assurance

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



Intertek Certification Limited is a UKAS accredited body under schedule of accreditation no. 014. In the issuance of this certificate, Intertek assumes no liability to any party other than to the Client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organization maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at certificate.validation@intertek.com or by scanning the code to the right with a smartphone. The certificate remains the property of Intertek, to whom it must be returned upon request.  
CT ISO 9001:2015 UKAS EN 44-P-13, Dec. 17

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687 12 Bilovice  
Czech Republic

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

Certificate Number:  
EMS 24476

Initial Certification Date:  
20 November 2006

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CT ISO 14001:2015 UKAS EN 44-P-13, Dec. 17

 **SVAZ CHEMICKÉHO PRŮMYSLU ČR**

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OUR COMMITMENT TO SUSTAINABILITY

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. 110-2021  
to  
**COLORLAK, a.s.**  
Tovární 1076, 686 03 Staré Město  
Premises:  
Bilovice 497, 687 12 Bilovice  
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 5th, 2021 to October 5th, 2021. The Authority is not responsible for 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, 2024**

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 25th, 2021



Martin Dvořák  
Director DSCGQAA

**COLORLAK, a.s.**

Tovární 1076  
686 03 Staré Město  
Czech republic

Tel.: + 420 572 527 111

Fax.: + 420 572 541 215

Information Line: 800 145 555

**[www.colorlak.eu](http://www.colorlak.eu)**

