

Varaždin, June 29th, 2021

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Subject: Announcement of regulated information

Type of information: Decision on increase of share capital from 29.06.2021.

Company: VARTEKS d.d., Varaždin, Zagrebačka 94

LEI - 74780000Q0LH0TDGEO80

Member State: Republic of Croatia

ISIN: HRVARTR10005

Ticker: VART

Regulated Market: Zagreb Stock Exchange

Market Segment: Official Market

/
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 46.066.860,00 kn, uplaćen u cijelosti i podijeljen na 4.606.686 redovnih dionica, svaka nominalne vrijednosti 10 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
/ član Uprave Denis Smolar

Varaždin, June 29th, 2021

SUPERVISORY BOARD

Pursuant to Articles 323, paragraphs 3, 325, paragraphs 1 and 326, paragraph 2 of the Companies Act (hereinafter: "ZTD") and Article 20, paragraph 2, item 8 of the Articles of Association of Varteks d.d. The Supervisory Board of Varteks d.d. Varaždin, Zagrebačka 94, entered in the court register of the Commercial Court in Varaždin, under number MBS: 070004039, OIB: 00872098033, (hereinafter: the "Company"), at the session of 29th June 2021 brings the following

DECISION

on giving consent to the Management Board of the Company for making a Decision on increasing the share capital by investing rights and issuing New Shares (approved share capital), on the content of rights from shares and conditions for issuing, and to exclude priority rights when subscribing New Shares

I.

Consent is given to the Management Board of the Company 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, adopt:

- (i) decision on the increase of the share capital by investing the right - monetary claim in the amount of HRK 4,200,000.00 which according to the Company has Mr. Stjepan Čajić and by issuing 420,000 New Regular Shares, each with a nominal value of HRK 10.00, which will be awarded to Mr. Čajić;
- (ii) on the content of rights from shares and on the conditions for issuing shares; and
- (iii) on complete exclusion of the pre-emptive rights of existing shareholders of the Company when subscribing for New Shares;

all in accordance with the text of the decision of the Management Board attached to this decision and forming an integral part thereof.

II.

This decision shall enter into force on the day of its adoption.

President of the
Supervisory Board
VARTEKS d.d.

Nenad Bakić

Pursuant to Articles 323 to 326 of the Companies Act (hereinafter: “ZTD”) and Article 15 of the Articles of Association of Varteks, Varaždin, Zagrebačka 94, OIB: 00872098033, entered in the court register of the Commercial Court in Varaždin under MBS: 070004039 (hereinafter: the “**Company**”), the Management Board of the Company, at its meeting held on 29th June 2021, adopted the following

DECISIONS

ON INCREASE OF SHARE CAPITAL BY INVESTMENT OF RIGHTS AND ISSUE OF SHARES,

ON THE CONTENT OF THE RIGHTS FROM THE SHARES AND THE CONDITIONS FOR ISSUANCE

AND

ON EXCLUSION OF PRIORITY RIGHTS

(hereinafter referred to as the “**Decision**”)

I.

The share capital of the Company amounts to HRK 46,066,860.00, and is divided into 4,606,686 regular shares, each with a nominal value of HRK 10.00.

It is established that the General Assembly of the Company on September 10, 2019, by the Decision on Amendments to the Articles of Association authorized the Management Board to decide on the increase of share capital by issuing new shares by paying in cash, contributions in kind and rights, up to 50% of the amount of share capital in accordance with Article 323 of the Companies Act (approved share capital) with total or partial exclusion of the pre-emptive rights of existing shareholders, in accordance with Article 324 of the Companies Act.

With this Decision, the share capital of the Company is increased from the amount of HRK 46,066,860.00 by the amount of HRK 4,200,000.00 (four million two hundred thousand) to the amount of HRK 50,266,860.00 (fifty million two hundred sixty-six thousand eight hundred and sixty kuna) and will be divided into 5,026,686 regular shares, each with a nominal value of HRK 10.00.

II.

The increase of the share capital of the Company referred to in Article I, paragraph 3 of this Decision will be implemented by investing the right - a monetary claim that Mr. Stjepan Čajić, residing in Pejići 509, 88345 Sovići, Bosnia and Herzegovina, OIB: 67690289031 (hereinafter: the “**Investor**”) as a lender has to the Company in the amount of HRK 4,200,000.00 (four million two hundred thousand kuna) (hereinafter: “ **Right** ”) and by issuing 420,000 (four hundred and twenty thousand) new regular registered shares, individual nominal value of HRK 10.00 (hereinafter: “ **New Shares** ”).

The price per share is set in the amount of HRK 10.00 (ten kuna).

All New Shares will be offered to the Investor who, by investing the Rights, may subscribe exclusively to all offered New Shares.

The Investor is obliged to subscribe for all New Shares within 3 (three) working days from the day when the Company notifies the Croatian Financial Services Supervisory Agency (hereinafter: "HANFA") of the subscription of the New Shares.

The New Shares are subscribed exclusively through the registration form, the form of which will be published on the Company's website.

If the Investor does not subscribe for all New Shares within the deadline for subscription of New Shares referred to in Article II. paragraph 4 of this Decision, it will be considered that the offer of New Shares has failed, which will be determined by the Management Board of the Company by a special decision.

Since the New Shares are issued in the amount of HRK 10.00 per share, the total amount of the Rights of HRK 4,200,000.00 (four million two hundred thousand kuna) will be, subject to the success of the New Shares offer, entered in the share capital of the Company.

The Supervisory Board will after the share capital increase pursuant to this Decision, subject to the success of the New shares offer, align text Articles of Association to the provisions of the share capital and number of shares (article 7 of the Statute) with the changes that have taken place by increasing the share capital by issuing New Shares.

III.

The New Shares are issued in dematerialized form, in the form of an electronic record in the computer system of the Central Depository and Clearing Company, Inc. (hereinafter: "CDCC"), after the entry of the increase of the share capital in the court register.

Each New Share gives the right to one vote in the General Assembly of the Company, and all other rights identical to the rights granted by the existing shares of the Company in accordance with the law and the Articles of Association of the Company. The new shares are registered and give the shareholder all the rights established by law and the Company's Articles of Association.

IV.

Pursuant to Article 324, paragraph 2 in conjunction with Article 308, paragraph 4 of the Companies Act and Article 15 of the Company's Articles of Association, this Decision completely excludes the legal priority right to subscribe for New Shares issued pursuant to this Decision.

In order to ensure stable operations, the Company is much-needed new capital and a reduction in existing indebtedness. The investor is one of the Company's lenders and has a significant monetary claim against him. In the context of the global COVID-19 pandemic and related market trends and the impact on the economy in general, it is in the Company's interest to conduct the recapitalization process in a timely and efficient manner, with as few costs as possible that would unnecessarily burden the Company's operations. Implementing the public offering of shares would be more demanding, time-consuming and expensive compared to the planned method of recapitalization (conversion of a loan by entering a claim into capital in exchange for shares), which would prevent the Company from timely improving its balance sheet and reducing debt by increasing share capital and issuing new shares.

In addition, it is estimated that at this time in the capital market there is no possibility of successful implementation of the public offering of shares with retaining the priority rights of existing shareholders, while there is an interested investor who has expressed his will and intention to invest in the Company, normalization of the Company's work and strengthening of the Company's capital as a precondition for stability and the possibility of expanding the Company's operations. The Management Board believes that the proposed investment (by entering the Investor's claim into the capital in exchange for newly issued shares) will enable the Company to reduce indebtedness, better liquidity and faster achievement of set business goals and continue normal and stable operations.

Given the planned form of recapitalization, the process itself should be significantly faster and simpler for the Company, which will enable fast and efficient achievement of the purpose of recapitalization. Due to the aforementioned reasons, the Management Board of the Company decided, based on the powers from the Articles of Association, to completely exclude the right of priority in the subscription of New Shares to all other existing shareholders.

Bearing in mind (i) that the current market value of the Company's shares is lower than the nominal value of the shares amounting to HRK 10.00, (ii) that the New Shares are issued at a nominal amount per share of HRK 10.00, (iii) that the Investor will enter in the share capital of the Company the amount of HRK 4,200,000.00 in exchange for New Shares with a total nominal value of HRK 4,200,000.00 and that such acquisition actually means that the value of the Investor's contribution is equal to the nominal value of New Shares acquired in return, the Management Board considers that the achieved price at which the Investor will acquire the New Shares is appropriate.

V.

Pursuant to the provisions of Article 409, paragraph 1 of the Capital Market Act and Article 1, paragraph 4, items b) and d) of Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published in a public offering of securities or listing for trading on a regulated market and repealing Directive 2003/71 / EC (hereinafter: "**Regulation**"), there is no obligation to publish a prospectus for the offer of New Shares to the Investor, as this is an offer of securities with a total fee for each, such an offer in the Union less than a monetary amount calculated over a period of 12 months which may not exceed the amount of EUR 8,000,000.00 in kuna equivalent, or an offer of securities addressed to less than 150 physical persons or legal entities per Member State who are not qualified investors, ie on the offer of securities addressed to the investor who acquires securities with a total value of at least EUR 100,000 per investor for each separate offer.

The Company shall notify HANFA of the use of the exemption from the obligation to publish a prospectus regarding the offer of New Shares in accordance with Article 409, paragraph 2 and Article 427 of the Capital Market Act immediately after the adoption of this Decision, and no later than 3 (three) business days before subscription of New Shares in accordance with Article II. of this Decision.

Pursuant to Article 1 (5) (a) of the Regulation, there is no obligation to publish a listing prospectus for trading on a regulated market, as the New Shares are exchangeable for shares already listed for trading on the same regulated market, provided that within 12 months represent less than 20% of the number of securities already listed for trading on the same regulated market.

Pursuant to paragraph 1 of this Article, the Company is not obliged to notify HANFA of the offer of New Shares.

VI.

Subject to the success of the offer of New Shares, and after the entry of the share capital increase in the competent court register, 420,000 ordinary shares will be issued, under the code assigned by the CDCC, in the name, each in the nominal amount of HRK 10.00, in dematerialized form.

The Investor becomes the holder of the Company's New Shares by registering in the CDCC depository, and the registration form will be made in accordance with the CDCC rules, as soon as the share capital increase is carried out in the court register.

The New Shares will be listed on the regulated market of the Zagreb Stock Exchange d.d., in accordance with the relevant regulations.

The New Shares of the Company, issued in accordance with this Decision, will be able to be traded on the regulated market after the shares are listed on the regulated market.

VII.

If the increase of the share capital is not entered in the court register within 6 months from the day of making this Decision, the statement on registration (registration form) will no longer be binding on the Investor.

VIII.

This Decision shall enter into force on the day when the Supervisory Board of the Company makes its decision approving the Management Board to make all decisions contained in this Decision in terms of the provisions of Articles 323, 324 paragraphs 1 and 2 and 325 paragraph 1 of the Companies Act.

VARTEKS d.d.

Tomislav Babić, President of the
Management Board