



Petrokemija, Plc. Fertilizer Company
Aleja Vukovar 4, 44320 Kutina, Croatia
Ordinary share, PTKM-R-A ISIN HRPTKMRA0005
listed on the Official Market of the Zagreb Stock Exchange
Notice pursuant to the Capital Market Act

**PUBLIC INVITATION FOR SUBSCRIPTION OF A MINIMUM OF 40,000,000 AND A
MAXIMUM OF 45,000,000 NEW ORDINARY SHARES OF PETROKEMIJA d.d.**

The General Assembly of Petrokemija, d.d. Fertilizer Company, Kutina, Aleja Vukovar 4, OIB: 24503685008 (Petrokemija, the Company or the Issuer) of July 9, 2018 adopted a Decision on the increase of the Company share capital with contributions in cash with the exclusion of shareholders' preemptive rights and on amendments to the Statute of the Company (Decision on Increase of Share Capital). The increase of the Company registered capital will be effected by cash payment by issuing a minimum of 40,000,000 and a maximum of 45,000,000 new ordinary, registered shares of a nominal value of HRK 10.00 (New Shares). The amount for which the New Shares are issued is HRK 10.00 per one New Share (Issue Price of the New Shares). The increase of the Company registered capital is carried out with the full exclusion of the shareholders' preemptive right in subscribing for the Company New Shares, pursuant to Article 308, paragraph 4 of the Companies Act (CA).

The Decision of the General Assembly of July 9, 2018 entitles each acquirer during the Company share capital increase by contributions in cash, to acquire the New Shares of the Company with the right to vote, without the obligation to publish a takeover bid.

An individual investor can subscribe and pay for a minimum of 1,000,000 New Shares in the amount of HRK 10,000,000.00 (Minimum Subscription). The maximum number of New Shares that an individual investor can subscribe and pay for is limited to the total number of New Shares offered, i.e. 45,000,000 shares in the amount of HRK 450,000,000.00 (Maximum Subscription). All Subscription Forms subscribing for less than the Minimum Subscription will not be considered. All subscriptions subscribing for more than the number of New Shares offered will be considered only to the extent of the number of the New Shares offered.

With this Public Invitation, the Issuer invites all interested Investors to subscribe for the New Shares, or a total of a minimum of 40,000,000 and a maximum of 45,000,000 New Shares (Public Invitation).

The Issue Agent for the public offering of the New Shares on a best-effort basis is Privredna banka Zagreb d.d. with headquarters in Zagreb, Radnička cesta 50 (Issue Agent or PBZ), and legal adviser is Boganović, Dolički & Partneri based in Zagreb, Miramarska 24.

Pursuant to Article 351, paragraph 1, item 3 of the Capital Market Act (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15, 110/15, 123/16 and 131/17) and Article 409, paragraph 1, item 3 of the new Capital Market Act (Official Gazette No. 65/18), the Company is issuing the shares with the exception of the prospectus publication, so the Company will not publish the prospectus for the issuing of the Company New Shares.

The subscription and payment for the New Shares will be made in one round. The shares shall be subscribed for by a written statement (Subscription Form), which shall be published on the Issuer's website and will be available at the Subscription Place (defined below in this Public Invitation).

Investors will subscribe for the New Shares within 3 business days, from and including 8.30 hours on October 29, 2018 to and including 16.30 hours on October 31, 2018 (Subscription Period). The payment period for the New Shares is the same as the Subscription Period and lasts from and including 8.30 hours on October 29, 2018 to and including 16.30 hours on October 31, 2018 (Payment Period). In order to avoid any doubt, if the subscription and payment for the New Shares has been fully effected before the expiration of the deadlines set out in this Public Invitation, the Management Board is authorized to conclude the issue without waiting for the deadlines to expire.

The investors shall pay for the subscribed New Shares in full, to the IBAN account number: HR4123400091300001251, model: 67, reference number: investors' PIN (personal identification number), open for the purpose of the Company share capital increase at Privredna banka Zagreb d.d. (Payment Account), no later than 16.30 hours on October 31, 2018 (Payment Deadline), with a valid payment being considered exclusively for payments received on Payment Account no later than the Payment Deadline.

If an investor makes payment of funds in payment institutions other than Privredna banka Zagreb d.d., such investor shall inquire with the institution through which they are effecting the payment about the time needed for the funds to be received on the Payment Account by the Payment Deadline.

In the event that no payment is received on the Payment Account until the Payment Deadline, the Subscription Form shall be deemed invalid and shall cease to oblige the subscriber. If the amount of money received on the Payment Account is lower than the amount stated in the Subscription Form, the Issue Agent shall use the amount of funds actually received in the Payment Account to calculate the number of the New Shares that the subscriber wishes to subscribe, provided that it cannot be less than the Minimum Subscription.

In case of overpayment by an individual investor, the Company shall return the overpaid funds of the investor within 7 working days after the expiry of the Payment Deadline for the New Shares to the investor's account number stated in the Subscription Form.

In case a custodian bank is subscribing and paying for the New Shares for the account of an investor, the Subscription Form can be completed and sent either by the custodian bank or the investor, where the custodian bank must state the name and surname (company name) and residence address (head office) and PIN of the final holder in the Subscription Form. Otherwise, such investor will not be entitled to participate in the subscription of the New Shares.

The final amount of share capital increase will depend on the success of the issue, i.e. on the number of shares that have been subscribed and paid for. The issue of New Shares will be considered successful if at least 40,000,000 New Shares of the Company are subscribed and paid for by investors within the stipulated time limits for the subscription and payment. The Company Management Board, with the consent of the Supervisory Board, will determine the success of the issue of New Shares, the exact amount of the increase of the share capital and the exact number of New Ordinary Shares. If the subscription of the New Shares is not successful, the Company shall, within 7 business days after the expiry of the Payment Deadline for the New Shares, return the paid funds to the investors.

In the case of an overpaid amount of an investor or non-successful issue of the New Shares, the Company will not bear the costs of payment transactions or any other expenses the

investor has had with the transaction, nor will it pay interest to the investor for the period from payment of the funds to above account to the moment of return of the said funds to the investor.

The New Shares will bear the same rights and rank as all the existing Company shares. They will be issued in non-material form, as an electronic record in the computer system of the CCDC, with a ticker given to them by the CCDC. Every share carries the right to one vote in the Company General Assembly. The shares are registered and they entitle the shareholders to all the rights determined by the law and the Company Statute, as of the day of entering the share capital increase into the Court Register. The newly issued shares will be included in the Official Market of the Zagreb Stock Exchange, in accordance with the relevant regulations, no later than a year from the day of the issue. After that, the New Shares can be traded within the Official market of the Zagreb Stock Exchange. The International Securities Identification (ISIN) of the existing shares of the Issuer is HRPTKMRA0005, while the share ticker is PTKM-R-A.

The New Shares will be issued after the Company registered capital increase is entered in the Court Register of the Commercial Court in Zagreb.

On September 5, 2018, an invitation for the Company General Assembly convened for October 15, 2018, including the invitation for the reserve Company General Assembly on October 31, 2018 (the Second General Assembly), was published on the web site of the Court Register, including the proposal of the Decision on amendments to the Decision on the Company share capital increase in cash with the exclusion of the shareholders' preemptive rights and on amendments to the Company Statute of July 9, 2018 (Decision on amendments to the Decision on share capital increase), namely amendments to paragraphs 14 and 16 of the Decision on the Company share capital increase. The General Assembly convened for October 15, 2018 was not held due to the lack of the quorum.

If the increase in share capital is not entered in the Court Register within 12 months counting as of July 9, 2018, the Subscription Form ceases to oblige the subscriber and the payment made will be returned to the investors without delay. In that case, the share capital increase and the issuance of shares will be considered not successful. However, if the Second General Assembly issues a Decision on amendments to the Decision on the share capital increase, then if the share capital increase is not entered in the Court Register within 3 months from the last day for the subscription and payment of the New Shares or earlier if the Management Board with the consent of the Supervisory Board determines the failure of the issue of New Shares, the payments made will be returned to investors without delay. In that case, the share capital increase and the issuance of shares will be considered as not successful.

If the total number of New Shares subscribed and paid for exceeds the maximum number of the offered New Shares, i.e. 45,000,000 shares, the Company Management Board, with the approval of the Supervisory Board, hereby publishes the rules for the allocation of the New Shares.

Allocation of the New Shares will be made among the following investor groups:

- a) Republic of Croatia, companies and funds in the majority ownership of the Republic of Croatia;
- b) mandatory pension funds;
- c) voluntary pension funds;
- d) financial institutions (UCITIS funds, alternative investment funds, insurance companies, banks, investment firms for own account, investment companies on behalf and for the account of portfolios);

- e) companies in the energy sector that are not in the majority ownership of the Republic of Croatia, including companies that are directly majority owned by companies in the energy sector;
- f) the companies in the industry in which the Issuer operates that are not in the majority ownership of the Republic of Croatia, including companies that are directly majority owned by the companies in the industry in which the Issuer operates;
- g) other companies;
- h) others.

The issuer shall treat all investors within one group in the same way. The issuer may apply different mechanisms based on one or a combination of several of the below criteria when allocating between the investor groups. For the allocation of the New Shares among the investor groups, the appropriate allocation mechanism will be determined on the basis of the following criteria of comparison of individual investor groups:

1. Quality of the investor

- a) Investor's investment horizon; and / or
- b) Investor's size; and / or
- c) Investor's activities on the primary capital market; and / or
- d) Investor's activities on the secondary capital market;
- e) Investor activities on the primary / secondary market pertaining to the Issuer's securities,

and / or

2. Investor's business

- a) Investor's importance and / or size in the energy sector; and / or
- b) Investor's importance and / or size in the industry in which the Issuer operates; and / or
- c) Investor's strategy in the current and future business with the Issuer,

and / or

3. The quality of the bid, which primarily refers to the number of the New Shares in the bid, as well as the preference of the earlier received Subscription Forms in the Subscription Period.

The Issue Agent shall notify each individual investor of the number of allocated New Shares and of the possible refund of the funds no later than two business days from the last day of the Payment Period.

Persons subscribing for the New Shares on behalf of and for the account of an investor on the basis of a power of attorney, must submit the special Power of Attorney and a personal identification document (ID or passport) when subscribing. The Power of Attorney Form will be available on the Issuer's website.

Prior to making a decision on the subscription for the New Shares, the Issuer invites all investors to study the Issuer's publications on the Zagreb Stock Exchange website (<http://www.zse.hr/default.aspx?id=10006&dionica=258>) and on the Issuer's website (<http://petrokemija.hr/hr-hr/Investitori>) and to independently assess the financial position, the potential and the risk factors relevant to the Issuer and the New Shares. Only based on such evaluation, should they make a decision regarding potential subscription of the New Shares.

All additional information about the issue of the New Shares is available with the Issue Agent, and the investors can also contact them on one of the phone numbers listed below.

The New Shares can be subscribed for in one of the following places (Subscription Place):

Privredna banka Zagreb d.d.
Corporate Products Department / Capital Markets
Radnička cesta 50
10 000 Zagreb
Tel: +385 1 6360 765/702/762
Fax: +385 1 6360 743
e-mail: capital.markets@pbz.hr

or

BOGDANOVIĆ, DOLIČKI & PARTNERI odvjetničko društvo
N/r gđa Edita Matić
Miramarska 24
10 000 Zagreb
Tel: +385 1 600 56 56
Fax: +385 1 600 56 57
e-mail: edita.matic@odbd.hr

during the Subscription Period on business days from 8.30 to 16.30 hours. The signed Subscription Form can also be sent by registered mail to the above Issue Agent's or Legal Adviser's address no later than 16.30 hours on October 31, 2018, provided that a copy of the Subscription Form has also been sent by the deadline (i) by fax to the Issue Agent's or the Legal Adviser's fax number or (ii) in pdf format to the above e-mail address of the Issue Agent or Legal Adviser.

The Subscription Form will be available in electronic and printed form at the Subscription Place and on the Issuer's website <https://petrokemija.hr/Investitori/Objave>.

Notice of this Public Invitation is sent to the Zagreb Stock Exchange (www.zse.hr), the Croatian News Agency and to the Official Register of Regulatory Information at the Croatian Financial Services Supervisory Agency.

Source:

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