

Press release
Stockholm, 7 May 2018

Zhoda Investments announces a preferential rights issue for further investments

Zhoda Investments (“Zhoda”) has had a solid development since the company assumed its new business focus 18 months ago. The company has acquired and transformed an organic wine business in Dalmatia. In addition, a long-term base for the oil operations in Ukraine has been established through the prolongation for 20 years of the license to extract oil. The operating profit for 2017 amounted to SEK 14 million. In order to create a financial base to further develop the current holdings and to make add-on investments the board of directors has resolved to conduct a new issue of shares with preferential rights for the current shareholders. The Board of Directors and Management have declared their intent to subscribe for their preferential rights, which amounts to SEK 9.9 million or 48 per cent of the maximum issue of SEK 20.9 million.

“There is a positive momentum in Zhoda and we have an exciting future ahead of us. Our first investment into an organic winery in Dalmatia has developed well and we have implemented a business transformation from a local family business to a professional and market driven producer of premium wines from local grapes. The extension of the oil license in Ukraine was an important milestone and the establishment of new sales channels has decreased operational risk and significantly improved cash flow. The new issue with preferential rights for current shareholders provides financial strength to create new substantial values. I am looking forward to further presenting Zhoda’s business strategy and activities at the upcoming investor meetings”, says Robert Karlsson, CEO of Zhoda Investments.

Main terms in the rights issue

At the annual general meeting in Zhoda Investments held on 14 June 2017, the shareholders resolved to provide a mandate to the board of directors to conduct a preferential rights issue of shares. Based on this mandate, the board of directors has resolved to conduct an issue with the following main terms:

- The issue, made with preferential rights, can raise a maximum of SEK 20.9 million
- For each A share and/or B share held, the shareholders receive subscription rights with the right to subscribe for 2 A shares and 2 B shares respectively
- The subscription price for each A share and B share amounts to SEK 0.08 per share
- The subscription period starts on 17 May 2018 and lasts until 1 June 2018, with a record date on 15 May 2018
- Upon full subscription, the share capital will increase with SEK 7,000,000, from SEK 3,500,000 to SEK 10,500,000. The number of shares will then increase by no more than 261,257,458, from 130,628,729 shares to 391,886,187 shares. The new shares will amount to 66,7 per cent of the total outstanding amount of shares following the issue. Prior to the issue, the company has 5,333,300 A shares with 10 votes per share and 125,295,429 B shares with one vote per share
- The Board of Directors and Management of Zhoda Investments have declared their intent to subscribe for their preferential share of the issue, which is SEK 9.9 million, equivalent to 48% of the total maximum issue

Valuation and new trading platform for the shares

The valuation in the issue is lower than operational profit 2017 and significantly lower than the company's equity.

- The subscription price amounts to SEK 0.08 per share, which implies a pre-money valuation of approximately SEK 10.5 million.
- During 2017, the operating profit per share amounted to SEK 0.11 per share and the operating profit to SEK 14.1 million.
- Equity per share attributable to Zhoda's shareholders as of 31 December 2017 amounted to SEK 0.49 per share and equity to SEK 64.5 million

Following the completion of the issue the company will apply for trade in the share at beQuoted's OTC market.

Future development and use of funds

Zhoda Investments' Board of Directors and Management have identified several opportunities to create new significant value from its current holdings. In Ukraine, it is the company's objective to develop the oil field with new technology in order to more efficiently extract the 8 million proven and probable barrels of oil reserves. It is expected that the oil operations will reach a position during 2018 where it will be able to pay out dividends to Zhoda. The funds from the issue will primarily be allocated to the wine business in its business transformation and journey to reach the vision of 1 million bottles of premium wine per year. During 2017, production amounted to 100,000 bottles. The company is planning to invest in a new winery at the organic vineyard in Sibenik producing red wine from the indigenous Babic grape. Croatia's leading wine architect has been contracted to design the new winery that will give an excellent base for increasing capacity as well as even further raising the quality of the wines. The new winery will also become an important component in the Testament brand and a place for tourism and direct winery sales of wine and other activities at high margins. Zhoda recently completed an add-on acquisition on the Dalmatian island of Korcula that will be a cost-efficient winery and excellent brand base for the production of white wine from the Posip grape. In addition to these investments, the funds from the issue will finance working capital connected to an expanding business, as well as to provide a financial base for add-on investments.

Information memorandum and investor presentations

An information memorandum with further details on the rights issue and the company will be published in a press release and on the company's website in connection with the start of the subscription period.

Zhoda Investments' CEO Robert Karlsson will be making investor presentations during the rights issue and dates will be announced.

On 4 May 2018 Zhoda published its annual report for 2017. It can be downloaded from the website www.zhodainvestments.com.

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About Zhoda Investments

Zhoda Investments invests in selected unlisted European ventures and drives growth and profitability through active ownership and an entrepreneurial approach. Zhoda owns a Dalmatian organic winery with a 47 hectare

state of the art vineyard producing red wine from the local Babic grape. Zhoda also owns a winery on the Dalmatian island of Korcula that produces white premium wines from the indigenous Posip grape. The group also holds a 45 per cent in the Lelyaki oil field in Ukraine with 2P proven and probable oil reserves of 8 million barrels net to the company. Zhoda Investments is actively pursuing new investments. The company's shares are traded on Pareto Securities OTC. For more information, visit www.zhodainvestments.com.

This is an English translation of the Swedish original. In case of discrepancies, the Swedish original shall prevail.