

Varaždin, February 26th, 2021.

In accordance with the provisions of the Capital Market Act, the Management Board of Varteks d.d. based in Varaždin submits:

MANAGEMENT INTERIM REPORT

For the fourth quarter of the year 2020 (cumulative period 01.01. – 31.12.2020/unaudited)

Indications of significant events that occurred during the reporting period and the impact of these events on the condensed set of financial statements

In the fourth quarter of 2020 Varteks Group had revenue of HRK 30.4 million which is 42% less than fourth quarter of 2019. Varteks d.d. had revenue of HRK 26.3 million which is 44% less than fourth quarter of 2019.

Decline in revenues of the Group and the Company is a direct consequence of the impact of the crisis due to the coronavirus pandemic in the fourth quarter of 2020 as well. The primary goal of the Management Board during a pandemic is to **maintain as normal business operations as possible in times of crisis, maintain adjusted Retail to the current situation, maintain the number of employees and regular payment of salaries** while protecting the health of employees by applying all prescribed measures of physical distancing and enabling remote work to those employees whose nature of work allows it and using reduced working hours measures in all other situations to reduce the risk of coronavirus. At the same time, the well-being of customers is an absolute priority, so strict disinfection measures have been introduced in all stores with the use of prescribed protective equipment.

Control of cash inflows and outflows is a key factor in ensuring business continuity, so control of the justification of costs has been increased in order to reduce cash outflows. Purchase of materials has been dynamised in order to optimize the amount of stock before the start of the new season. The fashion and creative elements of the collection are significantly represented in a new collection. However, in order to preserve short-term liquidity, selected items will be less represented in stores, that is, it will be supplemented by smaller, more agile and more frequent production, which increases the flexibility of the supply structure. The expected effect is more adequate regulation of the level of stocks of materials and finished products, longer product life cycle and less representation of the new-attractive assortment in outlet stores.

Strengthening the presence in online distribution channels, primarily through its own web shop with an emphasis on digital marketing and entering foreign markets where the *Varteks* brand is recognizable, remain key strategic determinants of the Management Board even in times of crisis.

A plan with which the performance was compared was made in the second quarter of 2020 and reflects the expectations of the Management Board due to the crisis caused by the coronavirus.

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In the fourth quarter, at the Group level, negative normalized EBITDA with grants was realized in the amount of HRK 6.9 million, while HRK 3.4 million refers to realized grants.

Revenues in the most significant Retail and Wholesale segment compared to the same quarter last year were decreased by 51%. Compared to the plan, revenues were decreased by HRK 7.7 million or 35% relatively. In retail stores, we record a smaller number of customer entries as well as a decrease in the number of bills issued, which is in line with expectations. At the same time, web shop sales in the fourth quarter reached 11% of retail revenue, which is at the level of established global brands. The realized normalized gross margin in the Retail and Wholesale segment in 2020 is 34%, primarily due to significant discounts aimed at accelerating stock turnover in order to preserve the Company's liquidity.

Revenues in the segment of Contract manufacturing compared to the same quarter last year were decreased by 34%. Compared to the plan, revenues were increased by HRK 4.4 million or 75% relatively.

Revenues in the segment of Special-purpose clothing compared to the same quarter last year were decreased by 43%. Compared to the plan, revenues were decreased by HRK 3.5 million or 33% relatively. The significant decline in revenues is a result of the delay in signing and implementing contracts in public purchase.

The total decline in operating revenues in the last quarter of 2020 compared to 2019 is HRK 21.7m or 42% relatively.

In 2020, Varteks Group used state grant in the amount of HRK 20.6 million, which was spent on salaries to employees. The impact of the coronavirus pandemic is visible through the normalized EBITDA result of the Group. The drop in gross profit in 2020 of HRK 31.5 million compared to last year was partly mitigated by good control over operating non-production costs in the amount of HRK 4 million. The inclusion of grants in the calculation of EBITDA partially offsets the operational loss caused by the crisis due to the coronavirus pandemic.

Key performance indicators

<i>Varteks Group</i>	YTD 12 2019 <i>HRK '000</i>	YTD 12 2020 <i>HRK '000</i>	VAR <i>HRK '000</i>
<i>NET REVENUE</i>	169.865	113.657	(56.208)
<i>COST OF GOODS SOLD</i>	(123.167)	(98.457)	24.710
<i>GROSS PROFIT</i>	46.698	15.200	(31.498)
<i>EBITDA</i>	7.039	(14.700)	(21.739)
<i>EBITDA normalized</i>	3.665	(27.921)	(31.586)
<i>EBITDA with state grant</i>	5.146	(7.769)	(12.912)

With regards to financial activities of the Varteks Group, in the fourth quarter of 2020 a net expense was HRK 0.9 million which is HRK 4.4 million less than the same period last year. The application of the correct accounting treatment of the club loan resulted in an increase in the accounting cost of interest in the amount of HRK 0.6 million due to the amortization of profit arising from the recognition of more favorable terms of the reprogram. The application of IFRS 16 resulted in an

additional interest expense of HRK 0.3 million. Due to the strengthening of the HRK exchange rate against the EUR, there were positive unrealized exchange rate differences in the amount of HRK 0.1 million that arose on long-term bank loans.

The most significant risks and expectations for the future

Illiquidity remains the most significant business risk of the Group in the short term. Given the reduced stock turnover due to declining revenues in the second and third quarters, increased purchases of materials for the new collection, short-term excess production capacity due to reduced orders from key foreign customers and maturing liabilities from previous periods, pressure on the Group's cash position is significant. The impact of the crisis has been partially amortized by Government financial grant, and new measures to reduce working hours will temporarily reduce production capacity and fixed operating costs.

The Company continues to monetize non-operating real estate which is expected to **return liabilities to banks**, improve the liquidity and capital position of the Company and the Group, and to stabilize operations and reduce debt in the medium and long term.

On February 23rd, 2020, at the session of the Commission for Evaluation and Determination of Strategic Project Proposals, the project proposal *Varteks Quarter - Urban Regeneration* was unanimously accepted and the Commission will send the Decision on declaring a strategic investment project to the Government of the Republic of Croatia for adoption.

Varteks has been in a difficult business and financial situation for decades, and has financed its negative operations by selling valuable assets throughout the former state, and before the last recapitalization, it sold or ceded to banks the most valuable assets, department stores in Zagreb, Rijeka and Varaždin. Also, unused parts of the factory complex under the contract with the banks are required to sell for the purpose of closing the remaining loans.

The goal of this project is to maintain the business development of Varteks d.d. and the preservation of existing jobs, as well as the improvement of the standards of the citizens of Varaždin in such a way that the real estate potential of the existing location is brought to new public purposes and economic types of use through the process of urban transformation. Together with representatives of the Varaždin Conservation Department of the Ministry of Culture and Media, the Operational Group visited the areas covered by the Varteks zone for the rehabilitation, protection and preservation of historic buildings, ie the retention of buildings for rehabilitation or reconstruction with the aim of sustainability, further visibility and preservation of architectural heritage. This aims to create preconditions for new construction, which achieves the conditions for a functional urban and architectural reconstruction of the entire zone.

The company does not intend to invest in real estate projects on its own, but only to sell non-operating assets, while preserving historically valuable real estate. Transactions for some parts of real estate are in progress, as we previously informed the Zagreb Stock Exchange. For these transactions, the Management Board obtained the unanimous opinion of the Supervisory Board, including employee representatives.

The following is a chronology of important events in the fourth quarter of 2020:

- *October 1st – Orders from one of the two significant customers in the segment of Contract manufacturing are secured by the end of September 2021. After that, according to current information, this cooperation will not be continued*

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- *October 9th – Receipt of the so-called Covid loan in the amount of HRK 12 million financed by the commercial bank and HBOR*
- *November 13th – Decision on registration of the merger from the Commercial Court in Varaždin, by which the company V-projekt d.o.o. was merged with the company Varteks d.d., as the acquiring company.*

Significant events after the fourth quarter of 2020 and until the date of publication of the report:

- *February 23rd – The Commission for Evaluation and Determination of Strategic Project Proposals unanimously accepted the Varteks Quarter - Urban Regeneration project proposal. The Commission will send the Decision on the Proclamation of the Strategic Investment Project to the Government of the Republic of Croatia for adoption.*

R&D activities

R&D activities mainly relate to the development of new collections.

Information on redemption of own shares

In the reporting period, the parent company did not repurchase its own shares.

Information on existing subsidiaries of the parent company

As at December 31st, 2020, the Parent Company has the following active subsidiary:

- Varteks Pro d.o.o.

Varteks Pro d.o.o.

Company Varteks Pro d.o.o. is 100% owned by the Company.

Company Varteks Pro d.o.o. specializes in sewing special purpose clothing for special customers (most notably the police and military).

In 2020 the Company generated revenue of HRK 22.6 million (2019: HRK 37,1 million). The Company generated profit of HRK 0.2 million (2019: profit of HRK 1.3 million). The Company's assets as of December 31st, 2020 were HRK 8 million (December 31st 2019: HRK 7.3 million). Net capital as of December 31st, 2020 was HRK 2.3 million (December 31st 2019: HRK 2.1 million). The number of employees was 34 as of December 31st, 2020 (December 31st 2019: 32). The director of the company is Ms. Natalija Vnučec.

Description of the financial risk management policies and exposure of the Group and the Company to those risks

The Group's 2019 annual financial statements contain the required disclosures regarding the Group's management and exposure to financial risks. The management of liquidity risk and cash flow risk is described in the consolidated financial statements for 2019 in Note 38 b).

Tomislav Babić

President of the Management Board

Varaždin, February 26th, 2021

STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF ISSUER

**fourth quarter of 2020 and period from January 1st to December 31st 2020
(unaudited, unconsolidated)**

With this statement, in accordance with the Capital Market Act, we declare that to the best of our knowledge:

- set of financial statements of the Varteks d.d. (hereinafter: the Company) for the 4th quarter of 2020 and period from January 1st to December 31st 2020 (unaudited, unconsolidated), have been prepared in accordance with International Financial Reporting Standards, and in accordance with the Croatian Accounting Law, provide a complete and fair view of the Company's assets and liabilities, profit and loss, financial position and operations.
- The management interim report contains a fair presentation of development and results of the operations and position of the Company, with a description of most significant risks and uncertainties to which the Company is exposed.

Tomislav Babić
/President of the Management Board/

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IBAN račun:

HR19 2360 0001 1013 3948 3
Zagrebačka banka d.d.
Zagreb

HR62 2340 0091 1001 1083 9
Privredna banka d.d.
Zagreb

HR47 2484 0081 1004 1765 2
Raiffeisenbank Austria d.d.
Zagreb

/ VARTEKS d.d. / Zagrebačka 94 / HR-42000 VARAŽDIN / tel. + 385 42 377 105 / fax.+ 385 42 377 395 / P.P. 32 / info@varteks.com
/ Temeljni kapital 41.066.860,00 kn, uplaćen u cijelosti i podijeljen na 4.106.886 redovnih dionica, svaka nominalne vrijednosti 10 kn.
/ Društvo je upisano u register Trgovačkog suda u Varaždinu, poslovni broj iz upisnika Tt: 95/463-2 (MBS) 070004039 / M.B.3747034
/ OIB:00872098033 / VAT:HR00872098033 / predsjednik Nadzornog odbora Nenad Bakić / predsjednik Uprave Tomislav Babić
/ član Uprave Denis Smolar

Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01.01.2020 to 31.12.2020

Year: 2020

Quarter: 4

Quarterly financial statements

Registration number (MB): 03747034 Issuer's home Member State code: HR

Entity's registration number (MBS): 070004039

Personal identification number (OIB): 00872098033

LEI: 74780000Q0LH0TDGEO80

Institution code: 1420

Name of the issuer: VARTEKS d.d.

Postcode and town: 42000 Varaždin

Street and house number: Zagrebačka 94

E-mail address: info@varteks.com

Web address: www.varteks.com

Number of employees (end of the reporting period): 948

Consolidated report: KN (KN-not consolidated/KD-consolidated)

Audited: RN (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

Names of subsidiaries (according to IFRS):	Registered office:	MB:

Bookkeeping firm: No (Yes/No) (name of the bookkeeping firm)

Contact person: Smolar Denis (only name and surname of the contact person)

Telephone: 042 377105

E-mail address:

Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET
balance as at 31.12.2020.

in HRK

Submitter: Varteks d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	227.622.786	202.619.012
I INTANGIBLE ASSETS (ADP 004 to 009)	003	1.767.667	1.337.223
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.657.667	1.337.223
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	110.000	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	213.411.503	196.074.579
1 Land	011	52.075.281	52.230.555
2 Buildings	012	60.907.780	56.445.629
3 Plant and equipment	013	22.768.943	17.065.384
4 Tools, working inventory and transportation assets	014	1.749.400	1.311.374
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	0	0
8 Other tangible assets	018	232.048	230.722
9 Investment property	019	75.678.051	68.790.912
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	12.221.930	4.996.615
1 Investments in holdings (shares) of undertakings within the group	021	4.530.600	1.300
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	7.685.430	4.989.415
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	5.900	5.900
IV RECEIVABLES (ADP 032 to 035)	031	221.696	210.598
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	221.696	210.598
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	54.384.355	54.867.506
I INVENTORIES (ADP 039 to 045)	038	40.121.637	46.622.570
1 Raw materials and consumables	039	11.675.401	7.731.232
2 Work in progress	040	2.617.102	1.009.734
3 Finished goods	041	18.157.381	32.050.249
4 Merchandise	042	7.293.126	5.779.560
5 Advances for inventories	043	378.627	51.795
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	12.614.588	7.415.152
1 Receivables from undertakings within the group	047	2.600.528	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	9.557.317	4.522.574
4 Receivables from employees and members of the undertaking	050	46.096	46.786
5 Receivables from government and other institutions	051	382.359	2.332.638
6 Other receivables	052	226.288	513.154
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	168.731	136.668
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	168.731	136.668
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	1.279.399	693.116
D) PREPAID EXPENSES AND ACCRUED INCOME	064	407.607	290.018
E) TOTAL ASSETS (ADP 001+002+037+064)	065	282.414.758	257.776.536
OFF-BALANCE SHEET ITEMS	066	6.952.409	4.670.725

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	43.713.599	13.086.214
I INITIAL (SUBSCRIBED) CAPITAL	068	41.066.860	41.066.860
II CAPITAL RESERVES	069	655.664	655.664
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-2.453.565	-2.386.801
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	754.460	754.460
3 Treasury shares and holdings (deductible item)	073	-3.371.478	-3.371.478
4 Statutory reserves	074	0	0
5 Other reserves	075	163.453	230.217
IV REVALUATION RESERVES	076	78.638.521	77.593.753
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	-63.134.681	-72.293.242
1 Retained profit	082	0	0
2 Loss brought forward	083	63.134.681	72.293.242
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	-11.059.200	-30.950.020
1 Profit for the business year	085	0	0
2 Loss for the business year	086	11.059.200	30.950.020
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	5.458.556	5.854.642
1 Provisions for pensions, termination benefits and similar obligations	089	3.851.731	3.425.070
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	1.606.825	2.429.572
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	109.524.129	101.580.956
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	165.621
6 Liabilities to banks and other financial institutions	101	76.314.657	73.303.556
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	416.301	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	15.531.057	11.079.004
11 Deferred tax liability	106	17.262.114	17.032.775
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	121.432.926	133.036.175
1 Liabilities to undertakings within the group	108	0	61.826
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	2.896.815	733
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	48.987.900	58.811.395
6 Liabilities to banks and other financial institutions	113	14.601.078	23.831.966
7 Liabilities for advance payments	114	248.218	256.798
8 Liabilities to suppliers	115	30.536.461	26.299.481
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	4.507.486	4.222.541
11 Taxes, contributions and similar liabilities	118	10.239.272	10.510.870
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	9.415.696	9.040.565
E) ACCRUALS AND DEFERRED INCOME	122	2.285.548	3.618.549
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	282.414.758	257.776.536
G) OFF-BALANCE SHEET ITEMS	124	6.952.409	4.670.725

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter: Varteks d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	154.746.941	46.952.852	102.652.415	26.270.706
1 Income from sales with undertakings within the group	126	17.362.451	7.216.168	5.357.862	2.846.937
2 Income from sales (outside group)	127	133.191.387	38.304.747	91.500.365	21.785.689
3 Income from the use of own products, goods and services	128	204.669	67.641	18.553	18.236
4 Other operating income with undertakings within the group	129	152.429	36.544	441.397	28.477
5 Other operating income (outside the group)	130	3.836.005	1.327.752	5.334.238	1.591.367
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	158.160.087	42.118.687	127.043.554	42.708.693
1 Changes in inventories of work in progress and finished goods	132	-9.534.102	-2.590.048	-14.953.092	70.053
2 Material costs (ADP 134 to 136)	133	73.949.735	18.950.037	55.152.580	13.345.878
a) Costs of raw materials and consumables	134	40.430.813	12.498.329	37.054.619	8.335.070
b) Costs of goods sold	135	17.981.481	5.558.018	9.483.904	2.526.244
c) Other external costs	136	15.537.441	893.690	8.614.057	2.484.564
3 Staff costs (ADP 138 to 140)	137	61.300.382	15.783.150	43.682.421	11.068.965
a) Net salaries and wages	138	42.098.198	10.838.274	29.645.103	7.494.268
b) Tax and contributions from salary costs	139	12.190.876	3.148.825	8.641.833	2.190.413
c) Contributions on salaries	140	7.011.308	1.796.051	5.395.485	1.402.284
4 Depreciation	141	8.821.986	3.105.808	9.405.223	2.213.038
5 Other costs	142	19.386.196	4.758.995	16.706.479	4.602.858
6 Value adjustments (ADP 144+145)	143	1.611.566	1.611.566	9.279.213	9.279.213
a) fixed assets other than financial assets	144	0	0	7.629.235	7.629.235
b) current assets other than financial assets	145	1.611.566	1.611.566	1.649.978	1.649.978
7 Provisions (ADP 147 to 152)	146	216.000	216.000	1.931.236	1.916.336
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	6
c) Provisions for ongoing legal cases	149	0	0	0	-9.634
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	216.000	216.000	1.931.236	1.925.970
8 Other operating expenses	153	2.408.324	283.179	5.839.494	194.352
III FINANCIAL INCOME (ADP 155 to 164)	154	3.701.723	1.172.767	6.020.287	1.495.597
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	5.819	5.819	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	1.853.413	681.637	692.213	21.118
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	132.220	12.997	24.475	11.451
8 Exchange rate differences and other financial income	162	1.703.004	472.314	4.312.452	596.752
9 Unrealised gains (income) from financial assets	163	0	0	810.786	810.786
10 Other financial income	164	7.267	0	180.361	55.490
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	11.347.777	6.732.215	13.549.396	2.373.916
1 Interest expenses and similar expenses with undertakings within the group	166	380.066	315.132	164.343	26.948
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	1.853.413	681.637	692.213	21.118
3 Interest expenses and similar expenses	168	6.769.508	4.529.100	6.803.932	1.858.029
4 Exchange rate differences and other expenses	169	2.287.032	1.206.346	5.874.444	545.680
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	6.904	-85.419
7 Other financial expenses	172	57.758	0	7.560	7.560
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	158.448.664	48.125.619	108.672.702	27.766.303
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	169.507.864	46.850.902	140.592.950	45.082.609
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	-11.059.200	-725.283	-31.920.248	-17.316.306
1 Pre-tax profit (ADP 177-178)	180	0	0	0	0
2 Pre-tax loss (ADP 178-177)	181	-11.059.200	-725.283	-31.920.248	-17.316.306
XII INCOME TAX	182	0	0	-431.096	-316.821
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-11.059.200	-725.283	-31.489.152	-16.999.485
1 Profit for the period (ADP 179-182)	184	0	0	0	0
2 Loss for the period (ADP 182-179)	185	-11.059.200	-725.283	-31.489.152	-16.999.485

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	-11.059.200	-725.283	-31.489.152	-16.999.485
1 Attributable to owners of the parent	200	-11.059.200	-725.283	-31.489.152	-16.999.485
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	-11.059.200	-725.283	-31.489.152	-16.999.485
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	984.938	-1.195.915	-1.964.370	-2.568.511
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	1.010.518	-1.095.295	-1.965.881	-2.486.468
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	-116.296	-116.296	-65.253	-65.253
8 Other changes in equity unrelated to owners	211	90.716	15.676	66.764	-16.790
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	984.938	-1.195.915	-1.964.370	-2.568.511
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	-10.074.262	-1.921.198	-33.453.522	-19.567.996
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	-10.074.262	-1.921.198	-33.453.522	-19.567.996
1 Attributable to owners of the parent	216	-10.074.262	-1.921.198	-33.453.522	-19.567.996
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter: Varteks d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-11.059.200	-31.920.248
2 Adjustments (ADP 003 to 010):	002	16.561.500	22.788.797
a) Depreciation	003	8.821.986	9.422.181
b) Gains and losses from sale and value adjustment of fixed tangible and Intangible assets	004	115.180	9.425.847
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	210.077	1.636.214
d) Interest and dividend income	008	-138.039	-663
e) Interest expenses	007	7.148.718	6.262.314
f) Provisions	008	0	-443.016
g) Exchange rate differences (unrealised)	009	598.004	1.174.008
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-194.426	-4.688.088
I. Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	5.502.300	-9.131.451
3 Changes in the working capital (ADP 013 to 016)	012	-31.533.036	-5.454.314
a) Increase or decrease in short-term liabilities	013	1.554.053	-5.928.022
b) Increase or decrease in short-term receivables	014	-17.997.669	7.547.713
c) Increase or decrease in inventories	015	-15.089.420	-8.090.225
d) Other increase or decrease in working capital	016	0	1.016.220
II Cash from operations (ADP 011+012)	017	-26.030.736	-14.585.765
4 Interest paid	018	-2.290.035	-1.396.771
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-28.320.771	-15.982.536
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.655.716	78.126
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	131.963	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	7.634.695
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	1.787.679	7.713.021
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-4.974.000	-1.331.091
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-38.083	-4.816.039
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-5.012.083	-6.147.130
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-3.224.404	1.565.891
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	1.737.662	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	65.457.714	54.143.666
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	67.195.376	54.143.666
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-32.422.738	-36.472.045
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-3.920.000	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	-3.841.280
VI Total cash payments from financing activities (ADP 040 to 044)	045	-36.342.738	-40.313.305
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	30.852.638	13.830.361
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	12.913	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-679.624	-586.284
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	1.959.023	1.279.400
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	1.279.399	693.116

STATEMENT OF CASH FLOWS - direct method
for the period 01.01.2020. to 31.12.2020.

in HRK

Submitter:			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	0	0
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	0	0
4 Cash receipts from tax refund	004	0	0
5 Cash payments to suppliers	005	0	0
6 Cash payments to employees	006	0	0
7 Cash payments for insurance premiums	007	0	0
8 Other cash receipts and payments	008	0	0
I Cash from operations (ADP 001 to 008)	009	0	0
9 Interest paid	010	0	0
10 Income tax paid	011	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	0	0
2 Cash receipts from sales of financial instruments	014	0	0
3 Interest received	015	0	0
4 Dividends received	016	0	0
5 Cash receipts from the repayment of loans and deposits	017	0	0
6 Other cash receipts from investment activities	018	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	019	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	020	0	0
2 Cash payments for the acquisition of financial instruments	021	0	0
3 Cash payments for loans and deposits	022	0	0
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	0	0
III Total cash payments from investment activities (ADP 020 to 024)	025	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	0	0
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	027	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	028	0	0
3 Cash receipts from credit principals, loans and other borrowings	029	0	0
4 Other cash receipts from financing activities	030	0	0
IV Total cash receipts from financing activities (ADP 027 to 030)	031	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	032	0	0
2 Cash payments for dividends	033	0	0
3 Cash payments for finance lease	034	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	035	0	0
5 Other cash payments from financing activities	036	0	0
V Total cash payments from financing activities (ADP 032 to 036)	037	0	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 031 + 037)	038	0	0
1 Unrealised exchange rate differences in respect of cash and cash equivalents	039	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 012+026+038+039)	040	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	041	0	0
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 040+041)	042	0	0

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: Varteks d.d. -Varaždin

Personal Identification number (OIB): 00872098033

Reporting period: 01.01.2020. - 31.12.2020.

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: Information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.