

Press release
Stockholm, 13 February 2024

Continued profitable growth in the Croatian wine operations

Zhoda Investments' wholly owned subsidiary Testament Winery is Croatia's first Swedish winery. In 2023, the wine operations continued to grow under profitability, despite a somewhat slower market due to the downturn in the world economy.

"We are glad to announce that the wine operations continue to show strong progress. Sales in 2023 increased by 8% compared to the previous year and the average yearly growth rate in the sale of bottles amounts to 59% since the start in 2018. We are especially pleased with the continued profitable growth considering the effect higher interest rates and energy prices have had on travel, visits to restaurants and wine consumption. During 2023, we have also invested in the wineries in order to increase operational efficiency in the vineyard and cellar," says Robert Karlsson, CEO of Zhoda Investments.

Continued growth in sales despite a somewhat slower market

Testament Winery's largest and most important market is the local Croatian HORECA segment (hotels, restaurants, cafes) where wine sales are dependent on foreign visitors to the country. With over 20 million visitors and over 100 million overnights in 2023, Croatia has strengthened its position as one of the most desirable European destinations. Despite an increase in the number of visitors to Croatia compared to the previous year, Testament and other wineries noted that higher interest rates and increased energy prices had affected spending patterns. Despite a slower market with a decrease in the overall consumer spending at restaurants, Testament Winery reached a continued growth in sales. Turnover increased by 8% and the number of sold bottles reached 226,000.

Zhoda Investments will provide further financial information in the annual report to be published ahead of the annual general meeting.

Investments for enhanced operational efficiency

During 2023 Testament Winery invested SEK 2 million, of which approximately 50% was covered by investments subsidies, to enhance operational efficiency and reduce the costs in the wine cellar and in the 50-hectare organic vineyard. Investments include electrical shears for the harvest, upgraded cooling systems for the wine cellar and a mechanization of the field work, including acquisition of a new tractor and other machinery.

The objective is to increase the sales of premium wines

Testament Winery increased the sales of premium wines by 130% during 2023. It is Testament Winery's objective to step by step increase the sales of the premium wines where the highest margins can be reached. This can be achieved by receiving more guests in the winery's tasting facilities and shops as well as through widening the product portfolio on already existing markets.

The investment in restaurant Filippi with a Michelin Recommendation on the island of Korcula during 2023 is another way to reach this objective. In addition to the investment in itself being attractive with a short payback period of two years, it is an excellent channel for selling premium wines.

Wine club Testament Vänner

All Swedish wine lovers can follow Croatia's first Swedish winery's journey towards creating Croatia's best wine by joining the wine club Testament Vänner. Application for a free membership can be made on www.testamentvanner.com.

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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.

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