

Press release
Stockholm, 26 January 2023

Operational update on the oil operations

Zhoda Investments (“Zhoda”) announces an operational update on the oil operations.

“Ukraine is currently going through very challenging times. Despite this, Zhoda Investments continues its oil operations by producing crude oil of which the country is in great need”, says Robert Karlsson, CEO of Zhoda Investments.

Zhoda has a joint venture with Ukraine’s largest oil and gas company, which is owned by the Ukrainian state. The oil field in which Zhoda has a 45 per cent interest is located approximately 150 kilometers east of the capital Kyiv. The field and surrounding infrastructure are intact. Daily work is carried out and wells on the field are producing oil. Apart from a few weeks in the beginning of March 2022, no Russian troops have been in the area.

The war in the eastern part of Ukraine is affecting society and the business environment throughout Ukraine. Access to electricity is not guaranteed 24 hours a day and there are restrictions as to which part of the day work can be carried out on the field. As a consequence, the operator has had fewer wells in production during fewer hours of the day compared to normal conditions. This has led to a lower production in 2022 of 26,000 barrels compared to 47,000 barrels the previous year. When circumstances allow, it is the intention of the operator to restart production in the currently idle wells to increase total oil production.

The world market price on Brent oil has been high in 2022, 100 dollars per barrel compared to 71 dollars per barrel in 2021. The local oil in Ukraine has from time to time traded with a significant discount to the world market price and the operator has therefore not sold any oil during a large part of the year. There have also been disruptions in the regular sales channels. The operator has therefore applied for and recently been granted a license to sell oil at state auctions, and a sale of approximately 4,000 barrels took place in January 2023. At year end 2022, the operator had 25,000 barrels of oil in inventory.

The demand for crude oil in the world continues to increase. Ukraine is in great need of oil products for the country’s economy and society to function normally. By producing crude oil in the country, Zhoda contributes to reducing Ukraine’s energy dependence on its neighboring countries.

Production and inventory balances above are 45% net to Zhoda Investments.

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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.