

Varaždin, February 28th, 2022

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

MANAGEMENT INTERIM REPORT

For the fourth quarter of the year 2021 (cumulative period 01.01. – 31.12.2021/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 2021, Varteks Group (hereinafter: the "Group") had operating income of HRK 156.9 million, which is HRK 37.6 million or 32% more than in the previous year. The Group's income from sales amounted to HRK 106 million, which is HRK 7.6 million or 7% less than in the previous year. Lower sales revenues are a direct result of the impact of the crisis due to the coronavirus pandemic.

The total operating result of the Group before taxation in 2021 amounts to HRK -5.3 million, while in 2020 it amounted to HRK -31.2 million. The application of IAS 40 - adjustment of the value of tangible fixed assets to fair market value in the amount of HRK 29 million had a great impact on the result in 2021.

In the Production for Others segment in 2021, revenue decreased compared to 2020 due to a significant reduction in orders from existing key customers (Hugo Boss, Lindeberg). Revenues in the fourth quarter were 51% lower than in the same quarter last year.

In 2021, revenues in the Retail segment recorded an increase compared to the previous year, which is the result of a more intensive return of customers to stores and investments in retail outlets and additional development of its own fashion brand. Revenues in the fourth quarter were 78% higher than in the fourth quarter of 2020. During the year, four new stores were opened in Croatia - in the Lumini Shopping Center in Varaždin, in the Mall of Split, then an outlet store in Horvaćanska street 21 in Zagreb and a tailoring salon in Cesarčeva street 5 in Zagreb. In addition, investments were made in the adaptation of stores and repositioning in new business premises.

Sales in Slovenia, in stores in Ljubljana and Maribor opened earlier in the year, were strongly influenced by Slovenian epidemiological measures, and therefore the expected sales results were lacking.

In the Special Clothing segment in 2021, we recorded a slight decline in revenue compared to 2020. In the fourth quarter, approximately the same revenues were realized compared to the observed period of the previous year. Given that this is a business model that is largely related to public procurement, the segment is subject to changes in the dynamics of orders and deliveries.

Varteks Group used measures to preserve employment and financial support provided by the Government of the Republic of Croatia for the coronavirus pandemic in 2021 in the amount of HRK 8.3 million.

The impact of the coronavirus pandemic is visible through the Group's normalized EBITDA result. The Group's normalized EBITDA in 2021 amounts to HRK -42.4 million, which is HRK 18.5 million less than last year.

<i>Varteks Group</i>	31 Dec 2020	31 Dec 2021
	HRK '000	HRK '000
Loss from operating activities	(23.196)	(26.691)
Depreciation	4.151	3.997
Depreciation of right of use assets (IFRS 16)	5.278	5.258
Depreciation in total	9.429	9.255
Impact of IFRS 16 - Invoiced rent	(4.880)	(6.084)
<i>EBITDA before IFRS 16 impact</i>	<i>(18.647)</i>	<i>(23.520)</i>
<i>One-off items:</i>	-	-
Revenues from cancellation of provisions	(965)	(2.160)
Revenues from one-off supports	(20.650)	(8.276)
Severance	169	132
Other	1.931	-
Inventory value adjustment	1.652	521
Property sale	7.629	(17.528)
Value adjustment of receivables	109	393
Value adjustment of tangible assets	-	1.940
Normalised EBITDA before IFRS 16 impact	(28.772)	(48.497)
Impact of IFRS 16 - Invoiced rent	4.880	6.084
Normalised EBITDA after IFRS 16 impact	(23.892)	(42.412)

In 2021, the Varteks Group recorded a net effect from financial activities of HRK -8.3 million, primarily on the basis of interest and fees.

The most significant risks and expectations for the future

The Company's management continues to place great emphasis on controlling all expenses and managing cash flow during the fourth quarter. Meetings were held with most suppliers in an effort to define in advance the prices for the next period, ie for 2022, especially in relation to the prices of energy sources (electricity, gas) as well as the prices of fabrics and materials. Business in the fourth quarter was affected by the emergence of a new strain of coronavirus, which significantly affected the decline in sales and reduced liquidity than planned. Through intensified marketing and sales activities, the Company's Management Board sought to ensure a sufficient level of liquidity to continue operations.

Business restructuring and further negotiations on the sale of inactive fixed assets continued. The process of creating a new organizational structure has been completed, as well as a proposal for a new systematization of jobs, which will enable transparent, simpler and fairer calculation of salaries, in order to increase business efficiency and increased employee satisfaction.

The following is a chronology of important events in 2021:

- *23th February – The Commission for Evaluation and Determination of Strategic Project Proposals unanimously accepted the Varteks District-Urban Regeneration Project Proposal and the Commission will send the Decision on the Proclamation of the Strategic Investment Project to the Government of the Republic of Croatia for adoption.*
- *1st March – Varteks founded a subsidiary in the Republic of Slovenia, called Varteks.si d.o.o. The company was founded with the intention of expanding Varteks' business to the Slovenian market.*
- *31st March – Concluded Annex to the Club Loan Agreement with HBOR and Erste & Steiermarkische Bank d.d. according to the risk-sharing model. The Annex in question extended the loan repayment period for an additional year, until March 31st, 2022.*
- *16th 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.*
- *9th 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.*
- *14th 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.*
- *24th June – Government Decision on declaring the "Varteks kvart – urban regeneration" Project a strategic investment project of the Republic of Croatia.*
- *30th 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.*
- *30th 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.*

VARTEKS

- *24th 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 m². The achieved purchase price is higher than the price kept in the Company's business books.*
- *28th September – A session of the General Assembly of the Company was held and all the details were given in a press release on ZSE*
- *30th September – Varteks d.d. entered into a purchase agreement with S PARK Hrvatska d.o.o. on September 24th, 2021, by which it sold construction land in Varaždin, real estate that is not in operation, with an area of 47,250 m². 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.*
- *29th October – Notice of partial conversion of 500,000 ordinary shares of VART-R-3 into 500,000 ordinary shares of VART-R-1.*
- *2nd November – Decision of the Stock Exchange on the listing of 500,000 ordinary shares of VARTEKS d.d. with its registered office in Varaždin, Zagrebačka 94, OIB: 00872098033, individual nominal amount of HRK 10.00, marks: VART, ISIN: HRVARTR10005 on the Official Market.*
- *25th November – Notice of partial conversion of 420,000 ordinary shares of VART-R-3 to 500,000 ordinary shares of VART-R-1.*
- *26th November – Decision of the Stock Exchange on the listing of 420,000 ordinary shares of VARTEKS d.d. with its registered office in Varaždin, Zagrebačka 94, OIB: 00872098033, individual nominal amount of HRK 10.00, marks: VART, ISIN: HRVARTR10005 on the Official Market.*

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 the process of implementing a new ERP system. The process of implementing the project for ordering personalized online suit orders has continued, and intensive work is being done to find new distribution channels and improve the existing web interface.

Information on redemption of own shares

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

Information on existing subsidiaries of the parent company

As at 31st December 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.

Varteks Pro d.o.o. is 100% owned by Varteks d.d. The main activity of the Company is sewing special purpose clothing for special clients (most often the police and the army).

In 2021, the Company generated HRK 23 million in total income (HRK 22.6 million in 2020). The Company made a profit of HRK 33.6 thousand (in 2020 a profit of HRK 83 thousand). The Company's assets as at 31st December 2021 amounted to HRK 9,5 million (as at 31st December 2020 HRK 8 million). Net capital as at 31st December 2021 amounted to HRK 2,3 million (as at 31st December 2020 HRK 2,3 million). The Company employed 31 people as of December 31st, 2021 (December 31st, 2020: 34). The director of the Company is Mrs. Natalija Vnučec.

Varteks Si d.o.o.

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

In 2021, the Company generated total revenues in the amount of HRK 1.5 million (the Company was established at the beginning of 2021). The Company made a loss of HRK 1.6 million. The Company's assets as at 31st December 2021 amounted to HRK 2 million. The Company employed 10 people as of December 31st, 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 2021 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

31.12.2021

Year:

2021

Quarter:

4.

Quarterly financial statements

Registration number (MB):

03747034

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

070004039

Personal identification
number (OIB):

00872098033

LEI:

74780000Q0LH0TDGEO80

Institution
code:

1420

Name of the issuer: VARTEKS d.d.

Postcode and town:

42000

Varaždin

Street and house number: Zagrebačka 94

E-mail address: info@varteks.com

Web address: www.varteks.com

Number of employees
(end of the reporting

861

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person: Hraste Mislav

(only name and surname of the contact person)

Telephone: 042 377195

E-mail address: mhraste@varteks.com

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 31.12.2021.

in HRK

Submitter: Varteks d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	202.596.955	224.282.670
I INTANGIBLE ASSETS (ADP 004 to 009)	003	1.337.223	1.288.295
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.337.223	1.155.549
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	132.746
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	196.074.576	217.092.091
1 Land	011	52.230.555	27.101.396
2 Buildings	012	56.445.629	87.488.875
3 Plant and equipment	013	17.065.384	14.041.237
4 Tools, working inventory and transportation assets	014	1.311.374	1.564.692
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	193.250
7 Tangible assets in preparation	017	0	74.236
8 Other tangible assets	018	230.722	136.046
9 Investment property	019	68.790.912	86.492.359
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	4.996.615	5.864.588
1 Investments in holdings (shares) of undertakings within the group	021	1.300	57.679
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	5.801.009
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	5.900	5.900
IV RECEIVABLES (ADP 032 to 035)	031	188.541	37.696
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	37.696
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	54.881.711	80.812.224
I INVENTORIES (ADP 039 to 045)	038	46.622.570	39.190.810
1 Raw materials and consumables	039	7.731.232	8.993.057
2 Work in progress	040	1.009.734	1.713.765
3 Finished goods	041	32.050.249	24.980.855
4 Merchandise	042	5.779.560	3.157.367
5 Advances for inventories	043	51.795	335.766
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	7.429.357	33.983.562
1 Receivables from undertakings within the group	047	0	5.228.222
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	4.522.574	27.616.391
4 Receivables from employees and members of the undertaking	050	46.786	46.032
5 Receivables from government and other institutions	051	2.332.638	390.944
6 Other receivables	052	527.359	701.973
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	136.668	3.708.615
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	986.668
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	136.668	2.721.947
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	693.116	3.939.237
D) PREPAID EXPENSES AND ACCRUED INCOME	064	290.018	1.116.231
E) TOTAL ASSETS (ADP 001+002+037+064)	065	257.768.684	306.211.125
OFF-BALANCE SHEET ITEMS	066	4.670.725	5.109.888

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	13.650.719	55.984.156
I INITIAL (SUBSCRIBED) CAPITAL	068	41.066.860	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	82.486.871
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	-71.754.110	-78.891.284
1 Retained profit	084	0	0
2 Loss brought forward	085	71.754.110	78.891.284
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-31.469.083	1.560.610
1 Profit for the business year	087	0	1.560.610
2 Loss for the business year	088	31.469.083	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	5.854.642	5.224.769
1 Provisions for pensions, termination benefits and similar obligations	091	3.425.070	3.246.174
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	1.978.595
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	101.580.956	117.781.466
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	21.135.957
6 Liabilities to banks and other financial institutions	103	73.303.556	63.073.285
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	2.443.900
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	11.079.004	13.021.450
11 Deferred tax liability	108	17.032.775	18.106.874
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	133.063.818	123.109.083
1 Liabilities to undertakings within the group	110	61.826	630.610
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	733	822.059
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	48.549.973
6 Liabilities to banks and other financial institutions	115	23.831.966	27.846.355
7 Liabilities for advance payments	116	256.798	164.599
8 Liabilities to suppliers	117	26.299.481	24.970.137
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	4.222.541	4.036.199
11 Taxes, contributions and similar liabilities	120	10.510.870	6.703.630
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	9.385.521
E) ACCRUALS AND DEFERRED INCOME	124	3.618.549	4.111.651
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	257.768.684	306.211.125
G) OFF-BALANCE SHEET ITEMS	126	4.670.725	5.109.888

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021. to 31.12.2021.

in HRK

Submitter: Varteks d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	102.852.845	26.471.136	144.822.795	59.806.361
1 Income from sales with undertakings within the group	002	5.357.862	2.846.937	10.754.082	4.193.545
2 Income from sales (outside group)	003	91.500.365	21.785.689	82.977.521	25.779.562
3 Income from the use of own products, goods and services	004	18.553	18.236	1.933	1.838
4 Other operating income with undertakings within the group	005	441.397	28.477	379.601	291.979
5 Other operating income (outside the group)	006	5.534.668	1.791.797	50.709.658	29.539.437
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	126.232.768	41.897.907	140.508.450	42.126.249
1 Changes in inventories of work in progress and finished goods	008	-14.953.092	70.053	7.215.541	142.926
2 Material costs (ADP 010 to 012)	009	55.152.580	13.345.878	48.870.621	17.467.954
a) Costs of raw materials and consumables	010	37.054.619	8.335.070	28.100.470	11.438.794
b) Costs of goods sold	011	9.483.904	2.526.244	8.610.062	1.743.051
c) Other external costs	012	8.614.057	2.484.564	12.160.089	4.286.109
3 Staff costs (ADP 014 to 016)	013	43.682.421	11.086.965	54.142.345	15.235.006
a) Net salaries and wages	014	29.645.103	7.494.268	36.082.739	10.183.457
b) Tax and contributions from salary costs	015	8.641.833	2.190.413	10.580.770	2.950.523
c) Contributions on salaries	016	5.395.485	1.402.284	7.478.836	2.101.026
4 Depreciation	017	9.405.223	2.213.038	9.196.512	2.224.435
5 Other costs	018	16.706.479	4.602.858	17.738.656	5.491.623
6 Value adjustments (ADP 020+021)	019	8.468.427	8.468.427	982.533	982.533
a) fixed assets other than financial assets	020	6.818.449	6.818.449	206.781	206.781
b) current assets other than financial assets	021	1.649.978	1.649.978	775.752	775.752
7 Provisions (ADP 023 to 028)	022	1.931.236	1.916.336	262	262
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	262	262
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	-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	1.931.236	1.925.970	0	0
8 Other operating expenses	029	5.839.494	194.352	2.361.980	581.510
III FINANCIAL INCOME (ADP 031 to 040)	030	5.029.140	504.450	3.044.460	338.597
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	16.924	14.343
4 Other interest income from operations with undertakings within the group	034	0	0	5.090	5.090
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	692.213	21.118	411.676	70.682
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	24.475	11.451	23.109	9.218
8 Exchange rate differences and other financial income	038	4.312.452	596.752	2.587.661	239.264
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	-124.871	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	13.549.396	2.373.916	11.141.507	4.115.963
1 Interest expenses and similar expenses with undertakings within the group	042	164.343	26.948	175.029	175.029
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	692.213	21.118	416.454	62.436
3 Interest expenses and similar expenses	044	6.811.492	1.865.589	8.247.180	3.353.851
4 Exchange rate differences and other expenses	045	5.874.444	545.680	2.296.834	524.647
5 Unrealised losses (expenses) from financial assets	046	6.904	6.904	0	0
6 Value adjustments of financial assets (net)	047	0	-92.323	0	0
7 Other financial expenses	048	0	0	6.010	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	107.881.985	26.975.586	147.867.255	60.144.958
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	139.782.164	44.271.823	151.649.957	46.242.212
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	-31.900.179	-17.296.237	-3.782.702	13.902.746
1 Pre-tax profit (ADP 053-054)	056	0	0	0	13.902.746
2 Pre-tax loss (ADP 054-053)	057	-31.900.179	-17.296.237	-3.782.702	0
XII INCOME TAX	058	-431.096	-316.821	-5.343.312	-361.375
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	-31.469.083	-16.979.416	1.560.610	14.264.121
1 Profit for the period (ADP 055-059)	060	0	0	1.560.610	14.264.121
2 Loss for the period (ADP 059-055)	061	-31.469.083	-16.979.416	0	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	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	-31.469.083	-16.979.416	1.560.610	14.264.121
1 Attributable to owners of the parent	076	-31.469.083	-16.979.416	1.560.610	14.264.121
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	-31.469.083	-16.979.416	1.560.610	14.264.121
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	919.113	398.526	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	853.860	333.273	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	919.113	398.526	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	-65.253	-65.253	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	853.860	333.273	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	-30.615.223	-16.646.143	1.560.610	14.264.121
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	-30.615.223	-16.646.143	1.560.610	14.264.121
1 Attributable to owners of the parent	100	-30.615.223	-16.646.143	1.560.610	14.264.121
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 31.12.2021.

in HRK

Submitter: Varteks d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-31.900.179	-3.782.702
2 Adjustments (ADP 003 to 010):	002	28.553.904	-9.148.209
a) Depreciation	003	9.405.223	9.196.512
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	9.424.726	-63.347.110
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	108.226	393.362
d) Interest and dividend income	006	-24.476	-12.376
e) Interest expenses	007	6.968.274	8.304.302
f) Provisions	008	-431.816	-629.873
g) Exchange rate differences (unrealised)	009	1.561.992	-357.120
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	1.541.755	37.304.094
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-3.346.275	-12.930.911
3 Changes in the working capital (ADP 013 to 016)	012	-11.239.490	-59.115.397
a) Increase or decrease in short-term liabilities	013	-8.822.457	5.183.192
b) Increase or decrease in short-term receivables	014	5.625.653	-78.746.959
c) Increase or decrease in inventories	015	-8.042.686	7.059.370
d) Other increase or decrease in working capital	016	0	7.389.000
II Cash from operations (ADP 011+012)	017	-14.585.765	-72.046.308
4 Interest paid	018	-1.396.771	-1.937.530
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-15.982.536	-73.983.838
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	78.126	41.626.008
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	2.818.856	7.267.550
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	2.896.982	48.893.558
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-1.331.090	-10.008.028
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	-8.765.554
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-1.331.090	-18.773.582
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	1.565.892	30.119.976
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	2.347.800
3 Cash receipts from credit principals, loans and other borrowings	037	54.143.666	80.366.881
4 Other cash receipts from financing activities	038	0	2.935.028
V Total cash receipts from financing activities (ADP 035 to 038)	039	54.143.666	85.649.709
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-36.472.045	-37.768.308
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	-3.841.260	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	-771.418
VI Total cash payments from financing activities (ADP 040 to 044)	045	-40.313.305	-38.539.726
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	13.830.361	47.109.983
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-586.283	3.246.121
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	1.279.399	693.116
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	693.116	3.939.237

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
Cash flow from operating activities			
1 Cash receipts from customers	001	0	0
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	0	0
4 Cash receipts from tax refund	004	0	0
5 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
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)	014	0	0
Cash flow from investment activities			
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
III Total cash receipts from investment activities (ADP 015 to 020)	021	0	0
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
IV Total cash payments from investment activities (ADP 022 to 026)	027	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)	028	0	0
Cash flow from financing activities			
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
V Total cash receipts from financing activities (ADP 029 to 032)	033	0	0
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
VI Total cash payments from financing activities (ADP 034 to 038)	039	0	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)	040	0	0
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)	042	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	043	0	0
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (042+043)	044	0	0

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

Name of the issuer: Varteks d.d.

Personal identification number (OIB): 00872098033

Reporting period: 01.01. -31.12.2022.

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated (items 15 to 15C IAS 34 - Interim financial reporting)

There are no major changes in this quarter compared to the last business year. Business was hampered by the pandemic.

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period

Access to all information and financial reports is at www.zse.hr

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (item 16.A (a) IAS 34 - Interim financial reporting)

Accounting policies have not changed since the last annual report.

d) a description of the financial performance in the case of the issuer whose business is seasonal (items 37 and 38 IAS 34 - Interim financial reporting)

We do not perform activities of a seasonal nature.

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

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

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
Varteks d.d. - Varaždin, Zagrebačka 94, joint stock company, RH, Mat. no. 03747034, OIB 00872098033, Entrepreneur operates regularly

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

There were no changes

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

All financial liabilities are included in the balance sheet.

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

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

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security

HRK 67.910.025 long-term loans, real estate mortgage payment insurance.

6. average number of employees during the financial year

921 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

July 30 - Notification on the increase of share capital by the Central Depository and Clearing Company - By the decision of the Management Board 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 available

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

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

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 č.k. 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.

October 29 - Notification of the partial conversion of 500,000 ordinary shares of VART-R-3 into 500,000 ordinary shares of VART-R-1.

November 2 - Decision of the Stock Exchange on the listing of 500,000 ordinary shares of VARTEKS d.d. with its registered office in Varaždin, Zagrebačka 94, OIB: 00872098033, individual nominal amount of HRK 10.00,

November 25 - Notice of partial conversion of 420,000 ordinary shares of VART-R-3 to 500,000 ordinary shares of VART-R-1.

November 26 - Decision of the Stock Exchange on the listing of 420,000 ordinary shares of VARTEKS d.d. with its registered office in Varaždin, Zagrebačka 94,

OIB: 00872098033, individual nominal amount of HRK 10.00, tags: VART, ISIN: HRVARTR10005 on the Official Market.

Varaždin, February 28th 2022

STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF ISSUER

Fourth quarter of 2021 (unaudited, unconsolidated)

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

- set of financial statements of the Varteks d.d. (hereinafter: the Company) for the 4st quarter of 2021 (unaudited, unconsolidated), have been prepared in accordance with International Financial Reporting Standards, and in accordance with the Croatian Accounting Law, provide a complete and fair view of the Company's assets and liabilities, profit and loss, financial position and operations, except for the correction of prior period errors the effects of which are described in the management interim report.
- The management interim report contains a fair presentation of development and results of the operations and position of the Company, with a description of most significant risks and uncertainties to which the Company is exposed.

Tomislav Babić
/President of the Management Board/

/
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