



Purcari Wineries Public Company Limited

FINANCIAL REPORT for the 1st HALF of 2022

Including the Non-Audited, Interim Condensed Consolidated
Financial Statements for the six-month period ended 30 June 2022

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022
all amounts are in RON, unless stated otherwise

Name of the issuing entity: Purcari Wineries Public Company Limited

Social headquarters: 1 Lampousas Street, 1095 Nicosia, Cyprus

Fax number: +357 22 779939

Unique registration code: HE 201949

Registration number in the Trade Register: HE 201949

Issued share capital: 401,175 EUR

The regulated market on which the issued securities are traded: Bucharest Stock Exchange

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Note: These financial statements have been prepared in accordance with the international reporting standards adopted by the European Union ("IFRS").

Base of Reporting: According to Regulation C.N.V.M. no. 5/2018 on Issuers and Operations with Securities and Law 24/2017 on Issuers of Financial Instruments and Market Operations; according to Section 10 of the Cyprus Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 as amended

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I. Board of Directors and other officers**Board of Directors:**

Name	Date of appointment	Title
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 28 April 2021	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 29 April 2020	Non-executive Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 28 April 2022	Non-executive, Independent Director
Victor Bostan	Listing date	Executive Director
Eugen Comendant	Appointed by the AGM on 29 April 2020	Executive Director

Chairman of the Board of Directors: Vasile Tofan, firstly elected by the Board of Directors to this position on 14 June 2018, was most recently re-elected as Chairman by the Board on 28 April 2022

Company Secretary: Inter Jura CY (Services) Limited

Registered office: 1, Lampousas Street
1095 Nicosia
Cyprus

Registration number: HE 201949

The Financial Report for the First Half of 2022, including the Non-Audited, Interim Condensed Consolidated Financial Statements for the six-months period ended 30 June 2022 was approved by the Board of Directors on August 26th, 2022.

Purcari Wineries Public Company Limited

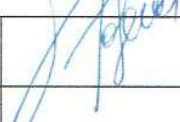

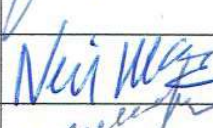
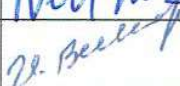

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II. Statement by the Members of the Board of Directors and other responsible officers of the Company for the preparation of the Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022

In accordance with Section 10 sub-sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on a Regulated Markets) Law of 2007 as amended (the "Law"), we, the members of the Board of Directors and the other responsible persons for the preparation of the Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022 (the "Interim Condensed Consolidated Financial Statements") of Purcari Wineries Public Company Limited (the "Company") confirm to the best of our knowledge that:

- (a) the Interim Condensed Consolidated Financial Statements
 - (i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of Section 10, sub-section (4) of the Law, and
 - (ii) give a true and fair view of the assets, liabilities, the financial position and the profit or loss of Purcari Wineries Public Company Limited and the undertakings included in the consolidated accounts taken as a whole, and
- (b) the Interim Management Report includes a fair review of the information required under Section 10, sub-section (6) of the Law.

Members of the Board of Directors:

Vasile Tofan	Non-executive Director	
Monica Cadogan	Non-executive, Independent Director	
Neil McGregor	Non-executive, Independent Director	
Victor Bostan	Executive Director	
Eugen Comendant	Executive Director	

Person responsible for the preparation of the consolidated financial statements of the Company:

Victor Arapan	Chief Financial Officer	
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26 August 2022

III. Interim Management Report

The Board of Directors presents its Interim Management Report to be followed by the Non-Audited, Interim Condensed Consolidated Financial Statements for the Company and its subsidiaries (the “Group”) for the six-month period ended 30 June 2022.

1. Principal activities of the Group remain the same, but new segment added to diversify the business

Purcari Wineries Plc (“Purcari”, “Group”, or “Company”) is one of the largest wine groups in the Central and Eastern Europe (CEE) region. The Group manages circa 1,400 hectares of vineyards and operates four production platforms in Romania and Moldova, three of which are dedicated to wine production using grapes from own vineyards and from third-party suppliers and one is dedicated to brandy production. In June 2022, the Group had over 700 employees across its four production platforms.

The Group is the leader in the premium wine segment in Romania and the largest wine exporter from Moldova, delivering to over 40 countries in Europe (Poland, the Czech Republic, Slovakia, Ukraine, Norway, UK, etc.), in Asia (China, Japan, South Korea) and in North America (Canada and USA).

Even if the core business of the Group is production and sale of wine and brandy, a new segment appeared in 2021, through the acquisition of the Romanian subsidiary Ecosmart Union SA involved in waste recycling management services (which for the year ended 31 December 2021 has not been yet a significant one).

2. Economic analysis of the results and comparative economic analysis in relation to the previous corresponding period

Economic performance and financial analysis

The Company’s revenue increased +16% YoY in the first half of 2022, reaching RON 123.9 million compared to RON 106.5 million in the similar period of the last year. Sales in Q2 2022 accelerated and increased by +20% compared to Q1 2022.

During 1H 2022 the Company realized a net profit of RON 20.9 million, increasing by +2% YoY. Net profit for Q2 2022 recorded RON 8 million, decreasing compared to Q1 2022, when the company realized a net profit of RON 12 million. This is due to the decrease in gross margin by -9% in Q2 2022 versus Q1 2022, as effect of increased cost of bulk wine, packaging and transportation.

Total assets increased by 4% compared to 2021 year end, mainly driven by a net increase in property, plant and equipment with +8%, as the Company made RON 20 million of capital expenditures during first six month of 2022, while the inventories increased by +7% compared to 2021YE as the Company purchased packaging and bottled in excess in order to mitigate the risks related to disruption of the supply chains, affected by the war in Ukraine.

Company’s total liabilities increased by +8% versus end of 2021, mainly on increase of payables with RON 8 million RON, as the Company distributed dividends, which will be paid on 8th September 2022.

The core business sales reached RON 112,6 million, an +8% upside compared to the first half of previous year. Moldovan market contributed the most to the growth, increasing sales by +44% YoY, while revenues in Romania grew +7% YoY. Asian region registered a high growth, up +30% YoY.

The new business segment - waste recycling management services - have added almost RON 9 million to the total revenue.

For details regarding sales of finished goods by brand and geographic region for the 1st Semester of 2022 and similar period of last year please see note 15 to these financial statements.

The evolution of sales by main markets is described below:

- **Romania:** Sales increased by +7% YoY. Very strong performance for its brandy portfolio - Bardar brand, up +70% YoY. Other brands like Purcari and Crama Ceptura demonstrated moderate growth between +5% and +7% YoY, while Bostavan sales decreased -9% YoY, after price increase, necessary to adjust the production costs;
- **Moldova:** Strong growth of +44% YoY, continuing V shape recovery across all brands and channels;
- **Poland:** Revenues increased by +10% YoY, on a price increase of Bostavan brand – a mass market one, keeping a

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flat evolution of sold quantities. Purcari wines sales increased by +99% YoY, albeit from a smaller base, but showing positive effects from the newly launched Purcari Nocturne series targeting Polish HORECA;

- **Asia:** the rebound of the market continues, up +30% YoY, almost reaching pre-pandemic 1H19 level, all brands showing significant progress;
- **Czechia and Slovakia:** One of the most affected markets, on which sales dropped by -19% YoY;
- **Ukraine:** Revenues sharply decreased by -71% YoY, as Group stopped the deliveries to the region, after beginning of the military conflict in Ukraine. It should, however, be noted that the Group sales to Ukraine in H1 2021 were less than 4% of the total Group sales.

The evolution of sales by brands is described below:

- **Purcari:** Purcari brand recorded an increase of +9% YoY, with strong traction in Moldova +47% YoY and firm recovery in Asia +53% YoY, Romania +5% YoY. Promising performance in newer markets, such as Poland with +99% YoY and Czech Republic and Slovakia with +22% YoY. Ukraine records a drop of -75% YoY on continuous military conflict;
- **Bostavan:** Drop of sales in Czech Republic and Slovakia with -25% YoY on Tesco restructuring, in Romania by -9% YoY, sales in Ukraine also fall down by -67% YoY, sales in Baltics dropped by -16% YoY. The impact is offset by a strong recovery in Moldova +38% YoY and Asia +18% YoY. In Poland, the largest market for Bostavan brand, sales grew by +8% YoY;
- **Crama Ceptura:** The brand is on a continuous increase trend for last four years. The overall sales for 6m2022 increase by +6% YoY, while in Romania which is core market for the brand, it recorded a +7% YoY increase, in line with the whole market;
- **Bardar:** Excellent sales in Romania with +70% YoY, albeit from a lower base, and strong traction in Moldova +44% YoY. Sales in Belarus significantly declined on the management decision to reduce exposure on the market as result of geopolitical environment.

Gross margin decreased year-on-year, from 50% to 47%, driven mainly by a higher cost of the bulk of the dry 2021 and increased cost of packaging as result of global energy crisis and broken supply chains, due to Covid pandemic followed by war in Ukraine.

General & Administrative (“G&A”) expenses increased +11% YoY, reaching RON 14.7 million, with almost RON 1.5 million more than last year. The main drivers were expense lines like depreciation (+RON 0.7 million or +56%) and professional fees (+RON 1 million or +89%).

The biggest G&A expense line – salaries, recorded a decrease by almost RON 0.8 million or -9% YoY, driven by decrease in the market price of company’s shares which led to decrease in value of stock options provided to employees and management. If excluding impact of Stock Option Plan for both 2022 and 2021, the salary expense would show an increase of +31% YoY, on consolidation of new subsidiaries like Ecosmart Union, Purcari Wineries Ukraine and Vinaria Gherasim Constantinescu.

The marketing and selling expenses recorded RON 12.6 million in the reporting period, being flat YoY, and its share slightly decreased from 12% of revenue last year to 10% of revenue in the reported period. The transportation expenses increased +17% YoY due to increase in the cost of fuel, while the salary expense with sales and marketing teams decreased by -14%. As mentioned above, this impact on salary expense is explained by decrease in value of stock options. If excluding impact of Stock Option Plan for both 2022 and 2021, the commercial salary expense would show an increase of +7% YoY.

Impairment loss on trade receivables increased significantly to RON 2.2 million for the first six month of 2022, compared to only RON 21 thousand during the same period of last year. The Company continued to make 100% loss provisions for all its receivables in the region affected the military conflict in the Ukraine, i.e. Russia, Belarus and Ukraine.

Depreciation expenses increased by RON 2.2 million or +35% YoY, as result of realized capital expenditures to increase production capacities.

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The net finance cost increased in first semester of 2022 by +36% YoY. This significant increase is determined by recognition in previous year of a one-off gain from disposal of equity investments amounting RON 0.7 million. By excluding this transaction, the actual increase would be only +13% YoY.

Interest expenses were almost flat, even the average exposure to banks and finance lease increased by RON 15 million in the semester I 2022 compared to semester I 2021. This was obtained by increasing exposure in EUR instead of MDL or RON, thus reducing the average interest rate. The Company registered a net loss from foreign exchange operations amounting RON 2.8 million, increased by +34% compared to last year, mainly due to the depreciation of MDL and EUR against USD.

As a result, the EBITDA increased +10% YoY with a 31% margin, which is 2pp lower than margin reported last year. This is effect of the higher cost for 2021 bulk and increased cost of packaging and its transportation. Thus, the EBITDA margin decreased to 26% in 2Q2022 from 36% in previous quarter.

Net income of the Company increased by +2% YoY and represents RON 20.9 million for the six-month period of 2022.

The non-current assets of the Company grew by 8% compared to 2021 year-end, on continuation of capital expenditures realized to increase capacities and assurance for high quality products and other improvements of production flow. Also, the Company provided additional medium-term loans to 8Wines Czech Republic s.r.o., a Czech-based online retailer of wines, in which the Company hold a minority stake of 10% of share capital.

Current assets evolved almost flat in the reported period, compared to the level as of 2021 year-end. The largest portion of decrease is attributable to Cash and cash equivalents, used to finance capital expenditures and to increase inventories in order to mitigate the risks related to disruption of the supply chains, affected by the war in Ukraine.

Loans and borrowings increased by +7% compared to 2021 year-end, due to increased demand to finance capital expenditures and higher level of inventories.

The Trade and Other Payables increased by +11% on decision of shareholders to distribute dividends amounting RON 20.4 million.

In the first half of 2022, the Group's general liquidity ratio stays at an acceptable level of 1.33, increasing from 1.25 at 2021 year-end. The indebtedness of the Company measured by gearing ratios (Debt/Equity and Debt/Capital Employed) slightly increased, but still at an acceptable level. In view of the above, the financial position of the Company as presented in these financial statements are considered to be at a comfortable level.

For details on performance of the main financial indicators, their meaning and calculations, please see section *Financial Indicators*.

Important events

On 28 April 2022, the shareholders of the Company voted in favour of dividends payment to all shareholders out of accumulated profits in the amount RON 0.51 per ordinary share which will correspond to RON 20.40 million. The record date was set at 23.08.2022 and payment date was set at 08.09.2022.

Financial indicators

Liquidity ratio – represent the ability of the company to pay off its current debt obligations without raising external capital. It is calculated by dividing Current Assets to Current Liabilities. A company with a current ratio less than one does not, in many cases, have the capital on hand to meet its short-term obligations if they were all due at once, while a current ratio greater than one indicates the company has the financial resources to remain solvent in the short-term. However, because the current ratio at any one time is just a snapshot, it is usually not a complete representation of a company's liquidity or solvency. In the reported period the liquidity ratio for the Company reached 1.33, which is a slightly improvement compared to 1.25 recorded at 2021 year-end.

Gearing ratio – represents a measurement of the entity's financial leverage, which demonstrates the degree to which a firm's activities are funded by shareholders' funds versus creditor's funds. A gearing ratio between 25% and 50% is

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typically considered optimal or normal for well-established companies. An optimal gearing ratio is primarily determined by the individual company relative to other companies within the same industry.

Receivables Turnover – represents an accounting measure used to quantify a company's effectiveness in collecting its receivables or money owed by clients. The indicator is showing a flat trend, which means that the company's collection of accounts receivable is under control and that the company has a high proportion of quality customers that pay their debts quickly.

Non-current Assets turnover – determines the efficiency with which a business uses its non-current assets to generate revenue for the business. A higher ratio implies that management is using its fixed assets more effectively. A high ratio does not tell anything about a company's ability to generate solid profits or cash flows. This indicator stays at 0.9 by end of reported period compared to 1.0 at 2021-year end.

Item, RON	30 June 2022		31 December 2021	
Liquidity ratio				
Current Assets	201,574,841	1.33	202,573,676	1.25
Current liabilities	151,613,791		162,132,654	
Gearing ratios				
Debt	104,915,795	40%	97,984,663	38%
Equity	263,215,432		259,946,733	
Debt	104,915,795	28%	97,984,663	27%
Total Capital Employed	368,131,227		357,931,396	
Receivables Turnover, days				
Receivables	63,233,700	92	63,320,703	92
Net Sales Annualized / 360	688,223		689,260	
Non-current Assets turnover				
Net Sales Annualized	247,760,102	0.9	248,133,715	1.0
Non-current Assets	278,982,472		258,980,011	

EBITDA Evolution

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is calculated as profit / (loss) for the year (as presented in the consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment (as presented in Notes 4 and 5).

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The management of the Group monitors the EBITDA metric at a consolidated level, as a measure considered to be relevant to the understanding of the Group's financial performance.

EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. Consequently, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.

The EBITDA increased by +10% compared to previous period and its calculation is presented below.

	Indicator	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
EBITDA	EBITDA	18,144,721	15,478,670	38,623,322	35,104,923
Less: depreciation		(4,673,618)	(3,240,238)	(8,721,701)	(6,480,606)
Less: amortization		(60,468)	(30,666)	(110,290)	(62,015)
Result from operating activities	EBIT	13,410,635	12,207,766	29,791,331	28,562,302
Less: net finance costs		(2,431,736)	(435,230)	(4,790,019)	(3,527,264)
Earnings Before Taxes	EBT	10,978,899	11,772,536	25,001,312	25,035,038
Less: income tax		(2,080,505)	(1,680,082)	(4,124,196)	(4,661,136)
Profit for the period		8,898,394	10,092,454	20,877,116	20,373,902

3. *Non-recurring or extraordinary activities for the 1st semester 2022*

The Group did not conduct any non-recurring or extraordinary activities that could generate income from such activities during the reporting period.

4. *Important Events during the first six months of the financial year, and their impact on the interim financial results*

No important events with impact on the interim financial results took place during the first six months of the 2022.

5. *Principal Risks and Uncertainties for the second semester of the financial year 2022*

The adverse weather patterns could have a material adverse effect on the Group's business

Grape yields and quality can be affected by certain adverse weather patterns. There was a drought whether in all regions where the Group manages vineyards, both in Romania and Moldova, during the first six month of the year. Nevertheless, the management of the Group believes it has handled the situation well, which will ensure an optimal quantity and quality of grapes on its own plantations. The finalization of irrigation system in Purcari which covers more than 300 hectares of vineyards and abundant rains in early August will reduce the impact of drought. However, the harvest could be less 5%-10% than in a normal year.

In the absence of hedging arrangements in place, the Group is exposed to the risk of currency exchange fluctuations

The results of the Group are subject to fluctuations in the foreign exchange rates of EUR and USD against the local currencies (especially RON and MDL). Thus, the Group's operating subsidiaries in Romania and the Republic of Moldova generate revenue and record their financial results in RON and MDL, respectively, while the Group also earns a significant share of revenues from EUR and USD linked contracts. The Group manages its currency exchange risk

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exposure in a limited manner and there is no hedging arrangement at Group level designed or implemented to this end. Therefore, any unfavourable shift in exchange rates could have a material adverse effect on the Group's business, financial condition, and the results of operations.

Interest rate risk

The Group faces business risks stemming from central banks' monetary policy decisions. Any rise in interest rates could have material adverse effects on the Group. In recent years, central banks around the world have engaged in an unprecedented set of monetary policy measures generally referred to as quantitative easing. Such measures generally consist of central bank purchases of government and other securities held by commercial banks and other private sector entities to stimulate the economy by increasing the amount of liquidity available to banks for onward lending to businesses.

However, due to unprecedented inflationary pressure, due to the post-Covid-19 increased demand and military conflict in Ukraine, many central banks have reversed course and begun to gradually tighten monetary policy and announces interest hikes.

The National Bank of Moldova increased the basic rate 6 times from the beginning of the year, from 6.50% to 21.50% as of 04 August 2022.

In Romania the ROBOR1M increased during 2022 from 2.78% to 7.17% as of 04 August 2022. The National Bank of Romania increased the policy rate 6 times during 2022, from 1.75% to 5.50% as of 08 August 2022.

In this way, the cost at which the Group is able to raise new financing and refinance its existing liabilities will increase. Moreover, because of the dampening effect that a tighter monetary policy typically has on the general economy, private households on average are likely to have less disposable income, which may impact the sales of the Group. Therefore, if central banks continue to tighten monetary policy, the Group's results could be materially adversely affected.

Energy crisis can affect the Group's profitability

The current energy crisis significantly affected energy-intensive industries, such as the manufacture of glass, paper and cardboard. This involved massive increases in the cost of packaging elements needed in the wine production process as well the transportation costs. Under these conditions, the Group initiated price increases in all basic markets. If the Group fails to translate the increase in manufacturing costs into the price of the finished products, either late or insufficiently, this could negatively impact the Group's profitability.

Restrictive measures and lockdowns can affect adversely the Group's sales

At the time of writing of the report, most of the COVID-19 restrictions have been lifted in our main markets, thus, no disruptions due to the pandemic are expected. However, in last few months the number of infected people increased dramatically worldwide. As of today, no restrictions are imposed in countries where the Group mainly operates. But should new infections or new strains of Covid-19 make authorities to re-impose strict restrictive measures again, the operations of the Group could be adversely impacted.

War in Ukraine

The Company does not experience any material disruptions to its production operations in Romania and Moldova.

At the moment of writing, the Company does not have any material disruptions to its supply chain. The Company has not been informed about any material cancellations of outstanding supply contracts. In the first semester of 2022, sales to Ukraine, Belarus and Russia decreased by -69% YoY; however, it should be noted that sales in these countries contributed a small part of total sales of the Group (in the financial year 2021, the Group's sales to Ukraine, Belarus and Russia counted for less than 5.4% of total sales).

Alongside to the military part, the war in Ukraine affects the provision of necessary imported energy resources, mainly natural gas and oil. Should Russia significantly reduce or stop delivery of natural gas, the production facilities located in Moldova could stop or receive limited electricity and natural gas for production and heating purposes, in this way the operations of the Group could be adversely impacted.

The Management will continue to assess the financial impact, as well as any risks and uncertainties that the crisis in Ukraine may cause to the Company's operations and make any adjustments as and when necessary to the Company's operational activities, depending on the evolution of the crisis and its potential impact on the Company, its workings and economic fundamentals.

Increases in taxes, particularly increases to excise duty rates, could adversely affect demand for the Group's products

Wine and spirits are subject to excise duties and other taxes (including VAT) in most of the countries in which the Group operates. Governments in these countries may increase such taxes. Demand for the Group's products is generally sensitive to fluctuations in excise duties, since excise duties generally constitute an important component of the sales price of our products in some of our main markets. During the first half of the 2022 the excise in Poland increased by 10% for both wine and brandy, in Moldova the excise for brandy increased by MDL 1 per bottle. The Group management does not expect any other increase in such taxes to take place within next six month, except for the increase of excise duty for brandy in Romania by 20% or ~RON 1.40 per bottle.

6. Other substantial information which affects or could affect the assessment or evaluation regarding profits and losses, the prospects and trends of the operations and gain or loss of important contracts or co-operations

There is no other substantial information which affects or could affect the assessment or evaluation of Company's profitability, its financial position and developing trends, except those disclosed in this Interim Management Report and in Notes to the Condensed Consolidated Interim Financial Statements.

7. Related parties' transactions during the 1st semester of the financial year

The transactions of the Group with related parties are stated under note 23 of the Non-Audited, Interim Condensed Consolidated Financial Statements.

Chisinau, 26 August 2022

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*all amounts are in RON, unless stated otherwise***IV. Condensed Consolidated Interim Statement of Financial Position as at 30 June 2022**

	Note	30 June 2022	31 December 2021	Variation
Assets				
Property, plant and equipment	4	180,107,918	167,171,497	8%
Intangible assets and goodwill	5	9,800,793	9,050,782	8%
Loans receivables	8	2,850,446	849,489	236%
Non-current receivables	7	2,573,181	2,552,630	1%
Equity instruments at fair value through profit or loss	7	4,710,944	4,341,709	9%
Inventories	9	78,869,569	74,895,843	5%
Other non-current assets		69,621	118,061	(41%)
Non-current assets		278,982,472	258,980,011	8%
Inventories	9	108,289,678	100,119,797	8%
Loans receivables	8	44,230	-	100%
Trade and other receivables	6	63,233,700	63,320,703	0%
Cash and cash equivalents	10	23,819,917	32,100,114	(26%)
Income tax assets		789,751	131,257	502%
Prepayments		4,554,567	6,346,251	(28%)
Other current assets		842,998	555,554	52%
Current assets		201,574,841	202,573,676	0%
Total assets		480,557,313	461,553,687	4%
Equity				
Share capital	11	1,763,121	1,763,121	0%
Share premium	11	83,184,367	83,184,367	0%
Treasury shares reserve		(1,716,796)	(5,532,543)	(69%)
Other reserves		2,390,895	5,079,807	(53%)
Foreign currency translation reserve		20,014,311	16,194,236	24%
Retained earnings		141,062,149	142,714,713	(1%)
Equity attributable to owners of the Company		246,698,047	243,403,701	1%
Non-controlling interests		16,517,385	16,543,032	0%
Total equity		263,215,432	259,946,733	1%
Liabilities				
Borrowings and lease liabilities	14	50,372,944	24,851,576	103%
Deferred income		7,988,737	7,215,629	11%
Deferred tax liability		7,366,409	7,407,095	(1%)
Non-current liabilities		65,728,090	39,474,300	67%
Borrowings and lease liabilities	14	54,542,851	73,133,087	(25%)
Deferred income	13	1,226,014	1,967,532	(38%)
Current tax liabilities		185,167	1,053,529	(82%)
Employee benefits	22	5,432,027	4,671,899	16%
Trade and other payables	12	83,760,535	75,346,297	11%
Provisions		6,467,197	5,960,310	9%
Current liabilities		151,613,791	162,132,654	(6%)
Total liabilities		217,341,881	201,606,954	8%
Total equity and liabilities		480,557,313	461,553,687	4%

These Condensed Consolidated Interim Financial Statements were approved by management on 26th of August 2022 and were signed on its behalf by:

Victor Bostan, CEO

Victor Arapan, CFO

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 16 to 33.

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022

all amounts are in RON, unless stated otherwise
V. Condensed Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2022

	Note	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021	Variation
Revenue	15	67,691,902	56,685,182	123,880,051	106,530,849	16%
Cost of sales	16	(38,320,854)	(29,408,528)	(65,221,379)	(53,219,823)	23%
Gross profit		29,371,048	27,276,654	58,658,672	53,311,026	10%
Other operating income	19	430,745	877,125	747,876	1,071,493	(30%)
Marketing and sales expenses	17	(7,764,756)	(7,776,176)	(12,647,388)	(12,751,148)	(1%)
General and administrative expenses	18	(8,116,129)	(7,230,358)	(14,709,849)	(13,273,556)	11%
Other operating expenses	20	8,807	(838,997)	(65,692)	69,216	(195%)
Impairment loss on trade and loan receivables		(519,080)	(178,864)	(2,192,288)	(21,492)	10100%
Result from operating activities		13,410,635	12,129,384	29,791,331	28,405,539	5%
Finance income	21	35,077	699,626	48,042	700,079	(93%)
Finance costs	21	(2,466,813)	(1,134,856)	(4,838,061)	(4,227,343)	14%
Net finance costs	21	(2,431,736)	(435,230)	(4,790,019)	(3,527,264)	36%
Share of profit of equity-accounted investees, net of tax		-	78,382	-	156,763	(100%)
Profit before tax		10,978,899	11,772,536	25,001,312	25,035,038	0%
Income tax expense		(2,080,505)	(1,680,082)	(4,124,196)	(4,661,136)	(12%)
Profit for the period		8,898,394	10,092,454	20,877,116	20,373,902	2%
Profit attributable to:						
Owners of the Company		7,707,893	9,288,682	18,750,520	18,917,826	(1%)
Non-controlling interests		1,190,501	803,772	2,126,596	1,456,076	46%
Profit for the period		8,898,394	10,092,454	20,877,116	20,373,902	2%

The condensed consolidated interim statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 16 to 33.

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022

*all amounts are in RON, unless stated otherwise***VI. Condensed Consolidated Interim Statement of Cash Flow for the six-month period ended 30 June 2022**

	<u>6-month 2022</u>	<u>6-month 2021</u>
Cash flow from operating activities		
Profit for the period	20,877,116	20,373,902
Adjustments for:		
Depreciation and amortization	8,831,991	6,542,621
Equity-settled share-based payment transactions	1,126,835	6,637,370
Impairment loss on trade and other receivables	2,031,746	-
Income tax expense	4,083,510	4,661,136
Net finance costs	4,838,062	3,527,264
Operating profit before working capital changes	<u>41,789,260</u>	<u>41,742,293</u>
<i>Changes in:</i>		
Inventories	(12,305,910)	(5,017,974)
Trade and other receivables	(2,407,086)	3,192,323
Trade and other payables	(14,976,620)	(5,344,954)
Cash generated from operating activities	12,099,644	34,571,688
Income tax paid	(3,087,752)	(6,658,477)
Interest paid	(1,761,977)	(1,469,156)
Net cash generated from operating activities	<u>7,249,915</u>	<u>26,444,055</u>
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment and intangible assets	(20,785,494)	(10,268,624)
Loans granted	(2,045,187)	(345,828)
Investments in equity instruments	-	(3,223,830)
Proceeds from sale of property, plant and equipment	(340,240)	208,380
Net cash used in investing activities	<u>(23,170,921)</u>	<u>(13,629,902)</u>
Cash flows from financing activities		
Change in loans and borrowings and finance lease	7,794,400	(23,534,722)
Dividends paid	(917,803)	(1,340,167)
Net cash used in financing activities	<u>6,876,597</u>	<u>(24,874,889)</u>
Net increase in cash and cash equivalents	(9,044,409)	(12,060,735)
Cash and cash equivalents at beginning of the period	32,100,114	50,788,605
Effect of movements in exchange rates on cash held	764,212	204,556
Cash and cash equivalents at end of period	<u>23,819,917</u>	<u>38,932,426</u>

The condensed consolidated interim statement of cash flow is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 16 to 33.

VII. Condensed Consolidated Interim Statement of Changes in Equity for the six-month period ended 30 June 2022

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares reserve	Other reserves	Translation reserve	Retained earnings	Total	
Balance at 1 January 2021	728,279	82,533,921	(4,424,086)	3,029,812	3,375,006	121,125,160	206,368,092	222,630,377
Total comprehensive income								
Profit for the year	-	-	-	-	-	47,159,528	47,159,528	51,371,926
Foreign currency translation differences	-	-	-	-	12,759,983	-	12,759,983	14,287,944
Total comprehensive income for the year	-	-	-	-	12,759,983	47,159,528	59,919,511	65,659,870
Transaction with owners of the Company								
Acquisition of NCI without a change in control	-	-	-	-	59,247	373,275	432,522	(5,061)
Treasury shares acquired	-	-	(4,939,636)	-	-	-	(4,939,636)	(4,939,636)
Shares allocated to employees	-	-	3,831,179	(3,831,179)	-	-	-	-
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	(3,510,681)
Bonus issue of ordinary shares	1,029,038	(1,029,038)	-	-	-	-	-	-
Share options exercised	5,804	1,679,484	-	(510,288)	-	-	1,175,000	1,175,000
Equity-settled share-based payments	-	-	-	6,391,462	-	-	6,391,462	6,391,462
Dividends	-	-	-	-	-	(25,943,250)	(25,943,250)	(25,943,250)
Total transactions with owners of the company	1,034,842	650,446	(1,108,457)	2,049,995	59,247	(25,569,975)	(22,883,902)	(26,832,166)
Other changes in equity								
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,511,348)
Total Other changes in equity	-	-	-	-	-	-	-	(1,511,348)
Balance at 31 December 2021 / 1 January 2022	1,763,121	83,184,367	(5,532,543)	5,079,807	16,194,236	142,714,713	243,403,701	259,946,733
Total comprehensive income								
Profit for the year	-	-	-	-	-	18,750,520	18,750,520	20,877,116
Foreign currency translation differences	-	-	-	-	3,820,075	-	3,820,075	4,039,614
Total comprehensive income for the year	-	-	-	-	3,820,075	18,750,520	22,570,595	24,916,730
Transaction with owners of the Company								
Shares allocated to employees	-	-	3,815,747	(3,815,747)	-	-	-	-
Equity-settled share-based payments	-	-	-	1,126,835	-	-	1,126,835	1,126,835
Dividends	-	-	-	-	-	(20,403,084)	(20,403,084)	(20,403,084)
Total transactions with owners of the company	-	-	3,815,747	(2,688,912)	-	(20,403,084)	(19,276,249)	(19,276,249)
Other changes in equity								
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,371,782)
Total Other changes in equity	-	-	-	-	-	-	-	(2,371,782)
Balance at 30 June 2022	1,763,121	83,184,367	(1,716,796)	2,390,895	20,014,311	141,062,149	246,698,047	263,215,432

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 16 to 33.

VIII. Notes to the Condensed Consolidated Interim Financial Statements**Note 1. Reporting entity (Background)**

These preliminary unaudited financial statements are the consolidated financial statements of Purcari Wineries Public Company Limited (the “Company”) and its subsidiaries (together “the Group”).

The Company was incorporated in Cyprus on 14 June 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. As at 11 January 2018 the Company has been transformed into a public company and its shares started being traded at Bucharest Stock Exchange on February 15, 2018.

Its registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus and its Tax Identification Number is 12201949I.

The Group is primarily involved in the production and sale of wine and brandy.

Subsidiaries

The Group’s subsidiaries and information related to the Company’s ownership interest, are presented below:

	Country of incorporation	Ownership interest	
		30 June 2022	31 December 2021
Vinorum Holdings Ltd	Gibraltar	100%	100%
West Circle Ltd	British Virgin Islands	100%	100%
Crama Ceptura SRL	Romania	100%	100%
Ecosmart Union SA	Romania	65.75%	65.75%
Vinoteca Gherasim Constantinescu SRL	Romania	100%	100%
Purcari Wineries Ukraine LLC	Ukraine	100%	100%
Vinaria Bostavan SRL	Republic of Moldova	100%	100%
Vinaria Purcari SRL	Republic of Moldova	100%	100%
Vinaria Bardar SA	Republic of Moldova	56.05%	56.05%
Casa Purcari SRL	Republic of Moldova	80%	80%
Domeniile Cuza SRL	Republic of Moldova	100%	100%

The structure of the Group as at 30 June 2022 is as follows:

- Purcari Wineries Public Company Limited is a holding company and is domiciled in Cyprus;
- Vinorum Holdings Ltd is a holding company and is domiciled in Gibraltar;
- West Circle Ltd is a holding company and is domiciled in British Virgin Islands;
- Crama Ceptura SRL is domiciled in Romania. Its major activity is the production, bottling and sale of wines;
- Ecosmart Union SA is domiciled in Romania. Its major activity is providing waste recycling management services;
- Vinoteca Gherasim Constantinescu SRL is domiciled in Romania. Its major activity is cultivation of grapes.
- Purcari Wineries Ukraine LLC is domiciled in Ukraine. Its major activity is trade marketing services for Group’s product portfolio;
- Vinaria Bostavan SRL, Vinaria Purcari SRL and Domeniile Cuza SRL are domiciled in Republic of Moldova. Their major activity is the production, bottling and sale of wines;
- Casa Purcari SRL is domiciled in Republic of Moldova and its activity relates to hospitality industry (bar&restaurant);

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022

all amounts are in RON, unless stated otherwise

- Vinaria Bardar SA is domiciled in Republic of Moldova. Its major activity is the production, bottling and sale of brandy and divin. The nominal ownership interest of the Group in Vinaria Bardar SA is 53.91% as at 30 June 2022 (31 December 2021: 53.91%). However, because 3.83% of shares of Vinaria Bardar SA are treasury shares, the effective ownership interest of the Group in the subsidiary is equal to 56.05% as at 30 June 2022 (31 December 2021: 56.05%).

Note 2. Basis of preparation**(a) Statement of compliance**

These condensed consolidated interim financial statements (hereinafter “consolidated financial statements” or “financial statements”) have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2021.

These Interim Condensed Consolidated Financial Statements have not been audited by the external auditors of the Company.

(b) Basis of measurement

Management has prepared these consolidated financial statements under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity.

These consolidated financial statements have been prepared on the historical cost basis, except for:

- biological assets (grapes on vines) which are measured at fair value less costs to sell;
- equity securities measured at FVTPL.

(c) Functional and presentation currency

The consolidated financial statements are presented in Romanian Leu (“RON”) as the Group is listed on the Bucharest Stock Exchange (BVB), beginning 15 February 2018. All amounts have been rounded to the nearest unit, unless otherwise indicated.

Each entity of the Group determines its own functional currency, and items included in its financial statements are measured using the functional currency.

The currencies of the primary economic environment in which the companies of the Group operate were as follows:

- Purcari Wineries Public Company Limited, Vinorum Holdings Ltd, West Circle Ltd - US Dollar (USD),
- Crama Ceptura SRL, Ecosmart Union SA, Vinoteca Gherasim Constantinescu - Romanian Leu (RON),
- Vinaria Bardar SA, Vinaria Bostavan SRL, Vinaria Purcari SRL, Domeniile Cuza SRL, Casa Purcari SRL - Moldovan Leu (MDL).

When converting functional currency to RON as presentation currency, IAS 21 requires that assets and liabilities are converted using the closing exchange rate prevailing at each reporting date. Revenue and expenses are converted using the exchange rates prevailing at the transaction date. Equity elements, other than Profit or loss for the year and Translation reserve, are translated using the historical exchange rate at the transaction date.

All foreign exchange rate differences resulting from the translation from functional currency to presentation currency are recognized as a separate component of equity (“Translation reserve”) in the Consolidated Statement of Financial Position and in other comprehensive income in the Consolidated Statement of Comprehensive Income.

(d) Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. The majority of the Group’s funding comes from cash generated from its normal operating activities.

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022

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(e) Use of estimates and judgments

In preparing this interim financial information, management makes judgements, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2021.

Note 3. Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its annual consolidated financial statements as at and for the year ended 31 December 2021.

Purcari Wineries Public Company Limited

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Note 4. Property, plant and equipment

The movements of property, plant and equipment from 1 January 2021 to 30 June 2022 were as follows:

	Assets under construction	Land	Buildings and constructions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2022	5,367,748	9,546,439	128,590,439	120,524,295	11,353,820	6,911,449	37,406,488	319,700,678
Additions	18,871,899	88,553	31,502	27,449	76,382	16,178	1,409,352	20,521,315
Transfers	(3,516,769)	-	899,663	1,753,324	729,328	134,454	-	-
Disposals	-	-	(157,488)	(695,447)	(284,912)	(28,774)	-	(1,166,621)
Effect of movement in exchange rates	194,615	54,988	419,718	786,203	178,746	80,103	41,167	1,755,540
Balance at 30 June 2022	20,917,493	9,689,980	129,783,834	122,395,824	12,053,364	7,113,410	38,857,007	340,810,912
Accumulated depreciation and impairment losses								
Balance at 1 January 2022	-	574,236	72,952,848	58,432,859	5,367,237	5,283,521	9,918,480	152,529,181
Depreciation for the period	-	62,492	2,331,104	3,615,738	1,281,844	480,679	949,844	8,721,701
Impairment loss, net	-	-	(42,173)	(16,820)	-	-	-	(58,993)
Disposals	-	-	(142,068)	(619,893)	(265,912)	(6,992)	-	(1,034,865)
Effect of movement in exchange rates	-	15,708	81,319	873,370	(57,765)	(191,352)	(175,310)	545,970
Balance at 30 June 2022	-	652,436	75,181,030	62,285,254	6,325,404	5,565,856	10,693,014	160,702,994
Carrying amounts								
At 1 January 2022	5,367,748	8,972,203	55,637,591	62,091,436	5,986,583	1,627,928	27,488,008	167,171,497
At 30 June 2022	20,917,493	9,037,544	54,602,804	60,110,570	5,727,960	1,547,554	28,163,993	180,107,918

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	Assets under construction	Land	Buildings and constructions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2021	5,553,185	7,266,688	115,797,404	103,760,194	9,242,775	5,729,686	28,724,442	276,074,374
Additions	22,158,715	594,421	1,187,878	607,972	115,996	49,958	1,156,800	25,871,740
Acquisitions through business combinations	-	1,172,367	108,532	1,491,437	810,388	51,368	5,359,222	8,993,314
Transfers	(22,638,055)	-	7,427,150	13,651,362	860,870	698,673	-	-
Disposals	-	-	(2,948,077)	(4,887,863)	(421,310)	(34,877)	-	(8,292,127)
Effect of movement in exchange rates	293,903	512,963	7,017,552	5,901,193	745,101	416,641	2,166,024	17,053,377
Balance at 31 December 2021	5,367,748	9,546,439	128,590,439	120,524,295	11,353,820	6,911,449	37,406,488	319,700,678
Accumulated depreciation and impairment losses								
Balance at 1 January 2021	-	415,351	66,498,725	52,469,986	3,877,758	4,496,603	6,500,438	134,258,861
Depreciation for the year	-	136,694	3,320,116	7,240,402	1,244,430	499,647	884,197	13,325,486
Increase through business combinations	-	-	108,532	482,948	248,060	16,983	1,990,689	2,847,212
Impairment loss, net	-	-	(80,142)	-	-	-	-	(80,142)
Disposals	-	-	(1,176,611)	(4,766,200)	(139,640)	(31,773)	-	(6,114,224)
Effect of movement in exchange rates	-	22,191	4,282,228	3,005,723	136,629	302,061	543,156	8,291,988
Balance at 31 December 2021	-	574,236	72,952,848	58,432,859	5,367,237	5,283,521	9,918,480	152,529,181
Carrying amounts								
At 1 January 2021	5,553,185	6,851,337	49,298,679	51,290,208	5,365,017	1,233,083	22,224,004	141,815,513
At 31 December 2021	5,367,748	8,972,203	55,637,591	62,091,436	5,986,583	1,627,928	27,488,008	167,171,497

Capital commitments

As at 30 June 2022 the Company has contracts to purchase property, plant and equipment for about RON 9 million. Delivery is expected during next six months.

Purcari Wineries Public Company Limited

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*all amounts are in RON, unless stated otherwise***Note 5. Intangible assets**

The movements in intangible assets from 1 January 2021 to 30 June 2022 were the following:

	30 June 2022			31 December 2021		
	Goodwill	Other	Total	Goodwill	Other	Total
Cost						
Balance at 1 January 2022 / 1 January 2021	7,153,863	2,643,037	9,796,900	-	1,762,638	1,762,638
Additions						
Purchase	-	266,387	266,387	-	696,800	696,800
Business combination	-	-	-	6,984,076	19,726	7,003,802
Disposals	-	(81,122)	(81,122)	-	(143,417)	(143,417)
Effect of movement in exchange rates	-	606,971	606,971	169,787	307,290	477,077
Balance at 30 June 2022 / 31 December 2021	7,153,863	3,435,273	10,589,136	7,153,863	2,643,037	9,796,900
Amortization						
Balance at 1 January 2022 / 1 January 2021	-	746,118	746,118	-	575,625	575,625
Amortization for the year	-	110,290	110,290	-	173,663	173,663
Increase due to business combinations	-	-	-	-	4,165	4,165
Disposals	-	-	-	-	(27,359)	(27,359)
Effect of movement in exchange rates	-	(68,065)	(68,065)	-	20,024	20,024
Balance at 30 June 2022 / 31 December 2021	-	788,343	788,343	-	746,118	746,118
Carrying amounts						
At 1 January 2022 / 1 January 2021	7,153,863	1,896,919	9,050,782	-	1,187,013	1,187,013
At 30 June 2022 / 31 December 2021	7,153,863	2,646,930	9,800,793	7,153,863	1,896,919	9,050,782

Note 6. Trade and other receivables

The trade and other receivables at the end of reported period were as follows:

	30 June 2022	31 December 2021
Financial receivables		
Gross trade receivables	60,034,672	61,540,000
Allowance for impairment of trade receivables	(4,341,638)	(4,349,115)
Total financial receivables	55,693,034	57,190,885
Non-financial receivables		
Other receivables	1,883,665	1,154,357
VAT receivable	5,244,938	4,635,735
Other taxes receivable	23,954	6,045
Excise receivable	388,109	333,681
Total non-financial receivables	7,540,666	6,129,818
Total trade and other receivables	63,233,700	63,320,703

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*all amounts are in RON, unless stated otherwise***Note 7. Equity instruments at fair value through profit or loss**

The movements in equity instruments at fair value through profit or loss from 1 January 2021 to 30 June 2022 were as follows:

	30 June 2022	31 December 2021
Balance at 1 January 2022 / 1 January 2021	4,341,709	-
Purchase of equity instruments	-	3,414,780
Change in fair value	-	882,329
Effect of movements in exchange rates	369,235	44,600
Balance at 30 June 2022 / 31 December 2021	4,710,944	4,341,709

8Wines Czech Republic s.r.o.

On 13 May 2021, the Company purchased 10.00% ownership interest in 8Wines Czech Republic s.r.o. (8Wines), a Czech-based fast growing online retail platform, for a cash consideration of RON 3,414,780.

The Group neither has any significant influence nor is involved in the management of 8Wines. Therefore, the ownership interest in 8Wines is accounted as equity instruments at fair value through profit or loss and represents as at 30 June 2022 RON 4,710,944 (31 December 2021: RON 4,341,709). No valuation of the investment was performed at the reporting date.

IM Glass Container Company SA group

In March 2017 the Group, through its subsidiary Vinaria Purcari SRL, purchased 31.415% ownership interest in IM Glass Container Company SA group (which include IM Glass Container Company SA and its subsidiary Glass Container Company-SP SRL), a manufacturer of glass bottles.

On 16 July 2018 an Extraordinary Shareholders Meeting of Glass Container Company SA was held, during which the Group revoked two of its representatives in the Board of Directors, and waived its voting rights until the final sale of its shareholding to another investor.

As this indicated the loss of significant influence, the Group reclassified the investment in IM Glass Container Company SA from equity-accounted investees to equity instruments at fair value through profit or loss in the financial statements, and discontinued to consider IM Glass Container Company SA group as a related party since that date.

On 9 December 2020, Vinaria Purcari SRL has exited Glass Container Company ("GCC") to Vetropack Group, a leading Swiss corporate group in the European glass packaging industry.

Under the Sales Agreement, the former selling shareholders, including Vinaria Purcari SRL, have provided Representations, Warranties, and Indemnities to Vetropack Group, thus, in case of adverse effects it might be liable for paying certain compensations.

Therefore, the amount of EUR 595,070 has been deducted and retained from the initial purchase price as indemnity holdback, which will be reimbursed on the date falling three years after completion of the transactions.

The management estimates that no claims for indemnification will appear during this period and that full amount of indemnity holdback will be received.

This discounted receivable as at 30 June 2022 amounts to RON 2,573,181 (31 December 2021: RON 2,552,630) and has been presented as non-current receivable in the consolidated statement of financial position.

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*all amounts are in RON, unless stated otherwise***Note 8. Loans receivables**

The loans receivables at the end of reported period were as follows:

	Currency	Interest rate	Year of maturity	30 June 2022		31 December 2021	
				Non-current portion	Current portion	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	346,037	-	350,438	-
8Wines s.r.o.	EUR	6.0%	2024	2,492,521	-	499,051	-
8Wines (interest receivable)				11,888	44,230	-	-
Total loans receivable				2,850,446	44,230	849,489	-

Note 9. Inventories

The inventories at the end of reported period were as follows:

	30 June 2022	31 December 2021
Raw materials		
Distilled alcohol	39,651,074	36,508,269
Wine materials	2,155,881	6,378,783
Other raw materials	663,666	600,311
Total raw materials	42,470,621	43,487,363
Other materials		
Packaging materials	19,346,094	14,242,424
Other materials	7,636,440	5,075,436
Chemicals	3,736,172	2,687,849
Total other materials	30,718,706	22,005,709
Semi-finished production		
Wine in barrels	81,251,753	82,678,184
Divin in barrels	6,032,205	4,023,269
Brandy in barrels	150,595	276,333
Total semi-finished production	87,434,553	86,977,786
Bottled finished goods		
Wine	25,250,933	21,945,866
Divin	1,171,477	541,198
Other finished goods	19,043	53,461
Brandy	93,914	4,257
Total bottled finished goods	26,535,367	22,544,782
Total inventories	187,159,247	175,015,640

Note 10. Cash and cash equivalents

The cash and cash equivalents at the end of reported period were as follows:

	30 June 2022	31 December 2021
Bank accounts	23,689,463	31,935,828
Petty cash	130,454	164,286
Total cash and cash equivalents	23,819,917	32,100,114

Cash and cash equivalents consist of cash in hand, current accounts and short-term deposits with banks, which are at the free disposal of the Group.

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*all amounts are in RON, unless stated otherwise***Note 11. Share Capital and Premium**

At the reporting date, the issued share capital of the Company is comprised of 40,117,500 ordinary shares with nominal value of EUR 0.01 each. All issued shares are fully paid.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of shares. Share premium account can only be resorted to limited purposes, which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

On 15 June 2022, the Company transferred free of charge to its management and employees 251,036 shares with a total value of RON 3,815,747 (2021: RON 3,773,822).

Note 12. Trade and other payables

The trade and other payables at the end of reported period were as follows:

	30 June 2022	31 December 2021
<i>Financial payables</i>		
Trade accounts payable	51,436,609	67,246,874
Trade payables due to related parties	4,304,793	2,203,759
Total financial payables	55,741,402	69,450,633
<i>Non-financial payables</i>		
Other tax liabilities	4,516,629	3,822,723
Advances received	756,332	509,007
Dividend payables	22,746,172	1,563,934
Total non-financial payables	28,019,133	5,895,664
Total trade and other payables	83,760,535	75,346,297

Note 13. Deferred income

The movements in deferred income from 1 January 2021 to 30 June 2022 were as follows:

	30 June 2022	31 December 2021
Balance at 1 January 2022 / 1 January 2021	9,183,161	4,537,583
Grants received	846,842	4,684,381
Increase due to business combinations	-	825,161
Release of deferred income	(477,984)	(1,500,311)
Effect of movements in exchange rates	(337,268)	636,347
Balance at 30 June 2022 / 31 December 2021	9,214,751	9,183,161

The Group's deferred income mainly represents government grants received for investments in property, plant and equipment. The Group is restricted to sell the assets for which a grant has been received for a period of five years.

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*all amounts are in RON, unless stated otherwise***Note 14. Borrowings and finance lease**

This note provides information about the contractual terms of the Group's interest-bearing liabilities, borrowings and finance lease, which are measured at amortized cost.

The borrowings and finance lease at the end of reported period were as follows:

	30 June 2022	31 December 2021
<i>Non-current liabilities</i>		
Secured bank loans	45,156,456	19,081,919
Lease liabilities	5,216,488	5,769,657
Total non-current portion	50,372,944	24,851,576
<i>Current liabilities</i>		
Current portion of secured bank loans	53,319,628	70,319,375
Current portion of unsecured loan	-	1,316,195
Current portion of lease liabilities	1,223,223	1,497,517
Total current portion	54,542,851	73,133,087
Total borrowings and lease liabilities	104,915,795	97,984,663

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Terms and debt repayment schedules

Type of Loan	Lender	Currency	Nominal interest rate	Year of maturity	30 June 2022		31 December 2021	
					Non-current	Current	Non-current	Current
Secured bank loan	BC MAIB SA (1)	EUR	3.80%	2023	-	1,247,070	-	-
Secured bank loan	BC MAIB SA (2)	EUR	3.40%	2022	-	4,589,217	-	4,553,234
Secured bank loan	BC MAIB SA (3)	MDL	7.50%	2022	-	744,038	-	738,910
Secured bank loan	BC MAIB SA (4)	EUR	3.40%	2024	13,638,154	3,749,840	-	12,867,836
Secured bank loan	BC MAIB SA (5)	MDL	7.50%	2024	-	7,440,382	-	7,389,097
Secured bank loan	BC MAIB SA (6)	MDL	7.50%	2023	-	2,728,140	-	2,709,335
Secured bank loan	BC MAIB SA (7)	EUR	3.40%	2022	-	-	-	1,489,699
Secured bank loan	BC MAIB SA (8)	MDL	7.50%	2022	-	-	-	1,609,345
Secured bank loan	BC MAIB SA (9)	USD	4.75%	2024	843,243	-	-	-
Secured bank loan	BC MAIB SA (10)	EUR	3.80%	2024	1,490,756	-	-	-
Secured bank loan	BC MAIB SA (11)	EUR	3.40%	2025	7,241,486	3,563,936	-	10,739,694
Secured bank loan	BC MAIB SA (12)	MDL	7.50%	2025	-	49,603	-	270,934
Secured bank loan	BC MAIB SA (13)	EUR	3.40%	2022	-	2,502,121	-	2,482,503
Secured bank loan	BC MAIB SA (14)	EUR	3.40%	2023	-	7,628,077	-	10,952,508
Secured bank loan	BC Victoriabank SA	EUR	2.80%	2023	14,968,044	-	14,847,503	-
Secured bank loan	OTP Bank SA (1)	USD	3.95%	2024	1,831,483	1,569,940	2,126,990	1,588,578
Secured bank loan	OTP Bank SA (2)	USD	3.95%	2022	-	-	-	1,029,253
Secured bank loan	OTP Bank SA (3)	USD	4.25%	2025	506,971	253,422	661,637	155,437
Secured bank loan	OTP Bank SA (4)	USD	3.95%	2026	1,274,075	445,857	1,445,789	359,382
Secured bank loan	OTP Bank SA (5)	USD	4.25%	2025	1,396,825	612,822	-	-
Secured bank loan	OTP Bank SA (6)	USD	4.25%	2025	1,965,421	516,690	-	-
Secured bank loan	UNICREDIT BANK SA	EUR	EURIBOR 1M+1.50%	2022	-	15,676,914	-	11,383,630
Unsecured loan	Chateau Vartely SRL	EUR	-	2022	-	-	-	1,316,195
Lease liabilities		RON/ MDL/ EUR	3.90%-11.25%	2022-2047	5,216,486	1,224,782	5,769,657	1,497,517
Total borrowings and lease liabilities					50,372,944	54,542,851	24,851,576	73,133,087

Note 15. Revenue

Revenues for the 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
<i>Sales of finished goods</i>				
Wine	54,513,848	49,416,829	99,406,716	93,780,818
Divin	7,119,211	5,515,856	13,039,621	10,087,006
Brandy	140,841	422,851	181,859	474,754
Total sales of finished goods	61,773,900	55,355,536	112,628,196	104,342,578
<i>Sales of other goods</i>				
Merchandise	287,433	769,295	772,910	1,218,877
Other	146,949	30,148	273,902	66,348
Wine materials	11,148	6,976	42,343	57,123
Total sales of other goods	445,530	806,419	1,089,155	1,342,348
<i>Services</i>				
Hotel and restaurant services	696,833	506,176	1,191,296	813,493
Agricultural services	30,317	17,051	56,925	32,430
Waste recycling management services	4,745,322	-	8,914,479	-
Total services	5,472,472	523,227	10,162,700	845,923
Total revenue	67,691,902	56,685,182	123,880,051	106,530,849

Segment analysis

By 2020 the management monitored the performance of the Group as a single segment (production, bottling and sales of wines, divin and brandy), and through the acquisition of the subsidiary Ecosmart Union SA in 2021 a second segment related to waste recycling management services appeared (which for the year ended 31 December 2021 has not been yet a significant one).

A reportable segment is a component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generate revenues other than risks and income of those components that are peculiar to other business segments.

The operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serve different markets.

Sales of finished goods by brand and geographic region for the 1st Semester 2022 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	1,176,041	39,562,017	172,605	16,587,851	1,838,525	59,337,039
Moldova	3,292,130	10,342,426	-	-	9,249,261	22,883,817
Poland	10,293,916	418,265	-	14,000	41,750	10,767,931
Belarus	-	-	-	-	375,150	375,150
Czech & Slovakia	3,262,080	123,100	-	231,014	-	3,616,194
Asia	2,099,780	2,338,087	-	601,140	500,949	5,539,956
Baltic countries	2,916,028	-	-	-	137,900	3,053,928
Ukraine	533,082	535,815	-	-	-	1,068,897
Other	1,672,074	2,727,195	24,898	483,172	1,077,945	5,985,284
Total	25,245,131	56,046,905	197,503	17,917,177	13,221,480	112,628,196

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*all amounts are in RON, unless stated otherwise*Sales of finished goods by brand and geographic region for the 1st Semester 2021 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	1,285,501	37,628,755	-	15,518,714	1,080,648	55,513,618
Moldova	2,382,361	7,056,536	-	-	6,426,605	15,865,502
Poland	9,492,176	210,466	-	32,578	39,713	9,774,933
Belarus	-	-	-	-	1,862,229	1,862,229
Czech & Slovakia	4,349,526	100,640	-	-	-	4,450,166
Asia	1,786,833	1,519,848	-	478,478	483,344	4,268,503
Baltic countries	3,460,169	342,977	-	87,955	166,093	4,057,194
Ukraine	1,601,481	2,143,067	-	-	-	3,744,548
Other	1,249,148	2,313,184	-	740,425	503,128	4,805,885
Total	25,607,195	51,315,473	-	16,858,150	10,561,760	104,342,578

Sales of finished goods by brand and geographic region for the 2nd quarter of 2022 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	826,963	19,728,014	159,268	9,941,374	904,516	31,560,135
Moldova	1,741,275	6,200,488	-	-	5,822,161	13,763,924
Poland	5,844,810	262,318	-	147	14,132	6,121,407
Belarus	-	-	-	-	-	-
Czech & Slovakia	1,501,521	37,969	-	10,168	-	1,549,658
Asia	1,276,736	1,666,379	-	450,515	9,690	3,403,320
Baltic countries	1,442,490	-	-	-	124,564	1,567,054
Ukraine	5,593	291,122	-	-	-	296,715
Other	1,399,781	1,533,708	14,587	178,622	384,989	3,511,687
Total	14,039,169	29,719,998	173,855	10,580,826	7,260,052	61,773,900

Sales of finished goods by brand and geographic region for the 2nd quarter of 2021 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	685,886	19,863,075	-	8,374,570	535,684	29,459,215
Moldova	1,364,286	3,815,038	-	-	3,996,282	9,175,606
Poland	4,848,939	166,228	-	20,660	22,291	5,058,118
Belarus	-	-	-	-	768,697	768,697
Czech & Slovakia	2,164,392	55,426	-	-	-	2,219,818
Asia	753,548	1,164,965	-	281,108	285,653	2,485,274
Baltic countries	1,448,879	34,852	-	39,046	130,201	1,652,978
Ukraine	930,550	1,319,667	-	-	-	2,250,217
Other	457,091	1,343,286	-	285,337	199,899	2,285,613
Total	12,653,571	27,762,537	-	9,000,721	5,938,707	55,355,536

The waste recycling management services are provided by the Group's subsidiary Ecosmart Union SA and the entire revenue is realised in Romania.

Note 16. Cost of sales

Cost of sales for 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Sales of finished goods				
Wine	30,552,751	26,074,180	50,454,735	47,513,011
Divin	2,895,002	1,893,615	5,044,484	3,466,245
Brandy	109,182	256,579	131,145	290,890
Total sales of finished goods	33,556,935	28,224,374	55,630,364	51,270,146
Sales of other goods				
Merchandise and other goods	1,542,734	687,771	2,099,638	1,147,347
Total sales of other goods	1,542,734	687,771	2,099,638	1,147,347
Services				
Hotel and other services	689,580	496,383	1,183,532	802,330
Waste recycling management services	2,531,605	-	6,307,845	-
Total goods and services	3,221,185	496,383	7,491,377	802,330
Total cost of sales	38,320,854	29,408,528	65,221,379	53,219,823

Note 17. Marketing and sales expenses

Marketing and selling expenses for the 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Transportation expenses	1,360,794	973,382	2,210,661	1,883,249
Employee benefits	2,416,593	3,131,608	4,438,576	5,155,997
Marketing and selling	3,644,805	3,439,091	5,475,000	5,293,241
Certification of production	160,795	95,771	296,993	191,785
Other expenses	181,769	136,324	226,158	226,876
Total marketing and sales expenses	7,764,756	7,776,176	12,647,388	12,751,148

Note 18. General and administrative expenses

General and administrative expenses for the 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Employee benefits	4,776,909	5,085,225	8,074,337	8,827,038
Depreciation	808,322	555,654	1,852,238	1,186,918
Professional fees	984,225	615,867	2,265,830	1,196,555
Taxes and fees	430,446	653,545	703,520	1,016,650
Travel	137,676	26,473	176,821	29,710
Security	2,915	3,102	6,255	6,213
Rent	26,239	20,709	47,902	40,005
Bank charges	77,306	81,099	157,323	144,331
Repairs and maintenance	143,767	80,357	238,580	175,566
Communication	79,436	50,919	167,350	107,904
Fuel	69,278	39,934	122,515	91,619
Penalties	161,784	(77,851)	224,247	79,202
Insurance	65,360	42,550	113,433	76,185
Materials	56,830	44,621	63,008	66,260
Other	295,636	8,154	496,490	229,400
Total general and administrative expenses	8,116,129	7,230,358	14,709,849	13,273,556

Note 19. Other operating income

Other operating income for the 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Release of deferred income	240,547	523,545	477,984	562,218
Gains on write-off of trade and other payables	11	324,818	1,624	443,401
Net gain/(loss) from sale of other materials	(14,466)	5,997	(21,420)	(4,143)
Other	204,653	22,765	289,688	70,017
Total other operating income	430,745	877,125	747,876	1,071,493

Note 20. Other operating expenses

Other operating expenses for the 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Impairment of property, plant and equipment, net	(18,495)	(19,980)	(58,993)	(39,741)
Change in provisions, net	-	976,640	-	-
Unallocated overheads	81,831	91,708	163,293	177,546
Adjustment to fair value of harvest of grapes from own grape vines	(80,676)	(23,735)	(57,748)	(38,973)
Adjustment to fair value of harvest of grapes from joint operation / operating leasing	39,338	43,812	71,022	74,558
Net (gain)/loss from disposal of property, plant and equipment and intangible assets	(30,805)	(229,448)	(51,882)	(242,606)
Total other operating expenses	(8,807)	838,997	65,692	(69,216)

Provisions

The Group has set-up provisions for tax risks for which management has assessed as probable an outflow of resources.

The movements in provisions from 1 January 2021 to 30 June 2022 were as follows:

	30 June 2022	31 December 2021
Balance at 1 January 2022 / 1 January 2021	5,960,310	7,515,280
Reverse in provisions netted against gain from disposal of equity instruments	-	(1,266,843)
Provisions used during the year	-	(1,055,004)
Effect of movements in exchange rates	506,887	766,877
Balance at 30 June 2022 / 31 December 2021	6,467,197	5,960,310

Note 21. Net finance income/(costs)

The net finance costs for the 1st Semester 2022 and 1st Semester 2021 were as follows:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Net gain from disposal of equity instruments	-	697,978	-	697,978
Interest income	35,078	1,404	48,042	1,525
Other income	-	244	-	576
Finance income	35,078	699,626	48,042	700,079
Interest expenses	(1,122,544)	(1,133,130)	(2,082,961)	(2,169,235)
Net foreign exchange loss	(1,344,270)	(1,726)	(2,755,100)	(2,058,108)
Finance costs	(2,466,814)	(1,134,856)	(4,838,061)	(4,227,343)
Net finance income/(costs)	(2,431,736)	(435,230)	(4,790,019)	(3,527,264)

Note 22. Employee benefits

The employee benefits payables at the end of reported period were as follows:

	30 June 2022	31 December 2021
Payables to employees	2,668,721	2,635,620
Accruals for unused vacation	2,763,306	2,036,279
Total employee benefits payables	5,432,027	4,671,899

Employee benefit expenses include base salaries, mandatory medical contributions, mandatory social contributions, bonuses for performance and equity-settled share-based payments.

The employee benefit expenses were included in the following captions:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
General and administrative expenses	4,776,909	5,085,225	8,074,337	8,827,038
Cost of sales	2,470,519	1,882,431	4,566,310	4,068,179
Inventory	1,035,690	1,082,249	3,868,330	2,893,024
Marketing and sales expenses	2,416,593	3,131,608	4,438,576	5,155,997
Total employee benefits expenses	10,699,711	11,181,513	20,947,553	20,944,238

The employee benefit expenses comprised the following categories:

	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
Base salaries and bonuses for performance	8,618,957	5,554,782	17,313,752	12,198,212
Equity-settled share-based payments	1,016,815	4,632,432	1,126,835	6,637,370
Mandatory social and medical contributions	1,063,939	994,299	2,506,966	2,108,656
Total employee benefit expenses	10,699,711	11,181,513	20,947,553	20,944,238

Note 23. Related parties

The Group's related parties for the six-months period ended 30 June 2022 were the following:

Name of the entity	Relationship with the Company
Key management personnel	Members of board of directors of the Company, CEOs, COO, CFO and Sales Director of Group entities
Victor Bostan	CEO, Member of the Board of Directors, significant shareholder through Amboselt Universal Inc.
Agro Sud Invest SRL	Entity controlled by a key member of management through a significant shareholding
BSC Agro SRL	Entity controlled by a key member of management through a significant shareholding
Victoriavin SRL	Entity controlled by Victor Bostan through a significant shareholding
Ecosmart Union SA	An associate company till 15 September 2021
BC Moldova Agroindbank SA	Common member in the board of directors of the Company and of the Bank

Transactions with key management personnel and other related parties:

	Transactions value - income/(expenses) for six-month period ended		Outstanding balance – receivable/(payable) as at	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
Victor Bostan				
- Salaries and bonuses for performance	(572,712)	(521,095)	(1,537,891)	(1,102,570)
Moldova Agroindbank SA				
- Sales of merchandise	7,943	6,299	-	-
- Interest expense	(1,193,058)	(1,190,806)	-	-
- Secured bank loans	1,320,048	-	(57,247,385)	(55,803,095)
- Bank charges	(98,155)	(104,364)	-	-
- Cash and cash equivalents	-	-	6,349,935	21,065,011
Victoriavin SRL				
- Lease liabilities	-	-	(4,129,752)	(3,894,567)
- Interest expense	(202,937)	(188,909)	-	-
- Trade payables	(1,690)	-	(4,924)	(5,545)
- Operating leases	(23,507)	(22,109)	-	-
Agro Sud Invest SRL				
- Agricultural services	(2,915,342)	(1,631,284)	-	-
- Trade payables	-	-	(2,227,251)	(1,070,597)
BSC Agro SRL				
- Agricultural services	(3,691,221)	(2,191,804)	-	-
- Trade payables	-	-	(2,073,131)	(1,127,617)
Ecosmart Union SA				
- Other expenses	-	(1,139,108)	-	-
Key management personnel				
- Salaries and bonuses for performance	(1,705,416)	(1,545,937)	(316,129)	(2,491,011)
- Equity-settled share-based payment	(768,987)	(3,963,841)	(1,714,363)	(3,262,251)

Note 24. EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is calculated as profit/(loss) for the period (as presented in the condensed consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment.

The management of the Group routinely tracks the EBITDA metrics and considers it relevant for a better understanding of the Group’s financial performance.

EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.

EBITDA for the 1st Semester 2022 and 1st Semester 2021 was as follows:

	Indicator	3-month ended 30 June 2022	3-month ended 30 June 2021	6-month 2022	6-month 2021
EBITDA	EBITDA	18,144,721	15,478,670	38,623,322	35,104,923
Less: depreciation		(4,673,618)	(3,240,238)	(8,721,701)	(6,480,606)
Less: amortization		(60,468)	(30,666)	(110,290)	(62,015)
Result from operating activities	EBIT	13,410,635	12,207,766	29,791,331	28,562,302
Less: net finance costs		(2,431,736)	(435,230)	(4,790,019)	(3,527,264)
Earnings Before Taxes	EBT	10,978,899	11,772,536	25,001,312	25,035,038
Less: income tax		(2,080,505)	(1,680,082)	(4,124,196)	(4,661,136)
Profit for the period		8,898,394	10,092,454	20,877,116	20,373,902

Note 25. Events after the reported balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of these consolidated financial statements.