

Press release
Stockholm, 17 May 2018

Zhoda Investments commences the subscription period and publishes an investment memorandum

On 7 May 2018, Zhoda Investments (“Zhoda”) announced that the Board of Directors, based on a mandate from the AGM, had resolved to carry out an issue of shares with preferential rights for existing shareholders. The subscription period begins today and the company therefore publishes an investment memorandum (in Swedish) with information on the company and the issue of shares. Issue documents with instructions on how to subscribe are being distributed to the shareholders and are also available on the company’s website.

The rights issue in summary

- Subscription period 17 May – 1 June 2018
- Rights issue to raise approximately SEK 21 million
- Subscription price of SEK 0.08 per share
- Issue with preferential rights whereby 1 current share entitles the holder to subscribe for 2 new shares
- The board and management have declared their intent to subscribe for approximately SEK 10 million, equivalent to 48 per cent of the total issue
- Subscription documents will be sent to all shareholders
- New shareholders may apply for subscription on a designated form
- More information is available at www.zhodainvestments.com

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 two 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 and increasing the product range. 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.

Attachment: Information memorandum (in Swedish)

For more information, please contact:

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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 has also acquired 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.