



Varteks signs Agreement on Mutual Relations and Additional Funding for Varteks with creditors with separate satisfaction rights

Based on the concluded, valid pre-bankruptcy settlement and the signed Agreement with Creditors with Separate Satisfaction Rights, Varteks has reached a comprehensive agreement on how to settle its existing debt and on new funding sources, thus meeting requirements for the further, full implementation of the Financial Restructuring Plan

Varaždin, November 25, 2013 - With signing on the part of all creditors with separate satisfaction rights the Agreement on Mutual Relations and Additional Funding for Varteks was adopted. With the signed agreement and the concluded, valid pre-settlement agreement, Varteks is the first big company in Croatia to have reached an agreement on how to settle existing debt and on new funding sources, thus meeting requirements for the further, full implementation of the Financial Restructuring Plan.

Varteks initiated the financial consolidation and restructuring process back in 2009 through the drafting of the Integral Business and Financial Restructuring Plan in response to the economic crisis. Since 2009 Varteks has been implementing financial and business restructuring in line with its possibilities, and within the context of then valid programs and valid statutory regulations it has continuously actively proposed the implementation of additional measures. However, given the merely principle consent of interested parties without official decisions, restructuring measures could only be carried out to a limited extent, which had a direct adverse impact on liquidity, operating results and thus the timeframe and possibilities for settling liabilities towards creditors.

With the entry into force of the Act on Financial Operations and Pre-Bankruptcy Settlement, Varteks entered into pre-bankruptcy settlement proceedings on February 5, 2013. Based on a decision by the Commercial Court in Varaždin of July 11, 2013, a pre-bankruptcy settlement was successfully concluded for Varteks, followed by the signing of the Agreement on Mutual Relations and Additional Funding for Varteks. Thus all measures and activities necessary for comprehensive financial restructuring were established and adopted. The Financial Restructuring Plan was supported by creditors and acknowledged as a quality solution.

It is important to emphasize the efforts invested and the support of all participants in the Financial Restructuring Plan, as well as the legal framework which facilitated a final solution. The results of the efforts invested and the thus created realistic prerequisites mean the continuation of the business operations of an export-oriented company with a century-long tradition and the preservation of a significant number of jobs.





"We are pleased that we have finished the last required phase in the pre-bankruptcy settlement proceedings and signed the Agreement with Creditors with Separate Satisfaction Rights which allows for the securing of a credit line which is a prerequisite for business stabilization and development and for meeting all obligations towards employees. Varteks has managed to survive a lengthy and exhausting financial consolidation process which took more than 4 years. Given the lengthy duration of the project in which a lot of effort was invested and which required great professionalism and responsibility on all levels within the company, I take this opportunity to thank all employees, the trade union, the management and the colleagues from the Management Board and Supervisory Board for the efforts invested, their trust and patience, and for jointly managing to keep a "cool head" even in situations when it was not easy, because we would not have succeeded otherwise. I also want to thank all customers and suppliers who stayed with us throughout this demanding time period. I want to thank the relevant ministries, i.e. the Ministry of Finance and the Ministry of Economy, financial institutions and the local government for their active cooperation and support, thanks to which we managed to achieve a joint goal, i.e. the continuation of the business operations of an export-oriented company with a century-long tradition and the preservation of a significant number of jobs.

This is an extremely important step towards a new beginning for Varteks. Although the time we lost trying to find a joint solution impeded the implementation of set objectives, Varteks has its development plan and it is our task now to implement it. The securing of a credit line sets the foundation for the implementation of development projects we will focus on in the upcoming period, wanting Varteks to serve as an example and to be the initiator of positive trends in the industry and once again a positive Croatian business story", said Varteks Management Board Chairman Zoran Košćec.

