Production Sites
with Furniture Clusters

1. SZCZECINEK FURNITURE CLUSTER
   - TVILUM
   - STOL-TAP
   - GRZEŚKOWIAK
   - BHK
   - GREEN ANGEL
   - WOOD TECHNOLOGY INSTITUTE - Poznań
   - ABO

2. SMORGON FURNITURE CLUSTER

3. LAPOVO FURNITURE CLUSTER

4. SZOMBATHELY FURNITURE CLUSTER

5. OXFORD FURNITURE CLUSTER

6. ELEKTROGORSK FURNITURE CLUSTER

7. VELIKO TARNOVO FURNITURE CLUSTER

8. SEBES FURNITURE CLUSTER
Support for businesses

• We would like to share our location and extend our premises in order to provide our partners with a built area to install furniture production facilities.

• The required infrastructure is already in place: Our location is equipped with high voltage power supply, gas supply, adequate water supply and waste water treatment facilities. Separate meters will be provided for the furniture factory.

• Property tax and local fees are administrated by Kronospan.

• Close proximity between the two manufacturing sites results in near zero transportation costs.

• Just in time delivery of raw and melamine-faced particleboard will result in no stock – which eliminates the burden on cash flow.

• Kronospan will keep the agreed minimum stock levels.

• We would provide you with access to our extensive product portfolio.

• You could benefit from technical support in material processing on-site. Our engineers are experienced in both furniture production technology and equipment – whether that’s mechanical, electrical, automation software or robotics.

• Kronospan will support you with administrative issues, including registration of a legal entity, the local register and banks.

• We could also provide support with accounting, tax and payroll regulations as well as reconciliation of local accounting with internal reporting.

• We will assist you with your recruitment process with our HR specialists and database.

• You could receive support from the on-site Kronospan design and marketing department.
Over 120 years of manufacturing experience
Our core activity is the manufacture of wood-based panel products (particleboard, MDF and OSB) and related value added products. Vertical integration enables Kronospan to lead the way in both cost and innovation. We have invested in developing a vertically integrated supply chain that allows us to constantly improve upon and perfect every aspect of our products.

Focus on the European Market
Kronospan has more than 40 production facilities and is the world leader in the manufacture of wood-based panels. For the last 20 years our major projects have been undertaken in Eastern Europe and Russia.

Wealth creation in the medium and long term
Being privately owned means that we take a long term view rather than focusing on short term achievements.

Decentralised organization
Kronospan is made up of several manufacturing groups. This allows decision making by local management. As a result we can be close to our customers, our suppliers of goods and services and our people. This provides a strong platform for growth. The structure also allows us to ring fence political and economic risks where appropriate. With this we get more commitment, more ideas which allow individuals and the company to grow.

Customer service
We aim to be the most service-oriented supplier in our sector. Our extensive market coverage and wide product range give us a significant competitive advantage. At Kronospan, we are close to our customers and our locations are a maximum of 400 km or 8 hours by truck from our customers which is a key advantage resulting in reduced transport costs, hence Kronospan can offer the best package.

Advanced technology
We have pioneered many of our industry’s key advances and will continue to lead product development and innovation in the future. Our production asset quality is also first class. We are there to lead, not to follow, using for example state-of-the-art filter technology.

Cost leadership
Although our structure is decentralised we benchmark our production sites and with the support of our technical shared service centre ensure that they remain efficient low cost producers.

Local financing
Financing is obtained at a local level and we look for long term banking relationships. Our aim is to keep foreign exchange risks under control and therefore require finance as much as possible locally.

Central support
We use shared services where it is important and only centralise when and where it makes sense.

Environmental responsibility
Our aim is to manufacture with the least environmental impact and the maximum raw material yield - no waste.
Inspiration and innovation

Kronospan is the global leader in the production of wood-based boards and panels. Our products are used everywhere: from floors and furniture to frame constructions. With over 100 years of market presence, we have accumulated a wealth of experience in many markets, continuously innovating and investing ever since the inception of our firm. All of this continues to translate into Kronospan’s new products, systems and advanced technologies.

Kronospan’s global product range, which is divided into Kronodesign, Kronobuild and Krono Original, offers unlimited design opportunities to make high-quality furniture, interiors or buildings.
The town of Sebes lies in the central part of Romania, in the south-west of Transylvania, in the district of Alba. Sebes lies at a distance of 15 km to Alba-Iulia, 55 km to Sibiu and 63 km to Deva, near the inflow of the Sebes river into the Mures river.

Key facts

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<tr>
<th>Trait</th>
<th>Value</th>
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<tbody>
<tr>
<td>Population</td>
<td>19.50 million</td>
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<tr>
<td>Area</td>
<td>238 391 km²</td>
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<tr>
<td>Official Language</td>
<td>Romanian</td>
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<tr>
<td>Main Religion</td>
<td>Orthodox Christianity</td>
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<tr>
<td>Capital City</td>
<td>Bucharest: 1.88 million</td>
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<tr>
<td>Currency</td>
<td>Romanian leu</td>
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<tr>
<td>GDP (2018)</td>
<td>$ 239.44 billion</td>
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<td>GDP pc (2018)</td>
<td>$ 10 786</td>
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Development
facts and figures

Economic outlook

Romania’s economic path stands for solid proof that our country is currently a reliable partner for profit-oriented worldwide entrepreneurs to take upon.

• A 2.8% GDP growth in 2014 (the 3rd in CEE and 6th in EU) and a 61% FDI increase in the first 8 months of 2015 against the same period of 2014 guarantees sustainable growth of the Romanian economy; a targeted 0% inflation for 2015 ensures Romania’s positive trend in economic performance.

Setting up a company

Individuals and legal entities may freely enter into partnerships for business developing in Romania and set up companies. There are no specific investment approvals required for setting up a business in Romania. The procedure requires fulfilling certain legal formalities such as getting registered with the Romanian Trade Register Office and the Fiscal Administration. The commercial companies may be established as follows:

Limited liability company (SRL) – The shareholder liability is limited to the amount subscribed as participation to the company’s share capital. The share capital of an SRL must be of at least RON 200 (approximately EUR 45), divided into shares with a minimum face value of RON 10 each. A SRL may be formed by a minimum of one shareholder and a maximum of 50 (fifty). These shareholders may include individuals and/or legal entities. A SRL is managed by one or more administrators who may have full or limited powers and who may be Romanian or foreign nationals. There is no distinction between companies operating with or without foreign share capital.

Joint stock company (SA) – The minimum statutory capital for a joint stock company shall be RON 90,000. Shares must be held by a minimum of 2 (two) shareholders, individuals and/or legal entities (there is no maximum limit), and can be open to either public or private participation. The minimum face value of one share shall be RON 0.1.

Partnership as a legal form is seldom used in Romania. The three kinds of partnerships provided by law that lead to the creation of an entity with legal personality are:

• general partnership
• limited partnership
• partnership limited by shares

The partners in a general partnership and the active partners in a limited partnership have unlimited liability with respect to the obligations of the partnership toward third parties. Among themselves, each partner is individually and collectively responsible for these obligations.
Current potential of Kronospan in Romania

1 000 000 m³ of Particleboard
450 000 m³ of MDF
30 000 000 m² of Melamine Faced Boards
900 000 m³ of OSB
157 decors in Laminated Boards

Kronospan facilities in Romania

Timeline
1998 - Kronospan started its investment in Romania with the purchase of the field from Brasov and by selling all the group’s products
2004 - Kronospan acquires plant in Sebes
2007 - Kronospan Zona Libera Constanta is founded
2009 - begins the production in the Brasov plant

Kronospan Trading
General investment: 600 million EUR
Investment in environmental protection technology: 100 million EUR

Alfa Terminal Constanta
- Located in the Port of Constanța Sud - Agigea.
- Connections: road, rail, sea, river
- 2 modern warehouses
- 5000 m² platform
- Close to the DP World Container Terminal
- New facilities and equipment for handling and storage of general cargo available
- Modern equipment for container stuffing / stripping
- Services
  - Handling and storage of any kind of palletized cargo
  - Inside and outside storage
  - Customs bonded warehouse
  - Loading and unloading of conventional vessels
  - Brokerage services
Business environment

Labor market

Investors deciding on Romania have access to an extensively creative and highly skilled workforce enjoying reduced cultural and language barriers. Born at the crossroads of different cultures and civilizations, where East meets West, Romanians are multilingual, flexible, innovative, and future-oriented. In terms of foreign language studies, Romania is above the EU average with 99.2% in first foreign language studied among middle school students as against the 95.6% EU rate, according to Eurostat statistics released on September 26th, 2015, the European Day of Languages. Romania enjoys an amended Labor Code allowing enhanced flexibility of the labor market improving the country’s competitiveness and stimulating development. Romania’s talent has a unique capacity to innovate, leveraging business for a more dynamic, more efficient and ultimately more profitable investment climate.

Average Costs in 2018

- Electricity: 0.083 EUR / kWh
- Gas: 0.030 EUR / kWh
- Gross average salary paid – January 2018 (according to the National Institute for Statistics): RON 27000 (EUR 70)

Foreign investors rights

- National favorable treatment for foreign investors
- Foreign investment allowed in all sectors of economy
- Possibility to freely manage the company with full ownership rights
- Full repatriation of capital and profits
- Full protection against expropriation and nationalization
- Access to incentives and funds provided by EU and Romanian legislation

Investment incentives

Companies doing business in Romania could benefit from the following incentives:

- Tax facilities regarding R&D expenses
- Companies may benefit of an extra 50% tax depreciation for the eligible R&D expenses* and also may apply the accelerated depreciation for these expenses.
- Tax exemption on reinvested profit
- The facility refers to the exemption of corporate tax of the profit re-invested in certain types of assets.
- EU grants
- Companies doing business in Romania could benefit from the following incentives:
  - Full protection against expropriation and nationalization
  - Full repatriation of capital and profits

* eligible expenses: costs without VAT for making/buying tangible and intangible assets, as well as the expenses related to the rental of the constructions needed for the initial investment.