

ANNUAL REPORT SELECTED INFORMATION

2022



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Introductory Word of Chairman of the Board

Dear business partners,

Dear shareholders,

as described in this annual report, last year was not an easy one. While we no longer had to face the challenges presented by the pandemic-related trade restrictions, prices of raw materials and supplies continued to rise. At the end of the year, prices finally stabilised, but remained at a higher level. More expensive raw materials and packaging had a negative impact on costs and thus on the Company's overall economic position. Although we changed prices twice during the year, those changes were not enough to fully eliminate the adverse effects. I will not go into the details in my foreword, as all the details are presented in the following section of the annual report.

I do not think that all the negatives can be justified by adverse external influences. Some of our internal weaknesses have been revealed and must be addressed promptly. We have begun to tackle the renovation of our energy management and an upgrade of our production technology more vigorously. Naturally, this brings increased investment costs tied to the Company's entire economy and its intensification. But this is the only way to ensure a good future for COLORLAK. We would like to implement the main steps within the next three years which also happens to mark the Company's 100th anniversary.

This year, once again, I will not skip the opportunity to share a life wisdom left to us by Mr. Kirschner. In the difficult political environment after the dissolution of Czechoslovakia and the start of the war, he focused on apolitical issues. *Tajemství barev* (The Secret of Colours), which he published in 1940, ends with the following thought:

"Colours hold great secrets.

Let's learn how to work with colours so that one day they bring our well-deserved harvest.

There is much rewarding work and benefit in store for all who come closest to colours.

Colours are full of life and mystery."

You might be wondering what connection there may be between these ideas and business, but it also applies to our work with colours. So let's try to follow these words and let work with colours bring us joy and benefit us and those around us.

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



Report of the Board and Statutory Director on Company Business Activities in 2022 and Assets as at 31. 12. 2022

A. Business activities

Some of the data presented below suggest that after years of what can be described as a recession rather than anything else, things are finally turning around. The Company's net turnover increased year-on-year to CZK 542.1 million, representing an increase by CZK 51.4 million and 10.5%. It is nice to see that our turnover exceeded half a billion again, but we have to take into account the fact that one third of the increase is due to the sale of an unused boiler room. Revenue from the sales of our own products and services exceeded CZK 490 million, representing an increase of 7.1%. So, why does the first sentence sound rather sceptically? As shown below, even the relatively decent increase in turnover and revenues lagged behind the rise in cost items and consequently affected our profits.

What were the sales in each sales segment? The 1.7% increase in revenues on the consumer market covered only about half of the previous year's decline. According to research, the Czech coatings consumer market recorded a year-on-year growth of 2.8% in 2022, with prices rising by 9.9%. From this perspective, it is clear that the growth of our revenues is somewhat slower. A closer look reveals that we have fallen behind mainly in average price growth, even though we adjusted our prices twice that year.

There was a favourable increase in sales in the industrial and export segment. Revenues in this segment were up 4.2%. That means that over the past two years revenues in this segment increased by a quarter. This positive trend continues this year. Last year, there was a 180° turn in automotive sales. Sales are still lower than in our record years, but the 46.3% year-on-year increase is a promise for the future.

The drop in sales effectiveness is of more concern than the revenue growth. Our gross margin declined and combined with revenues, there was a 2% decline in the contribution margin. A simple comparison of the figures shows that the decline in the contribution margin is higher than revenue increase. As shown below, we did not manage to fully offset the decline in sales effectiveness by rationalising our cost items.

Product-related consumption increased. The critical item – consumption of materials and energy – increased by 11.2% year-on-year. The absolute increase in these costs is almost the same as the increase in revenues. This was mainly caused by the increase in the prices of raw materials, energy and transport charges during the year. Although the rate of price increases slowed down during the year, the absolute price level remained higher. Personnel expenses increased by 5.4%. The average monthly gross wage included in personnel expenses was 7.2% higher. In previous years, annual increases only reached above 2%. The more than threefold increase in the average wage was a response to inflation. With the decrease in output, we were able to reduce the number of employees by 4, which were essentially natural employee departures, and this affected the average wage.

The impact of these cost developments on operating profit is relatively favourable. The operating profit was nearly 60% higher than the previous year and in 2019, but lower than in 2020. However, interest expenses have practically doubled compared to 2021 which has a negative effect. These are the consequences of the CNB's interest rate decisions. Our financial loss has more than doubled compared to 2021. This financial result completely erased the improved operating profit. Therefore, the pre-tax profit was only CZK 3.2 million. After taxes, we are left with CZK 2.5 million.

This is also the basis for the Administrative Board's proposal for the distribution of profits. Under the aforementioned circumstances, there is zero room for dividends, especially if we want to invest, primarily in energy management and production technology, to continue to enhance the Company's development. The Administrative Board proposes that the entire profit after tax be posted as retained earnings from previous years. The exact amount is listed in the proposed decision

B. Assets

As at 31 December 2022, the balance sheet total has increased by nearly 1% year-on-year. The amount of nearly CZK 665 million therefore came close to the total in 2019 and exceeded the total in 2020. These figures show that the overall balance sheet total is essentially stable and responds to the development of the Company's performance. Naturally, the figures in CZK reflect the price increases in both inventories and receivables. The differences in fixed assets are attributable to depreciation, changes in the valuation of financial investments due to exchange rate developments, and mainly to the aforementioned disposal of the boiler house. Fixed assets account for less than 49% of total assets.

The previous sentence shows that current assets represent slightly more than half of the balance sheet total. Their value of approx. CZK 339 million is therefore 4.8% higher than in 2021. I could simplify this by saying that such an increase is lower than the increase in the price level. However, in late 2021, we made relatively massive purchases of raw materials which also meant an increase in their stocks. Last year, given the relative price stabilisation, we did not make such large purchases. For that reason, the value of material stocks fell by 10.9% year-on-year.

At the same time, we decided to produce products that we are certain to sell during the season. We do this 'frontloading' every year. The value of product stocks was more than 12% higher than in 2021. Unfortunately, even for products, only about half of the growth is actual growth and half is due to higher prices. At the same time, we purposely doubled our stocks of semi-finished products in order to take advantage of lower energy prices to produce them at the end of the year. We are gradually reducing these stocks to a 'normal level'.

We transferred part of this 'frontloading' to the subsidiaries which resulted in an increase in our receivables from them by 8.5%. Other trade receivables are also higher by approx. CZK 6 million. At the moment, we do not see any issues with the recoverability of receivables.

Last year, the working capital increased by approx. CZK 21 million, which partially reduced the decline in the working capital required in previous years by about half. For now, our efforts to reduce working capital are significantly hampered by inflation, which increases the value of inventory and receivables. However, a relative reduction in the working capital required (relative to performance) has been our long-term goal, because it is a potential way to address the challenges posed by financing.

The share of equity in the sources of financing of assets, i.e. liabilities, decreased slightly year on year. This decrease was mainly affected by the acquisition of the Company's own shares which is discussed in section D of the report. Despite this, we have increased the share of equity in liabilities by more than a tenth in three years. Positive retained earnings from previous years account for more than 60% of equity capital.

We were not able to do without a higher drawdown of external resources amounting to CZK 334 million. It should be also noted that in doing so, we have reduced the total external resources by about a quarter in four years. The increase in external resources is mainly due to bank loans which, however, represent only about 24% of the balance sheet total. Payables to our trading partners dropped by around a tenth. We have not had any problems with repayment of debts, loans and financial borrowings.

The condition of our tangible assets is good, they are properly cared for and adequate efforts are made to maintain them. More than 99% of our fixed assets are financed with equity capital. We made adjusting entries for inventories at 5.2% of their carrying amount and for receivables at 2.9% of their nominal value, totalling more than CZK 12.4 million. As mentioned above, the degree of financial independence is nearly one half. This brief summary confirms that the Company has no major financial management issues.

C. Consolidation

As in previous years, the consolidation was prepared for the parent company, PANTER COLOR, COLORLAK SK, COLORLAK POLSKA and COLORLAK maloobchod, using the full consolidation method.

The consolidated net turnover for the accounting period exceeded CZK 941 million, i.e. 6.6% more than in the previous year. This result also means that the 2020 turnover was exceeded. Essentially the entire increase in turnover is attributable to the parent company (the reasons for this are described in section A).

As a result of the development of expenses in the parent company, production-related consumption increased by 8.3%. Compared to the parent company, the increase in production-related consumption is greater in the consolidation, which means that the subsidiaries did not manage to attenuate the increase in costs more effectively. The trading companies struggled with supplier prices. Practically the entire 3% increase in personnel expenses is attributable to the parent company. The final consolidated operating profit was CZK 12.9 million, i.e. a year-on-year increase of 14.1%. However, interest expenses have more than doubled. The consolidated result before tax thus was a loss of less than CZK 4.7 million.

The consolidated balance sheet total amounted to CZK 624.9 million, i.e. by 0.4% more than in 2021. The balance sheet total has therefore been stable over the last four years. Fixed assets amounted to CZK 233.4 million. Most of the decrease in fixed assets is attributable to the aforementioned sale of the boiler house and the decrease in the consolidation difference. The consolidation difference is a comparison of the current price and the purchase price for acquisitions. On the other hand, current assets increased to CZK 389.8 million, i.e. an increase of 6%. The 6.7% increase in stocks was an essential factor. The reasons are described in section B. Receivables were up 13%.

The share of equity capital in total liabilities was 29%. External resources had to be increased by 4.9%. The deciding factor was the 9% increase in bank loans and borrowings. The consolidation is substantially influenced by both the parent company's profit and loss statement and balance sheet and reflects the current state of the economy.

D. Acquisition of the Company's own shares

As of 31 December 2021, the Company held 5,183,659 treasury shares at acquisition cost of CZK 62.2 million. Last year's General Meeting approved a further option to buy back up to 186,341 of the Company's own shares. Based on this decision, a securities purchase agreement was concluded in 2022 with Mr. Roman

Šich for the purchase of 178,543 shares held by him at a price of CZK 12 per share, i.e. for CZK 2,142,516. Therefore, on 31 December 2022, the Company held 5,362,202 treasury shares, representing 30% of the registered capital, and has created a special reserve fund of CZK 64,346 thousand. Therefore, the option to purchase 7,798 shares of the approved limit remains unused with the redemption deadline on 28 June 2027.

E. Developments in 2023

The start of this year has been strongly influenced by consumer behaviour. Revenues in retail have generally been on a downward trend for several months now, and unfortunately this is also true for the sales of paints and varnishes. As of the end of May, revenues of the parent company and its subsidiaries have been essentially steady at the 2022 levels (+1%). Taking into account the price increase (since 15 February 2023, we have increased the prices for the consumer market by nearly 5%), the actual physical sales and production have decreased.

The start of this year has been strongly influenced by consumer behaviour. Revenues in retail have generally been on a downward trend for several months now, and unfortunately this is also true for the sales of paints and varnishes. As of the end of May, revenues of the parent company and its subsidiaries have been essentially steady at the 2022 levels (+1%). Taking into account the price increase (since 15 February 2023, we have increased the prices for the consumer market by nearly 5%), the actual physical sales and production have decreased.

This year, raw material prices have basically stabilised and so far remain largely at the planned level. However, energy prices, which were fixed for us until the end of last year, are exhibiting a somewhat different behaviour. Currently, we have cut our energy consumption by about 20%, but consumption savings are not enough to cover the price increase.

So far, we have been able to deal with the situation. On a consolidated basis, we increased revenues by the aforementioned 1% in the four months compared to 2022. However, product-related consumption increased by 7.3% and personnel expenses decreased by 2%. The value added was, however, at the level of 2021 and the economic profit is CZK 5.7 million. Given what has been said in relation to 2022, this means, however, that we have no economic head start and it is therefore necessary to significantly improve the effectiveness and flexibility of sales and our pricing policy.

We will report on this year's progress in more detail at the General Meeting where data for another month will be available.

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 production is intended for small consumers. The best-selling product groups include glazing varnishes, primers and topcoats. Then, there are also universal varnishes, topcoats and one-coat paints. We also produce white and tinted paints. One of the latest trends in the range of coatings is the mass 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:	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 exceeding 3.5 t, if designed to convey animals or articles, 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 2022. 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. As decided by the General Meeting on 29 June 2022, the Company can acquire 186,341 of its own shares with a nominal value of CZK 10 by 28 June 2027. On 1 September 2022, COLORLAK, a.s. acquired 178,543 of its own shares under a securities purchase agreement. As of 31 December 2022, the Company held a total of 5,362,202 treasury shares.

Owners holding shares over 15 % as at 31. 12. 2021 and 31. 12. 2022:

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 **COLORLAK defence s.r.o. (from 14.4.2023)**
EKOLAK s.r.o. (till 14.4.2023)
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. 2022

<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	16,880,500	100
26406951	MILANO COLOR, a.s.		2,000,000	100
25323130	COLORLAK defence s.r.o. (formerly EKOLAK s.r.o.)		200,000	100
0000379393	COLORLAK POLSKA SP Z O O	PLN 550,000	2,833,400	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. On 1 September 2022, COLORLAK, a.s. acquired 178,543 of its own shares under a securities purchase agreement. 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 8.5 million on research and development in 2022. 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., participates in a subsidy project COAT 4 LIFE. 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*306

Facade paints

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

Interior paints

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

Penetrations and priming coats

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

Powder coatings

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

Paint materials

Nitrocellulose paint materials

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

Synthetic paint materials

Main products: UNIVERSAL SU2013, LUSONOL S1023, PROTIREZ S2015, SYNOREX PRIMER S2000, EPAX S2318, ZINOREX S2211, PROFI LAZURA S1025, JACHTLAK S1006, SILAMAT S2819, EPAX S2320, SYNTEPUR PRIMER S2220, UNIVERZAL ZÁKLAD SU2020, SYNOREX EXTRA S2003, RADIATOR S2117, PROFI OKNO S2082, AXATHERM S2053, SYNTECOL LAK S1002, SYNTERAL S2139, AXATHERM S2055, ULTRA RAPID S2225, EPAX S2381, SYNOREX S2216, PROFI EMAIL S2085, SYNOREX S2008, SYNTECOL BÁZE S2161, AXAL S1807, PROFI METAL S2029, FUNGISTOP S1031, SYNTECOL PRIMER S2070, SYNTEPUR S2221

Polyurethane paint materials

Main products: AXAPUR U2056, AXAPUR U2219, ARMY U2500, AXAPUR U2218, AXAPUR U2066, AXAPUR PRIMER U2008, AXAPUR U2074, AXAPUR U2054, 1K POLYURETAN U2210, ARMY U1500, AXAPUR U2060, AXAPUR PLUS U2072

Water-based paint materials

Main products: AQUAREX V2115, AKRYLCOL MAT V2045, COLORNAL MAT akrylátový V2030, AQUALAK V1419, AQUACOL V2052, AQUACOL PRIMER V2070, AKRYLCOL LESK V2046, FORTELUX AQUA V1407, LIGNOSTOP HOBBY V1052, LIGNOSTOP PROFI V1051, AQUACOL V1413, PROFI PARKET V1509, BETOKRYL V2013, AQUACOL RADIATOR V2077, AQUASPORT UNI V1422

Other products

Main products: OLEJOVÁ LAZURA O1020, TERASOIL O1014, ANTIGRAFFITY COLOR P8014, ODSTR. ST. NÁTĚRŮ P 07, TREXON BAZÉNY H2203, TREXON EMAIL H2001, LIHOLAK L1010, OLEJ NA DŘEVO O1011, TREXON H2003, thinners and industrial liquids

Productions 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 2022, the shade ranges have been extended for the following products:

COLORNAL V2030 - two new shades (RAL 6005, RAL 7016)



Environmental protection

In 2022, COLORLAK, a.s. invested in environmental protection. This specifically included investments in the capital improvements of buildings, a nitrogen generator, winding machine, transformer, central control desk, gate barrier system, photovoltaic project and other machinery and equipment.

The waste management system set-up has been changed with the aim of improving sorting and reducing the overall environmental burden caused by waste by 10% by the end of 2024.

In 2022, COLORLAK, a.s. defended the use of the RESPONSIBLE CARE logo for responsible business in the chemical industry with a focus on improving health, environmental protection and safety in all activities related to the Company's business by 2026.

Investments in tangible fixed assets

| in TCZK |

<i>period</i>	2021	2022
Buildings & constructions	2,600	321
Machinery & equipment, inventory, fleet	7,354	5,440
Intangible fixed assets	260	
Others		1,778
Total INVESTED CAPITAL	10,214	7,539

The capital was invested domestically in 2022, in an amount of TCZK 7,539.

In 2022, COLORLAK a.s., invested in technical improvement of buildings, a nitrogen generator, winding machine, transformer, central control desk, gate barrier system, photovoltaic project 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>
2021	331,078
2022	328,823

Ownership interests of COLORLAK, a.s. as at 31. 12. 2022

<i>company</i>	<i>ownership interest</i>	<i>% of shareholders' equity</i>
PANTER COLOR a.s.	TCZK 60,000	18.25
MILANO COLOR, a.s.	TCZK 2,000	0.61
COLORLAK defence s.r.o. (formerly EKOLAK s.r.o.)	TCZK 200	0.06
COLORLAK SK, s.r.o.	TEUR 700	5.13
COLORLAK POLSKA SP Z O O	TPLN 550	0.86

Trading income per 1 share

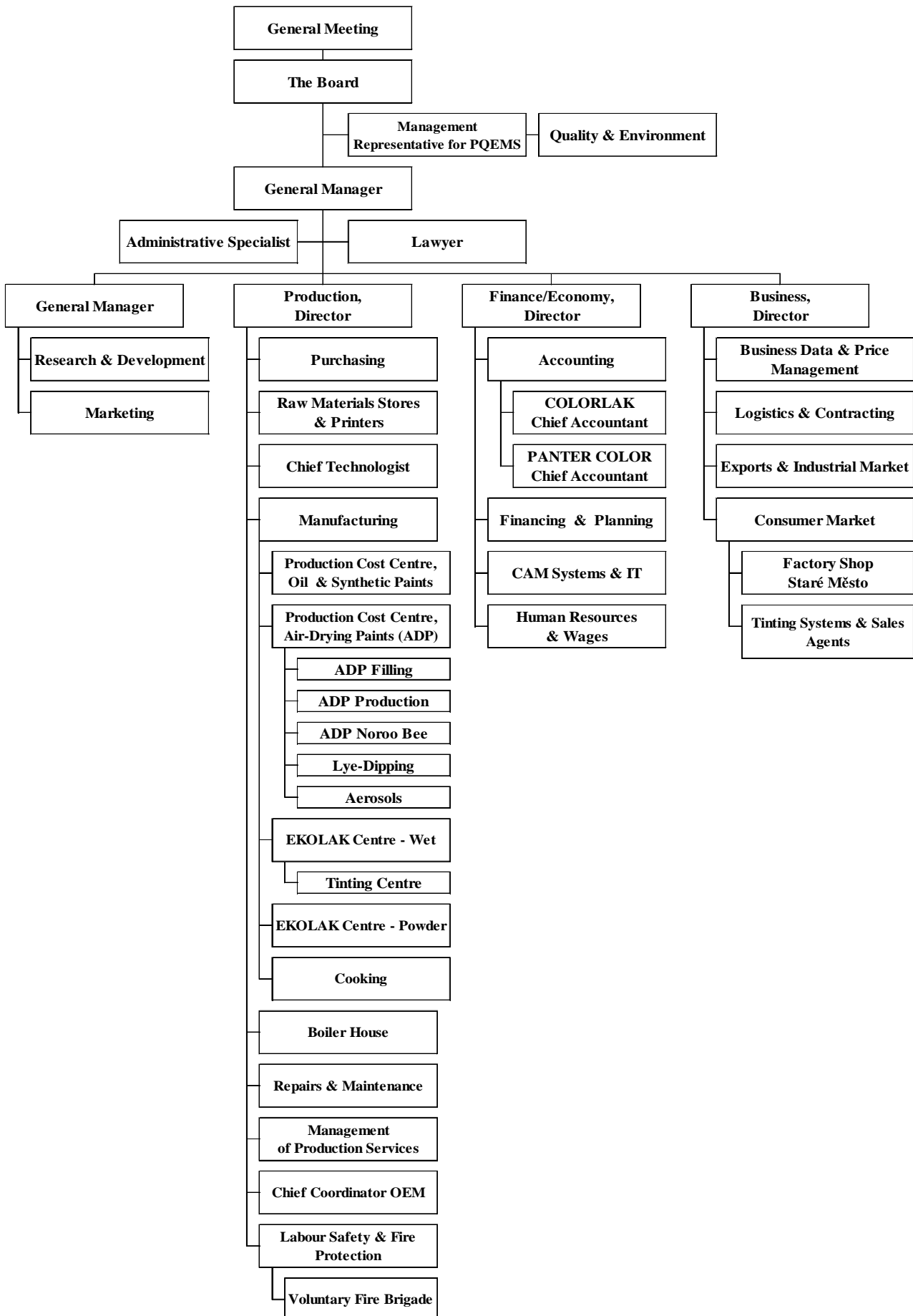
<i>year</i>	<i>trading income after tax (TCZK)</i>	<i>total shares (pcs)</i>	<i>trading income per 1 share (CZK)</i>
2021	3,499	17,854,393	0.196
2022	2,542	17,854,393	0.142

The company did not pay out any dividends in 2022. 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

	2021	2022
Average staff	253	249
- of which managerial	21	21
Personnel costs (in TCZK)	126,665	133,606
- of which managerial	24,792	25,174

Organization Chart of COLORLAK, a.s.



f] Statutory Bodies of the Issuer

The Board

as at 31. 12. 2022

Chairman of the Board:	Svatopluk Chalupa
date of birth:	8. 11. 1944
domicile:	Na Jahodách 1296/9, Kunratice, 148 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. 2022

Chairman of the Board:	Svatopluk Chalupa
General Manager – Authorized Officer:	Mojmír Olšer
Economic Director:	Jan Hróz
Production Director:	Vlastimil Koutník
Business Director:	Zdeněk Bulejka

Money incomes received in 2022 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 2022:

Svatopluk Chalupa

Mojmír Olšer

Jan Hróz

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 2021 and 2022

BENE FACTUM a.s. – License No. 480 of the Chamber of Auditors of the Czech Republic, Kodaňská 1441/46, 101 00 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, 2022
(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	1,095,507	430,523	664,984	658,330
A.	Receivables from subscriptions	002				
B.	Fixed assets (I. 04 + 14 + 27)	003	743,591	418,273	325,318	334,262
B. I.	Intangible fixed assets (I. 05 + 06 + 09 + 010 + 011)	004	55,875	21,184	34,691	34,869
B. I. 1	Research and Development	005				
2	Valuable rights	006	55,513	21,030	34,483	34,687
	B.I.2.1. Software	007	18,503	18,265	238	442
	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	154	0	26
5	Advance payments for intangible fixed assets and intangible fixed assets under construction	011	208	0	208	156
	B.I.5.1. Advance payments for intangible fixed assets	012				
	B.I.5.2. Intangible fixed assets under construction	013	208	0	208	156
B. II.	Tangible fixed assets (I. 15 + 18 + 19 + 20 + 24)	014	529,726	397,089	132,637	138,748
B. II. 1	Land and constructions	015	268,849	170,365	98,484	104,622
	B.II.1.1. Land	016	9,716	0	9,716	10,199
	B.II.1.2. Constructions	017	259,133	170,365	88,768	94,423
2	Equipment	018	256,629	226,724	29,905	33,276
3	Adjustment to acquired assets	019				
4	Other tangible fixed assets	020	155	0	155	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	0	155	0
5	Advance payments for tangible fixed assets and tangible fixed assets under construction	024	4,093	0	4,093	850
	B.II.5.1. Advance payments for tangible fixed assets	025	0	0	0	0
	B.II.5.2. Tangible fixed assets under construction	026	4,093	0	4,093	850
B. III.	Long-term financial assets (I. 28 to 34)	027	157,990	0	157,990	160,645
B. III. 1	Shares - controlled or controlling person	028	157,990	0	157,990	160,645
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	351,276	12,250	339,026	323,456
C. I.	Inventory (I. 39 + 40 + 41 + 44 + 45)	038	136,590	6,886	129,704	124,676
C. I. 1	Materials	039	62,060	2,246	59,814	67,164
2	Work in progress and semi-products	040	12,314	0	12,314	5,812
3	Finished products	041	62,216	4,640	57,576	51,700
	C.I.3.1. Products	042	59,182	4,129	55,053	49,140
	C.I.3.2. Merchandise	043	3,034	511	2,523	2,560
4	Young and other animals and their groups	044				
5	Advance payments for inventory	045				
C. II.	Receivables (I. 47 + 57)	046	207,880	5,364	202,516	185,996
C. II. 1	Long-term receivables	047	2	0	2	0
	C.II.1.1. Trade receivables	048				
	C.II.1.2. Receivables - controlled or controlling person	049				
	C.II.1.3. Receivables - substantial influence	050				
	C.II.1.4. Deferred tax receivable	051				
	C.II.1.5. Other receivables	052	2	0	2	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	2	0	2	0
	C.II.1.5.4. Other receivables	056				
2	Short-term receivables	057	207,878	5,364	202,514	185,996
	C.II.2.1. Trade receivables	058	43,222	5,364	37,858	31,462
	C.II.2.2. Receivables - controlled or controlling person	059	161,748	0	161,748	148,965
	C.II.2.3. Receivables - substantial influence	060	331	0	331	243
	C.II.2.4. Other receivables	061	2,577	0	2,577	5,326
	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	1,565	0	1,565	3,907
	C.II.2.4.4. Short-term deposits given	065	947	0	947	1,122
	C.II.2.4.5. Estimated receivables	066				
	C.II.2.4.6. Other receivables	067	65	0	65	297
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	6,806	0	6,806	12,784
C. IV. 1	Cash	072	1,523	0	1,523	1,488
2	Bank accounts	073	5,283	0	5,283	11,296
D. I.	Accruals (I. 75 to 77)	074	640	0	640	612
D. I. 1	Deferred expenses	075	640	0	640	612
2	Complex deferred costs	076				
3	Deferred income	077				

Code a	LIABILITIES b	Line c	Current acc. period 5	Past acc. period 6
	TOTAL LIABILITIES (I. 79 + 101 + 141)	078	664,984	658,330
A.	Equity (I. 80 + 84 + 92 + 95 + 99 + 100)	079	328,823	331,078
A. I.	Registered capital (I. 81 to 83)	080	114,198	116,340
1	Registered capital	081	178,544	178,544
2	Company's own shares and ownership interests (-)	082	-64,346	-62,204
3	Changes in registered capital	083		
A. II.	Share premium and capital funds (I. 85 to 86)	084	-51,324	-48,669
A. II. 1	Share premium	085		
2	Capital funds	086	-51,324	-48,669
	A.II.2.1. Other capital funds	087	644	644
	A.II.2.2. Differences from revaluation of assets and liabilities	088	-3,447	-792
	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	64,754	62,612
A. III. 1	Other reserve funds	093	64,346	62,204
2	Statutory and other funds	094	408	408
A. IV.	Profit/loss - previous years (I. 96 + 98)	095	198,653	197,296
A. IV. 1	Retained earnings from previous years	096	198,653	197,296
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	2,542	3,499
A. VI.	Decision on advance payment of profit share	100		
B. + C.	External sources (I. 102 + 107)	101	334,064	322,935
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	334,064	322,935
C. I.	Long-term payables (I. 109 + 112 + 113 + 114 +115 + 116 + 117 + 118 + 119)	108	25,214	43,865
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	5,740	8,252
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	2,400	2,817
9	Other payables	119	17,074	32,796
	C.I.9.1. Payables to partners	120		
	C.I.9.2. Estimated payables	121		
	C.I.9.3. Other payables	122	17,074	32,796

Code a	LIABILITIES b	Line c	Current acc. period 5	Past acc. period 6
C. II.	Short-term payables (l. 124 + 127 + 128 + 129 + 130 + 131 + 132 + 133)	123	308,850	279,070
C. II. 1	Issued bonds	124		
	C.II.1.1. Convertible bonds	125		
	C.II.1.2. Other bonds	126		
2	Payables to credit institutions	127	155,839	127,979
3	Short-term advances received	128	0	1,380
4	Trade payables	129	51,366	56,884
5	Short-term notes payable	130		
6	Payables - controlled or controlling person	131	10	6
7	Payables - substantial influence	132	3	0
8	Other payables	133	101,632	92,821
	C.II.8.1. Payables to partners	134	25	25
	C.II.8.2. Short-term financial accommodations	135	86,071	75,140
	C.II.8.3. Payroll	136	17	19
	C.II.8.4. Payables to social security and health insurance	137	3,703	3,650
	C.II.8.5. Due from state - tax liabilities and subsidies	138	1,023	1,925
	C.II.8.6. Estimated payables	139	4,636	3,270
	C.II.8.7. Other payables	140	6,157	8,792
D. I.	Accruals (l. 142 + 143)	141	2,097	4,317
D. I. 1	Accrued expenses	142	2,072	2,573
2	Deferred revenues	143	25	1,744
Legal form of the accounting unit:		joint-stock company		
Scope of business or other activity:		Production and sale of coating materials		
Date of preparation 31.03.2023		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, 2022

(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	490,075	457,543
II.	Revenues from sold goods	02	14,776	15,373
A.	Production consumption (I. 04 + 05 + 06)	03	369,171	333,354
A. 1	Expenses on sold goods	04	12,578	12,561
A. 2	Consumption of material and energy	05	317,039	284,961
A. 3	Services	06	39,554	35,832
B.	Change in inventory of own products	07	-12,562	-13,275
C.	Capitalization	08	-1,255	-973
D.	Personnel expenses (I. 10 + 11)	09	133,606	126,665
D. 1	Wages and salaries	10	96,113	91,030
D. 2	Social security, health insurance and other expenses	11	37,493	35,635
	2. 1. Social security and health insurance expenses	12	35,536	33,584
	2. 2. Other expenses	13	1,957	2,051
E.	Adjustments to values in the operational area (I. 15 + 18 + 19)	14	13,716	12,947
E. 1	Adjustments to intangible and tangible fixed assets	15	13,827	15,007
	1.1. Adjustments to intangible and tangible fixed assets - permanent	16	13,827	15,007
	1.2. Adjustments to intangible and tangible fixed assets - temporary	17		
E. 2	Adjustments to inventory values	18		
E. 3	Adjustments to receivables	19	-111	-2,060
III.	Other operating revenues (I. 21 + 22 + 23)	20	32,770	12,195
III. 1	Revenues from disposals of fixed assets	21	16,260	131
III. 2	Revenues from disposals of materials	22	13,167	10,008
III. 3	Other operating revenues	23	3,343	2,056
F.	Other operating expenses (I. 25 to 29)	24	19,751	16,790
F. 1	Net book value of sold fixed assets	25	1,518	35
F. 2	Sold material	26	12,371	8,780
F. 3	Taxes and fees	27	1,653	1,514
F. 4	Operating reserves and complex deferred costs	28		
F. 5	Other operating expenses	29	4,209	6,461
*	Operating profit/loss (I. 01 + 02 - 03 - 07 - 08 - 09 - 14 + 20 - 24)	30	15,194	9,603

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	1	52
VI. 1	Controlled or controlling person	40	1	52
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	12,822	6,431
J. 1	Controlled or controlling person	44	0	0
2	Other Interest expenses and similar expenses	45	12,822	6,431
VII.	Other financial revenues	46	4,436	5,561
K.	Other financial expenses	47	3,561	4,019
*	Profit/loss from financial operations (I. 31 - 34 + 35 - 38 + 39 - 42 - 43 + 46 - 47)	48	-11,946	-4,837
**	Profit/loss before tax (I. 30 + 48)	49	3,248	4,766
L.	Income tax (I. 51 + 52)	50	706	1,267
L. 1	Income tax due	51	1,123	1,776
2	Income tax deferred	52	-417	-509
**	Profit/loss after tax (I. 59 - 50)	53	2,542	3,499
M.	Transfer profit (loss) to partners	54		
***	Profit/loss of current accounting period (I. 53 - 54)	55	2,542	3,499
*	Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.	56	542,058	490,724
Legal form of the accounting unit:		joint-stock company		
Date of preparation 31.03.2023		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 2022, 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 2022, 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 2023

Bene Fact

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



K. Hampl

Ing. Karel Hampl
Licence number 0005

**Consolidated
Financial Statements
of COLORLAK group
for 2022**

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

In 2022, 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, 2022.

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)

	2022	2021
TOTAL ASSETS	624,921	622,238
A. Receivables from subscriptions	0	0
B. Fixed assets	233,433	252,860
B.I. Intangible fixed assets	36,349	36,637
B.II. Tangible fixed assets	151,302	159,849
B.III. Long-term financial assets	17,964	23,964
B.IV. Positive difference on consolidation	27,818	32,410
B.V. Negative difference on consolidation	0	0
B.VI. Securities and ownership interests under the equity method	0	0
C. Current assets	389,790	367,575
C.I. Inventory	274,265	257,670
C.II. Receivables	99,901	88,548
C.II.1. Long-term receivables	356	573
C.II.2. Short-term receivables	99,545	87,975
C.III. Short-term financial assets	0	0
C.IV. Funds	15,624	21,357
D. Assets accruals	1,698	1,803
TOTAL LIABILITIES	624,921	622,238
A. Equity	179,651	193,275
A.I. Registered capital	114,198	116,340
A.II. Share premium and capital funds	-49,284	-46,629
A.III. Reserves from profits	76,070	74,203
A.IV. Retained earnings	38,667	49,362
A.V. Consolidation reserve fund	0	0
B.+C. Other sources	444,685	423,785
B. Reserves	870	841
C. Payables	443,815	422,944
C.I. Long-term payables	14,320	10,257
C.II. Short-term payables	111,832	121,166
C.III. Bank loans and financial accommodations	317,663	291,521
D. Liabilities accruals	585	5,177
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)

	2022	2021
I. Revenues from sold products and services	240,196	214,247
II. Revenues from sold goods	669,585	646,282
A. Production consumption	680,909	627,823
B. Change in inventory of own products	-12,562	-13,275
C. Capitalization	-1,255	-973
D. Personnel expenses	215,392	209,221
E. Operating adjustments	22,163	24,528
Accounting of negative differences on consolidation	-4,592	-4,592
Accounting of positive differences on consolidation	0	0
III. Other operating revenues	27,935	16,599
F. Other operating expenses	15,569	13,893
* Consolidated operating profit/loss	12,907	11,319
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	12	96
I. Financial adjustments and reserves	0	0
J. Interest expenses and similar expenses	16,720	7,750
VII. Other financial revenues	4,445	5,591
K. Other financial expenses	5,320	5,489
* Consolidated profit/loss from financial operations	-17,583	-7,553
** Consolidated profit/loss before tax	-4,676	3,767
L. Income tax	1,622	2,926
*** Consolidated after-tax profit/loss of the accounting period before equity share	-6,298	841
of which: Consolidated profit/loss of the accounting period before minority interests	-6,298	841
Minority profit/loss of current accounting period	0	0
*** Consolidated profit/loss of the accounting period	-6,298	841
Net turnover for the accounting period (I. + II. + III. + IV. + V. + VI. + VII.)	942,173	882,815

Comments on Subsidiary Companies

PANTER COLOR a.s. Prague

PANTER COLOR a.s. is engaged in the wholesale of coatings and drugstore items across the Czech Republic. Products of the parent company COLORLAK account for more than one half of the Company's revenues. Coatings and auxiliary products of other domestic and foreign producers have been added to the product portfolio, as well as, starting in 2021, a wider range of drugstore items. In the past, PANTER COLOR a.s. had five wholesale centres located in most regions of the Czech Republic. In the years 2021-2022, the Jiřice, Vysoké Mýto, Třeboň and Klatovy centres were closed down one by one and moved to a modern managed warehouse owned by LAGERMAX in Prague-Ruzyně. LAGERMAX provides storage of goods and all logistics services in the Czech Republic. In terms of Moravia, the centre in Staré Město near Uherské Hradiště continues to operate. The initial centres in Vysoké Mýto and Třeboň were converted into retail stores and transferred to the subsidiary COLORLAK maloobchod, s.r.o. at the end of 2022. PANTER COLOR a.s. also distributes COLORLAK products sold online through www.mall.cz and www.alza.cz.

COLORLAK maloobchod s.r.o., Prague

Its main activity is retail trade in coatings, construction chemicals and drugstore items. Every year, COLORLAK maloobchod s.r.o. optimises its sales network. Inefficient stores are closed down and new interesting projects are constantly being sought. The emphasis is on increasing the share of sales of COLORLAK products and drugstore items offered by the PANTER COLOR wholesale. The website www.colorlak-barvy.cz is used.

COLORLAK SK, s.r.o., Banská Bystrica

The Slovak subsidiary specialises in wholesale and retail trade in coatings and construction chemicals. COLORLAK SK's sales of coatings and construction materials have been steadily increasing. The sales of products produced by the parent company COLORLAK have been also increasing. The online portal www.mall.sk is also used.

COLORLAK POLSKA SP Z O O, Nowa Sól

The company specialises in the sales of coatings for industrial applications and to small manufacturers and craftsmen. It operates mainly in the territory of north-western Poland. Since 2020, the company has narrowed down its product range and focuses mainly on the sale of COLORLAK products. In cooperation with the parent company, it provides expert consulting to our clients concerning the application of coatings. After several years of stagnating revenues, there was a slight increase in 2022 and this increase continues in early 2023.

COLORLAK defence s.r.o. (formerly EKOLAK s.r.o), Staré Město

COLORLAK defence, a wholly owned subsidiary of COLORLAK, a.s., has been engaged solely in the export of coatings for military use since 2022. Special coatings certified by the Armed Forces of the Czech Republic according to NATO standards have been part of the COLORLAK, a.s. product portfolio since the 1990s and have been supplied, among other applications, for the surface treatment of the PANDUR armoured vehicles. Since 2022, these coatings have been also exported to other NATO member countries. The statutory representative of COLORLAK defence s.r.o. has a security clearance and the company has all relevant permits for the sale of military material outside the Czech Republic. In April 2023, the company was renamed to COLORLAK defence s.r.o.



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

Calin Moldovean
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 organisation 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-13.06C.17



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687 12 Bilovice
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ISO 14001:2015

The management system is applicable to:

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Certificate Number:

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SVAZ CHEMICKÉHO PRŮMYSLU ČESKÉ REPUBLIKY
ASSOCIATION OF CHEMICAL INDUSTRY OF THE CZECH REPUBLIC

uděluje členské společnosti

COLORLAK, a.s.

OSVĚDČENÍ

za výsledky dosažené při plnění záměrů a cílů dobrovolného programu

RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII

zaměřených na zvyšování ochrany zdraví a životního prostředí a bezpečnosti všech činností spojených s podnikáním společnosti

prohlášení ze dne 9. 1. 1997
první obhajoba 1997
desátá obhajoba 2022

S osvědčením je spojeno právo společnosti užívat logo
RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
do října 2026

v souladu s podmínkami, které pro užívání loga vyhlásila
Evropská rada chemického průmyslu (CEFIC)

6. října 2022



prezident

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.

1. 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.
2. 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.
3. 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.
4. 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

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Fax.: + 420 572 541 215

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