

Varaždin, April 30th, 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 first quarter of the year 2021 (cumulative period 01.01. – 31.03.2021/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 first quarter of 2021, the Varteks Group had revenue of HRK 20.65 million which is 37% less than first quarter of 2020 (March 31st, 2020: HRK 32.6 million). Varteks d.d. had revenue of HRK 20.57 million which is decrease of 29% compared to the same quarter last year. Declines in revenues of the Group and the Company is a direct consequence of the impact of the crisis due to the coronavirus pandemic.

The adverse impact of the crisis was mitigated by state grant for employee salaries in the total amount of HRK 3.85 million. A significant decrease in revenue in the first quarter of 2021 is the main reason why the Group achieved a negative normalized EBITDA including state grants of HRK 12.35 million.

Revenues in the Retail and Wholesale segment were HRK 15.37 million in the first quarter, which is HRK 1.4 million less than in the previous year. Web shop sales in the first quarter of 2021 reached a share of 11% of total retail revenue, an increase of just over 2 p.p. comparable to the same period last year.

In the Contract manufacturing segment, due to the situation around the coronavirus pandemic, the level of orders from the largest export partner decreased. The segment had revenue of HRK 4.2 million which is a decrease of 64% compared to the same period last year.

In an effort to preserve jobs, the Company's Management Board uses Croatian Employment Agency reimbursement by shortening working hours. The inflow of state grants in the period from January to March 2021 amounts to a total of HRK 3.84 million.

In the Special Clothing segment, revenue decreased by 23% in the first quarter compared to the same period last year, primarily due to changes in the dynamics of contracting new orders.

VARTEKS

The impact of the coronavirus pandemic is visible through the normalized EBITDA result of the Group, where the normalized EBITDA in the first quarter of 2021 was negative HRK 12.35 million, and it was HRK 8 million lower than in the same period last year.

<i>Varteks Group</i>	31.03.2020	31.03.2021
	HRK '000	HRK '000
Loss from operating activities	(3.687)	(10.806)
Depreciation	1.137	1.086
Depreciation of right of use assets (IFRS 16)	1.357	1.218
Depreciation in total	2.494	2.304
Impact of IFRS 16 - Invoiced rent	(1.487)	(1.357)
<i>EBITDA before IFRS 16 impact</i>	<i>(2.680)</i>	<i>(9.859)</i>
<i>One off stavke:</i>		
Revenues from cancellation of provisions	-	-
Revenues from one-off supports	(3.155)	(3.849)
Severance	46	-
Normalised EBITDA before IFRS 16 impact	(5.789)	(13.708)
Impact of IFRS 16 - Invoiced rent	1.487	1.357
Normalised EBITDA after IFRS 16 impact	(4.302)	(12.351)

With regards to financial activities of the Varteks Group, in the first quarter of 2021 a net expense was HRK 2.23 million which is HRK 2 million less than the same period last year. The decrease was mainly a result of positive exchange rate.

The most significant risks and expectations for the future

The operations of the Company and the Group in the first quarter of 2021 were significantly affected by the situation related to the coronavirus pandemic.

Illiquidity remains the most significant business risk of the Group in the short term. Given the reduced inventory turnover due to declining revenues, short-term excess production capacity due to reduced orders from key foreign customers and the maturity of liabilities from previous periods, the pressure on the Group's cash flow is evident. The impact of the crisis in the reporting period was partially amortized by government financial incentives, 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 at prices higher than estimates, which improves the liquidity and capital position of the Company and the Group in the short term, and stabilizes operations and reduces debt in the medium and long term.

The following is a chronology of important events caused by a coronavirus pandemic and other important events in first quarter 2021:

- *23th February – The Commission for Evaluation and Determination of Strategic Project Proposals unanimously accepted the Varteks District-Urban Regeneration Project Proposal and the Commission will send the Decision on the Proclamation of the Strategic Investment Project to the Government of the Republic of Croatia for adoption.*
- *1st March – Varteks founded a subsidiary in the Republic of Slovenia, called Varteks.si d.o.o. The company was founded with the intention of expanding Varteks' business to the Slovenian market.*
- *31st March – Concluded Annex to the Club Loan Agreement with HBOR and Erste & Steiermarkische Bank d.d. according to the risk-sharing model. The Annex in question extended the loan repayment period for an additional year, until March 31st, 2022.*

R&D activities

R&D activities mainly relate to the development of new collections and expanding a distribution channels.

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 31st March 2021, the Parent Company has the following active subsidiaries:

- Varteks Pro d.o.o.
- Varteks Si d.o.o., Republic of Slovenia

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 the first quarter of 2021, the Company generated revenue of HRK 2.32 million (first quarter of 2020: HRK 2.19 million). The Company generated a net loss of HRK 0.65 million (first quarter of 2020: loss of HRK 0.82 million). The Company's asset as of March 31st, 2021 were HRK 19.54 million (March 31st, 2020: HRK 7.89 million). Net capital on March 31st, 2021 was HRK 1.56 million (March 31st, 2020: HRK 2.2 million). The number of employees was 33 as of March 31st, 2021 (March 31st, 2020: 33). The director of the company is Ms. Natalija Vnućec.

Varteks Si d.o.o.

Company Varteks Si d.o.o. is 100% owned by the Company. The main activity of the Company is the sale of clothing.

In the first quarter of 2021, the Company generated revenue of HRK 120.3 thousand and net loss of HRK 484.5 thousand. The Company's asset as of March 31st, 2021 were HRK 973.23 thousand. The director of the company is Ms. Marjana Cedilnik.

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

The Company and the Group do not have derivative financial instruments or any financial instruments that would potentially expose them to a concentration of credit risk. The policy of the Company and the Group is to enter into financial instruments with various creditworthy counterparties. The Company and the Group therefore do not expect to be exposed to material credit losses on financial instruments.

The main risks arising from the financial instruments of the Company and the Group are credit risk, exchange rate risk, interest rate risk and liquidity risk. Management reviews and implements policies to manage each of these risks, which are listed below. The Company and the Group are exposed to international markets. As a result, the Company and the Group may be affected by changes in foreign exchange rates. The Company and the Group also collect receivables from their customers on a deferred basis and are exposed to the risk of default. The Company and the Group do not use derivative instruments for risk management or for speculative purposes.

In this interim report, we would mention liquidity risk as the most significant business risk, most affected by crisis management due to the coronavirus pandemic. The Company's Management Board is making great efforts to implement financial and operational restructuring in order to stabilize operations and ensure the level of liquidity necessary to meet due liabilities, and continues with the process of monetization of inactive assets to achieve additional cash inflows. Part of the expected inflows from the sale of inactive assets would be used to settle due liabilities and reduce financial debt, and part would be used for operational restructuring and investment in production processes to increase efficiency and productivity.

Tomislav Babić
predsjednik Uprave

Denis Smolar
član Uprave

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

01.01.2021

to

31.03.2021

Year:

2021

Quarter:

1.

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

942

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

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:

dsmolar@varteks.com

Audit firm:

PwC

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 31.03.2021.

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	202.596.955	205.740.114
I INTANGIBLE ASSETS (ADP 004 to 009)	003	1.337.223	1.303.537
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.337.223	1.303.537
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	196.074.676	197.925.551
1 Land	011	52.230.555	52.230.555
2 Buildings	012	56.445.629	58.521.442
3 Plant and equipment	013	17.065.384	16.568.913
4 Tools, working inventory and transportation assets	014	1.311.374	1.466.078
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	0	191.605
8 Other tangible assets	018	230.722	136.046
9 Investment property	019	68.790.912	68.790.912
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	4.996.615	6.354.247
1 Investments in holdings (shares) of undertakings within the group	021	1.300	58.071
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	4.989.415	6.290.276
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	188.541	156.779
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	188.541	156.779
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	54.881.711	48.760.289
I INVENTORIES (ADP 039 to 045)	038	46.622.570	40.836.766
1 Raw materials and consumables	039	7.731.232	7.170.540
2 Work in progress	040	1.009.734	120.218
3 Finished goods	041	32.050.249	29.249.184
4 Merchandise	042	5.779.560	4.223.348
5 Advances for inventories	043	51.795	73.476
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	7.429.357	7.109.326
1 Receivables from undertakings within the group	047	0	1.091.592
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	4.522.574	2.583.353
4 Receivables from employees and members of the undertaking	050	46.786	40.841
5 Receivables from government and other institutions	051	2.332.638	2.775.036
6 Other receivables	052	527.359	618.504
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	136.668	436.006
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	272.783
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	136.668	163.223
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	693.116	378.191
D) PREPAID EXPENSES AND ACCRUED INCOME	064	290.018	238.435
E) TOTAL ASSETS (ADP 001+002+037+064)	065	257.768.684	254.738.838
OFF-BALANCE SHEET ITEMS	066	4.670.725	5.041.520

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	13.650.719	1.393.342
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	-2.442.365	-2.442.365
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	174.653	174.653
IV REVALUATION RESERVES	076	77.593.753	77.329.222
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. 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
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	-71.754.110	-102.958.662
1 Retained profit	084	0	0
2 Loss brought forward	085	71.754.110	102.958.662
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-31.469.083	-12.257.377
1 Profit for the business year	087	0	0
2 Loss for the business year	088	31.469.083	12.257.377
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	5.854.642	5.841.932
1 Provisions for pensions, termination benefits and similar obligations	091	3.425.070	3.425.070
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	2.429.572	2.416.862
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	101.580.956	101.210.150
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	165.621	165.621
6 Liabilities to banks and other financial institutions	103	73.303.556	71.281.520
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	11.079.004	12.788.302
11 Deferred tax liability	108	17.032.775	16.974.707
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	133.063.818	142.918.580
1 Liabilities to undertakings within the group	110	61.826	397.417
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	733	11.242.008
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	58.811.395	58.292.322
6 Liabilities to banks and other financial institutions	115	23.831.966	25.270.852
7 Liabilities for advance payments	116	256.798	239.187
8 Liabilities to suppliers	117	26.299.481	24.824.132
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	4.222.541	4.263.668
11 Taxes, contributions and similar liabilities	120	10.510.870	9.094.739
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	9.068.208	9.294.255
E) ACCRUALS AND DEFERRED INCOME	124	3.618.549	3.374.834
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	257.768.684	254.738.838
G) OFF-BALANCE SHEET ITEMS	126	4.670.725	5.041.520

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021. to 31.03.2021.

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 002 to 006)	001	28.886.450	28.886.450	20.568.304	20.568.304
1 Income from sales with undertakings within the group	002	1.466.288	1.466.288	1.899.725	1.899.725
2 Income from sales (outside group)	003	27.192.264	27.192.264	18.135.848	18.135.848
3 Income from the use of own products, goods and services	004	25.211	25.211	6	6
4 Other operating income with undertakings within the group	005	32.228	32.228	25.781	25.781
5 Other operating income (outside the group)	006	170.459	170.459	506.944	506.944
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	31.829.688	31.829.688	30.735.648	30.735.648
1 Changes in inventories of work in progress and finished goods	008	-4.757.741	-4.757.741	2.846.625	2.846.625
2 Material costs (ADP 010 to 012)	009	16.747.656	16.747.656	10.092.429	10.092.429
a) Costs of raw materials and consumables	010	11.148.513	11.148.513	5.281.951	5.281.951
b) Costs of goods sold	011	3.435.853	3.435.853	2.536.957	2.536.957
c) Other external costs	012	2.163.290	2.163.290	2.273.521	2.273.521
3 Staff costs (ADP 014 to 016)	013	12.814.457	12.814.457	11.502.133	11.502.133
a) Net salaries and wages	014	7.806.977	7.806.977	7.647.930	7.647.930
b) Tax and contributions from salary costs	015	3.019.730	3.019.730	2.254.836	2.254.836
c) Contributions on salaries	016	1.987.750	1.987.750	1.599.367	1.599.367
4 Depreciation	017	2.487.703	2.487.703	2.293.252	2.293.252
5 Other costs	018	4.469.141	4.469.141	3.769.617	3.769.617
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	68.472	68.472	231.592	231.592
III FINANCIAL INCOME (ADP 031 to 040)	030	1.507.767	1.507.767	479.544	479.544
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	37.370	37.370	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	482.702	482.702	94.709	94.709
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	21.884	21.884	5.054	5.054
8 Exchange rate differences and other financial income	038	965.811	965.811	379.781	379.781
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	5.727.183	5.727.183	2.627.645	2.627.645
1 Interest expenses and similar expenses with undertakings within the group	042	19.425	19.425	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	482.702	482.702	94.457	94.457
3 Interest expenses and similar expenses	044	1.762.051	1.762.051	1.655.252	1.655.252
4 Exchange rate differences and other expenses	045	3.463.005	3.463.005	877.936	877.936
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	30.394.217	30.394.217	21.047.848	21.047.848
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	37.556.871	37.556.871	33.363.293	33.363.293
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-7.162.654	-7.162.654	-12.315.445	-12.315.445
1 Pre-tax profit (ADP 053-054)	056	0	0	0	0
2 Pre-tax loss (ADP 054-053)	057	-7.162.654	-7.162.654	-12.315.445	-12.315.445
XII INCOME TAX	058	0	0	-58.088	-58.088
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-7.162.654	-7.162.654	-12.257.377	-12.257.377
1 Profit for the period (ADP 055-059)	060	0	0	0	0
2 Loss for the period (ADP 059-055)	061	-7.162.654	-7.162.654	-12.257.377	-12.257.377

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 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	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 055+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	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 076+077)	075	-7.162.654	-7.162.654	-12.257.377	-12.257.377
1 Attributable to owners of the parent	076	-7.162.654	-7.162.654	-12.257.377	-12.257.377
2 Attributable to minority (non-controlling) interest	077	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	078	0	0	0	0
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	0	0	0	0
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 100+101)	099	-7.162.654	-7.162.654	-12.257.377	-12.257.377
1 Attributable to owners of the parent	100	-7.162.654	-7.162.654	-12.257.377	-12.257.377
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 31.03.2021.

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	-7.162.654	-12.315.445
2 Adjustments (ADP 003 to 010):	002	6.690.285	752.034
a) Depreciation	003	2.487.703	2.293.252
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	9.709	96.094
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-59.254	0
e) Interest expenses	007	1.762.052	1.336.789
f) Provisions	008	0	-12.710
g) Exchange rate differences (unrealised)	009	2.497.194	390.092
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-7.119	-3.351.483
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-472.369	-11.563.411
3 Changes in the working capital (ADP 013 to 016)	012	-3.534.835	2.539.586
a) Increase or decrease in short-term liabilities	013	-2.392.577	-1.577.287
b) Increase or decrease in short-term receivables	014	2.970.513	847.629
c) Increase or decrease in inventories	015	-3.658.592	5.785.804
d) Other increase or decrease in working capital	016	-454.179	-2.516.560
II Cash from operations (ADP 011+012)	017	-4.007.204	-9.023.825
4 Interest paid	018	-185.971	-251.276
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-4.193.175	-9.275.101
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	44.362	23.179
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	12.265	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	2.031.683
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	56.627	2.054.842
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-997.885	-4.210.874
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	10.740	-3.339.451
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	-987.145	-7.550.325
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-930.518	-5.495.483
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	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	17.283.603	16.812.987
4 Other cash receipts from financing activities	038	0	2.808.851
V Total cash receipts from financing activities (ADP 035 to 038)	039	17.283.603	19.621.838
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-12.713.745	-5.110.516
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	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	-56.771
VI Total cash payments from financing activities (ADP 040 to 044)	045	-12.713.745	-5.167.287
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	4.569.858	14.454.551
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	1.108
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-553.835	-314.925
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	1.279.399	693.116
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	725.564	378.191

STATEMENT OF CHANGES IN EQUITY
for the period from 01.01.2021 to 31.03.2021

in HRK

Line	01/01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	
	Initial recognized capital	Capital reserve	011 reserves	012 reserves	013 reserves	014 reserves	015 reserves	016 reserves	017 reserves	018 reserves	019 reserves	020 reserves	021 reserves	022 reserves	023 reserves	024 reserves	025 reserves	026 reserves	027 reserves	028 reserves	029 reserves	030 reserves	031 reserves	032 reserves	033 reserves	034 reserves	035 reserves	036 reserves
1	41 036 600	655 684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	41 000 600	655 684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	41 000 600	655 684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
56	0	0	0	0	0																							

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

Name of the issuer: Varteks d.d.

Personal identification number (OIB): 00872098033

Reporting period: 01.01. -31.03.2021.

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual 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 (items 15 to 15C IAS 34 - Interim financial reporting)
There are no major changes in this quarter compared to the last business year. Business was hampered by the pandemic.

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 semi-annual reporting period
Access to all information and financial reports is at www.zse.hr

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual 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 (item 16.A (a) IAS 34 - Interim financial reporting)
Accounting policies have not changed since the last annual report.

d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)
We do not perform activities of a seasonal nature.

e) other comments prescribed by IAS 34 - Interim financial reporting

f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

Varteks d.d. - Varaždin, Zagrebačka 94, joint stock company, RH, Mat. no. 03747034, OIB 00872098033, Entrepreneur operates regularly

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
There were no changes

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
All financial liabilities are included in the balance sheet.

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
There are no major discrepancies in individual items of income and expenditure.

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
HRK 71,281,520 long-term loans, real estate mortgage payment insurance.

6. average number of employees during the financial year
949 employees

7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
No

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

There were no provisions in the reporting period

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

VARTEKS PRO d.o.o., the last adopted financial report is for 2019.

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

There was no subscription of shares or stakes

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

There is not

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

Varteks d.d. Varaždin, Zagrebačka 94, OIB: 00872098033 (hereinafter: the Company), released on 15 April 2021 234,780 treasury shares marked VART-R-1, ISIN marked: HRVARTR10005 (hereinafter: treasury shares), which amounts to 5.72% share capital of the Company.

03/31/2021 An Annex to the Club Loan Agreement has been concluded with HBOR and Erste & Steiermarkische Bank d.d. according to the risk-sharing model, the loan repayment period was extended for an additional year, ie until 31.03.2022

Varaždin, April 30th 2021

STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF ISSUER

First quarter of 2021 (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 1st quarter of 2021 (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, except for the correction of prior period errors the effects of which are described in the management interim report.
- 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/

Denis Smolar
/Member of the
Management Board/

/
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 4.106.686 redovnih dionica, svaka nominalne vrijednosti 10 kn.
/ Društvo je upisano u registar 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