

Press release
Stockholm, 23 February 2018

Zhoda Investments presents an update on the Ukrainian oil operations

Zhoda Investments (“Zhoda”), the indirect owner of 45% of the license holder and operator of the Lelyaki oil field close to Poltava in Ukraine, hereby presents an operational update.

“We have taken several important steps in the development of our oil operations during 2017. We are very pleased that the license has been renewed for 20 years, that the field is back on production and that the operator during 2017 received payments from sale of oil of SEK 31 million. The oil operations show sound profitability at the current oil price and we expect to be able to resume dividend payments from the oil operations during 2018”, says Robert Karlsson, CEO of Zhoda Investments.

In spring 2017 the license to extract oil and gas from the Lelyaki field was extended for 20 years and this creates a base for long-term profitable production of oil. Production during 2017 amounted to approximately 50,000 barrels. At the end of the year production was approximately 300 barrels per day. The company expects to increase the daily production during 2018 through a workover program on the wells that have been on production the past few years.

During 2017, the operator received a total of SEK 31 million from the sale of oil, of which SEK 21 million from oil sold in 2017 and SEK 10 million from oil sold in previous periods. As previously announced, it has been the operator’s objective to strengthen the balance sheet. Funds collected from customers have therefore primarily been allocated to a settlement of operational payables from previous periods.

Given a continued stability in production and sale of oil, Zhoda expects to be able to resume a dividend program to the parent company from the oil operations during 2018. The royalty on production was decreased from 45% to 29% of the oil price during 2017, and this has significantly increased profitability. At the current oil price and following the completion of the planned work program, Zhoda’s share of the operator’s profit after tax could amount to over SEK 20 million on a yearly basis.

During 2018, Zhoda will together with its partner prioritize the following activities for the oil operations:

- Execute a work program to increase the daily production by up to 15%
- Produce a long-term development plan to further enhance production through modern and proven technology
- Implement a new sales strategy in order to reduce the lead time from production to receipt of payments
- Complete the strengthening of the balance sheet through settlement of receivables and full payment of the remaining payables from previous periods
- Resume a dividend program to the operator’s shareholders, including Zhoda

All the amounts above are stated as Zhoda Investments’ 45 per cent interest in the operator.

For more information, please contact:

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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 holds 80 per cent in a Dalmatian organic winery with a 47 hectare state of the art vineyard with local grapes. The group also holds a 45 per cent 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. The company's shares are traded on Pareto Securities OTC. 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.