

JADROPLOV d.d., SPLIT

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Note: This format does not represent the official format for the publication of the annual report.

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

	<i>Page</i>
Consolidated Management Report	1 – 17
Corporate Governance Statement	18 – 19
Statement of the Management Board's responsibility	20
Independent Auditor's Report to the Shareholders of Jadroplov d.d.	21 – 28
Consolidated financial statements	29 – 79
<i>Consolidated statement of comprehensive income</i>	29
<i>Consolidated statement of financial position</i>	30
<i>Consolidated statement of changes in equity</i>	31
<i>Consolidated statement of cash flows</i>	32
<i>Notes to the consolidated financial statements</i>	33 – 79

Consolidated management report

Management presents its annual report for the year ended 31 December 2024.

Primary Activity

Jadroplov d.d. ("Company") was established in the Republic of Croatia as a joint-stock company, registered at the Commercial Court in Split, number 060000041. The Company and its subsidiaries (collectively referred to as the "Group") own and operate a fleet of vessels sailing under the Croatian flag. The main activities of the Group include free navigation, crew management, and technical maintenance of vessels. The principal activity is predominantly conducted outside of Croatia, across the world's seas in the Atlantic, Indian, and Pacific Oceans.

As of December 31, 2024, the Group's fleet consisted of 7 vessels, of which 5 were bulk carriers with a total deadweight tonnage (DWT) of 242,727 and an average age of 18.3 years. Since October 24, 2022, and March 16, 2023, respectively, the Group has also owned 2 LPG vessels with a capacity of 7,500 cbm.

Supervisory Board

The Supervisory Board of the Company consists of: Dražen Ivanušec, Chairman; Tibor Konjevod, Deputy Chairman (relieved of duty on 4 March 2025); Goran Matešić, Member; Jasmina Dužević Đonlagić, Member; and Dantea Krnčević Šarac, Member until 11 April 2025, when she became Deputy Chairman.

Management Board

Since 6 September 2021, Ivan Pavlović has served as the sole Management Board member with a term lasting until 6 September 2026. On 11 April 2025, the Management Board was expanded to include Ivan Pavlović as President of the Management Board and Tibor Konjevod as a Member of the Management Board, both with terms lasting until 16 April 2030.

Overview of Jadroplov d.d. shareholders as at 31 December 2024

	Number of shares	Share in the Equity Capital %
Center for Restructuring and Sales	1,152,975	70.45%
Domestic individuals	428,267	26.17%
Financial institutions	25,099	1.53%
Commercial Companies	19,107	1.17%
Foreign Entities	1,210	0.07%
Treasury Shares	10,011	0.61%
Total	1,636,674	100.00%

The total number of shareholders as of December 31, 2024 was 2,652.

Consolidated management report (continued)

Results

The Group's total result for 2024 amounted to a loss of EUR 2,663 thousand (USD 2,781 thousand), compared to a loss of EUR 4,540 thousand (USD 5,016 thousand) in 2023.

The Group's consolidated revenues for the reporting period amounted to EUR 37,708 thousand (2023: EUR 30,150 thousand).

Total expenses of the Group amounted to EUR 40,371 thousand (2023: EUR 34,690 thousand).

Below are some of the most significant figures from the financial statements for the reporting period:

Description	Period 01.01.-31.12.2023.	Period 01.01.-31.12.2024.
Total income (EUR)	30,150,281	37,708,180
Income from primary activity / Total income	93%	96%
Other income / Total income	4%	2%
Material costs / Operating expenses	69%	74%
Employee costs / Operating expenses	4%	4%
Financial expenses / Total expenses	14%	15%
Net Profit/Loss	-4,540,260	-2,663,084
EBITDA	6,026,246	9,541,222
Operating Profit (EBIT)	-656,889	2,729,797

OPERATING INDICATORS

Table 1 Fleet – As at 31.12.2024

No.	Vessel	Vessel type	Year of built	DWT	Average hire (USD per day)
1	Split	bulk carrier	1998	42,584	15,663
2	Trogir	bulk carrier	2001	44,389	17,642
3	Peristil	bulk carrier	2010	52,113	11,551
4	Sveti Dujam	bulk carrier	2010	52,096	20,547
5	Solin	bulk carrier	2012	51,545	15,491
6	Marko Marulic	LPG	2022	7500 cbm	12,319
7	Vis	LPG	2023	7500 cbm	13,446

Chart 1 Vessel overview by age (years)

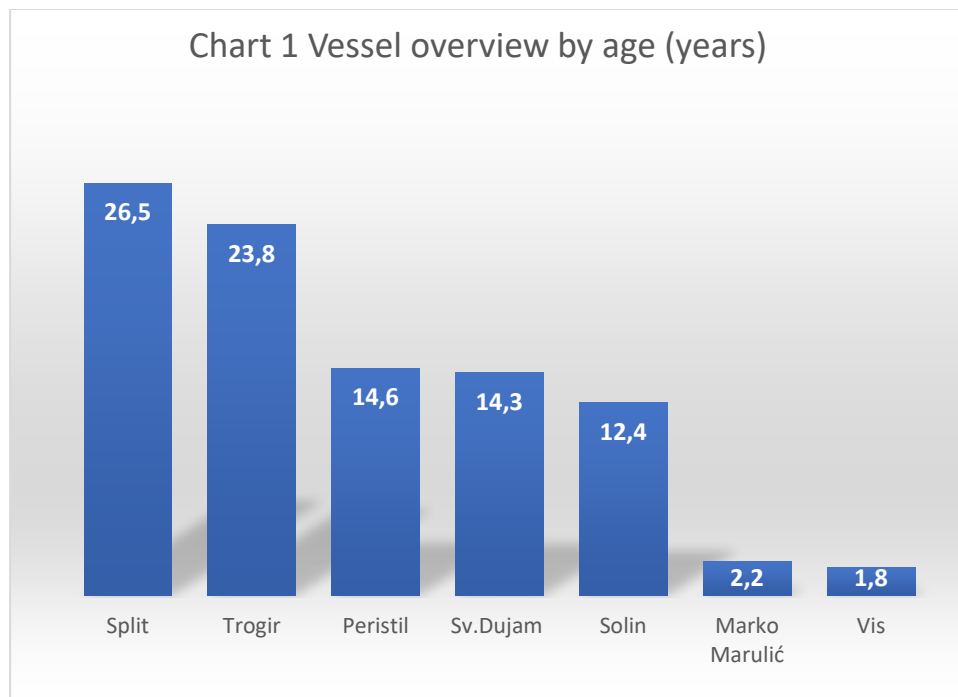
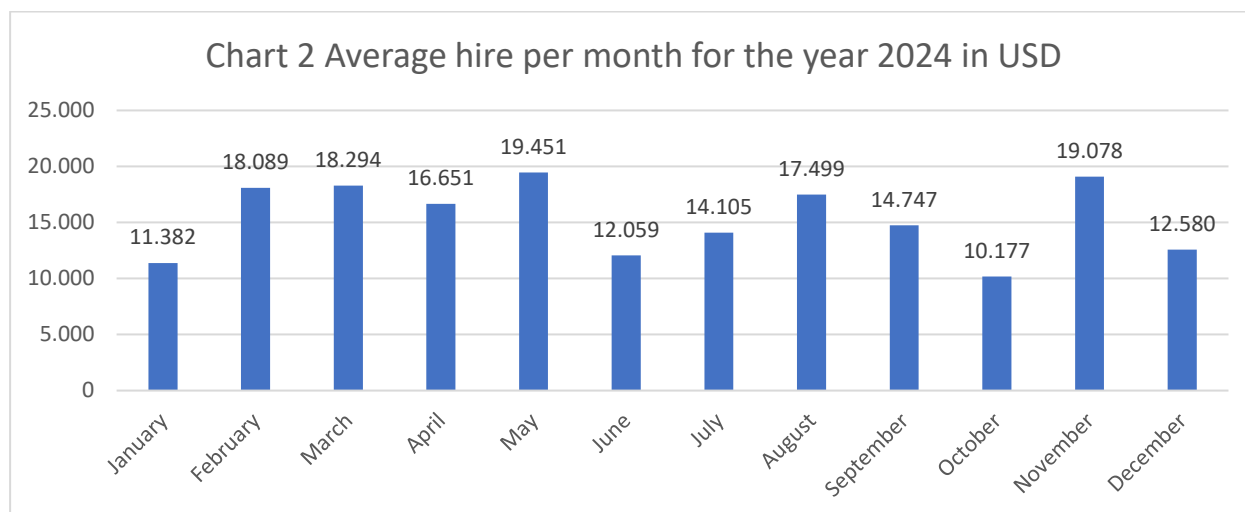


Chart 2 Average hire per month for the year 2024 in USD



Fleet utilization

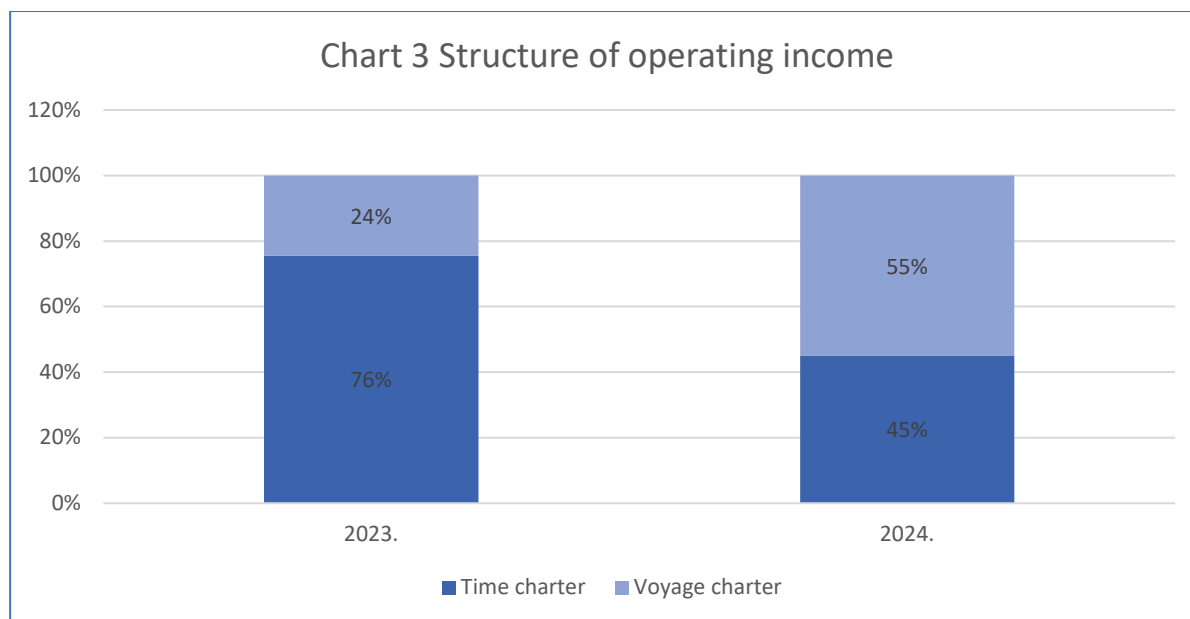
Total (calendar) days	2,562
Available days*	2,510
Operating days**	2,253
Fleet utilization***	89.79%

* Available days represent the total days reduced by the days in dry dock

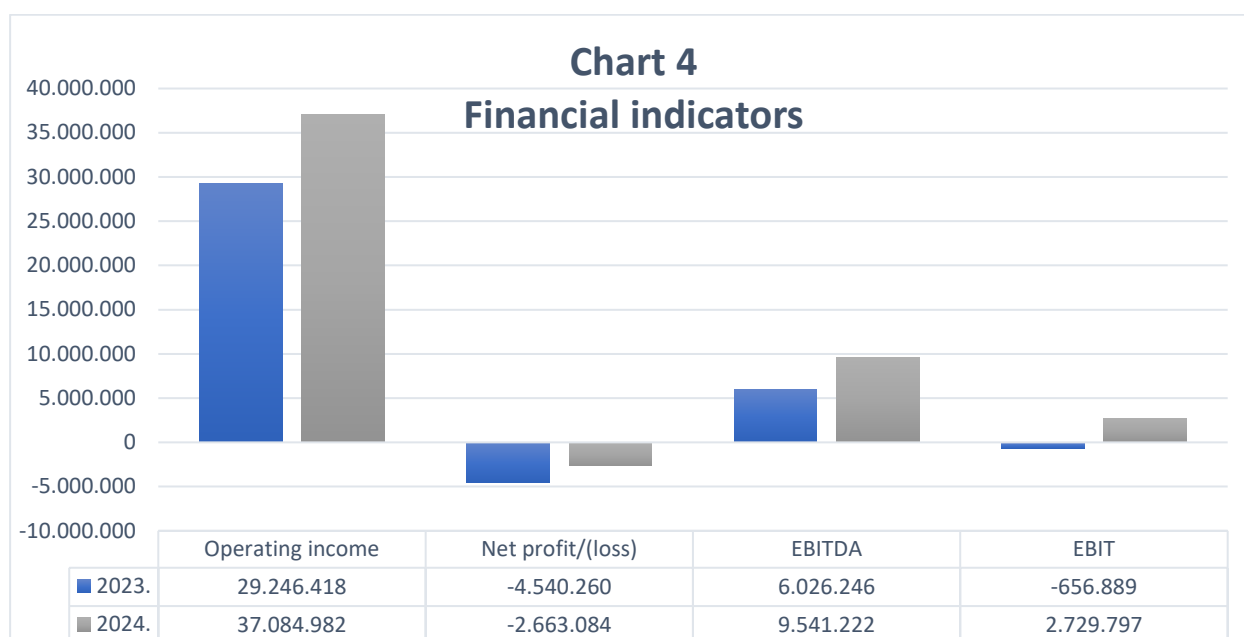
** Operating days represent available days reduced by days in off-hire, unexpected repairs and downtime, as well as days waiting for new employment.

*** Fleet utilization is calculated as the ratio of operating days to available days.

Consolidated management report (continued)



FINANCIAL INDICATORS



In the calculation, EBITDA for the year is adjusted for financial income and expenses (interest and exchange rate differences, as these are not considered operating income and expenses), corporate income tax, and depreciation. EBIT represents operating profit, i.e., the result for the year adjusted for financial income and expenses and corporate income tax.

Consolidated management report (continued)

Significant events during 2024:

1.) *Trends in the Maritime Market*

The beginning of 2024 in the maritime dry bulk transport market was marked by a continued decline in freight rates compared to the end of 2023. This is reflected in a 7% week-on-week drop in the Cross-Sector ClarkSea Index, which stood at USD 24,428 per day at the end of the first week.

In the first week of 2024, the average charter rate for the total Supramax tonnage was USD 15,750 per day, while the rate for Handysize tonnage was USD 13,667 per day.

Baltic freight index movement during 2023 and 2024:

Date	BSI	BHSI	BDI
03.01.2023	968	614	1.250
22.12.2023	1.369	879	2.094
02.01.2024	1.308	808	2.093
24.12.2024	923	569	997

Since the end of 2023 and throughout 2024, one of the most significant factors affecting the shipping industry as a whole has been the disruption of transit through the Red Sea due to continued attacks on vessels in the area. As a result, some shipping companies have reinstated or extended suspensions of transit through this region, leading to a substantial decline in traffic through the Suez Canal—by some estimates, up to 44% compared to the period before the attacks began. Consequently, the beginning of the year was marked by a more favorable market position for larger tonnage vessels (Capesize) compared to smaller ones.

The shipping market was also affected by transit restrictions in the Panama Canal, which temporarily led to longer voyages for certain bulk cargoes at the end of 2023 and the beginning of 2024. However, this disruption was mitigated with the lifting of the restrictions.

An additional risk to the global market was the impact of the natural phenomenon La Niña in a number of key exporting countries (e.g., Australia, Brazil, Indonesia, etc.).

It is also important to mention the impact of the EU Emissions Trading Scheme (EU ETS), which was expanded in 2024 to include shipping. This requires companies to surrender allowances for 40% of applicable emissions in 2024, increasing to 70% in 2025 and 100% in 2026.

The Company has 5 ships for the transport of bulk cargo and 2 LPG ships, which is why we are providing a brief overview of these segments of the maritime market.

Consolidated management report (continued)

Significant events during 2024 (continued):

1.) Trends in the Maritime Market (continued):

Dry bulk market:

When considering the market, we will focus on the "Supramax" vessel segment, although their average carrying capacity is somewhat higher than the actual capacity of our vessels.

Historically, this market segment was in recession from 2010, reaching its historical low on 12 February 2016, when the index value was 243. After that, the market experienced a recovery marked by an increase in the index.

Despite the above, maritime trade in dry bulk cargo grew by approximately 3.7% on a year-on-year basis during 2024.

Iron ore trade recorded growth of approximately 3% to a record 1.6 billion tonnes in 2024. The main driver of this growth was strong supply growth from Brazil due to increased demand from China. As a result, iron ore stocks in China reached approximately 154 million tonnes by the end of August 2024, following a 5.3% increase in imports during the January-August 2024 period. However, it is important to note that demand for this ore outside of China was very uneven, as some parts of the world were under pressure from weaker macroeconomic trends and strong Chinese exports of steel products, which affected the profitability of steel mills in, for example, Europe, Brazil, and India.

Coal trade remained stable, primarily thanks to the Chinese and Indian markets, while coal usage in "developed" economies was under pressure from the "green transition."

Maritime grain trade increased by approximately 5% due to the recovery of Ukrainian exports to pre-conflict levels, a rise in U.S. exports following a sharp decline at the end of 2023 caused by the "carryover" of significant crop stocks into 2024, as well as strong Brazilian production and steady Chinese demand.

Global GDP growth for 2024 was at the expected level of 3.2% (3.3% in 2023), with the highest growth in India (5.4%) and China (4.6%), and the lowest in Japan (0.8%) and the Eurozone (1.5%).

Under these conditions, 2024 was also a very active year for the newbuilding market (especially for VLEC and Newcastlemax vessels), with total orderbook volume reaching 66 million CGT, the highest level in the past 17 years.

In 2024, the global dry bulk fleet grew by more than 3% (approximately 34 million DWT), with the number of vessels increasing from 13,658 to 14,078 during the year. A total of 491 new units were delivered, while 71 vessels were removed from the market (66 due to scrapping and 5 for other reasons).

It is worth noting that the adoption of alternative fuels in the dry bulk segment remained more limited than in some other shipping sectors. Only 10% of new orders were for vessels using alternative fuels, primarily LNG and methanol blends, while approximately 50% of Capesize orders this year were for vessels that are "alternative-fuel ready."

Consolidated management report (continued)

Significant events during 2024 (continued):

1.) *Trends in the Maritime Market (continued):*

Scrap prices have remained high but generally followed a downward trend since 22 April 2024. As of early September, the indicative price for a Handysize bulker stood at USD 495 per LDT, which is USD 15 per LDT below the level at the beginning of the year. Fleet renewal pressures and vessel age are expected to drive an increase in ship recycling ("scrapping") in the coming years, although the timing of any rise will still largely depend on conditions in the shipping market.

Under such conditions, the average value of the ClarkSea Index for 2024 was USD 24,964 per day, showing a declining trend toward the end of the year. At year-end, the index stood at USD 22,435 per day, representing a 3% drop compared to the previous week (by the end of the first week of 2025, it had decreased further to USD 21,389 per day).

Total earnings for dry bulk carriers in 2024 amounted to USD 15,031 per day, representing a 21% increase compared to USD 12,371 per day in 2023, and significantly above the average levels recorded during the 2010–2019 period (approximately USD 11,000 per day). This growth was particularly driven by a 76% increase in the Capesize market.

Annual average charter rates by dry bulk vessel type in USD:

	T/C BCI	T/C BPI	T/C BSI	T/C BHSI
2021.	33,220	26,273	27,355	25,748
2022.	17,385	20,837	23,467	20,820
2023.	17,240	13,012	12,422	11,306
2024.	26,119	13,866	14,623	12,631
% change in comparison to 2023	+51.5	+6.6	+17.7	+11.7

LPG Cargo Market

LPG cargo market prices fell significantly compared to the previous year, which was somewhat expected given the record-setting year experienced in 2023.

Although it is true that prices declined, it could be more accurately said that the market underwent a correction and returned to a more normalized state.

The two most influential topics that dominated the LPG shipping market in 2024 were the Panama Canal and the export challenges from terminals in the U.S. Gulf (USG).

As a reminder, it is worth noting that around this time last year, it became customary to wake up to news reports of a Panama Canal auction slot being secured for over 3 million dollars.

It was not long before vessels began sailing around the Cape of Good Hope for voyages from the U.S. Gulf to the Far East. Since then, water levels in the canal have improved, and operations have largely returned to normal, with most owners resuming the transit of their vessels through the canal. However, the auctions have continued to display volatility — on some days, no bids are submitted, while on others, bids can surge to several hundred thousand dollars. As owners return to routing their vessels through the canal, the availability of tonnage has increased compared to 2023, putting downward pressure on freight rates.

Consolidated management report (continued)

Significant events during 2024 (continued):

1.) Trends in the Maritime Market (continued):

Looking ahead, the Panama Canal Authority has announced that, starting in 2025, the slot allocation policy will be revised, likely resulting in a reduced number of auction slots available. It will be important to monitor Panama Canal trends throughout 2025 to assess how the new system will impact transit capacity and, consequently, the overall market dynamics.

This year, closures, unexpected maintenance, and delays at terminals in the U.S. Gulf have been mentioned more frequently than usual. Weather disruptions that led to shutdowns, along with equipment failures, were not uncommon at terminals—causing delays and constraining the export capacity of the U.S. Gulf, which in turn contributed to record-high premiums. Despite these challenges, U.S. LPG exports rose by more than 9% year-on-year.

Furthermore, entering 2025, export capacity is expected to increase by an additional 250,000 barrels by mid-year, when the expansion project—featuring a new dock—is scheduled for completion.

Although thirteen new VLGCs are scheduled for delivery this year, more than six times that number of vessels will be temporarily unavailable due to mandatory dry docking. Nearly eighty vessels are expected to undergo dry docking this year, which is double the number seen in 2024.

In summary, while several adverse factors are likely to keep rates subdued in early 2025, the increase in U.S. Gulf export capacity and ongoing fleet maintenance could provide some upward pressure later in the year.

Average daily vessel charter rates in 2024 were as follows:

Fully Ref & Semi Ref

VLGC - 45833 P/D

MGC(38000cbm) – 33333 P/D

MGC(35000cbm) – 29000 P/D

Handy(22000cbmEthylene) – 34167P/D

Handy(17000cbmEthylene) – 27000 P/D

Handy (22000cbm Semi Ref) – 29600 P/D

Pressurized

11000 cbm – 18833 P/D

7500 cbm – 15166 P/D

5000 cbm – 11000 P/D

3500 cbm – 8000 P/D

Consolidated management report (continued)

Significant events during 2024 (continued):

1.) *Trends in the Maritime Market (continued):*

Chemical Gas Market

Ethylene

A decline in import demand in Asia, combined with higher prices in the U.S. due to production outages, pipeline maintenance, and underground storage issues, negatively impacted U.S. ethylene exports in 2024. The global seaborne trade volume of ethylene fell by 6%, from 4,991 kt in 2023 to 4,693 kt in 2024, reflecting the broader slowdown of the global economy.

A significant portion of this decline originated from the U.S. Gulf (USG), where exports dropped by 28% year-on-year, from 1,120 kt in 2023 to 805 kt in 2024. Targa experienced a sharp decline from 108 kt to 34 kt, facing challenges related to the economics of "slow loading rates," while Enterprise's exports decreased from 1,013 kt to 771 kt. A narrowed arbitrage window with Asia made it difficult to ship non-contracted volumes during the third and fourth quarters, and European markets were unable to absorb the excess supply due to high ethane content.

Despite widespread declines in major export hubs, Libya diverged from the trend with a significant increase. Following the commissioning of its facilities at the end of 2023, Libya exported an estimated 178 kt in 2024, primarily shipping within the Mediterranean and to Northern Europe, with a few cargoes even reaching Bahia Blanca.

East of the Suez Canal, exports also recorded sharp declines. Rabigh and Ruwais exported only 9–10 kt in 2024, a steep drop from around 90 kt for each port the previous year. Similarly, Pengerang's volume fell by 34%, from 170 kt to 113 kt year-on-year.

Ethane

While maritime ethylene trade declined in 2024, U.S. ethane exports recorded modest growth, increasing by 1% year-on-year—from 9,100 kt in 2023 to 9,225 kt in 2024. This growth was limited by issues at the Panama Canal early in the year, which extended voyage durations around the Cape and reduced export capacity due to vessel delays.

With domestic ethane production expected to outpace demand, U.S. inventories remain well-positioned for export. Enterprise's new terminal on the Neches River, scheduled to come online by late 2025, will add substantial capacity, with the first phase delivering 120,000 barrels per day, and the second phase increasing that to 180,000 barrels per day.

The VLEC (Very Large Ethane Carrier) fleet is poised for dramatic expansion, growing from 29 vessels today to 90 by 2027—an increase of 210%. Investment in VLECs has been significant, with large 150,000 m³ ships costing up to \$207 million each, and 99,000 m³ vessels ranging between \$130 million and \$170 million.

Consolidated management report (continued)

Significant events during 2024 (continued):

1.) Trends in the Maritime Market (continued):

Propylene

Global propylene trade experienced only a slight change in 2024, with export volumes declining by just under 4% year-on-year. However, there were several significant regional shifts.

Exports from the U.S. saw a substantial drop of nearly 28% between 2023 and 2024. Imports into Colombia took the biggest hit, falling by 38% year-on-year—from 268 kt in 2023 to 165 kt in 2024. Imports into Mexico also experienced a significant decline, dropping by 20% from 265 kt in 2023 to 212 kt in 2024. Reduced demand in the processing industry was the main driver of these decreases. Structurally, Colombia reduced its fleet from two vessels of 12,000 m³ and one vessel of 17,000 m³ to only two vessels of 12,000 m³, while Mexico continues to use a general cargo vessel on a time charter basis. Both importers supplemented their volumes with shipments from Asia, the Mediterranean, and the Middle East.

Trade volumes in Europe remained largely unchanged compared to the previous year. However, the Far East recorded a more pronounced decline of nearly 15%, considering intra-country flows. This drop can be attributed to new PDH plants coming online, increasing domestic supply, and slower economic growth reducing demand.

Once demand recovers, supply is already in place, indicating the potential for a rapid rebound. However, it is unlikely that this change will materialize before the end of 2025, given ongoing geopolitical uncertainties.

2.) Bulk Carrier Fleet

In 2024, the subject fleet consisted of 5 vessels:

- m/b „Solín“
- m/b „Sveti Džam“
- m/b „Peristil“
- m/b „Trogir“
- m/b „Split“

The first three vessels mentioned above belong to the "Supramax" class, while the last two vessels are in the "Handy" class, which have slightly lower carrying capacity compared to the "Supra" tonnage.

The total deadweight tonnage (DWT) capacity of the entire bulk fleet is 242,727 metric tons, with an average vessel age of 18.3 years.

In line with market trends observed during the year (a decline compared to the previous year) and the company's objectives, the fleet was predominantly employed on the spot market, except for two voyages of the vessel *Split*, which were conducted under a valid COA (Contract of Affreightment) agreement with the company *C/OS*.

Consolidated management report (continued)

Significant events during 2024 (continued):

2.) Bulk Carrier Fleet (continued)

M/B SOLIN

The vessel Solin completed a total of four (4) charters in 2024, of which three (3) were short-term time charters and one (1) was on a voyage basis. The reasons for the below-average number of contracts concluded stem from the fact that the vessel's last charter in 2023 effectively began at the very end of that year, with most of its performance carried out predominantly in 2024. Additionally, the voyage charter concluded took longer than planned (approximately two additional months) due to issues on the charterer's side.

M/B SVETI DUJAM

The vessel Sveti Dujam completed seven (7) charters in 2024, of which five (5) were time charters for a single voyage, and two (2) were voyage charters. One voyage had to be canceled due to the vessel's delay caused by issues on the part of one of the voyage charterers.

M/V PERISTIL

The vessel Peristil had a total of eight (8) charters during the observed year, of which seven (7) were time charters for a single voyage and one (1) was a voyage charter. The majority of voyages (a total of 5) were carried out in the Far East. At the end of the year, a charter agreement was concluded that commenced on January 6, 2025.

M/V TROGIR

The vessel Trogir completed a total of eight (8) voyages in 2024, of which six (6) were on a voyage charter basis and two (2) on a time charter basis. Most of the voyages (five (5) in total) were carried out with grain cargo loaded at ports in Ukraine. Additionally, the vessel underwent dry-docking at the Yalova shipyard (Turkey) during the period from June to August 2024.

M/V SPLIT

The vessel Split completed a total of eight (8) voyages in 2024. Of these, seven (7) voyages were on a voyage charter basis, and one (1) was a time charter for a single voyage. A significant portion of the charters also involved grain cargoes from Ukraine, totaling three (3) voyages in 2024.

3.) LPG fleet

Both LPG vessels operate east of the Suez Canal, primarily due to business opportunities, as well as compliance with regulations currently in force in that region of the world.

Marko Marulić and VIS are currently conducting operations in Southeast Asia, servicing coastal terminals between Singapore, Malaysia, Brunei, the Philippines, and China.

Consolidated management report (continued)

Significant events during 2024 (continued):

4.) Long-Term Charter Agreement for the vessel Split

On March 21, 2022, the company entered into a transportation contract with the client, CE-ZA-R, Centar za reciklažu d.o.o., Zagreb, Republic of Croatia. Under this contract, Jadroplov d.d. will provide cargo transportation services to the client using the motor vessel *Split*, the oldest vessel in Jadroplov's fleet, built in 1998, over a period of five years on the route from the Croatian ports of Rijeka and Split to the Turkish ports of the Mediterranean and the Sea of Marmara. On October 1, 2022, the contract with CE-ZA-R was terminated, and an identical contract was subsequently concluded with CIOS CARGO d.o.o., Zagreb, Republic of Croatia.

Fair Value of Real Estate

In order to determine the fair value of the real estate, appraisal reports were prepared by a certified court expert in construction and real estate valuation. Based on the 2023 assessment, the fair value of the properties amounted to EUR 8,943 thousand.

Consolidated management report (continued)

Events after the Reporting Date

1.) Trends in the Maritime Market

a) Dry Bulk Market – expectations for the year 2025:

At the beginning of 2025, during January and February, the dry bulk shipping markets experienced a decline, with the sector's average earnings dropping to approximately USD 8,500 per day, representing a decrease of about 40% compared to the previous year. This decline was influenced by more typical seasonal demand patterns (e.g., heavy rainfall in Brazil, cyclones affecting northern Australia) which impacted vessel demand. However, market sentiment has shown signs of recovery since early March, particularly in the Capesize sector, where the average spot earnings reached approximately USD 26,000 per day by mid-March.

Daily charter rates in USD (for a 12-month period) for modern "handymax"/"supramax" vessels during the first week of each month were as follows:

Year/												
Month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
2022	23,375	23,125	26,000	26,750	26,250	26,250	20,500	15,875	14,000	15,250	12,250	13,125
2023	13,250	13,625	15,750	13,500	14,500	12,250	10,750	10,688	12,375	11,750	11,000	13,750
2024	13,000	14,250	15,500	14,500	16,000	15,500	15,000	15,000	14,750	15,000	14,000	12,000
2025	12,000	10,500	12,250	12,750								

According to the data from the previous table, it is evident that the beginning of 2025 was marked by lower charter rates compared to the start of 2024.

In 2025, the fleet is expected to grow by approximately 3% compared to the previous year, while demand growth may be limited. The anticipated growth in dry bulk cargo volume this year is only around 1% (compared to +3% in 2024), primarily due to expectations of weaker Chinese demand amid increased inventories of such cargoes in the earlier period. However, in recent months, a series of events have led to increased uncertainty regarding the global economy and downward revisions of bulk trade growth projections, with the possibility that volumes will remain fairly stable this year.

In addition to previously known factors (the war in Ukraine, transit issues through the Red Sea), market dynamics will also be influenced by announced measures from the U.S. government (e.g., possible introduction of additional tariffs, extra levies on vessels connected to China, etc.).

Consolidated management report (continued)

Events After the Reporting Date (continued)

a) Dry Bulk Market – expectations for the year 2025 (continued):

So far, the direct impact of tariffs on dry bulk trade appears limited and potentially smaller than the impact of the previous 'trade war' in 2018–2019 (which reduced dry bulk trade by approximately 0.5%). Regarding NOx and SOx emission control areas (ECAs), the implementation of these rules is being prepared for new zones: the Canadian Arctic and the Norwegian Sea, expected to come into effect in March 2026 and 2027, respectively.

In the meantime, the Mediterranean Sea will become a SOx ECA starting from May 25, 2025.

Following the EU ETS regulations that began applying in 2024, the EU “FuelEU Maritime” regulation came into effect at the beginning of 2025. This regulation sets maximum annual greenhouse gas intensity limits for marine fuels used on voyages within the EU (2% below the 2020 baseline from 2025, 6% below by 2030, and 80% below by 2050). These limits are based on 100% of the energy used on voyages within the EU and in EU ports, and 50% on voyages between EU ports and ports outside the EU.

b) LPG Cargo Market – Expectations for 2025:

It is expected that the volume of LPG trade will register a more limited growth of 2.2% in 2025, following a 5.9% increase in 2024.

The growth in exports is anticipated to be constrained by the export terminal capacities in the U.S. (additional capacities are not expected before the end of 2025) and ongoing production cuts by OPEC+.

On the import side, Asia is expected to account for the majority of growth, with Chinese imports rising by 6% and Indian imports by 3%.

Growth in ton-mile trade is also expected to be limited in 2025 (1.8%), with additional transits through the Panama Canal and a potential reduction in disruptions in the Red Sea further constraining growth.

However, forecasts remain subject to uncertainty, particularly concerning trade between the U.S. and China (which accounted for 13% of LPG trade in 2024), given the potential escalation of trade tensions between the two countries.

The LPG carrier fleet increased by 6.0% during 2024, with 54 vessels delivered totaling a capacity of 2.8 million cubic meters. Further fleet growth is expected, with an anticipated increase in fleet capacity of 5.2% in 2025 and an accelerated growth of 9.8% in 2026.

c) Refinancing of the Sale&Leaseback arrangement for the Vessel Peristil

On January 27, 2025, a rescheduling of the Sale & Leaseback arrangement with Moon Rise Shipping, S.A., Panama, for the vessel *Peristil*—originally concluded on March 27, 2023—was carried out. The rescheduling was undertaken due to certain navigational area restrictions, which subsequently affected the vessel's commercial employment. The refinancing was executed by the Japanese shipowner Nakaei Marine Co., Ltd, in the amount of USD 7 million, with the same interest rate and with the key terms remaining largely unchanged.

Consolidated management report (continued)

Business Outlook for 2025

Compared to the previous year, and contrary to our expectations, the dry bulk market experienced a decline between January and April 2025. Particularly unexpected was the drop in freight rates on voyages through the Red Sea to Ukraine, which resulted in revenues falling below those generated by voyages to other destinations that carry no war-related risk.

It is important to note that since last year, we have focused on voyages originating from Ukraine and targeting the Mediterranean market, which, over the past four months, has performed worse than other regions—especially the Americas. Overall, the market remains weak, and in the context of recent developments such as the introduction of U.S. tariffs on China and other countries, it is difficult to predict what implications these events may have on the dry bulk market.

It should be emphasized that two vessels *Peristil* and *Sveti Dujam* are scheduled for dry docking this year, with the work planned to be carried out in China due to significantly lower costs compared to Turkey and other global locations.

The Company will continue to make strong efforts to minimize costs. We estimate that operating costs for the three newer bulk carriers should not exceed USD 6,000 per day. However, this is not achievable for the two oldest vessels *Split* and *Trogir* due to their age and the need for substantial investment to maintain seaworthiness. As a result, daily operating costs for these vessels are expected to be around USD 7,500.

Despite efforts to reduce vessel operating costs, we aim to improve the current RightShip ratings of our ships from one star to at least three stars. Achieving this would allow us to engage with major charterers such as Cargill, Vitol, Trafigura, and others.

The situation is significantly more favorable in the LPG segment, as both vessels are under long-term charter contracts, ensuring stable operations and the ability to meet financial obligations.

Due to substantial historical debt and the still-high interest rates on the U.S. dollar (SOFR), maintaining liquidity remains one of the Company's main challenges. Although SOFR is expected to be reduced at least twice by the end of the year, falling below 4%, the Company has decided to enter into a Sale & Leaseback arrangement for the vessel *Vis* to secure additional funding to service existing debts.

This year, we also intend to sell the vessel *Split*, the oldest ship in the fleet at 27 years of age. However, due to the low scrap steel prices, this decision is being postponed until market conditions improve to a more acceptable level.

We emphasize that the Company has a strong need to increase its share capital through a capital injection in order to restructure and potentially order new vessels. These could be LPG carriers, provided that contracts with major oil companies are signed in advance, guaranteeing loan repayment and return on investment over a 10-year period, after which the vessel would be mortgage-free.

Consolidated management report (continued)

Risks to which the Group is exposed

Price Risk

The Group operates in the international shipping market, exposing it to significant market risk due to cyclical changes in supply and demand in the shipping space market, affecting freight rates.

Interest Rate Risk

Since the Group uses loans with variable interest rates, it is exposed to the risk of interest rate changes. Part of the Group's loans are contracted with variable interest rates. The Company has not contracted instruments to hedge against interest rate risk.

Credit Risk

Credit risk is related to receivables from customers and refers to the risk of non-fulfillment of contractual obligations by the other contracting party, which could cause financial losses to the Group. The Group does not have significant credit risk because it has adopted a policy of leasing vessels to first-class charterers.

Currency Risk

Since the Group operates in the international market, most transactions are executed in foreign currencies, exposing it to exchange rate risks. The Group is mainly exposed to transactions in USD.

Liquidity Risk

The Company has a management process in place to ensure sufficient liquidity to meet obligations as they become due. Chartering ships on a time charter basis with payment agreements at the beginning of a 15-day period and increasing daily charter rates provide additional assurance of the necessary liquidity level.

Environmental Protection

The primary activity of the Company is international maritime transport, which means there is exposure to environmental protection risks. During 2024, there were no environmental incidents. To improve environmental protection, great attention is paid to the regular maintenance and renewal of the fleet, as well as to the professional training of maritime personnel.

Share Buyback

In 2024, there were no share buybacks by the Company.

Consolidated management report (continued)

Subsidiaries

Jadroplov d.d., Split conducts its international maritime transport operations with ships owned by associated companies abroad. Since Jadroplov d.d. manages these subsidiaries from a single business management headquarters, under a unified name and leadership, it keeps the business books and prepares consolidated financial statements for overall operations both domestically and internationally.

Research and Development

The Group does not have branches and does not invest in research and development.

For and on behalf of the Management:

Ivan Pavlović

President of the Management Board

Tibor Konjevod

Member of the Management Board

30 April 2025

Report on the Application of the Corporate Governance Code

General Information

The Company adheres to the objectives and guidelines of the Corporate Governance Code and the principles contained therein, in accordance with the legal framework and regulations of the Republic of Croatia. The purpose of such corporate governance is to ensure an effective and transparent allocation of roles and responsibilities among corporate bodies, a balanced approach to strategic oversight, management and control functions, with a focus on risk management and asset protection.

Jadroplov d.d. is a company whose shares are listed on the Official Market of the Zagreb Stock Exchange and applies the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange. The Code is published on the website of the Zagreb Stock Exchange.

Corporate Governance Structure

In accordance with Company's Law and Statute of the Company bodies of Company are: General Assembly, Supervisory Board and Management Board, and their roles and responsibilities are regulated by the aforementioned acts.

General Assembly

The General Assembly decides on matters stipulated by the Companies Act and the Company's Articles of Association, including adopting the Articles of Association, deciding on the use of profit, deciding on increases and decreases of capital, electing and dismissing members of the Supervisory Board, granting discharge to members of the Management Board and the Supervisory Board, appointing the Company's external auditor, and performing other duties in accordance with the law and the Articles of Association. The regular annual General Assembly was held on 23 August 2024.

Supervisory Board

The Company's Supervisory Board supervises the management of the Company and for that purpose reviews and examines the Company's business books and documentation. The Supervisory Board submits a written report on the performed supervision to the General Assembly. The Supervisory Board consists of five members. Regular meetings of the Supervisory Board are generally convened once every three months. For important and urgent matters, the Supervisory Board may decide at meetings held in writing or via telephone. The members of the Supervisory Board are: Dražen Ivanušec, Chairman; Tibor Konjevod, Deputy Chairman (dismissed on 4 March 2025); Goran Matešić, Member; Jasmina Dužević Đonlagić, Member; and Dantea Krnčević Šarac, Member until 11 April 2024, when she became Deputy Chairman.

Management Board

The Management Board manages the Company's operations, establishes business plans, monitors their implementation, and coordinates the activities of the individual organizational units of the Company. The number of Management Board members varies from one to five. Since 6 September 2021, the Management Board consists of the Chairman and sole member, Ivan Pavlović, with a mandate until 6 September 2026. On 11 April 2025, two members of the Management Board were appointed: Ivan Pavlović, Chairman of the Management Board, and Tibor Konjevod, Member of the Management Board, for a term of five years.

Report on the Application of the Corporate Governance Code (continued)

Key Elements of the Internal Control and Risk Management System Related to Financial Reporting

The overall control systems include:

- an appropriate organizational structure at all levels, with segregation of duties and clearly defined levels of authority;
- internal controls integrated into business processes and activities;
- making reasonable and prudent judgments and estimates;
- a comprehensive set of accounting policies and procedures related to the preparation of the annual report in accordance with the International Financial Reporting Standards as adopted by the European Union.

Ivan Pavlović

President of the Management Board

Tibor Konjevod

Member of the Management Board

30 April 2025

Statement of the Management Board's responsibility

In accordance with the Accounting Act of the Republic of Croatia, the Management Board is responsible for ensuring that consolidated financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, which provide a true and fair view of the financial position of Jadroplov d.d. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at the reporting date, as well as their performance for each period presented.

After conducting appropriate inquiries and taking into account events after the reporting date, the Management Board reasonably expects that the Group will have adequate resources available in the foreseeable future and therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

- The responsibilities of the Management Board in preparing the consolidated financial statements include the following:
- selection and consistent application of appropriate accounting policies;
- making reasonable and prudent judgments and estimates;
- compliance with applicable accounting standards, with disclosure and explanation of all material departures in the consolidated financial statements; and
- preparation of the consolidated financial statements on a going concern basis, unless the assumption that the Group will continue as a going concern is not appropriate..

The Management Board is responsible for maintaining adequate accounting records that accurately reflect, at any time, the consolidated financial position of the Group. The Management Board is also required to ensure that the consolidated financial statements comply with the Accounting Act. Furthermore, the Management Board is responsible for safeguarding the Group's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Management Board is also responsible for ensuring the accuracy and completeness of all elements of the statement on the application of the corporate governance code and the management report, in accordance with Articles 21 and 24 of the Accounting Act.

In addition, in accordance with Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation"), the Company's Management Board is required to prepare and publish the annual consolidated report in XHTML format and to tag the annual financial statements prepared in accordance with IFRS in the XHTML format using XBRL tags, as well as to tag the notes to the annual financial statements as block text to meet the requirements of Article 462 of the Capital Market Act.

The consolidated financial statements on the following pages were approved by the Management Board and signed below as confirmation.

On behalf of the Management Board,

30 April 2025

Ivan Pavlović

President of the Management Board

Tibor Konjevod

Member of the Management Board



Independent Auditors' Report to the shareholders of Jadroplov d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Jadroplov d.d. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2, *Basis of preparation of consolidated financial statements*, section c) *Going concern* which indicates the Group realised a loss for the year in the amount of EUR 2,663 thousand and that as of 31 December 2024 the Group's current liabilities exceed current assets by EUR 26,864 thousand. These facts together with other events outlined in Note 2 c) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditors' Report to the shareholders of Jadroplov d.d. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern sections of the report we have identified the following key audit matter to communicate in our report:

Impairment of vessels

The carrying amount of vessels and capitalised drydocking costs ("vessels") as at 31 December 2024 amounted to EUR 98,076 thousand (31 December 2023 EUR 97,126 thousand). For 2024, net reversal of impairment losses amounted to EUR 568 thousand (2023: net impairment in the amount of EUR 95 thousand).

Refer to accounting policy 2.1. f) of Material accounting policies and financial disclosures in notes 2.3 Key accounting estimates and 12 Property, plant and equipment of the consolidated financial statements.

Key audit matter	How our audit addressed the matter
<p>As at 31 December 2024, the carrying amount of vessels, carried at cost less accumulated depreciation and any accumulated impairment losses, represented approximately 94% of the Group's total assets.</p> <p>As described in Note 2.3 of the financial statements, in the current year, the Group has identified impairment indicators, primarily, realised operating loss, the market capitalisation below the carrying amount of the Group's net assets and uncertain outlook of freight market.</p> <p>As required by relevant financial reporting standards, vessels for which impairment indicators exist are required to be tested by the Group for potential impairment. Any such impairment would be recognised in the amount by which the carrying amount of the vessel (or a related Cash generating unit ("CGU")) exceeds its recoverable amount.</p>	<p>Our audit procedures in this area, performed assisted by our own valuation specialists, included, among others:</p> <ul style="list-style-type: none"> Evaluating, against the requirements of the relevant financial reporting standards, the Group's accounting policy for identification of impairment indicators, and for measurement and recognition of any impairment losses in respect of vessels. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements; Assessing the appropriateness of asset grouping into CGUs, based on our understanding of the Group's operations and business units; Inspecting minutes of the Supervisory Board meetings for any indications of changes in market trends or operational plans, with either potential positive or adverse effects on the recoverable amounts of vessels;

Independent Auditors' Report to the shareholders of Jadroplov d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Key Audit Matters *(continued)*

Key audit matter <i>(continued)</i>	How our audit addressed the matter <i>(continued)</i>
<p>The determination of the recoverable amount of the vessels based, generally, on the estimate of their value in use, relies on significant judgments and assumptions about the future, including those regarding freight rates, operating days, operating costs, capital expenditure, residual value, inflation and the most appropriate discount rate. These projections are subject to significant estimation uncertainty due to the changing and volatile market conditions.</p> <p>In the wake of the above factors, we considered determination of the recoverable amount of vessels to be associated with a significant risk of material misstatement in the financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.</p>	<ul style="list-style-type: none"> • Critically assessing the Group's assumptions within the model used to determine the recoverable amounts of vessels. This included: <ul style="list-style-type: none"> - Testing the relevance and reliability of data used in the model; - Assessing reasonableness of the key assumptions applied in the model (such as, freight rates, operating days, operating costs, capital expenditures, residual values, inflation and discount rate), by reference to publicly available market reports, as well as the Group's internal documents, such as budgets, customer contracts and sales reports; • Assessing susceptibility of the impairment model and its outcome to management bias, by challenging the Group's analysis of the model's sensitivity to changes in key underlying assumptions; • Assessing the accuracy and completeness of impairment-related disclosures in the financial statements against the requirements of the financial reporting standards.

Independent Auditors' Report to the shareholders of Jadroplov d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Other Information

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Report included in the Annual Report of the Group but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With regard to the Management Report, and the Corporate Governance Report, we also performed procedures prescribed by applicable legal requirements and we report that:

- the information given in the Management Report and the Corporate Governance Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report and the Corporate Governance Report have been prepared, in all material respects, in accordance with applicable legal requirements.

If, based on the work we have performed above, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report to the shareholders of Jadroplov d.d. (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Independent Auditors' Report to the shareholders of Jadroplov d.d. *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 23 August 2024 to audit the consolidated financial statements of Jadroplov d.d. for the year ended 31 December 2024. Our total uninterrupted period of engagement is two years, covering the year ended 31 December 2023 and 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 29 April 2025;
- we have not provided any prohibited non-audit services (NASs) referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is Joško Džida.

Independent Auditors' Report to the shareholders of Jadroplov d.d. (continued)

Report on Compliance with the ESEF Regulation

In accordance with the requirements of Article 462 paragraph 5 of Capital Market Act, we are required to express an opinion on compliance of the consolidated financial statements of the Group as at and for the year ended 31 December 2024, as included in the attached electronic file *jadroplovdd-2024-12-31-0-hr.zip*, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format and their publication;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the Group's ESEF reporting, as a part of the financial reporting process.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the consolidated financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Reasonable assurance is a high degree of assurance. However, it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with the RTS on ESEF.

Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;

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



Independent Auditors' Report to the shareholders of Jadroplov d.d. *(continued)*

Report on Compliance with the ESEF Regulation *(continued)*

Auditors' Responsibilities (continued)

- evaluating the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy used and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the consolidated financial statements.

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

Opinion

In our opinion, based on the procedures performed and evidence obtained, the consolidated financial statements of the Group as at and for the year ended 31 December 2024 presented in ESEF format and contained in the aforementioned attached electronic file, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Our opinion does not represent an opinion on the true and fair view of the financial statements as this is included in our Report on the Audit of the Financial Statements. Furthermore, we do not express any assurance with respect to other information included in documents in the ESEF format.

KPMG Croatia d.o.o. za reviziju
Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

30 April 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

	Note	2024	2023
Revenue	4	36,160	28,154
Other operating income	5	925	1,093
Total revenue		37,085	29,247
Vessel operating expenses	6	(25,473)	(20,767)
Depreciation and amortization expense	12,13	(6,811)	(6,684)
Staff costs	7	(1,240)	(1,122)
Other operating expenses	8	(1,399)	(1,236)
(Impairment of vessels) / reversal of previous impairment of vessels	9	568	(95)
Total operating expenses		(34,355)	(29,904)
Operating profit / (loss)		2,730	(657)
Finance income	10	623	904
Finance costs	10	(6,016)	(4,787)
Net finance costs		(5,393)	(3,883)
Loss before tax		(2,663)	(4,540)
Income tax	11	-	-
Loss for the year		(2,663)	(4,540)
Loss attributable to:			
Owners of the parent company		(2,663)	(4,540)
Non-controlling interests		-	-
		(2,663)	(4,540)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign exchange differences on translating foreign operations		3,252	(2,313)
Other comprehensive income attributable to owners		3,252	(2,313)
Total comprehensive income attributable to owners		589	(6,853)
Basic and diluted loss per share (in UER)	20	(1.64)	(2.79)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2024

(All amounts are expressed in thousands of EUR)

	Note	31 December 2024	31 December 2023
ASSETS			
Property, plant and equipment	12	98,242	97,326
Intangible assets	13	2	4
Deferred tax assets	11	2	2
Deposits	17	2,049	1,930
Non-current assets		100,295	99,262
Inventories	14	791	1,506
Assets measured at amortised cost			
- Trade receivables	15	1,458	806
- Cash and cash equivalents	18	379	550
- Loans to employees		-	1
Other receivables	16	1,282	1,246
Current assets		3,910	4,109
Total assets		104,205	103,371
EQUITY AND LIANILITIES			
Share capital	19	1,637	1,637
Treasury shares	19	(322)	(322)
Capital reserves	19	535	535
Reserves for treasury shares	19	322	322
Translation and other reserves	19	34,435	31,183
Retained earnings/(accumulated loss)		(6,989)	(4,326)
Principal		29,618	29,029
Borrowings	21	43,790	49,832
Provisions		23	24
Non-current liabilities		43,813	49,856
Borrowings	21	21,986	15,912
Trade and other payables	22	8,188	8,014
Deferred income	23	512	458
Accrued expenses	24	88	102
Current liabilities		30,774	24,486
Total liabilities		74,587	74,342
Total equity and liabilities		104,205	103,371

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

	Share capital	Treasury shares	Capital reserves	Reserves for treasury shares	Translation and other reserves	Accumulated losses and profit for the year	Total
Balance at 1 January 2023	2,172	(322)	-	322	33,496	214	35,882
Loss for the year	-	-	-	-	-	(4,540)	(4,540)
<i>Other comprehensive income:</i>							
Foreign exchange differences on translating foreign operations	-	-	-	-	(2,313)	-	(2,313)
Total other comprehensive income	-	-	-	-	(2,313)	-	(2,313)
Total comprehensive income	-	-	-	-	(2,313)	(4,540)	(6,853)
<i>Transactions with owners:</i>							
Transfer to capital reserves following conversion to the euro	(535)	-	535	-	-	-	-
Total transactions with owners	(535)	-	535	-	-	-	-
Balance at 31 December 2023	1,637	(322)	535	322	31,183	(4,326)	29,029
Loss for the year	-	-	-	-	-	(2,663)	(2,663)
<i>Other comprehensive income:</i>							
Foreign exchange differences on translating foreign operations	-	-	-	-	3,252	-	3,252
Total other comprehensive income	-	-	-	-	3,252	-	3,252
Total comprehensive income	-	-	-	-	3,252	(2,663)	589
Balance at 31 December 2024	1,637	(322)	535	322	34,435	(6,989)	29,618

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

	Note	2024	2023
Operating activities			
Profit for the year before tax		(2,663)	(4,540)
<i>Adjustments for:</i>			
Depreciation and amortisation	12,13	6,811	6,684
Impairment of property, plant and equipment, net	9	(568)	95
Impairment of trade receivables (expected credit losses)	8	123	-
Change in provisions		(1)	5
Write-off of other liabilities	5	(59)	(20)
Interest and similar expenses	10	4,481	4,413
Interest and similar income	10	(35)	-
Effect of change in exchange rates		533	(951)
		8,622	5,686
Changes in working capital:			
Increase in trade and other receivables		(1,105)	(1,326)
(Increase)/decrease in inventories		715	(317)
Increase in trade and other payables		649	3,231
Cash generated from operating activities		8,881	7,274
Interest paid		(2,504)	(3,648)
Net cash from operating activities		6,377	3,626
Investing activities			
Purchase of property, plant and equipment		(2,012)	(6,842)
Investments in deposits		-	(1,205)
Proceeds from deposits		25	-
Proceeds from loans granted		1	4
Net cash from investing activities		(1,986)	(8,043)
Financing activities			
Borrowings	21	3,569	11,733
Repayment of borrowings	21	(8,131)	(7,950)
Net cash from financing activities		(4,562)	3,783
Net decrease in cash and cash equivalents		(171)	(634)
Cash and cash equivalents at the beginning of the year		550	1,184
Cash and cash equivalents at the end of the year	18	379	550

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

1. GENERAL INFORMATION

Jadroplov d.d. (the "Company") is a joint stock company registered at the Commercial Court in Split, Croatia, (registration number 060000041). The Company and its subsidiaries (together: the "Group") own and operate a fleet of vessels which sail under the Croatian flag. The Group's principal activities are chartering, crew management and technical maintenance.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

a) Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements have been prepared under the historical cost convention and on the going concern basis.

The consolidated financial statements of Jadroplov d.d. include assets and liabilities, i.e., income and expenditures of the following subsidiaries wholly owned by Jadroplov d.d., with reported vessels held in their possession as at 31 December 2024:

Name of subsidiary	Name of vessel
1. April Marine Inc., Monrovia, Liberia	Solin
2. Bene Maritime Inc., Majuro, Marshall Islands	-
3. Ist Maritime Inc., Majuro, Marshall Islands	Vis
4. Peristil Maritime Inc., Majuro, Marshall Islands	Peristil
5. Radunica Maritime Inc., Majuro, Marshall Islands	Sveti Dujam
6. Split Maritime Inc., Majuro, Marshall Islands	Split
7. Trogir Maritime Inc., Majuro, Marshall Islands	Trogir
8. Vis Maritime Inc., Majuro, Marshall Islands	Marko Marulić

Amounts in these financial statements have been presented in euros, rounded to the nearest thousand. The exchange rate as of 31 December 2024 was EUR 1 = USD 1.0444 (31 December 2023: EUR 1 = USD 1.1050).

b) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available at the date of the financial statements and actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods, if the revision affects both current and future periods.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

c) Going concern

In the year ended December 31, 2024, the Group reported a loss after taxation of 2,663 thousand euros (2023: loss after taxation of 4,540 thousand euros). Furthermore, as of December 31, 2024, the Group has short-term liabilities exceeding short-term assets by 26,864 thousand euros (2023: 20,377 thousand euros).

In 2024, a loan with foreign bank was restructured, resulting in an increase in loan liabilities by 3,569 thousand euros, while existing loan obligations in the amount of 8,425 thousand were settled (as disclosed in Note 21).

The situation is complex due to several factors that affect the amount of short-term liabilities.

The company is heavily burdened with loan obligations, significantly impacted by persistently high interest rates. Notably, the reference interest rate of the U.S. Federal Reserve for the U.S. dollar remains at a high 4.5%. The high interest rate has been particularly problematic with the foreign bank loan, where the fixed component of the interest rate of 4.75% is increased by a variable component that, during the reporting period, ranged between 5.25% and 5.5%, resulting in a total interest rate exceeding 10%. For companies with substantial indebtedness, this leads to a significant increase in interest expenses. Due to such high interest rates, in 2023 the Company entered into Sale and Leaseback transactions for two vessels with a Japanese owner, taking advantage of lower interest rates and more favorable financing terms compared to the foreign bank.

Fleet age and poor vessel maintenance in previous years – Due to the advanced age of the fleet, significant investments were required to maintain vessels at an operational level, as well as to comply with port authority and flag state requirements in order to avoid vessel detentions. Despite limited financial resources, the Company made exceptional efforts, which positively impacted the RightShip rating. As a result, the vessel Solin now meets the criteria for a 3-star rating, which is a prerequisite for chartering by first-class charterers. A similar outcome is expected for the vessel Peristil during the year.

Poor habits among the crew and technical staff within the company have contributed to increased maintenance costs. As a result, measures are being taken to improve the level of training provided to captains, officers, and other personnel prior to boarding, which is a key responsibility of the newly established Department for Vessel Control, Quality, Safety, and Protection. We are also aware that digitalisation and the use of software for tracking spare parts, repairs, and other maintenance costs are essential in a shipping company—something that has not yet been fully implemented in the Company.

The current unfavorable state of the shipping market and the current level of freight rates in the dry bulk sector are not sufficient to cover the shipowner's costs. Although a change in commercial policy followed the appointment of the new management in 2021, this has still proven insufficient due to long idle times between the expiration of previous charters and the commencement of new ones. We are aware that a strategic shift in vessel employment is necessary, which is very difficult given the age of the fleet and the poor reputation inherited from the past. We believe that the optimal solution would be to enter into long-term contracts with cargo producers; however, the Company's fleet is currently too small to enter into such arrangements with large companies (such as the agreement signed with the CIOS Group).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

c) Going concern (continued)

As a consequence of the aforementioned circumstances, the Company continues to face liquidity challenges. In order to secure additional funding, the Company has decided to place the LPG vessel Vis into a Sale & Leaseback arrangement with a Japanese owner. Under this arrangement, the liability towards the Croatian Bank for Reconstruction and Development will be settled, while the remaining funds will be used to improve liquidity and to cover due liabilities related to insurance and vessel maintenance costs.

The sale of the vessel Split, the oldest vessel in the Company's fleet, is also planned. The vessel requires high maintenance costs and, despite generating revenue at a level comparable to other vessels in the fleet, operates at a loss. Unfortunately, due to what we consider to be poor EU policy, the vessel cannot be sold for scrap in India or Pakistan, where the price per tonne of scrap metal is significantly higher than that offered by EU-compliant eco-shipyards. The offers received so far have been unacceptable due to the low scrap metal price. Although the sale of the vessel is planned, we believe that actions should not be taken under pressure, and we are therefore waiting for a better time and improved market prices to carry out the sale.

The restructuring plan, approved by the European Commission, along with loan arrangements executed in 2020, includes a capital increase of USD 20–30 million through recapitalisation of the Group. By accumulating new capital and investing in new vessels with secured long-term contracts, the Company would reach a position in which it is able to regularly meet its loan obligations.

We believe that one possible solution to the Company's financial position could be a capital increase, which would address the current difficulties the Company is facing. However, there is some uncertainty in this regard due to the potential investor. In our opinion, the best option for the Company would be an investor committed to developing the Company over the long term within its existing line of business.

In terms of business uncertainty, it primarily arises in relation to bulk carriers, given that long-term contracts have been concluded for the LPG vessels. According to forecasts by global brokers, estimated freight rates are expected to significantly exceed operational costs, supporting the reasonable expectation of profitability and positive margins in the long-term future. However, since the vessels are financed through long-term loans that require extended repayment periods, there is significant uncertainty regarding liquidity and the ability to meet short-term obligations (which include liabilities to suppliers, the current portion of long-term loans, and interest payments on loans).

Given the above, the Management Board believes that there is significant uncertainty that may cast substantial doubt on the Group's ability to continue as a going concern and, consequently, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

Subsidiary undertakings are enterprises controlled by the Company. Control is achieved when the investor has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquiring control until the date that control ceases. A listing of subsidiaries is provided in Note 2.a.

The results of the subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the date of sale.

Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by other Group companies.

All significant intercompany transactions and balances between the Group companies are eliminated on consolidation.

b) Foreign currencies

The Company's functional currency is the euro (EUR), and the functional currency of the subsidiaries is the US dollar (USD).

(i) *Foreign currency transactions*

Transactions in currencies other than the presentation currency (EUR) are initially recorded by converting them at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the date of the statement of financial position using the exchange rate valid on that date. Gains and losses arising from translation are included in net profit or loss for the period. Non-monetary assets carried at historical cost of a foreign currency are not re-translated.

(ii) *Financial statements of foreign subsidiaries in a foreign currency*

Assets and liabilities are translated to HRK at the exchange rate at the date of the statement of financial position, while items of income and expense are translated to HRK at the exchange rate valid on the date of the transaction. Resulting exchange differences are recognised in the statement of comprehensive income within reserves (translation reserves), through a cumulative translation adjustment. The statements of financial position of subsidiaries are translated to HRK at year end using the current rate method.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Property, plant and equipment under construction are carried at cost less any recognised impairment loss. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use, including borrowing costs directly attributable to property, plant and equipment in the course of construction.

If the acquisition of property, plant and equipment was aided through a government grant, the cost or carrying value of property, plant and equipment is decreased by the amount of the government grant.

Depreciation of assets commences when the assets are ready for their intended use. The basis for depreciation is the cost less the amount of government grant and the estimated residual value of the asset.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of plant and equipment. Assets under construction are not depreciated.

The depreciation method and useful life, as well as the residual value are revised each year. Impairment is assessed if there is an indication of impairment.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	40 years
Plant and equipment	4-10 years
Vessels	25 years

d) Repairs and maintenance

Repair and maintenance costs are charged to the period in which they were incurred, unless such investment extends the useful life, changes the capacity or purpose of the property, plant and equipment, in which case such costs are capitalised.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Intangible assets

Intangible are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when they increase the future economic benefits embodied in the specific asset to which it relates and if these benefits will flow to the Group. All other expenses are recognised in profit or loss as they are incurred.

Amortisation commences when the assets are ready for their intended use.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of intangible assets unless this item has an indefinite useful life.

The estimated useful life is reviewed annually. Impairment is assessed if there is an indication of impairment.

The estimated useful life of intangible assets is as follows:

Software	5 years
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f) Impairment of property, plant and equipment and intangible assets

The carrying amounts of the Group's property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss under other operating expenses.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by discounting expected cash flows using the pre-tax discount rate which reflects the current market estimate of the time value of money and the risks specific for each asset. For assets not generating independent cash receipts, the recoverable amount is determined based on the group of assets to which the asset belongs.

Impairment loss is reversed if there has been a change in the estimates used for determining the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Leases

The Group as the lessee

At contract inception, the Group assesses whether a contract is, or contains, a lease. The Group recognises a right-of-use asset and the underlying lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, office furniture and telephones). For such leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that have not been settled at the beginning of the lease term, discounted at the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability entail the following:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group shall remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset), if:

- there is a change in the lease term or a material event or change in circumstances arises, resulting in a change in the exercise price of purchase option, in which case the lease liability is remeasured by discounting the revised lease payments by using a revised discount rate,
- there is a change in lease payments due to changes in the index or rates, i.e., changes in the amount expected to be paid under the guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments by using a revised discount rate (unless the revised payments reflect the change in variable interest rates, and in that case a revised discount rate is applied).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Leases (continued)

The Group did not make any lease adjustments during the periods presented. The right-of-use assets entail the initial measurement of the relevant lease liability, lease payments made at or before the commencement date of the lease, less any lease incentive received for concluding the operating lease and all initial direct costs. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

As a practical expedient, IFRS 16 allows the lessee to elect not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as the lessor

Leases in which the Group is the lessor are classified as finance or operating leases. A lease is classified as a finance lease whenever all the risks and rewards of ownership of an underlying asset are substantially transferred to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and contracting the terms of operating leases are credited to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

h) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises all direct costs and those costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Inventories consist mainly of lubricants, fuels, and spare parts.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial assets

Financial assets

The Group's financial assets include bank accounts, cash, term deposits, loans granted to employees and trade receivables.

At initial recognition at fair value, the Group allocates financial assets to business models and thus tests contractual cash flows. Subsequent measurement depends on the allocation and tests of contractual cash flows. The classification depends on the purpose for which the financial assets were acquired. The Management Board classifies financial assets at initial recognition and re-examines this decision at each reporting date. Considering their characteristics and credit risk management, the Group classifies its financial assets in the following business models and, as a result, certain measurement categories:

- i. 'Hold to collect' business model – trade receivables, cash and cash equivalents, term deposits and loans granted to employees. Having passed the test of cash flows that are solely payments of principal and interest on the principal outstanding, in this business model financial assets are measured at amortised cost.

(I) Financial assets measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions have been met: the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows and contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial assets at amortised cost include trade receivables, cash and cash equivalents, term deposits and loans granted to employees.

Jadroplov recognises impairment for all expected credit losses (ECL) for all debt instruments not measured at fair value through profit or loss. Expected credit losses are based on contractual cash shortfalls that the Group expects to receive. Expected credit losses are calculated using the historical loss rate resulting from uncollected cash flows for each financial instrument. The loss rate is applied to financial assets according to stages as detailed below.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial assets (continued)

(I) Financial assets measured at amortised cost (continued)

In case of credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit loss is recognised for credit losses resulting from the probability of default in the following 12 months (12-month ECL). For all credit exposures with significant increase in credit risk since initial recognition, an allowance for lifetime expected credit losses will be recognised (lifetime ECL). For trade receivables and contract assets, Jadroplov applies a simplified approach to calculating expected credit losses and therefore does not monitor changes in credit risk but recognises a lifetime expected credit loss allowance at the end of each reporting period. Financial assets are written off when there is no reasonable expectation of recovery.

j) Receivables

Receivables represent the right to collect determined amounts from customers or other debtors with regard to the Group's operations. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses as set out in Note 2.1.i.

k) Cash

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand, and balances with banks, and highly liquid instruments that are readily convertible to known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at amortised cost because: (i) they are held for the collection of contractual cash flows that represent solely payments of principal and interest and (ii) they are not classified at fair value through profit or loss.

Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings arising from the construction of a qualifying asset are capitalised in the period that is required to finalise and prepare the asset for its intended use. Other borrowings are included in expenses for the period. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Trade and other current payables

Trade payables are liabilities to pay for goods purchased or services received in the ordinary course of business from suppliers. Trade payables are classified as current if payment is due within one year or less, or within the regular operating cycle if longer. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other current liabilities are those classified as current, they are due within one year and include tax liabilities (other than income tax), other liabilities to employees, advances received, other current liabilities, accrued expenses and contractual obligations.

n) Provisions

A provision is recognised only if the Group has a present obligation (legal or constructive) as a result of a past event, and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

o) Retirement benefits and jubilee awards

The Group has no defined post-retirement benefit plans for its employees or management in country or abroad. Consequently, the Group has no outstanding obligations to its current and former employees arising from post-retirements benefits. The Group makes payments to its employees for retirement benefits and jubilee awards in accordance with the Rules of operation. The retirement benefit is defined as a EUR 1,400 lump sum per employee. Employees earn jubilee awards under the following criteria:

- for 10 years of continuous service – 280 EUR,
- for 15 years of continuous service – 336 EUR,
- for 20 years of continuous service – 392 EUR,
- for 25 years of continuous service – 448 EUR,
- for 30 years of continuous service – 504 EUR,
- for 35 years of continuous service – 560 EUR,
- for 40 years of continuous service – 672 EUR.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Revenue from contracts with customers

Revenue from freight charges is generated from time charters and voyage charters.

Voyage charters

In accordance with IFRS 15, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. Control can be transferred over time or at a point in time.

The variable consideration is estimated at contract inception only to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is measured at the fair value of the consideration received less discounts, rebates and taxes. The Company assesses its revenue according to specific criteria to determine whether it acts as a principal or an agent. The Company concluded that it acts as a principal in all its transactions related to revenue realisation.

Revenues from freight charges generated from operations under voyage charters are recognised over time. Most of the Company's contracts include only one performance obligation.

Time charters

As part of time charter activities the vessel is placed at the customer's disposal for a certain period of time and the customer uses it in exchange for a certain daily freight rate. Revenue is recognised in accordance with IFRS 16 Leases. The performance obligation in a time charter is satisfied over the contract term, starting from the moment the vessel is delivered to the customer until its redelivery to Jadroplov. Time charters are considered operating leases and therefore do not fall within the scope of IFRS 15 because (i) a vessel is an identified asset (ii) Jadroplov has no substitution rights and (iii) the charterer has the right to control the use of the vessel during the contract term and obtains economic benefits from such use (Note 2j).

q) Government grants

Government grants are recognised in profit or loss on a systematic basis over the period in which the related expenses that the grant is intended to cover are recognised. Grants related to tangible assets are recognised in profit or loss over the periods and in the proportions in which depreciation on those assets is recognised. In the statement of financial position, the government grant is deducted in arriving at the carrying amount of the underlying asset and is recognised in profit or loss over the useful life of depreciable asset by way of a reduced depreciation charge.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Net finance (costs)/income

Net finance costs and income consist of interest expenses, interest income on investments and foreign exchange gains or losses. Interest expense on borrowings is recognised in profit or loss in the period when the borrowing is used. Borrowing costs for loans raised to finance items of property, plant and equipment that take a substantial period of time to get ready for their intended use are capitalised. Interest income on receivables is recognised in profit or loss in the period when incurred. Dividend income is recognised in profit or loss when declared.

s) Tax

The income tax expense represents the sum of the current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Income tax was calculated based on the regulations and acts in currently in force. The company has been included in the system of tonnage tax for a 10-year period as of 1 January 2014. Companies meeting the requirements stipulated in the Maritime code and choosing the tonnage tax option are required to stay in the system for ten years. The requirement is that the relevant company is a shipping company and income taxpayer in the Republic of Croatia based on all of its belonging profit. Another condition is to manage vessels meeting all stipulated requirements and, most importantly, to engage in strategic and commercial management of vessels in Croatia. Tonnage tax is not covered by IAS 12.

t) Operating segments

The Group's primary business activity is shipping, with the fleet consisting of five bulk carriers and two LPG carriers, resulting in two operational segments. The Group generates revenue from international shipping based on time or voyage charter contracts.

u) Events after the balance sheet date

Events after the balance sheet date, which provide additional information on the Group's position at the reporting date (adjusting events), are reflected in the financial statements.

Non-adjusting events after the balance sheet date are disclosed in the notes when material.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Current standards, amendments to existing standards, and implementations – adopted during 2024

In 2024, the following standards, amendments to existing standards, and interpretations came into effect:

- Amendments to IAS 1 *Presentation of Financial Statements* – classification of liabilities as current or non-current and non-current liabilities with restrictive covenants
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* – Supplier Finance Arrangements;
- Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback Transaction

The adoption of these standards has not resulted in significant effects on the amounts recognized in the balance sheet or the income statement, or on the disclosed accounting policies.

Standards, amendments to existing standards, and interpretations that have been issued but are not yet effective

Several new amendments and interpretations to existing standards have been issued but are not yet effective as of the date of publication of the financial statements. If applicable, the Company intends to adopt these standards when they become effective.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When applying the Group's accounting policies, which are described in Note 2.2., the Management Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The critical judgements in applying the Group's accounting policies that had the most significant impact on the amounts recognised in the consolidated financial statements were as follows:

Revenue recognition

In accordance with IFRS 15 Jadroplov uses the output method of measuring progress toward complete satisfaction of a performance obligation. Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The Group uses the practical expedient provided by IFRS 15.B16 since it has a right to consideration from a customer in an amount that corresponds directly with the value – it recognises revenue in the amount to which it has a right to invoice. When (or as) a performance obligation is satisfied, Jadroplov shall recognise as revenue the amount of the transaction price (which excludes estimates of variable considerations that are constrained) that is allocated to that performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

Impairment of financial assets

At each reporting date, the Group assesses whether the credit risk for a financial instrument has increased significantly since initial recognition. When making this assessment, the Group uses the change in the default risk occurring over the expected life of the financial instrument rather than the change in the ECL, except for trade receivables. In order to complete the assessment, Jadroplov compares the default risk of the financial instrument as at the reporting date with the default risk of the financial instrument as at the date of initial recognition and considers reasonable and acceptable data. For trade receivables and contract assets, the Company applies a simplified approach to calculating ECLs. Therefore, the Company does not monitor changes in credit risk, but recognises an impairment loss allowance at an amount equal to expected credit losses over the expected life of the asset at each reporting date.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provisions for contingent liabilities

The Group recognises provisions resulting from court proceedings initiated against Jadroplov which will probably lead to an outflow of funds in order to settle receivables from Jadroplov if the amounts can be measured reliably. When assessing provisions, Jadroplov considers professional legal advice.

Vessel depreciation

Useful lives of property, plant and equipment

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions. We believe that this is a critical accounting estimate since it involves assumptions about technological development in an innovative industry and is heavily dependent on the Company's investment plans. Furthermore, due to the significant weight of depreciable assets in the Company's total assets, the impact of significant changes in these assumptions could be material to the Company's financial position and operating results.

Residual value (scrap value)

Residual value is estimated as the "lightweight" tonnage of each vessel multiplied by the expected scrap value per tonne, which is estimated at USD 475 per tonne as at 31 December 2024. This represents the market price of scrap steel, determined based on data published on the Clarksons Shipping Intelligence Network website (<http://www.clarksons.net/sin2010>) maintained by Clarkson Research Services Limited, London, England.

Impairment of vessels

The fair value of vessels, less costs to sell, is determined based on the assessment of independent appraisers, and value in use is calculated as net current value of future cash flows of the vessel over its useful life. When determining value in use, the following input data and assumptions are taken into account:

- expected daily freight rates, operating gays, vessel operating expenses (together: EBITDA)
- capital expenses
- the residual value of vessels based on the average price of steel as a secondary raw material
- discount interest rate

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

2.3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The impairment of vessels (continued)

Due to the crisis in the bulk carrier market and the decline in freight rates in previous years, the market value of vessels decreased, leading the Company to impair the carrying value of its vessels. With the recovery of the global economy following the pandemic-induced global crisis caused by the COVID-19 virus, there has been a recovery in the market and an increase in charter rates. Consequently, the value of vessels has increased, prompting the Company to reverse the impairment losses recognized in 2021 and 2022. During 2023, charter rates declined, with a gradual recovery observed towards the end of the year. The gradual recovery continued in 2024.

As a result of market changes, the Company monitors the market value of its vessels and assesses their recoverable amount to determine adequate vessel valuation, including the need for impairment or reversal of impairment losses as necessary.

The assumptions used in the calculation model for the vessels' recoverable amount in 2024 are as follows:

Revenue trends in the period from 2024 – 2028	-3.51% (average rate of decline in revenue)
EBITDA margin	40% - 43%
Discount rate	9.34%
Long-term growth rate	2%
Residual value of vessels (scrap)	475 \$ per tonne

Prepared impairment tests suggest the need for impairment of two vessels amounting to EUR 2.055 thousand and the reversal of impairment losses previously recognised for three vessels amounting to EUR 2,624 thousand, resulting in a net reversal of impairment loss in the amount of EUR 568 thousand.

Sensitivity analysis

The Group considered the impact of reasonable changes in key assumptions and identified the following:

- if the projected five-year revenues were to be lower by 1%, the Group would have to record a reversal of the previous impairment of vessels in the amount of EUR 265 thousand,
- if the EBITDA margin within the projected period were to decrease by 1%, the Group would have to record a reversal of the previous impairment of vessels in the amount of EUR 680 thousand,
- if the discount growth rate were to increase by 0.5 p.p. the Group would have to record a reversal of the previous impairment of vessels in the amount of EUR 666 thousand,
- if the terminal growth rate were to decrease by 0.5 p.p. the Group would have to record a reversal of the previous impairment of vessels in the amount of EUR 221 thousand,
- if the residual value were to decrease by 5% following the decline in the value of steel, the Group would have to record a reversal of the impairment of vessels in the amount of EUR 144 thousand.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

3. OPERATING SEGMENTS

The Group monitors total revenues, operating costs of ships and depreciation by segment depending on the type of ships. One segment consists of bulk carriers and the other by liquefied gas transport ships (LPG ships). Segmentation follows the structure used by the Group for internal reporting purposes.

As a measure of the success of segments, Group uses the amount of margin that is realized after reducing operating costs of ships, depreciation and impairment of ships from operating income. Employee costs, other operating expenses and financial costs are not allocated to segments.

The following tables show the performance indicators used by the Management, as well as additional indicators related to segments.

Business results for 2024:

	Bulk carriers	LPG carriers	Other	Total
Revenues	27,468	8,692	-	36,160
Other operating income	641	7	277	925
Total revenue	28,109	8,699	277	37,085
Vessel operating expenses	(21,223)	(4,250)	-	(25,473)
Depreciation and amortization expenses	(5,055)	(1,719)	(37)	(6,811)
Reversal of previous impairment of vessels	568	-	-	568
Margin	2,399	2,730	240	5,369
Staff costs				(1,240)
Other operating expenses				(1,399)
Operating loss				2,730
Finance income				623
Finance costs				(6,016)
Net finance costs				(5,393)
Loss before tax				(2,663)
Income tax				-
Loss for the year				(2,663)

Segmental analysis of assets as at 31. December 2024 that the Group tracks:

	Bulk carriers	LPG carriers	Other	Total
Property, plant and equipment	55,033	43,091	117	98,241
Trade receivables	978	440	40	1,458

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

3. OPERATING SEGMENTS (CONTINUED)

Business results for 2023

	Bulk carriers	LPG carriers	Other	Total
Revenues	21,387	6,767	-	28,154
Other operating income	759	39	295	1,093
Total revenue	22,146	6,806	295	29,247
Vessel operating expenses	(16,342)	(4,425)	-	(20,767)
Depreciation and amortization expenses	(5,145)	(1,503)	(36)	(6,684)
Reversal of previous impairment of vessels	(95)	-	-	(95)
Margin	564	878	259	1,701
Staff costs				(1,122)
Other operating expenses				(1,236)
Operating profits				(657)
Finance income				904
Finance costs				(4,787)
Net finance costs				(3,883)
Profit before tax				(4,540)
Income tax				-
Profit for the year				(4,540)

Segmental analysis of asset entries as at 31. December 2023 that the group tracks:

	Bulk carriers	LPG carriers	Other	Total
Property, plant and equipment	54,774	42,408	144	97,326
Trade receivables	337	406	63	806

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

4. REVENUE

	2024	2023
Time charter (lease of vessels)	16,314	21,276
Voyage charter (revenue from contracts with customers)	19,846	6,878
	36,160	28,154

5. OTHER OPERATING INCOME

	2024	2023
Insurance refunds and damage claims	353	73
Business premises rental income	118	102
Income from grants for trainee boarding	116	148
Hold cleaning	72	189
Fuel income	49	322
Other	217	259
	925	1,093

6. VESSEL OPERATING EXPENSES

	2024	2023
Crew costs	8,429	7,778
Fuel costs	5,131	3,159
Port costs	3,521	1,200
Materials and spare parts	2,735	2,856
Insurance	2,203	1,504
Brokerage, agency costs and commissions	1,139	1,166
Repairs and maintenance	881	1,509
Other	1,434	1,595
	25,473	20,767

The line item 'Other' predominantly relates to costs arising from the inability to use vessels, penalties due to inadequate speed, communication costs, environmental protection costs, and other similar expenses.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

7. STAFF COSTS

	2024	2023
Net salaries and wages	669	610
Taxes and contributions from salaries	298	285
Contributions on salaries	149	143
Other staff costs	124	84
	<u>1,240</u>	<u>1,122</u>

At year-end, the number of employees was 38 (2023: 36).

Key management compensation:

	2024	2023
Gross salaries	265	220
Other benefits (benefits in kind)	2	2
	<u>267</u>	<u>222</u>

Key management compensation relates to 5 employees (2023: 5 employees).

Salary costs include an amount of EUR 192 thousand (2023: EUR 179 thousand) including pension insurance contributions paid to mandatory state pension funds in Croatia.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

8. OTHER OPERATING EXPENSES

	2024	2023
Intellectual services	407	124
Bank charges	164	163
Impairment of trade receivables (expected credit losses)	123	-
Damage compensations	105	109
Taxes and contributions irrespective of operating results	78	81
Business travel expenses	46	87
Consumables (directorates)	46	47
Legal costs	42	103
Compensation of Supervisory and Audit Committee members	40	37
Other services	150	237
Other	198	248
	<u>1.399</u>	<u>1.236</u>

The fee for the statutory audit for the year 2024 amounted to EUR 40 thousand (2023: EUR 40 thousand). In addition to the audit of the annual consolidated financial statements, the auditor also provided assurance services in 2024 relating to the report on the remuneration of Management Board and Supervisory Board members, for a fee of EUR 2 thousand (2023: EUR 2 thousand).

9. (REVERSAL OF PREVIOUS IMPAIRMENTS OF VESSELS) / IMPAIRMENT OF VESSELS

	2024	2023
(Reversal of previous impairment) / impairment (Note 12)	<u>(568)</u>	<u>95</u>
	<u>(568)</u>	<u>95</u>

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

10. FINANCE INCOME AND COSTS

	2024	2023
Interest and similar income	35	-
Foreign exchange gains	588	904
Total finance income	623	904
Interest and similar expenses	(4,481)	(4,413)
Foreign exchange losses	(1,535)	(374)
Total finance costs	(6,016)	(4,787)
Net finance costs	(5,393)	(3,883)

11. INCOME TAX

The income tax liability is calculated on the tax base at a tax rate of 10% (2023: 10%) in line with the Croatian law.

The reconciliation of income tax is as follows:

	2024	2023
Current tax expense	-	-
Deferred tax expense	-	-
Income tax	-	-

The reconciliation of deferred tax assets is as follows:

	2024	2023
At 1 January	2	2
Release of deferred tax assets	-	-
At 31 December	2	2

A deferred tax asset is recognised on tax non-deductible provisions for jubilee awards and regular retirement benefits.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

11. INCOME TAX (CONTINUED)

The reconciliation of income tax for the year with the profit recorded in the statement of comprehensive income is as follows:

	2024	2023
(Loss) / profit before tax	(2,663)	(4,540)
(Loss) / profit from activities taxed based on net tonnage	(907)	(2,710)
Loss from activities subject to income tax	(1,756)	(1,830)
Income tax at the rate of 10%	(176)	(183)
Non-deductible expenses	2	5
Losses for which no deferred tax asset was recognised	174	178
Income tax	-	-

Tax losses

Tax losses can be utilised for offsetting against future taxable profits from activities subject to income tax. Tax losses may be carried forward for 5 years subsequent to the year in which the loss was incurred. The Group has not recognised deferred tax assets on tax losses carried forward.

	2024	2023
Tax loss from 2019 - expires on 31 December 2024	-	(1,791)
Tax loss from 2020 - expires on 31 December 2025.	(2,061)	(2,061)
Tax loss from 2021 - expires on 31 December 2026.	(1,773)	(1,773)
Tax loss from 2022 - expires on 31 December 2027	(1,789)	(1,789)
Tax loss from 2023 - expires on 31 December 2028	(1,776)	(1,776)
Tax loss from 2024 - expires on 31 December 2029	(1,739)	-
	(9,138)	(9,190)

Pursuant to Article 429 of the Maritime code, which defines the terms and conditions of shipping companies in the international shipping market, shipping companies may choose to have their shipping activities taxed on the basis of the net tonnage of their fleet rather than income tax which they would otherwise have to pay on profits earned from international shipping. Tonnage tax is a tax that is accounted for and paid instead of income tax as regulated by the Income Tax Act, irrespective of profit or loss generated in the tax period for which the tax liability based on net tonnage is determined. The Income Tax Act is applied to all other business activities. The Group registered seven vessels in the system of tonnage tax (2023: seven vessels). Tonnage tax for 2024 amounted to EUR 24 thousand (2023: EUR 22 thousand) and is disclosed within other operating expenses (Note 8).

Based on the amendment to the Income Tax Act, the Company is obliged to calculate income tax at a rate of 10%, since taxable income amounted to less than EUR 1 million in the tax period.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and equipment	Vessels	Assets under construction	Total
Cost					
At 1 January 2023	5.619	1.042	185.479	-	192.140
Additions	-	-	21.587	3.378	24.965
Disposals (sales)	-	-	(2.726)	-	(2.726)
Transfers	-	-	3.408	(3.408)	-
Foreign exchange differences	-	(17)	(6.821)	30	(6.808)
At 31 December 2023	5.619	1.025	200.927	-	207.571
At 1 January 2024	5.619	1.025	200.927	-	207.571
Additions	-	-	-	1.636	1.636
Disposals	-	-	(868)	-	(868)
Transfers	-	30	1.603	(1.633)	-
Foreign exchange	-	30	11.707	(3)	11.734
At 31 December 2024	5.619	1.085	213.369	-	220.073
Accumulated depreciation and impairment					
At 1 January 2023	5.503	885	103.391	-	109.779
Depreciation charge for the year	17	56	6.610	-	6.683
Reversal of previous impairment (9)	-	-	95	-	95
Disposals	-	-	(2.726)	-	(2.726)
Foreign exchange differences	-	(17)	(3.569)	-	(3.586)
At 31 December 2023	5.520	924	103.801	-	110.245
At 1 January 2024	5.520	924	103.801	-	110.245
Depreciation charge for the year	17	50	6.742	-	6.809
Reversal of previous impairment (9)	-	-	(568)	-	(568)
Disposals (sales)	-	-	(868)	-	(868)
Foreign exchange differences	-	27	6.186	-	6.213
At 31 December 2024	5.537	1.001	115.293	-	121.831
Net book amount					
At 31 December 2024	82	84	98.076	-	98.242
At 31 December 2023	99	101	97.126	-	97.326

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Vessels, plant and equipment in the amount of EUR 98,207 thousand (2023: EUR 97,181 thousand) was pledged as security for the repayment of borrowings (Note 21).

The addition in the value of assets in 2024 in the total amount of EUR 1,636 thousand relates to the increase in the value of vessels, of which EUR 1,606 thousand relates to the dry-docking of the vessel Trogir (2023: The addition in the value of assets in 2023 in the total amount of EUR 24,965 thousand relates to the increase in the value of vessels, of which EUR 21,587 thousand relates to the purchase of a new vessel, EUR 4,827 thousand relates to the increase in value due to dry-docking and EUR 343 thousand relates to the investment in a ballast water treatment system).

Fleet fair value and impairment

In accordance with *IAS 36 Impairment of Assets*, the Group calculated the vessels' value in use by discounting the estimated cash flows using a discount rate of 9.34% and risks specific for the Group's assets and activities. Estimated cash flows are based on a five-year business plan, which assumes a 2% average revenue drop rate over the next five years. In the period after the fifth year expires and until the end of the useful life of individual vessels, an estimated 2% revenue growth rate was used.

Impairment was performed on the single vessel level, since each vessel represents a separately identified cash-generating unit and taking into account the remaining useful life of the vessel and the vessel's estimated residual value at the end of its useful life.

Based on the analysis, it was determined that the book amount of the vessels Trogir and Split exceeds the obtained value in use, and the vessels were impaired in the amount of EUR 2,055 thousands was recognised. Also, the analysis determined that the book amount of the vessels Peristil, Sveti Dujam and Solin is lower than the obtained value in use, which is why the previous impairment of the vessels in the total amount of EUR 2,623 thousand was reversed. (Based on the analysis conducted in 2023, it was determined that the book amount of the vessels Trogir and Sv. Dujam exceeds the obtained value in use, and the impairment loss in the amount of EUR 665 thousand was recognised. Also, the analysis determined that the book amount of the vessels Peristil and Solin is lower than the obtained value in use, which is why the previous impairment of the vessels in the total amount of EUR 570 thousand was reversed. The net effect of the impairment in the amount of EUR 568 thousand (2023: impairment in the amount of EUR 95 thousand) is recognised in the statement of comprehensive income and presented in Note 9.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

12. NEKRETNINE, POSTROJENJA I OPREMA (NASTAVAK)

As at 31 December 2024, the Group owned and operated a fleet with seven vessels (2023.: seven vessels), whose technical description is presented in the following table:

Technical data of the vessels in the Group's fleet as at 31 December 2024

No.	Vessel	Class	Type	Gross tonnage	Net tonnage	Deadweight tonnage (DWT)	Volume	Engine power - kW	Lifting tonnes	Length (in m)	Width (in m)	Max draught (in m)	Manufactured in	Age (in yrs)	Flag
1	Split	CRS, LR	Bulk Carrier	24,533	13,824	42,584	51,125	7,150	4x30	187.63	30.80	10.987	Croatia	26.5	Croatia
2	Trogir	CRS, BV	Bulk Carrier	25,600	14,558	44,389	53,648	8,260	4x30	183.00	32.20	11.50	Croatia	23.8	Croatia
3	Peristil	CRS, BV	Bulk Carrier	30,092	17,852	52,113	64,985	8,600	4x35	189.90	32.24	12.350	Croatia	14.6	Malta
4	Sveti Dujam	CRS, BV	Bulk Carrier	30,092	17,852	52,096	64,985	8,600	4x35	189.90	32.24	12.369	Croatia	14.3	Croatia
5	Solin	CRS, BV	Bulk Carrier	30,092	17,852	51,545	62,330	7,500	4x35	189.90	32.24	12.371	Croatia	12.4	Liberia
6	Marko Marulic	BV	LPG	6,515	2,200	7,261	7,500	3,000	-	116.82	19	6.8	Japan	2.2	Croatia
7	Vis	BV	LPG	6,515	2,200	7,249	7,500	3,000	-	116.82	19	6.8	Japan	1.8	Croatia
TOTAL				153,439	86,338	257,237	312,073	46,110	-	-	-	-	-	-	

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

When carrying out its core business activities the Group leases the ships in the time charter to a various lessees.

As at the reporting date, in accordance with IFRS 16 *Leases*, five vessels (2023: four vessels) are chartered under operating lease terms. The net book amount of these vessels as at the reporting date is EUR 79,456 thousand (2023: EUR 69,103 thousand).

The net book amount of the vessels which are not chartered at the reporting date is EUR 18,620 thousand (2023: EUR 28,023 thousand).

Vessels owned by the Group are chartered under operating lease terms (time charter), which vary from contract to contract. Lease terms range from 1 month to 3 years. The average daily charter rate (hire) as at 31 December 2024 amounted to USD 11,927 (2023: USD 10,500).

Total minimum lease payments under non-cancellable operating leases per contracts effective on 31 December were as follows (in thousands of USD):

	2024	2023
Up to 1 year	10,004	9,713
1 to 5 years	<u>1,540</u>	<u>10,779</u>
	<u>11,544</u>	<u>20,492</u>

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

13. INTANGIBLE ASSETS

	Software
Cost	
At 1 January 2023	189
Additions	-
At 31 December 2023	189
At 1 January 2024	189
Additions	-
At 31 December 2024	189
Accumulated amortisation	
At 1 January 2023	184
Amortisation charge for the year	1
At 31 December 2023	185
At 1 January 2024	185
Amortisation charge for the year	2
At 31 December 2024	187
Net book amount	
At 31 December 2024	2
At 31 December 2023	4

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

14. INVENTORIES

	31 December 2024	31 December 2023
Lubricants	256	343
Fuel	535	1,163
	791	1,506

15. RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	5,218	4,249
Impairment allowance (expected credit losses) on trade receivables	(3,760)	(3,443)
	1,458	806

Ageing of net trade receivables after impairment	2024	2023
Up to 30 days	1,401	569
30 – 90 days	16	63
90 – 180 days	7	114
180 – 365 days	7	35
Over 365 days	27	25
At 31 December	1,458	806

Impairment allowance (expected credit losses) on trade receivables	2024	2023
At 1 January	3,443	3,566
Increase (Note 8)	123	-
Collected (Note 5)	(2)	(1)
Foreign exchange differences	196	(122)
At 31 December	3,760	3,443

Up to the date these consolidated financial statements were issued, the Group collected around 50% of trade receivables.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

15. RECEIVABLES (CONTINUED)

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to clients, including outstanding receivables. Credit risk is managed on a group basis. The risk management control process assesses the customers' creditworthiness, considering their financial position, prior experience and other factors. The Group applies the simplified IFRS 9 approach to measuring expected credit losses that uses an expected loss allowance for all trade receivables based on the lifetime expected credit losses at each reporting date. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date a receivable was initially recognised up to the reporting date. The concentration of credit risk is high, as the customer base is formed from a limited number of customers from the international market. Allowances recognised represent the difference between the reported book value of trade receivables and the current value of expected proceeds.

As at 31 December 2024 and 31 December 2023, the rate of expected credit losses for unimpaired trade receivables is close to zero. Impairment in the amount of EUR 3,760 thousand (2023: EUR 3,443 thousand) refers to the individual impairment of trade receivables that have been impaired in the full amount of receivables and no collection is expected.

16. OTHER RECEIVABLES

	31 December 2024	31 December 2023
Fuel receivables	820	882
Prepaid expenses	193	184
Accrued income	112	-
Advances given	105	100
Receivables for damages	10	57
Other receivables	42	23
	<u>1,282</u>	<u>1,246</u>

Fuel receivables include fuel on vessels chartered as at the date of the reporting period, which was procured by the Company prior to chartering.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

17. TERM DEPOSITS

	31 December 2024	31 December 2023
Deposits	<u>2,049</u>	<u>1,930</u>
	<u>2,049</u>	<u>1,930</u>

Receivables for term deposits mainly consist of deposits related to loan agreements. A portion of the deposits is non-interest bearing, while the remainder has an annual interest rate from 0.01% to 4.37% p.a. (2023: with an interest rate from 0.01% to 5.31% p.a.).

The credit loss assessment is negligible, and no provision has been made for these receivables.

18. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Account balance	<u>379</u>	<u>550</u>
	<u>379</u>	<u>550</u>

The credit loss assessment is negligible, and no provision has been made for these receivables.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

19. CAPITAL AND RESERVES

Share capital

	Number of shares issued	Total amount	Treasury shares	Total
	Pieces	EUR'000	EUR'000	EUR'000
At 31 December 2023	1,636,674	1,637	(322)	1,315
At 31 December 2024	1,636,674	1,637	(322)	1,315

The Company's share capital amounts to EUR 1,637 thousand. The Company has 1,636,674 shares with a nominal value of EUR 1,00.

The Company's ownership structure is as follows:

Shareholders' structure of Jadroplov d.d. as at 31 December	Number of shares	Holding in share capital %	Number of shares	Holding in share capital %
	2024	2024	2023	2023
Restructuring and Sale Center (CERP)	1,152,975	70.45%	1,152,904	70.45%
Domestic individuals	428,267	26.17%	436,885	26.28%
Financial institutions	25,099	1.53%	33,363	2.48%
Companies	19,107	1.17%	2,438	0.10%
Foreign investors	1,210	0.07%	1,073	0.08%
Treasury shares	10,011	0.61%	10,011	0.61%
Total	1,636,674	100.00%	1,636,674	100.00%

The Company's share capital consists of 1,636,674 ordinary shares (2023: 1,636,674), of which 10,011 were treasury shares (2023: 10,011).

Capital reserves

Capital reserves were created following the introduction of the euro and the adjustment of the nominal value of the share to 1 euro. As a result of the adjustment, portion of the share capital in the amount of EUR 535 thousand was transferred to capital reserves.

Own shares reserves

Reserves for own shares in the amount of EUR 322 thousand correspond to the amount of own shares expressed as deductible within the capital (2023: EUR 322 thousand).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

19. CAPITAL AND RESERVES (CONTINUED)

Translation and other reserves

Translation reserves in the amount of EUR 34,424 thousand (2023: EUR 31.172 thousand) arose on conversion of the financial statements of foreign subsidiaries.

Other reserves relate to investments in the amount of EUR 11 thousand (2023: EUR 11 thousand).

Of the equity items, only profit and retained earnings are distributable, other equity items are not distributable.

20. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Earnings per share are calculated as follows:

	2024	2023
Loss for the year in thousands of EUR	(2,663)	(4,540)
Weighted average number of shares in issue	<u>1,626,663</u>	<u>1,626,663</u>
Basic and diluted loss per share (in EUR and cents)	<u>(1.64)</u>	<u>(2.79)</u>

Earnings per share (EPS) is calculated by dividing the Group's net profit by the weighted average number of issued shares, excluding treasury shares.

Both basic and diluted earnings per share are the same as the Group has no dilutive instruments.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

21. BORROWINGS

	Principal in foreign currency (on loan origination)	Principal in foreign currency 31 December 2024	31 December 2024	31 December 2023
(a) Long-term borrowings				
(1) Secured loan	USD 4,150,000	USD 456,250	437	1,101
(2) Secured loan	USD 6,045,000	USD 2,933,563	2,809	2,950
(3) Secured loan	EUR 7,383,046	EUR 5,931,050	5,931	6,387
(4) Secured loan	EUR 6,427,424	EUR 4,177,050	4,177	4,786
(5) Secured loan	USD 19,250,000	USD 6,992,500	6,695	3,818
(6) Secured loan	USD 16,347,000	USD 15,121,437	14,479	13,685
(7) Secured loan	EUR 3,500,000	EUR 2,159,575	2,159	2,979
(8) Secured loan	USD 15,200,000	USD 14,829,353	14,199	13,420
(9) Secured loan	USD 20,500,000	USD 12,148,140	11,632	15,116
Total long-term borrowings			62,518	64,242
Prepaid arrangement fee			(392)	(562)
Total long-term borrowings			62,126	63,680
Total current portion of long-term borrowings			(18,534)	(14,095)
Total current portion of arrangement fee			198	247
Total long-term borrowings			43,790	49,832
(b) Short-term borrowings				
(10) Unsecured loan	USD 2,000,000	USD 963,381	922	1,160
Total short-term loans			922	1,160
Total current portion of long-term borrowings			18,534	14,095
Total current portion of arrangement fee			(198)	(247)
Interest			2,728	904
Total short-term borrowings			21,986	15,912
Total			65,776	65,744

Interest-bearing borrowings in the total amount of EUR 62.518 thousand (2023: EUR 64.242 thousand) are secured by the Group's fleet and properties (Note 12).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

21. BORROWINGS (CONTINUED)

Terms and repayment

- (1) A long-term loan was approved for working capital in the amount of USD 4,150,000. The loan was approved in May 2015 and drawn down in 2 parts: the first in the amount of USD 2,500,000 on June 5, 2015, and the second in the amount of USD 1,650,000 on July 31, 2015, with an interest rate of 3.5% + 6-month LIBOR annually (variable). Principal repayment is made semi-annually, with the first instalment due on November 30, 2016, and the final maturity date being May 31, 2020. Interest payments are made monthly, and interest payments began on June 30, 2015. As security for these loans, the Bank has registered a mortgage on the ship "Trogir" and on the company's real estate. On December 14, 2017, a decision was made to postpone the repayment of the principal until March 31, 2018, with an unchanged maturity date. On June 27, 2018, a decision was made to postpone the repayment of the principal until September 30, 2018, with an unchanged maturity date. On February 13, 2019, a decision was made to postpone the repayment of the principal until March 31, 2019, with an unchanged maturity date until March 31, 2020. On June 30, 2020, a decision was made to postpone the repayment of the principal until March 31, 2021, with a reduction in the principal of the loan by the amount of the designated term deposit of USD 500,000. The repayment of the newly formed principal will be made through 48 equal monthly instalments, with the first instalment due on April 30, 2021, and the last on March 31, 2025. On June 30, 2023, LIBOR ceased to be quoted and was replaced by SOFR.
- (2) A long-term loan was approved for working capital in the amount of USD 6,045,000. The loan was approved in July 2016 and drawn down through 5 requests between August 3 and December 12, 2016, at an annual interest rate of 5.18%. Principal repayment is made quarterly, with the first instalment due on September 30, 2018, and the final maturity date being September 30, 2022. Interest payments are made quarterly, and interest payments began on December 31, 2016. As security for these loans, the Bank has registered a mortgage on the company's real estate. Management believes that the fair value of the obligation under the fixed interest rate loan is not significantly different from the book value. Addition IV to the Loan Agreement dated February 19, 2020, defined an additional grace period for the repayment of the loan principal, with the first instalment due on September 30, 2020, with an unchanged final maturity date of September 30, 2022. Due to the impact of the coronavirus epidemic on business, Addition V to the Loan Agreement dated April 27, 2020, agreed to a moratorium for obligations due from April 1 to June 30, 2020. On July 16, 2020, the bank's consent was received for an additional moratorium on the repayment of obligations due from July 1, 2020, at the latest until December 31, 2020. Addition VII to the Loan Agreement dated May 4, 2021, defined the bank's consent to extend the moratorium on principal repayment from December 31, 2020, to June 30, 2021, with the principal repayment due on September 30, 2021, according to the earlier agreed repayment schedule, and the principal due during the moratorium period will be added to the final instalment due on March 31, 2023. Based on the company's request, the bank has agreed to reduce the regular interest rate from 5.18% annually to 3.67% annually, effective from April 1, 2022.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

21. BORROWINGS (CONTINUED)

Terms and repayment (continued)

- (2) Addition IX to the Loan Agreement dated April 4, 2023, agreed to restructure the loan obligation to December 31, 2022, in a manner where the principal in the total amount of USD 3,911,471 (including a 'balloon' payment due on March 31, 2023) will be further repaid in 12 equal consecutive quarterly instalments, with the first instalment due on March 31, 2023, and the final instalment on December 31, 2025. Regular interest is calculated and paid quarterly.
- (3) A long-term loan was approved for fixed assets (closing obligations to financial institutions) and working capital in the amount of EUR 7,383,046. The loan was approved in February 2020 and drawn down in 5 individual drawdown requests during the period from February 28 to March 18, 2020. The interest rate is 4% annually (fixed). Principal repayment is made semi-annually, with the first instalment due on September 30, 2022, and the final maturity date being September 30, 2030. Interest payments are made quarterly, with the defined start of payments on June 30, 2020. As security for these loans, the Bank has registered a mortgage on the vessels "Split" and "Trogir" as well as on the company's real estate, with an approved guarantee from the Republic of Croatia. The loan realization is envisaged in the restructuring plan. Addition I to the Loan Agreement dated April 27, 2020, defined instalment repayment of interest due on June 30, 2020, in 12 equal monthly instalments starting from July 31, 2020. Due to the impact of the coronavirus epidemic on business, on July 16, 2020, the bank's consent was obtained for an additional moratorium on the repayment of obligations due from July 1, 2020, at the latest until December 31, 2020. Addition II to the Loan Agreement dated September 11, 2020, defined the bank's consent to introduce a moratorium on obligations due from March 1 to December 31, 2020, due to the COVID-19 pandemic. Obligations due after the expiry of the moratorium period will be repaid according to the earlier agreed repayment schedule. Addition III to the Loan Agreement dated May 4, 2021, defined the bank's consent to extend the moratorium period from December 31, 2020, to June 30, 2021, with an unchanged first principal repayment date on September 30, 2022. Based on the company's request, the bank has agreed to reduce the regular interest rate from 4% annually (fixed) to 2.20% annually (fixed), effective from April 1, 2022.
- (4) A long-term loan was approved for working capital (covering obligations to financial institutions and suppliers) in the amount of EUR 6,427,424. The loan was approved in August 2020 with an interest rate of 4% + EURIBOR annually. Principal repayment is made quarterly, with the first instalment due on August 6, 2021, and the final maturity date being August 6, 2030. Interest payments are made quarterly, starting from November 6, 2020. The security for the loan is the guarantee of the Republic of Croatia. The loan realization is envisaged in the restructuring plan. Addition II to the Loan Agreement dated December 21, 2021, approved a fixed interest rate of 2.1%.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

21. BORROWINGS (CONTINUED)

Terms and repayment (continued)

- (5) A long-term loan was approved for fixed assets in the amount of USD 19,250,000. The loan was approved in June 2021 with an interest rate of 4.75% + LIBOR annually. Principal repayment is made quarterly, with the first instalment due on September 30, 2021, and the final maturity date being March 31, 2026, with the repayment of the remaining principal. Interest payments are made quarterly, starting from June 30, 2021. The loan security consists of mortgages on the vessels Peristil, Sveti Dujam, and Solin. A portion of the loan in the amount of USD 9,935,000 was refinanced on March 27, 2023, with the remaining mortgage on the vessel Sveti Dujam as loan security. The loan was refinanced on February 15, 2024 with an increase in the loan amount by USD 3,500,000. The loan was approved for the period of 5 years. Principal repayments are made quarterly in varying amounts each year, with a balloon payment of USD 4.4 million at the end of the term and a fixed interest rate. Interest is paid quarterly.
- (6) A long-term loan was approved for fixed assets in the amount of USD 16,347,500. The loan was approved in October 2022 with a fixed annual interest rate of 4.15%. Principal repayment is made quarterly, with the first instalment due on March 31, 2023, and the final maturity date being December 31, 2032. Interest payments are made quarterly, starting from December 31, 2022. The loan security consists of a mortgage on the LPG vessel Marko Marulić and a cash deposit in the amount of USD 800,000.
- (7) A long-term loan was approved for working capital in the amount of EUR 3,500,000. The loan was approved in December 2022 with an annual interest rate of 3.20% + 6-month EURIBOR. Principal repayment is made monthly in 47 equal monthly instalments, with the first instalment due on June 30, 2023, and the last on April 30, 2027. Interest payments are made monthly, starting from December 31, 2022. The loan was approved as part of the Individual Insurance Program and the Insurance Premium Subsidy Program (measures to aid the Croatian economy after the Russian aggression on Ukraine). The loan security consists of the insurance premium of HBOR and a second-order mortgage on real estate.
- (8) A long-term loan was approved for fleet investments in the amount of USD 14,000,000, as well as a portion for working capital in the amount of USD 1,200,000. The loan was approved in March 2023 with an annual interest rate of 1.66% + 3-month SOFR + CAS 3M. Principal repayment is made quarterly in 40 equal instalments, with the first installment due on December 31, 2023, and the last on September 30, 2033. The loan security consists of a mortgage on the LPG vessel Vis and a cash deposit of USD 1,500,000, which must be paid by December 31, 2025.
- (9) A long-term loan was obtained based on a sale and leaseback agreement with Moon Rise Shipping Co., S.A., Panama, for the vessels Peristil and Solin. The agreed repayment term is 4.5 years, with an option for the Group to repurchase the vessels, which the Group intends to exercise, thus there was no transfer of control over the vessels but rather financing. Part of the funds received was used to settle a portion of the loan from Macquarie Bank, which was secured by mortgages on the vessels Peristil and Solin. Principal and interest repayment is made monthly at an interest rate of 2.25% + 1-month SOFR.
- (10) A short-term loan in the amount of 2,000,000 USD was taken for working capital. There is no collateral or agreed interest rate. The repayment term follows the business dynamics with the customer, and repayment through offsetting receivables from the customer is agreed upon until the end of 2025.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

21. BORROWINGS (CONTINUED)

Terms and repayment (continued)

The repayment schedule of bank borrowings for the next five years, according to the balance as at 31 December 2024, is as follows:

Year	Amount
2025	19,456
2026	10,820
2027	8,483
2028	9,243
2029	4,607
After 2029	10,831
	63,440

Reconciliation of loans liability to cash flows from financing activities

	2024	2023
Balance as January 1	65,744	51,161
Received loans	3,569	11,733
Loan repayments	(8,131)	(7,950)
Total changes from financial cash flows	(4,562)	3,783
Exchange differences	2,911	(1,675)
Loan liability offset with receivables from customers	(294)	(1,401)
Loan liability closed from deposits	-	(62)
New loan used to pay suppliers directly	-	13,584
Interest and similar expenses	4,481	4,413
Interest and similar expense liabilities closed from deposits	-	(411)
Paid interest and similar expenses	(2,504)	(3,648)
Total other changes	4,594	10,798
Balance as of December 31	65,776	65,744

During 2023, a loan in the amount of EUR 9,034 thousand was used to directly pay off an existing loan obligation, which did not affect the total amount of loan obligations.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

22. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	6,893	6,731
Liabilities from received advances	807	826
Liabilities from received advances	411	385
Other liabilities	77	72
	8,188	8,014

23. DEFERRED INCOME

	31 December 2024	31 December 2023
Deferred income	512	458
	512	458

Future period revenues refer to the deferral of rents invoiced before the reporting period date, pertaining to periods after the reporting date.

24. ACCRUED EXPENSES

	31 December 2024	31 December 2023
Accrued expense for unusual annual leave	57	54
Accrued expense for incurred expenses	31	48
	88	102

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Capital risk management

The Group monitors its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy has remained unchanged since 2007.

The capital structure of the Group consists of debt, which includes borrowings and loans, cash and cash equivalents, and equity attributable to equity holders of the parent company comprising share capital, reserves and retained earnings.

b) Gearing ratio

The Management Board of the Group reviews the capital structure. As part of this review, the Management Board considers the costs associated with each class of capital. The actual gearing ratio in 2024 was 210.19% (2023: 223.40%).

The gearing ratio at year-end was as follows:

	2024	2023
Borrowings (Note 21)	63,440	65,402
Cash and cash equivalents (Note 18)	<u>(379)</u>	<u>(550)</u>
Net debt	63,061	64,852
Principal	<u>29,618</u>	<u>29,029</u>
Net debt-to-equity ratio	<u>2.13</u>	<u>2.23</u>

Debt is defined as long-term and short-term borrowings. Equity includes all capital and reserves of the Group.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Categories of financial instruments

	31 December 2024	31 December 2023
Financial assets		
Term deposits	2,049	1,930
Trade receivables	1,458	806
Cash and cash equivalents	379	550
Loans to employees	-	1
	3,886	3,287
Financial liabilities		
Borrowings	65,776	65,744
Trade payables	6,893	6,731
	72,669	72,475

d) Financial risk management objectives

The Corporate Treasury function of the Group provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks. The Group does not enter into contracts for financial instruments, including derivative financial instruments, nor does it trade in them for speculative purposes.

The Group operates in the international market, which exposes it to market risk arising from fluctuations in exchange rates.

e) Price risk management

The largest market in which the Group sells and provides its services is the international market. The Management Board of the Company determines the prices of its services by reference to market prices.

If the daily charter rate would change by 1%, with other variables held constant, the following changes in the Group's revenue and loss/ net profit would occur: in the event of an increase in rent, 2024 revenue would amount to EUR 36,522 thousand and loss would amount to EUR 2,301 thousand (2023: revenue would amount to EUR 28,436 thousand and loss would amount to EUR 4,258 thousand). In the event of a decrease in rent by 1%, 2024 revenue would amount to EUR 35,798 thousand and loss would amount to EUR 3,025 thousand (2023: revenue would amount to EUR 27,872 thousand and loss would amount to EUR 4,822 thousand).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

f) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. Most of the Group's borrowings were contracted at variable interest rates.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate changes during the year. For floating rate liabilities, the analysis is prepared according to the repayment plan per separate borrowing or finance lease.

An increase or decrease in interest rates by 50 basis points is used in internal reporting on interest rate risk and represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate on the total variable interest rate debt outstanding were to change by 50 basis points, with all other variables held constant, the impact on the Group's profit would be as follows: in 2024, the change would amount to EUR 191 thousand (in 2023: EUR 179 thousand).

g) Credit risk

The Group monitors the financial position of a customer as part of its credit risk management.

The maximum credit risk exposure is represented by the carrying amount of each financial asset included in the statement of financial position. The Management Board believes that its maximum exposure is reflected by the amount of receivables and other current assets net of provisions for impairment recognised at the reporting date.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of the investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of receivables from a limited number of customers from the international market. Credit evaluation is performed based on the receivables balance and, where appropriate, credit guarantee insurance coverage is purchased.

Of the total trade receivables amounting to EUR 1,458 thousand, 66.07% relates to exposure to one customer, and 27.39% to exposure to another customer (in 2023: of the total trade receivables amounting to EUR 806 thousand, 43.67% related to a single customer).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

h) Foreign currency risk management

The Group undertakes most transactions denominated in foreign currencies and is exposed to foreign exchange risk on that basis. Exchange rate exposures are managed within approved policy parameters.

The following table presents the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date:

At 31. December	Liabilities		Assets	
	2024	2023	2024	2023.
USA (USD)	58,309	56,014	4,621	3,035

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of the countries whose currency is USD.

The following table details the Group's sensitivity to a 10% decrease in EUR against USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes external borrowings, as well as loans to foreign operations of the Group denominated in a currency that is not the currency of the lender or the borrower. A positive number indicates an increase in profit and other equity where the euro strengthens against the dollar 10%. For a 10% weakening of euro against the dollar, there would be an equal and opposite impact on the profit, and the balances below would be reversed.

	USD impact	
	2024	2023
Loss	(5,369)	(5,298)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

i) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Management Board, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, using appropriate banking facilities and central reserves borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. All activities undertaken by the Management for the purposes of liquidity risk management are explained in Note 2.

c Going concern.

Liquidity and interest rate risk tables

The Group's remaining contractual maturity for its financial liabilities is analysed in the following table. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay.

	Weighted average effective interest method %	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	Over 2 years	Total
2024							
Non-interest bearing		1,193	2,345	2,315	31	1,009	6,893
Interest bearing	5.59 %	10,470	3,291	11,377	13,127	37,975	76,240
		11,663	5,636	13,692	13,158	38,984	83,133
2023							
Non-interest bearing		1,087	2,285	2,091	283	985	6,731
Interest bearing	5.67 %	3,067	3,747	12,751	13,995	44,062	77,621
		4,154	6,032	14,842	14,278	45,047	84,352

The Group's non-interest bearing relate to liabilities to suppliers, while interest-bearing liabilities refer to loan obligations.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

25. FINANCIJSKI INSTRUMENTI I UPRAVLJENJE RIZICIMA (NASTAVAK)

i) Liquidity risk management (continued)

The tables below detail contractual maturities of the Group's financial assets presented in the statement of financial position at the end of the period.

The tables have been drawn up based on the undiscounted cash inflows of financial assets at their due date. The tables include both principal and interest cash flows.

	Weighted average effective interest method %	Up to 1 month	1 to 3 months	3m up to 1 year	1 to 2 years	Over 2 years	Total
2024							
Non-interest bearing		1,320	239	278	-	1,732	3,569
Interest bearing	3.97 %	-	-	-	-	317	317
		1,320	239	278	-	2,049	3,886
2023							
Non-interest bearing		1,356	-	-	-	1,637	2,993
Interest bearing	4.06 %	-	1	-	-	293	294
		1,356	1	-	-	1,930	3,287

g) Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities is determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

As at 31 December 2024 and 2023, the reported amounts of cash, short-term deposits, trade receivables, loans to employees, short-term borrowings, accrued interest and trade payables approximate their market values due to the short-term nature of those assets and liabilities.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

(All amounts are expressed in thousands of EUR)

26. RELATED PARTY TRANSACTIONS

Company owner

As presented in Note 19, the Company is indirectly owned by the Republic of Croatia through the Restructuring and Sale Centre, which is the legal successor of the Agency for State Property Management.

Transactions with key management and members of the Supervisory Board

Remuneration to the Management Board includes regular monthly salary payments and other receipts. Remuneration paid to the Management Board is disclosed in Note 7.

Remuneration to members of the Supervisory Board is disclosed in Note 8.

Other related party transactions

The Company is associated with government institutions and other state-owned entities since its majority owner is the Republic of Croatia.

Significant related party transactions refer to the government grant for trainee boarding received from the Ministry of Maritime Affairs, Transport and Infrastructure under the Programme of co-financing boarding for deck, engine and electrical engineering trainees on vessels in international and domestic voyages. Income from government grants for trainee boarding is disclosed in Note 5.

Bank borrowings set out under items (1), (2), (3), (4), (6), (7), (8) in Note 21 are received from banks with majority state ownership. During the year, the interest expense arising from these borrowings amounted to EUR 2,561 thousand (2023.: EUR 2,074 thousand).

27. EVENTS AFTER THE REPORTING DATE

Refinancing of the Sale & Leaseback Arrangement for the Vessel Peristil

On 27 January 2025, the Sale & Leaseback arrangement with Moon Rise Shipping, S.A., Panama, for the vessel Peristil (originally concluded on 27 March 2023) was restructured. The restructuring was carried out due to certain restrictions in navigation areas, which consequently affected the vessel's commercial employment. The refinancing was executed by the Japanese shipowner Nakaei Marine Co., Ltd, in the amount of USD 7 million, with the same interest rate and almost unchanged key terms.

Management Board Appointments

On 11 April 2025, Ivan Pavlović was appointed as President of the Management Board, and Tibor Konjevod was appointed as a Member of the Management Board.