

Press release
Stockholm, 5 May 2024

Notice to Extraordinary General Meeting

Zhoda Investments (“Zhoda”) hereby gives notice of an extraordinary general meeting for the shareholders to vote on a rights issue of SEK 10 million. The objective is to strengthen Zhoda’s financial position to enable it to pursue further value creation in the oil operations in Ukraine and the wine operations in Croatia, both showing positive development.

“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.

Main terms in the rights issue

The notice in its entirety can be found further down in this press release.

Zhoda gives notice to an extraordinary general meeting on 20 May 2024 at 14.00 CET at Elit Hotel Adlon, Vasagatan 42, in Stockholm to vote on a rights issue with the following main terms:

- 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.

Zhoda Investments has today published a press release that is available on the company's website with an update on the operational and financial development in the oil operations.

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.

Information memorandum

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.

Notice to Extraordinary General Meeting in Zhoda Investments AB (publ)

The shareholders of Zhoda Investments AB (publ), corporate identity number 559030-3490 (hereinafter the “Company”), are hereby given notice to attend the Extraordinary General Meeting to be held on 20 May 2024 at 14.00 CET at Elit Hotel Adlon, Vasagatan 42 in Stockholm.

Notification and right to participate

The right to participate at the general meeting vests in a person who: is registered as a shareholder in the share register maintained by Euroclear Sweden AB regarding circumstances pertaining on 10 May 2024; and not later than 15 May 2024 notifies the Company of their intention to participate at the general meeting.

Notice of participation may be given by post to Zhoda Investments AB (publ), Bivägen 12C, 125 58 Älvsjö or by e-mail to robert.karlsson@zhodainvestments.com. The notification should state the name, personal ID or registration number, address, daytime telephone number and shareholding of the shareholder. Authorization documents such as power of attorney and registration certificates should be submitted to the Company prior to the general meeting. Shareholders who wish to be accompanied by one or two assistants may give notice thereof within the time and in the manner applicable to shareholders. A power of attorney form will be made available on www.zhodainvestments.com.

Nominee-registered shares

Shareholders with nominee-registered shares must, in order to be entitled to participate at the general meeting, request that the nominee effects a temporary re-registration (voting right registration) of the shares in the share register kept by Euroclear Sweden AB as of the record date 10 May 2024. A shareholder wishing to register its shares with temporary voting rights in its own name must, in accordance with the nominee's routines, instruct the nominee to do so. Voting right registration that the shareholder has requested and that has been completed by the nominee no later than 14 May 2024 will be accepted in the preparation of the share register.

Proposed agenda

1. Opening of the meeting
2. Election of chairman of the general meeting
3. Preparation and approval of the voting register
4. Election of one or two persons to attest the minutes
5. Determination of whether the general meeting has been duly convened
6. Approval of the agenda
7. Resolution on issue of new shares with preferential rights for shareholders
8. Closing of the meeting

Proposed resolutions

Item 7 - Resolution on issue of new shares with preferential rights for shareholders

The Board of Directors proposes that the general meeting resolves on an issue of new shares to strengthen the Company's financial position. The new funds will be used to strengthen working capital.

The following main terms shall be applicable:

- The right to subscribe for shares is made with preferential rights whereby 5 current share entitles the holder to subscribe for 2 new shares
- The rights issue comprises no more than 261,257,458 new shares, of which 10,666,600 are series A and 250,590,858 are series B
- The subscription price is SEK 0.04 for each share of series A and series B. The share premium will be transferred to the share premium reserve
- The rights issue proceeds will amount to no more than SEK 10,450,298.32.

The Company's share capital will increase by no more than SEK 7,000,000.

The Company's shareholders will have the preferential right to subscribe for new shares of series A and series B in relation to the number of shares of series A and series B held. For every share of series A and series B held on the record date, the shareholders will receive 2 subscription rights for shares of series A for every share of series A held, and 2 subscription rights for shares of series B for every share of series B held. Five subscription rights of series A entitle to subscription of one new share of series A and five subscription rights of series B entitle to subscription on one new share of series B. Shares of series A are subject to a conversion clause in accordance with the articles of association.

If all shares are not subscribed for by shareholders entitled to subscribe pursuant to first priority preferential right, then the board of directors shall offer new shares of series A and series B subscribed for without preferential right in accordance with the following:

- Shares that are not subscribed for pursuant to first priority preferential right shall be offered to all shareholders for subscription pursuant to second priority preferential right. If subscription pursuant to second priority preferential right exceeds the number of offered shares, then subscription of shares will be offered in relation to the number of shares previously held in the Company. If this is not achievable for a share or certain shares, the shares will be offered by lot.
- In addition, investors will be invited to submit their interest in subscribing for new shares without first or second priority preferential right. Any remaining shares will be offered to those investors in relation to the submitted interests.

The record date for determining which shareholders shall have the right to subscribe for shares with preferential rights, that is to receive subscription rights, will be 27 May 2024.

Subscription of new shares pursuant to preferential rights shall be made through cash payment from 29 May 2024 until and including 12 June 2024. Intent to subscribe for shares without preferential rights shall be submitted during the same period. Subscription will be made on a subscription list. Payment for shares subscribed for without preferential right will be made in cash or by set-off in accordance with instructions on a contract note, however no later than the third bank day following the issue of the contract note. The board of directors has the right to extend the subscription period and payment dates. It is noted that the board may allow set-off following subscription.

The new shares will be entitled to dividends for the first time on the record day for dividend that occurs the earliest following registration of the new shares of series A and series B with the Swedish Companies Registration Office.

Documents

The Board's complete proposed resolutions above and documents pursuant to the Swedish Companies Act, will be made available before the general meeting at the Company's office (addresses above) and will be sent free-of-charge to shareholders who so request and provide their mailing address. The documents will also be available at the general meeting.

Miscellaneous

The Company currently has 653,143,645 shares registered with the Swedish Companies Registration Office (Sw. Bolagsverket), of which 26,666,500 are shares of series A (10 votes/share) and 626,477,145 are shares of series B (1 vote/share). The number of voting rights amount to 893,142,145.

If requested by a shareholder and provided that the Board deems that it can take place without causing material damage to the Company, the Board and the CEO shall provide information about circumstances that may affect the assessment of an item on the agenda.

Stockholm, May 2024

Zhoda Investments AB (publ)
The Board of Directors

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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.