

VARTEKS

1918.

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

CROATIAN FINANCIAL SERVICES SUPERVISORY AGENCY

10000 ZAGREB

Franje Račkog 6

ZAGREB STOCK EXCHANGE

10000 ZAGREB

Ivana Lučića 2a

HINA – CROATIAN NEWS AGENCY

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WEBSITE OF THE ISSUER – www.varteks.com

Varaždin, October 12th, 2022

SUBJECT: Publication of information – Invitation to the General Assembly

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)

Pursuant to Art. 277 of the Companies Act and Article 25 of the Articles of Association of VARTEKS d.d. Varaždin, Zagrebačka 94, OIB: 00872098033, MBS: 070004039 (hereinafter: the Company), the Management Board of the Company issued on October 10th, 2022, the decision to convene the General Assembly of Varteks d.d. Varaždin, and hereby invites the shareholders of the Company to

GENERAL ASSEMBLY OF VARTEKS d.d.

to be held

on **November 22nd, 2022** starting at **12:00** at the Company's headquarters
in Varaždin, Zagrebačka 94

It is determined and published for the regular General Assembly

A G E N D A:

1. Opening of the General Assembly and determining the list of participants in the Assembly
2. Annual reports of the Company for 2021
 - a) Management Board report on the status of the Company
 - b) Auditor's report of the Company
 - c) Report of the Supervisory Board on the performed supervision of the Company's operations
 - d) Varteks Group's annual financial report and consolidated financial statements for 2021
3. Adoption of the Decision on profit distribution for 2021
4. Decision on approval of the Remuneration Report for 2021
5. Decision on issuing the note of release to the members of the Management Board for 2021
6. Decision on issuing the note of release to the members of the Supervisory Board for 2021
7. Election of members of the Supervisory Board
8. Decision on amendments to the Articles of Association
9. Election of the Company's auditor for 2022

P R O P O S E D D E C I S I O N S

The Management Board and the Supervisory Board propose to the General Assembly to make decisions under items 3 to 8, and the Supervisory Board proposes to make decisions under items 9 of the Agenda of the General Assembly, as follows:

Ad. 2. Annual financial reports of Varteks d.d. for 2021 with the Report of the certified auditor, determined by the Management Board and the Supervisory Board, the Report of the Management Board on the status and management of the Company for the business year 2021 and the Report of the Supervisory Board in 2021, they were presented to shareholders on the Company's website, and they are not voted on.

Ad. 3. The proposal of the decision on the distribution of profit for 2021 is accepted, according to which the realized profit after taxation in the amount of HRK 2,038,140 will be used to cover part of the transferred losses.

Ad. 4. I. The Report on Remuneration of members of the Management Board and members of the Supervisory Board in the Business Year 2021 is approved, together with the corresponding Auditor's Report published as an appendix to the invitation to the General Assembly and forming an integral part of this Decision.

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

Ad. 5. The note od release has been given to the members of the Management Board for 2021.

Ad. 6. The note od release has been given to the members of the Supervisory Board for 2021.

Ad. 7. Mirjana Droptina from Zagreb, Kustošijanska 111, OIB: 51518905799 and Ivo Šulenta from Zagreb, Srednjak 26, OIB: 40593171031 are elected as members of the Supervisory Board of the Company with the beginning of the mandate on January 26th, 2023 for a period of 4 years.

Ad. 8. Proposal for a Decision on amending the Company's Articles of Association.

Decision on amending the Articles of Association:

Article 1

Article 15, paragraph 3 of the Article of Association is amended to read as follows:

Authorization to the Management Board to increase the share capital by issuing new shares is given up to 50% of the share capital of the Company as it was at the time of granting this authorization, for a period of 4 years, counting from the date of entry into the Court Register.

Article 2

Other articles of the Articles of Association remain unchanged.

The Supervisory Board of the Company is authorized to, on the basis of the above amendments, determine the consolidated text of the Articles of Association, which will be notarized.

Article 3

This decision to amend the Articles of Association shall enter into force on the day of its entry in the court register of the Commercial Court in Varaždin.

Ad 9. BDO Croatia d.o.o., Radnička cesta 180, Zagreb is appointed to audit the financial statements of the parent company VARTEKS d.d. Varaždin and its affiliated companies (subsidiaries), and to audit the consolidated financial statements of the Varteks Group for the business year 2022.

The Management Board of the Company is authorized to enter into appropriate audit agreements with the selected audit company, and to determine the remuneration for its work.

INVITATION TO SHAREHOLDERS

Invitation to the General Assembly with proposed decisions made by the Management Board and the Supervisory Board of Varteks d.d. refer to the consideration and adoption by the General Assembly of Varteks d.d. will be published on the website of the court register, on the Zagreb Stock Exchange, HANFA, HINA, and on the website of Varteks d.d. (www.varteks.com). All materials that form the basis for decision-making are available at the Company's premises in Varaždin, Zagrebačka 94 and on the Company's website.

The right to participate in the work of the General Assembly and exercise voting rights (1 share = 1 vote) have all shareholders of the Company who are registered in the computer system of the SKDD seven days before the General Assembly, and to apply for participation no later than November 15th, 2022.

Participation and the right to vote may be exercised by the shareholder in person or through a proxy. The power of attorney for participation and exercising the right to vote at the General Assembly is given in writing.

Shareholders may be represented by proxies on the basis of a valid written power of attorney issued by the shareholder, or on behalf of the shareholder who is a legal entity, a person authorized to represent, in accordance with Article 27 of the Company's Articles of Association.

Shareholders who together hold shares in the amount of one twentieth of the share capital of the Company may request in writing that an item be placed on the Agenda of the General Assembly. The stated request together with the explanation and proposal of the decision must be received by the Company at least 30 days before the General Assembly, whereby the day of receipt of the request to the Company is not included in that deadline.

Each shareholder is authorized to submit his / her counter-proposal on the proposal of the decision of the Management Board and the Supervisory Board on the agenda items and submit it to the Company at least 14 days before the General Assembly, at the address of the Company in Varaždin, Zagrebačka 94. does not include the day of receipt of the counter-proposal to the Company within that period. If the shareholder does not use the mentioned right, it does not result in the loss of the right to submit a counter-proposal at the General Assembly.

If the conditions regarding the quorum are not met at the General Assembly, the session of the General Assembly, with the same agenda, will be held on **November 22nd, 2022** starting at 14:00 at the same place, regardless of the number of shareholders represented.

VARTEKS d.d.

Dražen Dobiš

Member of the
Management Board

Varteks d.d., Varaždin

REPORT ON THE REMUNERATION
FOR MEMBERS OF THE MANAGEMENT BOARD
AND THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2021

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Independent limited assurance report on the Remuneration Report of Varteks d.d., Varaždin for the year 2021

To the General Assembly of Varteks d.d. Varaždin

We were engaged by the General Assembly of the company Varteks d.d. ("the Company") to, in accordance with the provisions of Article 272.r (3) of the Companies Act, conduct a limited assurance engagement for the accompanying Remuneration report for the year ended 31 December 2021 ("Remuneration report") prepared by the Management and Supervisory Board of the Company.

Our task is to, based on procedures conducted and evidence obtained, provide a conclusion in the form of an independent limited assurance report on the examined Remuneration report.

Subject matter and applicable criteria

Pursuant to the provisions of Article 272.r (3) of the Companies Act and the contract concluded with the Company, we conducted a limited assurance engagement for the accompanying Remuneration report for the year ended 31 December 2021 ("Remuneration report") prepared by the Management and Supervisory Board of the Company.

The applicable criteria for determining individuals to be included in the Remuneration report and requirements concerning the disclosure thereof have been defined in the provisions of Article 272.r (1) and (2) of the Companies Act.

Responsibilities of the Management Board and Supervisory Board

The Management and Supervisory Board are responsible for:

- Preparing the Remuneration report for the year 2021 in line with disclosure requirements defined in Article 272.r (1) and (2) of the Companies Act;
- Determining individuals to be included in the Remuneration report in line with Article 272.r (1) of the Companies Act.
- Selecting and then applying relevant remuneration policies, as well as adopting reasonable judgements and estimates in relation to data disclosed in the Remuneration report;
- Measuring remuneration for the year ended 31 December 2021 in line with the provisions of Article 272.r (1) and (2) of the Companies Act; and
- Publishing the Remuneration report on the Company website in line with the provisions of Article 272.r (4) of the Companies Act.

The Management and Supervisory Board of the Company are responsible for the design, implementation and maintenance of internal control systems ensuring to a reasonable extent that the previously described data contain no material misstatements, whether due to fraud or error. In addition, the Management and Supervisory Board of the Company are required to secure the completeness and accuracy of the documentation delivered.

Independent limited assurance report on the Remuneration Report of Varteks d.d., Varaždin for the year 2021 (continued)

Our responsibilities

We have completed our assurance engagement in line with Article 272.r (3) of the Companies Act and in line with the International Standard for Assurance Engagements (ISAE) 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (Revised). This regulation requires us to meet the relevant ethical standards and plan and perform our engagement in a way that enables us to use evidence obtained to form our conclusion on whether the report contains information stipulated in the relevant legal requirements.

We apply the International Standard on Quality Control (ISQC 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

We comply with the applicable independence and other ethical requirements of the Code of Ethics for Professional Accountants, defining the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The nature and scope of our actions were determined based on a risk assessment and our professional judgement with the purpose of obtaining limited assurance.

With reference to the engagement subject, we conducted the following procedures

- We made enquiries to the members of the Management Board, Supervisory Board, and other Company staff in order to gain an understanding of remuneration policies and the Remuneration report preparation procedure;
- We obtained from the Company a list of all Management and Supervisory Board members in 2021 and verified whether their remuneration had been disclosed in the Remuneration report;
- We adjusted the remuneration data from the Remuneration report with the accounting records of the Company (general and special ledgers) for the year ended 31 December 2021;
- We examined the (sample of) relevant Company documentation (contracts and remuneration) concerning remuneration data disclosed in the Remuneration report; and
- We verified whether the Remuneration report included all data required by the provisions of Article 272.r (1) and (2) of the Companies Act.

The scope of the limited assurance engagement is substantially smaller than the scope of the reasonable assurance engagement in terms of risk assessment procedures, including the understanding of internal controls and procedures implemented in response to the assessed risks.

We believe that the obtained evidence is sufficient and appropriate to provide an adequate basis for our limited conclusion.



BDO Croatia d.o.o.

Independent limited assurance report on the Remuneration Report of Varteks d.d., Varaždin for the year 2021 (continued)

Limited assurance conclusion

Based on the procedures conducted and evidence obtained, nothing caused us to believe that the Remuneration report for the year 2021 did not contain data, in all material aspects, stipulated in Article 272.r (1) and (2) of the Companies Act.

Limitations on the use of our Report

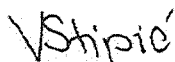
Our report is intended solely for the General Assembly of the Company for the purpose of reporting on the Remuneration report prepared by the Company for the year ended 31 December 2021 in line with Article 272.r of the Companies Act. Our report is not, nor does it constitute, a legal opinion on the compliance with Article 272.r (4) of the Companies Act.


In the event of additional information or data that were made available or accessible to us, or erroneous or misleading oral or written representations and explanations, our findings, interpretations, or opinions in our limited assurance report might be incomplete or may result in the need for additional procedures that do not belong in the scope of this engagement.

To the greatest extent permitted by law, we do not accept or agree to any liability to any other party, except to the General Assembly of the Company, with regard to our work or this independent limited assurance report or the conclusions we made.

Zagreb, 29 April 2022

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Radnička cesta 180
10000 Zagreb


Vedrana Stipić
ovlaštteni revizor i član uprave


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Appendix

1. Remuneration Report for members of the Management Board and Supervisory Board for the financial year 2021

REMUNERATION REPORT

for members of the Management Board and Supervisory Board
for the financial year 2021

Remuneration and evaluation of the work of the Management Board of Varteks d.d. are focused on the sustainable growth of the Company, and are implemented in accordance with the Remuneration Policy adopted by the Supervisory Board on 25 November 2020.

Remuneration for the work of the members of the Supervisory Board of the Company was approved by the decision of the General Assembly of the Company dated 28 September 2018.

1. REMUNERATION TO MEMBERS OF THE SUPERVISORY BOARD

According to the Company's Articles of Association, the Supervisory Board may consist of three to seven members who are appointed for a period of four years. Currently, the Supervisory Board consists of five members, four of whom are elected by the General Assembly and one by the Workers' Council in accordance with the law.

Members of the Supervisory Board in 2021:

NAME	FUNCTION	PERIOD
Nenad Bakić	President	From 20 April 2018 to 20 April 2022
Igor Žonja	Vice President	From 29 December 2020 to 29 December 2024
Božica Čiček-Mutavdžić	Member of the Supervisory Board workers' representative	From March 2018 to March 2026
Ivo Šulenta	Member of the Supervisory Board	From 25 January 2019 to 25 January 2023
Mirjana Droptina	Member of the Supervisory Board	From 25 January 2019 to 25 January 2023

Members of the Supervisory Board, in accordance with the decision of the General Assembly of the Company adopted on 28 September 2018, are entitled to a monthly fee for their work for the entire term in the net amount of HRK 2,200.00 per month.

Remuneration to the members of the Supervisory Board does not include a variable component; therefore it is not affected by the results of the Company's operations in the past or future period. Members of the Supervisory Board are not entitled to severance pay or additional payments from the Company or its affiliates, nor do they participate in share distribution plans.

The Supervisory Board made a decision on the establishment of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee consists of 3 (three) members:

- Nenad Bakić, president
- Igor Žonja, member
- Mirjana Droptina, member

The Nomination and Remuneration Committee makes a recommendation to the Supervisory Board regarding the definition of the Management Board's remuneration, analyses and reviews the Management Board's remuneration policies and system.

Remuneration paid to individual members of the Supervisory Board in 2021:

Gross 1 amount

NAME	FUNCTION	PERIOD	GROSS 1 (HRK)
Nenad Bakić	President	From 1 January to 31 December 2021	waived compensation
Igor Žonja	Vice President	From 1 January to 31 December 2021	38,394.36
Božica Čiček Mutavdžić	Member of the Supervisory Board workers' representative	From 1 January to 31 December 2021	37,606.80
Ivo Šulenta	Member of the Supervisory Board	From 1 January to 31 December 2021	38,394.36
Mirjana Droptina	Member of the Supervisory Board	From 1 January to 31 December 2021	38,394.36

The Company considers that the remuneration paid to the members of the Supervisory Board corresponds to the engagement and tasks they perform and the Articles of Association and operations of the Company.

The Company has not made any loans or advances to the current or former member of the Supervisory Board. The Company and its affiliates have not given any gifts or benefits of significant value to the members of the Supervisory Board.

2. REMUNERATION TO MEMBERS OF THE MANAGEMENT BOARD

In accordance with Article 13 of the Articles of Association dated 10 September 2019, the Company may have up to five members of the Management Board, one of whom is the President, if the Management Board consists of several members and the Supervisory Board decides on the number of members. In 2021, the Management Board consisted of three members:

NAME	FUNCTION	PERIOD
Tomislav Babić	President of the Management Board	From 1 January 2020
Damir Radmilović	Member of the Management Board	From 1 January to 15 January 2021
Denis Smolar	Member of the Management Board	From 5 February to 2 August 2021

Remuneration to the members of the Management Board is defined by the Remuneration Policy of the members of the Management Board, which was adopted by the Supervisory Board of the Company on 25 October 2020. The fee consists of:

- fixed element of remuneration defined by the contract and paid on a monthly basis,
- variable element of remuneration, which represents a reward for results achieved in the form of an annual bonus,
- other elements of remuneration defined by the Policy.

The total fixed and variable elements of remuneration to the members of the Management Board for 2021 are shown in the following table:

Gross 1

Member of the Management Board	Fixed remuneration	Variable remuneration	Total	% variable	% fixed
Tomislav Babić	607,860	39,936	647,796	6.16%	93.84%
Denis Smolar	249,337	56,381	305,718	18.44%	81.56%
Damir Radmilović	97,453	2,884	100,337	2.87%	97.13%
Total	954,650	99,201	1,053,851	9.41%	90.59%

Additional benefits (use of the company vehicle, apartment rental) that were paid to the members of the Management Board in 2021:

Member of the Management Board	Use of the company vehicle (amount)	Other (severance pay)	Total
Tomislav Babić	39,936		39,936
Denis Smolar	10,632	45,749	56,381
Damir Radmilović	2,884		2,884

Elements of remuneration

The fixed element of the remuneration, the annual target salary is defined by the Management Agreement between the members of the Management Board and the Company for each member individually. In accordance with the provisions of the Companies Act, the members of the Management Board are appointed for a period of five years, and the employment relationship is based on an indefinite duration.

The variable element of remuneration is a reward for the achieved results in the form of an annual bonus determined by the Supervisory Board after analysing the achieved goals and the annual statement of profit or loss. It is paid no later than 1 April of the current year for the previous year. There were no such payments in 2021, nor will there be such payments in 2022 relating to 2021.

Other remuneration includes the optional right to purchase shares of the Company at a price pre-determined by the Supervisory Board, use of company vehicles for official and private purposes, entertainment costs, and costs of visits to professional fairs and exhibitions.

In 2021, apart from the use of company vehicles, the members of the Management Board did not receive any additional remuneration.

The principles on which the remuneration policy is based are the harmonization of remuneration with the business strategy and long-term development, the balance of all elements of remuneration in relation to the achieved results, with a focus on the sustainable growth of the Company.

Comparative presentation of the Company's income and profit trends:

Year	2021	2020	2019	2018	2018
Total income	148,287,059	107,881,985	156,971,050	140,562,731	140,414,253
Profit/(Loss) for the period	2,038,140	(31,469,083)	(11,059,200)	(26,430,170)	(19,275,769)

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The average salary paid to all employees of the Company in the gross I amount, which includes a fixed and variable part of the salary is shown in the following table:

Average earnings per employee

Gross 1 (HRK)

Year	2021	2020	2019	2018	2017
Annual earnings	61,776	59,627	54,705	52,569	50,192

The average remuneration paid to the members of the Management Board and the Supervisory Board of the Company in the gross 1 amount of 1, which includes a fixed and variable element, is shown in the following table:

Average remuneration paid to members of the Management Board and the Supervisory Board*

Gross 1 (HRK)

Year	2021	2020	2019	2018	2017
Members of the SB	38,197	40,656	40,964	63,410	5,019
Members of the MB	351,284	552,681	258,032	243,483	657,914

No member of the Management Board has received payments or payment obligations from the third party in connection with the performance of the duties of a member of the Management Board in 2021.

The Company did not demand a refund of the remuneration paid to the members of the Management Board.

In case of a request to terminate the Management Agreement, a member of the Management Board is entitled to severance pay in the amount of three monthly basic gross salaries if such termination occurred after more than three months and less than six months from the conclusion of the Agreement; i.e., six monthly basic gross salaries if such termination occurred after more than six months after the conclusion of the Agreement.

At no point during 2021 did the Company deviate from the adopted remuneration policy.

The contract stipulates the prohibition of market competition upon the termination of the contract.

In accordance with Article 247a of the Companies Act, the Remuneration Report will be prepared for the General Assembly to be held in 2022.

Varaždin, 29 April 2022

Igor Žonja
Deputy President of the Supervisory Board

Tomislav Babić
President of the Management Board