

# Purcari Wineries

Public Company Limited  
BVB: WINE

The Finest CEElection  
Investor Conference 2022  
04 October 2022



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## 1 Purcari Wineries Group Key Info

## 2 Vision and Strategy

## 3 Purcari Wineries stock

## 4 1H 2022 Operational Results



### Negru de Purcari 2019

Nominated by Caroline Gilby, Master of Wine, for the Decanter Magazine, Wines of the Year 2021: The Top Classic Wines, with a score of 93 pts. 4.4 score on Vivino, ranked among the top 1% wines globally





# 1 Purcari Wineries Group at a glance

## Leading wine player in Central and Eastern Europe...

Founded in 1827 by French colonists, Purcari group is now...

- #1** World's most awarded winery in 2021.
- #1** Most awarded CEE winery of the year in 2015-2021 at Decanter London, "Wine Olympics".
- #1** Best premium wine brand in Romania, Moldova.
- #1** Fastest growing large winery in CEE.
- #1** Largest exporter of bottled wine from Moldova.
- top** 1,350+ hectares of prime vineyards, top production assets.
- top** Listed on Bucharest Stock Exchange, with reputable shareholders alongside founder, Victor Bostan: Horizon Capital, Fiera Capital, Conseq, East Capital, Paval Holding, Franklin Templeton, Norges Bank etc.

## ... with a strong & expanding regional footprint

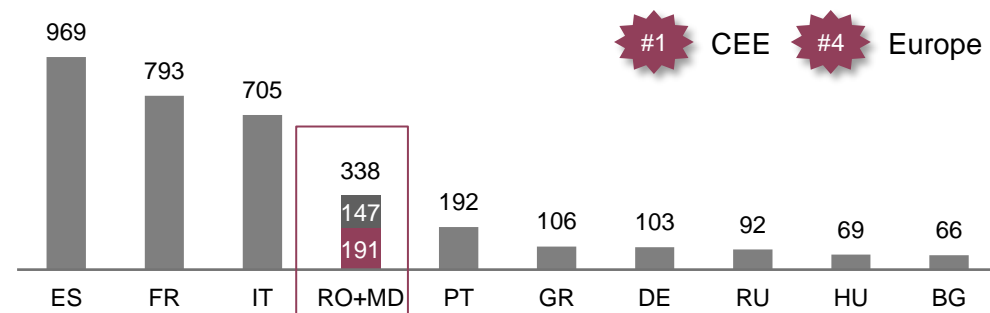
Geographical breakdown of sales in value terms, 1<sup>st</sup> Quarter, 2022, %



CZ+SK

## Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



## 6 production sites and 5 brands, covering a broad spectrum of segments...



Source: Company Information, FAOSTAT, OIV, Decanter, the Ministry of Finance of Romania, Nielsen

# 1 Strong track record of growth

## Sustainable profitability accompanying strong growth

	2017	2018	2019	2020	2021
Revenue	142.3	168.1	199.1	203.7	248.1
CoS	(74.5)	(85.5)	(100.2)	(105.9)	(132.3)
Gross profit	67.7	82.6	98.9	97.8	115.8
Gross profit margin, %	47.6%	49.2%	49.7%	48.0%	46.7%
SG&A	(31.7)	(36.0)	(44.2)	(49.2)	(53.5)
EBITDA	42.4	54.4	65.4	60.5	75.2
EBITDA margin, %	30%	32%	33%	30%	30%
Depreciation	(5.9)	(6.8)	(9.6)	(12.1)	(13.5)
Net finance cost	(1.6)	1.0	(6.9)	21.7	0.1
Income tax	(5.9)	(7.0)	(8.5)	(10.8)	(10.5)
Net Profit	29.0	41.7	40.5	59.2	51.4
Net profit margin, %	20%	25%	20%	29%	21%
Earnings per share*, RON	na	0.96	0.91	1.42**	1.19

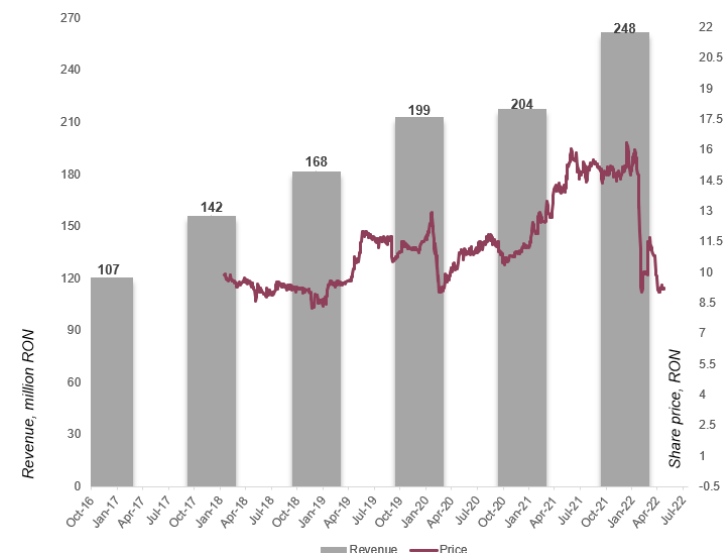
\* Common denominator being the number of shares on 31<sup>st</sup> December 2021, following doubling of issued share capital.

\*\* Including proceeds from sale of the stake in Glass Container Company.

## Comments

- IPOed on Bucharest Stock Exchange in February 2018
- 75% increase in revenues since pre-IPO
- Strong operating results and cost-efficient production
- SG&A stable over time at 22% of revenue
- Maintained strong EBITDA margin at 30%+ and Net Income margin at 20%+
- Steady dividend's stream: 2018 (RON 0.475 per share\*), 2020 (RON 0.65 per share) and 2021 (RON 0.51 per share)

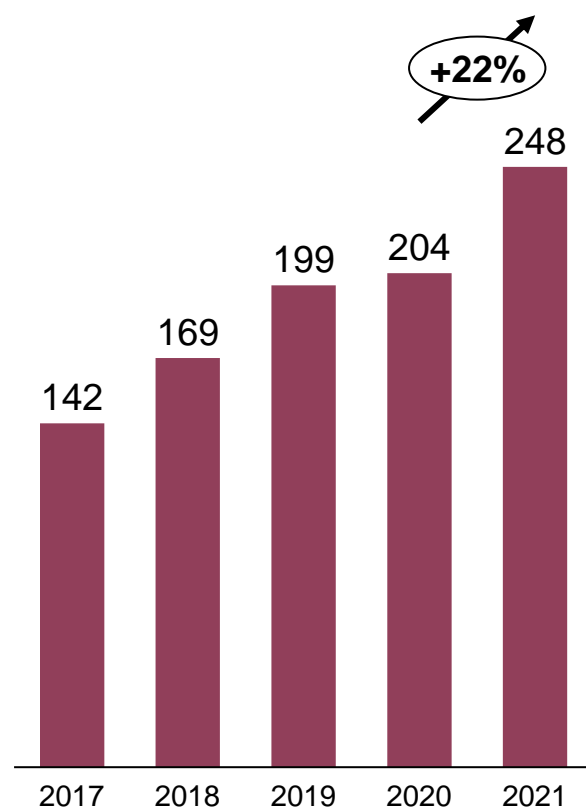
## Revenue vs. share price evolution



# 1 Continuous growth in 2021

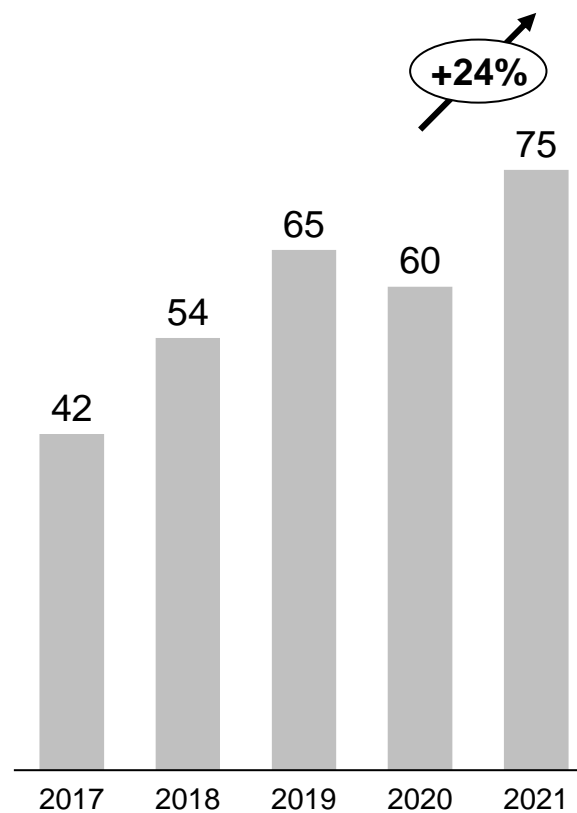
## Revenues

RON m



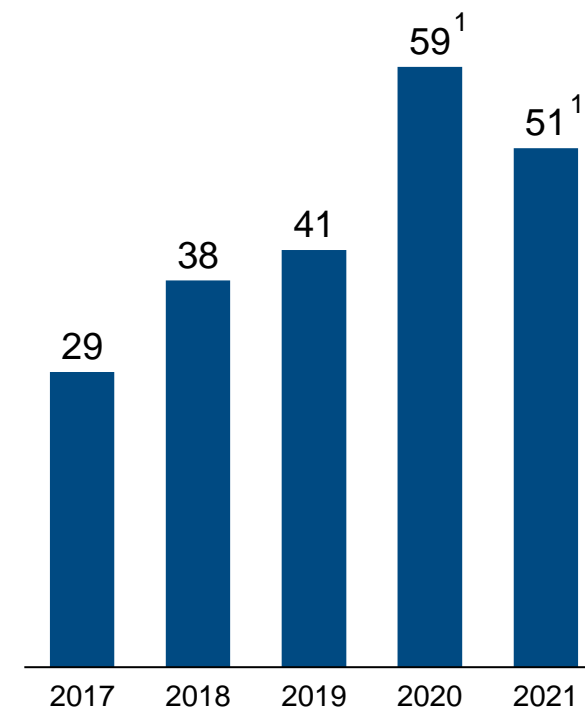
## EBITDA

RON m



## Net Income

RON m



(1) Includes the following one-off effects

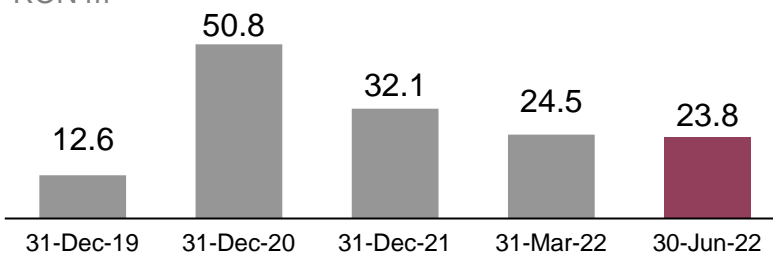
- Income on settlement of assigned receivable from Speed SRL
- Income from sale of the stake in Glass Container Company
- Loss from effect of consolidation of EcoSmart Union

# 1 Strong balance sheet, providing a solid footing for current macro environment

## Cash and Receivables

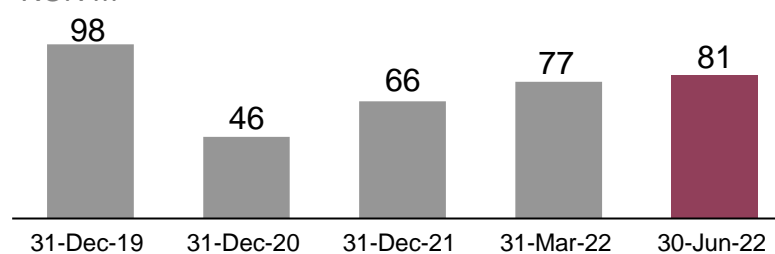
### Cash Position

RON m



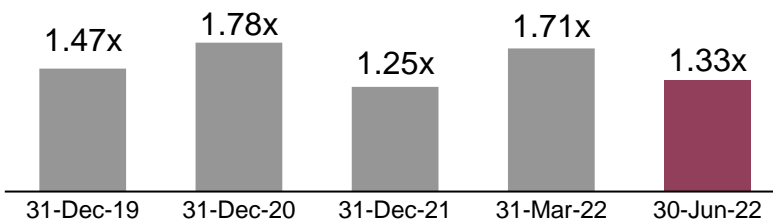
### Net Debt

RON m

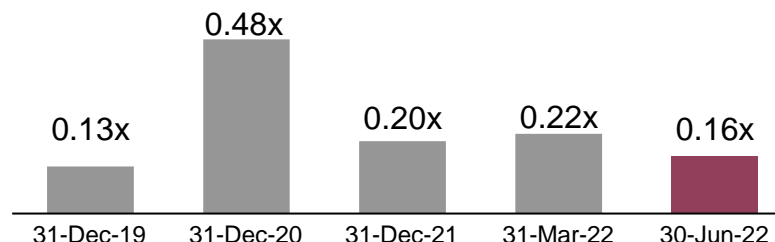


## Liquidity

### Current Ratio

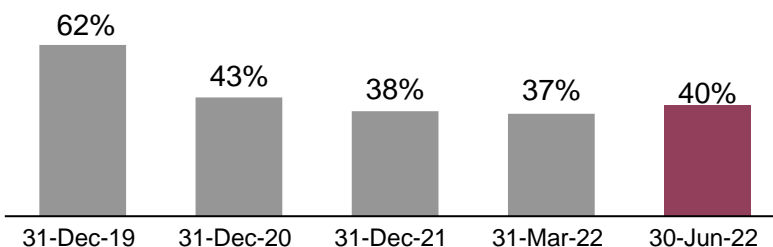


### Cash Ratio

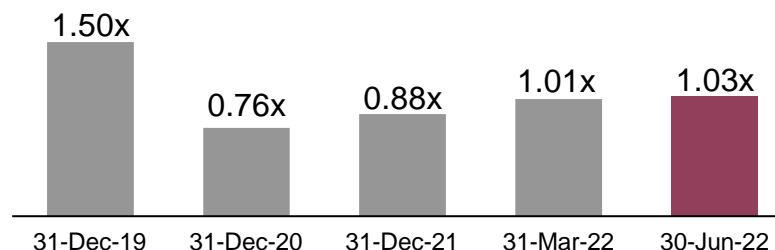


## Solvency

### Debt-to-Equity



### Net Debt-to-LTM EBITDA



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2 **Vision and Strategy**

3 Purcari Wineries stock

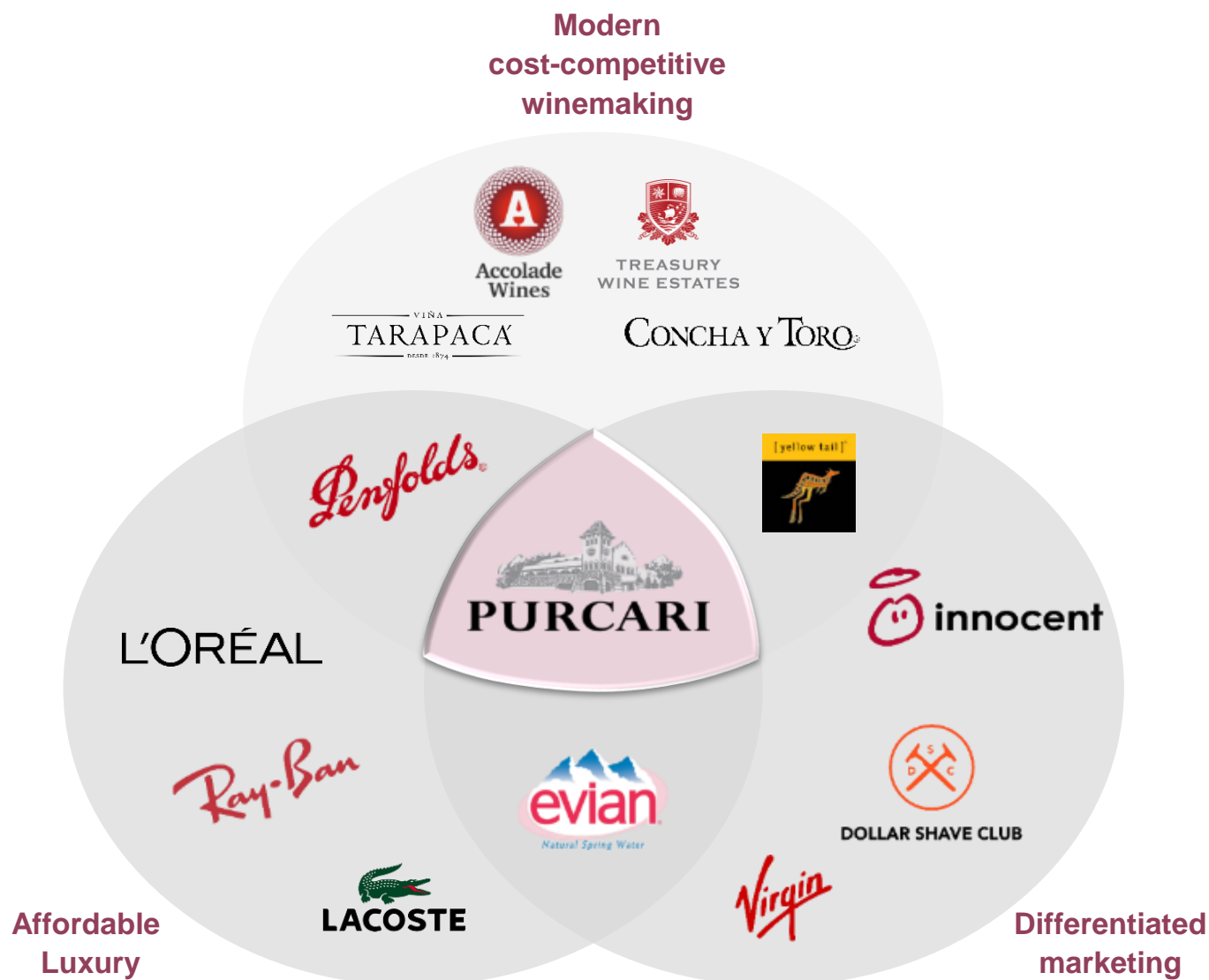
4 1H 2022 Operational Results



**Freedom Blend**  
A courageous blend  
of indigenous grapes  
from Moldova,  
Ukraine and Georgia,  
launched back in  
2014 and today it is  
more actual than ever



## 2 Our business model: Affordable Luxury



Purcari is positioned at the intersections of three themes:

- **Modern winemaking:** the company is a brand, as opposed to *appellation*-centric and runs a cost-efficient business.
- **Affordable luxury:** as an aspirational brand, Purcari wines are an example of affordable luxury, building on a heritage dating back to 1827 and ranking among the most awarded wineries in Europe.
- **Differentiated marketing:** the company is not afraid to be quirky about the way it approaches marketing, prioritizing digital channels and focusing on engaging content as opposed to traditional advertising.

### Our mission

To bring joy in people's lives by offering them high quality, inspiring, ethical wines and excellent value for money.

### Our vision

To become the undisputable wine champion in CEE, acting as a consolidator of a fragmented industry.

### Our values

#### *Hungry*

We win in the marketplace because we want it more.

#### *Ethical*

Always do the right thing and the money will follow.

#### *Thrifty*

The only way we can offer better value for money.

#### *Different*

We proud ourselves on taking a fresh look on things.

#### *Better*

We keep improving – both our wines and our people.

## 2 Purcari formula: operational excellence meets sound marketing

### Operational excellence

- **Location:** low-cost production platform in Romania, Moldova; very competitive vs. other EU, New world
- **Scale:** large and growing scale in a fragmented market where scale matters
- **Processes:** solid processes in place, minimizing the guesswork and human factor in operations
- **Culture:** past crises – following 2006, 2013 embargos cultivated hard learned cost-discipline
- **Balance sheet:** strong balance sheet to trade payment terms for margin
- **Quality:** offer superior quality at a given price point

Lower costs

### Clever marketing

- **Philosophy:** be genuine, talk to the consumer, don't sell to them
- **On a shoestring:** focus on creative, viral marketing, on small budgets
- **Digital first:** focus on new media, with Facebook, Instagram and YouTube as main platforms
- **"Lean Startup":** fast prototyping, encourage experimentation, tolerate failure, react fast to flops
- **Product innovation:** constantly innovate line-up and packaging, to keep up with the changing tastes
- **Influencer marketing:** work along key opinion leaders, including bloggers and fashion divas

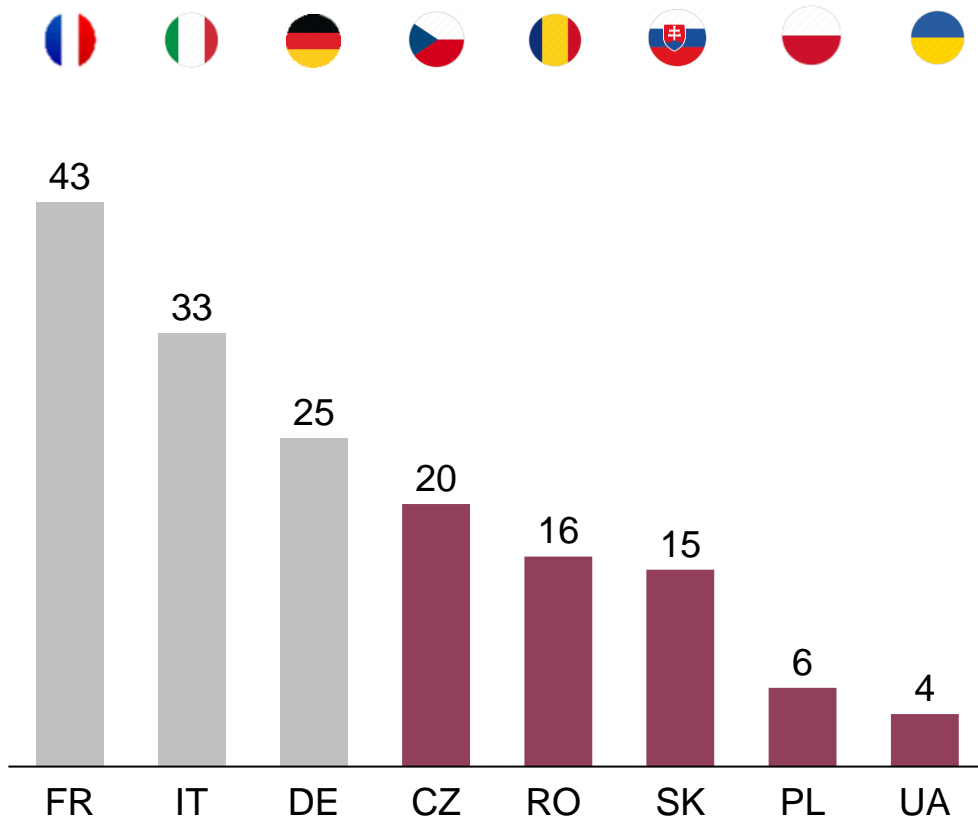
Brand premium

Strong sales and margins

## 2 CEE consumption especially strong, on shifting drinking patterns

### Plenty of catch up for CEE countries

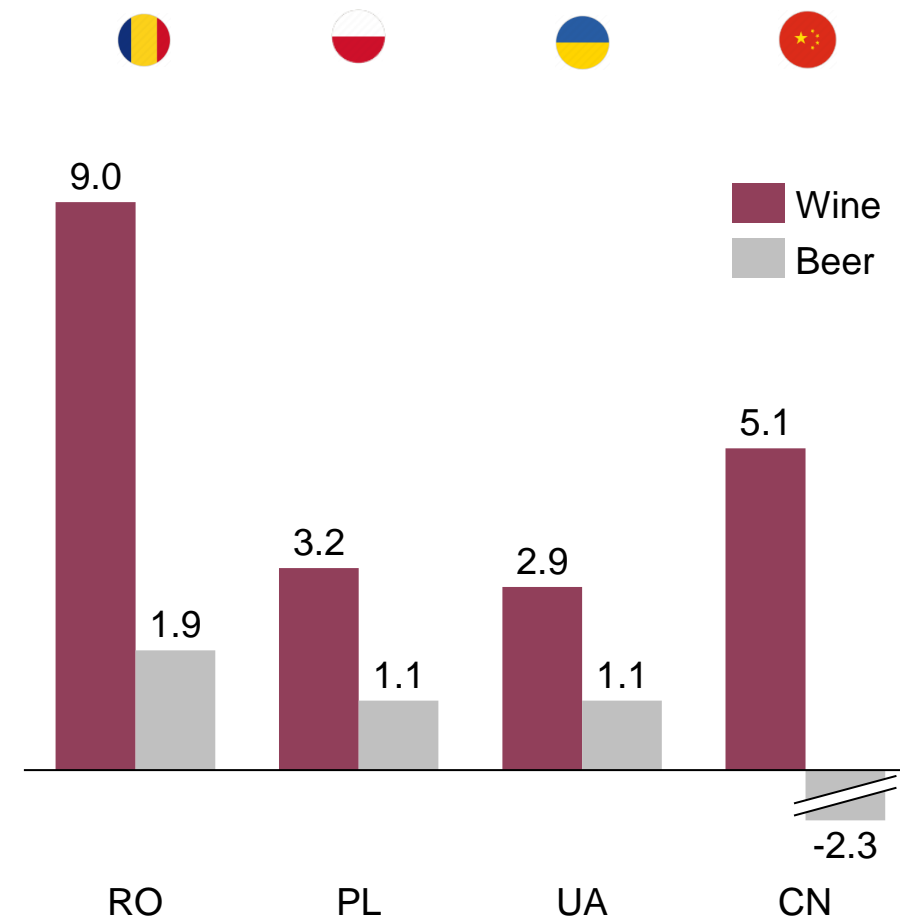
Wine consumption, litres per capita, selected countries



- Per capita wine consumption in CEE lags significantly WE levels, but catches up on growing share vs. beer

### Wine steals share from beer

Forecast growth by category, by country 2016-2020F, %

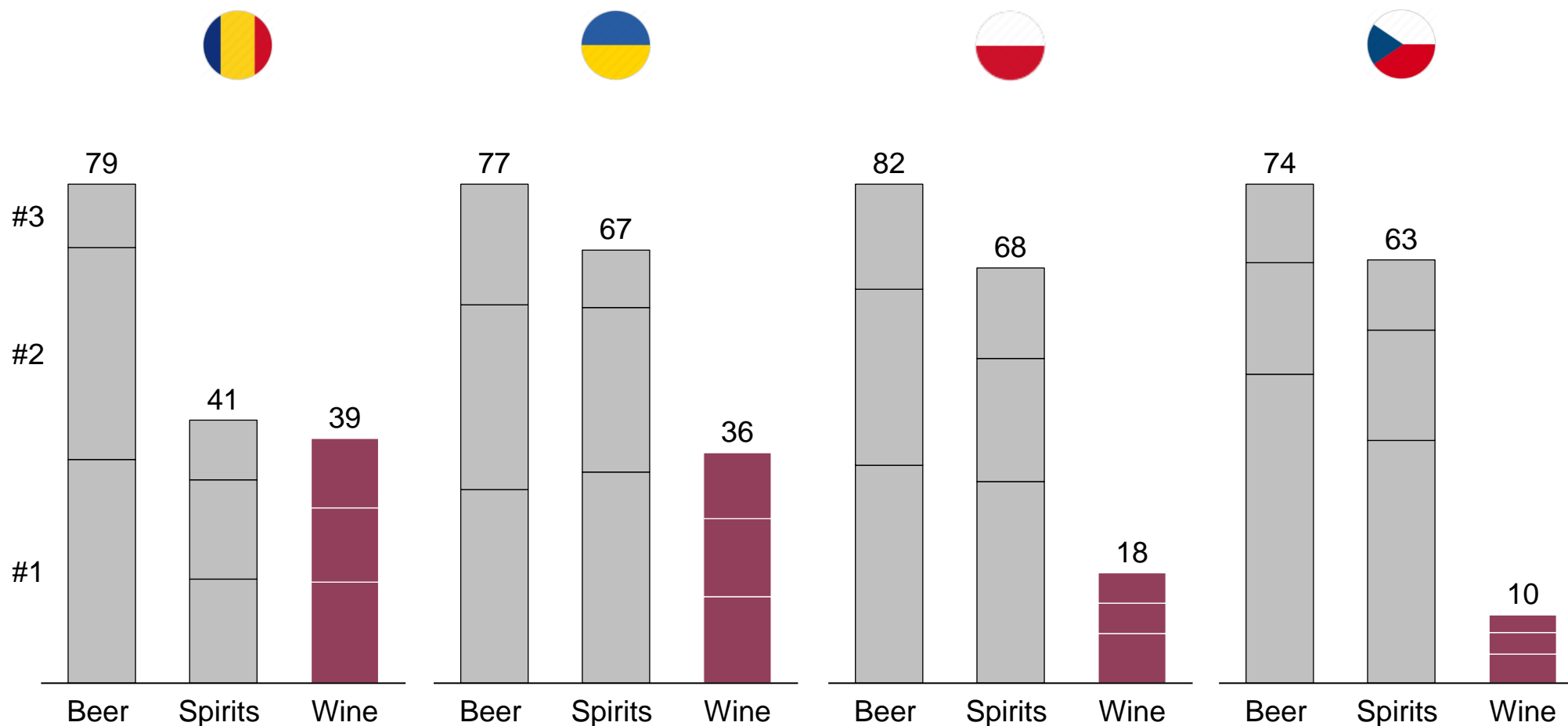


- Romania, Group's largest market, show fastest growth forecast in CEE

Source: Statista, Euromonitor, Nielsen

## 2 Vision: be the consolidator of a fragmented market

Volume share top-3 players by country, %



*Unlike beer or spirits, **wine market remains very fragmented**; players who have the scale and sophistication needed – are in a **great position to consolidate it***

Source: Euromonitor 2016, market share for top-3 players in the still wine category; \*excludes Murfatlar, in insolvency

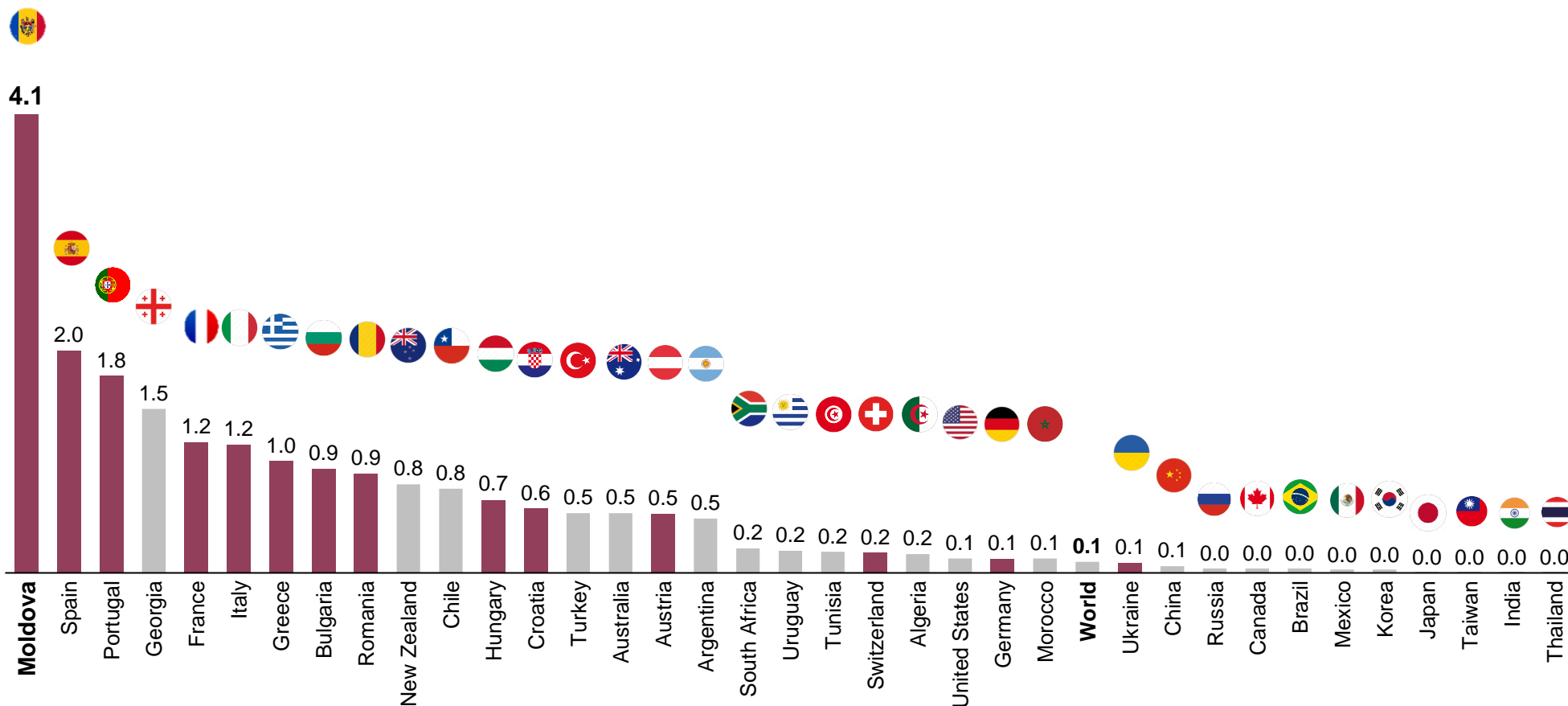


## 2 Moldova has largest vineyard area per capita globally

### Per Capita vineyard area worldwide, 2018

Hectares per capita

Europe Rest of the World



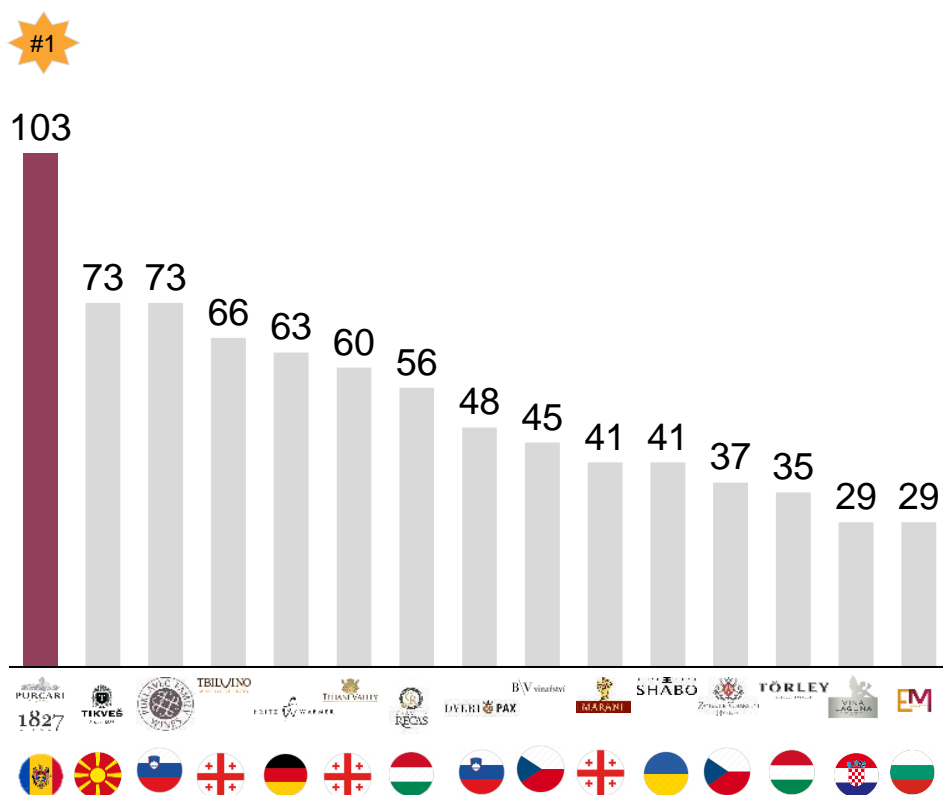
*In Moldova, the Group benefits from a very **competitive exports** platform to all of CEE*

Source: Anderson, K. and V. Pinilla (2020) Annual Database of Global Wine Markets, 1835 to 2018

## 2 Quality highly commended, remain the most awarded winery in CEE

Leading medal-winning winery in CEE at Decanter, the Wine "Olympics"

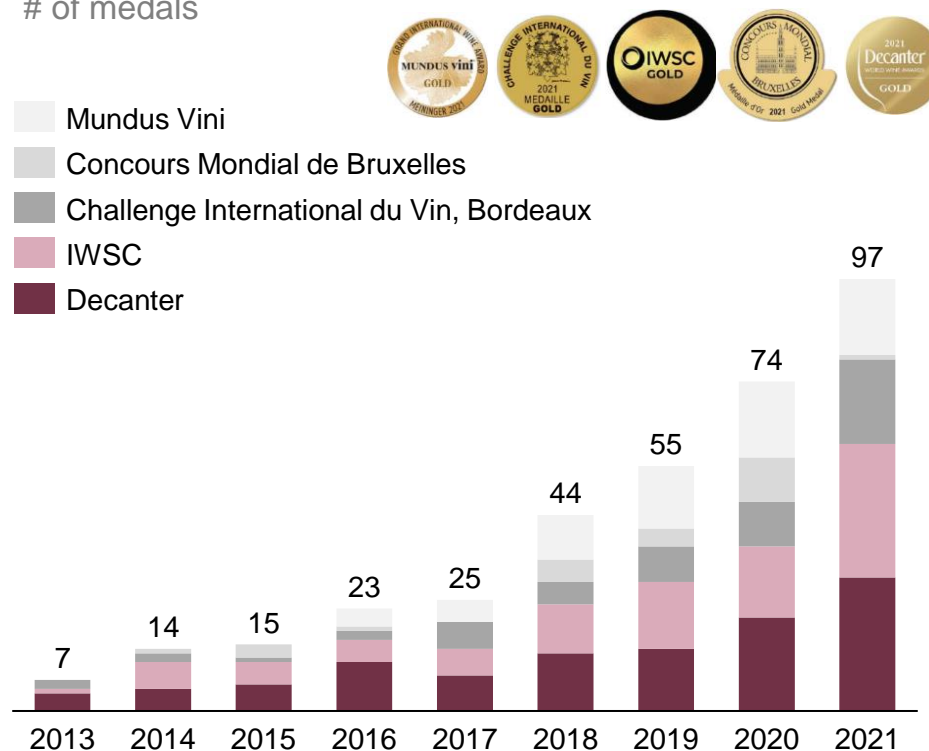
# of Decanter medals in 2015 – 2022



- Most awarded winery to the east of Rhine, ahead of reputable (and much pricier) German, Hungarian or Austrian wineries

Increasing number of medals won from year to year, In 2021 the most awarded winery in the World

# of medals



- Unlike beer or spirits, wine production is more prone to quality fluctuations. The Group has demonstrated the ability to consistently raise its quality bar, as illustrated by the mounting number of medals - won at top global competitions.

## 2 Outstanding results at most reputable wine competitions in 2021

# PURCARI – THE WORLD’S MOST AWARDED WINERY

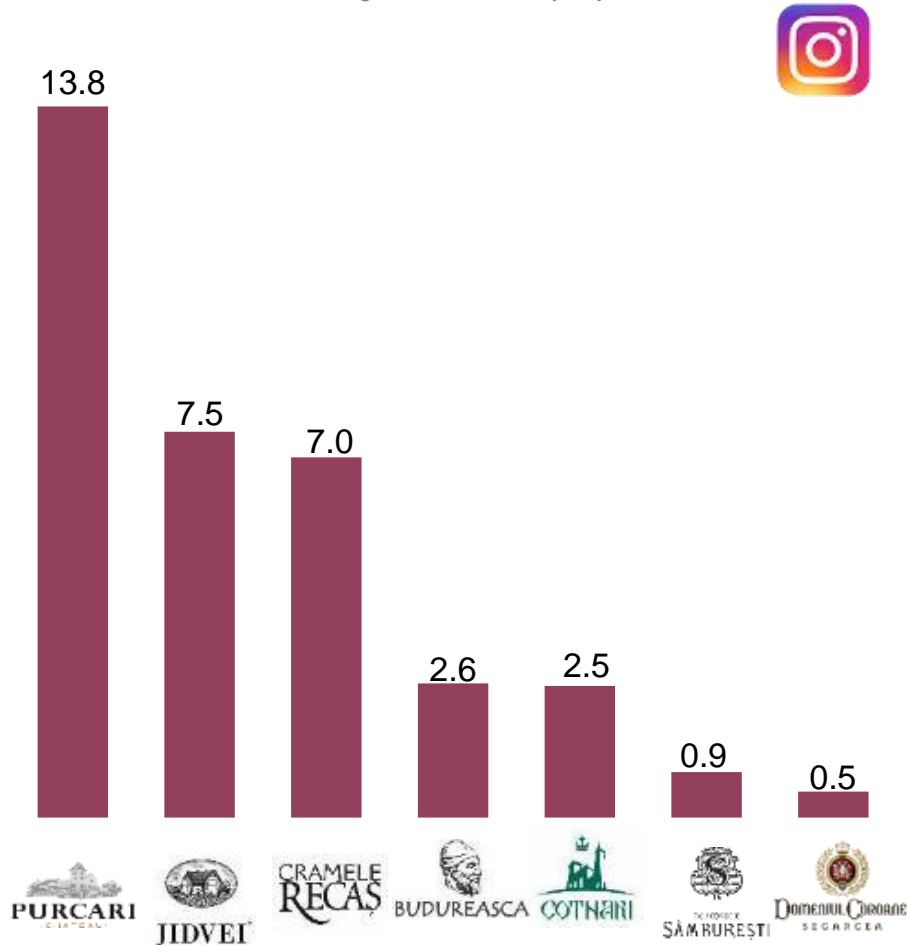


\* Awards won at the most important international contests in 2021: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concurs International de Lyon, Berliner Wine Trophy, London Wine and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women's International Trophy, Vinalies Internationales.

## 2 Topping competition at engagement and quality

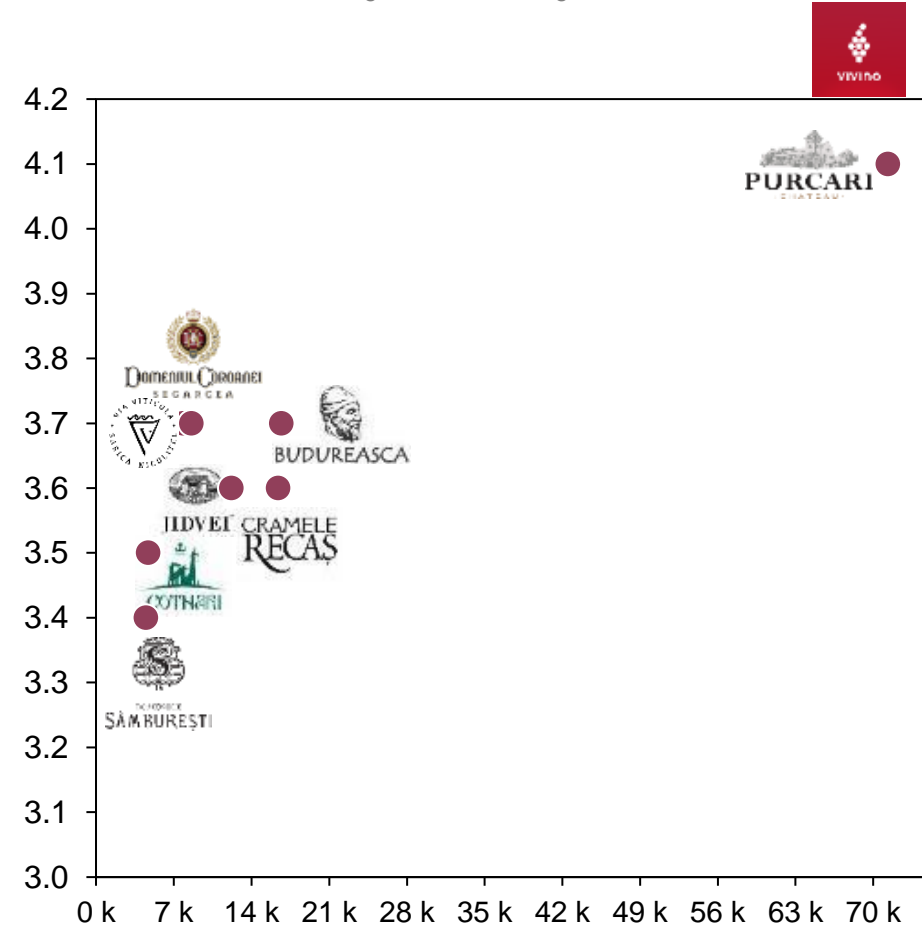
### Aspirational brand which consumers like sharing about

Number of #brand uses on Instagram, thousand, by key Romanian brands



### Highest number of ratings and highest scores on Vivino

X axis – number of Vivino ratings; Y axis – average Vivino score



Note: Purcari - #purcari, Cramele Recas - #recas, Jidvei - #jidvei, Cotnari - #cotnari, Budureasca - #budureasca, Samburesti - #samburesti, Segarcea - #segarcea

Sources: Instagram, Vivino as of August 2022

## 2 Vivino feedback remains very strong, essential for online sales

#1 presence in the crucial RON 30-60 segment, holding 10 out of TOP-25 positions



#1

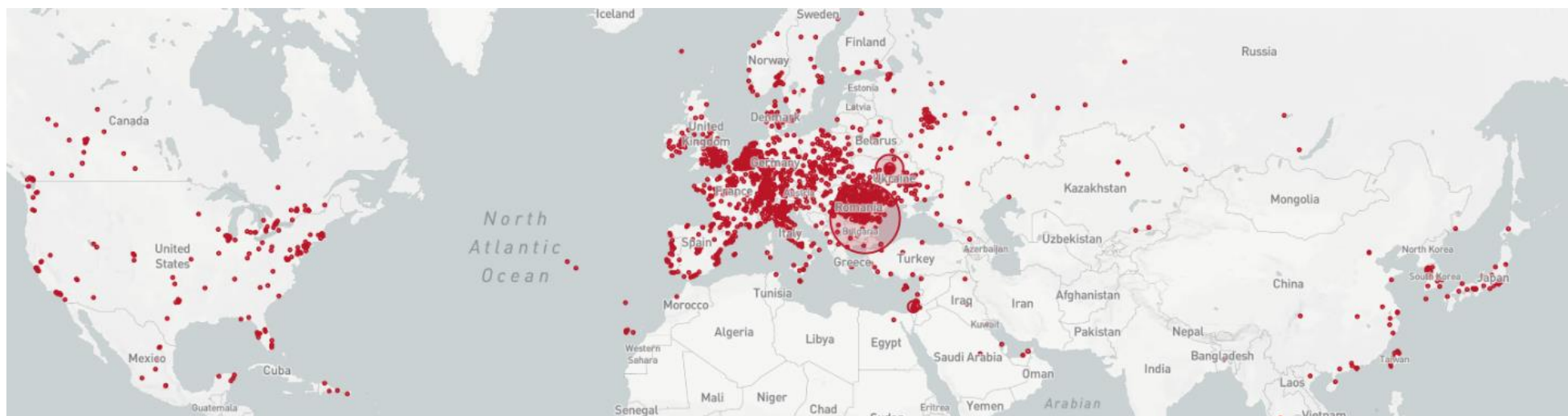


- We remain **obsessed with the quality of our wines**, which pays off in excellent consumer feedback.
- In our core premium segment, 30-60 RON per bottle shelf price, we dominate the category with **10 best-rated wines in Vivino's top-25**.
- Negru de Purcari 2015 - among the **top 1% of all wines in the world**.
- We remain convinced, it is the **product that will make the difference** in the mid and long term with consumers, so we are focusing on making exciting wines that capture people's imagination.

*Note: as per Vivino breakdowns as of August 2022*



## 2 Growth in Vivino usage, key for consumer engagement, ecommerce



**4.20**

Average score out of  
5.0 in 2Q22

**77%**

Scores equal or  
above 4.0

**Top 1%**

Global ranking based on  
avg. score received

**29,021**

Vivino scans in  
2Q22



**+7%**

1H22 YoY scans

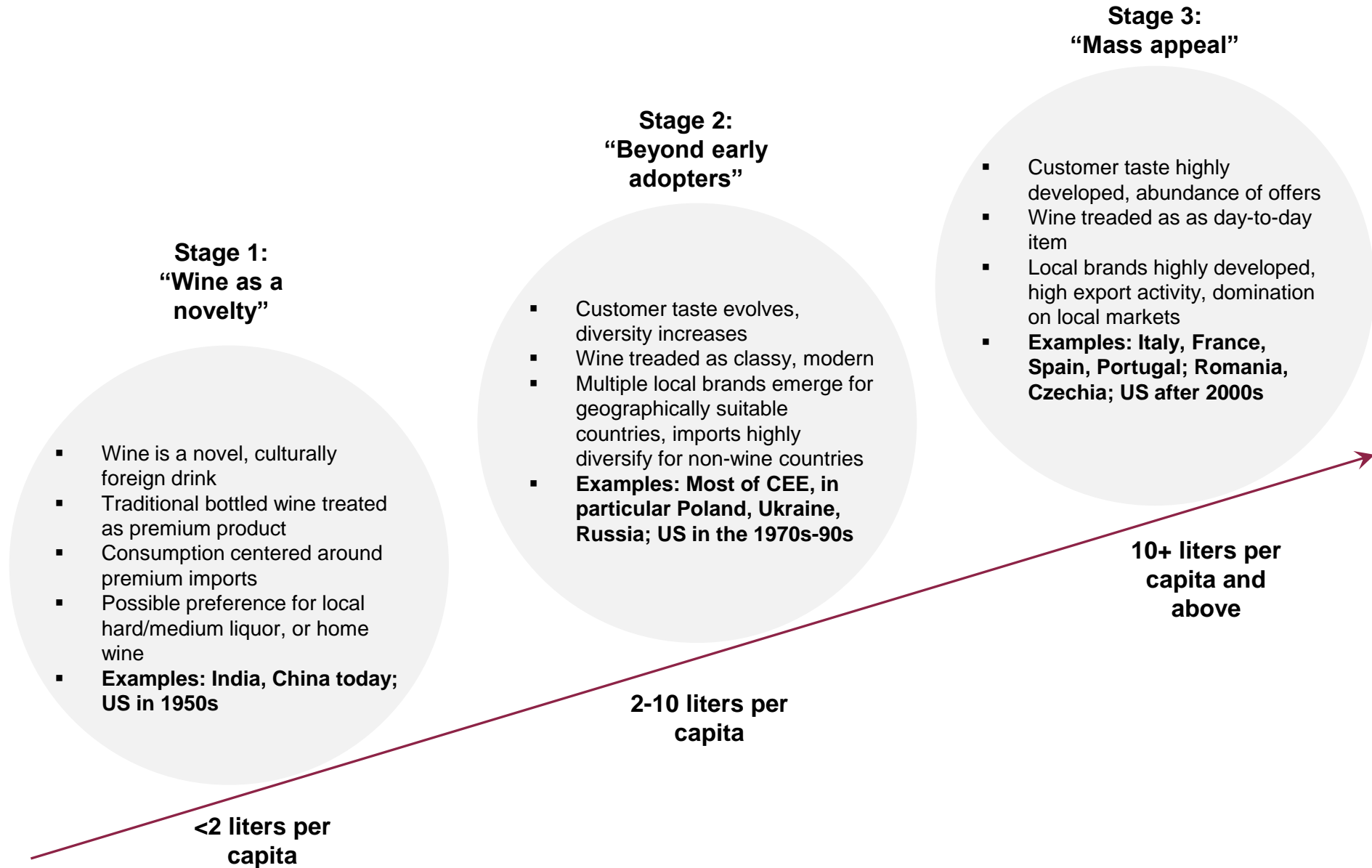
**96**

# of countries where  
Purcari has been  
scanned

## 2 Part of Decanter Top Classic Wines 2021 among much pricier wines

<i>Wine</i>	<i>Origin</i>	<i>Vintage</i>	<i>Vivino</i>	<i>Points</i>	<i>Price (in UK)</i>
Negru de Purcari ( <i>Chateau Purcari</i> )		2019	4.4	93	£26
Enclave Cabernet Sauvignon ( <i>Ventisquero</i> )		2014	4.3	93	£45
Testamatta Toscana IGT ( <i>Bibi Graetz</i> )		2018	4.3	90	£65
Teperberg Legacy Cabernet Franc ( <i>Judean Hills</i> )		2018	4.3	92	£66
Hardys Eileen Hardy Chardonnay ( <i>Yarra Valley</i> )		2019	3.8	93	£61
PN VZ16 Brut Champagne ( <i>Bollinger</i> )		n/a	4.4	93	£90
Dei, Madonna della Querce ( <i>Vino Nobile</i> )		2016	4.5	94	£69
Don Melchor, Cabernet Sauvignon ( <i>Puente Alto</i> )		2018	4.6	95	£99
Tenuta San Guido, Sassicaia ( <i>Bolgheri Sassicaia</i> )		2018	4.6	95	£325
Comtes de Champagne Blanc de Blancs ( <i>Taittinger</i> )		2008	4.5	96	£149
Elisabeth Salmon Rose Brut ( <i>Billecart-Salmon</i> )		2008	4.5	97	£172
Terlaner Primo Grande Cuvee ( <i>Cantina Terlano</i> )		2018	4.5	98	£220
Hill of Grace ( <i>Henschke</i> )		2016	4.6	99	£550

## 2 Wine markets evolve, as wine moves from novelty to masses



## 2 Country origin frontier pushed ahead as millennials search for authenticity

### Old World Before 1980s



### New World 1980s-2010s



### The New Frontiers 2010s - onwards



***New Frontier champions will inevitably emerge, leveraging a lower cost structure, better access to new markets and better understanding of local consumers***

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3 **Purcari Wineries stock**

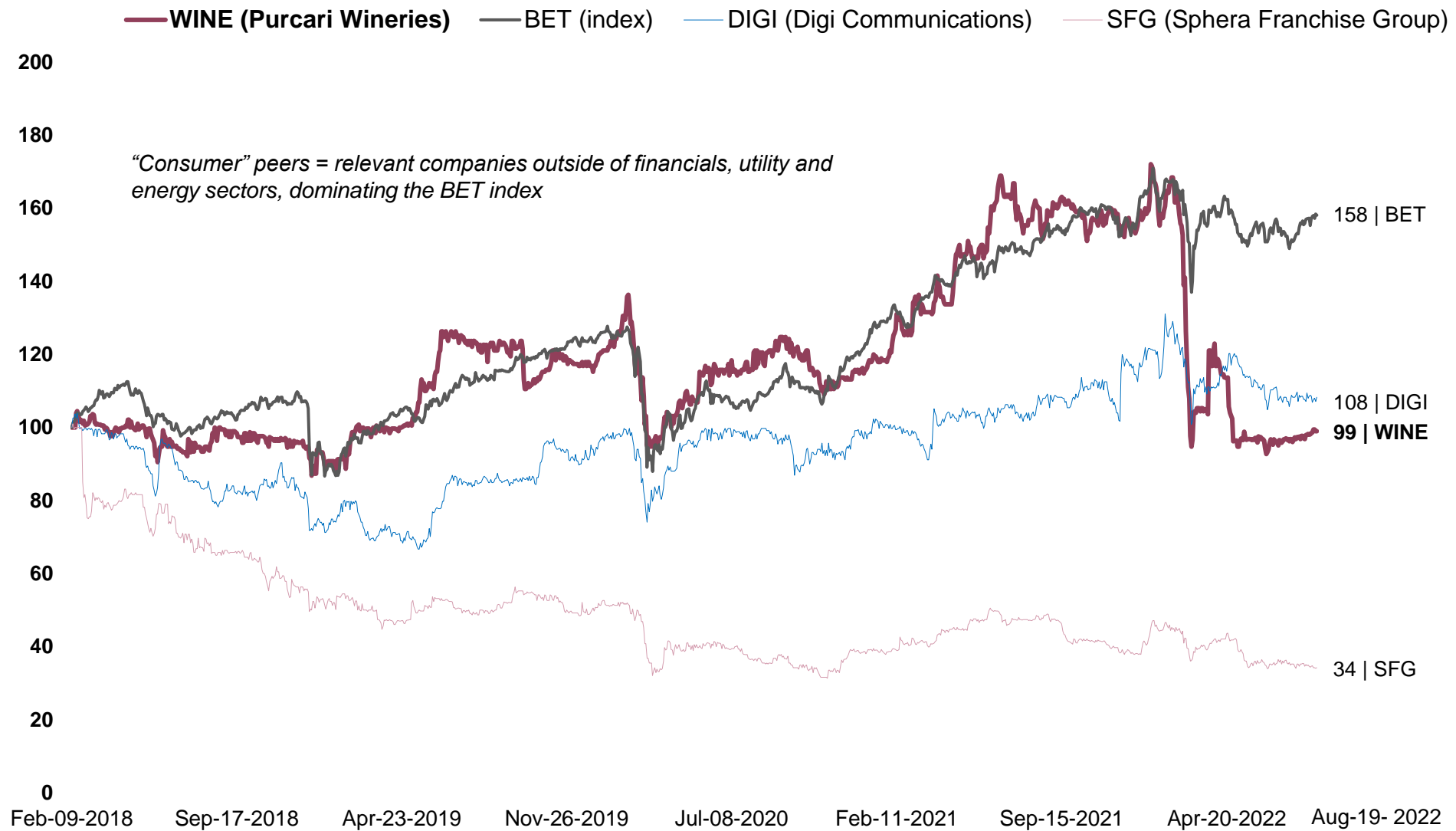
4 1H 2022 Operational Results



**Rosé de Purcari**  
Grand Gold at Concours  
Mondial de Bruxelles –  
2022 Edition,  
4.3 score on Vivino



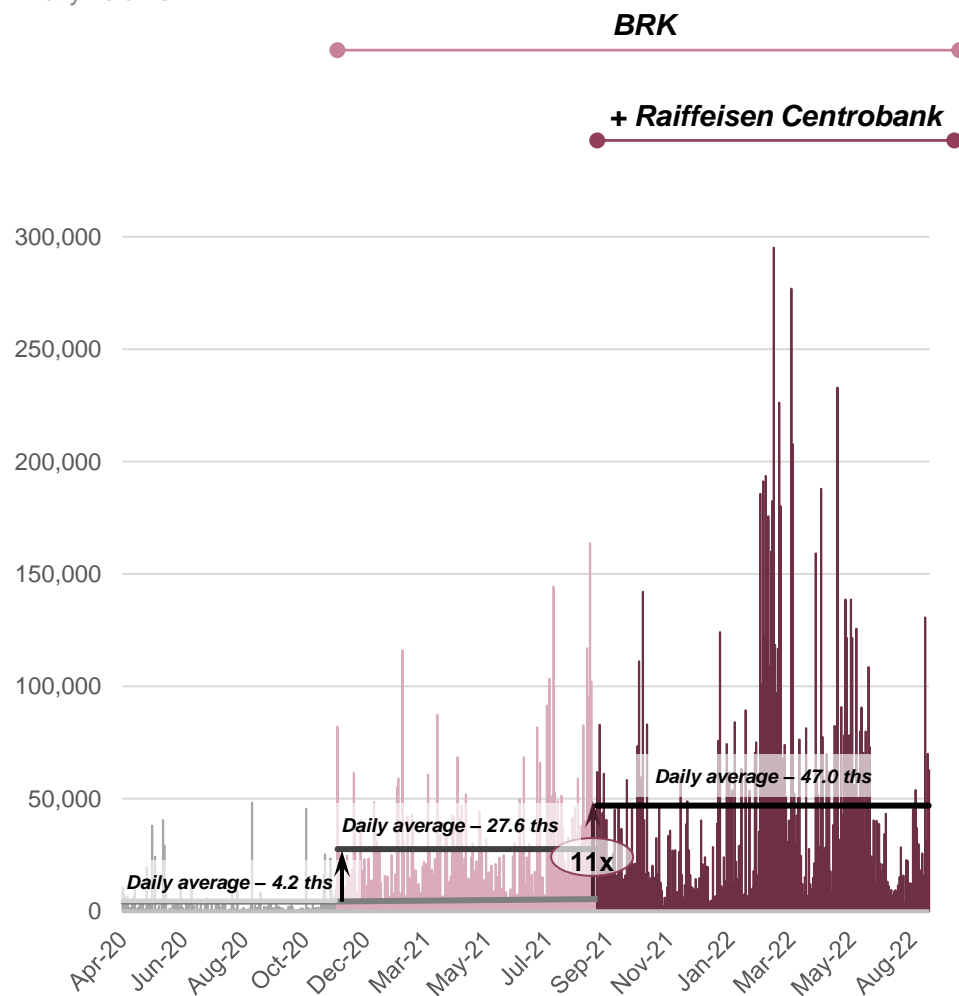
### 3 Stock performance



### 3 Purcari stock liquidity

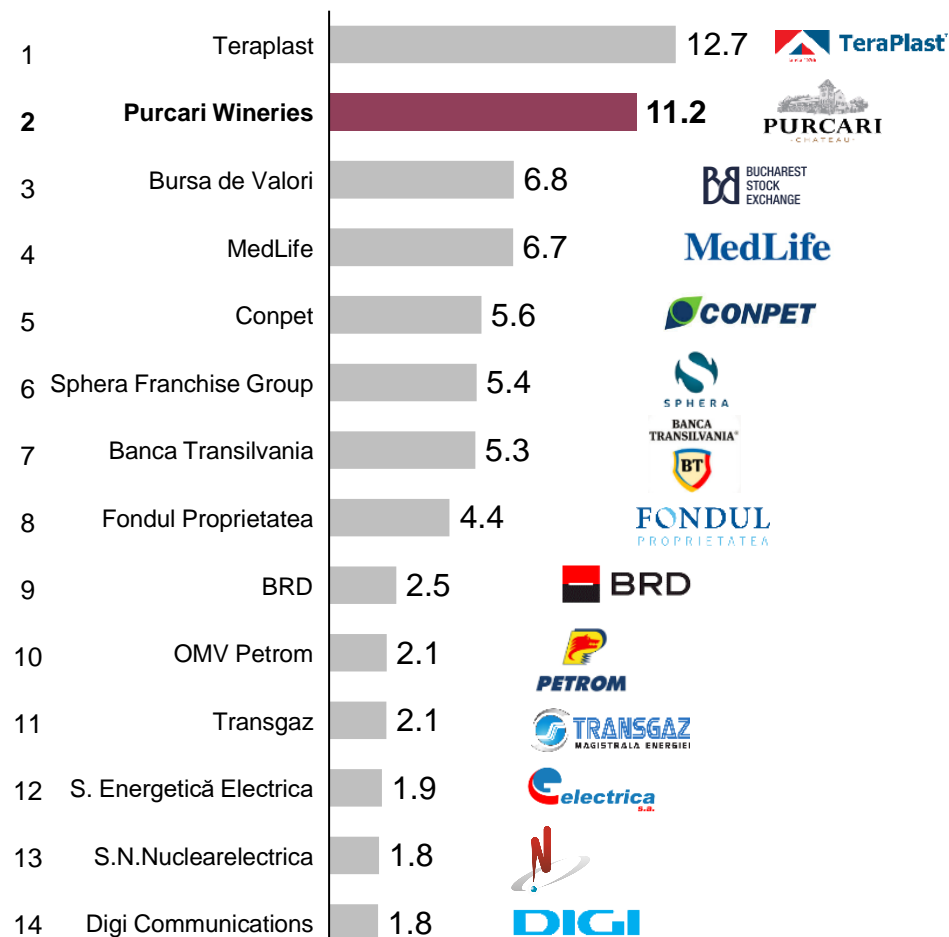
#### Rapid rise of stock's liquidity after starting working with Market Makers for Purcari shares

Daily volume



#### Relative to Market Cap, our stock is top-ranked among BET components

Ratio of daily trade value to Market Capitalisation, 2021-2022 YTD average, bps

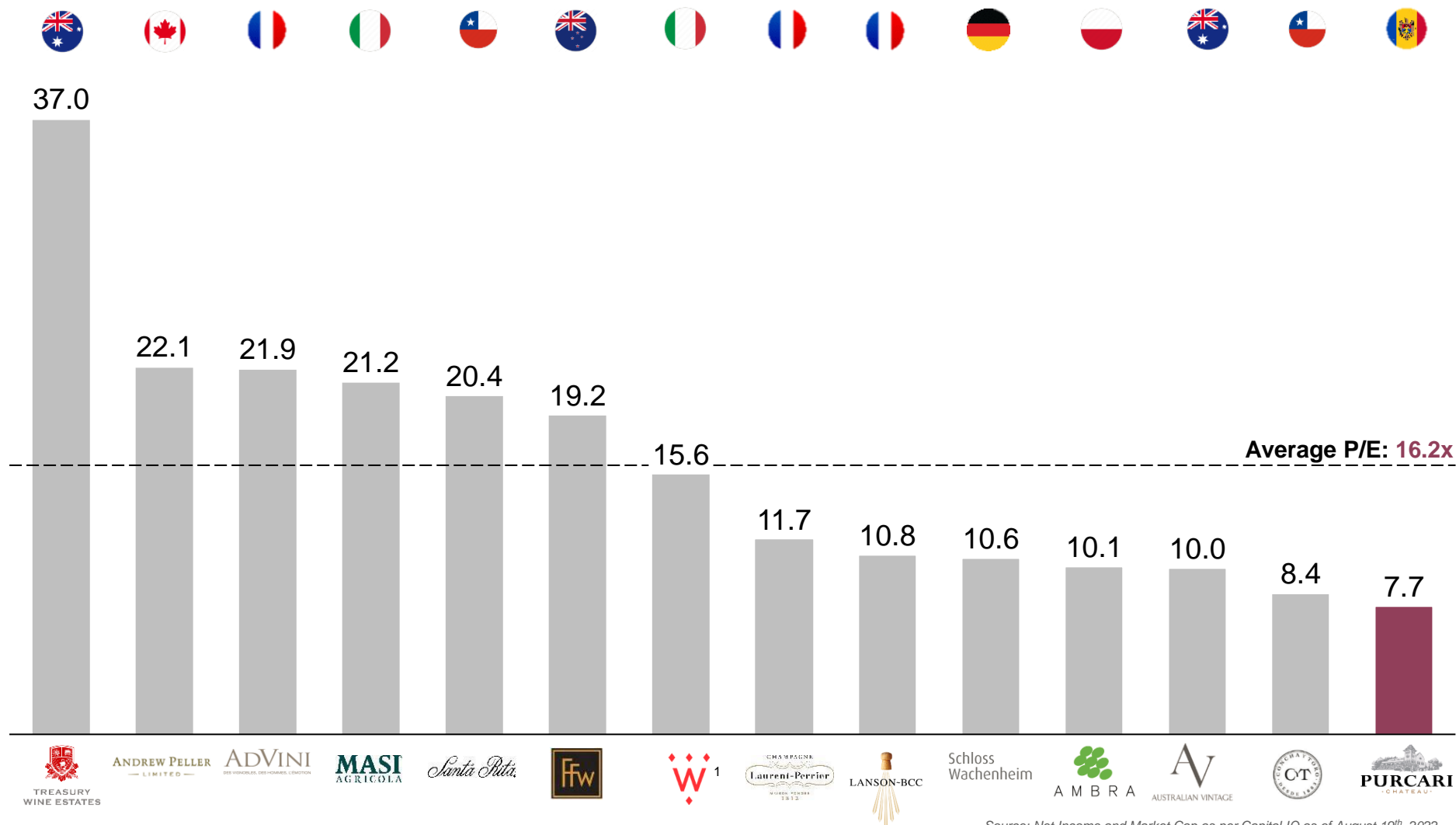


Source: Bucharest Stock Exchange, Capital IQ

### 3 Low valuation relative to wine peers

#### Purcari vs Selected wine public companies

P/E LTM Multiples

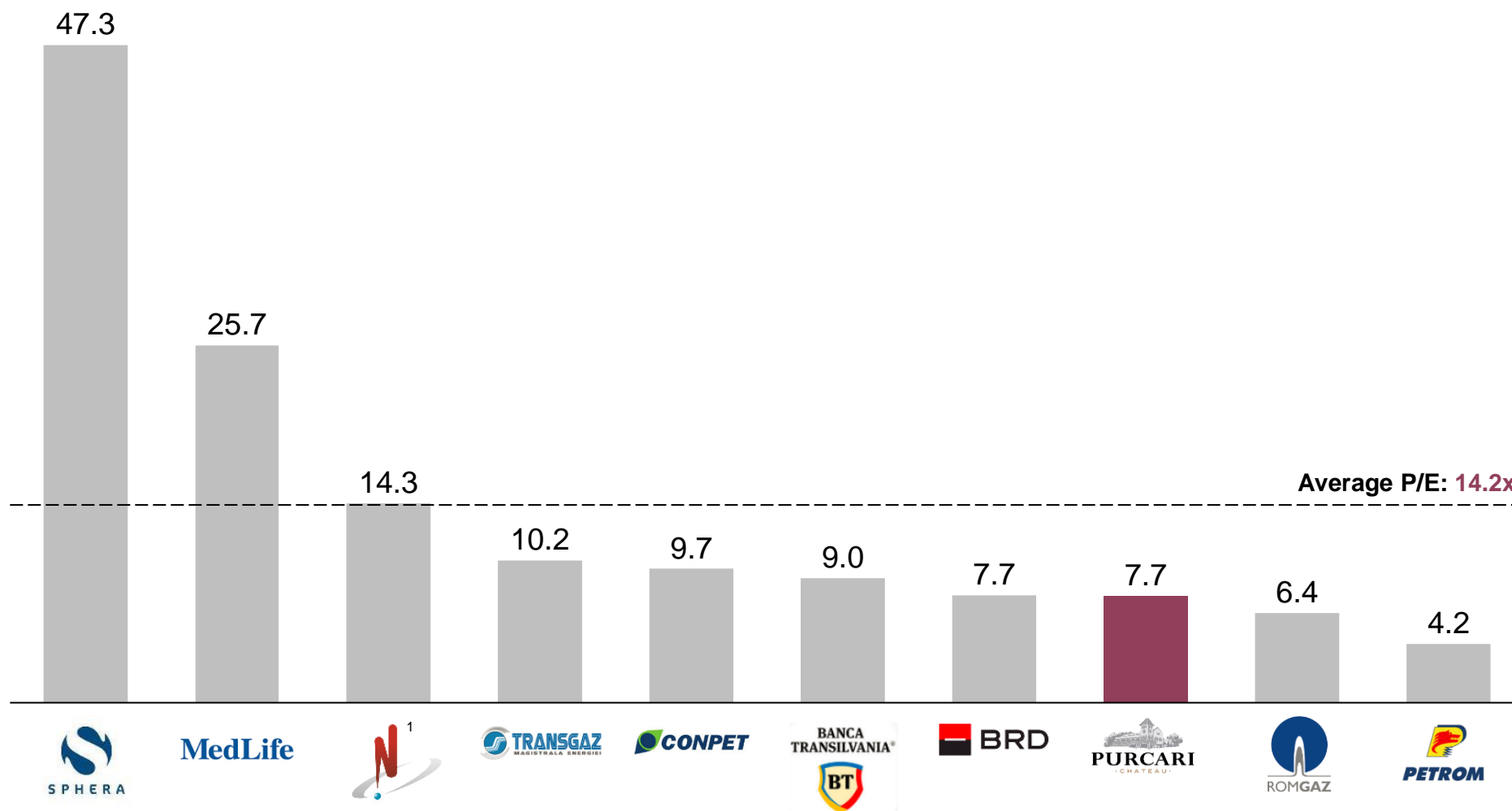


Source: Net Income and Market Cap as per Capital IQ as of August 19<sup>th</sup>, 2022  
 Note: Diluted EPS excluding extra items used for P/E multiple; (1) Italian Wine Brands

### 3 Average valuation relative to Romanian listed peers

#### Purcari vs selected Romanian public companies

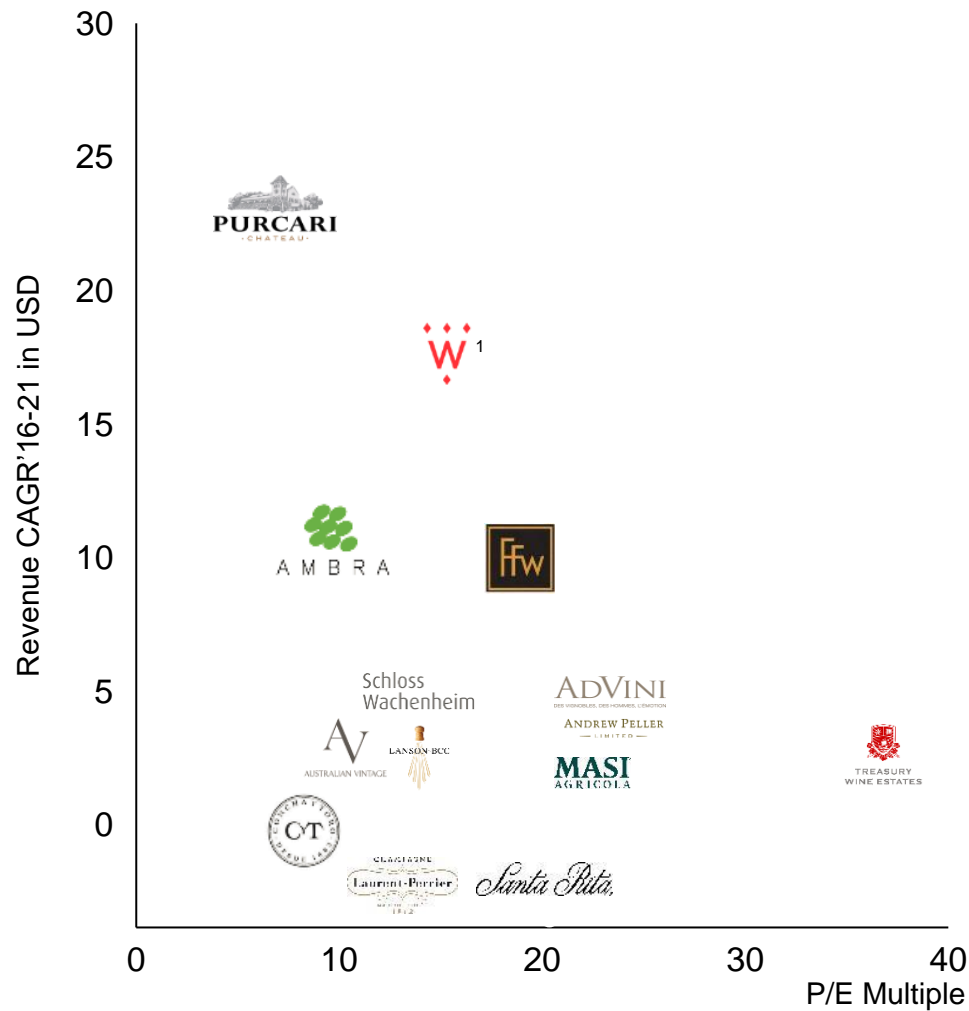
P/E LTM Multiples



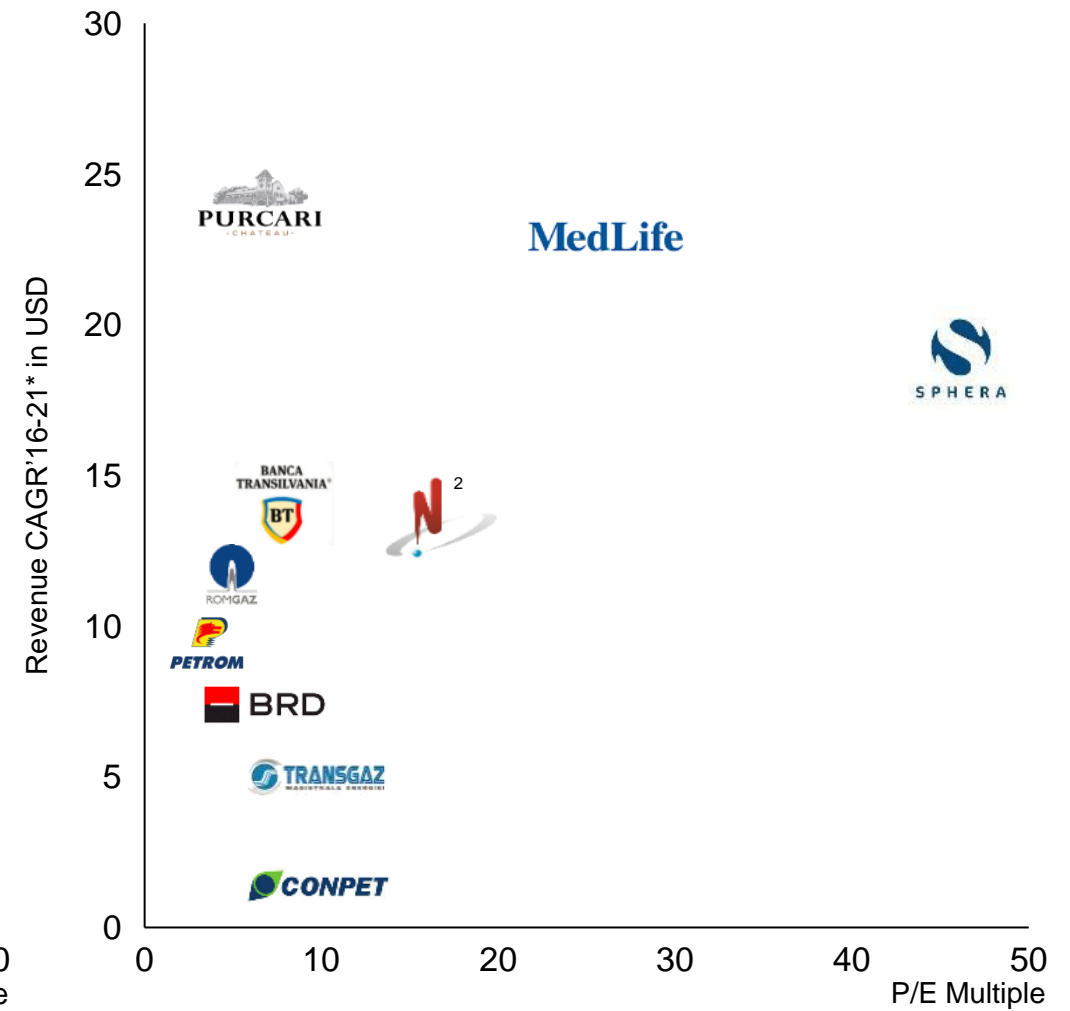
Source: Capital IQ, Company Data as per Capital IQ as of August 19<sup>th</sup>, 2022  
Note: Diluted EPS excluding extra items used for P/E multiple; (1) Nuclearelectrica

### 3 High growth not incorporated in valuations yet

Purcari vs selected wine public companies



Purcari vs selected Romanian public companies



Source: Capital IQ, Company Data, LTM P/E multiples as of August 19<sup>th</sup>, 2022. Growth figures as per Capital IQ, minor discrepancies with Purcari reported performance possible due to exchange rate treatment  
 Note: Diluted EPS excluding extra items used for P/E multiple; (1) Italian Wine Brands; (2) Nuclearelectrica



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4 **1H 2022 Operational Results**



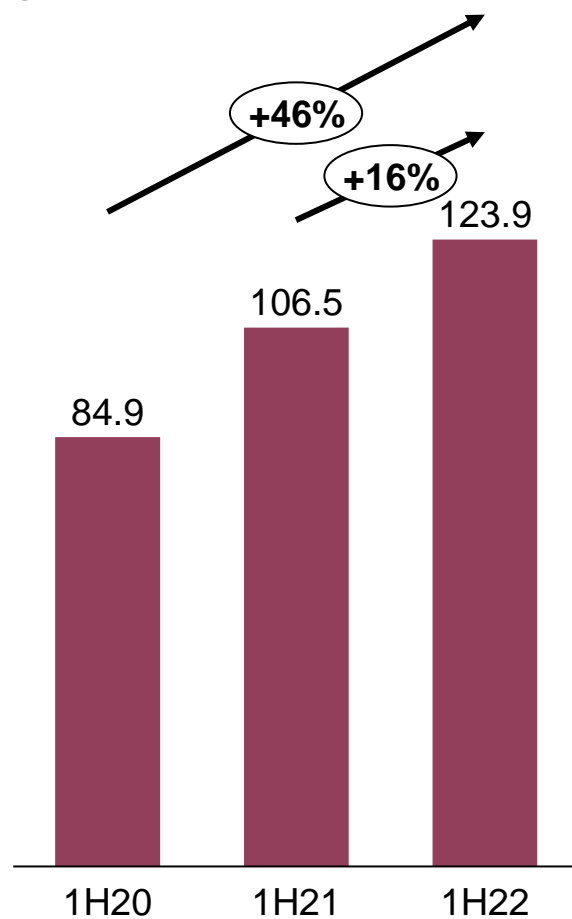
**Academia Purcari**  
Rară Neagră

Produced in a  
limited number -  
4,632 bottles  
**Gold at Decanter  
World Wine  
Awards 2022**

## 4 Maintaining double digit growth and strong margins in 1H22

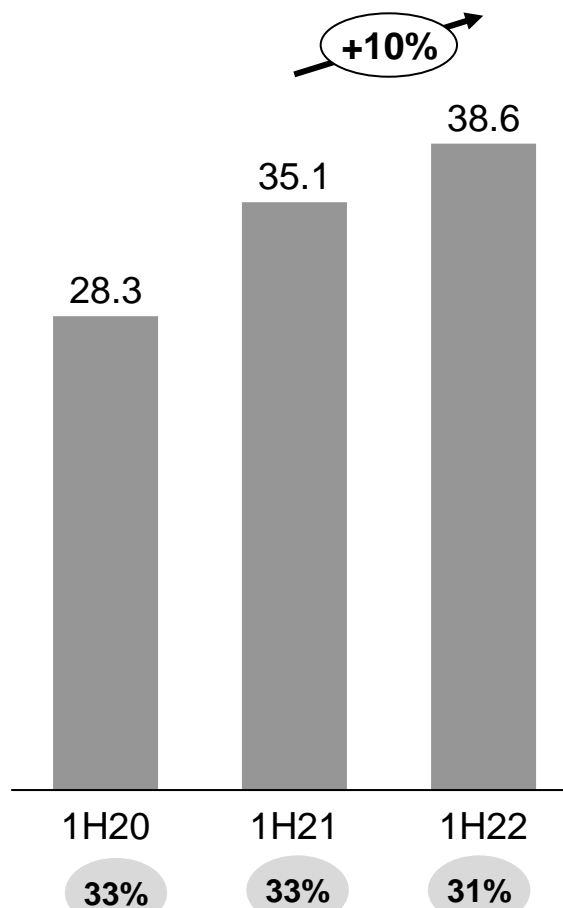
### Revenues

RON m



### EBITDA

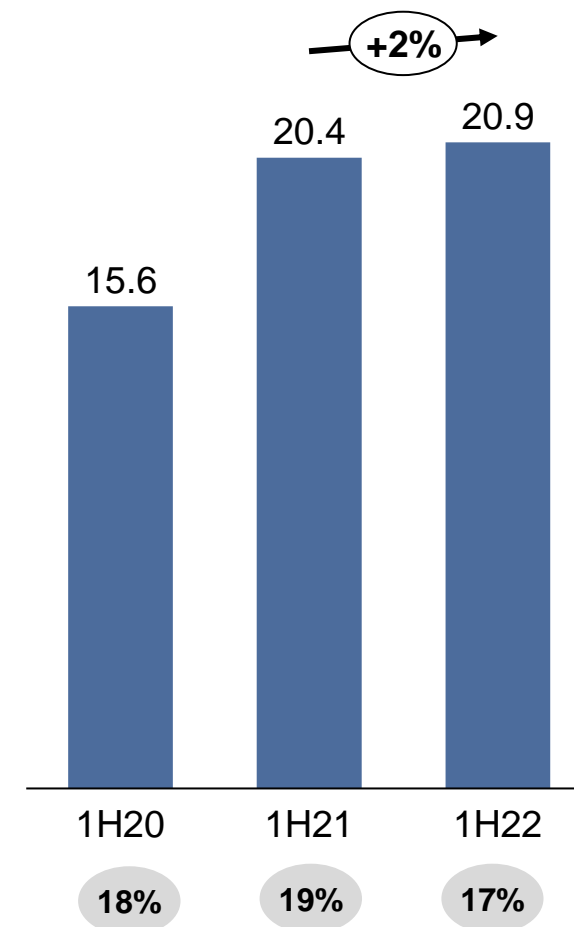
RON m



*EBITDA margin*

### Net Income

RON m



*Net Income margin*

## 4 Key operational highlights for 1H22

### Upward sales, despite regional challenges

- Revenues up 16% YoY on better mix and gradual price increases applied.
- Strong performance for high premium brands: Purcari and Bardar.
- Moldova showing strong evolution, brands performing well across all channels.
- China continues the double-digit growth with 30% in 1H22 YoY.
- Drop in Ukraine sales has adversely affected growth.

### Resilient margins, amid inflationary pressures

- EBITDA and Net Profit margins at 31% and 17%, above the indicated FY2022 guidance.
- Coping well with increased pressure on cost base; main cost drivers from rising packaging prices as well as the use of wine stock from the smaller 2020 harvest.
- Price increases gradually applied, as time is required for it to be passed-through the retail.
- Improved mix, with strong growth of flagship Purcari brand, both value and volume, contributing to better margins. Bardar showing increased demand for premium brandy.

### Continue investing in growth, sustainability

- Solar Panels installed on the roof of the Purcari Winery, to provide 15% of annual electricity consumption for the winery.
- New warehouse built at Crama Ceptura winery with one million bottles storage capacity, to support regional growth and streamline the logistics.
- Launched the irrigation system at Purcari Winery, securing the sustainable development for 300ha of vineyards.

### Active capital markets agenda

- Dividend of 0.51 RON/share to be paid on September 8<sup>th</sup>, 2022, ex-date: 22.08.2022.
- High liquidity of WINE share, maintained in FTSE Global Micro Cap Index
- Upcoming participation at Moldova-Romania: Capital Bridges forum on Sep 13 as well as FP Frontier Investor Days on September 15-16, both in Bucharest
- Purcari Investor Day planned on September 30<sup>th</sup>, to be held at Chateau Purcari, Ștefan Vodă region, Republic of Moldova.

## 4 Maintaining strong margins, proving resilience in current turmoil

RON m	1H22	1H21	Δ '22/'21
Revenue	123.9	106.5	16%
Cost of Sales	(65.2)	(53.2)	23%
Gross Profit	58.7	53.3	10%
<i>Gross Profit margin</i>	<i>47%</i>	<i>50%</i>	<i>(3 pp)</i>

SG&A:	(27.4)	(26.0)	5%
<i>Marketing and selling</i>	<i>(12.6)</i>	<i>(12.8)</i>	<i>-1%</i>
<i>General and Administrative</i>	<i>(14.7)</i>	<i>(13.3)</i>	<i>11%</i>
Other income/expenses:	(1.5)	1.1	-









EBITDA	38.6	35.1	10%
<i>EBITDA margin</i>	<i>31%</i>	<i>33%</i>	<i>(2 pp)</i>

Net Profit	20.9	20.4	2%
<i>Net Profit margin</i>	<i>17%</i>	<i>19%</i>	<i>(2 pp)</i>





### Comments

- Gross margin at 47%. Premiumization strategy and better mix partly offset the adverse effects of inflationary pressures, higher depreciation and strengthening MDL vs. RON
- Marketing and selling expenses at 10% of revenue, down 2% vs 1H21; agile marketing approach, to quickly react to context changes
- G&A expenses stable at 12% of revenue, growing slower than inflation in the countries of operation. Including expenses related to newly incorporated subsidiaries: Ecosmart and Vinoteca Gherasim Constantinescu. Ongoing focus on cost discipline
- Increase in Other expenses, comprising bad debt provision for trade receivables related largely to Ukrainian sales and Ecosmart activity
- EBITDA up 16% QoQ, reaching RON 38.6 million at 1H22. EBITDA margin of 31% well above 20-25% guidance provided. Keep prioritizing profitability over volumes
- Net profit at RON 21 million, above last year results, with a 17% margin, also above FY22 guidance

## 4 Sustainable growth, despite the global turmoil

Market	Share of sales, 1H22	Δ 1H22 YoY	Comments
RO 	53%	+7%	<ul style="list-style-type: none"> <li><b>RO:</b> overall market weaker during 2Q but started showing improving demand as of June. Good traction for our national Crama Ceptura brand. Purcari mid single-digit growth with strong traction for Nocturne series in HoReCa. Bardar fast growth YoY on increased demand from Key accounts, albeit from smaller base. Efforts on higher marginal Bostavan SKUs at expense of volume increase.</li> </ul>
MD 	20%	+44%	<ul style="list-style-type: none"> <li><b>MD:</b> Sales continue growing in all channels. All brands performing strong, both by value and volume terms. Focusing on implementing planned trade activities to benefit from market revival after pandemic period.</li> </ul>
PL 	10%	+10%	<ul style="list-style-type: none"> <li><b>PL:</b> Recovery in sales at 10% 1H22 YoY. Prioritizing margin over volumes with Bostavan +8% vs 1H21. Lidl sales not yet resumed. Targeting premium segment is paying off with Purcari doubling sales. Wine market facing volatility and trading environment remaining challenging. Gradually passing price increases.</li> </ul>
ASIA 	5%	+30%	<ul style="list-style-type: none"> <li><b>ASIA:</b> up 30% YoY as all brands showing good growth. Challenging trading and logistic environment in China persists. Continue delivering through Constanta port in Romania (vs. Odesa before).</li> </ul>
CZ SK  	3%	-19%	<ul style="list-style-type: none"> <li><b>CZ&amp;SK:</b> ongoing wine market weakness influenced by difficult economic environment impacting consumer behavior. Strong competition both from Moldovan exporters and international players. Continue to prioritize margins over volumes and pushed through price increases. Sales to Tesco behind last year results as an effect of restructuring.</li> </ul>
UA 	1%	-71%	<ul style="list-style-type: none"> <li><b>UA:</b> Sales resumed in the second quarter, but at a smaller scale and on 100% prepayment. 1H22 sales being 3.5x lower YoY. Maintaining the local team</li> </ul>
RoW 	8%	-12%	

## 4 Premium brands: Purcari and Bardar, lead the growth

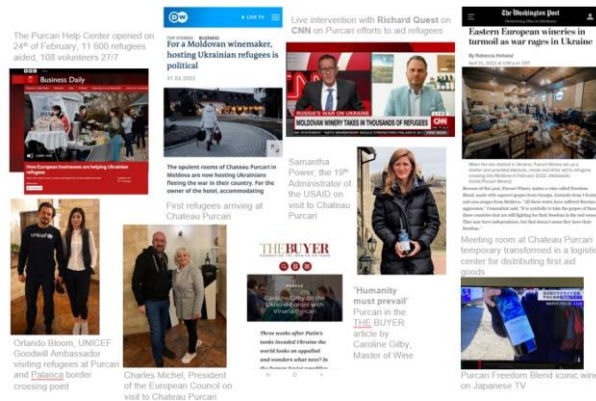
Brand	Share of sales, 1H22	Δ 1H22 YoY	Comments
	50%	+9%	<ul style="list-style-type: none"> <li><b>PURCARI:</b> Upward sales in all markets, except Ukraine. Moldova leading the growth +47% YoY. The expansion in new markets and investment in new partnerships is paying off: Poland doubling the sales, Asia + 53%, CZ&amp;SK +22% YoY. Mid single-digit growth in Romania with strong traction for Nocturne series in HoReCa. Revitalization in consumer demand as of June</li> </ul>
	22%	-1%	<ul style="list-style-type: none"> <li><b>BOSTAVAN:</b> Strong recovery in 2Q sales, +11% YoY. Moldova leading the growth with 38% YoY on volume increase and better product mix, followed by Asia and Poland with +18% and +8% YoY. Low sales to Ukraine. TESCO restructuring still affecting the sales in CZ&amp;SK</li> </ul>
	16%	+6%	<ul style="list-style-type: none"> <li><b>CRAMA CEPTURA:</b> Turnaround in sales in second quarter +18% QoQ, recovering lower sales in Q1. Continue to prioritize premiumization of portfolio, with focus on margins. Gradually passing price increases</li> </ul>
	12%	+25%	<ul style="list-style-type: none"> <li><b>BARDAR:</b> Romania +70% YoY on high demand from Key Accounts, increasing numeric distribution. Moldova strong traction +44%. No sales to Belarus in second quarter due to Russian war in Ukraine</li> </ul>



## 4 Continue creating, supporting, inspiring...

### Freedom and Solidarity

Over 100 unsponsored mass media news, including CNN, DW, BBC, The Washington Post, Decanter, Bloomberg, and others.



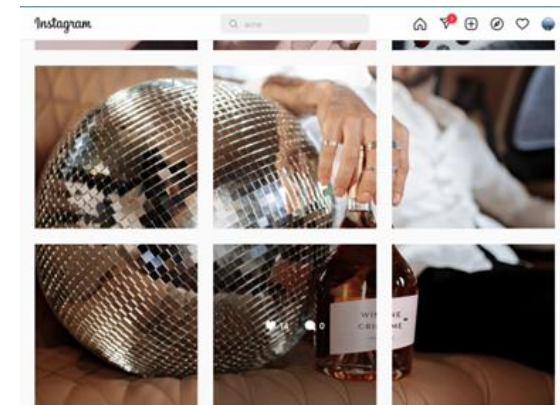
### Domeniile Cuza campaign

Listed in all major IKA in Romania, 3 Wines awarded at Decanter 2022



### Wine Crime campaign

TV Shows and influencers integration



### Purcari for Sustainability

Investment in a Solar Panel System



### Rosé de Purcari 1827

Grand Gold – Concours Mondial de Bruxelles



### Crama Ceptura feat. on Masterchef

Cooking show TV placement



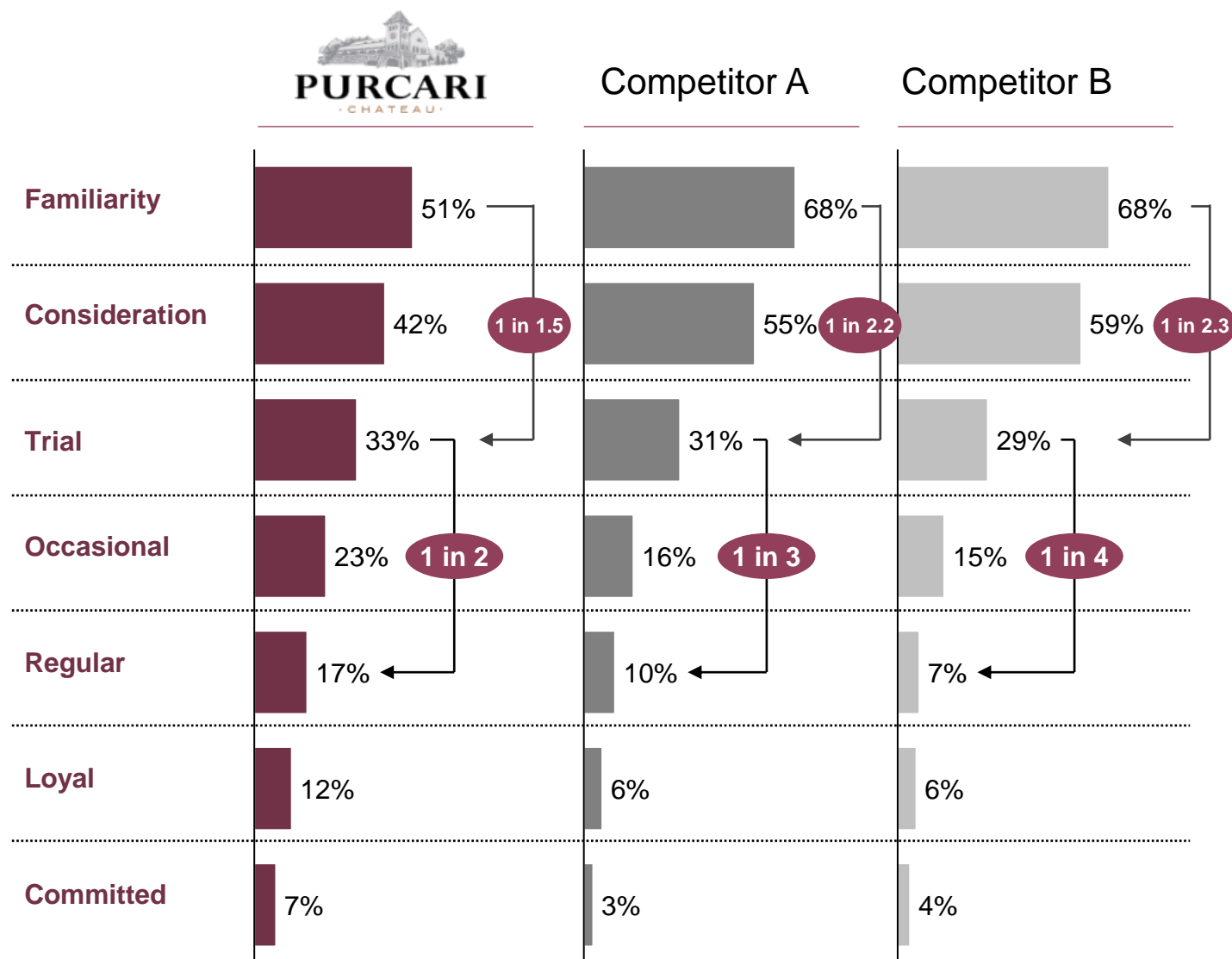




Thank you!



# STRONG CONVERSION ACROSS BRAND PYRAMID, WITH ROOM TO GROW



## Comments

- Conversion from familiarity to trial: 1 in 1.5 people for Purcari, vs. 1 in 2.2 for competition; => **effective marketing**
- Circa 1 in 2 consumers who tried Purcari become regulars, vs. 1/3 and 1/4 for the other top-3 competitors in Premium; => **great quality**
- Nevertheless, as a relative new entrant into the Romanian market, Purcari still has a weaker brand Familiarity compared to the more established wineries
- Only 51% of Premium consumers, in large Urban areas (target group) are familiar with Purcari
- Significant upside remains, by increasing the awareness of Purcari brand, which should cascade down in higher numbers of Regular consumers

# UNIQUE DIVERSE PURCARI'S TERROIR MATCHED TO INDIVIDUAL GRAPE TYPES

Located on the west coast of the Dniester River, at an altitude of 110-185 meters above the Black Sea, the Purcari vineyards which cover an area of over 260 hectares, have a special microclimate that protects the vineyards from frost in winter and heat during summer.

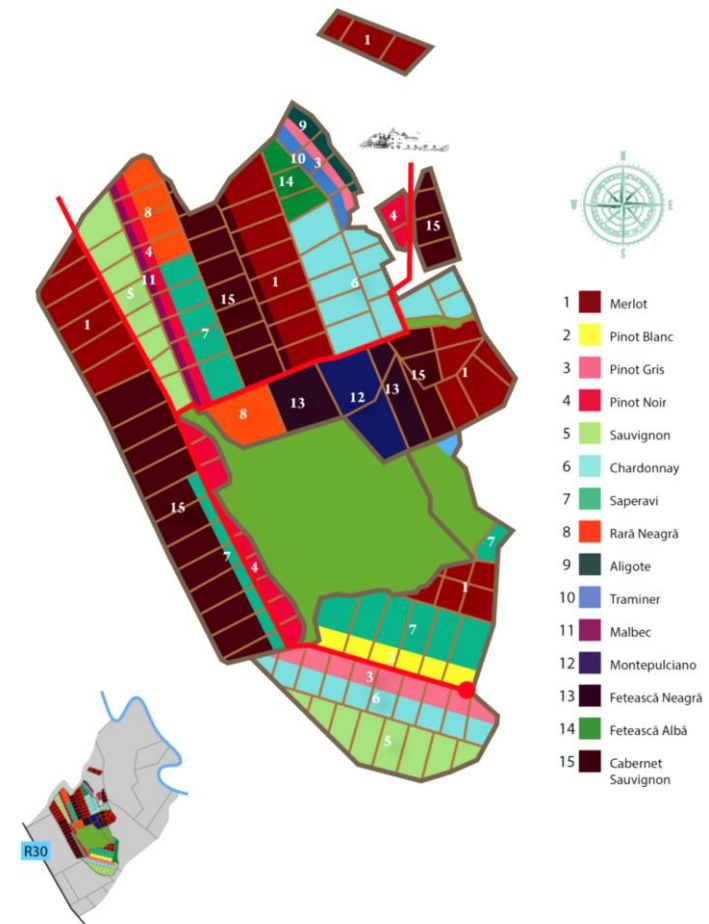
The Purcari microzone has a unique terroir ideal for producing high quality wines. The climate is characterized by active temperatures up to 3300 °C and a relative humidity coefficient of 0.68-0.75.

The microzone is known due to the soil composition - clay chernozem - sandy charred. The slope orientation determines the soil characteristics, which play an important role in forming the wine flavors and taste.

The ensurement of the vineyards with light and heat also depends on the degree of the slope. The location of the hills allows maximum exposure to the sun's rays, helping vines to grow and grapes to ripen. The slope also facilitates water drainage.

Thereby, vine roots penetrate deep through the layers of carbon soil in search of water, and the planting in ordered rows allows good air circulation.

The climate, the soil and the geographical position form the perfect ensemble contributing on the quality of the obtained grapes. The terroir has a high importance in the role of providing a unique attribute to each vineyard.



# STATE OF THE ART TECHNOLOGICAL EQUIPMENT AND WINEMAKING KNOW-HOW

## Key interventions to ensure superior quality of Group's wines

### Harvesting



- Vineyards located in close proximity to processing + use of modern efficient New Holland machinery = **delivery of harvested grapes within 2 hours** to processing facilities which preserves natural qualities of grapes
- **Hand-harvesting + use of small boxes**, to prevent oxidation in transit

### Preparation



- **The cooling of whites** before processing increases aroma, in particular for aromatic grapes, like Sauvignon Blanc or FeteascaAlba
- **Thermovinification for red wines** – moderately heating up grapes prior to fermentation for greater color and tannin extraction

### Fermentation



- Modern tanks allow for controlled and closely monitored vinification process which creates **rich fruity wines, without extracting excessive alcohol** from wine bases, matching latest customer preferences

### Filtering



- Use of **membrane filtering under nitrogen** to provide microbial stability along with clarity of wine. Nitrogen minimizes the levels of oxygen present, preserving flavors and significantly improving shelf life

### Storing



- **Micro-oxygenation** introduces oxygen into wine base in a controlled manner, adding to roundness and balance of wines
- Storage for reds in Seguin Moreau oak barrels in air-conditioned environment to ensure **right temperature and humidity level**

### Blending



- **Inspection, tasting, and laboratory** tests of wine base **before and after** aging in oak barrels.
- Blending on different various varieties to **create unique blends** and ensure consistency of wine character across vintages



## 2 Purcari Wineries Group: higher stake in sustainability

### Core Business

*Wine, Spirits and Tourism*  
*Since 1827*



### Waste Recycling Management

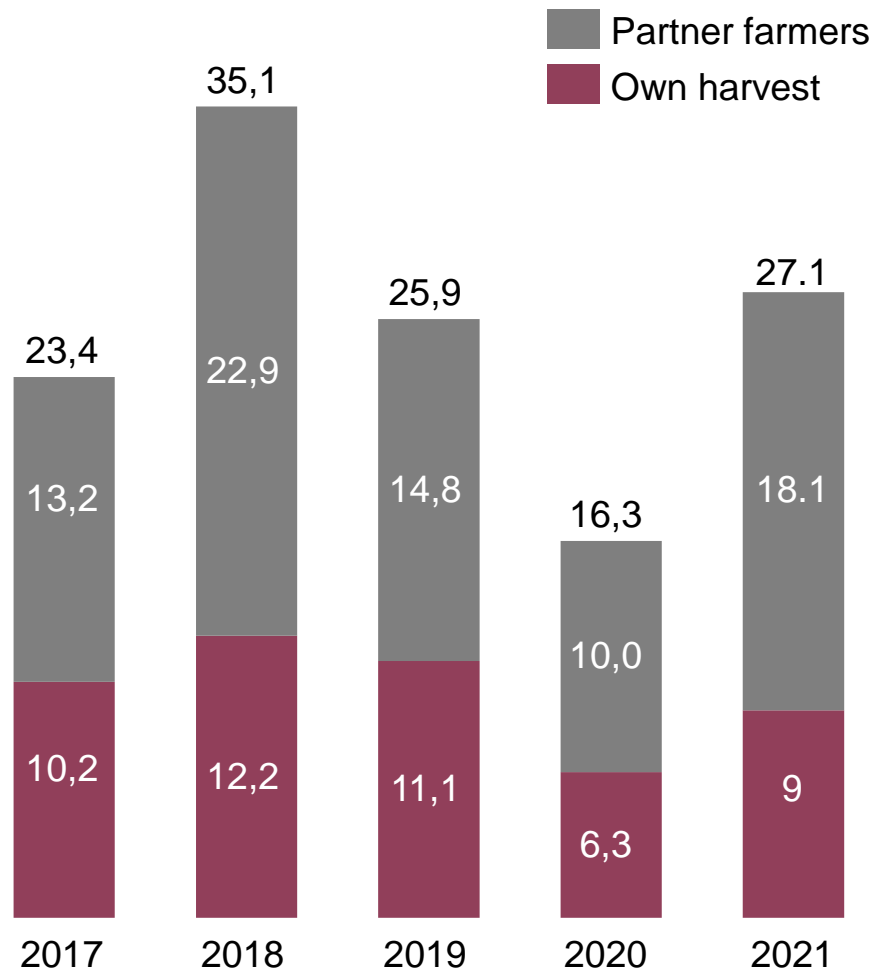
*Ecosmart Union*  
*Consolidated from Sep'2021*



- Increased stake from 27% to 65.75%
- Part of sustainability focus
- Controlling stake obtained for a non material amount
- Expect it to be a high ROI investment post-turnaround; expect ~30m RON in revenues in 2022 and mid- to high single digits EBITDA margin

### Good 2021 harvest<sup>1</sup>, in a challenging year for growers

Own harvest and 3<sup>rd</sup> party purchases of grapes, million kg

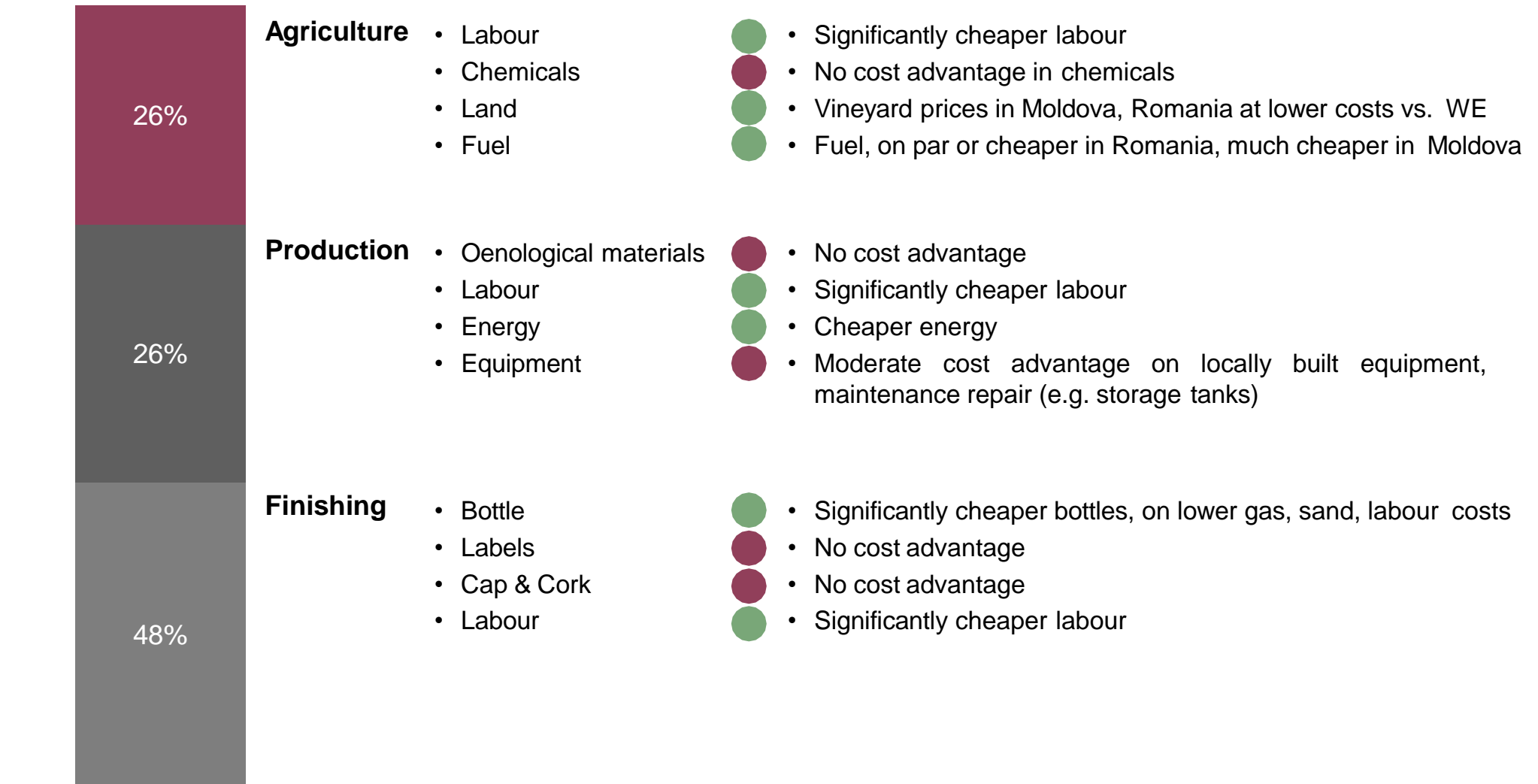


### Comments

- Own harvest +42% YoY. Vineyards recovering after 2 draught years – applying non-intensive approach and fulfilling required stocks from 3<sup>rd</sup> party purchases.
- Irrigation system roll out shifted to 2022-2023, to mitigate against drought risks
- Extremely low world wine production volume expected in 2021. Harvest in the big-3 producers affected – France, Spain, Italy – down 27%, 14% and 9% respectively. <sup>2</sup>
- Record Harvest in Romania +37% YoY and +29% vs. 5 years average level, favorable pricing and quality environment.
- Recovery in Moldova +20% YoY after an unprecedented draught in 2020 and extensive 2021 rainy season. High attention in maintaining the vineyards, to ensure a good health for the vineyards long term.

# COSTS: SUSTAINABLE COST ADVANTAGE, ACROSS THE COST STRUCTURE (1/2)

## COGS breakdown of the Group, 2019



Note: COGS per litre is calculated based on IFRS 2019

Sources: Company Information



## 4 Our 7-point plan for boosting the stock

- |   |              |
|---|--------------|
| 1. Get <b>inclusion</b> into main stock exchange index, BET           | Done         |
| 2. Broaden research <b>analyst coverage</b>                           | On track     |
| 3. Do the <b>share buyback</b>  | On track     |
| 4. Pay <b>meaningful dividends</b>                                    | On track     |
| 5. Active IR to <b>broaden investors base</b>                         | On track     |
| 6. Bring Romanian <b>pension funds</b> into shareholding              | Not on track |
| 7. Most importantly, <b>KEEP DELIVERING ON STRATEGY &amp; NUMBERS</b> | On track     |

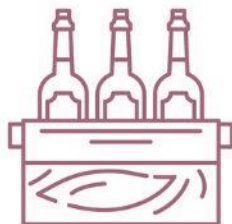
## 2 Agri, production, distribution – adapted to new Covid-19 reality

### Vineyards



- Operating with safety measures in place at all vineyard plots. No disruptions to date.
- March, April – higher intensity manual labor period in vineyards. Finished for all plots.
- May, mid June – limited manual works planned, only low labor mechanized. Very few employees involved.
- Mid June – mid July, higher intensity labor works.
- Mid August – mid October, grape picking season.

### Wineries



- Operating with safety measures in place at all production sites.
- Planned closure through May 4 for Easter break was used to further beef up the safety measures.
- Sufficient inventory on 3<sup>rd</sup> party warehouses, distributors to continue shipment to retail.

### Distribution



- Export clearance to / from Romania and from Moldova working without interruptions.
- Green corridor from Moldova to / through Romania for commercial freight, speeding up customs clearance, simplifying logistics.
- No disruptions to date due to transportation capacity shortage (14 days quarantine rule doesn't apply to freight drivers)

### Retail



- No major out of stock issues in shipments to retail
- Some out of stocks in store, given overloaded retail capabilities during panic buys in 2<sup>nd</sup> half of March
- Sharp drop in HoReCa segment, accounting for <15% of Company sales; affecting mostly Moldovan market and to lesser extent Romanian. Virtual closure of DutyFree channel and Tourism Sales (the latter ~2% of revenues).