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Purcari Wineries Public Company Limited

HALF-YEARLY FINANCIAL REPORT 2020

Including the Non-Audited, Interim Condensed Consolidated
Financial Statements for the six-month period ended 30 June 2020

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020
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: 200,000 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 during 1st Semester 2020:**

Name	Date of appointment	Title
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 29 April 2020	Non-executive, Non-independent Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Independent Director
Victor Bostan	Listing date	Executive, Non-independent Director
Eugen Comendant	Appointed by the AGM on 29 April 2020	Executive, Non-independent Director
Victor Arapan	Appointed by the AGM on 25 April 2019 and resigned on 29 April 2020	Executive, Non-independent Director

Chairman of the Board of Directors: Vasile Tofan, firstly elected by the Board of Directors to this position on 14 June 2018 and re-elected by the Board on 29 April 2020

Company Secretary: Inter Jura CY (Services) Limited

Registered office: 1, Lampousas Street
1095 Nicosia
Cyprus

Registration number: HE 201949

The Half-Yearly Financial Report 2020, including the Non-Audited, Interim Condensed Consolidated Financial Statements for the six-months period ended 30 June 2020 was approved by the Board of Directors on the August 19th, 2020.

Purcari Wineries Public Company Limited

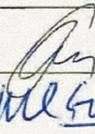
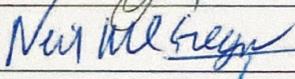
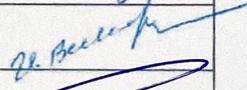
Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020
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II. Statement by the Members of the Board of Directors and other responsible officers of the Company for the preparation of the Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020

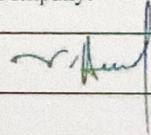
In accordance with Section 10 sub-sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on a Regulated Markets) Law of 2007 as amended (the "Law"), we, the members of the Board of Directors and the other responsible persons for the preparation of the Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020 (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, Non-independent Director	
Monica Cadogan	Non-executive, Independent Director	
Neil McGregor	Non-executive, Independent Director	
Victor Bostan	Executive, Non-independent Director	
Eugen Comendant	Executive, Non-independent Director	

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

Victor Arapan	Chief Financial Officer	
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August 19th, 2020

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020

all amounts are in RON, unless stated otherwise

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 2020.

1. Principal activities of the Group remain the same

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 around 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 2020, the Group had 691 employees in 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 30 countries, primarily in Europe (Poland, the Czech Republic, Slovakia, Ukraine, Norway, UK, etc.), Asia (China, Japan, South Korea) and in North America (Canada and USA).

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 sales decreased -3% YoY in the first half of 2020, reaching RON 85 million compared to RON 88 million in the similar period of the last year. The decline was largely caused by the effects of Covid-19 pandemic, including primarily the poor performance of the Hotel/Restaurant/Catering (‘HoReCa’) and DutyFree segments, which were restricted by the imposed lockdowns. China and Moldova were the two most affected markets, the latter being the most dependent on the HoReCa and Duty-Free segments of all markets in Group’s universe. Sales in Moldova were down 49% and in China 70%. Compensating for this, the performance in the other CEE markets was strong, led by Romania, +24% (and accounting for over half of Group’s revenues), Poland (+6%), Ukraine (+51%) and Baltic region (+43%).

Sales of finished goods by brand and geographic region for the 1st Semester of 2020 were as follows:

	Bostavan wine (unaudited)	Purcari wine (unaudited)	Crama Ceptura wine (unaudited)	Bardar divin and brandy (unaudited)	Total (unaudited)
Romania	1,184,308	27,598,343	13,659,101	502,169	42,943,921
Republic of Moldova	1,644,005	3,744,743	-	3,605,623	8,994,371
Poland	10,768,174	146,370	17,768	16,742	10,949,054
Belarus	359,718	97,358	-	3,183,889	3,640,965
Czech Rep. and Slovakia	4,502,658	4,807	-	-	4,507,465
Asia	578,514	717,348	276,275	71,835	1,643,972
Baltic countries	3,731,482	-	-	162,409	3,893,891
Ukraine	1,808,721	1,732,830	-	-	3,541,551
Other	1,205,741	1,137,499	458,413	506,708	3,308,361
Total	25,783,321	35,179,298	14,411,557	8,049,375	83,423,551

The evolution of sales by main markets is described below:

- **Romania:** Sales expanded 24%, despite COVID-19 restrictive measures. Very strong performance for the flagship Purcari brand, up 29% YoY. Crama Ceptura reinvigorated growth on the back of quality improvements, active marketing, expanding 18%; Bardar +51%, albeit from a lower base. The challenges in the Horeca segment were compensated by very strong traction in modern trade channel, especially with international key accounts;

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- **Moldova:** Revenues down 49%, given market's strongest dependence on HoReCa and Duty-Free segments in Group's universe. Also, given the lockdowns, the Group accrued virtually no tourism revenues for Chateau Purcari (~2% of revenues). A detailed action plan has been adopted for 2H20. Slow recovery expected as avoiding short term solutions, focus on preserving brand equity;
- **Poland:** Growth of 6% fuelled by an improved product mix, medium price segment sales growth and new listings. Certain deliveries shifted to July. Doubling sales with Purcari and Bardar brands albeit from a smaller base;
- **Asia:** Revenues down 70% as COVID-19 outbreak disrupted commercial activity for all major Wine players in China. Sales slowly started to recover, but still remain far from the pre-COVID levels. Engaging with existing and potential new partners seeking to regain lost sales;
- **Czechia and Slovakia:** Revenue drop of 4% mainly driven by the weaker results of 1Q20, while sales returned to growth in 2Q20. Good dynamic with main channel partners, positioning for a decent overall performance in 2020;
- **Ukraine:** Revenues expanded by 51%, with Purcari brand up 90%, as it becomes increasingly popular with Ukrainian consumers, influencers, given excellent value for money offered.

The evolution of sales by brands is described below:

- **Purcari:** Ongoing strong traction in Romania, largely in the international key accounts segment, compensating for the restrictions in HoReCa. Promising performance in newer markets, such as doubling sales in Poland, growth in Ukraine +90%. In contrast, Moldovan sales were weak, affected by HoReCa and Duty-Free closures, which impacted the premium Purcari brand most. Slow recovery in China;
- **Bostavan:** Negative sales effects in Moldova. Strong recovery in Czech Republic and Slovakia in 2Q20. Poland performing well, with certain deliveries shifted to July. Continue good traction in Baltics and Ukraine;
- **Crama Ceptura:** The brand is on a strong rebound, as a result of re-invigorating marketing campaigns and improvements in quality. Focus on premium and higher-margin wines, such as Astrum and Magnus series;
- **Bardar:** Sales in Moldova down 48%, significantly affected by HoReCa closure and ban on public events (i.e. weddings, anniversaries). Detailed activity planned in 2H20 to mitigate against competitors price reductions and other COVID-19 adverse effects.

Gross profit declined by RON 2.35 million compared to last year, pushed down mainly by loss of higher margin sales of Purcari brand in Moldova and China.

G&A expenses remained under strict control, -14% YoY, executing on cost discipline, cost-cutting initiatives, voluntary salary cut for top management and Directors between 25% and 100% for period from 3 to 12 months.

The share of marketing and selling expenses slightly increased from 8% of revenue last year to 10% of revenue in the reported period, main drivers being increased marketing and trade activities to support sales and increase in commercial salaries, a part of which being re-allocation from G&A salaries.

Depreciation expenses increased by RON 1.4 million or 31% YoY, as result of realized capital expenditures to increase production capacities.

The net finance cost improved in first semester of 2020 with RON 1.4 million YoY, mainly on less FX loss. As a result, the EBITDA decreased -6% YoY. EBITDA margin decreased to 33%, down 1 percentage point year-on-year. Typical seasonality trends, with the usual profitability skew towards Q3-Q4, leave room for possible additional upside.

Net income attributable to owners of the Company decreased by 4% YoY or RON 0.65 million.

The non-current assets of the Company grew by 5% compared to 2019 year-end, on continuation of capital expenditures realized to finalize the reconstruction of new Purcari plant and other improvements of production flow.

Current assets decreased 5% in the reported period, compared to 2019 year-end. The largest portion of decrease was attributable to Trade and Other Receivables, as the collection improved from 97 days to 86 days.

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Loans and borrowings decreased by 6% compared to 2019 year-end, on regular repayments and decision to finance most of capital expenditures from own resources.

The Trade and Other Payables decreased significantly by 29%. Such big decrease was driven by one off transaction in March – payment of outstanding balance of EUR 1.5 million to Vismos for 2019 investments.

In the first half of 2020, the Group's general liquidity ratio continue to improve, increasing to 2.75 from 1.97 at 2019 year-end. The indebtedness of the Company measured by gearing ratios (Debt/Equity and Debt/Capital Employed) shows improvement. In view of the above, the financial position of the Company as presented in these financial statements are considered very good.

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

Important events

On 29 April 2020, the shareholders of the Company voted to abstain from payment of any dividends for the 2019 period, as a prudent measure in the light of Covid-19 inflicted uncertainty.

On 29 April 2020, the AGM approved a buy-back program for up to 300,000 own shares, to allow the Company to meet its obligations arising from earlier approved Management Incentive Program. The Company did not start the redemption yet.

On 24 June 2020, Vinaria Bostavan SRL, a Company's subsidiary in Moldova, engaged new credit lines amounting to 100 million MDL from a local bank, for working capital needs.

Financial indicators

Below are presented important ratios used to assess the financial position of the Company.

Liquidity ratio – represents 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 2.75, which is a significant improvement compared to 1.97 recorded at 2019 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 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. Considering the seasonality of our business we can see that at the end of the year Receivables turnover indicator slightly increases but recovers in the middle of the year. This indicates that a company's collection of accounts receivable is efficient 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 decreased from 1.3 to 1.0 comparing to year end because in the first half of 2020 the Company continued to make capital expenditures, which will support future increase of sales.

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Item, RON	30 June 2020		31 December 2019	
Liquidity ratio				
Current Assets	187,567,904	2.75	197,387,456	1.97
Current liabilities	68,225,858		100,263,979	
Gearing ratios				
Debt	104,566,169	54%	110,778,079	62%
Equity	194,394,493		177,269,754	
Debt	104,566,169	35%	110,778,079	38%
Total Capital Employed	298,960,662		288,047,830	
Receivables Turnover, days				
Receivables	40,380,039	86	53,887,343	97
Net Sales Annualized / 360	471,624		553,054	
Non-current Assets turnover				
Net Sales Annualized	169,784,768	1.0	199,099,390	1.3
Non-current Assets	164,014,585		156,791,646	

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).

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.

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The EBITDA decreased by 6% compared to previous period and its calculation is presented below.

	Indicator	30 June 2020 (unaudited)	30 June 2019 (unaudited)
EBITDA	EBITDA	28,298,933	30,110,613
Less: depreciation		(5,742,157)	(4,381,839)
Less: amortization		(83,713)	(36,501)
Result from operating activities	EBIT	22,473,063	25,692,273
Less: net finance costs		(4,016,321)	(5,428,041)
Earnings Before Taxes	EBT	18,456,742	20,264,232
Less: income tax		(2,882,722)	(3,146,159)
Profit for the period		15,574,020	17,118,073

3. *Income from non-recurring or extraordinary activities for the 1st semester 2020*

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

At the same time, in first half of year 2020 the Group made expenses (grants and sponsorships) amounting to RON 375,000 to support anti-Covid community efforts in Romania and Moldova. The management do not expect such expenses to occur in the second half of the year.

Also, the Group announced in March 2020 a temporary reduction of salaries for the members of Board of Directors and Top Management, ranging from 25% to 100% for periods from 3 to 12 months.

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

Both the Romanian and Moldovan governments declared a state of emergency and have adopted strict measures to fight the Covid-19 pandemic, including introducing restrictions on the cross-borders movement of people, entry restrictions on foreign visitors and the 'lock-down' of certain industries. Many businesses in Romania and Moldova have instructed employees to remain at home and have curtailed or temporarily suspended business operations.

The Group recorded a significant drop in HoReCa and Duty-Free channel sales as result of the imposed lockdowns and travel restrictions.

5. *Principal Risks and Uncertainties for the second semester of the financial year 2020*

The ongoing uncertainty related to the Covid-19 pandemic may create additional pressures on Group's financial performance

Group revenues were down 3% compared to similar period of last year. April and May were the most affected months, amid broad lockdowns across the markets of Group's operations. Starting June, the Group sales recovered the year on year growth trend. Nevertheless, the management cannot predict the consumption trends in case of further deteriorations of the pandemic situation and the possible restrictive measures applied by the governments in the countries of Group's operations.

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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. During the first half of the year agricultural sector of the Group was partially affected by a severe drought. As of the date of this report, the management of the Group estimates the own harvest to be broadly in line with the level of last year. Group management does not estimate a deterioration for the availability and the pricing of grapes purchased from partner farmers.

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 earns also a significant share of revenues from EUR and USD linked contracts. The Group manages its currency exchange risk exposure in a limited manner and there is no hedging arrangement at Group level designed or implemented to this end. As a consequence, 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.

During 1H2020, the 1M ROBOR has decreased from 3.04% to 2.20%, lowering the finance costs for Group's loan portfolio in Romania.

National Bank of Moldova cut the basic rate for monetary policy operations significantly during 1H2020, from 5.50% to 3.25%. In August 2020 a further cut, to 3.00% came into effect.

Taking into consideration a low inflation rate both in Romania and Moldova, the management does not estimate as high the risk of interest rates increases for the remainder of 2020.

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. Nevertheless, the Group management does not expect any such changes to take place within next six month.

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

On 31 July 2020, Vinaria Purcari SRL, a wholly owned subsidiary of Purcari Wineries PLC, has entered a transaction to sell the 31.415% stake owned in Glass Container Company SA to Vetropack Group, a leading Swiss corporate group in the European glass packaging industry. The transaction is subject to customary regulatory approvals and is expected to be closed in November 2020.

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

The transactions of the Group with related parties are stated under note 21 of the Non-Audited, Interim Condensed Consolidated Financial Statements.

19 August 2020

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020

all amounts are in RON, unless stated otherwise

IV. Condensed Consolidated Interim Statement of Financial Position as at 30 June 2020

	30 June 2020 (unaudited)	31 December 2019 (audited)	Variation
Assets			
Property, plant and equipment	148,547,286	141,488,777	5%
Intangible assets	1,285,817	1,186,568	8%
Investments in associates	1,241,284	1,298,680	-4%
Equity instruments at fair value through profit or loss	12,940,198	12,766,688	1%
Other non-current assets	-	50,933	-100%
Total non-current assets	164,014,585	156,791,646	5%
Inventories	124,446,952	124,928,680	0%
Trade and other receivables	40,380,039	53,887,343	-25%
Cash and cash equivalents	15,899,766	12,573,775	26%
Income tax assets	839,792	236,000	256%
Prepayments	5,740,797	5,652,967	2%
Other current assets	260,558	108,691	140%
Total current assets	187,567,904	197,387,456	-5%
Total assets	351,582,489	354,179,102	-1%
Equity			
Share capital	728,279	728,279	0%
Share premium	82,533,921	82,533,921	0%
Foreign currency translation reserve	17,253,535	15,160,426	14%
Other reserves	(1,249,445)	(2,626,244)	-52%
Retained earnings	79,335,016	64,739,104	23%
Equity attributable to owners of the Company	178,601,306	160,535,486	11%
Non-controlling interests	15,793,187	16,734,268	-6%
Total equity	194,394,493	177,269,754	10%
Liabilities			
Loans and borrowings	77,707,834	65,565,824	19%
Deferred income	3,709,083	3,477,902	7%
Deferred tax liability	7,545,221	7,601,643	-1%
Total non-current liabilities	88,962,138	76,645,369	16%
Loans and borrowings	26,858,335	45,212,255	-41%
Deferred income	426,926	561,616	-24%
Current tax liabilities	787,745	1,970,066	-60%
Employee benefits	2,389,998	3,024,711	-21%
Trade and other payables	30,779,173	42,700,446	-28%
Provisions	6,983,681	6,794,885	3%
Total current liabilities	68,225,858	100,263,979	-32%
Total liabilities	157,187,996	176,909,348	-11%
Total equity and liabilities	351,582,489	354,179,102	-1%

These Condensed Consolidated Interim Financial Statements were approved by management on 19th of August 2020 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 15 to 30.

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020

*all amounts are in RON, unless stated otherwise***V. Condensed Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2020**

	6-month 2020 (unaudited)	6-month 2019 (unaudited)	Variation
Revenue	84,892,384	87,794,126	-3%
Cost of sales	(44,021,059)	(44,572,795)	-1%
Gross profit	40,871,325	43,221,331	-5%
Other operating income	165,983	215,105	-23%
Marketing and sales expenses	(8,876,197)	(6,839,302)	30%
General and administrative expenses	(9,858,666)	(11,412,640)	-14%
Other operating expenses	(205,348)	293,906	-170%
Impairment loss on trade and loan receivables	(106,633)	(223,217)	-52%
Result from operating activities	21,990,464	25,255,183	-13%
Finance income	-	(2,732,441)	-100%
Finance costs	(4,016,321)	(2,695,601)	49%
Net finance costs	(4,016,321)	(5,428,042)	-26%
Share of profit of equity-accounted investees, net of tax	482,599	437,092	10%
Profit before tax	18,456,742	20,264,233	-9%
Income tax expense	(2,882,722)	(3,146,160)	-8%
Profit for the period	15,574,020	17,118,073	--9%
Profit attributable to:			
Owners of the Company	14,595,907	15,249,656	-4%
Non-controlling interests	978,113	1,868,656	-48%
Profit for the period	15,574,020	17,118,073	-9%

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 15 to 30.

Purcari Wineries Public Company Limited

Non-Audited, Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2020

*all amounts are in RON, unless stated otherwise***VI. Condensed Consolidated Interim Statement of Cash Flow for the six-month period ended 30 June 2020**

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>12-month 2019</u> <u>(audited)</u>
Cash flow from operating activities		
Profit (Loss) for the period	15,574,020	40,463,475
Adjustments for:		
Depreciation and amortization	5,825,870	9,568,406
Equity-settled share-based payment transactions	1,376,799	1,946,882
Non cash items	265,841	2,091,173
Income tax expense/(benefit)	2,882,722	8,474,858
Net finance costs	4,016,321	6,854,103
Operating profit before working capital changes	<u>29,941,573</u>	<u>69,398,897</u>
<i>Changes in:</i>		
Inventories	481,728	(12,612,778)
Trade and other receivables	13,267,607	5,741,307
Trade and other payables	(12,555,986)	3,998,237
Cash generated from operating activities	31,134,922	66,525,663
Income tax paid	(4,725,257)	(7,784,320)
Interest paid	(2,798,168)	(5,222,767)
Net cash generated from operating activities	<u>23,611,497</u>	<u>53,518,576</u>
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment and intangible assets	(13,059,006)	(43,356,566)
Proceeds from sale of property, plant and equipment	126,311	2,164,314
Net cash used in investing activities	<u>(12,932,695)</u>	<u>(41,192,252)</u>
Cash flows from financing activities		
Change in loans and borrowings and finance lease	(6,211,910)	2,560,537
Acquisition of treasury shares	-	(4,573,125)
Dividends paid	(1,003,808)	(20,028,057)
Net cash generated from/ (used in) financing activities	<u>(7,215,718)</u>	<u>(22,040,645)</u>
Net increase in cash and cash equivalents	3,463,084	(9,714,321)
Cash and cash equivalents at beginning of the period	12,573,775	21,803,241
Effect of movements in exchange rates on cash held	(137,093)	484,855
Cash and cash equivalents at end of period	<u>15,899,766</u>	<u>12,573,775</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 15 to 30.

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VII. Condensed Consolidated Interim Statement of Changes in Equity for the six-month period ended 30 June 2020

	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 2019	728,279	82,533,921		-	9,658,866	47,358,345	140,279,411	13,842,222	154,121,633
Total comprehensive income									
Profit for the year	-	-	-	-	-	36,295,520	36,295,520	4,167,955	40,463,475
Foreign currency translation differences	-	-	-	-	5,501,560	-	5,501,560	588,007	6,089,567
Total comprehensive income for the year	-	-	-	-	5,501,560	36,295,520	41,797,080	4,755,962	46,553,042
Transaction with owners of the Company									
Treasury shares acquired	-	-	(4,573,126)	-	-	-	(4,573,126)	-	(4,573,126)
Dividends	-	-	-	-	-	(18,914,761)	(18,914,761)	-	(18,914,761)
Total transactions with owners of the company	-	-	(4,573,126)	-	-	(18,914,761)	(23,487,887)	-	(23,487,887)
Other changes in equity									
Equity-settled share-based payment	-	-	-	1,946,882	-	-	1,946,882	-	1,946,882
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,863,916)	(1,863,916)
Total Other changes in equity	-	-	-	1,946,882	-	-	1,946,882	(1,863,916)	82,966
Balance at 31 December 2019 / 1 January 2020	728,279	82,533,921	(4,573,126)	1,946,882	15,160,426	64,739,104	160,535,486	16,734,268	177,269,754
Total comprehensive income									
Profit for the year	-	-	-	-	-	14,595,907	14,595,907	978,113	15,574,020
Foreign currency translation differences	-	-	-	-	2,093,109	5	2,093,114	223,012	2,316,126
Total comprehensive income for the year	-	-	-	-	2,093,109	14,595,912	16,689,021	1,201,125	17,890,146
Other changes in equity									
Equity-settled share-based payment	-	-	-	1,376,799	-	-	1,376,799	-	1,376,799
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,142,206)	(2,142,206)
Total Other changes in equity	-	-	-	1,376,799	-	-	1,376,799	(2,142,206)	(765,407)
Balance at 30 June 2020	728,279	82,533,921	(4,573,126)	3,323,681	17,253,535	79,335,016	178,601,306	15,793,187	194,394,493

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 15 to 30.

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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 2020	31 December 2019
Vinorum Holdings Ltd	Gibraltar	100%	100%
West Circle Ltd	British Virgin Islands	100%	100%
Crama Ceptura SRL	Romania	100%	100%
Vinaria Bostavan SRL	Republic of Moldova	99.54%	99.54%
Vinaria Purcari SRL	Republic of Moldova	100%	100%
Vinaria Bardar SA	Republic of Moldova	56.05%	56.05%

The structure of the Group as at 30 June 2020 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;
- Vinaria Bostavan SRL and Vinaria Purcari SRL are domiciled in Republic of Moldova. Their major activity is the production, bottling and sale of wines;
- 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 2020 (31 December 2019: 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 2020 (31 December 2019: 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 2019.

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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 - Romanian Leu (RON),
- Vinaria Bardar SA, Vinaria Bostavan SRL and Vinaria 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.

(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 2019.

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 2019.

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The movements of property, plant and equipment from 1 January 2019 to 30 June 2020 were as follows:

	Assets under construction	Land	Buildings and constructions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2020	9,880,808	7,765,691	116,795,162	96,958,803	8,334,121	5,420,057	28,486,725	273,641,367
Additions	9,225,405	-	43,212	1,825,714	640,402	-	1,268,785	13,003,518
Transfers	(2,829,621)	-	879,094	623,697	870,393	42,862	413,575	-
Disposals	(314,518)	-	358,727	(1,670,952)	(224,919)	-	-	(1,851,662)
Effect of movement in exchange rates	84,563	72,750	1,460,460	1,134,171	76,219	73,471	409,608	3,311,242
Balance at 30 June 2020	16,046,637	7,838,441	119,536,655	98,871,433	9,696,216	5,536,390	30,578,693	288,104,465
Accumulated depreciation and impairment losses								
Balance at 1 January 2020	-	328,150	67,907,450	50,294,492	3,132,570	4,240,770	6,249,158	132,152,590
Depreciation for the period	-	119,885	2,476,313	1,652,337	573,650	225,431	694,541	5,742,157
Impairment loss, net	-	-	(39,959)	(1,644)	(57,765)	-	-	(99,368)
Disposals	-	-	367,153	(119,084)	(115,547)	-	-	132,522
Effect of movement in exchange rates	-	(4,508)	876,073	600,154	13,352	56,766	87,441	1,629,278
Balance at 30 June 2020	-	443,527	71,587,030	52,426,255	3,546,260	4,522,967	7,031,140	139,557,179
Carrying amounts								
At 1 January 2020	9,880,808	7,437,541	48,887,712	46,664,311	5,201,551	1,179,287	22,237,567	141,488,777
At 30 June 2020	16,046,637	7,394,914	47,949,625	46,445,178	6,149,956	1,013,423	23,547,553	148,547,286

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	<u>Assets under construction</u>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Other</u>	<u>Grape vines</u>	<u>Total</u>
Cost								
Balance at 1 January 2019	5,182,283	2,479,682	102,041,126	85,326,021	6,562,761	4,746,974	21,134,237	227,473,084
Recognition of right-of-use asset on initial application of IFRS 16	-	3,546,510	135,888	-	-	-	-	3,682,398
Adjusted balance at 1 January 2019	5,182,283	6,026,192	102,177,014	85,326,021	6,562,761	4,746,974	21,134,237	231,155,482
Additions	31,424,913	1,335,873	3,879,734	2,008,722	1,129,443	27,245	6,895,281	46,701,211
Transfers	(26,182,737)	291,953	6,940,252	16,953,028	1,233,648	763,856	-	-
Disposals	(684,951)	-	(388,777)	(10,566,564)	(752,291)	(323,657)	(475,997)	(13,192,237)
Effect of movement in exchange rates	141,300	111,673	4,186,939	3,237,596	160,560	205,639	933,204	8,976,911
Balance at 31 December 2019	9,880,808	7,765,691	116,795,162	96,958,803	8,334,121	5,420,057	28,486,725	273,641,367
Accumulated depreciation and impairment losses								
Balance at 1 January 2019	-	192,728	63,055,025	53,745,939	3,051,754	4,012,231	5,155,880	129,213,557
Depreciation for the year	-	137,541	2,775,934	4,562,926	711,882	389,196	878,173	9,455,652
Impairment loss, net	-	-	(80,160)	-	-	-	-	(80,160)
Disposals	-	-	(342,275)	(9,729,612)	(705,216)	(322,398)	(17,456)	(11,116,957)
Effect of movement in exchange rates	-	(2,119)	2,498,926	1,715,239	74,150	161,741	232,561	4,680,498
Balance at 31 December 2019	-	328,150	67,907,450	50,294,492	3,132,570	4,240,770	6,249,158	132,152,590
Carrying amounts								
At 1 January 2019	5,182,283	2,286,954	38,986,101	31,580,082	3,511,007	734,743	15,978,357	98,259,527
At 31 December 2019	9,880,808	7,437,541	48,887,712	46,664,311	5,201,551	1,179,287	22,237,567	141,488,777

Capital commitments

As at 30 June 2020 the Company has contracts to purchase property, plant and equipment for about RON 3 million. Delivery is expected during next six months.

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Note 5. Intangible assets

The movements in intangible assets from 1 January 2019 to 30 June 2020 are the following:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Cost		
Balance at 1 January 2020/1 January 2019	1,759,433	1,946,704
Additions	118,761	560,187
Disposals	(56,212)	(923,634)
Effect of movement in exchange rates	107,381	176,176
Balance at 30 June 2020/31 December 2019	1,929,363	1,759,433
Amortization		
Balance at 1 January 2020/1 January 2019	572,865	873,128
Amortization for the period	83,714	112,754
Disposals	-	(452,117)
Effect of movement in exchange rates	(13,033)	39,100
Balance at 30 June 2020/31 December 2019	643,546	572,865
Carrying amounts		
At 1 January 2020/1 January 2019	1,186,568	1,073,576
At 30 June 2020/31 December 2019	1,285,817	1,186,568

Note 6. Trade and other receivables

As at 30 June 2020 and 31 December 2019, trade and other receivables were as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Financial receivables		
Gross trade receivables	37,754,572	47,245,561
Allowance for impairment of trade receivables	(1,128,321)	(1,753,281)
Total financial receivables	36,626,251	45,492,280
Non-financial receivables		
Other receivables due from related parties	-	14,693
Assigned receivable	986,725	986,725
Other receivables	601,154	1,777,016
VAT receivable	2,278,254	4,584,212
Other taxes receivable	(360,887)	8,556
Excise receivable	248,542	1,023,861
Total non-financial receivables	3,753,788	8,395,063
Total trade and other receivables	40,380,039	53,887,343

Note 7. Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the equity-accounted investees include the Group's share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

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Unrealised gains or losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee.

As at 30 June 2020 and 31 December 2019 interests in equity-accounted investees are as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Investment in Ecosmart Union SA	1,241,284	1,298,680
Total interests in equity-accounted investees	1,241,284	1,298,680

Ecosmart Union SA

In March 2017 the Group, through its subsidiary Crama Ceptura SRL, contributed to the foundation of Ecosmart Union SA, contributing RON 108,000 for a 27% share. The main activity of Ecosmart Union SA is providing recycling management services.

Note 8. Equity instruments at fair value through profit or loss

Equity instrument at fair value through profit or loss recognised for the period ended as at 1st Semester 2020 and 31 December 2019 is as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Investment in IM Glass Container Company SA Grup	12,940,198	12,766,688
Total equity instruments at fair value through profit or loss	12,940,198	12,766,688

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) for a consideration in cash of RON 6,406,685 (the equivalent of MDL 29,498,035). This ownership interest was acquired from the Moldovan State as a result of privatization round launched in this period. The consideration was paid entirely during the year ended 31 December 2017. The main activity of IM Glass Container Company SA group is the production of glass bottles. On 31 July 2020, Vinaria Purcari SRL has entered a transaction to sell the 31.415% stake owned in Glass Container Company SA to Vetropack Group, a leading Swiss corporate group in the European glass packaging industry. The transaction is subject to customary regulatory approvals and is expected to be closed in November 2020.

Note 9. Inventories

As at 30 June 2020 and 31 December 2019 inventories are as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Bottled Wine	14,732,275	13,506,208
Bottled Brandy	954,031	728,733
Bulk Wine	59,546,744	64,508,791
Bulk Brandy	32,123,113	30,857,305
Packaging	12,704,857	11,856,999
Other	4,385,932	3,470,644
Total inventories	124,446,952	124,928,680

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*all amounts are in RON, unless stated otherwise***Note 10. Cash and cash equivalents**

As at 30 June 2020 and 31 December 2019 cash and cash equivalents were as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Bank accounts	15,290,574	12,551,146
Petty cash	609,192	22,629
Total cash and cash equivalents	15,899,766	12,573,775

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.

Note 11. Share Capital and Premium

On 29 April 2020, the shareholders unanimously voted in favor of approval of the increase of the authorized share capital of the Company from EUR 200,000.00 divided into 20,000,000 shares of nominal value EUR 0.01 each to EUR 210,000.00 divided into 21,000,000 shares of nominal value EUR 0.01 each.

At the reporting date, the issued share capital of the Company is comprised of 20,000,000 ordinary shares with nominal value of one 0.01 EUR each. All issued shares are fully paid.

As at 30 June 2020 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	4,006,172	20.0309%
East Capital	1,580,747	7.9037%
Fiera Capital	1,531,477	7.6574%
Dealbeta Investment (Horizon Capital)	1,359,377	6.7969%
Conseq	1,237,473	6.1874%
Paval Holding	1,000,000	5.0000%
Others	9,284,754	46.4238%
Total	20,000,000	100%

As at 31 December 2019 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	5,006,172	25.0309%
Fiera Capital	1,885,297	9.4265%
Conseq	1,242,673	6.2134%
East Capital	1,135,156	5.6759%
SEB	1,101,873	5.5094%
Franklin Templeton	1,023,987	5.1199%
Others	8,604,842	43.0242%
Total	20,000,000	100%

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 13 June 2019, the Company started the share redemption program for 200,000 shares, approved by AGM on 25 April 2019, as part of Management Incentive Program. The buyback was finished on 13 November 2019.

As of 30 June 2020, the Company transferred free of charge to its management and employees 128,352 shares.

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On 29 April 2020, the AGM voted a new buy-back program for a maximum 300,000 shares, in order to meet the Company's obligations arising from Management Incentive Program. The redemption program did not start yet at the reporting date.

Note 12. Trade and other payables

As at 30 June 2020 and 31 December 2019 trade and other payables were as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
<i>Financial payables</i>		
Trade accounts payable	24,265,484	37,340,540
Trade payables due to related parties	2,349,577	1,362,849
Total financial payables	26,615,061	38,703,389
<i>Non-financial payables</i>		
Other tax liabilities	255,602	1,158,244
Advances received	725,463	899,685
Dividend payables	3,183,047	1,939,128
Total non-financial payables	4,164,112	3,997,057
Total trade and other payables	30,779,173	42,700,446

Note 13. 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.

As at 30 June 2020 and 31 December 2019 borrowings and finance lease were as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
<i>Non-current liabilities</i>		
Secured bank loans	77,707,834	65,565,824
<i>Current liabilities</i>		
Current portion of secured bank loans	26,858,335	45,212,255
Total borrowings and finance lease	104,566,169	110,778,079

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Terms and debt repayment schedules

Type of Loan	Lender	Currency	Nominal interest rate	Year of maturity	30 June 2020 (unaudited)			31 December 2019 (audited)		
					Non-current	Current (classified from non-current)	Current	Non-current	Current (classified from non-current)	Current
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2021	953,617	-	1,806,854	-	-	-
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.40%	2023	501,904	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2020	895,146	-	-	-	-	1,707,856
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2020	1,457,697	-	-	-	-	6,558,537
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.75%	2022	1,254,760	-	-	-	-	2,327,318
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2020	2,512,516	-	-	-	-	2,577,752
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2021	1,756,664	-	3,427,251	5,114,406	-	-
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2020	3,554,823	-	-	1,775,124	-	1,678,586
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2021	222,275	-	1,424,444	1,274,996	-	913,241
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2021	7,286,683	-	-	2,258,727	-	4,838,981
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2020	-	-	1,245,475	-	-	1,835,363
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2022	1,488,251	-	-	1,454,438	-	-
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2022	3,284,574	-	962,224	3,925,710	-	256,034
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2021	-	-	532,281	238,433	-	938,041
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2020	-	-	-	-	-	1,015,723
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2020	-	-	1,097,633	-	-	2,238,664
Secured bank loan	BC Moldova Agroindbank SA	MDL	7.80%	2023	6,664,080	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2021	4,471,325	-	-	6,148,919	-	-
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2021	253,683	-	1,060,407	794,723	-	495,022
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2021	17,541	-	7,262,100	1,922,860	-	5,162,901
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2021	2,363,870	-	-	1,062,914	-	1,248,815
Secured bank loan	BC Moldova Agroindbank SA	EUR	3.90%	2022	7,413,927	-	1,125,215	8,345,139	-	-
Secured bank loan	BC Moldova Agroindbank SA	MDL	8.50%	2020	-	-	918,484	-	-	3,815,317
Secured bank loan	Ministerul Finantelor Moldova (1) (proiect finantat de EIB)	EUR	3.73%	2020	-	-	487,951	-	-	476,865

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Terms and debt repayment schedules (continued)

Type of Loan	Lender	Currency	Nominal interest rate	Year of maturity	30 June 2020 (unaudited)			31 December 2019 (audited)		
					Non-current	Current (classified from non-current)	Current	Non-current	Current (classified from non-current)	Current
Secured bank loan	Ministerul Finantelor Moldova (2) (proiect finantat de EIB)	EUR	3.73%	2021	836,494	-	418,223	817,466	-	817,490
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (1)	USD	4.75%	2021	2,948	-	710,071	1,337,915	-	-
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (2)	USD	4.75%	2025	923,007	-	231,277	1,023,849	-	227,488
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (3)	USD	4.75%	2020	209,679	-	-	-	-	863,908
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (4)	USD	4.75%	2026	2,133,695	-	-	1,440,037	-	100,143
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (5)	USD	4.75%	2022	2,165,514	-	-	-	-	-
Secured bank loan	UNICREDIT BANK SA (1)	RON	ROBOR1M+1.30%	Indefinite	-	-	-	2,200,000	-	-
Secured bank loan	UNICREDIT BANK SA (2)	EUR	EURIBOR1M+1.50%	Indefinite	8,995,356	-	-	8,975,617	-	-
Secured bank loan	UNICREDIT BANK SA (3)	EUR	EUROBOR1M+1.50%	Indefinite	3,147,495	-	-	3,106,545	-	-
Secured bank loan	UNICREDIT BANK SA (4)	RON	ROBOR1M+1.6%	2020	-	-	24,207	-	-	96,828
Secured bank loan	UNICREDIT BANK SA (5)	RON	ROBOR1M+1.6%	2021	1,466,562	-	1,692,594	1,059,469	-	1,562,395
Secured bank loan	UNICREDIT BANK SA (5)	EUR	EUROBOR1M+1.75%	2021	1,341,400	-	837,635	1,335,689	-	1,657,399
Secured bank loan	UNICREDIT BANK SA (6)	EUR	EUROBOR1M+1.60%	2023	2,099,254	-	364,221	2,077,047	-	728,443
Secured bank loan	UNICREDIT BANK SA (7)	RON	ROBOR1M+1.6%	2023	412,010	-	183,116	503,573	-	165,347
Finance lease liabilities	Finance Lease Liabilities	EUR	3.90% - 11.25%	2021-2047	7,621,084	-	1,046,672	7,372,228	-	907,798
Total borrowings and finance lease					77,707,834	-	26,858,335	65,565,824	-	45,212,255

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*all amounts are in RON, unless stated otherwise***Note 14. Revenue**Revenues for the 1st Semester 2020 and 1st Semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Wine	75,374,177	73,586,800
Brandy	8,049,374	12,073,916
Other	1,468,833	2,133,410
Total revenue	<u>84,892,384</u>	<u>87,794,126</u>

The management monitors the performance of the Group as a single segment, however it analyses the gross margin per categories of products, as presented above.

Sales of finished goods by brand and geographic region for the 1st Semester 2020 are as follows:

	<u>Bostavan</u> <u>wine</u> <u>(unaudited)</u>	<u>Purcari</u> <u>Wine</u> <u>(unaudited)</u>	<u>Crama</u> <u>Ceptura</u> <u>wine</u> <u>(unaudited)</u>	<u>Bardar</u> <u>divin and</u> <u>brandy</u> <u>(unaudited)</u>	<u>Total</u> <u>(unaudited)</u>
Romania	1,184,308	27,598,343	13,659,101	502,169	42,943,921
Republic of Moldova	1,644,005	3,744,743	-	3,605,623	8,994,371
Poland	10,768,174	146,370	17,768	16,742	10,949,054
Belarus	359,718	97,358	-	3,183,889	3,640,965
Czech Rep. and Slovakia	4,502,658	4,807	-	-	4,507,465
Asia	578,514	717,348	276,275	71,835	1,643,972
Baltic countries	3,731,482	-	-	162,409	3,893,891
Ukraine	1,808,721	1,732,830	-	-	3,541,551
Other	1,205,741	1,137,499	458,413	506,708	3,308,361
Total	<u>25,783,321</u>	<u>35,179,298</u>	<u>14,411,557</u>	<u>8,049,375</u>	<u>83,423,551</u>

Sales of finished goods by brand and geographic region for the 1st Semester 2019 are as follows:

	<u>Bostavan</u> <u>wine</u> <u>(unaudited)</u>	<u>Purcari</u> <u>Wine</u> <u>(unaudited)</u>	<u>Crama</u> <u>Ceptura</u> <u>wine</u> <u>(unaudited)</u>	<u>Bardar</u> <u>divin and</u> <u>brandy</u> <u>(unaudited)</u>	<u>Total</u> <u>(unaudited)</u>
Romania	1,228,398	21,437,326	11,597,899	333,406	34,597,029
Republic of Moldova	2,573,196	8,081,567	-	6,874,368	17,529,131
Poland	10,256,125	72,709	8,657	16,342	10,353,833
Belarus	206,853	55,132	-	4,104,550	4,366,535
Czech Rep. and Slovakia	4,687,350	7,692	-	-	4,695,042
Asia	2,616,093	1,960,436	789,279	103,787	5,469,594
Baltic countries	2,422,398	-	-	300,165	2,722,563
Ukraine	1,436,918	913,695	-	-	2,350,613
Other	1,726,945	1,046,928	461,205	341,298	3,576,376
Total	<u>27,154,276</u>	<u>33,575,485</u>	<u>12,857,040</u>	<u>12,073,916</u>	<u>85,660,716</u>

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*all amounts are in RON, unless stated otherwise***Note 15. Cost of sales**Cost of sales for 1st Semester 2020 and 1st semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Sales of finished goods		
Wine	38,853,417	37,327,267
Divin	3,777,920	5,111,520
Brandy	118,074	248,067
Total sales of finished goods	<u>42,749,411</u>	<u>42,686,854</u>
Sales of other goods		
Merchandise	491,832	505,912
Other	21,453	62,252
Wine materials	446,868	204,247
Agricultural products	11,186	-
Total sales of other goods	<u>971,339</u>	<u>772,411</u>
Services		
Hotel and restaurant services	191,409	871,261
Agricultural services	108,900	242,269
Total services	<u>300,309</u>	<u>1,113,530</u>
Total cost of sales	<u>44,021,059</u>	<u>44,572,795</u>

Note 16. Marketing and sales expensesMarketing and Selling distribution expenses for the 1st Semester 2020 and 1st semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Transport	1,799,438	1,876,605
Salary and related expense of marketing and sales	2,830,959	1,683,436
Marketing and selling	3,881,280	2,886,768
Certification of production	229,402	269,481
Other expenses	135,118	123,012
Total marketing and sales expenses	<u>8,876,197</u>	<u>6,839,302</u>

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*all amounts are in RON, unless stated otherwise***Note 17. General and administrative expenses**General and administrative expenses for the 1st Semester 2020 and 1st semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Employee benefits	6,035,492	6,976,415
Depreciation	1,454,682	637,733
Professional fees	597,604	674,372
Taxes and fees	698,297	730,311
Travel	63,524	266,830
Security	4,946	3,499
Rent	39,416	432,292
Bank charges	198,834	460,535
Repairs and maintenance	146,139	109,972
Communication	161,090	135,850
Fuel	69,239	78,187
Penalties	1,426	16,526
Insurance	101,353	89,507
Materials	77,154	247,711
Other	209,470	552,900
Total general and administrative expenses	<u>9,858,666</u>	<u>11,412,640</u>

Note 18. Other operating incomeOther operating income for the 1st Semester 2020 and 1st semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Release of deferred income	(82,725)	(26,843)
Gains on write-off of trade and other payables	4,386	201,745
Net gain/ (loss) from sale of other materials	186,981	(52,398)
Other	57,341	92,601
Total other operating income	<u>165,983</u>	<u>215,105</u>

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*all amounts are in RON, unless stated otherwise***Note 19. Other operating expenses**Other operating expenses for the 1st Semester 2020 and 1st semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Impairment of property, plant and equipment, net	(40,204)	(39,740)
Change in provisions, net	90,145	-
Unallocated overheads	193,094	142,414
Adjustment to fair value of harvest of grapes from own grape vines (a)	(63,895)	(1,086,181)
Adjustment to fair value of harvest of grapes from joint operation / operating leasing (b)	47,796	897,551
Net (gain)/ loss from disposal of property, plant and equipment and intangible assets	(51,813)	(221,111)
Other	30,225	13,161
Total other operating expenses	<u>205,348</u>	<u>(293,906)</u>

Note 20. Net finance costThe net finance costs for the 1st Semester 2020 and 1st Semester 2019 are as follows:

	<u>6-month 2020</u> <u>(unaudited)</u>	<u>6-month 2019</u> <u>(unaudited)</u>
Interest expenses	2,798,168	2,695,600
Foreign exchange (gain)/loss	1,218,153	2,732,442
Net finance costs	<u>4,016,321</u>	<u>5,428,042</u>

Note 21. Related parties

The Group's related parties for the six-months period ended 30 June 2020 were the following:

<u>Name of the entity</u>	<u>Relationship with the Company</u>
Key management personnel	Members of board of directors of the Company, CEOs, CFO and Sales Director of the Group companies
Victor Bostan	CEO and majority shareholder of 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
Moldova Agroindbank SA	Financing bank with Vasile Tofan as Member in Board of Directors
Ecosmart Union SA	Associate

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*all amounts are in RON, unless stated otherwise***Transactions with key management personnel and other related parties:**

	Transaction value for six-month period ended – income/(expenses)		Outstanding balance – receivable/(payable) as at	
	30 June 2020 (unaudited)	30 June 2019 (unaudited)	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Victor Bostan				
- Borrowings				(12,990)
- Salaries and bonuses for performance	(316,477)	(519,857)	(397,752)	(186,087)
Moldova Agroindbank SA				
- Loans received	6,372,086	(38,612,450)		
- Loans paid	(14,016,099)	11,746,342		
- Loans balance			(69,346,457)	(79,321,741)
- Interests	(1,888,070)	(2,005,050)		
- Interest balance				(259,83)
- Bank fees	(97,236)	(100,523)		
- Cash and cash equivalents			9,506,258	
Victoriavin SRL				
- Recognition of right-of-use assets	4,100,453			
- Lease liabilities			(4,249,204)	
- Trade payables				111,660
- Rent expenses	(23,749)	(223,866)		
- Acquisition of inventories		(3,095)		
Agro Sud Invest SRL				
- Agricultural services	(1,770,338)	(1,923,953)		
- Trade payables			(1,048,699)	(780,139)
BSC Agro SRL				
- Agricultural services	(2,567,395)	(3,158,112)		
- Trade payables			(1,300,878)	(1,205,084)
Ecosmart Union SA				
- Trade payables				(165,608)
- Other expenses	(924,363)	(960,580)		
Key management personnel				
- Salaries and bonuses for performance	(1,484,643)	(1,822,442)	(1,355,808)	(950,419)
- Equity-settled share-based payment	(1,006,662)		(1,006,662)	

Note 22. 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.

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*all amounts are in RON, unless stated otherwise*EBITDA for the 1st Semester 2020 and 1st Semester 2019 was as follows:

	<u>30 June 2020</u> <u>(unaudited)</u>	<u>30 June 2019</u> <u>(unaudited)</u>
EBITDA	28,298,933	30,110,613
Less: depreciation	(5,742,157)	(4,381,839)
Less: amortization	(83,713)	(36,501)
Result from operating activities	22,473,063	25,692,273
Less: net finance costs	(4,016,321)	(5,428,041)
Earnings Before Income Taxes	18,456,742	20,264,232
Less: income tax	(2,882,722)	(3,146,159)
Profit for the period	15,574,020	17,118,073

Note 23. 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, except:

On 31 July 2020, Vinaria Purcari SRL, a wholly owned subsidiary of Purcari Wineries PLC, has entered a transaction to sell the 31.415% stake owned in Glass Container Company SA to Vetropack Group, a leading Swiss corporate group in the European glass packaging industry. The transaction is subject to customary regulatory approvals and is expected to be closed in November 2020.