

Varaždin, October 30<sup>th</sup> 2023

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

## **MANAGEMENT INTERIM REPORTS**

***For the third quarter of the year 2023 (cumulative period 01.01. – 30.09.2023./unaudited)***

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

Operating income of Varteks Group (hereinafter: "Group") in the nine months of 2023 amounts to EUR 9,583 thousand, which is EUR 859 thousand or 8.23% less compared to the same period of the previous year. The Group's sales revenues amount to EUR 9,371 thousand, which is EUR 916 thousand or 8.9% less compared to the same period of the previous year.

On foreign markets, Varteks d.d. in the nine months of 2023 achieved sales revenues of EUR 2,742 thousand, which is 13% more than in the same period of 2022. The majority of exports are still to the countries of the European Union. The largest export was made to Italy and Sweden, where Varteks products were exported in the amount of EUR 2,276 thousand.

Total realized income in own retail in the analyzed period of 2023 was EUR 5,663 thousand, which is 21,8% less than the revenue realized in the same period of 2022.

A net cost of EUR 1,005 thousand was realized for financial activities in the observed period. The largest part of the financial cost refers to interest expenses.

On September 30<sup>th</sup>, 2023 the number of employees in the Group was 654, which is a decrease of 15% compared to September 30<sup>th</sup>, 2022, when the number of employees was 767.

## ***The following is a chronology of important events in 2023:***

- On March 29<sup>th</sup> 2023, Mr. Marko Vučijević acquired 1,252,090 shares of Varteks d.d. for which he obtained 24.91 % of voting rights in the share capital. He acquired the shares outside the official trading place, based on the Share Transfer Agreement.
- On May 8<sup>th</sup>, 2023, Mr. Antonio Popić acquired 536,289 shares of Varteks d.d., thereby achieving 10.67% of the voting rights in the share capital. He acquired the shares outside the official trading place, based on the Share Transfer Agreement.

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

Research and development activities are related mainly to the development of new collections, the initiation of a project to restructure the production process and the process of implementing a new ERP system.

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

In the short term, illiquidity represents the greatest impact on the operations of the Company and the Group. The continuation of inflationary pressures had an additional impact, primarily due to the strong rise in energy prices on the world market, which resulted in an increase in the general price level, primarily of raw materials and raw materials.

Business restructuring and further negotiations on the sale of inactive fixed assets continued.

The process of creating a new organizational structure is underway, as well as a proposal for a new systematization of workplaces, which will enable a more transparent salary calculation and the introduction of a bonus system, all with the aim of increasing business efficiency and increasing employee satisfaction.

## ***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 of 30<sup>th</sup> September 2023, the Parent Company has no active branches.

As at 30<sup>th</sup> September 2023, the Parent Company has investment in the subsidiary **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 nine months of 2023, the Company achieved EUR 1,277 thousand in operating income (nine months of 2022: EUR 730 thousand), which is an increase of 75% compared to the same period last year. In the nine-month period, the company realized a loss of EUR 88 thousand (nine months of 2022, a loss of EUR 205 thousand). The Company's assets on September 30<sup>th</sup>, 2023 amounted to EUR 659 thousand (on September 30<sup>th</sup>, 2022, EUR 742 thousand). Net capital on September 30<sup>th</sup>, 2023 was EUR 212 thousand (on September 30<sup>th</sup>, 2022 EUR 300 thousand). The company employed 26 people on September 30<sup>th</sup>, 2023 (28 on September 30<sup>th</sup>, 2022). The director of the company is Mrs. Petra Malek – Goričanec.

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

Regarding the adopted accounting policies, there were no changes compared to the previous period. Business risks to which the Group is exposed: currency risk, interest rate risk, price risk, credit risk and liquidity risk.

**Dražen Dobiš**

**Member of the Management Board**

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:

01.01.2023

to

30.09.2023

Year:

2023

Quarter:

3.

## Quarterly financial statements

Registration number (MB):

03747034

Issuer's home Member

HR

State code:

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

654

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

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person:

Đurđica Šaško

(only name and surname of the contact person)

Telephone:

0998022497

E-mail address:

dsasko@varteks.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

**BALANCE SHEET**  
balance as at 30.09.2023

in EUR

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>	25.528.111	24.908.872
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	154.704	137.578
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	137.086	119.960
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	17.618	17.618
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>	24.888.572	24.279.196
1 Land	011	2.637.884	2.637.884
2 Buildings	012	10.213.577	9.753.277
3 Plant and equipment	013	1.606.390	1.439.567
4 Tools, working inventory and transportation assets	014	219.840	237.491
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	97.280	97.280
7 Tangible assets in preparation	017	0	96
8 Other tangible assets	018	4.371	4.371
9 Investment property	019	10.109.230	10.109.230
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	482.809	491.333
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	482.026	490.550
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	783	783
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	2.026	765
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	2.026	765
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	0	0
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	9.488.879	7.106.175
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	4.552.014	3.171.255
1 Raw materials and consumables	039	1.386.407	1.132.250
2 Work in progress	040	168.196	27.733
3 Finished goods	041	2.540.679	1.640.297
4 Merchandise	042	377.358	283.632
5 Advances for inventories	043	79.374	87.343
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>	4.192.579	3.693.537
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	4.016.672	3.490.559
4 Receivables from employees and members of the undertaking	050	3.927	6.890
5 Receivables from government and other institutions	051	64.040	70.889
6 Other receivables	052	107.940	125.199
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	547.086	28.495
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	547.086	28.495
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	197.200	212.888
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	64.783	121.959
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	35.081.773	32.137.006
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	463.685	449.325

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)</b>	<b>067</b>	4.769.015	692.344
I INITIAL (SUBSCRIBED) CAPITAL	068	6.671.559	6.671.559
II CAPITAL RESERVES	069	51.290	51.290
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	23.181	23.181
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	23.181	23.181
IV REVALUATION RESERVES	076	9.653.731	9.533.788
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	-8.798.685	-11.510.803
1 Retained profit	084	0	0
2 Loss brought forward	085	8.798.685	11.510.803
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-2.632.061	-4.076.671
1 Profit for the business year	087	0	0
2 Loss for the business year	088	2.632.061	4.076.671
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
<b>B) PROVISIONS (ADP 091 to 096)</b>	<b>090</b>	570.889	570.889
1 Provisions for pensions, termination benefits and similar obligations	091	324.183	324.183
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	246.706	246.706
<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	10.684.609	10.213.164
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	283.922	286.677
6 Liabilities to banks and other financial institutions	103	7.004.612	6.087.467
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	1.276.963	1.746.237
11 Deferred tax liability	108	2.119.112	2.092.783
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	18.878.169	20.491.675
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	9.880.196	10.095.728
6 Liabilities to banks and other financial institutions	115	2.092.589	3.430.535
7 Liabilities for advance payments	116	428.007	363.804
8 Liabilities to suppliers	117	3.283.289	3.201.518
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	466.109	481.028
11 Taxes, contributions and similar liabilities	120	1.328.538	1.549.475
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	1.399.441	1.369.587
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	179.091	168.934
<b>F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	35.081.773	32.137.006
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	463.685	449.325

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2023 to 30.09.2023

in EUR

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>	10.441.737	3.916.724	9.582.848	2.724.311
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	10.287.033	3.874.924	9.370.682	2.601.723
3 Income from the use of own products, goods and services	004	3.891	0	11	11
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	150.813	41.800	212.155	122.577
<b>II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)</b>	<b>007</b>	14.316.882	5.325.064	12.681.053	4.040.387
1 Changes in inventories of work in progress and finished goods	008	327.650	1.183.204	921.906	375.742
2 Material costs (ADP 010 to 012)	009	4.863.180	1.164.640	3.819.402	998.472
a) Costs of raw materials and consumables	010	3.013.990	761.215	2.208.038	549.731
b) Costs of goods sold	011	503.825	215.309	432.950	161.941
c) Other external costs	012	1.345.364	188.116	1.178.414	286.800
3 Staff costs (ADP 014 to 016)	013	6.189.469	1.960.129	5.348.673	1.778.811
a) Net salaries and wages	014	4.137.657	1.310.344	3.544.526	1.174.849
b) Tax and contributions from salary costs	015	1.202.396	378.163	1.058.239	356.173
c) Contributions on salaries	016	849.416	271.622	745.908	247.789
4 Depreciation	017	1.009.432	387.743	916.413	305.091
5 Other costs	018	1.823.598	569.035	1.428.679	448.536
6 Value adjustments (ADP 020+021)	019	0	-33	15.080	15.080
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	-33	15.080	15.080
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	103.553	60.346	230.900	118.655
<b>III FINANCIAL INCOME (ADP 031 to 040)</b>	<b>030</b>	203.056	61.183	979	307
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	0	0	0	0
7 Other interest income	037	1.041	262	865	307
8 Exchange rate differences and other financial income	038	202.015	60.921	114	0
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	0	0
<b>IV FINANCIAL EXPENSES (ADP 042 to 048)</b>	<b>041</b>	1.088.759	353.960	1.005.774	374.821
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	825.945	268.524	1.005.583	376.694
4 Exchange rate differences and other expenses	045	262.814	85.436	191	122
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	-1.995
<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>	10.644.793	3.977.907	9.583.827	2.724.618
<b>X TOTAL EXPENDITURE (ADP 007+041+051 + 052)</b>	<b>054</b>	15.405.641	5.679.024	13.686.827	4.415.208
<b>XI PRE-TAX PROFIT OR LOSS (ADP 053-054)</b>	<b>055</b>	-4.760.848	-1.701.117	-4.103.000	-1.690.590
1 Pre-tax profit (ADP 053-054)	056	0	0	0	0
2 Pre-tax loss (ADP 054-053)	057	-4.760.848	-1.701.117	-4.103.000	-1.690.590
<b>XII INCOME TAX</b>	<b>058</b>	-116.108	-9.639	-26.329	-8.776
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)</b>	<b>059</b>	-4.644.740	-1.691.478	-4.076.671	-1.681.814
1 Profit for the period (ADP 055-059)	060	0	0	0	0
2 Loss for the period (ADP 059-055)	061	-4.644.740	-1.691.478	-4.076.671	-1.681.814

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
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070			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
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074			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	-4.644.740	-1.691.478	-4.076.671	-1.681.814
1 Attributable to owners of the parent	076	-4.644.740	-1.691.478	-4.076.671	-1.681.814
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	-4.644.740	-1.691.479	-4.076.671	-1.681.814
1 Attributable to owners of the parent	100	-4.644.740	-1.691.479	-4.076.671	-1.681.814
2 Attributable to minority (non-controlling) interest	101	0	0	0	0



**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2023. to 30.09.2023.

in EUR

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	-4.760.848	-4.103.000
2 Adjustments (ADP 003 to 010):	002	1.494.456	1.982.703
a) Depreciation	003	1.009.432	916.413
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-406.007	64.003
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	-1.041	-861
e) Interest expenses	007	825.945	1.003.148
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	66.127	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>-3.266.392</b>	<b>-2.120.297</b>
3 Changes in the working capital (ADP 013 to 016)	012	-514.844	1.262.953
a) Increase or decrease in short-term liabilities	013	1.064.193	997.867
b) Increase or decrease in short-term receivables	014	-2.254.122	-974.569
c) Increase or decrease in inventories	015	403.345	1.380.759
d) Other increase or decrease in working capital	016	271.740	-141.104
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-3.781.236</b>	<b>-857.344</b>
4 Interest paid	018	-195.442	-117.795
5 Income tax paid	019	0	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-3.976.678</b>	<b>-975.139</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.352.302	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	553.179	142.842
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>1.905.481</b>	<b>142.842</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-107.589	0
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-374.026	-107.362
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>-481.615</b>	<b>-107.362</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>1.423.866</b>	<b>35.480</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	0
3 Cash receipts from credit principals, loans and other borrowings	037	2.102.032	1.318.402
4 Other cash receipts from financing activities	038	0	0
<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	<b>2.102.032</b>	<b>1.318.402</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-158.065	-9.141
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-194.191	-353.914
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	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	<b>-352.256</b>	<b>-363.055</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	<b>1.749.776</b>	<b>955.347</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>-803.036</b>	<b>15.688</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	<b>851.388</b>	<b>197.200</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	<b>48.352</b>	<b>212.888</b>

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

in EUR

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
I Total cash receipts from operating activities (ADP 001 to 005)	006	0	0
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
II Total cash payments from operating activities (ADP 007 to 012)	013	0	0
<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 the from 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 Group

Personal identification number (OIB): 00872098033

Reporting period: 01.01. -30.09.2023.

Notes to the financial statements for the quarterly periods include:

of financial position and results of operations for the issuer's quarterly period compared to the last financial year, ie publish information related to these events and update relevant information published in the last annual financial report ( paragraphs 15 to 15C of IAS 34 Financial Reporting for

understand the information published in the notes to the financial statements prepared for the reporting quarter.

Access to all information and financial reports is at [www.zse.hr](http://www.zse.hr)

quarterly period as in the most recent annual financial statements or, if those accounting policies have changed, a description of the nature and effect of the change (paragraph 16A (a)) of IAS 34 Financial Reporting for periods during the year),

Accounting policies have not changed since the last annual report.

d) an explanation of the business results in the event that the issuer performs activities of a seasonal nature (paragraphs 37 and 38 of IAS 34 - Financial Reporting for Periods during the Year)

We do not perform activities of a seasonal nature.

e) other disclosures required by IAS 34 Financial Reporting for the Periods of the Year; and

f) in the notes to the financial statements for the quarterly periods, in addition to the above information, the

establishment, registration number of the entity, personal identification number and, if applicable, that the entrepreneur is in liquidation, bankruptcy, abbreviated termination or extraordinary administration: Varteks d.d. - Varaždin, Zagrebačka 94, joint stock company, RH, Mat. no. 03747034, OIB 00872098033,

the previous period)

There were no changes

and an indication of the nature and form of any actual insurance provided; all liabilities relating to the pensions of an entrepreneur within a group or company linked to a participating interest are disclosed separately

All financial liabilities are included in the balance sheet.

4. the amount and nature of individual items of income or expenditure of exceptional size or occurrence

There are no major discrepancies in individual items of income and expenditure.

5. amounts owed by the entrepreneur and maturing after more than five years, as well as the total debts of the entrepreneur covered by valuable insurance provided by the entrepreneur, indicating the type and form

6. average number of employees during the current period: 691 employees

information on the amount of total employee costs during the year broken down into the amount directly charged to the period and the amount capitalized in the value of assets during the period. for each part separately states the total amount of net salaries and the amount of taxes, contributions from salaries and

Not

8. if deferred tax provisions are recognized in the balance sheet, deferred tax balances at the end of the financial year and movements in these balances during the financial year

There were no provisions during the reporting period

in his own name but on behalf of the undertaking, holds a participating share in the capital, showing the amount of capital held, the amount of total capital and reserves, and profit or loss business years of the undertaking in question, for which the annual financial statements have been adopted; information on capital and reserves and profit or loss may be omitted if the undertaking in question does not publish its VARTEKS PRO d.o.o., the last adopted financial report is for 2022.

10. number and nominal value, or if there is no nominal value, the book value of shares or stakes subscribed during the business year within the authorized capital

There was no subscription of shares or stakes

11. the existence of any certificates of participation, convertible debentures, guarantees, options or similar securities or rights, indicating their number and the rights conferring

There is not

12. name, seat and legal form of each undertaking in which the undertaking has unlimited liability

of the largest group of undertakings in which the undertaking participates as a controlled member of the group

14. the name and registered office of the undertaking which draws up the quarterly consolidated financial statements of the smallest group of undertakings in which the undertaking participates as a controlled

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

arrangements on the entity, provided that the risks or rewards of such arrangements are material and to the extent that disclosure of such risks or rewards is necessary to assess the entity's financial condition.

17. the nature and financial impact of significant events that occurred after the balance sheet date and are not reflected in the income statement or balance sheet

Pursuant to the provisions of Article 474 of the Capital Market Act, a company

Varaždin, October 30<sup>th</sup> 2023

**STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF  
ISSUER**

**Third quarter of 2023 (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 2023 (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.

Dražen Dobiš

/Member of the Management Board/

VARTEKS d.d. / Zagrebačka 94 / HR-42000 VARAŽDIN / t. +385 99 399 7874 / f. +385 42 377 178 / 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 Tt: 95/463-2 (MSB) 070004039, MB 3747034  
OIB: 00872098033 / VAT: HR00872098033 / član Uprave Dražen Dobiš / predsjednica Nadzornog odbora Mirjana Droptina

IBAN račun: HR 19 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)