

Press release
Stockholm, 10 December 2018

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 81,000 barrels. This oil has been sold against prepayment through the newly established sales channel. This has enabled the oil field operator to reach two prioritized objectives for 2018, that is settlement of historical operational debt and resumed dividend payments to Zhoda.

Establishment of a new sales channel has significantly reduced the time from production of oil to receiving payment from sales. All oil produced during the first ten months has been sold against prepayment for an amount of SEK 45 million.

“The oil operations have developed well during the year and despite the recent drop in the oil price they show strong profitability. The new sales channel with prepayments has significantly improved cash flow. The fact that the operator has resumed payment of dividends to the parent company is a real milestone. We are now initiating a workover program that step by step will increase production”, says Robert Karlsson, CEO of Zhoda Investments.

It is been a prioritized objective for Zhoda to strengthen the oil field operator’s balance sheet by settling historic operational debt and to reach a financial position where the operator can resume payment of dividends. During the year, the operator has settled SEK 16 million of the SEK 26 million of historical debt at the beginning of the year.

Following the recent drop in the oil price, Zhoda’s 45 percent share of the operator’s free cash flow after tax amounts to approximately SEK 20 million per year at the current production level. During the past few months, Zhoda Investments has received dividends of SEK 1 million. Given continued stability in production and sales the operator expects to settle the outstanding historical payables during spring 2019. Following that, the operator will be able to distribute dividends to Zhoda corresponding to its share of the yearly cash flow, that is approximately SEK 20 million per year at the current level of production and oil price.

Production during January to October 2018 amounted to 266 barrels per day. The company is now initiating a cost-efficient workover program to increase production from existing wells. Given a stable access to rigs and personnel this will step by step increase production during the coming months, which in turn will lead to improved cash flow and dividends to Zhoda.

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 an organic winery in Dalmatia with a 47-hectare

state of the art vineyard mainly producing red wine from the local Babic grape. Zhoda is also the owner of a winery on the Dalmatian island of Korcula that produces white premium wines from the indigenous Posip 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.