



## **Varteks not to continue agreement with Levi's due to lack of liquidity**

**Varaždin, February 28, 2013** – Due to the lack of necessary liquidity, Varteks is not able to continue the Agreement on Distribution of Levi's Products in Croatia and Countries in the Region with the company Levi Strauss Europe, despite the signing of a new five-year agreement with this world-renowned company and longstanding business partner in May 2012. The share of Levi's program revenues in Varteks Group's total revenues amounted to 13% in 2012.

Amidst illiquidity and the economics crisis, the prerequisites for further agreement implementation were linked to a planned initial liquidity loan foreseen in the company's financial restructuring plan within the context of the pre-bankruptcy settlement. Although a general agreement was reached between Varteks and its creditors at the beginning of February, no intervention loan has been realized so far.

In these circumstances, despite the proposed, sustainable business model plan, Varteks is not able to continue the agreement with Levi Strauss Europe. Regardless of the loss of this extremely important agreement, Varteks has a sustainable model for successful business operations in the future with its redefined brand strategy in the fashion segment and its focus on its own brand and corporate agreements. However, without initial liquidity it lacks the prerequisites for the continuation of planned activities and business processes.