

Press release  
Stockholm, 25 March 2021

## **Operational update from the wine operations**

**Zhoda Investments ("Zhoda") announces an operational update from the wine operations in the coastal region Dalmatia in Croatia.**

"Despite challenging market conditions with travel restrictions and a lower activity in the restaurant sector, we have significantly developed our wine operations during 2020. Sales measured in number of bottles increased by 80 per cent compared to the previous year. We have strengthened our brand and established new sales channels. Our two leading Croatian winemakers have created world-class organic wines. I am convinced that we are now creating substantial values for our shareholders within the wine operations", says Robert Karlsson, CEO of Zhoda Investments.

### **Continued strong growth**

During 2020, the number of bottles sold amounted to 82,000, which is an increase of approximately 80 per cent compared to 45,000 bottles the year before. Given how the pandemic has affected the wine market, this is an extraordinary achievement. The company expects to be able to reach a strong growth also in 2021.

### **Gold medals in the world's most influential wine competition**

The wines The Dalmatian Dog 2016 and Testament Posip 2019 both received gold medals in the Decanter World Wine Awards 2020, the world's largest and most influential wine competition. This was the first time in history that a wine based on the babic grape was awarded with a gold medal. This is just one example of how the company's winemakers Juraj Sladic and Igor Radovanovic are successfully creating wines that are making an impact on the international wine scene.

### **Winner at Systembolaget**

The Swedish state retail monopoly Systembolaget recently selected The Dalmatian Dog as the only red Croatian wine to be placed in 115 stores throughout Sweden. A total of eleven wines participated in the tender and The Dalmatian Dog was announced the winner following a blind tasting conducted by three representatives of Systembolaget. The wine was launched on 1 December 2020 and it has been well received among consumers and wine journalists. During the tender process, Systembolaget estimated yearly sales to amount to 16,000 bottles, an amount that was reached already after two months of sales. The wine is guaranteed shelf space for at least 12 months.

### **Lower harvest of excellent quality in 2020**

Testament owns and manages an organic vineyard of 50 hectares focusing on the red wine grape babic. The harvest in 2020 amounted to 100 tons. This is in line with the premium vintage 2017 but significantly lower than 2018 (350 tons) and 2019 (230 tons). The company expects to reach an average harvest of around 250 tons per year depending on the weather conditions each year. It is expected that the vintage 2020 may give the best wines in the history of the winery.

The sister winery Black Island Winery focuses on the white wine grape posip does not own a vineyard and therefore sources grapes from local farmers. The production is therefore fully scalable and can be increased as the company is able to build demand for its products.

## **New sales channels and international expansion**

During the first years of operations, all wine was sold in the local Croatian HORECA segment (hotels, restaurants, cafés). Lower costs for logistics, a strong demand from visitors to Croatia as well as the lack of an alcohol tax make this local segment the natural starting point and foundation for sales. It is in line with the company's sales strategy to add new sales channels. Sales within retail, export and the company's tasting facilities represent an increasing share of sales.

## **New winery**

It is Zhoda's vision to reach sales of one million bottles per year. In order to reach that objective, the company is making preparations to build a new winery at Testament Winery. During 2020, the company has together with Croatia's leading winery architect completed technical and construction designs for the new winery. The company has also applied for EU subsidies targeting the Croatian wine industry for up to 50% of the investment.

## **Outlook**

The company believes that the ongoing vaccination program will lead to a step by step opening of the restaurant sector as well as to allow for holiday travels to Croatia. A continued positive trend on the local Croatian HORECA market is dependent on a decrease of the effects of the pandemic before the summer of 2021. As mentioned above, the company has through its sales strategy reduced the dependency on this segment since retail and export now account for an increasing part of sales.

## **The wine club Testament Vänner**

In the wine club Testament Vänner all Swedish wine lovers can join our wine adventure and journey towards creating Croatia's best wine. Application to join the club can be made at [testamentvanner.com](https://testamentvanner.com).

## **Annual report**

Zhoda Investments will publish the annual report for 2020 no later than three weeks before the annual general meeting, which is planned to be held in June.

*For more information, please contact:*

Robert Karlsson, CEO Zhoda Investments AB  
+46 709 565 141, [robert.karlsson@zhodainvestments.com](mailto:robert.karlsson@zhodainvestments.com)  
[www.zhodainvestments.com](http://www.zhodainvestments.com)

## **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.*