



MEMORANDUM

ON OBJECTIVES AND CONDITIONS OF RECAPITALIZATION

This document, by its content and meaning, does not constitute an information document in the sense of the provision of Article 409 of the Capital Market Act (Official Gazette 65/18, 17/20) or of the Ordinance on the minimum form and content of an information document at the exception to the obligation to publish a prospectus (Official Gazette 87/20), since the company JADROPLOV d.d. is not obliged to prepare a prospectus or information document, in accordance with the provisions of Article 1, paragraph 4 of Regulation (EU) no. 2017/1129, in connection with the provision of Article 427 of the Capital Market Act.

This document has not been reviewed or approved by the Croatian Financial Services Supervisory Agency, other competent national authorities or the European Securities and Markets Authority (ESMA).

This document contains key information about the issuer or offeror, securities, and securities offer, to help you understand the investment risks associated with the offer. We advise you to read the document so that you can make an informed decision about a potential investment.

Investing in this offer involves risks, including the risk of partial or complete loss of invested money. It is possible that you will not realize a return on your investment and that you will not be able to sell the securities in which you invested when you want.

JADROPLOV plc
INTERNATIONAL MARITIME TRANSPORT

Split, July 26th 2021

I. SUMMARY

a. Introductory notice

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2. This information document has not been reviewed or approved by the Croatian Financial Services Supervisory Agency, other competent national authorities or the European Securities and Markets Authority (ESMA).
3. This document contains key information about the issuer or offeror, securities, and securities offer, in order to help you understand the investment risks associated with the offer. We advise you to read the document so that you can make an informed decision about a potential investment. Investing in this offer involves risks, including the risk of partial or complete loss of invested money. It is possible that you will not realize a return on your investment and that you will not be able to sell the securities in which you invested when you want.
4. All information contained in this document is given in good faith, based on information which the Company's Management Board has, and estimates and projections are the result of careful and conscientious analysis. However, the realization of these projections depends on a number of future facts and events, some of which are external, and therefore they should be taken with reasonable caution.

b. Key information on issuer

The issuer is the company JADROPLOV plc, with head office in Split, Obala kneza Branimira 16, registered in the Court Register of the Commercial Court in Split under subject registration number (MBS) 060000041, personal identification number (OIB) 54431828108, EUID HRSR.060000041.

The main activity of the Issuer is (international) maritime transport.

The Issuer's share capital is HRK 16,366,740.00, divided into 1,636,674 shares, with nominal value of HRK 10.00 each.

By the decision of the General Assembly of the Issuer of 11 November 2019, while the share capital of the Issuer was HRK 81,833,700.00, the Management Board was granted the approval to, with the consent of the Supervisory Board, within 5 years, increase the share capital in money, assets, and rights, by issuing new shares of total nominal value of up to HRK 40,900,000.00 (approved share capital).

The Supervisory Board of the Issuer consists of 5 members, while the Management Board of the Issuer consists of two members.

c. Key information on securities

For the purposes of this Memorandum, a “security” shall be an ordinary share of the Issuer. The Issuer's shares are listed on the regular market of the Zagreb Stock Exchange (code JDPL-R-A, ISIN HRJDPLRA0007).

Each share of the Issuer gives the shareholder the right to 1 vote at the General Assembly, and other rights belonging to the shareholders are prescribed by the Company's Articles of Association (whose consolidated text can be found on the Issuer's website, www.jadroplov.com).

There are no restrictions on the free transferability of the shares.

The subject of this public offering is a total of up to 2,000,000 ordinary shares of the Issuer, with a nominal value of HRK 10.00, which are registered and issued in dematerialized form, as an electronic record in the depository system of the Central Clearing Depository Company plc.

After successful completion of the public offering (where the public offering will be considered successful if at least 1,000,000 new shares are subscribed and paid for), the Issuer will submit a request for listing all shares on the Official Market of the Zagreb Stock Exchange. The Issuer does not guarantee that, nor when the Zagreb Stock Exchange plc, will approve the listing of the Shares

d. Key information on public offering

New shares shall be subscribed in accordance with the decision of the Management Board regarding the investor's offers, given on the basis of the provisions of the Public Invitation for recapitalization and subscription of new shares, which is available on the Issuer's website.

Each investor has the right to submit a bid, under equal conditions, noting that the minimum unit share price is set at HRK 25.00 and the minimum value of an individual bid is HRK 1,000,000.00

When submitting a bid, which is done on the basis of a special form attached to the Public Invitation, and which, as such, is available on the Issuer's website, the Investor is obliged to pay the amount of HRK 150,000.00 as a guarantee for the seriousness of the bid. In the event of the Investor's withdrawal, this amount is considered contractual penalty, all in the event that the offer is binding to the Investors.

The Management Board of the company has the exclusive right, autonomously and according to its free assessment, to decide on each received bid and to enable Investors whose offers have been accepted to subscribe for shares. The Management Board has the right to send a counter-offer to the Investors, all on the basis of the provisions of the Public Invitation.

When submitting a bid, the Investor shall make the statements prescribed by the provisions of the Public Invitation, which are contained in the prescribed form in which the bid is submitted, and particular attention is drawn to the statement by which the Investor, in case he acquires the shares within this Public Invitation, undertakes not to propose or support any decision of the company's competent bodies that would aim to change the company's core business, head office or reduce the number of employees by more than 25% (twenty-five percent) during the next 3 (three) business years.

II. INFORMATION ON ISSUER

a. Basic information

Jadroplov plc (previously called Jadranska slobodna plovidba) was founded on January 20, 1947 in Rijeka, and since 1957 the head office of the Company has been in Split.

It is registered with the Commercial Court in Split with a registered share capital of HRK 16,366,740, divided into a total of 1,636,674 shares with nominal value of HRK 10.00 per share.

The main activities of the Company and its subsidiaries are international maritime transport, crew management and technical maintenance of ships.

The company owns and operates five bulk carriers (two handysize and three supramax vessels) as shown below. All ships were built in Croatian shipyards.

The Supervisory Board of the Issuer consists of 5 members: Vesna Gudelj (president), Ksenija Košević-Čuvalo (vice president), Tibor Konjevod, Siniša Prnjak and Goran Matešić.

The Management Board of the Issuer consists of two members: Branimir Kovačić (president) and Mario Radačić (member).

The persons responsible for the information provided in this document are Branimir Kovačić (president of the Management Board), Alen Novaković (assistant director) and Sanja Bužančić (chief financial officer).

b. Information on fleet

	SOLIN	PERISTIL	SV. DUJAM	SPLIT	TROGIR	Total
Type	Supramax	Supramax	Supramax	Handysize	Handysize	
Gross tonnage	30,092	30,092	30,092	24,533	25,600	140,409
DWT	51,545	52,113	52,096	42,584	44,389	242,727
Capacity	62,330	64,985	64,985	51,125	53,648	297,073
Flag	Croatia	Croatia	Croatia	Croatia	Croatia	
Construction year / age	2012 / 9	2010 / 11	2010 / 11	1998 / 23	2001 / 20	Average 14.9 years

c. Information on immovables

The company also owns three valuable properties in Split, two of which are on Zapadna obala in Split and one near the West Gate Towers in Split.

LOCATION	Area (m2)
Administrative building - Obala Kneza Branimira 16, Zapadna obala	1.839
Office building - Dražanac 3,3a and 5	564
Office building - Komulovića put 5	709

d. Information on employees

The company employs 35 employees at its head office in Split and a total of 110 permanent crew members on its five ships. Mostly Croatian sailors sail on ships

e. Information on ownership structure

The majority owner of the Company is the Republic of Croatia (70.42% of share capital) through the Restructuring and Sales Centre. The company's shares are listed on the regular market of the Zagreb Stock Exchange.

The ownership structure, stated on the pages of the Zagreb Stock Exchange, is shown as follows:

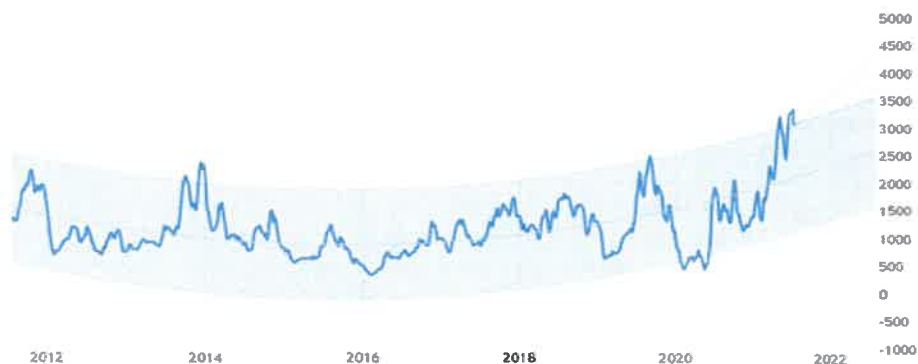
No.	Shareholder	Share (%)
1.	CERP/REPUBLIC OF CROATIA	63,60 %
2.	CERP/HZMO	6,82 %
3.	OTP BANKA D.D. - Skrbnički račun	1,90 %
4.	BOBAN NENAD	1,67 %
5.	LUKMAN ANICA	1,04 %
6.	GRUBIŠIĆ ANTE	0,65 %
7.	JADROPLOV d.d. – own shares	0,61 %
8.	KOPLJAR IVICA	0,60 %
9.	KRIŠTO ILIJA	0,46 %
10.	BILBIJA IGOR	0,37 %
	Other	22,28 %

f. General information on the business of the Issuer and the sector in the last 10 years

After extremely favourable freight rates in the period 2003-2009 even until 2011, the shipping world was hit by a crisis with extremely low freight rates, until this year. In the time of bad fares, the Company streamlined its operations at the beginning of 2013, so that the average OPEX for ships in the period 2007-2012 amounted to 7,800.00 USD / ship / day, while in the period 2012-2020 it was USD 5,153.00 / ship / day. In this way, cost savings were achieved in the period 2012-2020 of about \$ 52,000,000.00. Office costs in Split were on average of \$ 3.3 million and over the last five they have averaged to \$ 1.163 million.

All these types of business savings were not sufficient for stable operation, so the Company, with creditors and the majority owner, implemented the activities envisaged in the restructuring plan.

The figure below shows the value of the BDI index from 2012 with expectations for the future



The audited annual financial statements of the Issuer for the past 3 business years are available on the Issuer's website.

The table below shows the financial statements in dollars in the form of internal reports for the needs of the Management Board for the last three years and the plan for 2021. Considering the presented data, it is important to point out that in 2019 the revaluation of ships was performed, and a loss was recorded with the included value adjustment of ships, in the amount of HRK 220 million (almost \$ 35 million).

INCOME AND COSTS IN USD	2018	2019	2020	PLAN FOR 2021
1 TOTAL INCOME	34,949,674	27,080,978	53,432,089	26,409,625
1.1 OPERATING INCOME	20,278,770	16,841,679	12,624,768	26,160,125
1.2 OTHER INCOME	14,670,904	10,239,299	40,717,322	249,500
1.2.1 CREW AND TECHNICAL MANAGEMENT	-	-		
1.2.2 INSURANCE REFUND	502,227	400,000	34,782	
κ 1.2.3 SALE OF INTANGIBLE ASSETS (SUBSIDIES OF THE REPUBLIC OF CROATIA)	3,725	3,654	-	-
1.2.4 INCOME FROM VALUE ADJUSTMENT OF SHIPS	-	-	27,695,068	-
1.2.5 OTHER	14,164,952	9,835,645	12,987,471	249,500
1.2.5.1 OTHER INCOME FROM TRAMPER TRANSPORT	11,276,923	7,829,607	8,972,905	51,500
1.2.5.2 OTHER SHIP MANAGEMENT INCOME	128,472	260,748		-
1.2.5.3 JADROPLOV AGENCY	13,764	14,787	-	25,000
1.2.5.4 POSITIVE EXCHANGE RATE DIFFERENCES	969,978	526,393	3,509,530	
1.2.5.5 INTEREST INCOME	84,580	41,016	387	21,000
1.2.5.6 OTHER	1,691,235	1,163,094	504,650	152,000
2 TOTAL COSTS	28,784,263	25,605,181	27,582,195	13,978,506
2.1 COMMISSION COSTS	926,580	833,407	546,470	1,308,006
2.2 SYSTEM COCTS	11,766,604	9,071,267	9,984,303	-
2.4 CURRENT MAINTENANCE COSTS	13,025,229	14,572,563	13,291,016	12,563,500
2.5 OTHER COSTS	3,065,850	1,127,944	3,760,406	107,000
2.5.1 OTHER COSTS OF TRAMPER TRANSPORT	-	-		
2.5.2 JADROPLOV AGENCY	-	-		
2.5.3 SALE OF MATERIAL ASSETS	-	-		-
2.5.4 NEG. EXCHANGE RATE DIFFERENCES	1,260,899	773,365	2,819,136	
2.5.5 OTHER	1,804,951	354,579	941,270	107,000
3 COSTS OF PREVIOUS YEARS	131,997	766,963	194,383	-
4 DONATIONS	-	-	-	-
5 ADMINISTRATIVE COSTS	1,167,668	1,217,981	1,260,067	1,500,000
6 DEPRECIATION	6,053,177	39,485,076	3,206,022	2,826,838
7 INTEREST COSTS	3,342,979	3,995,713	3,094,643	2,928,623
8 TAXES AND CONTRIBUTIONS	199,621	190,972	189,599	150,000
9 TOTAL COSTS AND EXPENSES (2+3+4+5+5+5+8)	39,679,705	71,261,876	35,526,909	21,383,967
10 PROFIT/LOSS (1-9)	(4,730,031)	(44,180,898)	17,815,180	5,025,658

In 2020, there was a write-off of debts to banks in the amount of 27.7 million US dollars, which is one of the key events for the future of the Company in the long term. We emphasize that the mentioned losses incurred due to value adjustments did not have an impact on cash flow, unlike debt write-offs in 2020.

There was also a continuous decline in operating revenue, which culminated with the appearance of COVID-19 pandemic, and in 2020 it amounted to 12.6 million dollars. The plan for 2021 foresees a revenue of \$ 26.16 million, which should result in profit of above \$ 5 million.

g. Information on the Restructuring Plan and credit obligations of the Issuer

After a significant drop in freight rates in the period 2015-2016, the Issuer recorded a sharp decline in revenue and the Company sought to mitigate these market circumstances through operational restructuring measures, i.e. control of operating costs, which began in 2013.

Furthermore, the Company's balance sheet has been historically characterized by significant indebtedness (HRK 420 million on 31 December 2018).

Consequently, the going concern of the Company depended entirely on the support of creditors. During 2017, the Republic of Croatia, as the majority owner, sent the restructuring plan in the notification process of state aid to DG Competition.

The planned measures approved by DG Competition in early May 2018 are:

- State guarantee in the amount of \$ 10 million to Nord LB Bank for debt restructuring into a single loan of 50 million USD,,
- State guarantee in the amount of HRK 25 million for refinancing,
- Direct grants in the amount of HRK 13 million for capital investment.

During March of 2020, the Company carried out further financial restructuring of the debt to the main creditor Nord LB Bank, which closed the loan obligations to the bank in the amount of USD 26.5 million, with the write-off of the remaining debt in the amount of USD 26.8 million.

The refinancing was carried out with a \$ 25.5 million indebtedness to AC Maritime Lending from the United States. Furthermore, the Company refinanced liabilities to Addiko banka during 2020 with new borrowings from HPB – Croatian Postal Bank (\$ 7.4 million) and HBOR – Croatian Bank for Reconstruction and Development (\$ 9 million).

During March 2021, the Company sold the Bene ship, repaying an adequate portion of its debt to AC Maritime Lending (\$ 4.7 million). In June 2021, the Company refinanced the loan approved by AC Maritime Lending with a loan taken from Macquarie Bank Limited.

The Issuer's liabilities to banks and financial institutions are shown in the following table:

	Creditor	Interest rate (% annual)	Liability balance USD (on this day)
1.	USD MACQUARIE BANK	LIBOR + 4,75 %	19,250,000
2.	USD HPB	3.87%	3,497,918
3.	EUR HPB	EURIBOR+4%	7,648,061
4.	USD HBOR	5.18%	6,045,000
5.	HRK HBOR	4.00%	8,743,474
	TOTAL		45,184,453

h. Description and purpose of this public offering

The Company plans to privatize the Company and find investors in accordance with the activities envisaged by the Restructuring Plan and decisions of the General Assembly of the Company, which foresees the possibility of issuing new shares of the Company, once or several times, up to a total of HRK 40.9 million of nominal value of shares.

Within this public offering, interested Investors are offered the option of acquiring a total of up to 2,000,000 new shares of the Issuer, of nominal value of HRK 10,00 per share, where the issue will be considered successful if not less than 1,000,000 shares are paid.

Payment for shares shall be made in cash, at a price of not less than HRK 25.00 per share, provided that an individual offer cannot amount to less than HRK 1.000.000,00.

The amount of the offer is not limited by the highest share price or the number of shares for which the offer is made (provided that the total number of shares subject to issue is 2,000,000), as the Management Board is not obliged to determine the final price (although it may do so, through a counter offer), but, it is authorized, if it deems appropriate, to enable Investors to subscribe for shares at the prices stated in their bid.

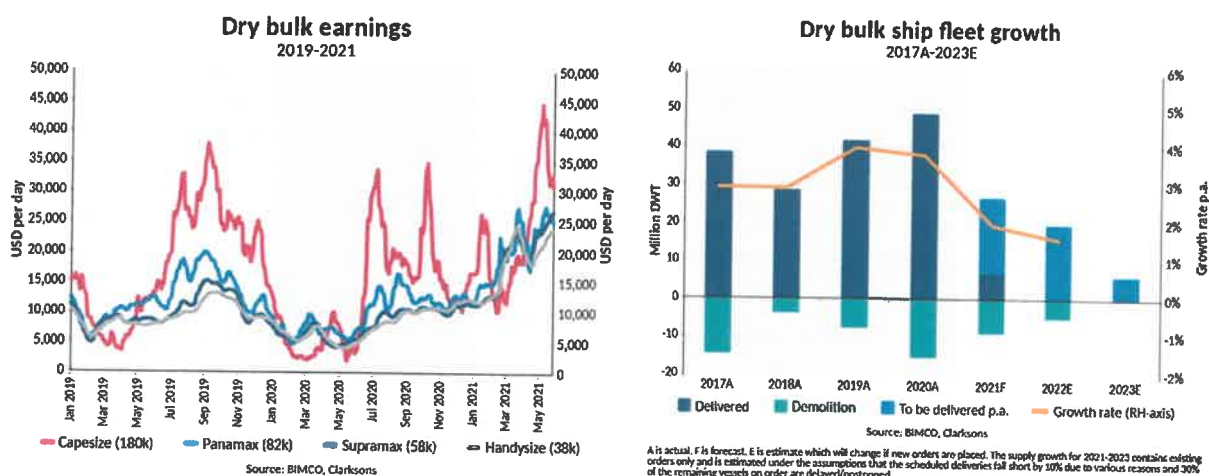
i. Issuer's vision and recapitalization objectives

Shipping trade

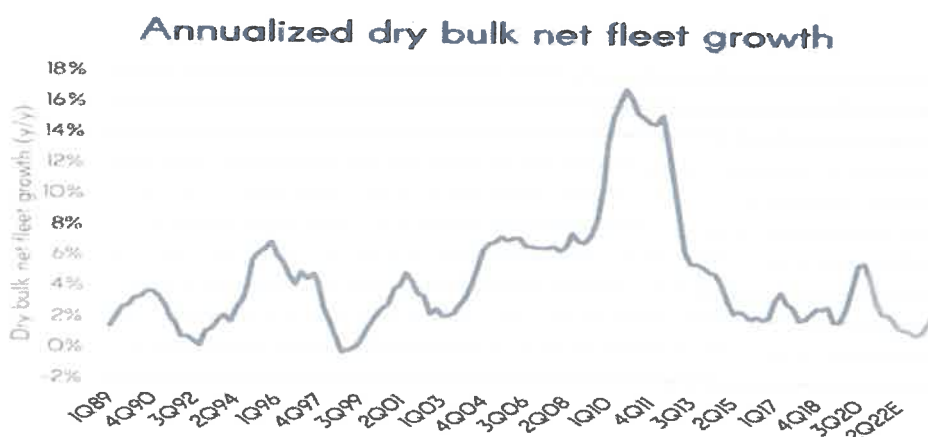
At the beginning of next year the company will celebrate 75 years of uninterrupted existence. Through all these years, the Company has encountered various adverse circumstances which it overcame successfully.

The company is a clear example of how to do business in the international shipping market which is subject to various types of risks, from international conflicts to economic crises of global proportions, technological changes, advanced international maritime regulations, and more recently global pandemics and various new environmental standards. The values of freight rates on the international market are cyclical, so on average we have about 10 years with low freight rates and about 10 years with higher freight rates. This means that the Company has undergone several negative and positive cycles on the world shipping market since its establishment. From 2008 and the decline caused by the financial crisis that lasted almost until Q1 2021, the beginning of an upward trend is predicted, which should not be overlooked for the renewal of the fleet.

The company plans to replace the old ships with new ones to ensure long-term and positive business. The plan is to buy 2-3 new ships in the next 2 years, while the two oldest ships will have to be sold due to their long lifespan. The current average age of these 5 ships is 15 years, while with the procurement of new ships the average age of the fleet would be between 5 and 8 years. The goal is to contract the construction of ships as soon as possible, due to the occupancy of shipbuilding capacity in the Far East and the associated price jumps, which are recorded on a daily basis.



The above charts show a discrepancy between the projected growth of freight rates and the contracted growth of fleet capacity on the world market. This is even clearer in the following chart, based on a thirty-year period.



Development of new projects in shipping

The Company has launched an initiative of cooperation with the Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture in Split and several domestic companies, and is in the process of developing a project to build ships for the transport of passengers and electric cars. In this still development phase, the project has met with great approval and interest from investors and the public, as well as a number of companies interested in participating in the project.

Development and commercialization of property

The company owns several attractive properties in Split that are not part of the core business, but are developmentally and commercially attractive.

Two properties are located on the West Coast, one of the most attractive locations in Split, while the third office building is located in the West Gate - Kopilica zone, the future business district of Split.

III. MAIN CHARACTERISTICS OF ISSUING PROCEDURE AND BIDS

a. Minimum target amount to be collected in the bid

The minimum amount that needs to be collected in order for the bid to be considered successful is HRK 25,000,000.00.

Namely, the minimum share price for this issue is HRK 25.00, while the issue is considered successful if the bids for subscription of not less than 1,000,000 new shares of the Company are accepted.

b. Deadline for reaching the target amount to be collected, i.e. bid expiration date

The deadline for submission of bids is August 20, 2021 at 11:59 pm local, Central European time, and the further procedure is prescribed in detail by the provisions of the Public Invitation.

Payment deadlines will be defined by the Bids of the Investor, in accordance with the restrictions prescribed by the provisions of the Public Invitation.

c. Information on consequences if the target amount is not collected within deadline

If the minimum amount envisaged by the recapitalization is not collected, i.e. if at least 1,000,000 new shares of the Company are not subscribed, the public offering will be suspended, and the procedure of increasing the share capital will not be carried out.

d. Maximum amount of bid

The Management Board and the Supervisory Board of the Issuer have decided not to necessarily determine the maximum value of the bid, i.e. the maximum price of the share subject to subscription will not be limited (only the total number of shares subject to issue is limited - 2,000,000 shares). Also, the Public Invitation retains the possibility for the Management Board not to determine the final price, but to allow bidders to subscribe for shares in accordance with their bids, provided that they amount to more than the minimum share price.

e. Change in the the Issuer's capital structure related to the bid

Due to the fact that the General Assembly of the Issuer gave the Management Board approval to increase the share capital by HRK 40.9 million, which amount represented less than 50% of the Issuer's share capital before the reduction of share capital, the shares subject of this issue significantly affect the capital structure of the Issuer.

Namely, the Issuer's share capital currently amounts to HRK 16,366,740.00, and is divided into 1,636,674 shares, while, in the case of subscription of all shares that are subject of the issue, the Issuer's share capital will amount to HRK 36,366,740.00, and will be divided on a total of 3,636,674 shares.

Of course, the subscription of a smaller number of shares than the total amount covered by this issue will be in proportion to the existing number of shares.

f. Existence and conditions of pre-contractual review period for non-eligible investors

Given the fact that the bid is binding and secured by a guarantee, the possibility of negotiation is defined exclusively through the possibility of the Issuer's Management to send a counter-offer to the Investors who submitted the bid.

Also, given the minimum value of the bid, set in the amount of HRK 1,000,000.00, Investors are considered qualified, i.e. the shares are issued using the exception from Article 1), item 4), sub-item d) of the Regulation (EU) no. 2017/1129 of 14 June 2017.

IV. INFORMATION ON SECURITIES AND RIGHTS OF THE INVESTORS

a. Total amount and type of securities to be offered

The subject of the bid is a total of up to 2,000,000 new shares of the Issuer, with an individual nominal value of HRK 10.00 each.

b. Share price and subscription currency

The lowest price at which shares are paid is HRK 25.00 per share, and the currency is HRK.

In the case of payment in foreign currency, the conversion into the kuna equivalent will be made according to the middle exchange rate of the Croatian National Bank on July 15, 2021.

Bids for subscription of shares at a price higher than the minimum price will be accepted, with the possibility of the Issuer's Management Board to enable Investors to subscribe at the offered price.

c. Terms for subscription and payment

In case of acceptance of the bid, the terms for subscription and payment of shares are prescribed in detail by the Public Invitation, so interested persons are referred to its content.

d. Custody and delivery of securities

Since participation in public offering is possible for all interested Investors, without restrictions, there is no obstacle for the bid to be sent through a custodian, or for the custody to be established after subscription, in accordance with mandatory regulations. The shares will be delivered to the selected Investors, assuming the success of this public offering, upon registration of the share capital increase in the Court Register of the competent Commercial Court in Split, after which they will be registered in the name of the selected Investors as an electronic record in the depository system of the Central Clearing Depository Company plc, Zagreb.

e. Information on guarantee and/or collateral

When submitting the bid, the Investors are obliged to submit proof of payment of the guarantee for seriousness in the amount of HRK 150,000.00, however, other guarantees and / or collateral are not provided.

f. Description of all interests, including those where there are conflicts of interest relevant to the issue/bid, giving details of the persons involved and the nature of their interest

Given the fact that the pre-emptive right of existing shareholders is excluded in the subscription of shares, and that the public offering is open to all interested investors, the Management Board does not find a basis for any conflict of interest.

Namely, it is the exclusive right of the Company's Management Board to select the Investor's bids to enable the subscription of shares, guided by the Issuer's development vision and interests, and to which conditions the Investors agree by submitting the bid.

g. Key rights related to securities

Any shares that are subject to subscription carry the same rights as the existing shares of the Issuer, which rights are determined by the Statute of the Issuer (consolidated text which is available on the website of the Issuer).

The Issuer's share gives the holder, among other: (i) the right to dividend, (ii) the right to 1 vote at the General Assembly, (iii) pre-emptive right to subscribe for new shares, (iv) the right to share in the Issuer's profit and (v) to a portion of the residual liquidation or the bankruptcy estate.

h. Restrictions to which securities are subject, including arrangements to prevent their transferability

The Issuer's shares are freely traded, as a result of which there are no restrictions on their transfer, except for those prescribed by compulsory regulations, especially the provisions of the Takeover of Joint Stock Companies Act (NN 109/07, 36/09, 108/12, 90/13, 99/13, 148/13).

Investors are instructed that the provision of Article 43, paragraph 1 of the Issuer's Articles of Association stipulates that one member of the Supervisory Board is appointed by the Restructuring and Sales Centre while managing shares from the portfolio of the Republic of Croatia and/or while being a shareholder of the company with at least 20% of the shares.

i. Possibility for the investor to withdraw from the investment

Until the subscription of shares, the investor is authorized to withdraw from the offer, thus losing the right to a refund of the guarantee. Upon subscription of shares, withdrawal of the investment is not possible.

j. Allocation of capital and voting rights before and after capital increase resulting from the bid (assuming that all transferable securities will be subscribed)

The Issuer's share capital currently amounts to HRK 16,366,740.00, and is divided into 1,636,674 shares, while, in the case of subscription of all shares that are the subject of the issue, the Issuer's share capital will amount to HRK 36,366,740.00 and will be divided into a total 3,636,674 shares.

Each share entitles the holder to 1 vote at the General Assembly of the Issuer.

V. FEES, COSTS AND LEGAL PROTECTION

a. Fees charged to the investor and costs incurred in connection with the investment, including other administrative costs arising from the sale of securities

The investor shall bear all costs related to the payment of the guarantee and fee for the shares, in accordance with the tariffs of the bank through which the payment is made.

The costs of issuing shares and subscribing in the name of the selected Investor shall be borne by the Issuer.

b. Where, how and in which period can additional information about the issuer and/or bidder be obtained free of charge

All information related to this public offer can be obtained free of charge via the Issuer's website (www.jadroplov.com), as well as by Email (branimir.kovacic@jadroplov.com).

Information can also be obtained at the Issuer's head office in Split, Obala kneza Branimira 16.

c. How and to whom may the Investor address a complaint regarding the investment or the issuer and/or bidder

The decision of the Issuer's Management to accept, reject or dismiss the bid is final and autonomous, without the possibility of filing an objection, complaint or legal remedy.

VI. BENEFITS AND RISKS OF INVESTING IN SHARES OF THE ISSUER

As complex as the world market is, when analysing all the causes that lead to the movement of freight and ship values, the result is very simple and is found in a two-dimensional graphical presentation of the value of freight indices, which points to previous statements about the cyclicity and relative temporal regularity of upward and downward trends.

The decline and long-term negative trend in the shipping market was mainly caused by the exponential growth of freight rates in the period 2006-2008. As a result, most shipping companies started building new ships and spent most of their cash reserves, borrowing at record high ship valuations.

This resulted in an increase of more than 40% in the fleet inflow in the period 2010-2012, which led to a disproportion in the supply of ship space and real needs, and the market collapsed. An additional factor was the 2008 financial crisis. The BDI index sank from the record height of 11,450 in 2008 to below 300 in Q1 2016.

Such a fall in the index that valorises any value of goods or services is unrecorded, it can be said that a decrease of 97% of index value is not a fall but the index has effectively disappeared.

Our vision is a division of the business model into three branches:

- international maritime transport,
- project development and construction of electric ships,
- commercialization of real estate owned by the Company.

It is crucial not to miss a favourable moment for investment and development, especially considering that we have long been negatively affected by bad circumstances in the global market.

a. Risks, including risks specific to the Issuer

Some of the main risks related to investing in our company:

- Freight rates on the global market are very volatile and can directly affect our income, earnings, profitability and the ability to repay loans to banks and pay other business obligations.
- The situation on the world financial market and global economic trends can negatively affect business results, financial condition, cash flows, the ability to obtain loans in the financial market on favourable terms and the ability to refinance existing loans.
- Outbreaks of epidemics and pandemics including COVID-19 and consequential measures of world governments could negatively affect our business.
- Our operating results are subject to seasonal fluctuations which may affect our results.
- Changes in the fuel prices in the world market can have a negative impact on our business.
- We are subject to complex laws and regulations of local states on our commercial trips and various regulations on environmental protection, which can negatively affect our business.
- The entry of our ships into countries subject to embargoes or sanctions imposed by the USA, the EU or the UN or any other country may result in financial sanctions or penalties, which may adversely affect our reputation.
- Changes in the law and new reporting requirements can have a negative impact on our business.
- The possible negative outcome of current lawsuits can reduce positive business results expected in the coming period (information available on request).
- The market value of our ships has decreased significantly in the last few years under the influence of the lowest freight rates in the last 50 years. The consequence of the decline in the ship value is that proportionately to this decline, the possibility of taking loans with ships as collateral decreases, and the existing loans become insufficiently secured, which is why banks require additional collateral that does not exist in times of crisis. The consequences of these circumstances can lead to company losses and the sale of ships in unfavourable circumstances at low prices.
- In times of low fares, we rent ships for short-term lease, so as not to miss the jump in fares with long-term lease. In times of higher fares, ships are rented for a longer period in order to participate in higher fares as long as possible. Whatever strategy is applied, there is always the possibility of unexpected events and potential losses.
- Various forms of "hacker" attacks could disrupt our business.
- We are subject to the risk that the charterer of our boats at one time cannot comply with contractual obligations, and because of this the company may suffer losses.
- We contract insurance for our ships on the international market with first-class insurers, but even in such circumstances there can be losses for the company.
- We are exposed to fluctuations in the exchange rate of US dollars and other currencies, and there may be losses in the company's operations.
- The volatility of LIBOR directly affects our result, because it automatically raises our interest rates on loans in dollars. The Company is considering how to protect against this risk.

b. Favourable circumstances in the world market

Circumstances in the world market, in the shipping segment, have not been favourable for investors for a long time, which is reflected in the following parameters:

- The growth of global trade is the main driver of the shipping market
- IMF forecasts global GDP growth of 6.0% in 2021 and 4.4% in 2022
- As a result of increased freight rates and good forecasts, we have a liquid ship market
- The annual inflow of the fleet is the lowest in 20 years, with a projected growth of 3.1% for 2021 and 1.2% for 2022
- The upcoming regulations related to environmental regulations may further affect the accelerated departure of older ships to cutters
- Orders for new ships are at their lowest level since 2002
- A further positive trend in the growth of freight rates is expected, and thus a positive impact on the value of assets
- High prices of goods transported by bulk carriers lead to increased demand for ship space

c. Advantages of investing in the shares of the Issuer


The reasons for which the Issuer is particularly attractive for investment are:

- Team of people who successfully overcame the longest financial crisis in the shipping market, preserving the company's assets, with a complete and extremely favourable financial and operational restructuring, as a result of which the Issuer is currently one of the most attractive participants in the industry;
- Continuous investment in the development of new technologies, but also improvement of the operational management system, which is why the Issuer's costs have been below the world average for years, and freight rates follow market trends by groups of ships at our disposal;
- Funds provided by recapitalization will be spent on the construction of new ships, with already reserved positions in renowned foreign shipyard;
- Proven experience in quality management of debt and exchange rate differences, as well as other financial levers are a guarantee of stability and commitment;
- Continuous investment in our seafarers has generated one of the highest quality crews in the industry;
- Regarding ballast-water management, the Issuer's fleet has been harmonized with the guidelines, in such a way that the system has been installed in m/v Peristil, and is in the phase of installation in m/v Sv. Dujam and m/v Solin, which remain in the fleet, while the two older ships carry out operations smoothly until they are decommissioned, that is, until they are replaced by new vessels.

Concluding remarks:

To the best of our knowledge, we declare that the information contained in this document corresponds to the facts known to us, and that the information relevant to the assessment of the investment in the securities to which this document relates has not been omitted.


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