

Press release
Stockholm, 30 March 2017

Zhoda makes its first investment by acquiring a winery in Dalmatia

Zhoda Investments ("Zhoda") has entered into an agreement to acquire eighty per cent of the capital in SAN, an organic wine producer located on the Dalmatian coast of Croatia. SAN has since 2007 successfully established a profitable business with a winery and a state of the art organic vineyard. It is Zhoda Investments' vision to build on the thousand year-old Dalmatian wine traditions and through growth and business transformation develop SAN into a leading Croatian organic high quality wine producer reaching one million bottles per year.

The purchase price for eighty per cent of the capital in SAN amounts to SEK 7.3 million. A Croatian entrepreneur, who is also the one of the founders of the company, will continue to hold the remaining twenty per cent. Zhoda Investments has furthermore committed to providing a loan of SEK 2.6 million to SAN. The acquisition has been signed and the parties expect the transaction to be closed within approximately two weeks.

"We are very pleased to announce Zhoda's first investment only a few months following the recent fund raising. Despite limited access to funds, SAN has successfully established a profitable and growing wine business with a state of the art organic vineyard. Together with the founder we will continue to focus on the current organic wine production from local grapes, but also construct a modern winery that will increase capacity significantly and allow for production of high quality wines to be sold at premium prices. Our team is looking forward to taking a lead in the Croatian wine industry that is steadily gaining international recognition for its high quality wines", says Robert Karlsson, CEO of Zhoda Investments.

The board and management of Zhoda have been active as investors in Croatia for many years. Together with the founder of SAN and other industry experts, the company has a solid team in place to take SAN to the next level.

SAN's vineyard was planted in 2007 to 2011 and the harvest amounted to 180,000 kilograms in 2016. The harvest is expected to reach a peak of 280,000 kilograms per year as the vineyard matures. SAN's vineyard is located on slopes overlooking the Adriatic Sea and contains 252,000 vines with the local Dalmatian grapes *babić*, *pošip* and *plavac mali*, the latter being a relative of the Zinfandel grape. The sun and fertile soil make the Dalmatian coast ideal for the production of high quality wines.

There are about 50,000 wine producers in Croatia, but only over 100 of them have a vineyard exceeding 10 hectares. SAN cultivates 47 hectares of vines and an additional 26 hectares of olive trees. The olive trees are expected to give their first commercial harvest within the next few years. The Croatian wine sector is subject to EU wine regulations.

SAN has recently constructed a basic winery in which about two thirds of the 2016 harvest was used to produce 66,000 bottles of wine. About one third of the grapes was sold at low margins to other local producers. It is Zhoda's objective to continue to grow the harvest and upgrade the current winery so that it will initially have the capacity to produce over 200,000 bottles of wine from SAN's own harvest. In the medium term, Zhoda intends to construct a modern winery as well as acquire additional vineyards and source grapes to reach the long-term objective of a yearly production of 1 million bottles of high quality wine.

For the investments, Zhoda will apply for subsidies from the EU structural funds that are available for the agricultural and wine industry in Croatia. It is expected that these funds, that can potentially cover

investments by up to fifty per cent, will be available only for a limited number of years, thus offering Zhoda an opportunity to invest and establish a strong market position on more attractive terms compared to players that enter the market at a later stage. The investments expect to yield very attractive rates of return.

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. The group 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 also holds 80 per cent in a Dalmatian organic winery with a 47 hectare state of the art vineyard with local grapes. 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.