

Press release
Stockholm, 30 May 2024

Zhoda Investments commences the subscription period and publishes an investment memorandum

On 20 May 2024, the shareholders of Zhoda Investments (“Zhoda”) resolved to carry out an issue of shares with preferential rights for existing shareholders. The subscription period has begun, and the company 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.

“Zhoda has established Testament Winery as one of Croatia’s leading and most innovative wineries. Since we founded the wine operations in 2017, we have reached a yearly average growth rate of 60 per cent. In 2023, the operating margin on profit before depreciation reached 17%. The situation in Ukraine is challenging following the Russian invasion. Nevertheless, we have seen strong development and a healthy profit in the oil operations during the last year. Currency restrictions imposed following the invasion do not allow for dividends to be distributed outside of the country and this has generated a liquidity deficit in the Zhoda group’s parent company. The rights issue, where we current shareholders have preferential rights to subscribe for new shares, will provide the parent company with the financial strength needed to continue to develop the value in the oil and wine operations,” says Robert Karlsson, CEO of Zhoda Investments.

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.

Main terms in the rights issue

- The issue, made with preferential rights, can raise a maximum of SEK 10.5 million
- For each 5 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 subscription price for each A share and B share amounts to SEK 0.04 per share
- The subscription period starts on 29 May 2024 and lasts until 12 June 2024
- The new shares will amount to 29 per cent of the total outstanding amount of shares following the issue

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 0.04 per share, which implies a pre-money valuation of approximately SEK 26 million.
- Equity per share attributable to Zhoda’s shareholders as of 31 December 2022 in the latest published annual report amounted to SEK 0.15 per share and equity to SEK 96 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 develop and create significant value in the investments in Croatia and Ukraine.

Wine operations in Croatia

Testament Winery is Croatia's first Swedish winery. The winery is after seven years of operations top 20 in size on Croatia's fragmented wine market.

In 2023 the wine operations reached a turnover of approximately SEK 25 million and posted an operational profit before depreciation of SEK 4 million. The positive cash flow from operations has been invested to optimize and streamline production, to increase sales of wine and tastings at the winery and to cover interests and instalments on debt.

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 several Michelin star restaurants.

Testament Winery's vineyard is organic and contains only local Dalmatian grapes, which enables the winery to produce wines that meet the growing demand from modern wine consumers.

Croatia is one of the world's 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.

Oil operations in Ukraine

Zhoda has been active in the production of oil in Ukraine for several years. The oil operations have historically shown strong profitability. During the pandemic and in the initial phase following the Russian invasion, the oil production decreased due to lower investments in the wells on field. Zhoda has together with its partner recruited a new operating management team to the oil operations, which has strengthened the geological and field development expertise and experience. The new management is now focused on increasing production by putting the wells that are not producing on stream again, which will strengthen profits and cash flow.

Zhoda's share of the profit in the oil operations for 2023 amounted to SEK 5 million, which is an increase compared to the break-even results in 2022. The improvement is a result of the higher oil prices in Ukraine and sale of oil in inventory that was built up in 2022. The operator's accounts receivable were reduced in 2023 from SEK 15 million to SEK 2 million. The operator's working capital has therefore been restored and the operator is today free from interest-bearing debt and now in a position to distribute dividends from future profits.

Following the invasion, the National Bank of Ukraine imposed currency restrictions that prohibit dividends to be transferred out from the country. Therefore, Zhoda keeps its dividends from the oil operations on an account in Ukraine with a western bank. The National Bank is under pressure to relax the currency restrictions, but it is currently not known when that may happen.

Approximately 15 years ago, a subsidiary to Zhoda Investments entered into a joint investment agreement with a Ukrainian state-owned company to develop oil fields in the Black Sea. These assets were illegally seized by Russia in 2014. The Permanent Court of Arbitration in The Hague has recently awarded Ukraine damages of SEK 500 million plus interest for its 50 per cent share of the assets in

the partnership with Zhoda. Zhoda is currently reviewing its options in pursuing the same legal proceedings against Russia as Ukraine has recently completed.

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.

Use of funds from the rights issue

The funds from the rights issue will be used to strengthen the parent company's financial position. This is essential to be able to continue to develop the wine operations towards becoming Croatia's leading exporter of premium wines and to give financial endurance to access the value created in the oil operations in Ukraine. The rights issue will also provide Zhoda to set-off a short-term bridge financing to shareholders of SEK 2.9 million and to cover future working capital requirements.

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. 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.