

Press release
Stockholm, 21 October 2020

Operational update from the wine operations

Zhoda Investments ("Zhoda") announces an operational update on the wine operations located in the coastal region of Dalmatia in Croatia. The outbreak of the pandemic has led to a decrease in international travel as well as lower activity in the restaurant sector. Despite this the company has managed to sell as many bottles to date in 2020 as for the full year 2019. The warm weather with little rain has led to a lower harvest compared to previous years, but the quality of the grapes is very high and 2020 has the potential to become the best vintage in the company's history. Testament's wines were recently awarded with several gold medals in Decanter, the world's largest wine competition, demonstrating the high level of expertise of the company's winemakers.

Sales

The company's main market, the Croatian HORECA segment (hotel, restaurant, café) was affected by restrictions in international travel and a significantly lower activity in the restaurant and hotel sectors. As an example, over 1,000 persons cancelled their booked visits to Testament Winery's tasting facilities and wine shop in spring this year.

Despite these challenging market conditions, the company's sales strategy has proven to be successful. Sales to date in 2020 amount to 45,000 bottles, which is equivalent to the full year sales in 2019.

Visitors to Croatia that travelled by car from neighboring countries increased compared to previous years, which partly compensated for the lower number of travellers arriving by plane and cruise ships. The car tourism led to higher activity in Istria and the north and central parts of Dalmatia (where Testament Winery is located) and lower activity in the classic southern destinations such as Dubrovnik. The fact that visitors that travel by car tend to buy more wine than those that travel by plane has also had a positive effect on sales.

Harvest 2020

The harvest for 2020 amounted to 100 tons. This is in line with the vintage 2017 and about half of the prior year harvest. The decrease is mainly a result of the warm summer with little rain. The vintage 2020 has great ageing potential and may become the best vintage in the company's history. The grapes provide great fruit and tannin structure as well as a good balance between sugar and acid. Testament Winery's location on limestone hills sloping down towards the Adriatic Sea has proven to produce first class grapes regardless of weather conditions.

Testament's 47-hectare vineyard consists mainly of red grapes giving wines that will be aged before they reach the market. As a result, the lower grape yield in 2020 will not affect sales the coming years. The wines from the large harvests in 2018 and 2019 are first to be taken to the market.

Branding and medals in Decanter

The Testament and Merga Victa brand recognition on the market is steadily growing. The wineries offer high quality wine from local Dalmatian grapes in an attractive price segment. The wine makers Juraj Sladic and Igor Radovanovic are making Croatian wine history by combining Dalmatia's over two thousand year old wine tradition with modern winemaking.

This is evidenced by the recent very fine performance in Decanter, the world's largest and most influential wine competition. The wines *The Dalmatian Dog* and *Testament Posip* were awarded gold medals and *Merga Victa* a silver medal in their respective categories.

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 owns Testament Winery, 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 Black Island Winery, a winery on the Dalmatian island of Korcula that produces white premium wines from the indigenous posip grape under the brand Merga Victa. 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.