VARTEKS

Varaždin, February 28th, 2020

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 2019 (cumulative period 01.01. – 31,12,2019/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 the fourth quarter of 2019, Varteks Group realized a normalized positive EBITDA of HRK 2.7m (before IFRS 16), thus achieving a total normalized EBITDA for 2019 of HRK 3m. Retail growth continues to be one of the most significant drivers of positive business trends. Despite a mild winter that significantly affects the sales of the fall winter collection, retail revenue was up 27% from last year.

A consolidated loss of HRK 1.9m was achieved in the 4th quarter (previous year loss of HRK 8.6m was recorded), which is a substantially less compared to the 4th quarter of 2018. Considering that in the 4th quarter adjustments of HRK 1.7m were made (out of which HRK 1.5m relates to inventory value adjustments) and accounting correction of club loan as a result of which the interest expense was increased by 2.5m (effect for the whole of 2019 is recorded in the 4th quarter), it is evident that in the 4th quarter Varteks Group operated with a profit.

As we have previously reported, Varteks' main business is once again becoming its own fashion and retail. Retail sales in the fourth quarter were HRK 27.2 million, while Gross Margin was HRK 12.7 million. Revenues were below the plan by HRK 1.0m but they were higher than the previous year by HRK 5.8m.

Revenues from services, i.e. production for others, were lower than the plan by HRK 3.2m in Q4 due to reduced orders, but also due to higher production for own requirements. However, Varteks was able to partially offset the effect of increased labor costs by increasing prices to major customers in services.

The production of special and workwear apparel (Varteks Pro) in Q4 generated HRK 1.8m less than planned, but HRK 4.2m more than in the same period last year.

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 0091 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 kapitat 41.066.860,00 kn, uplaćen u cijetosti i podijeljen na 4.106.686 redovnih dionica, svaka nominalne vrijednosti 10 kn. / Društvo je upisano u registar Trgovačkog suda u Varaždinu, postovni 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 / čtan Uprave Damir Radmilović



For the first time in the fourth quarter, the new accounting standard IFRS 16 - Leases, was applied. The effects of applying this standard are:

- Increase in the right of use assets by HRK 16.7m in the balance sheet and increase of the lease liabilities by HRK 17.1m
- in the income statement a decrease in the rental cost by HRK 5m, an increase in the depreciation expense by HRK 4.3m and an increase in the financial cost by HRK 0.9m

Also, in the 4th quarter, adjustments were made to PPE by aligning Group's and Company's books with the Group's accounting policies and International Accounting Standards. The effects of applying these corrections are:

- decrease of PPE value by HRK 151.5m
- decrease of revaluation reserves by HRK 88.4m
- reduction of deferred tax liabilities by HRK 19.3m
- increase of accumulated losses by HRK 43.8m
- this change will reduce the annual depreciation by HRK 3.2m
- recognition of unused PPE on the position of investment property in the amount of HRK 75.8m.

Additionally, during 4th quarter following adjustments were made to the accounting of club loan which was reprogrammed in January 2018:

- reduction of accumulated losses by HRK 16m
- decrease in carrying amount of loans received by HRK 13.5m
- this change has increased financial expenses by HRK 2.5m in 2019.

A restatement note detailing all the changes will be published in the annual financial statements. The restatements in the TFI-POD report were made through the balances in 2019 and the intention is to have the final restatement carried out in accordance with IAS 8 starting from the beginning of the comparative period (January 1st, 2018), which will be published in the audited financial statements for 2019.

The most significant risks and expectations for the future

Cost reduction restructuring projects were implemented in 2018, with the most significant effects related to restructuring of administrative and overhead staff, rationalization of space utilization and process management streamlining; primarily procurement, sales and production.

In 2019, primary focus is on business development processes. In the export business, the cooperation with the renowned business partners has continued, especially with Hugo Boss and J. Lindeberg. The most positive effects are expected through more efficient management and utilization of production processes and capacities.

The sales of special purpose apparel and corporate apparel are partly related to existing and partly to new contracts.

We are expecting continued growth in retail sales and the creation of new outlets.



By changing how business is conducted and how workers are being treated, Varteks has managed to slow down the outflow of workforce and offset the rise in wage costs with higher production efficiency and higher prices, both in production for others and in its own retail segment.

Significantly impaired liquidity remains the most significant risk, as indicated in the audited financial statements for 2018. The regularity of settlement of liabilities, among other things, is secured by the additional short-term loan of a new commercial bank. Liquidity was significantly impaired for two reasons: the continued maturity of short-term liabilities from previous periods and the working capital requirements necessary to generate income and profit in retail and preparation for the autumn-winter 2019 season. The largest shareholder of the Company additionally secured HRK 15.9m through additional interest-free loans in the first half of 2019 (as of December 31, 2018, it was HRK 30.1m), while the new commercial bank in the 4th quarter provided between 6 and 10 million HRK.

The Management Board is also working on the long-term resolution of the Company's liquidity and indebtedness through the monetization of the Company's real estate, primarily real estate at the Company's headquarters in Varaždin.

Overall, according to unaudited data, in 2019, for the first time after a long series of negative operating results, a positive normalized EBITDA of HRK 3m was achieved. In 2020, the Management Board expects to continue this positive trend and a significantly better result than last year. The main generator of change will continue to be the strengthening and growth of retail segment and our own brand.

R&D activities

R&D activities mainly relate to the development of new collections.

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 December 31, 2019, the Parent Company has the following active subsidiaries:

- Varteks Pro d.o.o.
- V-projekt d.o.o.

Varteks Pro d.o.o.

Varteks Pro d.o.o. specializes in sewing special purpose clothing for special customers (most notably the police and military).

In 2019, the company generated HRK 37.1 million in revenue (2018: HRK 37.2 million). The Company generated HRK 1.2 million in profit (2018: HRK 1.6 million). The Company's assets as at 31 December 2019 amounted to HRK 7.3 million (31 December 2018: HRK 15.1 million). Net capital at 31 December 2019 amounted to HRK 2.1 million (31 December 2018: HRK 0.9 million). The number of employees was 32 (2018: 28). The director of the company is Ms. Natalija Vnucec.



V-projekt d.o.o.

Company V-projekt d.o.o. is 100% owned by the Company.
Company V-projekt d.o.o. has no operational activities.
In 2019, the company generated HRK 87 thousand in revenue (2018: HRK 100 thousand).
The Company generated a profit of HRK 56 thousand (2018: profit of HRK 69 thousand).
The Company's assets as at 31 December 2019 amounted to HRK 4.5 million (31 December 2018: HRK 4.5 million). Net capital at 31 December 2019 amounted to HRK 4.5 million (2018: HRK 4.5 million). The Company has no employees (2018: 0). The director of the company is Mr. Damir Rizman.

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

The Group's 2018 annual financial statements contain the required disclosures regarding the Group's management and exposure to financial risks. The management of liquidity risk and cash flow risk is described in the consolidated financial statements for 2018 in Note 38 b).

In this interim report, we would like to highlight liquidity risk as still the most significant business risk. As of December 31, 2019, the Group and the Company continue to have a significant amount of overdue liabilities. The management is undertaking financial restructuring measures to provide the means to meet these arrears. We expect that additional cash inflows from the sale of the Company's PPE (not used in production operations) could be generated during 2020, some of which should be used to reduce outstanding trade payables and financial debt.

Tomislav Babić President of the Management Board

Damir Radmilović Member of the Management Board

Annex 1			DATA		
	12	SSUER'S GENERAL	, DATA		
Reporting period:		01.01,2019	to	31,12,2019	
Year:		2019			
Quarter:		4			
	Quarterl	y financial staten	nents		
egistration number (MB):	03747034	Issuer's ho	me Memb State cod		
Entity's registration	070004039		Otato ooa	× [2000000000000000000000000000000000000	
number (MBS):				74700000000 HATOCEOPA	
number (OIB):	00872098033		LE	EI: 74780000Q0LH0TDGEQ80	
code:	1420				
Name of the issuer:	VARTEKS d.d.				
Postcode and town:	42000		Varaždin		
treet and house number:	Zagrebačka 94				
E-mail address:	info@varteks.com				
Web address:	www.varteks.com				
Number of employees (end of the reporting	1025				
Consolidated report:	KN (KN	-not consolidated/KD-cor	solidated)		
Audited:	RN (F	N-not audited/RD-audite	d)		
Names of subsidiaries	s (according to IFRS):		Register	red office:	ив:
Bookkeeping firm:	No	(Yes/No)			
Contact person:	Radmilović Damir		(name of	the bookkeeping firm)	
Telephone:	(only name and surname 042 377319	of the contact person)			
E-mail address:	dradmilovic@varteks	s com			
Audit firm:					
Certified auditor:	(name of the audit firm)				
L	(name and surname)				

International Company Inte				in HRK
A RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	Submitter: Varteks d.d.		preceding business	At the reporting date of the current period
SPENDER ASSETS (ADP 003-010-020-031-0309)	1	2	3	4
SPENDER ASSETS (ADP 003-010-020-031-0309)				
INTANCIBLE ASSETS (ADP 004 to 009)		<u> </u>		0 202,800,700
Tesesenth and development 004				
2 Concessions, patients, licencee, frademants, software and other of the control of the contro				1,707,001
3 Goodwill 006 0	Concessions nations licenses trademarks software and other			
3 Goodwill		005	1.485.856	1.657.667
5 Interplibe assets preparation 908		006	0	0
6 Other Interrigible assets 009 0 0 UTANOISIE EASSETS (ADP 011 to 019) 010 348.868.860.0 213.411.50 1 Land 011 72.088.885 52.075.28 25.075.28 25.075.28 25.018.050.0 60.721.78 37.00 27.00 25.018.050.0 60.721.78 37.00 27.00 22.245.94 42.00 42.00 42.00 42.00 42.00 42.00 42.00 42.00 43.00 4		007	110.000	110.000
TANOBILE ASSETS (ADP 011 to 019)	5 Intangible assets in preparation	008	0	0
Land			-	0
2 Buildings	II TANGIBLE ASSETS (ADP 011 to 019)			
3 Pinnt and equipment				
4 Tools, working Inventory and transportation assets 014				
5 Biological assets 016 0 6 Advances for the purchase of tangible assets 016 0 7 Tangible assets in preparation 017 0 8 Other tangible assets 018 232,048 232,048 9 Investment property 019 0 75,678,059 10 Investments in property 019 0 75,678,059 11 Investments in property 019 0 75,678,059 12 Investments in contractions of the securities of undertakings within the group 021 4,550,800 4,550,800 1 Investments in holdings (chares) of undertakings within the group 022 0 0 2 Investments in holdings (chares) of companies linked by virtue of participating of participating in the secord companies linked by virtue of participating of the secord companies linked by virtue of participating of the secord companies linked by virtue of participating of the secord companies linked by virtue of participating of the secord companies linked by virtue of participating of the secord linkers of the secord	3 Plant and equipment			
6 Activances for the purchase of tangible assets				1.858.400
7 Tangible assets in preparation				0
8 Other tangible assets 9 fivestment property 1019 9 0 75.678.05 1 investment property 1019 1 investments in holdings (ahares) of undertakings within the group 2 investments in holdings (ahares) of undertakings within the group 2 investments in holdings (ahares) of undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 4 Linvestments in holding schares) of companies linked by virtue of participating interests 5 Investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits, etc. to companies linked by virtue of participating interests 7 Investments in securities 9 Carp. 4 Carp. 4 Carp. 4 Carp. 4 Carp. 4 Carp. 4 Carp. 5 Carp. 4 Carp. 4 Carp. 5 Carp. 4 Carp. 5 Carp				
Final Property 0 75.678.05				
IFFIXED FINANCIAL ASSETS (ADP 021 to 030)				····
Investments in notidings (shares) of undertakings within the group				
2 investments in other securities of undertakings within the group 3 Loans, deposits, et. 0. undertakings within the group 4. Investments in holdings (shares) of companies linked by virtue of participating interests 5 investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits, et. 0. companies linked by virtue of participating interests 7 Investments in securities 9 27 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				
3 Loans, deposits, etc. to undertakings within the group 4. Investments in holdings (shares) of companies linked by virtue of participating interests 5. Investment in other securities of companies linked by virtue of participating interests 6. Loans, deposits, etc. to companies linked by virtue of participating interests 7. Investments in securities 1. Vinestments in securities 2. Vinestments in securities 3. Vinestments in securities 3. Vinestments in securities 3. Vinestments in vinestments accounter for using the equity method 2. Vinestments in vinestments accounter for using the equity method 2. Vinestments in vinestments accounter for using the equity method 2. Vinestments from undertaking within the group 2. Vinestments in other receivables 3. Vinestments in securities 3. Vinestments in holdings (shares) of undertakings within the group 2. Receivables from companies linked by virtue of participating of the undertaking of the virtue of participating interests 3. Vinestments in holdings (shares) of companie				
A. Investments in holdings (shares) of companies linked by virtue of participating interests S. Investment in other securities of companies linked by virtue of participating interests C. Loss, deposits etc. to companies linked by virtue of participating 026 O		023	Ö	0
Darticipating interests	Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
Interests	participating interests	025	0	0
8 Loans, deposits, etc. given 9 Other Investments accounted for using the equity method 029 0 0 10 Other fixed financial assets 030 5,900 5,90 IV RECEIVABLES (ADP 032 to 035) 2 1 Receivables from undertakings within the group 2 Receivables from companies linked by virtue of participating interests 3 Customer receivables 4 Other receivables 4 Other receivables 5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	interests			
9 Other investments accounted for using the equity method 10 Other fixed financial assets 30 30 5,900 10 Other fixed financial assets 30 30 5,900 5,9				
10 Other fixed financial assets		_		
IV RECEIVABLES (ADP 032 to 035)				
TReceivables from undertakings within the group 0.32 2.617.018				
Receivables from companies linked by virtue of participating interests				
4 Other receivables VDEFERRED TAX ASSETS O36 C) CURRENT ASSETS (ADP 038+046+053+063) O37 41:211.443 54:384.31 INVENTORIES (ADP 039 to 045) O38 26:434.796 40:121.61 1 Raw materials and consumables O39 11.041.816 13:508.44 2 Work in progress O40 346.709 784.10 3 Finished goods O41 9.442.227 18:167.33 4 Merchandise O42 4.502.139 7.293.12 5 Advances for inventories O43 1.101.906 378.61 6 Fixed assets held for sale O44 O 7 Biological assets O45 1 Receivables from undertakings within the group O47 O47 O48 O48 O48 O49 11.543.394 9.557.3 4 Receivables from companies linked by virtue of participating interests O49 1 Interest in holdings (shares) of undertakings within the group O47 O47 O47 O48 O48 O49 O49 O49 O49 O49 O49	2 Receivables from companies linked by virtue of participating	033	C	0
V DEFERRED TAX ASSETS 036	3 Customer receivables	034	C	0
Course C	4 Other receivables		270.834	221.696
INVENTORIES (ADP 039 to 045) 038 26,434,796 40,121.65 1 Raw materials and consumables 039 11,041.816 13,508.44 2 Work in progress 040 346,709 784.10 3 Finished goods 041 9,442.227 18,157.30 4 Merchandise 042 4,502.139 7,293.11 5 Advances for inventories 043 1,101.905 378.65 6 Fixed assets held for sale 044 0 7 Biological assets 045 0 II RECEIVABLES (ADP 047 to 052) 046 12,623.781 12,814.51 1 Receivables from undertakings within the group 047 397,446 2,600.55 2 Receivables from companies linked by virtue of participating interests 049 11,543.394 9,557.3 4 Receivables from employees and members of the undertaking 050 49,272 46,00 5 Receivables from government and other institutions 051 4113.678 382.3 6 Other receivables 052 219.991 228.2 III CURRENT FINANCIAL ASSETS (ADP 054 to 062) 053 193.843 168.75 1 Investments in holdings (shares) of undertakings within the group 054 0 2 Investments in other securities of undertakings within the group 056 0 4 Investments in holdings (shares) of companies linked by virtue of participating interests 057 0 5 Investments in securities of companies linked by virtue of participating interests 057 0 6 Loans, deposits, etc. to undertakings within the group 056 0 8 Loans, deposits, etc. to companies linked by virtue of participating interests 059 0 1 Investments in securities of companies linked by virtue of participating interests 060 0 8 Loans, deposits, etc. to companies linked by virtue of participating interests 060 0 9 Other financial assets 062 0 10 CASH AT BANK AND IN HAND 063 1,959.023 1,279.3 10 PREPADID EXPENSES AND ACCRUED INCOME 064 614,496 407.6 10 PREPADID EXPENSES AND ACCRUED INCOME 065 408.373.891 282.414.7				
Raw materials and consumables 039				
2 Work in progress				
3 Finished goods 041 9.442.227 18.157.31 4 Merchandise 042 4.502.139 7.293.12 5 Advances for inventories 043 1.101.905 378.62 6 Fixed assets held for sale 044 0 7 Biological assets 045 0 II RECEIVABLES (ADP 047 to 052) 046 12.623.7631 12.814.51 1 Receivables from undertakings within the group 047 397.446 2.600.52 2 Receivables from companies linked by virtue of participating interests 048 0 3 Customer receivables 049 11.543.394 9.557.3 4 Receivables from employees and members of the undertaking 050 49.272 46.00 5 Receivables from government and other institutions 051 413.678 382.31 6 Other receivables 052 219.991 226.22 III CURRENT FINANCIAL ASSETS (ADP 054 to 062) 053 193.843 168.73 1 Investments in other securities of undertakings within the group 054 0 2 Investments in other securities of undertakings within the group 055 0 3 Loans, deposits, etc. to undertakings within the group 055 0 4 Investments in holdings (shares) of companies linked by virtue of participating interests 051 058 058 058 059 059 059 059 059 059 059 059 059 059			· · · · · · · · · · · · · · · · · · ·	
A Merchandise				
5 Advances for inventories				·
6 Fixed assets held for sale				
T Biological assets			·	
IRECEIVABLES (ADP 047 to 052)				
1 Receivables from undertakings within the group 047 397.446 2.600.55 2 Receivables from companies linked by virtue of participating interests 048 0 3 Customer receivables 049 11.543.394 9.557.3 4 Receivables from employees and members of the undertaking 050 49.272 46.00 5 Receivables from government and other institutions 051 413.678 382.3 6 Other receivables 052 219.991 228.2 Ill CURRENT FINANCIAL ASSETS (ADP.054 to 062) 053 193.843 168.7 1 Investments in holdings (shares) of undertakings within the group 054 0 2 Investments in other securities of undertakings within the group 055 0 3 Loans, deposits, etc. to undertakings within the group 056 0 4 Investments in holdings (shares) of companies linked by virtue of participating interests 057 0 5 Investment in other securities of companies linked by virtue of participating interests 058 0 6 Loans, deposits, etc. to companies linked by virtue of participating interests 059 0 7 Investments in securities 060 0			12.623.78	12.814.588
2 Receivables from companies linked by virtue of participating interests 3 Customer receivables 4 Receivables from employees and members of the undertaking 5 Receivables from employees and members of the undertaking 5 Receivables from government and other institutions 6 Other receivables 052 219.991 228.21 III CURRENT FINANCIAL ASSETS (ADP 054 to 062) 1 Investments in holdings (shares) of undertakings within the group 2 Investments in other securities of undertakings within the group 4 Investments in holdings (shares) of companies linked by virtue of participating interests 5 Investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits etc. to companies linked by virtue of participating interests 7 Investments in securities 7 Investments in securities 8 Loans, deposits, etc. given 9 Other financial assets 1062 007 1 VCASH AT BANK AND IN HAND 107 108 108 109 104 105 105 105 105 105 105 105				
4 Receivables from employees and members of the undertaking 5 Receivables from government and other institutions 6 Other receivables 6 Other receivables 1052 1053 1052 110 CURRENT FINANCIAL ASSETS (ADP 054 to 062) 1 Investments in holdings (shares) of undertakings within the group 2 Investments in other securities of undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 4 Investments in holdings (shares) of companies linked by virtue of participating interests 5 Investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits etc. to companies linked by virtue of participating interests 7 Investments in securities 7 Investments in securities 8 Loans, deposits, etc. given 9 Other financial assets 1052 1053 1053 1053 1053 1054 1054 1057 1	2 Receivables from companies linked by virtue of participating	048	(
5 Receivables from government and other institutions 051 413.678 382.3 6 Other receivables 052 219.991 228.2 III CURRENT FINANCIAL ASSETS (ADP 054 to 062) 053 193.843 168.7 1 Investments in holdings (shares) of undertakings within the group 054 0 2 Investments in other securities of undertakings within the group 055 0 3 Loans, deposits, etc. to undertakings within the group 056 0 4 Investments in holdings (shares) of companies linked by virtue of participating interests 057 0 5 Investment in other securities of companies linked by virtue of participating interests 058 0 6 Loans, deposits etc. to companies linked by virtue of participating interests 059 0 7 Investments in securities 060 0 0 8 Loans, deposits, etc. given 061 193.843 168.7 9 Other financial assets 062 0 IV CASH AT BANK AND IN HAND 063 1.959.023 1.279.3 D) PREPAID EXPENSES AND ACCRUED INCOME 064 614.496 407.6 E) TOTAL ASSETS (ADP 001+002+037+064) </td <td></td> <td></td> <td></td> <td></td>				
6 Other receivables				
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)				
1 Investments in holdings (shares) of undertakings within the group 2 Investments in other securities of undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 4 Investments in holdings (shares) of companies linked by virtue of participating interests 5 Investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits etc. to companies linked by virtue of participating interests 7 Investments in securities 8 Loans, deposits, etc. given 9 Other financial assets 1002 1V CASH AT BANK AND IN HAND 1013 102 103 103 104 105 105 105 105 105 105 105	6 Other receivables			
2 Investments in other securities of undertakings within the group 3 Loans, deposits, etc. to undertakings within the group 4 Investments in holdings (shares) of companies linked by virtue of participating interests 5 Investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits etc. to companies linked by virtue of participating interests 7 Investments in securities 8 Loans, deposits, etc. given 9 Other financial assets 10 V CASH AT BANK AND IN HAND 10 PREPAID EXPENSES AND ACCRUED INCOME 10 TOTAL ASSETS (ADP 001+002+037+064) 10 Securities 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	III CURRENT FINANCIAL ASSETS (ADP 054 to 062)			
3 Loans, deposits, etc. to undertakings within the group 4 Investments in holdings (shares) of companies linked by virtue of participating interests 5 Investment in other securities of companies linked by virtue of participating interests 6 Loans, deposits etc. to companies linked by virtue of participating interests 7 Investments in securities 8 Loans, deposits, etc. given 9 Other financial assets 10 Other financial assets 10 Other financial assets 10 OFF OFF OFF OFF OFF OFF OFF OFF OFF OF				
Description of the securities of companies linked by virtue of perticipating interests O	3 Loans, deposits, etc. to undertakings within the group			
Description	participating interests	057	1	0
Interests	nerticination interests			
8 Loans, deposits, etc. given 061 193,843 168.7 9 Other financial assets 062 0 IV CASH AT BANK AND IN HAND 063 1,959,023 1,279,3 D) PREPAID EXPENSES AND ACCRUED INCOME 064 614,496 407,6 E) TOTAL ASSETS (ADP 001+002+037+064) 065 408,373,891 282,414,7	interests			
9 Other financial assets 062 0 IV CASH AT BANK AND IN HAND 063 1.959.023 1.279.3 D) PREPAID EXPENSES AND ACCRUED INCOME 064 614.496 407.6 E) TOTAL ASSETS (ADP 001+002+037+064) 065 408.373.891 282.414.7			 	
IV CASH AT BANK AND IN HAND 063 1.959.023 1.279.3 D) PREPAID EXPENSES AND ACCRUED INCOME 064 614.496 407.6 E) TOTAL ASSETS (ADP 001+002+037+064) 065 408.373.891 282.414.7				
D) PREPAID EXPENSES AND ACCRUED INCOME 064 614.496 407.6 E) TOTAL ASSETS (ADP 001+002+037+064) 065 408.373.891 282.414.7				
E) TOTAL ASSETS (ADP 001+002+037+064) 065 408.373.891 282.414.7				
		065		
Test tongered consider them to the test to	OFF-BALANCE SHEET ITEMS	066	8.902.88	

Submitter: Varteks d.d.			
Continues and the continues of the conti		Lest day of the	At the reporting date
ltem	ADP	preceding business	of the current period
		year	
LANDUMEC.	2	3	4
LIABILITIES A) CAPITAL AND RESERVES (ADP 068 to	067	177,606.431	45,284,300
I INITIAL (SUBSCRIBED) CAPITAL	068	41,066.860	41,066.860
II CAPITAL RESERVES	069	1.555.445	655,664
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	72,737	-2.453.565
1 Legal reserves 2 Reserves for treasury shares	071 072	1.836.530	754.460
3 Treasury shares and holdings (deductible item)	073	-1.836.530	-3.371.478
4 Statutory reserves	074	0	0
5 Other reserves	075	72.737	163.453
IV REVALUATION RESERVES	076	166.675.683	78.638,521
V FAIR VALUE RESERVES (ADP 078 to 080)	077 078	0	0
Fair value of financial assets available for sale Cash flow hedge - effective portion	078	- 0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	ō	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-	081	-5.334.124	-60.543,514
083)	indaneen een i	9:39:00:00:00:00:00:00:00:00:00:00:00:00:00	
1 Retained profit	082 083	5,334,124	60.543.514
2 Loss brought forward VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	-26.430.170	-12.079.666
1 Profit for the business year	085	0	0
2 Loss for the business year	086	26.430.170	12.079.666
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	5,691.269	5.458,556
1 Provisions for pensions, termination benefits and similar obligations	089	2.984.804	2.216.861
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases 4 Provisions for renewal of natural resources	091 092	0	0
5 Provisions for varranty obligations	093	0	0
6 Other provisions	094	2.706.455	3.241.695
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	122,909,113	107.561,428
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	이
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of	099	0	0
participating interests		0	
5 Liabilities for loans, deposits etc. 6 Liabilities to banks and other financial institutions	100 101	86.305.078	
7 Liabilities for advance payments	102	0	
8 Liabilities to suppliers	103	16.690	416.301
9 Liabilities for securities	104	0	
10 Other long-term liabilities	105	0	
11 Deferred tax liability D) SHORT-TERM LIABILITIES (ADP 108 to 121)	106 107	36,587,345 101,198,496	The second secon
1 Liabilities to undertakings within the group	108	12.164	
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	9.745.784	
		0.740.704	
3 Liabilities to companies linked by virtue of participating interests 4 Liabilities for loans, deposits etc. of companies linked by virtue of	110		
participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	30.475.186	
6 Liabilities to banks and other financial institutions	113	10.479.816	
7 Liabilities for advance payments	114 115	701.491 35.751.035	
8 Liabilities to suppliers 9 Liabilities for securities	116	35.751.030	
10 Liabilities to employees	117	4.177.626	
11 Taxes, contributions and similar liabilities	118	6.246.740	
12 Liabilities arising from the share in the result	119	0	
13 Liabilities arising from fixed assets held for sale	120	3 609 654	
14 Other short-term liabilities	121	3.608.654	
E) ACCRUALS AND DEFERRED INCOME	122	968.592	
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	408.373.891	
G) OFF-BALANCE SHEET ITEMS	124	8,902.889	6,452,409

Submitter: Varteks d.d. Same period of the previous year **Current period** ADP Item code Quarter Cumulative Cumulative 2 154.021,200 46,227,111 136 352 640 41.002.379 **OPERATING INCOME (ADP 126 to 130)** 125 4.626.481 17.362.451 7.216.168 1 Income from sales with undertakings within the group 126 13.029.969 38.304.747 34.227.955 133,191,387 117.653.823 2 Income from sales (outside group) 127 204.669 67,641 128 183,907 50.506 3 Income from the use of own products, goods and services 152.429 36.544 129 165.705 4 Other operating income with undertakings within the group 5.319.236 2.097.437 3.110.264 602,011 130 5 Other operating income (outside the group) II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153) 158.160.087 42.118.687 131 159.169,744 48.514.050 -2.590.048 -9 534 102 1 Changes in inventories of work in progress and finished goods 132 -2.944.879 -532,880 73,949,735 18,950,037 133 64.017.995 19,324,478 2 Material costs (ADP 134 to 136) 40.430.813 12,498,329 10 365 197 134 38.616.976 a) Costs of raw materials and consumables 4,368,373 17.981.481 5.558.018 135 13,104,824 b) Costs of goods sold 4,590,908 15.537.441 893,690 12.296.195 c) Other external costs 136 15.783.150 61,300,382 3 Staff costs (ADP 138 to 140) 137 64,614,488 15,468,433 10.838.274 43.902.567 10.494.806 42,098,198 138 a) Net salaries and wages 3,148,825 12.916.641 12.190.876 b) Tax and contributions from salary costs 139 3.088,403 1.885.224 7.011.308 1.796.051 140 7.795.280 c) Contributions on salaries 1.939.221 8,821,986 3,105,808 7.799.566 141 4 Depreciation 4.754.526 19.381.727 142 17.931.139 4.925.686 5 Other costs 6.154.826 6.154,825 1,611,566 1.611.566 143 6 Value adjustments (ADP 144+145) a) fixed assets other than financial assets 144 0 0 6.154.825 6,154,825 1.611.566 1.611.566 b) current assets other than financial assets 145 220,469 812,644 220.469 7 Provisions (ADP 147 to 152) 146 812.644 0 a) Provisions for pensions, termination benefits and similar obligations 147 812.644 812.644 0 0 148 0 n b) Provisions for tax liabilities 0 0 0 c) Provisions for ongoing legal cases 149 0 d) Provisions for renewal of natural resources 150 0 0 0 0 0 0 0 151 e) Provisions for warranty obligations 220.469 0 220.469 152 0 f) Other provisions 783,966 421.643 2,408,324 283,179 153 8 Other operating expenses 4,210,091 182.865 3.701.723 1.172.767 III FINANCIAL INCOME (ADP 155 to 164) 154 1 Income from investments in holdings (shares) of undertakings within 0 0 0 155 the group 2 Income from investments in holdings (shares) of companies linked by 0 0 0 n 156 virtue of participating interests 3 Income from other long-term financial investment and loans granted to 0 5.819 5.819 0 157 undertakings within the group 4 Other interest income from operations with undertakings within the 0 0 0 158 group 5 Exchange rate differences and other financial income from operations 681.637 0 1.853.413 159 761.935 with undertakings within the group 160 ٥ 6 Income from other long-term financial investments and loans 132.220 12.997 8.070 7.346 161 7 Other interest income 472.314 175.519 1,703,004 8 Exchange rate differences and other financial income 162 3,440,086 9 Unrealised gains (income) from financial assets 163 0 7.267 0 10 Other financial income 164 7,026,940 11 642 502 IV FINANCIAL EXPENSES (ADP 166 to 172) 165 7.823.157 1 984.868 1 Interest expenses and similar expenses with undertakings within the 380 066 315,132 166 353.714 279,057 2 Exchange rate differences and other expenses from operations with 681.637 1.853,413 761.937 C 167 undertakings within the group 1.348.417 7.064.233 4.823.825 4.194.116 168 3 Interest expenses and similar expenses 2.287.032 1.206.346 2.190.285 169 112.014 4 Exchange rate differences and other expenses 0 5 Unrealised losses (expenses) from financial assets 170 0 0 171 6 Value adjustments of financial assets (net) 57,758 0 245.380 172 323,105 7 Other financial expenses SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE 0 0 0 o 173 OF PARTICIPATING INTERESTS 0 0 VI SHARE IN PROFIT FROM JOINT VENTURES 174 0 0 VIL SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF Ð 175 0 0 0 PARTICIPATING INTEREST 0 176 0 VIII SHARE IN LOSS OF JOINT VENTURES n 177 41,185,244 157,722,923 47.399.878 140,562,731 IX TOTAL INCOME (ADP 125+154+173 + 174) 169.802.589 X TOTAL EXPENDITURE (ADP 131+165+175 + 176) 178 166,992,901 50,498,918 49.145.627 XI PRE-TAX PROFIT OR LOSS (ADP 177-178) -1.745,749 -26,430,170 -9,313,674 12.079.666 179 180 Λ 1 Pre-tax profit (ADP 177-178) n -12.079,666 -1.745.749 181 -26,430,170 -9.313.674 2 Pre-tax loss (ADP 178-177) 309.307 490 869 0 XII INCOME TAX 182 -1.745.749 -26,921,039 9.313.674 -12.388.973 XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182) 183 184 1 Profit for the period (ADP 179-182) -26,921,039 -12.388.973 -1,745,749 -9 313 674 2 Loss for the period (ADP 182-179) 185 DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS

188 U 0 186 0 (ADP 187-188) 0 0 0 1 Pre-tax profit from discontinued operations 187

188

2 Pre-tax loss on discontinued operations

0

0

0

ltem .	ADP	Same period of the	previous year	Current pe	ırlod
	code	Cumulative	Quarter	Cumulative	Quarter
and the second	2	3	4	6	6
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0 11 2 2 2	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFR	S with dis	continued operations			
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	- 0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up cons	olidated a		ents)		
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	-26.430.170	-9.313.674	-12.079.666	-1.745.749
1 Attributable to owners of the parent	200	-26.430.170	-9.313.674	-12.079.666	-1.745.749
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by un	dertaking	s subject to IFRS)			
PROFIT OR LOSS FOR THE PERIOD	202	-26.430.170	-9.313.674	-12.079.666	-1.745,749
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX	203	2,880,488	774,675	1,171,241	-1,009,612
(ADP 204 to 211)		2,000,400		1.111.611	
1 Exchange rate differences from translation of foreign operations	204	0	0	0	
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	2.807.751	701.938	1.196.820	-908.993
Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	C
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	-116.295	-116.295
8 Other changes in equity unrelated to owners	211	72.737	72.737	90.716	15.676
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	C
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	2.880.488	774,675	1,171,241	-1.009.612
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	-23,549,682	-8.538,999	-10.908.425	-2,755,361
APPENDIX to the Statement on comprehensive income (to be filled in by	y undertak	ings that draw up co	isolidated statemer	its)	an single
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	C
1 Attributable to owners of the parent	216	0	0	0	[
2 Attributable to minority (non-controlling) interest	217	0	0	0	

STATEMENT OF CASH FLOWS - indirect method for the period 01.01.2019. to 31.12.2019

in HRK

Submitter: Varteks: d.d.			in HKK
	ADP	Same period of the	Current period
.item	code	previous year	Guiteilt period
1	2	3	4
Cash flow from operating activities	004	-26.430.170	-12,079.666
1 Pre-tax profit	001 002	previous community and control of the control of th	-12,079,666 16,929,865
2 Adjustments (ADP 003 to 010):	002	11,730,675 7,799,566	8.821.986
a) Depreciation b) Gains and losses from sale and value adjustment of fixed tangible and	## PATER WAS ERVER VESS OF PERSON OF	Contract Manufal and FarmAnneagraphics was ensured the second and second	ners, e.e., s. et a ners a consistence de come en consistence en consistence en commend de Marcel En come En come
intangible assets	004	123.605	34.741
c) Gains and losses from sale and unrealised gains and losses and value	005	O	209.615
adjustment of financial assets			ga ganga annangga ga ga maga ga maga ga annang a san mana ka anna a ka annak a bha a
d) Interest and dividend income	006	-8.071	-138.039
e) Interest expenses	007	4.547.830	7.444.298
f) Provisions	800	281.544	0
g) Exchange rate differences (unrealised)	009	-1.244.799	570.943
h) Other adjustments for non-cash transactions and unrealised gains and	010	231.000	-13.679
losses			
Cash flow increase or decrease before changes in working capital	011	-14,699,495	4.850,199
(ADP 001+002)	an periodic emperation		
3 Changes in the working capital (ADP 013 to 016)	012	-51.403.847	-11,311,133
a) Increase or decrease in short-term liabilities	013	-26.308.253	4.161.618
b) Increase or decrease in short-term receivables	014	-22.251.835	-151.256
c) Increase or decrease in inventories	015	-2.843.759	-15.088.792
d) Other increase or decrease in working capital	016	0	-232.703
II Cash from operations (ADP 011+012)	017	-66.103.342	-6.460.934
4 Interest paid	018	-1.389.343	-955.004
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-67.492.685	-7.415.938
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	47.906	1.746.440
2 Cash receipts from sales of financial instruments	022	0	Λ
3 Interest received	023	0	131.851
4 Dividends received	023	0	0
5 Cash receipts from repayment of loans and deposits	025		. 0
6 Other cash receipts from investment activities	026	52.147	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	100.053	1,878,291
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-1.290.861	-4.831.823
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	C
IV Total cash payments from investment activities (ADP 028 to 032)	033	-1.290.861	-4.831.823
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-1,190.808	-2.953.532
Cash flow from financing activities 1 Cash receipts from the increase in initial (subscribed) capital	035	17.449.058	C
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	(
THE RESIDENCE OF THE PROPERTY	037	81.260.360	43.534.976
3 Cash receipts from credit principals, loans and other borrowings	1 001	Q 1.200,000	70.007.010

Submitter: Varteks: d.d.			
ltem	ADP code	Same period of the previous year	Current period
1	2	3	4
V Total cash receipts from financing activities (ADP 035 to 038)	039	98.709.418	43.534.976
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-27.807.745	-33.857.764
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
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	-927.200	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-28.734.945	-33,857,764
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	69.974.473	9,677.212
Unrealised exchange rate differences in respect of cash and cash equivalents	047	11.290	12.634
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	1.302,270	-679.624
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	656.753	1.959.023
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	1,959.023	1.279.399

STATEMENT OF CASH FLOWS - direct method

for the period ____ to __.__

for the period to			in HRK
Submitter:	ADP	Same period of the	
ltem 1	code 2	previous year 3	Gurrent period
Cash flow from operating activities 1 Cash receipts from customers	001	0	0
Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	0	
4 Cash receipts from tax refund 5 Cash payments to suppliers	004 005	0	0
6 Cash payments to employees	006	0	0
7 Cash payments for insurance premiums	007	0	
8 Other cash receipts and payments I Cash from operations (ADP 001 to 008)	008 009	0	0) 0
9 Interest paid	010	0	0
10 Income tax paid	011	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	0	0
2 Cash receipts from sales of financial instruments	014	0	0
3 Interest received	015	0	0
4 Dividends received	016 017	0	0
5 Cash receipts from the repayment of loans and deposits 6 Other cash receipts from investment activities	017	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	019	0	0
Cash payments for the purchase of fixed tangible and intangible assets	020	0	0
2 Cash payments for the acquisition of financial instruments	021		0
3 Cash payments for loans and deposits	022	0	The second secon
4 Acquisition of a subsidiary, net of cash acquired	023	0	PERMANENTAL CONTRACTOR CONTRACTOR CONTRACTOR STATES AND AND ADDRESS OF THE STATES AND ADDRESS OF
5 Other cash payments from Investment activities	024	V	
III Total cash payments from investment activities (ADP 020 to 024)	025		0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	0	0
	027		0
1 Cash receipts from the increase in initial (subscribed) capital 2 Cash receipts the from issue of equity financial instruments and debt	to 2000-100 kingsin king aparenti promisione kili	Security of the chartery was a security was recommended.	0
financial instruments	028	Land to the Control of the Control o	or minute and internal wave properties to a continue and a specific
3 Cash receipts from credit principals, loans and other borrowings 4 Other cash receipts from financing activities	029 030	(The state of the s
IV Total cash receipts from financing activities (ADP 027 to 030)	031		
Cash payments for the repayment of credit principals, loans andother borrowings and debt financial instruments	032		0
2 Cash payments for dividends	033		Witness St. Commercial Sciences years and an arrange of a fundamental state of the
3 Cash payments for finance lease 4 Cash payments for the redemption of treasury shares and decrease in	034	er	and the second control of the second control
initial (subscribed) capital		and the same of th	0
5 Other cash payments from financing activities	036		0
V Total cash payments from financing activities (ADP 032 to 036)	037		0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 031 +037)	038		0 0
1 Unrealised exchange rate differences in respect of cash and cash	039	and the second s	٥
equivalents	038		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 012+026+038+039)	040	1 2084 5 4 5 3	0 0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE	041		0
PERIOD			
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 040+041)	042		0

STATEMENT OF CHANGES IN EQUITY
STATEMENT OF C
STATE
:

for the period from 01.01.2019 to	31.12.2019							A STREET	11.00							
	į					Tembers states	181	ij	E CONTRACTOR	fate to be the second	Title of the second	District Regards	Profit: Pegulit	confer to Territal	property of places of	The second
	į.	Initial (season-ford)	Capalite and	Page 1 second	edial carried	rates and the state of the stat	Salumity moreon	2000		and all the	the political (diright) defactive	e don't	1			
				9			1		10		G.			1		014010
Perform portion									168 978 039	lo	0	-	5.111.781	-29.275.769	178.960.868	178,960,868
1 Balance on the first day of the previous business year	5 3	22.208.070	22.162.309	g 0	0 0	0 0		O	0	o	0.0	0	00	0 0	0 0	3 0
2 Consider in accepting powers 3 Consider of error	8		9	0	0				0	9 6	•	100	511.78	28 275,769	0 698.094.971	178,960,888
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	8	22.208.070	0 - 22.162,309	8	1836.53	1,636,520			6	, 0	10		0	-26,430,170	-26.450,170	-26.430.170
5 Profitious of the period	28 88			0	0 0	00	0	0	0/3/2/2	0	0	0000	777.0777	ð.	0) C
6 Exchange rate differences from italisation or recogn operators	10			0	1			o	-2.302.356	9	0	0,	2,302,356	0	0	
/ Amigne in translation (waster or) and in the property of translation of translation of translation from an intercurrent monatement of franchis assets available for	:				0	0	0	0	0		0		0	o	o	O
See	3		3				0	0	0	0000000	A Control of the Control of Contr	0	0	0	0 0	0
9 Proff or loss artising from effective cash flow hodge	8					0	0	0	0	0		o	٥	0	0	a
10 Profit or fost straing from efforthe hodge of a net investment in a fortign operation	10							,	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/less of companies linked by virtue of participating interests.	F		0	0	0	a	0			0	a	o	0	0		
12 Actuarial gainufeases on the defined benefit obligation	1	2000	02////	0	0	0	Cale Cale Cale Cale Contraction	0 72.737	0	D	0 0	00	205.395	00	505.395	206.305
13 Other changes in equity undustred to owners 14 Tax on transactions recognised directly in equity	*	2222	O CLASSE	9	3 C. C. C. C. C.	•	1111111			>	,		•	9		24.497.601
15 increase/docrease in initial (subscribed) capital (other than from reinvocing profit	ħ	18.858,790	5.638.811	E	0	D	a	0	0	0	D	> · · · · · · · · · · · · · · · · · · ·				
and other than arising from the pre-candidates accounting					c	0	0	0	0	D	6	o	c)	0	o	0
15 increase in initial (subscribed) capital arising from the reinvestment of profit	9		2		1	-					C	a	ó	0	0	P
17 increase in initial (subscribed) capital arreing from the pre-bankrupicy settlement	4		a	Ö	0	0	0	- AND	and the Victorian Contract of the Contract of	5		• 6	0	0	0	
procedure 18 Reformation of treasury shares/holdings.	18		0	0	0	0 (٥٥	0 0	0 0	5 0		o	o	D		00
. 2	9		00	0 0	0 0	0 0	0		o	0	0 (0 0	0 0000	0 275 759	0	
20 Other distribution to owners 21 Transfer in manages according to the princial schools of	8 %		26245.875	375	o	0	0		0 0	0 0	0.0	2 0	0	0		
resolves		The state of the s		o	10000000	1000	0	2 2	165.675.683	0	•	C	5224.124	-26 450 170	177,608.431	177,806,431
23 Balance on the last day of the previous business year reporting period (G4 to	ĸ	41.086.850	30 1.565.445	-53	0 1,638.530	7.836.530	Or C									
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (IS IN filled In IS) under	riakings that d	away financial state	ements in accordant	se with the IFPS)	<u>_</u>	- -		i		-			807 781	•	578.522	578.132
1 OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX	8		•	0	9	0	o.	0 EEEE	-2302356	a	7	,				
			The second second			The second secon	•		-2.302.356	Ö	9	C	2.607.751	-26.430.170	-26.852.038	0 -25.852.038
IL COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PEROO (AUP. 165-24)	×		a	0	0	3	2								100	2449767
III TRANSACTIONS WITH COWNERS IN THE PREVIOUS PERIOD RECOGNISED	*	08/88/39	-20,606,864	7	0	Ö		0	9	a	٥	o	-3.030.094	292/5/28	Z4.48/.001	
DARECTLY IN EQUITY (ADP 15 to 22)						-						-	. 201324	136 420 130	177 606 431	177,506.431
Current period 1 Galance on the first day of the current business year	æ	41.066.8	1.555	445	1,836.530		1.836.530	0 0		0 0	50	0	o	o	0	0 0
2 Changes in accounting policies	53. F		0.0	0 0	0.0	50	0	0	-88.390.758	0	o	O	46.002.734	15,999,304	.118.394.186	
3 Correction of errors	2 8	41.096.360	1.555.445	445	1.836.530		1.836.530	72.737	78.284.925	o	0	0	-51,236,858	-10.430.866	59272243	
4 Balance on the first day of the current positives, year (researce) (not 21 to 22)	3 7	20000		12.12.12.12.10 B	27//20	0	07	0	0	o	0	6 0	0 0	-12.079.666	9	0
5 Profit/tess of the period 6 Euchange rate differences from translation of foreign operations	25		0	0	ō	a	0	12/11/21/21		3	Section of the sectio		689 068	0	1,042,664	1.042.664
7 Changes in toyalustion resolves of fixed langible and intangible assets	R			9		0	0	Б	353,596		? ? !!					0
8 Proff or jobs arising from subsequent impassionment of farancial assects available for	34		De la Carte de La	0	0	В	0		0	o	0	6	0		7	
1906	1			Comment of the second of the second			a	0	0	ē	0	P. 17.7.	٥	o	0	
9 Profit or loss artsing from affective cash flow hodge	8							0	9/////	0	10	а	0	ó	0	0
10 Profit or loss arising from effective hodge of a not invasiment in a foreign operation	я		0	े हे				L. L	Salah Lakakakakaka	Salating Salat	Alexander Carrier Commence	0	9	0	0	Ö
11 Share in other comprohensive incomelose of companies linked by virtue of nonfelouted bytes of companies linked by virtue of	37		0	a.	9 '		0 0			0	o	o	-116.295	o	.116.285	
12 Actuarial galmifesses on the dofined benefit obligation	8 2	2000	0	0	0	2000000	0	0 80.71	0	o	0 0	0 0	o %	0 0	95,716 154,156	351.150
13 Other changes in equity unrunted to owners. 14.7 as on transactions recognised directly in equity.	4		a	0	1000	0	200000	A CONTRACTOR OF STREET ASSESSMENT			5	A	0	0	0	
15 increasa/decrease in initial (subscribed) capital (other than from reinvesting profit	¥		0	٥	0	ö	o		0	5	2	•			·	G
THE GOOD THAT A MINING STORY AND THE CONTRACTOR AND	23		0	o	p	Ö	0	0	o	o	٥	ö	0	>	•	
10 mai casa in minor (casas man) representative from the reference to distinguished in the comment of the casas of the cas		AM. 1 (A) PH. 1		C	0	0	0	0	0	a	6	à	o	o	0	0 000
ampoodd	2 3			200 804	0 -1.082.070		1534,948	0		0	0.0	0 0	-1.068.154	0 0	3,019,516	0
19 Redemption of treasury strates hoolings 19 Payment of strate in prolitical ideals	t &			0	0	0 (o c	0	0	0	20	0	0	a	0	0 0
20 Other distribution to owners	\$ 1		0 -1.565.445	0	20	0 0	0	0		o o	0	o c	-8,875,421	10,430,866	0 0	0
21 Transfer to reservors according to the armusi schoolule 22 Increase in reservors ambite from the pre-bankruptcy settlement procedure	÷ 3		o	o	0	o	0			0	0 0		X 52 52 08	388 870 51.	45.284.300	45.264.300
23 Salance on the last day of the current business year reporting period (ADP	2	41.066.660		655.664	Š.	754.460 3.37	3,371,478	163,453	3 78.838.521	0	o	6	P1C:000:00			
30 to 48) APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY to be flised in by undertainings that draw up floanciel statem	eriakings that	draw op Roanciel si	atements in accorda	nce with the (FPS)								<u></u>	889	-0	1,17,241	1.171.241
OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX	ន		0	0	8	8	o	90,716	353,596	٥	9	>				
(ADP 34 to 40) I COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP			-	d	0	a	0	90.716	353.596	0	9	0	726.929	-12.079.668	-10.908.425	-10.908.425
31+50)	5						**		0	0	0	0	-8.933.585	10.430.866	-3.019.518	0 -3.019.518
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	23		- C	-899.781	1.062.07(1.534.846	<u>-</u>				-				

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

Name of the issuer: Varteks d.d. - Varaždin

Personal identification number (OIB): 00872098033

Reporting period: 01.01.2019 - 31.12.2019

Notes to financial statements for quarterly periods include:

a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting 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

For the first time in the fourth quarter, the new accounting standard IFRS 16 - Leases, was applied. The effects of applying this standard are: - Increase in the right of use assets by HRK 16.7m in the balance sheet and increase of the right of use liabilities by HRK 17.1m

- in the income statement a decrease in the rental cost by HRK 5m, an increase in the depreciation expense by HRK 4.3m and an increase in the financial cost by HRK 0.9m

Also, in the 4th quarter, adjustments were made to PPE by aligning Group's and Company's books with the Group's accounting policies and International Accounting Standards. The

- effects of applying these corrections are: decrease of PPE value by HRK 151.5m
- decrease of revaluation reserves by HRK 88.4m
- reduction of deferred tax liabilities by HRK 19.3m increase of accumulated losses by HRK 43.8m
- this change will reduce the annual depreciation by HRK 3.2m
- separation of unused PPE on the position of investment property in the amount of HRK 75.8m.

Additionally, during 4th quarter following adjustments were made to the accounting of club loan which was reprogrammed in January 2018:

- reduction of accumulated losses by HRK 16m
- decrease in carrying amount of loans received by HRK 13.5m
- this change has increased financial expenses by HRK 2.5m in 2019.

A restatement note detailing the changes that were made will be published in the annual financial statements. The restatements in the TFI-POD report were made through the balances in 2019 and the intention is to have the final restatement carried out in accordance with IAS 8 starting from the beginning of the comparative period (January 1st, 2018), which will be published in the audited financial statements for 2019.

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 quarterly reporting period

Audited annual financial statements for 2018 have been published on the Zagreb Stock Exchange web page.

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly 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

We confirm the application of the same accounting policies, except for the restatement that was explained under point a).

d) a description of the financial performance in the case of the issuer whose business is seasonal.

The explanations of business results are available in the Interim Management Report for the 4th quarter of 2019.



Varaždin, 28.02.2020.

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

fourth quarter of 2019 and period from January 1st to December 31st 2019 (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 4th quarter of 2019 and period from January 1st to December 31st 2019 (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 which is currently disclosed through the current period, but will be properly applied in the final annual financial statements for 2019.
- 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/ Damir Radmilović /Member of the Management Board/

IBAN račun:

HR19 2360 0001 1013 3948 3 Zagrebačka banka d.d. Zagreb

Contact person:

HR62 2340 0091 1001 1083 9 Duje Jurenić

Privredna banka d.d.

Tel. 042 / 377-230

HR47 2484 0081 1004 1765 2 Raiffeisenbank Austria d.d.

/VARTEKS d.d. / Zagrebačka 94 / HR-42000 VARAŽDIN / tel. + 385 42 377 105 / fax.+ 385 42 377 395 / P.P. 32 / info@varteks.com / Terneljni kapital 41.066.860,00 kn, uplaćen u cijelosti i podijeljen na 4.106.686 redovnih dionica, svaka nominalne vrijednosti 10 kn. / Društvo je upisano u registar Trgovačkog suda u Varaždinu, postovni broj iz upisnika Tt: 95/463-2 (MBS) 070004039 / M.B.3747034 / OIB:00872098033 / VAT:HR00872098033 / predsjedník Nadzornog odbora Nenad Bakić / predsjedník Uprave Tomislav Babić / član Uprave Damir Radmilović