

Press release
Stockholm, 28 April 2022

Zhoda Investments commences the subscription period and publishes an investment memorandum

On 19 April 2022, 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.

“In a short period of time, Zhoda has established Testament Winery as one of Croatia’s leading and most innovative wineries. We have built a strong brand and managed to double sales each of the four last years to 200 000 bottles in 2021. The situation for the oil operations in Ukraine is more challenging. However, although there are disruptions, the oil field is intact and is producing crude oil. All oil that we produce is consumed in Ukraine, and as such we are contributing to reducing Ukraine’s energy dependency on Russia and Belarus. The issue with preferential rights for current shareholders will give us the financial strength to create new significant value”, says Robert Karlsson, CEO of Zhoda Investments.

Main terms in the rights issue

- Subscription period 28 April – 12 May 2022
- The issue, made with preferential rights, can raise a maximum of SEK 13.1 million
- The subscription price is SEK 0.05 per share
- For each 3 A shares and/or B shares held, the shareholders receive subscription rights with the right to subscribe for 2 A shares and 2 B shares respectively
- 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 6.3 million, equivalent to 49% of the total maximum issue
- Upon full subscription, the share capital will increase with SEK 7,000,000, from SEK 10,500,000 to SEK 17,500,000. The number of shares will increase by no more than 261,257,458, from 391,886,187 shares to 653,143,645 shares. The new shares will amount to 40 per cent of the total outstanding amount of shares following the issue. Prior to the issue, the company has 15,999,900 A shares with 10 votes per share and 375,886,287 B shares with one vote per share

Valuation of Zhoda in the rights issue

The company’s valuation in the issue is significantly lower than the company’s equity.

- The subscription price amounts to SEK 0.05 per share, which implies a pre-money valuation of approximately SEK 19.6 million.
- Equity per share attributable to Zhoda’s shareholders as of 31 December 2020 in the latest published annual report amounted to SEK 0.21 per share and equity to SEK 81.5 million

The company’s shares are traded at Bequoted’s OTC market.

Future development and use of funds

Zhoda Investments' Board of Directors and Management have identified several opportunities to continue to create significant value in the wine operations. Testament Winery is Croatia's first Swedish winery. The winery is already top 20 in size on Croatia's fragmented wine market.

The objective is to create Croatia's best wine and to become the country's top exporter of premium wines. Early on, Testament Winery recruited two of Dalmatia's leading winemakers and their wines have in a short period of time become well established brands in Croatia. The wines have earned several gold medals in Decanter, the world's largest and most influential wine competition, and are served in six Michelin star restaurants.

Croatia is one of the original wine countries, boasting the world's oldest continuously cultivated vineyard, now a part of the UNESCO world heritage. Beaten only by the Vatican State and Andorra, Croatia is the world's third largest consumer of wine per capita.

Zhoda has been active in the production of oil in Ukraine for several years. During the past few years, Zhoda has received SEK 18 million in dividends from these operations. Following Russia's invasion of Ukraine, there is an uncertainty connected to the oil operations. However, the oil field is intact and producing, although with some disruptions. It is the opinion of the company that the operations will return to normal once the situation in the country has stabilized.

An investment in Zhoda is standing up for Ukraine's sovereignty as well as reducing the country's energy dependence on Russia and Belarus. All oil produced at Zhoda's field is consumed in Ukraine.

The funds from the rights issue will be used to: 1. Develop the wine operations towards the vision of a production of 1 million bottles per year, 2. To maintain and with time develop the oil operations, 3. Strengthen the balance sheet by settling a SEK 4.5 million short-term bridge financing from the company's shareholders and 4. To cover working capital requirements.

Information memorandum

An information memorandum in Swedish with further details on the rights issue and the company is attached to this press release and is available on the company's 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. In the coastal region of Dalmatia in Croatia, Zhoda owns and manages Testament Winery and Black Island Winery. Based on indigenous organic grapes and a two thousand year old wine tradition, it is Zhoda's award-winning winemakers' objective to create Croatia's best wine and to become the country's leading exporter of premium wines. The vision is to reach a production of one million bottles per year. The group also holds a 45 per cent interest 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. 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.