

Varaždin, October 29<sup>th</sup>, 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 third quarter of the year 2021 (cumulative period 01.01. – 30.09.2021/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 third quarter of 2021, the Varteks Group had operating income of HRK 48.8 million, which is 70.2% more than in the comparable period of 2020. Total income from sales was 8.5% higher compared to the same period in 2020 and amounted to HRK 28.5 million for 3Q 2021.

Compared to the second quarter of the current year, in the third quarter sales revenues were 22% higher, which can be attributed to additional investments in our own fashion brand and development of a new collection, expansion of the retail stores and the first sales results in our stores in Slovenia.

Other operating income in the third quarter amounted to HRK 20.4 million, which refers to the net effect from the sale of inactive assets.

Revenues in the Retail segment in the third quarter of 2021 increased by 34% compared to the same period last year. Web shop sales also recorded a significant increase of 25% compared to the same period last year.

In the Special Clothing segment, in the third quarter of 2021, we recorded an increase in revenue by HRK 2.5 million or 33.2% compared to the second quarter.

The cost of unfilled production capacities was partially amortized by state aid for employee salaries in the total amount of HRK 8.26 million, while in the third quarter this amount was HRK 1.91 million.

The impact of the coronavirus pandemic is visible through the Group's normalized EBITDA result. The normalized EBITDA of the Group for the first nine months is negative and amounts to HRK 35.1 million, which is HRK 17.6 million worse than in the same period last year.

<i>Varteks Group</i>	30 Sep 2020	30 Sep 2021
	HRK '000	HRK '000
Loss from operating activities	(8.141)	(15.139)
Depreciation	3.182	3.032
Depreciation of right of use assets (IFRS 16)	4.041	3.972
Depreciation in total	7.223	7.004
Impact of IFRS 16 - Invoiced rent	(3.425)	(4.540)
<i>EBITDA before IFRS 16 impact</i>	<i>(4.343)</i>	<i>(12.675)</i>
<i>One-off items:</i>	-	-
Revenues from cancellation of provisions	-	-
Revenues from one-off supports	(16.784)	(8.272)
Severance	93	-
Other	15	-
Inventory value adjustment	-	-
Settlement cost - CERP	-	-
Property sale	-	(18.735)
Value adjustment of receivables	-	-
<b>Normalised EBITDA before IFRS 16 impact</b>	<b>(21.019)</b>	<b>(39.682)</b>
Impact of IFRS 16 - Invoiced rent	3.425	4.540
<b>Normalised EBITDA after IFRS 16 impact</b>	<b>(17.594)</b>	<b>(35.142)</b>

In the third quarter of 2021, the net cost of financial operations amounted to HRK 1.5 million, which is HRK 0.6 million more than in the second quarter. The reason for the decrease in the net financial cost of operations is primarily due to the strengthening of the HRK exchange rate against the EUR, which is evident from the positive unrealized exchange rate differences in the amount of HRK 2.4 million.

### The most significant risks and expectations for the future

In the past period, the Management Board of the Company undertook certain business activities aimed at improving liquidity and ensuring business continuity. Liquidity monitoring through cash flow at the level of planned values, and operationally at the level of realized and estimated daily, weekly and monthly values, is still a fundamental tool that seeks to reduce illiquidity risk and a tool through which business decisions are made to conduct business smoothly and make important strategic decisions.

In September, the company successfully completed the process of selling the first of several non-operating properties, in line with expectations, at values higher than the book value. The obtained funds were used for partial coverage of debts to banks, for settlement of liabilities to employees, part for settlement of overdue debts to suppliers and for procurement of new raw materials necessary for further production. After settling part of the debt to banks, the Company's Management Board continued talks with banks and other potential investors, in an effort to obtain additional funds necessary to continue the further process of reorganization, restructuring and

optimization of the entire business.

In an effort to increase sales revenues, a new store was opened in Ljubljana in July, which is a continuation of the policy of expanding to foreign markets. Unfortunately, due to the intensified measures adopted by the Slovenian government due to the COVID19 virus pandemic, the expected result of sales in the past period was missing.

In September, the implementation of the new ERP system began, in the first step through the processes of preparation, development of production and through the production cycle itself. This should allow for significant savings, shorten production time and simplify individual stages of production, while ensuring transparency and flexibility. In parallel with the introduction of the new ERP, a new organizational structure and systematization of work is being developed, with the desire to primarily achieve a fairer way of calculating wages in production, greater transparency and to satisfactorily stimulate quality workers and thus increase efficiency and effectiveness.

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

- *23<sup>th</sup> 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.*
- *1<sup>st</sup> 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.*
- *31<sup>st</sup> 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 31<sup>st</sup>, 2022.*
- *16<sup>th</sup> April – Notification on the release of treasury shares in accordance with the provisions of Article 474 of the Capital Market Act. 234,780 treasury shares of VART-R-1 were disposed of. After the said release, the balance of the Company's treasury account amounts to 0 treasury shares or 0% of the Company's share capital.*
- *9<sup>th</sup> June – Notice of concluding the Preliminary Agreement on the purchase and sale of land - part of the real estate in Varaždin, Zagrebačka 94. The subject of the sale is a part of the real estate registered in the land register, street 15393 k.o. Varaždin.*
- *14<sup>th</sup> June – Notice of share capital increase. By the decision of the Management Board of the Company with the prior consent of the Supervisory Board of 13 May 2021, a decision was made to increase the share capital from the amount of HRK 41,066,860.00 by the amount of HRK 5,000,000.00 to the amount of HRK 46,066,860.00 by issuing 500,000 ordinary shares marked VART-R-3 with an individual nominal amount of HRK 10.00.*
- *24<sup>th</sup> June – Government Decision on declaring the "Varteks kvart – urban regeneration" Project a strategic investment project of the Republic of Croatia.*

- *30<sup>th</sup> June – Decision of the Supervisory Board on the increase of the share capital from June 29, 2021. Consent is given to the Management Board to, based on Articles 323, paragraph 3, 325, paragraphs 1 and 326, paragraph 2 of the Companies Act and the statutory powers referred to in Article 15 of the Company's Articles of Association make a decision to increase the share capital by investing rights - cash receivables in the amount of HRK 4,200,000.00 held by Mr. Stjepan Čajić and the issuance of 420,000 New Ordinary Shares, each with a nominal value of HRK 10.00, which will be allocated to Mr. Stjepan Čajić.*
- *30<sup>th</sup> July – Notification on the increase of share capital by the Central Clearing and Depository Company - Decision of the Management Board of the Company with the prior consent of the Supervisory Board of June 29, 2021, a decision was made to increase the share capital from HRK 46,066,860.00 for HRK 4,200,000.00 HRK to the amount of HRK 50,266,860.00 by issuing 420,000 ordinary shares marked VART-R-3 with an individual nominal amount of HRK 10.00. The share capital of the Company after the increase will amount to HRK 50,266,860.00 and will be divided into 4,106,686 ordinary shares marked VART-R-1 with a nominal value of HRK 10.00 and 920,000 ordinary shares marked VART-R-3 with a nominal value of HRK 10, 00 HRK.*
- *24<sup>th</sup> September – The Management Board of Varteks d.d. entered into an Agreement on the purchase and sale of a part of the real estate in Varaždin, Zagrebačka 94. The subject of the sale is čk. no. 3924/3, 3924/4, 3924/7, 3924/20 and 3924/22 in k.o. Varaždin, total area 47,250 m<sup>2</sup>. The achieved purchase price is higher than the price kept in the Company's business books.*
- *28<sup>th</sup> September – A session of the General Assembly of the Company was held and all the details were given in a press release on ZSE*
- *30<sup>th</sup> September – Varteks d.d. entered into a purchase agreement with S PARK Hrvatska d.o.o. on September 24<sup>th</sup>, 2021, by which it sold construction land in Varaždin, real estate that is not in operation, with an area of 47,250 m<sup>2</sup>. The first instalment of the price was paid, half of which settled part of the debt to HBOR and Zagrebačka banka, and the other half was used to settle other existing obligations and prepare and launch the new autumn collection.*

## ***R&D activities***

Research and development activities are mainly related to the development of new collections, the launch of a project to restructure the production process and investment in a new ERP system, as well as the implementation of the process for personalized online ordering of suits.

## ***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 30<sup>th</sup> September 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 third quarter of 2021, the Company generated HRK 14.9 million in revenue (Q3 2020: HRK 15.4 million). The Company made a loss of HRK 0.8 million (Q3 2020: loss of HRK 0.25 million). The Company's assets as at 30<sup>th</sup> September 2021 amounted to HRK 15.6 million (31<sup>st</sup> December 2020: HRK 7.9 million). Net capital as at 30<sup>th</sup> September 2021 amounted to HRK 1.4 million (31<sup>st</sup> December 2020: HRK 2.2 million). The Company employed 33 people as of September 30<sup>th</sup>, 2021 (December 31<sup>st</sup>, 2020: 33). The director of the Company is Mrs. 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 nine months of 2021, the Company made a loss of HRK 1.26 million. The company's assets as at 30<sup>th</sup> September 2021 amounted to HRK 2.14 million. The Company employed 10 people as of September 30<sup>th</sup>, 2021. The director of the Company is Mrs. Marjana Cedilnik.

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

The Group's annual financial statements for 2020 contain the necessary disclosures regarding the Group's management and exposure to financial risks.

**Tomislav Babić**  
**President of the**  
**Management Board**

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:

01.01.2021

to

30.09.2021

Year:

2021

Quarter:

3.

## 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

941

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

VARTEKS PRO d.o.o.

Varaždin, Hrvatska

1280511

VARTEKS.SI d.o.o.

Selnik, Slovenija

8816484000

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: Hraste Mislav

(only name and surname of the contact person)

Telephone: 042 377195

E-mail address: mhraste@gmail.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

**BALANCE SHEET**  
balance as at 30.09.2021.

in HRK

Submitter: Varteks Group			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	202.737.580	166.864.948
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	1.337.223	1.211.759
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.337.223	1.211.759
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
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	196.216.501	159.120.926
1 Land	011	52.230.555	22.925.982
2 Buildings	012	56.445.629	57.385.949
3 Plant and equipment	013	17.188.780	14.665.508
4 Tools, working inventory and transportation assets	014	1.329.903	1.831.644
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	0	101.648
8 Other tangible assets	018	230.722	136.046
9 Investment property	019	68.790.912	62.074.169
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	4.995.315	6.462.459
1 Investments in holdings (shares) of undertakings within the group	021	0	0
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	6.456.559
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	5.900	5.900
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	188.541	69.804
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	69.804
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	0	0
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	62.115.680	85.116.573
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	50.315.682	42.251.337
1 Raw materials and consumables	039	10.594.092	12.402.311
2 Work in progress	040	1.396.072	405.860
3 Finished goods	041	32.380.937	25.514.499
4 Merchandise	042	5.860.012	2.825.021
5 Advances for inventories	043	84.569	1.103.646
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	10.355.492	34.674.422
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	7.108.880	30.978.761
4 Receivables from employees and members of the undertaking	050	46.786	35.826
5 Receivables from government and other institutions	051	2.671.403	2.443.205
6 Other receivables	052	628.423	1.216.630
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	742.106	6.739.677
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	742.106	6.739.677
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	702.400	1.450.137
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	302.962	324.045
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	265.156.222	252.304.566
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	4.944.190	5.690.176

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>15.858.768</b>	<b>12.634.375</b>
I INITIAL (SUBSCRIBED) CAPITAL	068	41.086.860	50.266.860
II CAPITAL RESERVES	069	655.664	386.446
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-2.442.365	174.653
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	754.460	0
3 Treasury shares and holdings (deductible item)	073	-3.371.478	0
4 Statutory reserves	074	0	0
5 Other reserves	075	174.653	174.653
IV REVALUATION RESERVES	076	77.593.753	54.898.262
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	-70.168.215	-78.319.652
1 Retained profit	084	0	0
2 Loss brought forward	085	70.168.215	78.319.652
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-30.846.929	-14.772.194
1 Profit for the business year	087	0	0
2 Loss for the business year	088	30.846.929	14.772.194
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
<b>B) PROVISIONS (ADP 091 to 096)</b>	<b>090</b>	<b>5.854.642</b>	<b>5.841.932</b>
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
<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	<b>101.580.956</b>	<b>93.303.368</b>
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	2.154.945
6 Liabilities to banks and other financial institutions	103	73.303.656	65.732.386
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	13.365.199
11 Deferred tax liability	108	17.032.775	12.050.838
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	<b>138.608.411</b>	<b>137.115.878</b>
1 Liabilities to undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
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	50.362.688
6 Liabilities to banks and other financial institutions	115	28.010.695	33.941.697
7 Liabilities for advance payments	116	314.866	435.009
8 Liabilities to suppliers	117	26.745.924	30.299.939
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	4.385.753	4.796.606
11 Taxes, contributions and similar liabilities	120	11.271.570	7.759.619
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	9.520.320
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>3.253.445</b>	<b>3.409.013</b>
<b>F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	<b>265.156.222</b>	<b>252.304.566</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>4.944.190</b>	<b>5.590.176</b>



**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2021. to 30.09.2021.

in HRK

Submitter: Varteks Group

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I OPERATING INCOME (ADP 002 to 006)</b>	<b>001</b>	88.676.283	28.691.453	93.784.060	48.836.426
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	84.878.225	26.242.043	72.530.230	28.468.390
3 Income from the use of own products, goods and services	004	317	-24.939	95	89
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	3.797.741	2.474.349	21.253.735	20.367.947
<b>II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)</b>	<b>007</b>	96.817.277	35.822.655	108.922.745	41.720.768
1 Changes in inventories of work in progress and finished goods	008	-15.060.392	-3.218.534	6.554.810	1.020.809
2 Material costs (ADP 010 to 012)	009	52.345.067	15.664.669	39.461.431	17.368.226
a) Costs of raw materials and consumables	010	35.388.380	11.103.342	22.445.246	10.558.354
b) Costs of goods sold	011	7.353.768	2.305.966	6.175.443	1.934.880
c) Other external costs	012	9.602.919	2.255.361	10.840.742	4.874.992
3 Staff costs (ADP 014 to 016)	013	34.137.083	15.122.872	41.454.812	15.149.873
a) Net salaries and wages	014	23.137.132	10.586.390	27.560.406	10.075.258
b) Tax and contributions from salary costs	015	6.803.153	2.778.419	8.249.176	3.067.726
c) Contributions on salaries	016	4.196.798	1.758.063	5.645.230	2.006.889
4 Depreciation	017	7.210.290	2.332.695	6.991.220	2.281.242
5 Other costs	018	12.485.817	4.135.903	12.614.664	4.469.339
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	14.900	14.900	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	9.634	9.634	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	5.266	5.266	0	0
8 Other operating expenses	029	5.684.512	1.770.150	1.845.808	1.431.279
<b>III FINANCIAL INCOME (ADP 031 to 040)</b>	<b>030</b>	4.405.650	1.868.207	2.372.439	491.766
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	0	0	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	0	0	0	0
6 Income from other long-term financial investments and loans	036	547.800	547.800	0	0
7 Other interest income	037	13.082	1	13.922	3.861
8 Exchange rate differences and other financial income	038	3.719.897	1.195.535	2.358.517	487.905
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	124.871	124.871	0	0
<b>IV FINANCIAL EXPENSES (ADP 042 to 048)</b>	<b>041</b>	10.524.089	2.763.297	6.987.885	2.014.823
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	5.090.571	1.616.130	5.176.096	1.537.399
4 Exchange rate differences and other expenses	045	5.341.113	1.054.865	1.796.406	470.153
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	92.323	92.323	0	0
7 Other financial expenses	048	82	-21	15.383	7.271
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>049</b>	0	0	0	0
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>	0	0	0	0
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>	0	0	0	0
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>	0	0	0	0
<b>IX TOTAL INCOME (ADP 001+030+049+050)</b>	<b>053</b>	93.081.933	30.559.660	96.156.499	49.328.192
<b>X TOTAL EXPENDITURE (ADP 007+041+051+052)</b>	<b>054</b>	107.341.366	38.585.952	115.910.630	43.735.591
<b>XI PRE-TAX PROFIT OR LOSS (ADP 053-054)</b>	<b>055</b>	-14.259.433	-8.026.292	-19.754.131	5.592.601
1 Pre-tax profit (ADP 053-054)	056	0	0	0	5.592.601
2 Pre-tax loss (ADP 054-053)	057	-14.259.433	-8.026.292	-19.754.131	0
<b>XII INCOME TAX</b>	<b>058</b>	-42.768	-42.768	-4.981.937	-4.876.279
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)</b>	<b>059</b>	-14.216.665	-7.983.524	-14.772.194	10.468.880
1 Profit for the period (ADP 055-059)	060	0	0	0	10.468.880
2 Loss for the period (ADP 059-055)	061	-14.216.665	-7.983.524	-14.772.194	0

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				
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	-14.216.665	-7.983.524	-14.772.194	10.468.880
1 Attributable to owners of the parent	076	-14.216.665	-7.983.524	-14.772.194	10.468.880
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	-14.216.665	-7.983.524	-14.772.194	10.468.880
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	520.587	97.345	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	604.141	118.087	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	520.587	97.345	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	83.554	20.742	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	604.141	118.087	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-13.612.524	-7.865.437	-14.772.194	10.468.880
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	-13.612.524	-7.865.437	-14.772.194	10.468.880
1 Attributable to owners of the parent	100	-13.612.524	-7.865.437	-14.772.194	10.468.880
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 30.09.2021.

in HRK

Submitter: Varteks Group			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Pre-tax profit	001	-14.259.433	-19.754.131
2 Adjustments (ADP 003 to 010):	002	16.932.898	12.102.675
a) Depreciation	003	7.223.008	7.003.937
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	3.794.777	1.463.264
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-477.850	0
d) Interest and dividend income	006	0	0
e) Interest expenses	007	4.876.670	4.108.908
f) Provisions	008	48.897	0
g) Exchange rate differences (unrealised)	009	1.264.278	-473.434
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	203.118	0
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>2.673.465</b>	<b>-7.651.456</b>
3 Changes in the working capital (ADP 013 to 016)	012	-3.234.343	-52.680.700
a) Increase or decrease in short-term liabilities	013	-4.241.017	2.227.034
b) Increase or decrease in short-term receivables	014	8.279.221	-59.780.161
c) Increase or decrease in inventories	015	-13.294.584	8.064.345
d) Other increase or decrease in working capital	016	6.022.037	-3.191.918
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-560.878</b>	<b>-60.332.156</b>
4 Interest paid	018	-1.539.235	-1.787.149
5 Income tax paid	019	186.270	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-1.913.843</b>	<b>-62.119.305</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	10.146	37.634.018
2 Cash receipts from sales of financial instruments	022	2.402.834	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	5.213.530	4.561.397
6 Other cash receipts from investment activities	026	0	0
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>7.626.510</b>	<b>42.195.415</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-1.157.240	-8.880.180
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-3.725.110	-6.061.508
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-4.882.350</b>	<b>-14.941.688</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>2.744.160</b>	<b>27.253.727</b>
<b>Cash flow from financing activities</b>			
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	2.347.800
3 Cash receipts from credit principals, loans and other borrowings	037	37.383.460	41.425.083
4 Other cash receipts from financing activities	038	0	4.032.085
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>37.383.460</b>	<b>47.804.968</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-35.226.595	-12.191.653
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	-2.775.618	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-38.002.213</b>	<b>-12.191.653</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>-618.753</b>	<b>35.613.315</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	<b>211.564</b>	<b>747.737</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>1.305.783</b>	<b>702.400</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>1.517.347</b>	<b>1.450.137</b>

**STATEMENT OF CASH FLOWS - direct method**  
for the period \_\_\_\_ to \_\_\_\_

in HRK

Submitter: _____			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
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 Other cash receipts from operating activities	005	0	0
<b>I Total cash receipts from operating activities (ADP 001 to 005)</b>	<b>006</b>	<b>0</b>	<b>0</b>
1 Cash payments to suppliers	007	0	0
2 Cash payments to employees	008	0	0
3 Cash payments for insurance premiums	009	0	0
4 Interest paid	010	0	0
5 Income tax paid	011	0	0
6 Other cash payments from operating activities	012	0	0
<b>II Total cash payments from operating activities (ADP 007 to 012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	015	0	0
2 Cash receipts from sales of financial instruments	016	0	0
3 Interest received	017	0	0
4 Dividends received	018	0	0
5 Cash receipts from the repayment of loans and deposits	019	0	0
6 Other cash receipts from investment activities	020	0	0
<b>III Total cash receipts from investment activities (ADP 015 to 020)</b>	<b>021</b>	<b>0</b>	<b>0</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	022	0	0
2 Cash payments for the acquisition of financial instruments	023	0	0
3 Cash payments for loans and deposits	024	0	0
4 Acquisition of a subsidiary, net of cash acquired	025	0	0
5 Other cash payments from investment activities	026	0	0
<b>IV Total cash payments from investment activities (ADP 022 to 026)</b>	<b>027</b>	<b>0</b>	<b>0</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)</b>	<b>028</b>	<b>0</b>	<b>0</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	029	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	030	0	0
3 Cash receipts from credit principals, loans and other borrowings	031	0	0
4 Other cash receipts from financing activities	032	0	0
<b>V Total cash receipts from financing activities (ADP 029 to 032)</b>	<b>033</b>	<b>0</b>	<b>0</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	0	0
2 Cash payments for dividends	035	0	0
3 Cash payments for finance lease	036	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	037	0	0
5 Other cash payments from financing activities	038	0	0
<b>VI Total cash payments from financing activities (ADP 034 to 038)</b>	<b>039</b>	<b>0</b>	<b>0</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)</b>	<b>040</b>	<b>0</b>	<b>0</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)</b>	<b>042</b>	<b>0</b>	<b>0</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>043</b>	<b>0</b>	<b>0</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (042+043)</b>	<b>044</b>	<b>0</b>	<b>0</b>





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. -30.09.2021.

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](http://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  
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 67.910.025 long-term loans, real estate mortgage payment insurance.

6. average number of employees during the financial year  
976 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

By the decision of the Management Board of the Company with the prior consent of the Supervisory Board of 13 May 2021, a decision was made to increase the share capital from the amount of HRK 41,066,860.00 by the amount of HRK 5,000,000.00 to the amount of HRK 46,066,860.00 by issuing 500,000 ordinary shares marked VART-R-3 with an individual nominal amount of HRK 10.00.

June 30 - Decision of the Supervisory Board on the increase of the share capital from June 29, 2021. Consent is given to the Management Board to, based on Articles 323, paragraph 3, 325, paragraphs 1 and 326, paragraph 2 of the Companies Act and the statutory powers referred to in Article 15 of the Company's Articles of Association, make a decision to increase share capital by investing rights - cash receivables in the amount of HRK 4,200,000.00 held by Mr. Stjepan Čajić and the issuance of 420,000 New Ordinary Shares, each with a nominal value of HRK 10.00, which will be allocated to Mr. Stjepan Čajić

with the prior consent of the Supervisory Board of June 29, 2021, a decision was made to increase the share capital from HRK 46,066,860.00 from HRK 4,200,000.00 to the amount of HRK 50,266,860.00 by issuing 420,000 ordinary shares marked VART-R-3 with an individual nominal amount of HRK 10.00. The share capital of the Company after the increase will amount to HRK 50,266,860.00 and will be divided into 4,106,686 ordinary shares marked VART-R-1 with a nominal value of HRK 10.00 and 920,000 ordinary shares marked VART-R-3 with a nominal value of HRK 10, 00 HRK.

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

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

February 23 - At the session of the Commission for Evaluation and Determination of Strategic Project Proposals, the Varteks Quarter-Urban Regeneration project proposal 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.

March 1 - Varteks founded a subsidiary in the Republic of Slovenia, called Varteks.si d.o.o. The company was established with the intention of expanding Varteks' business to the Slovenian market.

March 31 - Annex to the Club Loan Agreement concluded 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, ie until March 31, 2022.

April 16 - Notification on the release of treasury shares in accordance with the provisions of Article 474 of the Capital Market Act. 234,780 treasury shares of VART-R-1 were disposed of. After the said release, the balance of the Company's treasury account amounts to 0 treasury shares, ie 0% of the Company's share capital.

June 9 - Notice of concluding the Preliminary Agreement on the purchase and sale of land - part of the real estate in Varaždin, Zagrebačka 94. The subject of the sale is a part of the real estate registered in the land register, street 15393 k.o. Varaždin.

June 14 - Notice of share capital increase. By the decision of the Management Board of the Company with the prior consent of the Supervisory Board of 13 May 2021, a decision was made to increase the share capital from the amount of HRK 41,066,860.00 by the amount of HRK 5,000,000.00 to the amount of HRK 46,066,860.00 by issuing 500,000 ordinary shares marked VART-R-3 with an individual nominal amount of HRK 10.00.

September 24 - Management Board of Varteks d.d. entered into an Agreement on the purchase and sale of a part of the real estate in Varaždin, Zagrebačka 94. The subject of the sale is čk. no. 3924/3, 3924/4, 3924/7, 3924/20 and 3924/22 in c.o. Varaždin, total area 47,250 m2. The achieved purchase price is higher than the price kept in the Company's business books

September 28 - A session of the Assembly of the Company was held and all the details were given in a press release on the ZSE

September 30 - Varteks d.d. On September 24, 2021, he concluded with S PARK Hrvatska d.o.o., a purchase agreement by which he sold construction land in Varaždin, real estate that is not in operation, with an area of 47,250 m2. The first installment of the price was paid, half of which settled part of the debt to HBOR and Zagrebačka banka, and the other half was used to settle other existing obligations and prepare and launch the new autumn collection.



Varaždin, October 29<sup>th</sup> 2021

## STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF ISSUER

### Third quarter of 2021 (unaudited, consolidated)

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 Group (hereinafter: the Group) for the 3<sup>st</sup> quarter of 2021 (unaudited, consolidated), 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 Group'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 Group, with a description of most significant risks and uncertainties to which the Group is exposed.

Tomislav Babić  
/President 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 50.266.860,00 kn, uplaćen u cijelosti i podijeljen na 5.026.686 redovnih dionica, svaka nominalne vrijednosti 10,00 kn.  
/ Društvo je upisano u registar Trgovačkog suda u Varaždinu, poslovni broj iz upisnika Tr: 95/463-2 (MBS) 070004039 / M.B.3747034  
/ OIB:00872098033 / VAT:HR00872098033 / predsjednik Nadzornog odbora Nenad Bakić / predsjednik Uprave Tomislav Babić