

Press release
Stockholm, 27 February 2025

Operational update on the oil operations in Ukraine

Zhoda Investments' oil operations in Ukraine continue to develop despite the challenges posed by Russia's invasion.

"It has now been three years since Russia launched its full-scale invasion, and Ukraine is enduring one of the most difficult periods in its history. Global political statements and maneuvers have intensified, and we have yet to see what they will result in. Despite this, we continue to operate and develop Zhoda's oil business. Daily operations at the oil field proceed as usual, and we continue to sell oil. In 2024 we have also launched a work program to increase production. Despite having allocated capital to our investments in the field, the oil business has generated sufficient liquidity to distribute a dividend to Zhoda. We have also engaged legal experts to assess the feasibility of initiating legal proceedings at the Permanent Court of Arbitration in The Hague to seek compensation for gas assets in the Black Sea that were confiscated by Russia", says Robert Karlsson, CEO of Zhoda Investments.

Status of Zhoda's oil operations

Zhoda has a joint venture with Ukraine's largest state-owned oil and gas company. The oil field, in which Zhoda holds a 45% interest, is located approximately 150 kilometers east of Kyiv. Daily operations continue as planned, and oil production is ongoing.

Although the war in eastern Ukraine affects business and working conditions throughout the country, daily life continues in Kyiv and at the oil field, making further development possible.

Work program to increase production

Production declined during the pandemic and continued to decrease after the invasion, primarily due to lower investments in the wells. To reverse this trend, the field operator launched a work program in 2024 to repair wells that were previously drilled but are currently non-producing due to technical reasons. Despite total production decreasing by 14% in 2024 to 17,000 barrels, monthly production in December 2024 was 19% higher than in August of the same year, thanks to the workover and reactivation of several wells.

Profitable oil operations contribute to Ukraine's energy supply

Despite challenging conditions, the oil business remains profitable and contributes positively to the group's overall results. The oil is sold through state auctions and is refined and consumed within Ukraine, strengthening the country's energy supply and independence. Zhoda will report more detailed financial figures later this spring.

Cash flow and dividends

As previously communicated, the positive cash flow generated in 2023 was used to strengthen the balance sheet of the Ukrainian company. This has enabled the oil operations to distribute a dividend of SEK 4 million to Zhoda in 2024.

Offshore assets in the Black Sea

One of Zhoda Investments' subsidiaries has been a partner for approximately 15 years with a Ukrainian state-owned company to develop gas licenses in the Black Sea. After Russia's annexation of Crimea in 2014, these assets were illegally seized. Recently, the Ukrainian state was awarded USD 46 million (equivalent to SEK 500 million) plus interest by the Permanent Court of Arbitration in The Hague for its 50% stake in these gas assets. Zhoda holds rights to the remaining 50% and therefore notes that an international court has confirmed both the illegal seizure of these assets and their estimated value of SEK 500 million. In early 2025, Zhoda engaged legal experts to evaluate the feasibility of pursuing a claim at the same court for compensation related to the confiscated Black Sea gas assets. This assessment is expected to be completed in the spring of 2025.

All production and financial figures refer to Zhoda's 45% share.

For more information, please contact:

Robert Karlsson, CEO Zhoda Investments AB

+46 709 565 141, robert.karlsson@zhodainvestments.com

www.zhodainvestments.com

About Zhoda Investments

Zhoda Investments invests in selected unlisted European companies and develops them through active ownership and entrepreneurship. In the coastal region of Dalmatia in Croatia, Zhoda owns two wineries, Testament Winery and Black Island Winery. With indigenous organic grapes, two of the country's leading winemakers and a winemaking tradition dating back 2,000 years, the company aims to produce Croatia's best wine and become the country's leading exporter of premium wines. Zhoda also holds a 45% interest in an oil field in Ukraine, with proven and probable (2P) oil reserves of 8 million barrels net to the company. Zhoda actively seeks new investment opportunities. Learn more at www.zhodainvestments.com.

This is an English translation of the Swedish original. In case of discrepancies, the Swedish original shall prevail.