

Varaždin, August 19th 2021

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Subject: Information disclosure

Type of information: Invitation to the General Assembly

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 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 [MBS] 070004039 / M.B.3747034
/ OIB:00872098033 / VAT:HR00872098033 / predsjednik Nadzornog odbora Nenad Bakić / predsjednik Uprave Tomislav Babić

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 made a decision on 17 August 2021 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 September 28th 2021 at 12:00

at the headquarters of the Company, Varaždin, Zagrebačka 94

With the following agenda:

1. Opening of the General Assembly and determining the list of participants in the Assembly
2. Annual reports of the Company for 2020
 - a) Management Board Report
 - b) Report of the Company's auditor
 - c) Supervisory Board Report
 - d) Annual financial statements and the consolidated financial statements of VARTEKS Group for 2020
3. Decision on approval of the Remuneration Policy for the members of the Management Board for 2020
4. Decision on issuing the note of release to the members of the Management Board of the Company for 2020
5. Decision on issuing the note of release to the members of the Supervisory Board of the Company for 2020
6. Adoption of the Decision on the listing of shares on the regulated market
7. Adoption of the Decision on amending the Statute
8. Decision on the election of the Company's Auditor for 2021

PROPOSALS OF DECISIONS OF THE GENERAL ASSEMBLY

The Management Board and the Supervisory Board propose to the General Assembly to make decisions under items 3 to 7, and the Supervisory Board to make decisions under items 8 of the Agenda of the General Assembly, as follows:

Ad 2. Annual financial statements of Varteks d.d. for 2020 with the report of the certified auditor, determined by the Management Board and the Supervisory Board of the Company, the report of the Management Board on the status and management of the Company for the business year 2020 and the report of the Supervisory Board on the supervision of the Company's operations in the business year 2020 are presented on the website of the Company to the shareholders, and they are not voted on

Ad.3. I. The Report on Remuneration Policy of Members of the Management Board and Members of the Supervisory Board in the Business Year 2020 is approved together with the corresponding Auditor's Report, which were published as an attachment to the invitation to the General Assembly and form an integral part of this Decision.

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

Ad 4. The note of release is given to the members of the Management Board of the Company for work in 2020.

Ad 5. The note of release is given to the members of the Supervisory Board of the Company for work in 2020.

Ad 6. Decision on the listing of shares on the regulated market

Pursuant to the provisions of Article 275, paragraph 1 of the Companies Act (hereinafter: ZTD), a decision is made on the listing on the Official Market of the Zagreb Stock Exchange d.d. all 500,000 New Shares of Varteks d.d. each in the nominal amount of HRK 10.00, marks: VART-R-3, ISIN: HRVARTR30003, CFI: ESVUFR issued in accordance with the Management Board Decision on increasing the share capital by investing rights and issuing shares, on the content of rights from shares and conditions for issuing and on the exclusion of the pre-emptive right of 13 May 2021, and all 420,000 New Shares each in the nominal amount of HRK 10.00, marks: VART-R-3, ISIN: HRVARTR30003, CFI: ESVUFR issued in accordance with the Management Board Decision on increase of share capital by investing rights and issuing shares, on the content of rights from shares and conditions for issuing and on the exclusion of priority rights from 29 June 2021 (approved share capital).

The shares will be listed on the Official Market of the Zagreb Stock Exchange d.d. in accordance with the relevant regulations and the Rules of the Exchange. The shares will be able to be traded after their listing on the regulated market.

The Management Board of the Company is authorized and instructed to take all necessary actions in accordance with the relevant regulations and Rules of the Exchange for the purpose of listing all 920,000 New Shares of the Company on the Official Market of the Zagreb Stock Exchange d.d.

Ad.7. Proposal of Decision on modification of the Company's Articles of Association
Decision for modification the Company's Articles of Association

Article 1

In Article 32, paragraph 1 of the Statute, after indent 6, the following is added:

- decides on the Remuneration Policy and on the Reports on Remuneration of Members of the Management Board and Members of the Supervisory Board
- decides on granting note of release to the members of the Management Board and the Supervisory Board
- decides on the listing of the company's shares on the regulated market and on the withdrawal of shares from that listing

Article 2

Article 43, paragraph 1 of the Statute is amended to read as follows:

In order to ensure the exercise of the rights of shareholders prescribed by this Articles of Association and the Law, the Management Board of the Company will publish data and announcements on the website of the court register.

Article 43, paragraphs 2 and 3 of the Statute are deleted:

The information bulletin of the Company referred to in paragraph 1 is the "Official Gazette" of Varteks d.d. Varaždin.

The Management Board may decide to publish certain data and announcements of the Company in other media.

Article 3

In Article 45, paragraph 1 of the Statute, the first sentence is amended to read as follows:

This Statute enters into force upon the entry of the Company in the court register of the Commercial Court.

Article 45, paragraph 2 of the Statute is deleted:

This Statute is published in the "Official Gazette" of Varteks d.d. Varaždin..

Article 4

Other articles of the Statute 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 5

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

Ad 8. To audit the financial statements of the parent company VARTEKS d.d. Varaždin and its affiliated (subsidiaries), and for the audit of the consolidated financial statements of the Varteks Group for the business year 2021, BDO Croatia d.o.o., Radnička cesta 180, Zagreb is appointed.

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

INVITATION TO SHAREHOLDERS

Invitation to the General Assembly with proposals for decisions made by the Management Board and the Supervisory Board of Varteks d.d. which will be considered and adopted 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 CDCC seven days before the General Assembly, and to submit an application for participation no later than September 21, 2021. years.

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 shall be 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 a shareholder who is a legal entity, a person authorized to represent, in accordance with the provisions of 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 Company's address in Varaždin, Zagrebačka 94. Period of 14 days does not include the day of receipt of the counter-proposal by the Company. 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 **28. rujna 2021**, starting at 14:00 at the same place, regardless of the number of shareholders represented.

VARTEKS d.d.

Tomislav Babić
predsjednik Uprave



Independent limited assurance report on the Remuneration Report for the year 2020

To the Management Board and Supervisory Board of Varteks d.d.

Subject matter

Pursuant to the provisions of Article 272r item 3 of the Companies Act and the contract concluded with Varteks d.d. (the "Company"), we performed a limited assurance engagement of the accompanying Remuneration report for the year ended 31 December 2020 (the "Remuneration Report") prepared by the Company's Management Board.

Reporting criteria

The applicable reporting criteria for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration are contained in the provisions of Article 272r items 1 and 2 of the Companies Act.

Management and Supervisory Board's responsibilities

The Company's Management Board and the Supervisory Board are responsible for:

- preparing the Remuneration Report for the year 2020 in accordance with disclosure requirements of Article 272r items 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r item 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the information disclosed in the Remuneration Report,
- measurement of remuneration for the year ended 31 December 2020 in accordance with provisions of Article 272r items 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with provisions of Article 272r item 4.

The Company's Management Board is also responsible for maintaining an internal control system that provides limited assurance that the information described above is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to report on the Remuneration Report in accordance with the requirements of Article 272r item 3 of the Companies Act. We performed a limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised) - *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

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Commercial Court in Zagreb, no. Tt-99/7257-2, Reg. No.: 080238978; Company ID No.: 81744835353; Founding capital: HRK 1,810,000.00, paid in full; Management Board: J. M. Gasparac, President; S. Dusic, Member; T. Macasovic, Member; Giro-Account: Raiffeisenbank Austria d.d., Petrinjska 59, Zagreb, IBAN: HR8124840081105514875.



Our independence and quality control

We apply International Standard on Quality Control 1 and, accordingly, maintain a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Federation of Accountants, based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

We have performed the following procedures regarding the subject matter:

- we inquired of members of Management, Supervisory Board and other persons within the Company to gain understanding of the remuneration policies and the process applied in preparing the Remuneration Report;
- we received from the Company a list of all members of the Management and Supervisory Boards during 2020 and checked whether their remuneration is disclosed in the Remuneration Report;
- we reconciled the remuneration information presented in the Remuneration Report with the Company's accounting records (general ledger and subledgers) for the year ended 31 December 2020;
- we reviewed, on a sample basis, the relevant documentation (contracts and payments) related to the remuneration information presented in the Remuneration Report; and
- we checked whether the Remuneration Report contains all the information required by provisions of Article 272r items 1 and 2 of the Companies Act.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

Limited assurance conclusion

Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Remuneration Report for the year ended 31 December 2020 is not prepared in accordance with the requirements specified in Article 272r items 1 and 2 of the Companies Act.



Restriction of distribution and use

This report has been prepared solely for the Management Board in accordance with the agreement between us, to assist the Company in reporting the Remuneration Report, and is intended solely for the purposes specified in Article 272r item 3 of the Companies Act. We permit this report to be disclosed in the Company's web page in accordance with Article 272r item 4 of the Companies Act. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Management Board for our work or this report, except where such terms are expressly agreed in writing.

In addition, based on the procedures performed and described above, this is a limited assurance report and it is not, nor is it intended to be, a legal opinion on the Company's compliance with Article 272r items 1 and 2 of the Companies Act.

The Company's Management Board is responsible for placing the Remuneration Report on the Company's web-site and for accuracy of such information. The scope of our performed work does not include reviewing these matters; consequently, we do not assume any responsibility for any amendments that might have been made to the Remuneration Report underlying this Independent limited assurance report or any differences between the report issued by us and the information presented on the Company's web-site.

PricewaterhouseCoopers d.o.o
Zagreb, 8.7.2021

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

REPORT

On remuneration fees paid to members of the Supervisory Board and members of the Management Board in 2020

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

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

1. RENUMERATION FEE TO SUPERVISORY BOARD

According to the Company's Articles of Association, the Supervisory Board may consist of three of the seven members and be 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 2020:

NAME and SURNAME	FUNCTION	PERIOD
Nenad Bakić	President	From 20.04.2018. to 20.04.2022.
Igor Žonja	Vice president	From 29.12.2020. to 29.12.2024.
Božica Čiček-Mutavdžić	member of Supervisory Board employee representative	From 03.2018. to 03.2022.
Ivo Šulenta	member of Supervisory Board	From 25.01.2019. to 25. 01.2023.
Mirjana Droptina	member of Supervisory Board	From 25.01.2019. to 25.01.2023.

In accordance with the decision of the General Assembly of the company from September 28th 2018, Members of the Supervisory Board are entitled to a monthly remuneration for their work, for the entire duration of the mandate 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 Company's results of operations in the past or future period. Members of the Supervisory Board are not entitled to severance pay, additional payments from the Company or its affiliates, nor do they participate in share distribution plans.

The Supervisory Board has made a decision on formation of the Nomination and Remuneration Committee, which is planned to be established in 2021. The Nomination and Remuneration Committee makes a recommendation to the Supervisory Board on defining the remuneration of the Management Board, analyzes and reviews the policies and the remuneration system of the Management Board.

Remuneration paid to individual members of the Supervisory Board in 2020:

Gross 1

NAME and SURNAME	FUNCTION	PERIOD	GROSS 1 (kn)
Nenad Bakić	President	1.1.2020- 31.12.2020.	renounced compensation
Igor Žonja	Vice president	1.1.2020- 31.12.2020.	40.922,64
Božica Čiček Mutavdžić	member of Supervisory Board employee representative	1.1.2020- 31.12.2020.	39.855,12
Ivo Šulenta	member of Supervisory Board	1.1.2020- 31.12.2020.	40.922,64
Mirjana Droptina	member of Supervisory Board	1.1.2020- 31.12.2020.	40.922,64

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 privileges of significant value to the members of the Supervisory Board.

2. RENUMERATION FEE TO MANAGEMENT BOARD

In accordance with the statute of September 9th 2019 according to Article 13, 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 number of members of the Management Board is decided by the Supervisory Board.

In 2020, the Management Board consisted of two members:

NAME and SURNAME	FUNCTION	PERIOD
Tomislav Babić	President (CEO)	From 1st January 2020
Damir Radmilović	Board member	From 1st January 2020 till 15th of January 2021

Remuneration to the members of the Management Board is defined by the Policy on Remuneration of Members of the Management Board, which was adopted by the Supervisory Board of the Company on October 25th 2020.

The remuneration fee consist of:

- fixed part defined by the contract, paid on a monthly basis
- the variable part, which is a reward for the results achieved in the form of an annual bonus
- other receipts defined by policy

Total fixed and variable remuneration to members of the Management Board for 2020 are shown in the following table:

Gross 1:

Board member	Fixed fee	Variable fee	Total	% variable	% fixed
Tomislav Babić	532.911	53.744	586.655	9,16%	90,84%
Damir Radmilović	493.738	24.969	518.707	4,81%	95,19%
Total:	1.026.650	8.713	1.105.363	7,12%	92,88%

Additional benefits (use of an official car, apartment rental) that was paid to the members of the Management Board in 2020:

Board member	Company car	Apartment rental	Total
Tomislav Babić	31.551	22.193	53.744
Damir Radmilović	24.969	-	24.969

Remuneration

The fixed part of the fee, 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 ZTD, the members of the Management Board are appointed for a period of five years and the employment is based on an indefinite period of time.

The variable part of the remuneration is a reward for the achieved results in the form of an annual bonus determined by the Supervisory Board after analyzing the achieved goals as well as the annual profit and loss account and paid no later than April 1 of the current year. There were no such payments in 2020, nor will there be such payments in 2020, which refer to 2020.

Other remunerations include: the optional right to purchase shares of the Company at a pre-determined price by the Supervisory Board, use of the official car for official and private purposes, business representation costs, costs of visits to professional fairs and exhibitions. In 2020, on the above grounds, apart from the use of official vehicles and the rental of an apartment for personal use, the members of the Management Board did not receive any additional income.

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

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

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Year	2020	2019	2018	2017	2016
Total revenues	124.961.287	175.617.079	163.481.574	155.942.756	160.520.540
Loss	(30.846.929)	(9.731.873)	(24.489.674)	(29.197.789)	(15.926.970)

The average salary paid to all employees of the Company in the gross amount of 1, which includes a fixed and variable part of the salary is shown in the following table:

Average salary per employee

Gross 1 (kn)

Year	2020.	2019.	2018.	2017.	2016.
Annual income	59.627	54.705	52.569	50.192	48.564

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

Gross 1 (kn)

Year	2020.	2019.	2018.	2017.	2016.
Supervisory Board	40.656	40.964	63.410	5.019	16.227
Management Board	552.681	258.032	243.483	657.914	709.078

No member of the Management Board has received payments or payment obligations from a third party in connection with the performance of the duties of a member of the Management Board in 2020.

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

In case of a request for termination of 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, or in the amount of six monthly basic gross salaries. if the termination occurred more than six months after the conclusion of the Contract.

At no point during 2020 did the company deviate from the adopted remuneration policy.

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

In accordance with Article 247a of the ZTD, the Receipts Report will be prepared for the General Assembly to be held in 2021.

In Zagreb, July 8th, 2021.godine