

Press release  
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## Operational update on the oil operations

**Zhoda Investments' oil operations in Ukraine has shown strong development in 2023 despite the challenges resulting from Russia's invasion of the country.**

“Two years have passed since the Russian full-scale invasion of Ukraine resulting in very challenging times for the country and suffering for the people. Zhoda Investments' oil operations are naturally affected by this. Given the circumstances, it is however satisfying that we can continue to produce oil and we have taken operational steps forward in 2023 with a resulting profit of SEK 5 million. Zhoda has also noted that the Permanent Court of Arbitration in The Hague recently issued a verdict compelling the Russian Federation to pay significant damages for gas assets in the Black Sea in which Zhoda also has financial interests”, says Robert Karlsson, CEO of Zhoda Investments.

### General status for Zhoda's oil operations

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.

Nevertheless, daily life in Kyiv and at the oil field continues, which enables operations to be carried out.

### Stabilization of production

Following the pandemic and the initial period of the invasion, field production of oil decreased as a result of lower investments into the oil wells. Production in 2023 amounted to approximately 20,000 barrels, which is a decrease of 22 per cent on a yearly basis. However, the operator has been able to take measures which has resulted in a stable production since the beginning of 2023.

### Profit and high sales prices of oil in Ukraine

Zhoda's share of the profit in the oil operations for 2023 amounted to SEK 5 million, which is an increase compared to the break-even results in 2022. The improvement is a result of the higher oil prices in Ukraine and sale of oil in inventory that was built up in 2022. Sales in 2023 amounted to 39,000 barrels.

Since the middle of 2023, the price level of oil in Ukraine has been high. All sales since then have been made at a premium to the international benchmark Brent oil.

### Cash flow, dividends and restrictions

The oil operations have reached strong positive cash flows from the sale of oil and they have been allocated to strengthen the Ukrainian field operator's balance sheet. The operator's accounts receivable were reduced in 2023 from SEK 15 million to SEK 2 million.

The operator's working capital has therefore been restored and the operator is today free from interest-bearing debt and now in a position to distribute dividends from future profits.

During 2024, Zhoda has for the first time since 2021 received dividends from the oil operations. The first dividend amounted to SEK 1 million and an additional SEK 1.5 million is expected to be received soon. It is Zhoda's objective to continually receive dividends on a quarterly basis.

Following the invasion, the National Bank of Ukraine imposed currency restrictions that prohibit dividends to be moved out from the country. Therefore, Zhoda keeps its dividends from the oil operations on an account in Ukraine with a western bank. The National Bank is under pressure to relax the currency restrictions, but it is currently not known when that may happen.

### **Work program to enhance production**

Zhoda has together with its partner recruited a new operating management team to the oil operations, which has strengthened the geological and field development expertise and experience. The new management is now focused on increasing production by putting the wells that are not producing on stream again, which will strengthen profits and cash flow. Preparatory works have been completed and the work over program will be commenced in the second quarter of this year. The field operator will also apply for a lower royalty on incremental production, something which may significantly increase profitability of the coming field work.

### **Offshore assets in the Black Sea**

Approximately 15 years ago, a subsidiary to Zhoda Investments entered into a joint investment agreement with a Ukrainian state-owned company to develop oil fields in the Black Sea. These assets were illegally seized by Russia in 2014. Ukraine has recently been awarded damages of SEK 500 million plus interest for its 50 per cent share of the assets in the partnership with Zhoda by the Permanent Court of Arbitration in The Hague. Zhoda is currently reviewing its options in pursuing the same legal proceedings against Russia as Ukraine has recently completed.

Production and financial amounts 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](http://www.zhodainvestments.com).

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