

Press release
Stockholm, 6 December 2019

Operational and financial update from the oil operations

Zhoda Investments (“Zhoda”) announces an operational and financial update on the oil operations near Poltava, Ukraine. During the first 10 months of the year, Zhoda’s 45 per cent interest in the field production amounted to 71,400 barrels, equivalent to 234 barrels per day. During the same period, the parent company has received dividends from the oil operations amounting to over SEK 8 million.

During the year, the field operator has continued to sell oil with advance payments from the buyer, which strengthens cash flows and lowers the credit risk. Total sales from January to October amounted to SEK 32 (45) million. The decrease compared to the same period last year is due to a drop in the world market oil price by around 13 per cent and a decrease in production by 12 per cent. The parent company has nevertheless managed to receive dividends from the oil operator amounting to SEK 8 million, compared to SEK 1 million during the same period last year.

“We are glad to report that we have been able to collect significantly higher dividends from the oil operator this year, despite the lower world market prices on oil. Oil production is somewhat lower this year compared to last, which is something we will address by securing a more stable access to rig and crews in order to increase the pace in the field work program”, says Robert Karlsson, CEO of Zhoda Investments.

Lelyaki is a mature oil field with relatively low geological risk. It is however like all fields subject to natural depletion. To prevent this, the operator is performing a workover program on the well stock. During 2019, the operator has not been able to secure continuous access to rig and crews, which has led to lower production during the first ten months of 2019 compared to the same period last year.

It is a prioritized objective for the company not only to restore the production level to last year’s, but also to increase it. A successful workover program will increase both profitability and cash flows.

Zhoda Investments owns through its subsidiary 45 per cent of the license holder and operator of the Lelyaki oil field. All the amounts above relate to Zhoda’s 45 per cent working interest in the operator.

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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. Zhoda owns Testament Winery, an organic winery in Dalmatia with a 47-hectare state of the art vineyard mainly producing red wine from the local Babić grape. Zhoda is also the owner of Merga Victa, a winery on the Dalmatian island of Korčula that produces white premium wines from the indigenous Pošip grape. 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.