



# Varvatossy

GEORGIAN COGNAC, STILL AND SPARKLING WINE PRODUCTION.

INVESTMENT OFFER



# Dear friends!

Dear friends, we offer you mutually beneficial cooperation in the noble and highly profitable industry of winemaking, cognac and champagne production in accordance with the ancient traditions of Georgia and modern technological standards.

According to statistics, **95% of sales** are for products with a minimum retail price on the store shelf.

We want to create such a product, making it high-quality, environmentally friendly and affordable for the average consumer. Thus, we will get contracts with leading retailers and open the way to rapid expansion into the alcoholic beverages market.

We choose the Russian Federation and the CIS countries as a starting point, because people there are already familiar with the quality and traditions of Georgian drinks, but we keep a broad course on the world market: China, Europe and the USA, where the mass consumer is just beginning to get acquainted with Georgian brands and blends that differ significantly from the usual French and Italian winery.





# Project Overview

## THE GOAL

To launch the production of cognac, still and sparkling wines in Georgia

on the basis of a real estate owned by the company.

Minimum planned production volume:



**6.000.000** bottles/ year

**\$5.8-\$6.0** mln. annual profitability

Implementation period: 3-5 years

Maximum planned production volume:



**36.000.000** bottles/ year

**\$35.3-\$36.0** mln. annual profitability

Implementation period: from 8 years



# Our products

## COGNAC



A product at a minimum retail price that has the distinctive features of Georgian cognac – a mild taste with characteristic vanilla-floral tones that manifest themselves when aged for at least three years.

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## CHAMPAGNE



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High-quality sparkling wine made from unique Georgian grape varieties, thanks to which it has a memorable bright citrus bouquet with delicate floral notes, followed by subtle shades of brioche and almonds.

## WINE



18

### Varvatossy premium collection

Wines of Khvanchkara, Kindzmarauli, Akhasheni, Mukuzani, Naperuli, Alexandrouli, Saperavi, Pirosmeni, Ocaleshi, Alazani Valley, Twishi, Tsinandali, Mtsvane, Rkatsiteli, Tsolikauri varieties, as well as traditional Kvevri wines.

PRODUCT PRESENTATION

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# Cost of production and profit

per bottle

	COGNAC	CHAMPAGNE	WINE	AVERAGE
Furniture	0,35 \$	0,35 \$	0,35 \$	0,35 \$
Factory expenses	0,1 \$	0,1 \$	0,1 \$	0,1 \$
Liquid	0,55 \$	0,72 \$	1,5 \$	0,92 \$
Delivery	0,11 \$	0,18 \$	0,17 \$	0,15 \$
Excise stamp	1,23 \$	0,34 \$	0,26 \$	0,61 \$
VAT tax	0,35 \$	0,4 \$	0,4 \$	0,38 \$
Customs duty	0,03 \$	-	-	0,01 \$
Importer	0,2 \$	0,2 \$	0,2 \$	0,2 \$
Prime cost	2,92 \$	2,29 \$	2,98 \$	2,73 \$
Sales price	4,17 \$	3,4 \$	4 \$	3,86 \$
Profit	1,25 \$	1,11 \$	1,02 \$	1,13 \$
Retail price	517 rub.	476 rub.	560 rub.	517,67 rub.

The table is current for August 2023 at the rate of 100 rubles and 2.57 GEL per US dollar.

Sales volumes according to the analytical  
center under the Government of the  
Russian Federation

Cognacs: 920.000 dal/month

Still wines: 4.425.000 dal/month

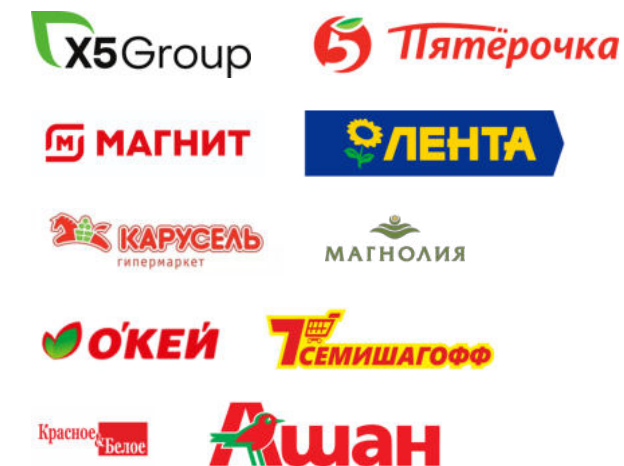
Sparkling wines: 1.140.000 dal/month

# Product Distribution

Russian retailers



Our partners:



Potentially capacious markets:

-  CIS countries;
-  Europe;
-  China;
-  Türkiye;
-  USA

# Experience in managing the “Samtrest Saint Petersburg” winemaking factory



## Vakhtang Osepaishvili

The founder of the “Varvatossy” brand is Vakhtang Osepaishvili, a technologist, a hereditary winemaker with extensive experience in winery management, production and sales.

**In 2005**, he headed the unprofitable “Samtrest St. Petersburg” factory as General Director. Vakhtang developed a plan for technical and technological reconstruction, and in a quarter the **monthly profit** amounted to about \$ 200,000/month, which becomes the minimum for many years. **The average yield** was \$600,000, and the peak **reached \$1,200,000** per month.

The volume of production ranged from 250,000 to **500,000 bottles per month**, which were sold in 250 Pyaterochka outlets, 100 Perekrestok outlets, OK and Lenta hypermarkets in the Leningrad region





# The birth of The Varvatossy brand

## and hypothesis testing



After working in “Samtrest Saint Petersburg” factory, the idea of creating own family brand arose, and it was decided to make first **40,000 bottles** of original Georgian cognac under the **Varvatossy** brand at the partners' factory.

In order to assess the demand for products, **we signed an agreement with “Stockman”** shopping centers in St. Petersburg, at the addresses: Nevsky Prospekt, 114-116, and Peterhof Highway, 51.

### Result:

**Within one month**, the entire batch was completely sold out, and Stockman made a request for the next batch of 80,000 bottles of Varvatossy cognac. That is, 2 large retail outlets were able to **sell up to 1334 bottles daily** due to the fact that this product is the cheapest and highest quality on the store shelf.

# Production plan

	2025	2026	2027	2028	2029	2030	2031	2032
Production (thousand of dal.)	98,4	306	648	792	1080	1368	1656	2160
Realization (mln. of bottles)	1,64	5,1	10,8	13,2	18	22,80	27,6	36
Revenue (mln \$)	7	21,8	46,2	56,5	77	97,6	118,1	154
Profit (mln \$)	1,6	5	10,6	13	17,8	22,5	27,2	35,6

Thus, by launching the production of alcoholic beverages, we will be able to reach the indicators in the table below over the next 9 years. Even if the maximum productivity of 2,160 thousand dal. is not achieved, we can absolutely guarantee the implementation of at least 792 thousand dal., starting from 2028.

# How much

do alcohol producers earn in Georgia (2019)



Kakhetian Traditional Winemaking

**\$39,991,128**

105,239,812 GEL



Bolero & Company Ltd.

**\$25,632,848**

67,454,865 GEL



Askaneli brothers

**\$24,024,993**

63,223,666 GEL



JSC Sarajishvili

**\$17,926,356**

45,174,622 GEL



JSC Badagoni

**\$16,330,221**

42,974,268 GEL



JSC Georgian Beveridge Holding

**\$16,017,000**

42,150,000 GEL



JSC Telavi Wine Cellar

**\$14,665,593**

38,593,641 GEL



Chateau Mukhrani Group and GWS

**\$13,897,740**

36,573,000 GEL



JSC Tbilvino

**\$13,820,220**

36,369,000 GEL



Khareba Winery Group

**\$13,223,460**

34,798,579 GEL



# Our Real Estate Site

We own a real estate object at the address: 80a Tabukashvili str., Kutaisi, Georgia, with a total area of 2230 sq.m. on a plot of 7265 sq.m. The building is suitable for production, but requires major repairs.



**Georgia**

Kutaisi st. Tabukashvili 80a

Building area:

**2230** sq. m.

Land area:

**7565** sq. m.

Current estimated cost:

**\$1500000**

Estimated cost after major repairs:

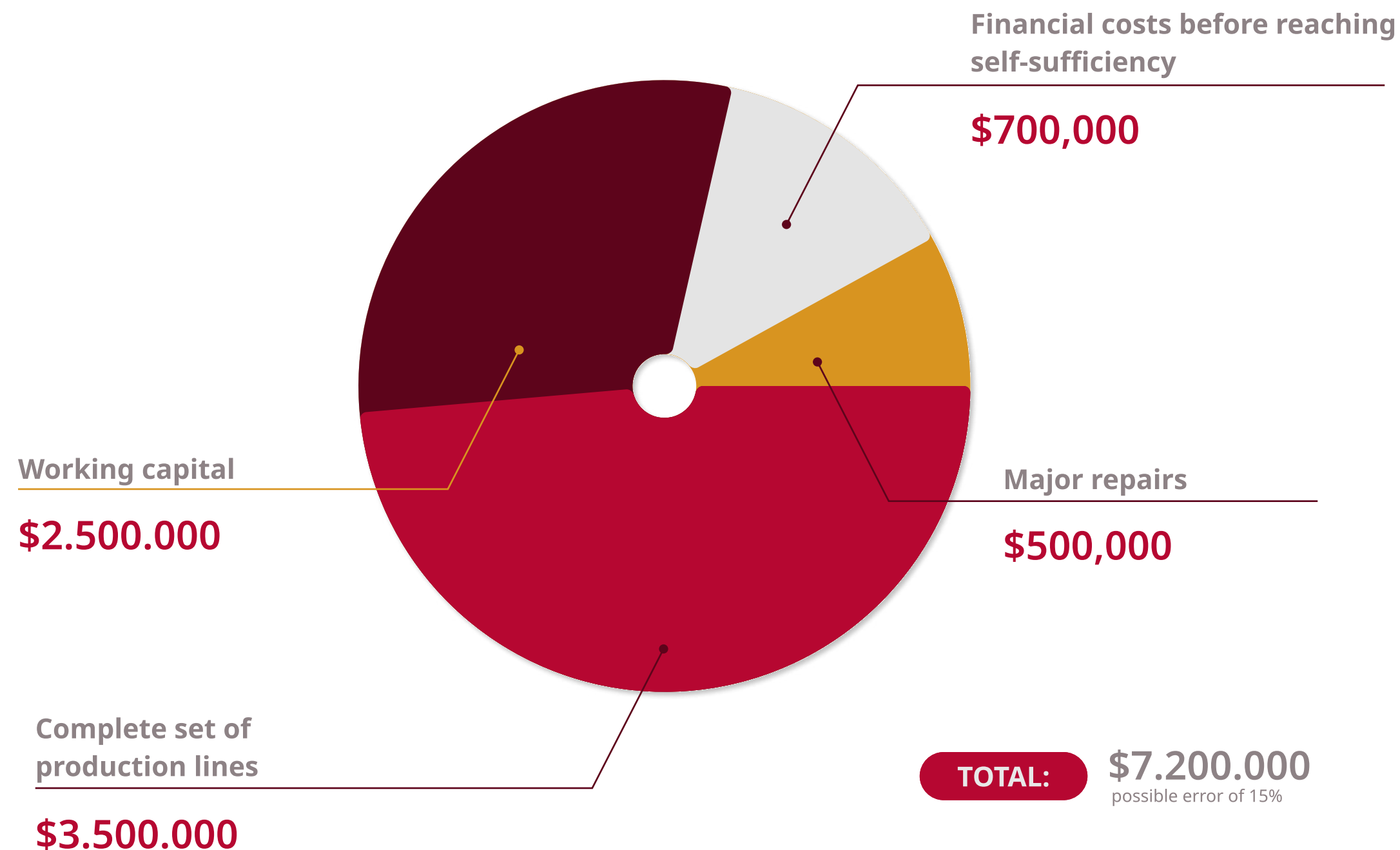
**\$3000000**

Estimated cost with factory equipment:

**\$6000000**



# How much investment is needed



We estimate the need for project investments at **\$7,200,000**, necessary for major repairs, complete production lines and start-up of production (working capital + financial costs before reaching self-sufficiency).

# Roadmap





# Production capacity



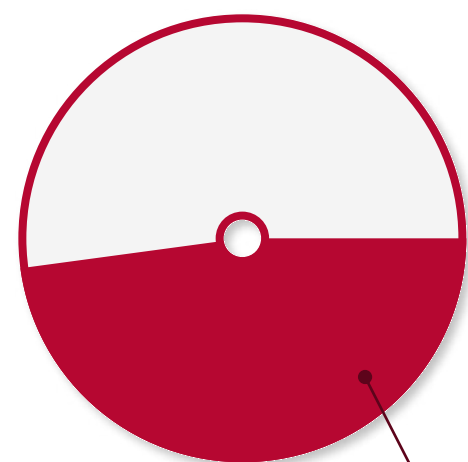
## THE WINERY

The winery in Varvatossy will be equipped as a **full-cycle enterprise**, carrying out the acceptance of grapes, production of wine materials, distillation and smoking of cognac alcohol, as well as bottling and packaging of finished products.

### Equipped with:

-  **3 bottling lines**  
for cognac, champagne and wine
-  **3.500 bottles per hour**  
capacity of each line

# Investment offer



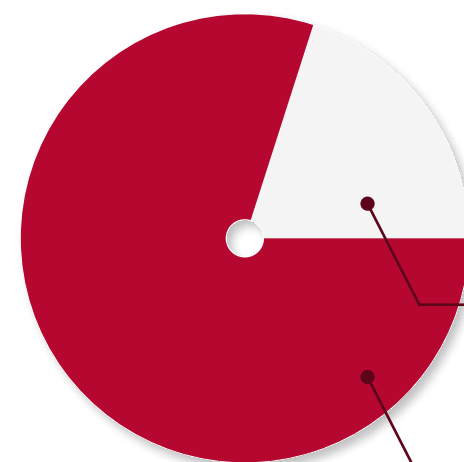
## EQUITY INVESTMENT

Investment to rise:

**\$7.200.000**

Shares:

**49%**



## PROFIT DISTRIBUTION:

reinvestment in the development of production

**30%**

payments to shareholders

**70%**

## Payback schedule

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenue (mln \$)	-	-	7	21,8	46,2	56,5	77	97,6	118,1	154
Profit (mln \$)	-	-	1,6	5	10,6	13	17,8	22,5	27,2	35,6
49% shareholders payments	-	-	0,5	1,7	3,6	4,5	6,1	7,7	9,3	12,2

It should also be taken into account that the company will be provided with real estate and equipment, according to preliminary estimates, equal to at least \$ 6 million by the time production starts.

# Guarantees

As guarantees until the fulfillment of all obligations under the project,  
we provide collateral:

51%

of the company's shares

as well as the real estate owned  
by the company.

	DEPOSIT UNLOCKS	PERIOD OF REALIZATION	REAL ESTATE VALUE
Major repairs	\$500.000	Up to 6 months	\$1.500.000
Equipping the production lines	\$3.500.000	Up to 6 months	от \$3.000.000
Project starts (working capital + costs until sufficiency)	\$3.200.000	Up to 6 months	<b>от \$6.000.000</b>

In addition, we have developed a phased implementation plan, in which an investor or a group of investors freezes the deposit in full,  
and parts of this deposit are unblocked only after we fulfill our obligations for each stage.



# Our Vision

## Our global goal-

is to create a global brand based on family and traditional continuity, which will be able to adequately represent the traditions of Georgian winemaking on the world market.

The exceptional quality of Georgian cognac and wine is known in modern Russia and CIA countries, the rest of the world is starting to get acquainted with it only now. This is due to the period of stabilization and the opportunities opening up for our country.

Georgian products are just beginning to win prestigious awards and a well-deserved place at exhibitions, the interest and love of consumers in Europe, China, Southeast Asia and the USA, and now we have the opportunity to become part of this promising trend.

## Varvatossy's goal for the next 10 years –

is to enter the top ten largest wine production enterprises in Georgia and take a well-deserved place in the world market.





# Thank you for watching!

Contact us if you are interested  
in this offer!

**Whatsapp:** +7 (904) 136-69-50

**Telegram:** <https://t.me/dimalisk>

**E-mail:** warvatossi@mail.ru

**Address:**

LTD «GUMATI», 80a Tabukashvili  
str., Kutaisi, Georgia

**Phone number:** +995 (568) 64-56-56

**E-mail:** vato0111@mail.ru