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Dear shareholders!

With regard to repeated inquiries, many speculations and incorrect commentaries in the financial market, media and fora, as a result of which the shares of Dalekovod d.d. plunged, the Management Board has decided to clarify the actual situation of the company Dalekovod d.d. and the company Dalekovod Proizvodnja d.o.o. as follows:

- 1) The company Dalekovod d.d. is, at the moment, in a very difficult, although not unsolvable financial situation, due to the freezing of accounts by several business banks;
- 2) The Management Board of Dalekovod d.d. has been conducting talks with the main creditors with a view of initiating pre-bankruptcy settlement proceedings;
- 3) The company Dalekovod d.d. hopes for reaching a solution within a reasonable period of time in order to prevent that the contracted projects both in the domestic and foreign markets might be brought into question and to avoid that the Company's international presence as well as its possibility to bid both in the domestic and foreign market might be jeopardised.

The public may not be well acquainted with the fact that the Dalekovod Group numbers ca 1,700 employees. Dalekovod d.d. and other members of the Dalekovod Group pay all their taxes and contributions to the Republic of Croatia on a regular basis. In the past five years, Dalekovod d.d. has paid more than HRK 2.5 billion into the budget of the Republic of Croatia.

With the annual export amounting to EUR 100 million, Dalekovod d.d. and Dalekovod Proizvodnja d.o.o. belong to the largest exporters of that type of products and services to the markets of the European Union, Norway, Ukraine and the neighbouring countries. Our brand related to the production of suspension and jointing equipment and metal structures has been recognized and renowned in many markets worldwide.

However, by freezing our accounts, severe damage has been inflicted to the companies Dalekovod d.d. and Dalekovod Proizvodnja d.o.o.

The company Dalekovod Proizvodnja d.o.o., having achieved a significant positive business result with more than HRK 15 million net, and having sold major part of its products (ca 75%) at the international market, has been brought into a very difficult situation due to their accounts being frozen by the business banks. Taking into account the fact that the Company recorded an increase in revenue last year, surpassing thereby the plan anticipated for the entire year, and further increased the scope of production, then enhanced collection of receivables, and increased the total scope of galvanizing services provided and also realised complete financing from its own business operations without taking any loans, it remains unclear why the Hrvatska poštanska banka (only due to being the fellow-debtor of the company Dalekovod d.d.), being in majority ownership of the Republic of



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Croatia, has frozen the account of Dalekovod Proizvodnja d.o.o. in such a situation when the Republic of Croatia is in a similarly bad financial situation. In other words, it remains unclear why the accounts of the companies, that are present in foreign markets, have been frozen, while at the same time focus has been put on the increase in investments and pleas for growth of production have been made.

It should be noted that the production capacities of Dalekovod Proizvodnja d.o.o. have been occupied in advance for the forthcoming six-month period, mainly for the export purposes, with nearly 600 workers employed at three manufacturing plants.

The situation is even worse if we take into account the fact that many other companies are associated with Dalekovod d.d. and Dalekovod Proizvodnja d.o.o., thus making the pressure even stronger.

Dalekovod d.d. and Dalekovod Proizvodnja d.o.o., together with other members of the Dalekovod Group, are specific companies due to their products and services that are deficient in the markets of Europe and as such, they shall, in the forthcoming investment cycle that is anticipated to follow in many countries of the European Union, Norway, Ukraine and the neighbouring countries, occupy a prominent position thanks to their specific know-how and skills that are lacking in the above markets.

We hereby would like to stress that the Management Board of both companies is doing its utmost to solve the above issues in an appropriate manner in compliance with the Company's interests, with a view of preserving jobs, retaining the Company's position both in the domestic and foreign markets, and repaying the invested banks' funds.

In terms of ensuring transparency of business operations, we address the shareholders of Dalekovod d.d., being listed at the Zagreb Stock Exchange, in order to eliminate any negative speculations regarding the Company.

Dalekovod d.d.

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