Purcari Wineries Public Company Limited

Report and Consolidated Financial Statements

For the year ended 31 December 2022

Contents

Board of Directors and other Officers

Board of Directors during the financial year that ended on 31 December 2022:

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	Elected by the AGM on 29 April 2020	Executive Director

Developments post 31 December 2022

Mr. Eugen Comendant resigned from his position as Executive Director effective 31 March 2023 and was appointed by the Board of Directors as Non-executive Director effective 5 April 2023.
Further, in 2023, the Board of Directors decided to increase the number of Board members to 7 (seven) by appointing Raluca Ioana Man and Paula Catalina Banu as Non-executive, Independent Directors, both effective 5 April 2023.

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 28 April 2022
Company Secretary:	Inter Jura CY (Services) Limited
Independent Auditors:	KPMG Limited 14, Esperidon Street 1087 Nicosia Cyprus
Registered office:	1, Lampousas Street 1095 Nicosia Cyprus
Registration number:	HE201949

Declaration of the Members of the Board of Directors and the person responsible for the preparation of the annual consolidated financial statements of the Company

In accordance with Section 9 sub-sections (3) (c) and (7) of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law of 2007 as amended (the "Law"), We, the members of the Board of Directors and the other responsible persons for the consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") for the year ended 31 December 2022, confirm that, to the best of our knowledge:

(a) the annual consolidated financial statements which are presented in this Annual Report on pages 50 to 108:

(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 9, 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 Consolidated Management Report provides a fair view of the development and the performance of the business as well as the financial position of the Company and the undertakings included in the consolidated accounts as a whole, together with a description of the principal risks and uncertainties that they face.

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	Non-Executive Director	
Raluca Ioana Man	Non-Executive, Independent Director	
Paula Catalina Banu	Non-Executive, Independent Director	

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

Victor Arapan	Chief Financial Officer	

27 April 2023

CONSOLIDATED MANAGEMENT REPORT

1. CORPORATE INFORMATION

Purcari Wineries Plc ("Purcari", "Group", or "Company) is one of the largest wine groups in the Central and Eastern Europe (CEE) region. 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 1,450 hectares of vineyards and operates seven production platforms in Romania, Moldova, and Bulgaria, six of which are dedicated to wine production using grapes from own vineyards and third-party suppliers, and one dedicated to brandy production. In December 2022, the Group had over 800 employees in all its production platforms.

The Group is the leader in the premium wine segment in Romania[1], with a circa 25% segment share, and the largest wine exporter from Moldova, delivering to over 40 countries in Europe (Poland, Czech Republic, Slovakia, Ukraine, Scandinavian countries, UK, etc.), in Asia (China, Japan, South Korea) and in America (Canada and USA).
Founded in 1827, Purcari is the most awarded winery from the CEE region at Decanter London 2015-2021 and among the highest ranked on Vivino, with an average score of 4.1 based on over 80,000 reviews.

The Group has 6 wine brand-platforms with products in a wide range of price segments, both in the still and sparkling wine categories, as well as a brand in the popular premium brandy segment:

- **Premium wine: Purcari (**"True values don't change with time. Since 1827.") is the Group's flagship brand, dating back to 1827. It achieved its first international success in 1878, winning the gold medal at the Paris World Exhibition with Negru de Purcari. The winery holds the title of the most awarded CEE winery at Decanter London between 2015 and 2022 with a total of 129 medals. Purcari is a highly awarded, in 2021 holding the title of the most awarded winery in the world with 333 medals won at the most notorious international contests: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concours International de Lyon, Berliner Wine Trophy, London Wine, and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women's International Trophy, Vinalies Internationales. In 2022, Purcari continued the development of its products by launching the Academia Collection – a premium, limited collection with vinification and maturation in clay amphorae, as well as the Native collection – CAB wine, produced from grapes in conversion to organic agriculture.

- **Medium to premium wine**: **Crama Ceptura** ("Crama Ceptura brings us together.") was acquired in 2003 and is primarily distributed in Romania. Ceptura is situated in the Dealu Mare region, which is among the most recognized wine regions in Romania, having a premium image, which strengthens the brand's value proposition. The brand's story is based on the unique climate of the Dealu Mare micro-zone, with bountiful sunshine combined with a favorable topography of the hilly area near the Carpathian slopes, which allows optimal sun exposure. Since 2014, the Crama Ceptura wines are offered in four main price categories: premium Negru & Alb de Ceptura, as well as Magnus Monte, upper medium-priced Dominum Cervi, medium-priced Astrum Cervi and Cervus Cepturum, and economy plus Pelin de Ceptura. In 2021, Crama Ceptura acquired a grape grower in the Dealu Mare region with a property of 72.6 ha of land, 55.35 ha of which are mature vineyards, as well as increased its stake to 65.75% in Ecosmart Union SA, a company that provides waste recycling management services.

- **Economy plus to popular premium wine: Bostavan** ("Taste it. Love it.") was launched in 2005. Since 2013, a unified Bostavan umbrella brand was launched to support a portfolio of sub-brands in the economy and medium-priced segments and build stronger brand recognition for the wide family of wines. Since 2015, the Group focused on the gradual premiumization of the Bostavan brand, with the launch of the DOR Wines series, combined with a vibrant, ethno communication platform. Further, in 2021, Bostavan launched two new brands – Wine Doktor and Ed Knows, both with an unique concept and approach to customer communication. In 2022, Bostavan's portfolio of brands got wider, with the addition of the Flight Mode collection, a Sparkling wine Black Doktor, and the modern, restyled DOR Sparkling Wine and Daos Collection.

- **Medium to premium brandy: Bardar** ("Only grapes, oak and patience."). The brand was launched in 1929, since the foundation of the distillery by a German entrepreneur. Initially, the Group did not focus on pushing Bardar's brands, relying predominantly on the sales of brandy in bulk, however, starting with 2015, Bardar changed its strategy, focusing on the sale of branded bottled products. The relaunch of Bardar as an aspirational, progressive brand has been a success, turning it into a growth engine for the Group. In 2021, the brand introduced to the market the new Bardar XXO of 25 Years, which was awarded the title of Brandy Taste master of the year. Following the pandemic, Bardar has recovered admirably, surpassing its pre-pandemic results and rapidly gaining popularity in new markets.

[1] Premium market size based on Nielsen data for 2022.

- **Medium to premium wine: Domeniile Cuza** ("Wines that write history. Since 1864."). The brand was launched in 2021 with an initial collection of 3 wines: White, Rose, and Red, its vineyards being located in a village with secular history, named after Alexandru Ioan Cuza, the ruler who united the Romanian Principalities in the 19th century and enforced an agrarian reform which allotted land to more than 400,000 families of peasants. In 2022, the initial collection was expanded to 7 wines, and the brand became an umbrella for a range of sub-brands: Farmers against the machine, Villa ETULIA, Wine Crime, and Prociano – an alcohol free red wine, all carrying an unique purpose and history.

- **Premium wine: Angel's Estate** ("One of the treasures found within our native wine production.") was acquired in 2022, being the most recent addition to the group. Founded in 2010, the winery is located in one of the most prominent Bulgarian wine region – Thracian Lowlands, and is producing some of the best-known Bulgarian wine brands: Angel, Stallion and LMS (Live magnificently and with style). The brand covers a wide range of medium to premium wines and holds more than 100 awards at international wine contests.

The Company is a public company incorporated and organized under the laws of The Republic of Cyprus, registered with number HE 201949. The corporate seat of the Company is in 1 Lampousas Street 1095 Nicosia, Cyprus. The Company operates in accordance with Cypriot law, the Memorandum of Association and the Articles of Association.

The Group is listed on the Bucharest Stock Exchange ("BVB") since 2018 under the ticker WINE.

Since 2020, Purcari Wineries scored 10 out of 10 points in the VEKTOR rating, maintaining its position of excellent communication with its individual and institutional investors. In 2022, the company complied with the 12 criteria included in the methodology, that focused on the expectations of a more sophisticated, digitized and engaged investor.

Purcari Wineries Plc is the holding company of the Group, the core business of which is the production and trading of wine and brandy. The core business comprises six subsidiaries in the wine segment - Vinaria Purcari, Crama Ceptura, Vinaria Bostavan, Domeniile Cuza and Angel's Estate, and one subsidiary in the brandy segment - Vinaria Bardar, which is held through two SPVs - Vinorum Holdings and West Circle.
The Group also includes subsidiaries in supporting core businesses such as Vinoteca Gherasim Constantinescu – a grape grower in Dealu Mare, one of the most recognized wine region of Romania, and Purcari Wineries Ukraine – a trading company.
One of the most recent creations, Casa Purcari SRL, purposed for the business development in the hospitality industry, is not yet operational as at 31 December 2022.
The Company also has a controlling participation, through the shares held by Crama Ceptura, in Ecosmart Union - a company involved in waste recycling management.

The Company's subsidiaries and information related to the ownership interest as of December 31, 2022, are presented below:

	Company name	Country of Incorporation	Principle activity	Ownership interest, %
1	Vinorum Holdings Ltd	Gibraltar	Holding company	100%
2	West Circle Ltd	British Virgin Islands	Holding company	100%
3	Crama Ceptura SRL	Romania	Production, bottling and sales of wine	100%
4	Vinoteca Gherasim Constantinescu SRL	Romania	Cultivation of grapes	100%
5	Ecosmart Union SA	Romania	Waste recycling management services	65.75%
6	Vinaria Bardar SA	Republic of Moldova	Production, bottling and sales of divin	56.05%
7	Vinaria Bostavan SRL	Republic of Moldova	Production, bottling and sales of wine	100%
8	Vinaria Purcari SRL	Republic of Moldova	Production, bottling and sales of wine	100%
9	Domeniile Cuza SRL	Republic of Moldova	Production, bottling and sales of wine	100%
10	Casa Purcari SRL	Republic of Moldova	Hospitality (Bar & Restaurant)	80%
11	Fundatia Purcari AO	Republic of Moldova	Charity	100%
12	Purcari Wineries Ukraine LLC	Ukraine	Trading & Marketing	100%
13	Angel's Estate SA	Bulgaria	Production, bottling and sales of wine	76%

The Group has no branches except the non-commercial Representation Office opened in China by its subsidiary Vinaria Purcari SRL in 2019.

2. SHAREHOLDERS AND ISSUED CAPITAL

Starting from 15 of February 2018, the shares issued by the Company started trading on the Bucharest Stock Exchange following to an initial public offering ("**IPO**") initiated by the shareholders Lorimer Ventures Limited, Amboselt Universal Inc. and IFC, for 49% of the Company's shares (representing 9,800,000 shares at that date).

As at 31 December 2021 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,012,344	19.9722%
Dealbeta Investments	3,172,754	7.9087%
Fiera Capital	3,169,069	7.8995%
Conseq	2,127,822	5.3040%
East Capital	2,057,027	5.1275%
Others	21,578,484	53.7881%
Total	**40,117,500**	**100%**

As at 31 December 2021, the Company directors with any holdings in the Company's share capital were as follows:

	Shares held, number	Shares held, %
Victor Bostan (indirect holding, through Amboselt Universal Inc.)	8,012,344	19.9722%
Eugen Comendant (direct holding)	50,000	0.1246%

As at 31 December 2022 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,012,344	19.9722%
Dealbeta Investments	3,172,754	7.9087%
Fiera Capital	3,064,972	7.6400%
Conseq	2,431,920	6.0620%
Trigon Capital	2,037,329	5.0784%
Paval Holding	2,005,875	5.0000%
Others	19,392,306	48.3387%
Total	**40,117,500**	**100%**

As at 31 December 2022, the Company directors with any holdings in the Company's share capital were as follows:

	Shares held, number	Shares held, %
Victor Bostan (indirect holding, through Amboselt Universal Inc. and Aliona Bostan)	8,032,344	20.0220%
Eugen Comendant (direct holding)	141,000	0.3515%
Monica Cadogan (direct holding)	13,457	0.0335%

Directors' holdings of Company share capital on 31.12.2022 and five days prior to the approval of the Annual Report 2022

No changes took place in the shareholdings of directors in the Company between the end of the reporting year (13.12.2022) and 20 April 2023, which is five (5) days before the date of approval of the Annual Report 2022 by the Company's Board of Directors.

3. DEVELOPMENTS IN 2022

Acquisition of Angel's Estate
Purcari Wineries PLC has acquired a 76% stake in Angel's Estate, a full cycle winery located near Stara Zagora, Bulgaria, with an annual production capacity exceeding one million bottles. The winery has added 100 ha of vineyards to the existing portfolio of the Group, positioned within one of the most prominent wine regions, Thracian Lowlands. This M&A transaction will bring geographic diversification of both sales and production platforms and will expand the existing family of brands with best-known Bulgarian wine brands, such as Angel and Stallion.

Investment in an Irrigation System
Purcari Winery, part of Purcari Wineries PLC, has installed an intelligent, fully automated subsurface drip irrigation system, that covers 300 ha of its vineyards, with the option to further extend the system to an area of 500 ha. The water for the irrigation system is sourced from a distance of 6 km into storage pools of 11,000 m^3 and 24,000 m^3. The investment is part of the Group's sustainable development strategy, with the objective to assure high quality grapes in the context of regional climatic changes and is a certain step towards precision agriculture.

Installation of a Photovoltaic Systems
The Group installed a Photovoltaic System on the rooftop of Purcari Winery's production site. The Solar Panel System covers an area of 1,025 m^2 and allows the production of up to 240,000 kWh of energy per year. The system supplies 15% of the winery's electricity consumption, which brings the Group closer to a more sustainable and CO_2 neutral production. The Group will continue to increase its investments in sustainability and follows the objective of attaining the coverage of up to 80% of its energy demand from photovoltaic power stations.

Vines in conversion to organic farming
25 ha of vineyards of Purcari Winery have been conversed to organic farming, meaning that to this plot, only environment, biodiversity, and soil fertility friendly agricultural techniques are applied. The conversion period to organic farming lasts three years, the plot being currently in the third year of conversion – stage C3. The grapes obtained from this plot of vines are used to produce the Native Collection.

Exceptional harvest, high quality vintage and good yield
The Group's vineyards have fully recovered after the unprecedented draught of 2020, own harvest increasing by 20% compared to 2021 figures and in close proximity to volumes reached in 2018. Timely rains in the pre-harvest period, resulted in higher yields than initially anticipated and a more favourable price environment to fulfill required stocks from 3rd party purchases.

In 2022, the world wine production volume expected to be slightly below its 20-year average. Harvest in France recovered +17% YoY after a disastrous 2021, while Italy remained flat, and Spain decreased -6% YoY.

Russian – Ukrainian military conflict
Following the invasion of Ukraine by Russian armed forces on February 24th, 2022, the Group has actively been involved in supporting Ukrainian refugees. The Purcari team launched a help-center and a 24/7 contact line that offered support in arranging accommodation for the fleeing Ukrainian families. Over 13,000 refugees stopped at the improvised tent to get free-of charge first necessity goods such as water, hot drinks, sandwiches, free SIM cards and warm clothes.

Over 4,000 refugees, mainly women and children, have been provided with accommodation at Château Purcari, as well as hotels and guest houses in the Purcari region (fully paid by Purcari), Purcari partners and homes of Purcari employees.

Despite the conflict, the Group did not experience any material disruption neither to its production operations in Romania and Moldovan, nor to its supply chains.

Launch of the Purcari Foundation
The Group launched a charity fund in July 2022, with a focus on education, society, environment, and health. For each area, the fund has defined a clear set of objectives, such as:
(a) Education: prevention of school dropout; support of children from disadvantaged environments by facilitating access to education; sponsorship of complementary programs and extracurricular activities for young people, for the development of skills, abilities and qualifications which enrich the school program.
(b) Society: community development; support of vulnerable communities and aid in obtaining housing, medical care and basic necessities.
(c) Environment: restoration of affected or destroyed green areas; greening activities to raise awareness and motivate a responsible behavior; reduction of plastic and paper use.
(d) Health: promote a healthy lifestyle, proper nutrition, and support sport activities.

4. ANTICIPATED DEVELOPMENTS FOR 2023

COVID-19
At the time of writing of the report, most of the COVID-19 restrictions have been lifted in our main markets, thus, no major disruptions due to the pandemic are expected.

Russian – Ukrainian military conflict
According to the management's assessment, the current risk for the war in Ukraine to spill over to Moldova is extremely remote, as Ukraine managed to resist, as well to obtain military and financial support.

The Group does not experience any material disruptions neither to its production operations in Romania and Moldova, nor to its supply chain. The Group has not been informed about any material cancelations of outstanding supply contracts.
Transport routes to our main markets were not affected by the militarized zone, as result we do not anticipate logistical problems and out-of-stocks at warehouses of our partners.

As of 2022, the Group's sales to Ukraine, Belarus, and Russia dropped to 3% of total production, compared to 5.4% in 2021. The gross amount of trade receivables for clients located in these countries accounts only for 2.9% of total trade receivables of the Group as at 31 December 2022, and represents a significant decrease from 7.5% registered as at 2021 year end. Therefore, the management considers that stopping doing business in these countries will not represent a significant impact on the financial position of the Group, even in case of full provisioning.

Energy crisis
Production platform in Moldova were mostly under the risk from the energy supply point of view. Even though the energy costs represent only 3%-4% of total expenditures, the Management of the Company was concerned in relation to access to natural gas and electricity, so as to ensure continuity of operations. However, the Republic of Moldova Government succeeded in a short period of time to build new relationships and connect the country's infrastructure to European markets.

Inflationary pressures
Inflation peaked in Q4 2022, recording 34.62% in the Republic of Moldova and 16.4% in Romania. As per last forecasts of central banks, the inflation rate should decrease in Q4 2023 to 6.6% in the Republic of Moldova and 7.0% in Romania.
That being said, the Management of the Company believes that the Group and the Company are in a solid financial position, including comfortable liquidity and leverage ratios, enabling it to withstand the challenges of 2023.

5. CORPORATE GOVERNANCE

COMPANY MANAGEMENT

The Company is currently managed by a Board of seven directors. The Board comprises four independent non-executive directors within the meaning of the Code on Corporate Governance of the Bucharest Stock Exchange ("**BVB Corporate Governance Code**"), as follows:

The composition of the Board in the financial year that ended on 31 December 2022

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	Elected by the AGM on 29 April 2020	Executive Director

Mr. Vasile Tofan, non-executive director, was firstly elected by the Board of Directors as the Chairman of the Board on 14 June 2018 and re-elected to this position by the Board on 28 April 2022.

Developments post 31 December 2022

Mr. Eugen Comendant resigned from his position as Executive Director effective 31 March 2023 and was appointed by the Board of Directors as Non-executive Director effective 5 April 2023.

Further, in 2023, the Board of Directors decided to increase the number of Board members to 7 (seven) by appointing Raluca Ioana Man and Paula Catalina Banu as Non-executive, Independent Directors, both effective 5 April 2023.

Brief biographies of Board members are presented below.

Brief bio of Mrs. Monica Cadogan:
Mrs. Cadogan is an investor and entrepreneur in CEE. She holds a BA in Banking, Corporate, Finance and Securities Law from the Bucharest University of Economic Studies and has extensive business experience in the region. She founded and developed different businesses in the last 20 years, working in management consultancy, construction companies, retail and logistics in CEE.
From 2012 to 2021 Monica has been the CEO of Vivre Deco SA (www.vivre.eu), the leading CEE e-commerce platform for home & furniture products, taking it from a startup to capital markets.
Ms. Cadogan is active in boards, both non- executive (2009-2015 member of the board of Neogen, a technology group that develops or invests into products with a CEE) advisory or NGOs (2013-to date Bulgarian-Romanian Chamber of Commerce and Industry, 2014-to date Help Autism, 2021-to date Endeavor Romania).
Monica is actively investing in small and medium tech-enabled companies in Romania. She has a special focus on e-commerce fulfilment & logistic.

Brief bio of Mr. Vasile Tofan:
Mr. Tofan received an MBA from Harvard Business School with distinction and holds a Master of Science in Public Management from Erasmus University Rotterdam. He is a senior partner of Horizon Capital, where he focuses on investments in the Consumer Goods and Technology sectors. Prior to joining Horizon Capital, Mr. Tofan was a consultant with Monitor Group and a Senior Manager with Philips, both in Amsterdam, in their Corporate Strategy department.

Brief bio of Mr. Victor Bostan:
Victor Bostan has been the founder of the Group since 2002. Mr. Bostan has been involved in the wine industry for over 35 years. At the beginning of his career, he worked for over 10 years for the Sofia Winery (Republic of Moldova), starting as an oenologist and growing through the ranks, before leaving to start his own wine business. From 1999 to 2002 Mr. Bostan was the owner and CEO of the Russian winery Kuban Vino. During this time, he has managed to upgrade, relaunch, and subsequently lead the company to become one of the largest and most successful wineries in Russia (it is the #1 producer still today), before selling the business in 2002. With the proceeds, Mr. Bostan set the basis of what now constitutes the Purcari Wineries group. Mr Bostan has a degree in Wine Technology from the Technical University of Moldova. Mr. Bostan is a national of Romania and Republic of Moldova and speaks French, Romanian and Russian.

Brief bio of Mr. Neil McGregor:
He holds a Bachelor of Laws (LLB) from the University of Aberdeen. Mr. McGregor is the founder and managing partner of McGregor & Partners SCA, the law firm in Romania and Bulgaria which is associated with the international firm Stephenson Harwood. He is a British commercial solicitor with extensive experience in Romania and its neighbouring countries since 1996. He is a member of the Bucharest Bar and is also a registered foreign lawyer in Bulgaria. Mr. McGregor served as the Chairman of the British Romanian Chamber of Commerce between 2018 and 2022 and is currently the Chamber's Vice-Chair for Corporate Governance and relations with the British Chambers of Commerce.

Brief bio of Mr. Eugen Comendant:
Eugen Comendant has been Chief Operating Officer (COO) of the Group starting June 2019. Mr. Comendant has over 15 years management experience in Western Europe and Middle East. Previously held positions were Marketing and Sales Director with Virgin Mobile Middle East and Africa based in Oman, and European Director of Mobile & Triple-Play division with ACN Europe based in the Netherlands. Mr. Comendant is a Dutch national, holds a BBA degree from HES Amsterdam University of Applied Sciences, and speaks English, Romanian, French, Russian and Dutch.

Brief bio of Ms. Raluca Ioana Man:
Raluca Ioana Man has over 15 years experience in branding, reputation management, marketing, business and talent development, and works with medium and large companies both locally and internationally. She is the Founder of RSEVEN, a marketing consultancy, and has been a Business Development Director of ServPRO, a financial and legal advisory firm. She holds a BSc in International Business, a BSc in Finance and Economics, an MBA, and speaks Romanian, English and Greek. Raluca is a founding member and President of the BPW English Speaking Club Cyprus, a founding member and Vice-Chair of the ICC Women Network Cyprus (a division of the International Chamber of Commerce), and the Country Chair of G100 for Brand Creation and Marketing. In addition, she is a Partner of CONAF Romania, Country Chair for International Internship University, President of the Rotary Club of Nicosia for 2021–2022 and Chair of Creative Women Romania.

Brief bio of Ms. Paula Catalina Banu:
Ms. Paula Catalina Banu is experienced legal counsel, currently with Pavlos S. Papasavvas & Associates, advising on commercial, corporate and business development matters, as well as debt recovery. Ms. Banu is a Member of the Cyprus Bar. She holds a First Class Bachelor of Laws (LLB) in International Law from Coventry University and a Double Masters in International Law, joining a Masters (LLM) from Maastricht University, majoring in European Union and International Law, and a Masters (LLM) from University of Zurich, majoring in International Business and Finance Law. In 2020 Ms. Banu has launched PharmAlex, a niche venture in the pharmaceutical industry with a mission to serve the needs of patients and physicians in Cyprus by acquiring the distribution rights and commercialize a focused portfolio of high-quality branded and generic pharmaceutical products and medical supplies in specialized therapeutic areas. Ms. Banu is a native Romanian language speaker having full proficiency in English and Greek languages with conversational German language skills.

During 2022 the Board of Directors had fourteen meetings. Below is a summary table of those meetings:

Date of Meeting	Attendance	Main topics
25 February 2022	All directors in person	1. Taking notes of preliminary unaudited financial results for the year 2021. 2. Approving dividend amount for 2021 results. 3. Approval of updated Capex budget for 2022. 4. Management team remuneration KPIs for 2022. 5. Approval of KPMG audit fee for 2021-2022. 6. Approval of updated 2022 Budget. 7. Approval of 2022 guidance.
14 March 2022	Written resolution	1. Acceptance for EBRD participation in the risk-sharing financing of loan agreements signed between Vinaria Bostavan SRL and MAIB SA and empower the management to sign all the documents relating to this.
5 April 2022	All directors in person	1. Approval of 2021 audited consolidated financial statements. 2. Approval of the Remuneration Policy. 3. Approval of AGM Agenda. 4. Approval of Notice for AGM and Proxy, and date and place for holding AGM.
8 April 2022	Written resolution	1. Empower the management to sign an additional declaration in favor of EBRD, relating to its participation in the risk-sharing financing facilities for Vinaria Bostavan SRL.
28 April 2022	All directors in person	1. Constitution of the Board of Directors as a body. 2. Appointing the Chairman of the Board of Directors. 3. Appointing Audit Committee Members. 4. Appointing the members of the Nominations, Remuneration and Corporate Governance Committee.
4 May 2022	All directors in person	1. Acceptance and empower of the management to sign new loan agreements between MAIB SA and Company's subsidiaries: Vinaria Bostavan SRL and Vinaria Purcari SRL.
13 May 2022	All directors in person	1. Taking notice of Purcari Wineries Plc Consolidated Interim Financials for 1Q2022. 2. Approving the revised 2022 Budget and KPIs for 2022. 3. Approving the vesting of 251,036 shares in accordance with LTSIP 1 dated 14.05.2020 and LTSIP 2 dated 22.12.2020. 4. Approving the increase of share capital by issuance of new shares and the allotment of 107,500 shares to the employees who exercised options as per Management Incentive Program. 5. Authorizing Mr. Victor Arapan, as Group CFO, to deal with dividends payment for the year 2021 according to the resolutions approved at the annual general meeting of shareholders of the Company held on 28th April 2022. 6. Evaluating the 2021 KPIs and approving the bonuses related to the Top Management performance.
20 May 2022	Written resolution	1. Revoke of Board decision dated 13.05.2022 regarding authorization to issue and allot the additional 107,500 shares to the employees who exercised options. 2. Accepted the notice of cancelation for stock option exercise applications, received from employees.
21 June 2022	All directors in person	1. Update of 2022 Capex Budget and approval of additional capital expenditures.
26 August 2022	All directors in person	1. Taking notice of Purcari Wineries Plc Unaudited Preliminary results for 1H2022. 2. Nominating Eugen Comendant to sign all related documents to the

		acquisition of 76% stake in Angel's Estate SA Bulgaria. 3. Guidance revision for 2022. 4. Approving new finance for Vinaria Purcari SRL and Vinaria Bostavan SRL.
26 August 2022	Writtten resolution	1. Approval of the deal for acquisition of 76% of all issued shares in the capital of Angel's Estate SA. 2. Authorization of Eugen Comendant to represent the Company and sign the share purchase agreement, the shareholders agreement, the escrow agreement and capex loan agreement.
14 November 2022	All directors in person	1. Approval of Unaudited Consolidation Financial Information for 9M2022. 2. Approval of additional capex budget.
12 December 2022	All directors in person	1. Approval of 2023 Budget. 2. Approval of 2023 financial calendar.
29 December 2022	Writtten resolution	1. Approval of changes of registered legal address and main types of economic activities of its fully owned subsidiary in Ukraine. 2. Issue of Power of Attorneys to lawyers in Ukraine to implement the decision nr.1 above.

Board's committees

The audit committee and the nomination, remuneration and corporate governance committee have been created in the IPO context, subsequently activated and in the financial year that ended on 31 December 2022 had the following compositions:

Audit Committee:

Chairperson: Mrs. Monica Cadogan (independent, non-executive director)
Members:
· Mr. Neil McGregor (independent, non-executive director),
· Mr. Vasile Tofan (non-executive director).

Audit Committee: Mission and Composition

The Audit Committee has a monitoring and advisory role, and its mission consists in monitoring the financial reporting process and assisting the Board in carrying out its tasks related to financial reporting, internal control and risk management.

The Audit Committee has the powers and responsibilities for the carrying out of the duties set forth in the BVB Corporate Governance Code and regulations, terms of reference, policies, resolutions, rules and other by-laws, internal documents of the Company and the Internal Regulation of the Audit Committee of the Company. The Audit Committee also operates in line with and applies section 78 of the Cyprus Auditors Act, 2017.

Nomination, Remuneration and Governance Committee:

Chairperson: Mr. Neil McGregor (independent, non-executive director)
Members:
· Mr. Vasile Tofan (non-executive director),
· Mrs. Monica Cadogan (independent, non-executive director),
· Mr. Victor Bostan (executive director).

Nomination, Remuneration and Governance Committee: Mission and Composition
Following listing, it was decided to expand the scope of activities of the Nomination and Remuneration Committee stated in the Prospectus, to include Governance. The Committee has an advisory role, and its mission is to assist the Board in performing its powers related to nomination and remuneration matters.
The Nomination, Remuneration and Governance Committee of the Company has the powers and responsibilities for the carrying out of the duties set forth in the BVB Corporate Governance Code, and regulations, terms of reference, policies, resolutions, rules and other by-laws, internal documents of the Company and the Internal Regulation of the Nomination and Remuneration Committee.

The Group's **Senior Management Team for the financial year that ended on 31 December 2022** included the following members, which are employed at the level of the Group's subsidiaries:

Victor Bostan
Victor Bostan has been Chief Executive Officer (CEO) of the Group since its foundation. For the short bio of Mr. Victor Bostan, please see above the sub-section above describing the composition of the Board.

Eugen Comendant
For the short bio of Mr. Eugen Comendant, please see above the sub-section above describing the composition of the Board.

Victor Arapan
Victor Arapan has been Chief Financial Officer (CFO) of the Group since 2010. He has over 20 years of banking, audit, and corporate finance experience. Prior to joining the Group, Mr. Arapan worked at Acorex Wineries, PricewaterhouseCoopers and Victoriabank. Mr. Arapan has a degree in Banking at the International Management Institute. Mr. Arapan is a national of Romania and Republic of Moldova and speaks English, Romanian and Russian.

Artur Marin
Artur Marin has been Chief Commercial Officer (CCO) of the Group since 2013. Mr. Marin has been with the Group since 2003, with an interruption between 2009-2012, when he worked for Dionis Club, a competing winemaker. He has over 16 years of wine sales experience. Mr. Marin holds a bachelor's and a master's degree in finance from the Grenoble School of Management. Mr. Marin is a national of Romania and Republic of Moldova and speaks English, Romanian and Russian.

Marcel Grajdieru
Marcel Grajdieru has been the General Manager for Romania since 2003. Mr. Grajdieru has over 16 years of experience in the Group, out of which over 11 years in wine sales. Prior to joining the Group, Mr. Grajdieru worked at Planta-Vin, EMC-Moldova and Gazprom. Mr. Grajdieru trained as a surgeon and has a medical degree from the State University of Medicine and Pharmacy. Mr. Grajdieru is a national of Romania and Moldova and speaks Romanian, Russian and English.

Nicolae Chiosa
Nicolae Chiosa has been the Head of Production since 2009 and the Manager of Vinaria Bostavan since 2016. He has over 10 years of experience in wine production, out of which 9 years in the Group. Mr. Chiosa has a degree in Wine Technology from the Technical University of Moldova. He is a national of Romania and Moldova and speaks English, Romanian and Russian.

Federico Giotto
Federico Giotto has been the Head Wine Making of the Group since 2010, on a consulting basis. Mr. Giotto has over 16 years of wine consulting experience and is a laureate of numerous international awards in the wine industry. Mr. Giotto graduated the Faculty of Viticulture and Oenology at the University of Padua. Mr. Giotto is a national of Italy and speaks English and Italian.

Mihai Duca
With an experience in wine industry over 15 years, Mihai Duca has been GM of Bardar since 2012. Previously, he worked for NCH Advisors Moldova. He graduated from Alexandru Ioan Cuza University of Iasi (Romania), Faculty of Economics and Business Administration. Mr. Duca is a national of Romania and Republic of Moldova, and speaks English, Romanian and Russian.

Ludmila Stratuta
Ludmila Stratuta joined the Group in June 2020, as Head of Human Resources Department. Fluent in Romanian, Russian, English and with intermediate knowledge of French, Ludmila has an experience of over 10 years in Human Resources, a proven track knowledge acquired in a multinational business environment in strategic Workforce Planning, Talent Acquisition, Performance & Career counseling, and also Talent Management initiatives.

Sergei Kasatkin, Corporate Counsel, was appointed as the Compliance Officer of the Company.
Starting with January 2018, the Company adopted and adheres to the Bucharest Stock Exchange (BVB) Corporate Governance Code and applies the principles of corporate governance provided by it with only limited exceptions. The Company has taken and will continue to take the professional, legal and administrative steps necessary for ensuring compliance with the provisions of the BVB Corporate Governance Code.
More details about the compliance with the principles and recommendations stipulated under the BVB Corporate Governance Code are presented in Annex 2 and the Volume containing the Annual Financial Report 2022, AGM addresses and related materials.

6. FINANCIAL RESULTS

Consolidated Financial Information for the years ended 31 December 2022 and 31 December 2021 is presented below:

Consolidated Statement of Financial Position *(all amounts in RON)*	**31 December 2022**	**31 December 2021 (restated*)**	**Change, %**
Assets			
Property, plant and equipment	222,663,835	167,287,970	33%
Intangible assets	17,464,362	14,198,244	23%
Non-current receivables	-	2,552,630	(100%)
Loans receivables	2,407,049	849,489	183%
Inventories	118,970,653	74,895,843	59%
Equity instruments at fair value through profit or loss	4,621,285	4,341,709	6%
Other non-current assets	91,374	118,061	(23%)
Non-current assets	**366,218,558**	**264,243,946**	**39%**
Inventories	93,801,461	100,119,797	(6%)
Loans receivables	458,623	-	100%
Trade and other receivables	78,162,465	63,320,703	23%
Income tax assets	924,446	131,257	604%
Prepayments	6,097,245	6,346,251	(4%)
Other current assets	645,285	555,554	16%
Cash and cash equivalents	23,455,132	32,100,114	(27%)
Current assets	**203,544,657**	**202,573,676**	**0%**
Total assets	**569,763,215**	**466,817,622**	**22%**
Equity			
Share capital	1,763,121	1,763,121	0%
Share premium	83,184,367	83,184,367	0%
Treasury shares reserve	(1,716,796)	(5,532,543)	(69%)
Other reserves	(10,805,505)	5,079,807	(313%)
Translation reserve	14,055,122	15,923,834	(12%)
Retained earnings	187,644,399	142,569,353	32%
Equity attributable to owners of the Company	**274,124,708**	**242,987,939**	**13%**
Non-controlling interests	33,030,129	**20,215,243**	**63%**
Total equity	**307,154,837**	**263,203,182**	**17%**
Liabilities			
Borrowings and lease liabilities	44,245,400	24,851,576	78%
Deferred income	12,464,744	7,215,629	73%
Deferred tax liability	12,198,584	9,414,581	30%
Put option over non-controlling interests	11,729,130	-	100%
Non-current liabilities	**80,637,858**	**41,481,786**	**94%**
Borrowings and lease liabilities	88,432,215	73,133,087	21%
Deferred income	2,011,021	1,967,532	2%
Income tax liabilities	25,524	1,053,529	(98%)
Employee benefits	5,609,592	4,671,899	20%
Trade and other payables	79,571,978	75,346,297	6%
Provisions	6,320,190	5,960,310	6%
Current liabilities	**181,970,520**	**162,132,654**	**12%**
Total liabilities	**262,608,378**	**203,614,440**	**29%**
Total equity and liabilities	**569,763,215**	**466,817,622**	**22%**

(*) See Note 6 to the consolidated financial statements for explanation of restatement.

Consolidated Statement of Profit or Loss and Other Comprehensive Income ***(all amounts in RON)***	**2022**	**2021 (restated*)**	**Change, %**
Revenue	302,486,660	248,133,715	22%
Cost of sales	(170,220,228)	(132,291,220)	29%
Gross profit	**132,266,432**	**115,842,495**	**14%**
Other operating income	2,754,733	2,147,737	28%
Marketing and sales expenses	(38,612,759)	(30,914,475)	25%
General and administrative expenses	(31,600,630)	(27,505,618)	15%
Reversal / (Impairment loss) on trade and loan receivables, net	119,227	(2,550,417)	(105%)
Other operating expenses	(1,546,898)	5,017,193	(131%)
Profit from operating activities	**63,380,105**	**62,036,915**	**2%**
Finance income	442,950	7,047,317	(94%)
Finance costs	(10,629,868)	(6,959,687)	53%
Net finance (costs) / income	**(10,186,918)**	**87,630**	**(11,725%)**
Gain from bargain purchase	28,259,397	-	100%
Share of loss of equity-accounted investees, net of tax	-	(558,114)	(100%)
Profit before tax	**81,452,584**	**61,566,431**	**32%**
Income tax expense	(12,049,685)	(10,415,583)	16%
Profit for the year	**69,402,899**	**51,150,848**	**36%**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences	(2,134,855)	13,954,278	(115%)
Other comprehensive income for the year	**(2,134,855)**	**13,954,278**	**(115%)**
Total comprehensive income for the year	**67,268,044**	**65,105,126**	**3%**
Profit attributable to:			
Owners of the Company	65,478,130	47,014,169	39%
Non-controlling interests	3,924,769	4,136,679	(5%)
Profit for the year	**69,402,899**	**51,150,848**	**36%**
Total comprehensive income attributable to:			
Owners of the Company	63,609,418	59,444,317	7%
Non-controlling interests	3,658,626	5,660,809	(35%)
Total comprehensive income for the year	**67,268,044**	**65,105,126**	**3%**
Earnings per share, RON			
Basic and diluted earnings per share	**1.64**	**1.18**	**39%**

(*) See Note 6 to the consolidated financial statements for explanation of restatement.

EBITDA Statement *(all amounts in RON)*	**Indicator**	**2022**	**2021 (restated*)**	**Change, %**
Adjusted EBITDA	**Adjusted EBITDA**	**82,510,943**	**75,241,138**	**10%**
Less Gain from Bargain Purchase of Angel's Estate SA		28,259,397	-	100%
EBITDA	**EBITDA**	**110,770,340**	**75,241,138**	**47%**
Less: depreciation for the year		(17,914,308)	(13,341,517)	34%
Less: amortization for the year		(1,216,530)	(420,820)	189%
Result from operating activities	**EBIT**	**91,639,502**	**61,478,801**	**49%**
Less: net finance (costs) / income		(10,186,918)	87,630	(11,725 %)
Earnings Before Income Taxes	**EBT**	**81,452,584**	**61,566,431**	**32%**
Less: tax expense		(12,049,685)	(10,415,583)	16%
Profit for the year		**69,402,899**	**51,150,848**	**36%**

(*) See Note 6 to the consolidated financial statements for explanation of restatement.

In the financial year 2022, the Revenues of the Group increased by 22% year-on-year to RON 302,5 million. The Romanian market remained the largest growth driver, rising 20% year-on-year and accounting for 53% of sales of finished goods. Sales in Moldova increased by 27% year-on-year, fully recovering after two years of Covid-19 pandemic. Group revenues in Poland, our third largest market, decreased by 2%. The Group is prioritizing margin over volumes, with price increases, that led to robust negotiations with certain key accounts on Polish market, resulting in a decrease in volumes. The Group maintained the premiumization trend, with Purcari, our flagship premium brand, growing 25%, followed by Bardar, the Group's premium brandy, which recorded a significant increase by 21%, as Moldovan market recovered to almost pre-pandemic level.

The Group maintained a broadly stable Gross Profit margin of 43,7%, down 3 percentage points year-on-year.
Gross profit margin is a measure of profitability that shows the percentage of revenue that exceeds the cost of sales. The gross profit margin is calculated by taking total revenue minus the cost of sales and dividing the difference by total revenue.

Marketing and sales expenses grew by 25%, mostly pushed by trade and marketing activities meant to drive future growth and protect current market positions.
General and administrative expenses grew by 15%, key driver being increase of depreciation and professional fees.
Overall, both marketing and sales expenses and general and administrative expenses, increased by 22% year-on-year, keeping a stable share around 23% of Revenue over the years.
Profit from operating activities increased only by 3% year-on-year, on a lower gross profit margin stable operating expenses.

Net Profit for the year 2022 increased significantly by 36% as compared with the previous financial year, since the Group recorded a substantial gain from bargain purchase (for details please see Note 9 to the consolidated financial statements).
If normalized with this one-off gain, net of taxes, the Net Profit would decrease by 5.0% compared to net profit of year 2021 normalized for one-off gain from disposal of equity instruments (for details please see Note 26 to the consolidated financial statements).

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 8 and 12 to the consolidated financial statements).

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.

EBITDA increased strongly by 47% year-on-year, but normalized to one-off gain from bargain purchase, net of tax, it increased by only 10% year-on-year (for details please see Note 9 to the consolidated financial statements).

A summary of consolidated financial position for the years ended 31 December 2022 and 31 December 2021 is presented below:

(All amounts in RON)	**31 Dec 2022**	**31 Dec 2021 (restated)**	**Change, %**
Non-current assets	352,293,580	264,243,946	33%
Current assets	217,469,635	202,573,676	7%
Total assets	**569,763,215**	**466,817,622**	**22%**
Total equity	**307,154,837**	**263,203,182**	**17%**
Non-current liabilities	80,637,858	41,481,786	95%
Current liabilities	181,970,520	162,132,654	12%
Total liabilities	**262,608,378**	**203,614,440**	**29%**
Total equity and liabilities	**569,763,215**	**466,817,622**	**22%**

Non-current assets amounted to RON 352 million as of December 31, 2022, with a 33% increase year-on-year. The drivers for this increase represent increase in Property, Plant and Equipment, as the Group continues to increase capacities both by new capital expenditures and acquisitions of the assets and increase in inventories, mainly wine in barrels and brandy for ageing.
Current assets increased slightly by 7% year-on-year to RON 217 million, mainly on the increase of account receivables on year-end sales growth, which is typical for wine industry.
Non-current liabilities almost doubled year-on-year, as the Group withdrew more loans to finance its capital expenditures. A significant impact is also due to the put option written on minority shareholders of new subsidiary Angel's Estate SA, that was recognized as a purchase commitment valued at RON 11.7 million as at 31 December 2022 (for details please see Note 9 to the consolidated financial statements).
Current liabilities increased by 12% year-on-year, due to the increase in short term borrowings necessary for working capital needs, as well due to increase of trade payables.

7. PRINCIPAL SCOPE OF BUSINESS / NON-FINANCIAL INFORMATION

The Company is a leading player in the wine and brandy segments from the CEE region. The Group has a range of wine brands across all price segments in the still and sparkling wine categories and a brand in the popular premium brandy category and holds international and national IP rights on all its brands.

The Group operates seven production platforms in Moldova, Romania and Bulgaria, six of which are dedicated to wine production and one dedicated to brandy production.

Competitive strengths
(a) Geographical proximity to the rapidly growing CEE markets offering plenty of room for further development
The growth of the wine consumption in the core CEE markets for the Company exceeded that of beer and spirits, evidencing a secular shift towards higher wine consumption in expense of other alcoholic beverages.

According to research, in 2021 the global wine market size was valued at USD 489.3 billion, expected to expand at a CAGR of 6.1% from 2022 to 2030, growth guided by an increased demand and shift in consumer behavior following the pandemic. Based on regional evidence, in 2022, the European wine market held around 45% in market share, where sparkling rose in popularity, accounting for 65% in volume and 55% in value. Still wine remains a strong player at global level with 80% of the overall market share, millennials gravitating towards wine as the beverage of choice in consumer socialization. As for the core CEE markets (Romania, Poland, Czechia and Slovakia), the wine market size is expected to continue its growth in volume terms between 2019-2023, maintaining a CAGR of 6.7%, Romania maintaining its position as the leading market with a CAGR of 7.2%. Overall, per capita wine consumption in the Group's core markets has increased, Romania reaching 23 liters and Poland 9 liters, compared to Italy and France's 47 liters per capita and 43 liters per capita.

With the demand in the global wine market shifting, the Group's core wine markets offer plenty of room to catch up to the levels in Western European countries.

(b) Solid route to market and track record of accelerated growth across CEE
The Group has an extensive field of sales force in Romania and Moldova - its domestic markets, while extensively relying on a remote coordination of export activities to CEE markets via distributors and direct shipments to retail.
The Company's sales increased to RON 302.5 million, a 22% increase year-on-year. The performance has been driven by a strong growth in the sale of wine, sparkling and brandy +20% in Romania, full recovery of sales in Moldova to pre-pandemic levels and good traction in Asia and newer markets. Additional 7% of sales have been generated by the waste recycling management business - Ecosmart Union, consolidated at Group level as of September 2021.

The Group works with major retailers across the region, including Auchan, Billa, Carrefour, Kaufland, Metro, Tesco, Selgros, Norfa etc, employing a mixed model of supplying key accounts by direct to retail contracts or distributors.

(c) Strong and diversified portfolio catering to complementary market segments
The Company's philosophy is that any businesses shall start with the consumer in mind, which subsequently streams down into operations. In the end, the Company's operations are organized around its six core brands – Purcari, Crama Ceptura, Bostavan, Domeniile Cuza, Bardar and Angel's Estate, its most recent addition – which cater to various consumer demographics and occasions.

The table below summarized the positioning of each brand and its role in the Company's portfolio:

	Purcari	**Crama Ceptura**	**Bostavan**	**Domeniile Cuza**	**Bardar**	**Angel's Estate**
Summary	Flagship premium brand	Romanian premium and mainstream wines	Value for money	Premium wines	Contemporary brandy brand	Bulgarian premium wines
Marketing tagline	"Purcari, since 1827"	"Crama Ceptura brings us together"	"Taste it. Love it."	"Wines that write history. Since 1864"	"Grapes, Oak and Patience"	"A treasure of our native wine production"
Target audience	35+ old, upper income	30+ old, traditional middle income	30+ old, idle income	25+ old, middle-upper income	30+ old, traditional middle income	35+ old, upper income
Brand Sales in 2022, %	53%	14%	20%	Insignificant, launched late 2021	12%	1%
Sales growth 2022, %	25%	5%	4%	0%	21%	n/a

(d) Recognized product quality by both experts and consumers
The Group has received 15 medals at several top international competitions in 2015, 23 medals in 2016, 25 medals in 2017, 44 medals in 2018, 56 medals in 2019, 74 medals in 2020 and 97 in 2021, whilst holding the title of the most awarded CEE winery at Decanter London between 2015 and 2022 with a total 129 medals. Purcari Winery is the world's most awarded winery in 2021 with 333 medals won at most notorious international contests: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concours International de Lyon, Berliner Wine Trophy, London Wine and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women's International Trophy, Vinalies Internationales.
The Group's products have also won the appreciation of consumers, with an average of 4.1 score on Vivino, a wine rating mobile app based on over 80,000 individual scores. With the increasing role of the millennial demographic in shaping consumption patterns, the role of apps such as Vivino should increase (not unlike services like Yelp or TripAdvisor have on the restaurants industry), hence the Group's close monitoring of similar technological innovations and a focus on meeting the taste preferences of this demographic category.

(e) Excellent asset base and sustainable cost advantage
The Group cultivates circa 1,450 hectares of prime vineyards. The majority of the vineyards are in their prime, being planted during 2004-2005, and are situated in favorable micro-zones for winemaking, along the 45th parallel - same as the Bordeaux region. Production assets are based in a region with 5,000+ years of vine growing history, a developed wine culture and vibrant wine-related ecosystem, resulting in a well-developed economic cluster spanning the entire wine value chain: from grape growing to oenological research, bottle, label manufacturing etc.

(f) Strong marketing execution, tailored to new media and millennial consumers
The Group has been taking a rather differentiated approach to marketing, based on principles such as: 1. Focus on digital versus traditional media; 2. Focus on engaging, consumer-friendly content versus traditional "selling" advertising; 3. Focus on creative, low-budget campaigns with a built-in viral effect versus big budget traditional communication. 4. Being agile.

(g) Proven ability to identify and execute accretive acquisitions
The Group was created via several acquisitions. In 2003, Group's founding shareholder acquired the assets forming the basis for the Bostavan winery, followed with the further acquisitions of the Purcari assets (2003), Crama Ceptura (2003) and Bardar (2008). The typical recipe behind each of these acquisitions was based on (1) identifying underperforming or distressed assets, (2) acquiring them at attractive financial terms, (3) investing in rapid restructuring of operations ensuring a proper integration into the Group. The acquisitions made during 2004-2008 speak about the management's capacity to identify the right target, acquire, and integrate it into the Group's structure and monetize synergies of operational and financial natures. The subsequent investments in Husi (Romania) and GCC (Moldova), both with exits at high premiums, confirm the Group's ability to also successfully execute opportunistic investments that are complementary to the Group's business and exit them if the right valuation is offered. In 2021, the Group has continued its M&A activity through acquiring a 10% stake in 8Wines - an online fast growing wine retailer, a 100% stake in the grape grower Vinoteca Gherasim Constantinescu SRL from the Dealu Mare region and by increasing its stake from 27% to 65.75% in Ecosmart Union - a waste recycling management business. In 2022, the M&A efforts continued and the Group acquired a 76% stake in Angel's Estate, a full cycle winery located near Stara Zagora, Bulgaria, that added 100 ha to the existing portfolio of vineyard.

(h) Driven management team, combining youth and experience
The Group has a strong and experienced management team that combines an extensive expertise in the wine market, with an enthusiasm and clear determination to drive the business forward. Mr. Victor Bostan, the founder of the Group, with a university degree in Wine Technology, has grown through the ranks of the wine industry from an entry level oenologist to a general manager and now - owner. Most of the top management team has a cosmopolitan background, dual citizenship and speak at least three languages. The Group is proud of its reliance predominantly on promotions from within, with key management personnel having been with the Group for a significant amount of time e.g., Chief Commercial Officer for over 16 years, CFO - over 11 years, General Manager Production - over 13 years, General Manager Romania - over 18 years, Head Wine Maker for over 12 years etc. Nonetheless, despite the significant experience, the Group management median age is still around 40 years, based on the Company's top 10 managers.

Strategy

The Group's strategy is centered around the following pillars:

(a) Focus on Romania as key domestic market to achieve undisputable leadership position
The Group is already the fastest growing and the most profitable company among the major wine players on the Romanian market, according to the statutory accounts reported by the Ministry of Finance of Romania (not available for 2022 as of the date of this report). In 2022, the Group has increased its sales revenue by 22%. Nevertheless, the Group's total sales of finished goods in Romania - accounting for RON 50.4 million in 2017, RON 65.1 million in 2018, RON 81.9 million in 2019, RON 101.7 million in 2020, RON 119.5 million in 2021 and RON 143.6 million remain a fraction of the HoReCa and of the fragmented Romanian market. With the Group's market share in Romania currently at 11%, the room for expansion is still significant, as demonstrated by international examples: Teliani Valley - 35% market share in Georgia, E&J Gallo - 16% market share in the US, Concha Y Toro - 18% market share in Chile.
The Group intends to continue growing fast in Romania by entering other price-segments, increasing retail penetration, geographical expansion, boosting of marketing investments for the Crama Ceptura and Bardar, and the expansion to the sparkling segment.

(b) Build upon the Romanian success, to achieve market leading positions across CEE
The Group intends to build on the strong track record in Romania and to export the successful model to other core markets, starting with Poland, the Czech Republic and Slovakia. This implies the following actions:
- Building a local sales organization, including account managers and area sales managers.
- Strengthening the relationship with retail partners.
- Investing more actively in local marketing activities, including trade marketing (listing, promotions etc.).

In 2021, The Group has created a subsidiary in Ukraine to achieve commercial plans, focus on geographical coverage and to increase sales per SKU and POS. Despite the Russian-Ukrainian military conflict, the Group has maintained the local team and increased its distribution in the IKA channels, with export based only on 100% prepayment.

The Group is continuously assessing the risks and uncertainties that the crisis in Ukraine may have on the subsidiary's operations and adjusts its activity accordingly.

(c) Continue shift to premium
The Group's management believes a premiumization trend is underway in wine markets around the world, with consumers becoming increasingly more selective about the quality of wine they opt for. The Group has embraced this trend, putting an extra emphasis on the sale of premium wines, to deliver to rapidly changing consumer preferences.

(d) Extend brand to adjacent categories
The Group has traditionally focused on the still wines segment. The Group's strategy is to leverage the strength of its brands and to expand beyond the still wines category, with sparkling wines and divins (cognac style brandy made from grapes) as the priority expansion areas.

The Group owns Bardar since 2008, however its initial focus was the sale of bulk, unbranded brandies. In 2015, the Group adopted a shift in Bardar's strategy and relaunched the brand as a sophisticated, high quality, divin producer, focusing on the bottled, branded segment. Based on the 2022 results, the share of brandy sales from the Group's revenues accounted for 12%. The brandy segment demonstrated a strong rebound with a 21% increase in sales compared to 2021, recovering admirably and surpassing its pre-pandemic results, while also gaining popularity in new markets.

The Group's sparkling segment, launched in 2017, has an increase in traction, registering annually double-digit growth and receiving unprecedented professional recognition despite its very short history. Purcari's sparkling has been awarded 3 Gold medals at Effervescents du Monde 2021, Cuvee de Purcari Alb Brut being included in 2021's top 10 best sparkling wines. In 2022, Purcari's sparkling added 6 more awards to its collection, Golds and Silvers obtained at Effervescents du Monde, Vinarium International Wine Contests and Wine of Moldova.

(e) Pursue accretive acquisitions, building on a strong M&A track record
The Group management believes that the inherent peculiarities of the wine industry such as: significant fragmentation, large quantity of hobbyist wine-entrepreneurs, small average scale of wine enterprises – leads to an overall lower industry-level of management sophistication compared to other, more mature, and concentrated drinks industries such as beer or spirits. To that end, the Group management believes that it may take advantage of acquiring under-managed assets, which can be brought to the operational standards of the Group and benefit from the Group's scale, the assets becoming more valuable as part of the Group than standalone.
The Group's track record of acquiring and building the Purcari, Bostavan, Crama Ceptura, Bardar and Angel's Estate assets, may serve as an indication of the Group's ability to successfully identify, execute, and integrate such acquisitions. The Group's primary focus will be underperforming assets (including strong brands, vineyards, production, and distribution platforms) in Romania, Poland, and Moldova, other markets being considered additionally for potential accretive bolt-ons.

(f) Quality control and assurance
Each of the Group companies is certified to comply with the requirements of ISO 9001:2015 (Quality Management) and/or ISO 22000:2018 (Food Safety Management), with Crama Ceptura's facility being also certified in accordance with the ISO 22000:2005 requirements. International certification bodies perform regular surveillance audits, confirming compliance of their management systems with the requirements of ISO 9001:2008 (Quality Management) and/or ISO 22000:2005 (Food Safety Management). Additionally, each winery within the Group has a set of authorizations for the emission of pollutants into the atmosphere from fixed sources of pollution, authorizations for special use of water, permits from the local waste disposal authorities, contracts with glass and cardboard factories for waste receipt, as well as certificates of registration for Food Safety. These documents facilitate a correct and standardized level of quality within the Group's production process.

8. RISK EXPOSURES AND UNCERTAINTIES

In the absence of hedging arrangements in place, the Group is exposed to the risk of currency exchange fluctuations between multiple currencies
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 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. The Group may implement in the future a hedging policy, but there is no guarantee that the Group will be able to hedge all the currency risks, in particular over longer periods. Also, given that the Republic of Moldova is a restrictive market which does not effectively provide for sufficient liquidity and instruments to cover foreign exchange risk, the Group's efforts to cover for this risk are focused on the business in Romania, without, however, having proper cash pooling, treasury or similar arrangements in place. As a consequence, any unfavorable shift in exchange rates could have a material adverse effect on the Group's business, financial condition and the results of operations.

The Group may be unable to obtain additional financing or generate sufficient cash flow to make additional investments or fund potential acquisitions.
The Group may need to raise additional funds in the future in order to invest in or acquire businesses, brands or products. Additional financing may not be available on acceptable terms, or at all. If the Company raises additional funds by issuing equity securities, investors may experience further dilution of their ownership interest. If the Group raises additional funds by issuing debt securities or obtaining loans from third parties, the terms of those debt securities or financing arrangements may include covenants or other restrictions on the Group's business that could impair the Group's operational flexibility and would also require the Group to fund additional interest expense. If financing is not available in part or at all, or is not available on acceptable terms when required, the Group may be unable to successfully develop a further presence in the region, which could materially adversely affect the Group's business, the results of operations and financial condition.

Climate-related matters could have a material adverse effect on the Group's business
Grape yields and quality can be affected by certain climate-related matters including without limitation late frosts, lack of sunshine during the flowering period, lack of rain and hailstorms. While the Group has been able to put in place measures to mitigate to a certain extent the risks pertaining to late frosts, there are difficulties in reducing the impact of the hailstorms and drought, due to their unpredictable nature.
Although the Group uses mitigating factors such as acquiring grapes from third party producers, geographically spreading its vine area to cover against localized climatic impacts and construction of irrigation systems, the risk of future grape yields being affected by climate-related factors cannot be eliminated.
Should the quantity or quality of future yields be affected by these factors, the operations of the Group could be adversely impacted.

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. The duty and excise regimes applicable to the Group's operations could result (and have in the past resulted) in temporary increases or decreases in revenue that are responsive to the timing of any changes in excise duties.

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.
However, due to unprecedent inflationary pressure, due to the post-Covid-19 increased demand and military conflict in Ukraine, many central banks have already reversed course and begun to gradually tighten monetary policy and announced interest hikes.
The National Bank of Moldova increased the basic rate 6 times during 2022, from 6.5% to 21.5% as of 4 August 2022, and then reduced it 3 times to 14.0% as of 20 March 2023.
In Romania, Central Bank increased the monetary policy rate 8 times during 2022, from 1.75% to 6.75%. Central Bank continued to increase the rate in 2023 as well, reaching 7.0% as of now. The ROBOR1M increased during 2022 from 2.78% to 6.61% by end of the year, slightly decreasing to 6.22% to nowadays.
Even there are signals of decreasing rates, the cost at which the Group is able to raise new financing and refinance its existing liabilities is increasing compared to average of last years.
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 keep a tightened monetary policy, the Group's results could be materially adversely affected.

War in Ukraine
The Company issued a relevant announcement on this matter on 8 March 2022, responding to its regulators' ('CySEC') Circular of 2 March 2022 calling on 'all issuers to assess the financial impact, as well as any risks and uncertainties that may arise from the crisis in Ukraine on their businesses/operations and make relevant announcement as soon as possible'.
Further to this announcement, and according to the management's assessment, the current risk for the war in Ukraine to spill over to Moldova is extremely remote, as Ukraine managed to resist, as well to obtain military and financial support.
As of 2022, the Group's sales to Ukraine, Belarus, and Russia dropped to 3%, compared to 5.4% in 2021. The gross amount of trade receivables for clients located in these countries counts only 2.9% of total trade receivables of the Group as at 31 December 2022, and represents a significant decrease from 7.5% registered as at 2021 year end. Therefore, the management considers that stopping doing business in these countries will not represent a significant impact on the financial position of the Group, even in case of full provisioning.
Whilst the Company did not register any material disruption to its operational activity, 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.

9. INTERNAL CONTROL

The Group established an internal control system, which includes activities focused on preventing and detecting of inefficiencies and other irregularities, evaluation of conformity with internal procedures, evaluation of the accuracy of tasks, presentation of objective information and recommendation to the Company's management. Purcari's internal control system helps the Company to improve operating efficiency, as well as adhere to the values and principles of the Group.

10. OTHER INFORMATION

Environmental and social responsibility
The Group operates in an industry that is subject to a number of regulations that affect its day-to-day operations. The regulations applicable to the Group relate to, amongst other, product safety, labor and employment, health, safety, environment protection laws and others with respect to the production facilities.

Environmental compliance and authorizations
In November 2010, the Group adopted a group-wide Environment, Health and Safety Policy and implemented an Environmental and Social (E&S) Management System (ESMS) integrating environmental, occupational health and safety management procedures into the Group's management system. The ESMS structure and the Procedure on Environmental Protection, Occupational Health and Safety were developed and duly approved by the Group's management. The E&S reporting function is assigned to the Quality managers who are also responsible for the ISO implementation.
In terms of agricultural quality controls, the Group has implemented Pesticides Management Procedures for Vinaria Purcari, Vinaria Bostavan and Crama Ceptura, describing the procedure used for the transportation, storage, application, and removal of pesticides. These procedures are developed on an annual basis and include the responsibilities of pesticide suppliers and any other third parties involved in the utilization of pesticides by the Group.

Environment and waste utilization
The Group has defined energy efficiency & saving as its primary environmental goals during 2014-2022. During that period, the Group has replaced ordinary lamps with energy efficient ones on all premises. In addition, outdoor/street lighting sensors were installed where it was deemed necessary and the entire electricity system at one of the premises was modernized. In terms of new equipment purchases, the Group prioritizes suppliers offering energy efficient solutions. In terms of waste utilization, a group-wide policy is set to collect and sort broken glass, paper and cardboard waste and other non-food waste into separate bins placed on the Group's premises. Subsequently, the Group's companies sell such sorted waste to relevant processing facilities (for example, broken glass is delivered to the glass factory nearby and the paper and cardboard waste is delivered to the cardboard factory nearby for processing etc.). The Group modernized the sewage processing facility at one of the premises and acquired Mythos vinificators which lower the CO_2 footprint as it reuses it during fermentation.

In 2022, Purcari Winery, part of Purcari Wineries PLC, has installed an intelligent, fully automated subsurface drip irrigation system, that covers 200 ha of its vineyards, with the option to further extend the system to an area of 500 ha. The water for the irrigation system is sourced from a distance of 6 km into storage pools of 11,000 m^3 and 24,000 m^3.

Additionally, the Group installed a Photovoltaic System on the rooftop of Purcari Winery's production site. The Solar Panel System covers an area of 1,025 m^2 and allows the production of up to 240,000 kWh of energy per year. The system supplies 15% of the winery's electricity consumption, which brings the Group closer to a more sustainable and CO_2 neutral production. The Group will continue to increase its investments in sustainability and follows the objective of attaining the coverage of up to 80% of its energy demand from photovoltaic power stations.

Social initiatives
In January 2015, the Group launched its Community Development Policy, which defines the strategic approach, management system and budget for the Group's contribution to the local communities.
In 2022. Purcari Wineries PLC ("Group", "Company", "Purcari Group") continued to support its local communities and contribute to a number of charities, and social and cultural initiatives dedicated to promoting and preserving traditions, such as:
- CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family).
- Hospice Angelus: Medical-social Philanthropical Foundation "Angelus Moldova", a nongovernmental, apolitical, and non-profit organization which was founded and legally registered at the Ministry of Justice in 2000, with the purpose of creating a new system of medical and social assistance to incurable patients in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established Hospice "Angelus Moldova", a home palliative care service and part of the Foundation.

The Purcari Group continues to be the general sponsor of the Moldovan National Olympic Committee and the main partner of USM – Bostavan, a volleyball club with both female and male volleyball teams, since 2010.

Following the war outburst in Ukraine on February 24th, 2022, the Group has actively been involved in supporting Ukrainian refugees. The Purcari team launched a help-center and a 24/7 contact line that offered sport in arranging accommodation for the fleeing Ukrainian families. Over 13,000 refugees stopped at the improvised tent to get free-of charge first necessity goods such as water, hot drinks, sandwiches, free SIM cards and warm clothes.

Over 4,000 refugees, mainly women and children, have been provided with accommodation at Château Purcari, as well as hotels and guest houses in the Purcari region (fully paid by Purcari), Purcari partners and homes of Purcari employees.

Launched the Purcari Foundation in July 2022, a charity fund with focus on education, society, environment, and health. For each area, the fund has a set of defined objectives such as:
- Education: prevention of school dropout; support of children from disadvantaged environments by facilitating access to education; sponsorship of complementary programs and extra curriculars for young people for the development of skills, abilities and qualifications which enrich the school program.
- Society: community development; offer support to vulnerable communities with aspects such as: housing, health, and provision of basic necessities.
- Environment: restoration of affected or destroyed green areas; greening actions to raise awareness and motivate a responsible behavior; reduction of plastic and paper use.
- Health: promote a healthy lifestyle, proper nutrition, and support sport activities.

11. NON-FINANCIAL STATEMENT

The Company is committed to high environmental, social and employee standards, respect for human rights, and steadfastly opposes corruption and bribery. The Company will publish a separate Non-Financial Statement for 2022 by June 30th, 2023 in accordance with the relevant provisions of Directive 2013/34/EU as amended by Directive 2014/95/EU as transposed in the Cyprus Companies law, Cap. 113. The Non-Financial Statement will also take into account the requirements of the new Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (“CSRD”), Global Reporting Initiative – GRI, Accountability Standards, etc.

12. COMMITMENTS AND CONTINGENCIES

As at 31 December 2022 the Group has a commitment for purchase of property, plant and equipment amounting EUR 6,000,000 deriving from the arrangements related to acquisition of subsidiary Angel’s Estate SA in Bulgaria (2021: nil). The amount of EUR 1,325,000 is committed for next 12 months.

13. SUBSEQUENT EVENTS

There were no material subsequent events that could have impact on the presentation of this report and Company’s consolidated financial statements.

14. DIVIDENDS

The Board of Directors will recommend to the Annual General Meeting of the shareholders the payment of dividends to all shareholders out of accumulated profits in the amount RON 0.55 per ordinary share.

15. SHARE CAPITAL DURING THE FINANCIAL YEAR THAT ENDED ON 31 DECEMBER 2022 AND CHANGES FROM PREVIOUS FINANCIAL YEAR

On 28 April 2022, the shareholders unanimously approved the increase of the authorised share capital of the Company from EUR 410,000.00 divided into 41,000,000 shares of nominal value EUR 0.01 each to EUR 430,000.00 divided into 43,000,000 shares of nominal value EUR 0.01 each.

During 2022 no shares were issued.

As result, the issued share capital didn’t change during 2022 and as at 31 December 2022, the Company has an issued share capital of 401,175 EUR, which consists of 40,117,500 ordinary shares with the nominal value of 0.01 EUR each. Each ordinary share gives one voting right.
During 2022 the Company allocated 251,036 shares (2021: 174,982) to its employees (for details please see Note 16 to the consolidated financial statements).

On 15 February 2018, the Company’s issued shares were admitted for trading on the Bucharest Stock Exchange, under the ticker symbol WINE.
The ISIN number of the shares is CY0107600716.

16. SHARES BUY-BACK

During the year 2022, the Company didn’t perform any share buyback (2021: 329,156 shares).

As at 31 December 2022 the Company has 111,452 (2021: 362,488) own shares of nominal value of EUR 0.01 each, representing 0.2778% (2021: 0.9036%) of issued share capital.

17. RELATED PARTIES TRANSACTIONS

Disclosed in Note 31 to the consolidated financial statements.

18. EVENTS AFTER THE REPORTING PERIOD

The events that occurred after the reporting period are described in Note 34 to the consolidated financial statements.

19. INDEPENDENT AUDITORS

The Board of Directors will make a recommendation to the forthcoming Annual General Meeting of the shareholders of the Company in relation to the appointment of independent auditors for the financial year 2023. Further, a resolution giving authority to the Board of Directors to fix the independent auditors' remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Inter Jura Cy (Services) Limited
Secretary

27 April 2023

ANNEX 1

Statement on Corporate governance pursuant to Section 151 of the Cyprus Companies Law, Cap.113 (the "Companies Law")

The Company, pursuant to the relevant provisions of Section 151 of the Cyprus Companies Law, Cap. 113 provides this Statement on Corporate Governance (the "Statement"), addressing in turn the matters that should be included in this Statement, according to the specific provisions of Section 151 that are cited below.

1 Paragraph 2a(i) of Section 151 of the Companies Law

A reference to the corporate governance code to which the Company is subject to, also indicating where the relevant texts are publicly available

The Company's shares are listed on the Bucharest Stock Exchange ('BVB') since the 15th of February 2018. The Company is subject to and applies the BVB Corporate Governance Code (the 'BVB Code'). The BVB Code can be found at the website of the BVB under the *Regulations* section: http://www.bvb.ro/Regulations/LegalFramework/BvbRegulations.

2 Paragraph 2a(ii) of Section 151 of the Companies Law

Where a company, in accordance with its national law or of the law of the member state that relates to the corporate governance code to which the company is subject to or it has voluntarily decided to apply, departs from a corporate governance code referred to above, it states the parts of the corporate governance code it departs from and the reasons for doing so.

The Company, since the listing of its titles on the BVB on 15 February 2018 has adopted the BVB Corporate Governance Code with the provisions of which it fully complies except in relation to provisions A.11, B.6, B.8 and D.1.1 where partial compliance is noted, for the reasons detailed below and in the annexed document **State of Compliance with the BVB Code**.

The Company decided to partially comply with the A.11 provision of the BVB Code regarding the nomination committee. Provision A.11 states that companies listed in the BVB category that the Company is listed (International shares category), should set up a nomination committee comprising of non-executives, which will lead the process for Board appointments and make recommendations to the Board. According to A.11, the majority of the members of the nomination committee should be independent.
The Company has formed a Nominations, Remuneration and Governance Committee comprising of four persons: two out of four members of the Committee are independent and non-executive, one out of four is non-independent and non-executive and one is non-independent and executive.
Consequently, but for the inclusion in the Committee of the executive director Mr. Victor Bostan, the Company would have been in full compliance with the above provision.
However, the Board has decided to include Mr. Victor Bostan in this committee, taking into consideration his excellent knowledge of the Company's needs, in-depth knowledge and experience in the field of operations of the Company and valuable insights. The Board is of the view that the good corporate governance sought by the application of the BVB Corporate Governance Code is achieved by having most committee members being non-executive, and high standard terms of reference being applied to the work of the committee.

The Annual General Meeting of the shareholders held in 2022, approved a Remuneration policy applicable to Executives and non-executive directors of the Company, prepared pursuant to the relevant provisions of the Cypriot Law 111(I)/2021, which transposed, on 12 May 2021, into national law the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

3 Paragraph 2a(iii) of Section 151 of the Companies Law

Where a company has decided not to apply any of the corporate governance provisions stated above it explains the reasons for doing so.

The Company decided not to apply only certain of the Corporate Governance provisions of the BVB Corporate Governance Code, for the reasons explained in the previous section.

4 Paragraph 2a(iv) of Section 151 of the Companies Law

Description of the main features of the company's internal control and risk management systems in relation to the financial reporting process.

The Company is a Cypriot registered legal entity, and the Home Member State of the Company is the Republic of Cyprus. In relation to its financial reporting process, the Company applies the relevant provisions of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended of the Republic of Cyprus (the 'Transparency Law'), and the of the Cyprus Companies Law, Cap. 113. The Transparency Law prescribes the publication of the Annual Financial Report and of the Half-Yearly Financial Report. Issuers whose titles are admitted to trading on a regulated market, such as the Company, are obliged to prepare and disclose such information in accordance with the provisions and the time schedules stipulated in Part II of the Transparency Law. Moreover, and as stipulated in Part II of the Law, the financial reports of the Company and of the Group are prepared based on the applicable International Accounting Standards, as well as the provisions of the Companies Law, Cap. 113 in order to provide a true and fair picture of the financial affairs of the Company and the Group, respectively. Further, the Company prepares and publishes quarterly financial reports and preliminary results for the year, also applying the relevant International Accounting Standards.

The Company Secretary and the professional advisers of the Company assist the Board of Directors towards ensuring the lawful drafting, preparation, compilation and publication of the required periodic information.

The Compliance Officers of the Company in relation to the obligations of the Transparency Law ensure the timely publication of the necessary periodic information, and that this information includes the information required by the Transparency Law. This information is disclosed in accordance with the manner and time schedules set out in the Transparency Law and the relevant Transparency Directives. The Company also retains legal professionals based in Bucharest, Romania, advising it on the disclosure and transparency obligations emanating from the listing of the Company titles on the Bucharest Stock Exchange.

Audit Committee
In addition to the above, and in line with the relevant provisions of the Cypriot Auditors Act of 2017 and of the BVB Corporate Governance Code which stipulate that listed companies should have an Audit Committee for the purposes of, between others, the monitoring of the financial reporting process, and the statutory audit of the annual consolidated financial statements, the Board of Directors has created an Audit Committee comprising of three non-executive directors, two of which are independent, and the Chairperson is a non-executive, independent director. Further details are provided below under the heading of "**The composition and operation of the administrative, management and supervisory bodies of the issuer and their committees**".

5 Paragraph 2a(v) of Section 151 of the Companies Law

Where the total or a part of the securities of the company are admitted to trading in an organized market, the company publishes detailed information as to the following:

(aa) The major direct or indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings)

See above paragraphs in the Management (Directors) Report under "Shareholders and Issued Capital".

(bb) The holders of any securities with special control rights and a description of those rights.

The Company has no holders of any securities with special control rights.

(cc) Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities·

There are no restrictions on voting rights.

(dd) The rules governing the appointment and replacement of board members and the amendment of the Articles of Association

Prior to the listing of the Company's titles, the Company was managed by professional directors. According to Regulation 111 of the Articles of Association of the Company (the 'Articles'), the Board of Directors may at any time appoint any person to the office of director either to fill a vacancy or as an additional director. Regulation 84 of the Articles states that, unless otherwise required by law, the minimum number of the directors of the Company shall be five, the majority of whom shall be non-executive and out of which at least 2 shall be independent. Therefore, the Company took the relevant steps to comply from the listing date of 15 February 2018 with Regulation 84 of the Articles as well as with the relevant provisions of the BVB Code.
Hence, the professional directors of the Company resigned and were replaced by five new Board Members. The majority of the current five Board members (three out of five) are non-executive directors and two out of five Board members are independent, non-executive directors. According to Regulation 111, the non-executive directors appointed pursuant to Regulation 111 of the Articles shall hold office until the next following Annual General Meeting, and at the AGM, their positions will be vacated. The AGM, in accordance with Regulation 110 of the Articles may appoint, with the sanction of an ordinary resolution any person to the office of director to fill the vacancy or as an additional director.

Pursuant to Regulation 108 of the Articles of the Company, a person can be appointed (or re-appointed) as a director at a general meeting of the Company where:

(a) That individual is recommended by the Board of Directors or by a committee duly authorized by the Board for the purpose; or
(b) No less than seven nor more than 42 days before the date appointed for the AGM, shareholder(s) representing shares which in aggregate constitute or represent at least 5% of the total number of votes of the share capital of the Company provide a notice to the Company of the shareholder(s) intention to propose an individual for appointment (or re-appointment).

Pursuant to Regulation 109 of the Articles of Association, not less than 3 nor more than 21 days before the AGM, notice shall be given to all shareholders entitled to receive notice of every person who is recommended by the Board of Directors or the committee and of every person in respect of whom notice has been duly given to the Company of the intention to be proposed.

Pursuant to Regulation 110 of the Articles of Association the General Meeting may, with the sanction of an ordinary resolution (a) subject to section 177(1) of the Company Law, Cap. 113, appoint any person to the office of director either to fill a vacancy or as an additional director and (b) subject to sections 136 and 178 of the Company Law, Cap. 113 remove any director from office.

The AGM of the shareholders of the Company that took place on the 14th of June 2018 re-appointed the non-executive directors Mrs. Monica Cadogan, Mr. Neil McGregor and Mr. Vasile Tofan to the Board of Directors of the Company for the financial year 2018. The Board of Directors of the Company, in order to preserve the continuance of the governance of the Company in 2019 and acting pursuant to the powers conferred to it by Regulation 111 of the Articles of Association of the Company, decided by an announced board decision of 10 December 2018, to re-appoint the abovementioned non-executive directors from the 1st of January 2019 until the next AGM. At the following AGM that took place on 25 April 2019, the above non-executive directors were re-appointed.

Rotation of non-executive Directors

Pursuant to Regulation 106 of the Articles of the Company, at each AGM, one-third of the directors (or if their number is not a multiple of three, the number nearest to three but not exceeding one-third), shall retire by rotation, provided that the directors to retire by rotation shall be those who have been longest in office. As between individuals who were appointed as directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Executive directors are not subject to retirement by rotation.

Commencing from the AGM that took place on 29 April 2020, the Rotation system of non-executive Directors begun.
In 2020, the three non-executive directors of the Company (Mrs. Monica Cadogan, Mr. Neil McGregor and Mr. Vasile Tofan), decided among themselves/by lot, that the non-executive director to retire at the AGM to be Mr. Vasile Tofan.
Mr. Vasile Tofan was willing to continue to act as a non-executive Director of the Company, and the Board of Directors decided to recommend to the shareholders his reappointment. Thus, Mr. Vasile Tofan was re-appointed by the AGM as a non-executive director on 29 April 2020.

In 2021, the non-executive directors of the Company who had been longest in office (Mrs. Monica Cadogan and Mr. Neil McGregor), decided among themselves/by lot, that the non-executive director to retire at the AGM of 2021 would be Mrs. Monica Cadogan.
Mrs. Monica Cadogan was willing to continue to act as a non-executive Director of the Company, and the Board of Directors decided to recommend to the shareholders her reappointment. Thus, Mrs. Monica Cadogan was re-appointed by the AGM as a non-executive Director on 28 April 2021.

In 2022, Mr. Neil McGregor, the non-executive director who had been longest in office, on the basis of Regulation 106 of the Articles of Association, decided to retire from his position at the AGM of 2022. Mr. Neil McGregor was willing to continue to act as a non-executive Director of the Company, and the Board of Directors decided to recommend to the shareholders his reappointment. Thus, Mr. Neil McGregor was re-appointed by the AGM as a non-executive Director on 28 April 2022.

In 2023, Mr. Vasile Tofan, the non-executive director who had been longest in office, on the basis of Regulation 106 of the Articles of Association, decided to retire from his position at the next AGM. Mr. Vasile Tofan is willing to continue to act as a non-executive Director of the Company, and the Board of Directors decided to recommend to the shareholders, at the next AGM, the reappointment of Mr. Vasile Tofan as a non-executive Director.

In 2023, Mr. Eugen Comendant was appointed by the Board of Directors as a non-executive Director, effective 5 April 2023, pursuant to Regulation 111 of the Articles. In accordance with Regulation 111 of the Articles, Mr. Eugen Comendant will retire from his position at the next AGM. Mr. Comendant is willing to continue to act as a non-executive Director of the Company, and the Board of Directors decided to recommend to the shareholders, at the next AGM, the election of Mr. Eugen Comendant as a non-executive Director.

In 2023, Ms. Raluca Ioana Man was appointed by the Board of Directors as a non-executive, independent Director, effective 5 April 2023, pursuant to Regulation 111 of the Articles. In accordance with Regulation 111 of the Articles, Ms. Man will retire from her position at the next AGM. Ms. Man is willing to continue to act as a non-executive, independent Director of the Company, and the Board of Directors decided to recommend to the shareholders, at the next AGM, the election of Ms. Man as a non-executive, independent Director.

In 2023, Ms. Paula Catalina Banu was appointed by the Board of Directors as a non-executive, independent Director, effective 5 April 2023, pursuant to Regulation 111 of the Articles. In accordance with Regulation 111 of the Articles, Ms. Banu will retire from her position at the next AGM. Ms. Banu is willing to continue to act as a non-executive, independent Director of the Company, and the Board of Directors decided to recommend to the shareholders, at the next AGM, the election of Ms. Man as a non-executive, independent Director.

6 Paragraph 2a(vi) of Section 151 of the Companies Law

The composition and operation of the administrative, management and supervisory bodies of the issuer and their committees.

6.1 The Board of Directors

The Composition of the Board in the financial year that ended on 31 December in 2022

1. Mr. Vasile Tofan, non-executive, director, Chairperson of the Board, member of the Nominations, Remuneration and Corporate Governance Committee and member of the Audit Committee.
2. Mrs. Monica Cadogan, independent, non-executive director, Chairperson of the Audit Committee, and member of the Nominations, Remuneration and Corporate Governance Committee.
3. Mr. Neil McGregor, independent, non-executive director, Chairperson of the Nominations, Remuneration and Corporate Governance Committee, and member of the Audit Committee.
4. Mr. Victor Bostan, executive director, member of Nominations, Remuneration and Corporate Governance Committee. He also serves as the Company CEO.
5. Mr. Eugen Comendant, executive director. During 2022 he also served as the Company Chief Operating Officer. Mr. Eugen Comendant resigned from his position as Executive Director effective 31 March 2023 and was appointed by the Board of Directors as Non-executive Director effective 5 April 2023.

Detailed information on the above directors can be found in the Section 4 of Management Report on Corporate Governance.

Competences and operation of the Board
The powers and duties of the Directors are stated in Regulations 91 – 96 of the Articles of Association of the Company and the rules in relation to the proceedings of Directors are stated in Regulations 113 – 120 of the Articles of Association.

According to Regulations 91 – 96, the Board is vested with the broadest powers to perform all acts necessary or useful for accomplishing the Company's purposes. All powers not expressly reserved by the Cyprus Companies Law Cap. 113 and by the Articles of Association of the Company to a general meeting of shareholders, may be exercised by the Directors. Further, according to Regulation 117 of the Articles of Association, the Directors may delegate any of their powers to committees and any committee. Pursuant to this provision, the Board of Directors has set up the Audit Committee and the Nomination, Remuneration and Corporate Governance Committee, which will be addressed herein below.
The Board provides effective support for and control and oversight of the activities of the executive management of the Company.

Conflicts of Interest
The rules governing the handling of conflict of interests are set out in Regulations 95 - 96 of the Articles of Association of the Company.

Internal Regulation, the functioning and evaluation of the Board of Directors

In line with the BVB Corporate Governance Code, the Board has also adopted an Internal Regulation, supplementing and expanding upon the relevant legal and regulatory provisions and the Company's bylaws. The Internal Regulation includes terms of reference/responsibilities for Board and key management functions of the Company, applying the relevant principles of the BVB Corporate Governance Code.
The Internal Regulation addresses in detail, between others, the Composition and Operation of the board, and the Board Committees. According to the Internal Regulation, board meetings are called by the Chairman or by any Director through the Company's secretary and are presided by the Chairman. The Chairman also sets the agenda for the meetings. Any director wishing to discuss an item that has not been included on the agenda at any Board meeting shall inform the Chairman prior to the meeting. Further, the Board should hold at least 1 meeting per quarter and as often as required in the interest of the Company.
A Director's Charter has also been prepared as an attachment to the Internal Regulations. The Charter contains guidelines on areas such as Independence and conflicts of interest, good faith, professionalism, commitment, and efficiency. Towards the better corporate governance and administration of the Company, and in line with the relevant provisions of the Corporate Governance Code of the Bucharest Stock Exchange where the Company titles are listed, the Board also adopted an Evaluation Policy. The Internal Regulation and other polices can be found on the Company website under Investor Relations/Corporate Governance: https://purcari.wine/static/projects/purcari.wine/dist/pdf/BoardEvaluationPolicy.pdf.

Delegation of Director's powers to committees

As stated above, the Directors have the power to delegate any of their powers to committees consisting of such directors or other persons as they think fit.

In order to carry out its work more effectively, and in line with the relevant provisions of the BVB Corporate Governance Code, the Board has created an Audit Committee and a Nominations, Remuneration and Corporate Governance Committee.

These committees handle business within their respective areas and present recommendations and reports on which the Board may base its decisions and actions. All members of the Board have the same responsibility for all decisions taken irrespective of whether the issue in question has been reviewed by such a committee or not.

The composition and operation of the two committees of the Board of Directors is analyzed below.

6.2 The Audit Committee

Composition of the Audit Committee in 2022
Chairperson: Mrs. Monica Cadogan (independent, non-executive director)
Members:

- Mr. Neil McGregor (independent, non-executive director)
- Mr. Vasile Tofan (non-executive director)

Competences and operation of the Audit Committee
The Audit Committee has a monitoring and advisory role and its mission consists in monitoring the financial reporting process and assisting the Board in carrying out its tasks related to financial reporting, internal control and risk management.

In the exercise of its duties and responsibilities, the Audit Committee will pay due regard to the relevant provisions included in the Code on Corporate Governance of the Bucharest Stock Exchange, and regulations, terms of reference, policies, resolutions, rules and other by-laws, internal documents and the internal regulation of the Audit Committee. The Audit Committee will also operate in line with and apply section 78 of the Cyprus Auditors Act, 2017 of the Republic of Cyprus.

Towards the exercise of its duties and responsibilities, the Audit Committee, between others, is briefed by the external auditors of the Company in relation to the audit program, monitors the audit process, and in special meetings prior to the presentation of the annual accounts of the Group and the Company to the full Board of Directors, considers the content of the drafts, taking into account the views of the external auditors in relation to the annual audited accounts. The Audit Committee informs the Board accordingly on the results of the statutory audit. The chairman of the Audit Committee ensures that minutes of meetings are prepared.

6.3 The Nominations, Remuneration and Corporate Governance Committee

Composition of the Committee in 2022

Chairperson: Mr. Neil McGregor (independent, non-executive director)
Members:

- Mrs. Monica Cadogan (independent, non-executive director)
- Mr. Vasile Tofan (non-executive director)
- Mr. Victor Bostan (executive director)

Competences and operation of the Committee

The Committee has an advisory role, and its mission is to assist the Board in performing its powers related to nomination, remuneration and corporate governance matters. Following listing, it was decided to expand the scope of activities of the Nominations and Remuneration Committee stated in the Prospectus, to include Corporate Governance.

In the exercise of its duties and responsibilities, the Nominations, Remuneration and Corporate Governance Committee of the Company pays due regard to the relevant provisions included in the Code on Corporate Governance of the Bucharest Stock Exchange, and regulations, terms of reference, policies, resolutions, rules and other by-laws, internal documents of the Company and the internal regulation of the Committee.

7 Paragraph 2a(vii) of Section 151 of the Companies Law

A description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period.

If no such policy is applied, the statement shall contain an explanation as to why this is the case.

The Company does not have in place a special policy in relation to diversity of the Board of Directors. The Company considers that the current composition of the Board of Directors includes diversity in relation to age, gender, educational and professional background of its members.

ANNEX 2

Table regarding the status of compliance with the provisions of the Bucharest Stock Exchange (BVB) Corporate Governance Code

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
Section A – Responsibilities			
A.1.	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	**Yes**	The Board has adopted an internal regulation in this respect on the meeting which took place on the 21st of May 2018.
A.2.	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	**Yes**	The internal regulation of the Board contains provisions for the management of conflict of interest which ensure compliance with this provision.
A.3.	The Board of Directors or the Supervisory Board should have at least five members.	**Yes**	The current Board of Directors of the Company comprises five members.
A.4.	The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice.	**Yes**	Six out of seven Board members are non-executive, and four out of seven Board members are independent. The independent Board members have submitted along with their letter of acceptance a declaration of independence in accordance with the criteria included in the BVB Corporate Governance Code.
A.5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-	**Yes**	Both past and ongoing relatively permanent professional commitments and engagements of the Board members were disclosed to the potential

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.		investors in the Company's IPO Prospectus and no other such commitments or engagements have been undertaken by the Board members as of the date of the Prospectus.
A.6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	**Yes**	The internal regulation of the Board contains provisions which regulate such obligation of the Board members and the procedure according to which the information shall be submitted to the Board by its members.
A.7.	The company should appoint a Board secretary responsible for supporting the work of the Board.	**Yes**	The Company has appointed a Board Secretary who supports the Board's activities.
A.8.	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	**Yes**	The Company has approved the policy for the Board evaluation during the Board Meeting on December 14th, 2018. The evaluation session of the Board took place on May 20th, 2022. The performance for 2021 was evaluated as an efficient one, considering the limitations of physical meetings caused by the pandemic for two consecutive years. A series of strategic directions were set for the activity of the Board of Directors for 2022, considering the economic and geopolitical volatility in the region: - Focusing on forward looking activities, which can bring significant added value to the Group, i.e. M&A, products portfolio, markets etc. - Focusing on proactive activity vs. reactive with the purpose of setting direction for the management team. - To improve the Board of Directors visibility by participating in telephone conferences, meetings with investors and employees of the Purcari Group. - To return to live meetings and to carry out visits to the entities of the Purcari Group to understand from the inside the operational activity, the opportunities, the needs, and the related risks. - Intensify the activity of the Audit Committee and the Nominations, Remuneration and Corporate Governance Committee to clarify technical aspects prior to the Board Meetings. The next evaluation is expected to be performed in first half of 2023.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
A.9.	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	**Yes**	The Board meets at necessity and at least every three months. In 2022 there were fourteen Board meetings. The Corporate Governance statement contains information in this respect (Chapter 5 of the Management Report).
A.10.	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	**Yes**	Four out of seven members of the Board are independent. This is presented in Chapter 5 of the Management Report.
A.11.	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	**Partially complies**	Three out of four members of the Nominations, Remuneration and Corporate Governance Committee are non-executive, out of which two are independent, and one member is executive. Consequently, but for the inclusion in the Committee of the executive director Mr. Victor Bostan, the Company would have been in full compliance with provision A.11. The Board decided to include Mr. Victor Bostan, the Company's CEO, an executive director, in this committee, taking into consideration his excellent knowledge of the Company's needs, in depth knowledge and experience in the field of operations of the Company and valuable insights. The Board is of the view that the good corporate governance sought by the BVB Corporate Governance Code is achieved by having the majority of the committee members being non-executive and high standard terms of reference being applied to the work of the committee.
Section B – Risk management and internal control system			
B.1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	**Yes**	The chairperson of the Audit Committee is an independent non-executive director. Two out of three members are independent. Most members, including the chairman have an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee has adequate auditing or accounting experience. The Audit Committee meets regularly and at least four times a year.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
B.2.	The audit committee should be chaired by an independent non-executive member.	**Yes**	The Audit Committee is chaired by Ms. Monica Cadogan, an independent non-executive director.
B.3.	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	**Yes**	The internal regulation of the Audit Committee includes responsibilities regarding internal control matters, such as regularly reviewing the adequacy and implementation of key internal control policies, including policies for detecting fraud and the prevention of bribery and assessing the management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses.
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	**Yes**	The internal regulation of the Audit Committee includes these considerations.
B.5.	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	**Yes**	The audit committee reviews the transactions of the Group with related parties.
B.6.	The audit committee should evaluate the efficiency of the internal control system and risk management system.	**Partially complies**	Assessing the adequacy and efficiency of the risk management system is the responsibility of the Audit Committee.
B.7.	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	**Yes**	A Group internal auditor has been appointed as of May 1st, 2019. He reports directly to the audit committee and Board of Directors. The internal audit team has been increased by one FTE as of 1st of January 2022.
B.8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	**Partially complies**	The Audit Committee presented to the Board reports on the issues it has reviewed.
B.9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	**Yes**	The Board of Directors approved on 14th of December 2018, a policy regarding related parties' transactions. The related parties' transactions incurred in 2022 followed the provisions of the BVB Corporate Governance Code.
B.10.	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion	**Yes**	The policy regarding related parties' transactions was approved at the Board Meeting on December 14th, 2018 and implemented by the Company, and includes these provisions of the Code.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.		
B.11.	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	**Yes**	Starting from May 1st, 2019, the Group has an independent internal auditor reporting directly to the audit committee and Board of Directors. The internal audit team has been increased by one FTE as of 1st of January 2022. The internal audit department has 2 full time employees and is leaded by Eugeniu Baltag. Both employees have financial background, including experience in Big4 and 2nd tier audit companies. One employee holds the FCCA status (Fellow member of the Association of Chartered Accountants) and the second one is in process of obtaining CIA certification (Certified Internal Auditor).
B.12.	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	**Yes**	The Internal audit function commenced duties on May 1st, 2019. The Internal Auditor reports functionally to the Board via the audit committee. Solely for administrative purposes he reports directly to the CEO.
Section C – Fair rewards and motivation			
C.1.	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives,	**Yes**	The Board initially approved a remuneration policy at the Board Meeting on the 14th of December 2018. The Board of Directors, on 5 April 2022, approved a Remuneration Policy in line with the relevant provisions of the Cypriot Law 111(I)/2021, which transposed, on 12.5.2021 into national law the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. This Remuneration Policy was approved by the shareholders at the AGM on 28 April 2022.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.		Following, the Company will provide, in or along with its Annual Financial Report, a Remuneration Report in accordance with the approved remuneration policy and the relevant provisions of the applicable legislation. The first remuneration report will be submitted to shareholders at the next AGM in 2023.
Section D – Building value through investors' relation			
D.1.	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	**Yes**	The Company has both an Investor Relations function and a dedicated Investor Relation section on its website, available both in Romanian and English, where all relevant information for investors can be found.
D.1.1.	Principal corporate regulations: the articles of association, general shareholders' meeting ('GMS') procedures;	**Partially complies**	The articles of association are available on the Company's website, in English and Romanian versions. The Company has not yet adopted a GMS procedure but undertakes to publish such procedure on its website as soon as it will be in place.
D.1.2.	Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	**Yes**	Both the CVs and information regarding the professional commitments of the Board members are available in the *Investor Relation* section of the Company's website.
D.1.3.	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including	**Yes**	A distinct section for reports and presentations was created on the Company's website and all the

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	current reports with detailed information related to non-compliance with the present Code;		relevant documents are posted under such section (link).
D.1.4.	Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	Yes	A distinct section for the GMS was created on the Company's website and investors are able to find under this section all relevant information related to general meetings of shareholders.
D.1.5.	Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	Yes	Relevant information regarding corporate events is posted on the Company's website timely.
D.1.6.	The name and contact data of a person who should be able to provide knowledgeable information on request;	Yes	The Company has an Investor Relation function and contact information in this respect can be found on the *Investor Contact* section on its website (link).
D.1.7.	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	Yes	A distinct section for reports and presentations was created on the Company's website, where all the relevant documents are posted (link).
D.2.	A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	Yes	The Company approved the Dividend Policy at the Board Meeting held on December 14th, 2018.
D.3.	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results	Yes	The Company approved the Forecast Policy at the Board Meeting held on December 14th, 2018.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.		
D.4.	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	**Yes**	The rules regarding the general meetings of the shareholders of the Company are designed to uphold and safeguard the rights of the shareholders to participate in general meetings and exercise their rights. They are included in the Company's Articles of Association and are aligned with the relevant provisions and principles of the Cyprus company laws; the legislation pursuant to which the Company was registered. Any amendment to the Articles of Association of a Cypriot company may only be affected by a special resolution approved at a general meeting of the shareholders. As such, no amendment could take effect earlier than as of the next general meeting of the shareholders.
D.5.	The external auditors should attend the shareholders' meetings when their reports are presented there.	**Yes**	The external auditors attend the shareholders' meetings at which their reports are presented.
D.6.	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	**Yes**	The Board's comments on the internal controls and significant risk management system are included in the management report, which is presented to the annual GMS. The documents submitted to the GMS for approval are endorsed by the Board.
D.7.	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	**Yes**	The Company is open towards the idea of the participation of different professionals and consultants in the shareholders' meeting. The consent of the shareholders shall be requested in this respect at the beginning of each general meeting at which such participation is envisaged.
D.8.	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	**Yes**	The quarterly and semi-annual financial reports include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
D.9.	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/ conference calls.	**Yes**	The Company holds quarterly conference calls with analysts and investors to present the financial elements relevant for the investment decisions and publishes the relevant information on the website.
D.10.	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	**Yes**	In 2022, Purcari Wineries PLC ("Group", "Company", "Purcari Group") continued to support its local communities and contribute to a number of charities, and social and cultural initiatives dedicated to promoting and preserving traditions, such as: - CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family). - Hospice Angelus: Medical-social Philanthropical Foundation "Angelus Moldova", a nongovernmental, apolitical, and non-profit organization which was founded and legally registered at the Ministry of Justice in 2000, with the purpose of creating a new system of medical and social assistance to incurable patients in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established Hospice "Angelus Moldova", a home palliative care service and part of the Foundation. - The Purcari Group continues to be the general sponsor of the Moldovan National Olympic Committee and the main partner of USM – Bostavan, a volleyball club with both female and male volleyball teams, since 2010. - Following the war outburst in Ukraine on February 24th, 2022, the Group has actively been involved in supporting Ukrainian refugees. The Purcari team launched a help-center and a 24/7 contact line that offered support in arranging accommodation for the fleeing Ukrainian families. Over 13,000 refugees stopped at the improvised tent to get free-of charge first necessity goods such as water, hot drinks, sandwiches, free SIM cards and warm clothes. Over 4,000 refugees, mainly women and children, have been provided with accommodation at Château Purcari, as well as hotels and guest houses in the Purcari region (fully paid by Purcari), Purcari partners and homes of Purcari employees. - Launched the Purcari Foundation in July 2022, a charity fund with focus on education, society, environment, and health. For each area, the fund has a set of defined objectives such as: - Education: prevention of school dropout; support of children from disadvantaged environments by facilitating access to education; sponsorship of complementary programs and extra curriculars for

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			young people for the development of skills, abilities and qualifications which enrich the school program. - Society: community development; offer support to vulnerable communities with aspects such as: housing, health, and provision of basic necessities. - Environment: restoration of affected or destroyed green areas; greening actions to raise awareness and motivate a responsible behavior; reduction of plastic and paper use. - Health: promote a healthy lifestyle, proper nutrition, and support sport activities.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

PURCARI WINERIES PUBLIC COMPANY LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") and its subsidiaries (the "Group"), which are presented on pages 50 to 108 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Refer to Notes 7(f) (significant accounting policies), 14 (inventories) and 25 (other operating expenses) to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The Groups' inventories include raw materials, work in progress, finished goods and other materials. As at 31 December 2022 the total inventories amounted to RON 212,772,114. The valuation of inventories includes a degree of judgment by the management regarding the recognition of slow-moving inventories, the fair value less costs to sell of harvested grapes transferred to work in progress and the net realizable values with reference to subsequent sales. Due to the size of the inventory and management judgment involved in its valuation, we consider this to be a key audit matter.	Our audit procedures in this area included, among others: • assessing the write-downs of inventories by comparing them with slow moving items identified by us based on the ageing of their movement; • evaluating whether finished goods were stated at the lower of cost and net realizable value at the reporting period by comparing the sales prices subsequent to the reporting period with the carrying values of finished goods as at 31 December 2022; • evaluating the fair value less costs to sell of harvested grapes at the point of harvest, which were subsequently transferred to work in progress, by recalculating it using published market prices.

Business combinations	
Refer to Notes 7(a) (significant accounting policies) and 9 (acquisition of subsidiary) to the consolidated financial statements.	
Key audit matter	**How the matter was addressed in our audit**
In October 2022, the Group acquired 76% of Angel's Estate SA a Bulgarian based company, for a total consideration of RON 8,491,584. The acquisition is accounted for as a business combination. The Group's management determined that the fair value of the net identifiable assets acquired was RON 48,365,890 and the Group recognised gain from bargain purchase of RON 28,259,397 in the consolidated financial statements. The valuation of net identifiable assets was performed as part of the purchase price allocation by an external valuation expert engaged by the Group's management. As well as part of the business combination of Angel's Estate SA, a call and a put option were written over the non-controlling interests and are exercisable between the years 2028 and 2032. As at 31 December 2022 the put option liability was estimated at RON 11,729,130. In 2021, the Group increased its participation in Ecosmart Union SA a Romanian based company from 27% to 55% and then subsequently to 65.75%. Therefore, the Group obtained control of Ecosmart Union SA. This acquisition was accounted for as a business combination. The purchase consideration included a cash part of RON 340,000 and a fair value of pre-existing interest in Ecosmart Union SA of RON 236,903. As at 31 December 2021 the initial accounting for this business combination was incomplete, since the identifiable assets acquired and liabilities assumed were measured at provisional amounts based on book values. During 2022 a valuation of net identifiable assets was performed as part of the purchase price allocation by an external valuation expert engaged by the Group management. The Group management determined that the fair value of the net identifiable assets acquired was RON 877,415 and the Group did not recognise any goodwill nor a gain from bargain purchase in the consolidated financial statements and restated the comparative information for the prior year as disclosed in Note 6 to the consolidated financial statements. Due to the level of judgment included in accounting for business combinations, and the valuation of the net identifiable assets acquired and the call and put options over the non-controlling interests, as well as the significance of the business combinations to the Group's consolidated financial position and consolidated financial performance this is considered to be a key audit matter.	Our audit procedures in this area included, among others: • inspecting the share purchase agreements to obtain an understanding of the underlying transactions; • reviewing management's assessment to evaluate that the acquisition should be accounted for as business combination; • evaluating, with the assistance of our internal valuation specialists, the related purchase price allocation reports for Angel's Estate SA and Ecosmart Union SA and the valuation of the call and put options over the non-controlling interests arising from the acquisition of Angel's Estate SA. We evaluated the work of the management and the experts engaged by the management, including the competence, with respect to the purchase price allocation assessment; • reviewing the calculations of the purchase price allocations for Angel's Estate SA and Ecosmart Union SA and reperform the calculations of the gain on bargain purchase arising from the acquisition of Angel's Estate SA; • evaluating the accuracy and the accounting treatment of the business combination in accordance with the requirements of IFRS 3 *Business Combinations*; • assessing the appropriateness of the accounting treatment applied for to the call and put options over the non-controlling interests arising from the acquisition of Angel's Estate SA; • evaluating whether the disclosures in the consolidated financial statements are in accordance with IFRS 3 *Business Combinations*.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Consolidated Management Report but does not include the consolidated financial statements and our auditors' report thereon and the Corporate Social Responsibility Statement which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Social Responsibility Statement, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance and the required actions to be taken.

With regards to the consolidated management report, our report in this regard is presented in the *''Report on other legal and regulatory requirements''* section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group's operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other regulatory and legal requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement
We were appointed auditors on 28 April 2022 by the General Meeting of the Company's members to audit the consolidated financial statements of the Group for the year ended 31 December 2022. Our total uninterrupted period of engagement, having been renewed annually by shareholders' resolution is 6 years covering the periods ending 31 December 2017 to 31 December 2022.

Consistency of auditors' report to the additional report to the Audit Committee
We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 4 April 2023.

Provision of Non-audit Services ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

During the period covered by our audit, in addition to the audit services, we provided to the Company tax compliance and VAT services amounting to €3.000 which are not disclosed in the consolidated management report or the consolidated financial statements.

Other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, and which is included as a specific section of the consolidated management report, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Purcari Wineries Public Company Limited for the year ended 31 December 2022 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2022 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Board of Directors of Purcari Wineries Public Company Limited is responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2022 in accordance with the requirements set out in the ESEF Regulation.

Our responsibility is to examine the digital files prepared by the Board of Directors of Purcari Wineries Public Company Limited. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the "Audit Guidelines"), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files correspond to the consolidated financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Maria A. Papacosta.

Papacosta

Maria A. Papacosta, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia, Cyprus

27 April 2023

	Note	31 December 2022	31 December 2021 (restated*)	1 January 2021
Assets				
Property, plant and equipment	**8**	222,663,835	167,287,970	141,815,513
Intangible assets	**12**	17,464,362	14,198,244	1,187,013
Non-current receivables	**10**	-	2,552,630	2,348,704
Equity-accounted investees		-	-	558,109
Loan receivables	**11**	2,407,049	849,489	-
Inventories	**14**	118,970,653	74,895,843	46,497,027
Equity instruments at fair value through profit or loss	**10**	4,621,285	4,341,709	-
Other non-current assets		91,374	118,061	-
Non-current assets		**366,218,558**	**264,243,946**	**192,406,366**
Inventories	**14**	93,801,461	100,119,797	83,021,797
Loans receivables	**11**	458,623	-	-
Trade and other receivables	**13**	78,162,465	63,320,703	51,714,357
Income tax assets		924,446	131,257	362,406
Prepayments		6,097,245	6,346,251	3,276,990
Other current assets		645,285	555,554	166,918
Cash and cash equivalents	**15**	23,455,132	32,100,114	50,788,605
Current assets		**203,544,657**	**202,573,676**	**189,331,073**
Total assets		**569,763,215**	**466,817,622**	**381,737,439**
Equity				
Share capital		1,763,121	1,763,121	728,279
Share premium	**16**	83,184,367	83,184,367	82,533,921
Treasury shares reserve		(1,716,796)	(5,532,543)	(4,424,086)
Other reserves		(10,805,505)	5,079,807	3,029,812
Translation reserve		14,055,122	15,923,834	3,375,006
Retained earnings		187,644,399	142,569,353	121,125,160
Equity attributable to owners of the Company		**274,124,708**	**242,987,939**	**206,368,092**
Non-controlling interests	**30**	**33,030,129**	**20,215,243**	**16,262,285**
Total equity		**307,154,837**	**263,203,182**	**222,630,377**
Liabilities				
Borrowings and lease liabilities	**17**	44,245,400	24,851,576	42,479,687
Deferred income	**18**	12,464,744	7,215,629	3,922,919
Deferred tax liability	**27**	12,198,584	9,414,581	6,481,383
Put option over non-controlling interests	**9**	11,729,130	-	-
Non-current liabilities		**80,637,858**	**41,481,786**	**52,883,989**
Borrowings and lease liabilities	**17**	88,432,215	73,133,087	54,102,685
Deferred income	**18**	2,011,021	1,967,532	614,664
Income tax liabilities		25,524	1,053,529	2,075,584
Employee benefits	**28**	5,609,592	4,671,899	3,457,842
Trade and other payables	**19**	79,571,978	75,346,297	38,457,018
Provisions	**25**	6,320,190	5,960,310	7,515,280
Current liabilities		**181,970,520**	**162,132,654**	**106,223,073**
Total liabilities		**262,608,378**	**203,614,440**	**159,107,062**
Total equity and liabilities		**569,763,215**	**466,817,622**	**381,737,439**

(*) See Note 6 for explanation of restatement.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 27 April 2023.

Vasile Tofan	**Victor Bostan**	**Victor Arapan**
Chairman of the Board of Directors	*Chief Executive Officer*	*Chief Financial Officer*

The accompanying notes on pages 54 to 108 are an integral part of these consolidated financial statements.

	Note	2022	2021 (restated*)
Revenue	**20**	302,486,660	248,133,715
Cost of sales	**21**	(170,220,228)	(132,291,220)
Gross profit		**132,266,432**	**115,842,495**
Other operating income	**24**	2,754,733	2,147,737
Marketing and sales expenses	**22**	(38,612,759)	(30,914,475)
General and administrative expenses	**23**	(31,600,630)	(27,505,618)
Reversal / (impairment loss) on trade and loan receivables	**29**	119,227	(2,550,417)
Other operating expenses	**25**	(1,546,898)	5,017,193
Profit from operating activities		**63,380,105**	**62,036,915**
Finance income	**26**	442,950	7,047,317
Finance costs	**26**	(10,629,868)	(6,959,687)
Net finance (costs) / income	**26**	**(10,186,918)**	**87,630**
Gain from a bargain purchase	**9**	28,259,397	-
Share of loss of equity-accounted investees, net of tax	**9**	-	(558,114)
Profit before tax		**81,452,584**	**61,566,431**
Income tax expense	**27**	(12,049,685)	(10,415,583)
Profit for the year		**69,402,899**	**51,150,848**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		(2,134,855)	13,954,279
Other comprehensive income for the year		**(2,134,855)**	**13,954,279**
Total comprehensive income for the year		**67,268,044**	**65,105,127**
Profit attributable to:			
Owners of the Company		65,478,130	47,014,169
Non-controlling interests	**30**	3,924,769	4,136,679
		69,402,899	**51,150,848**
Total comprehensive income attributable to:			
Owners of the Company		63,609,418	59,503,750
Non-controlling interests	**30**	3,658,626	5,601,377
		67,268,044	**65,105,127**
Earnings per share, RON			
Basic and diluted earnings per share	**16**	**1.64**	**1.18**

(*) See Note 6 for explanation of restatement.

	Note	2022	2021 (restated*)
Cash flows from operating activities			
Profit for the year		69,402,899	51,150,848
Adjustments for:			
Depreciation and amortization	**8,12**	19,130,839	13,762,336
Equity-settled share-based payment transactions	**28**	(340,435)	6,391,462
(Gain)/ loss on disposal of property, plant & equipment & intangible assets	**25**	309,080	(710,713)
Gain from bargain purchase	**9**	(28,259,397)	-
Impairment of property, plant and equipment, net	**8**	(80,141)	(80,142)
Impairment of trade receivables, net		(119,227)	2,550,417
Impairment loss on non-financial assets	**25**	1,911,914	-
Release of deferred income	**24**	(1,917,100)	(1,500,311)
Gains on write-off of trade and other payables	**24**	(34,184)	(183,736)
Share of loss of equity-accounted investee, net of tax	**9**	-	558,114
Adjustment to fair value of biological assets	**25**	(915,563)	(4,543,697)
Income tax expense	**27**	12,049,685	10,415,583
Net finance income	**26**	10,186,918	(87,630)
Operating profit before working capital changes		**81,325,288**	**77,722,531**
Changes in working capital:			
Inventories		(29,745,729)	(38,633,602)
Trade and other receivables		(17,501,507)	(8,264,309)
Prepayments		101,183	(2,951,582)
Other assets		(79,797)	(480,805)
Employee benefits		815,554	1,313,473
Trade and other payables		(6,654,011)	22,523,930
Provisions	**25**	-	(1,266,843)
Cash generated from operating activities		**28,260,981**	**49,962,793**
Income tax paid		(9,623,214)	(11,880,476)
Interest paid	**17**	(3,943,170)	(3,881,020)
Net cash generated from operating activities		**14,694,597**	**34,201,297**
Cash flows from investing activities			
Payments for acquisition of intangible assets	**12**	(589,635)	(696,800)
Payments for acquisition of property, plant and equipment	**8,17**	(32,904,261)	(25,125,524)
Acquisition of equity instruments	**11**	-	(3,414,780)
Loans granted		(1,557,560)	(849,488)
Receipt of government grants	**18**	692,706	4,684,381
Acquisition of subsidiary, net of cash acquired	**9,25**	(4,354,240)	(3,226,114)
Proceeds from sale of equity instruments		-	4,344,778
Proceeds from sale of property, plant and equipment		857,170	3,004,675
Net cash used in investing activities		**(37,855,820)**	**(21,278,872)**
Cash flows from financing activities			
Acquisition of non-controlling interests		-	(5,061)
Proceeds from exercise of share options		-	1,175,000
Receipt of borrowings	**17**	118,052,150	65,756,512
Repayment of borrowings and lease liabilities	**17**	(83,340,957)	(67,448,002)
Acquisition of treasury shares	**16**	-	(4,939,636)
Dividends paid		(21,803,297)	(27,577,478)
Net cash generated from / (used) in financing activities		**12,907,896**	**(33,038,665)**
Net decrease in cash and cash equivalents		**(10,253,327)**	**(20,116,240)**
Cash and cash equivalents at 1 January		**32,100,114**	**50,788,605**
Effect of movements in exchange rates on cash held		1,608,345	1,427,749
Cash and cash equivalents at 31 December	**15**	**23,455,132**	**32,100,114**

(*) See Note 6 for explanation of restatement.

The accompanying notes on pages 54 to 108 are an integral part of these consolidated financial statements.

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Treasury shares reserve**	**Other reserves**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
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**	**16,262,285**	**222,630,377**
Total comprehensive income (restated*)									
Profit for the year	-	-	-	-	-	47,014,169	47,014,169	4,136,679	51,150,848
Foreign currency translation differences	-	-	-	-	12,489,581	-	12,489,581	1,464,698	13,954,279
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**12,489,581**	**47,014,169**	**59,503,750**	**5,601,377**	**65,105,127**
Transactions with owners of the Company									
Acquisition of NCI without a change in control	-	-	-	-	59,247	373,275	432,522	(437,583)	(5,061)
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	300,512	300,512
Treasury shares acquired (Note 16)	-	-	(4,939,636)	-	-	-	(4,939,636)	-	(4,939,636)
Shares allocated to employees	-	-	3,831,179	(3,831,179)	-	-	-	-	-
Equity-settled share-based payments (Note 16)	-	-	-	6,391,462	-	-	6,391,462	-	6,391,462
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
Dividends	-	-	-	-	-	(25,943,251)	(25,943,251)	-	(25,943,251)
Total transactions with owners of the Company	**1,034,842**	**650,446**	**(1,108,457)**	**2,049,995**	**59,247**	**(25,569,976)**	**(22,883,903)**	**(137,071)**	**(23,020,974)**
Other changes in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,511,348)	(1,511,348)
Total other changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,511,348)**	**(1,511,348)**
Balance at 31 December 2021 (restated*)	**1,763,121**	**83,184,367**	**(5,532,543)**	**5,079,807**	**15,923,834**	**142,569,353**	**242,987,939**	**20,215,243**	**263,203,182**
Balance at 1 January 2022	**1,763,121**	**83,184,367**	**(5,532,543)**	**5,079,807**	**15,923,834**	**142,569,353**	**242,987,939**	**20,215,243**	**263,203,182**
Total comprehensive income									
Profit for the year	-	-	-	-	-	65,478,130	65,478,130	3,924,769	69,402,899
Foreign currency translation differences	-	-	-	-	(1,868,712)	-	(1,868,712)	(266,143)	(2,134,855)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,868,712)**	**65,478,130**	**63,609,418**	**3,658,626**	**67,268,044**
Transactions with owners of the Company									
Shares allocated to employees	-	-	3,815,747	(3,815,747)	-	-	-	-	-
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	11,614,909	11,614,909
Equity-settled share-based payments (Note 16)	-	-	-	(340,435)	-	-	(340,435)	-	(340,435)
Put option over non-controlling interests	-	-	-	(11,729,130)	-	-	(11,729,130)	-	(11,729,130)
Dividends	-	-	-	-	-	(20,403,084)	(20,403,084)	-	(20,403,084)
Total transactions with owners of the Company	**-**	**-**	**3,815,747**	**(15,885,312)**	**-**	**(20,403,084)**	**(32,472,649)**	**11,614,909**	**(20,857,740)**
Other changes in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,458,649)	(2,458,649)
Total other changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,458,649)**	**(2,458,649)**
Balance at 31 December 2022	**1,763,121**	**83,184,367**	**(1,716,796)**	**(10,805,505)**	**14,055,122**	**187,644,399**	**274,124,708**	**33,030,129**	**307,154,837**

(*) See Note 6 for explanation of restatement.

The accompanying notes on pages 54 to 108 are an integral part of these consolidated financial statements.

Note 1. Reporting entity

Purcari Wineries Public Company Limited ("the Company") is a company domiciled in Cyprus. It was incorporated on 14 June 2007 as a private liability company under the provisions of the Cyprus Companies Law, Cap. 113. The registered office of the Company is 1 Lampousas Street, 1095 Nicosia, Cyprus, Tax Identification Number 12201949I. In December 2017 the Company changed its name from Bostavan Wineries Ltd. to Purcari Wineries Ltd., and at the beginning of 2018 became a public limited company and changed its name to Purcari Wineries Public Company Limited.

On 15 February 2018 the Company made a secondary IPO and its shares were admitted for trading at Bucharest Stock Exchange.

The Company has an issued share capital of 401,175 EUR as at 31 December 2022, which consists of 40,117,500 ordinary shares with the nominal value of 0.01 EUR each (2021: 40,117,500 ordinary shares with the nominal value of 0.01 EUR each).

These financial statements are the consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") and its subsidiaries (together referred to as "the Group").

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	
		31 December 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%
Angel's Estate SA	Bulgaria	76%	-
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%
Fundatia Purcari AO	Republic of Moldova	100%	100%

The structure of the Group as at 31 December 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;
- Angel's Estate SA is domiciled in Bulgaria. Its major activity is the production, bottling and sale of wines;
- 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);
- Fundatia Purcari AO is domiciled in Republic of Moldova. This is a non-profit charity foundation.

- 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 31 December 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 31 December 2022 (31 December 2021: 56.05%).

Rights over land

Moldovan Legislation does not allow non-residents to own freehold land in the Republic of Moldova. In order to be able to exercise control over the land on which the Group's grape vines grow, the entire area of land was acquired by Victoriavin SRL, a related party of the Group. The Group's management considers that the related party should not be consolidated because this party is not controlled by the Company. The land is leased to Vinaria Bostavan SRL and Vinaria Purcari SRL, and on it, the grape vines of these subsidiaries are planted.

Victoriavin SRL is directly and fully owned by Victor Bostan (who is also shareholder of the Company through Amboselt Universal Inc.), and not the Company, because of the prohibition in Moldovan Law for companies with any element of foreign capital (such as subsidiaries) to own agricultural land in the Republic of Moldova. If Moldovan Law would change and this restriction on ownership of agricultural land would be removed, the Company has the option of requiring Victor Bostan to sell to the Company or any of its subsidiaries the relevant agricultural land (free and clear of any liens) for a gross purchase price of up to USD 1,500 per hectare.

The Group's subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL rent land for their plantations of grape vines from the related party Victoriavin SRL based on lease agreements. On 1 January 2018 the Group signed new lease agreements with Victoriavin SRL for these plots of land, where the lease period is changed to 29 years from 1 January 2018 (to 31 December 2047). The lease payment is made annually until 30 November in MDL.

Note 2. Basis of preparation

These consolidated financial statements as at and for the year ended 31 December 2022 (hereinafter "consolidated financial statements" or "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law Cap.113.

Details of the Group's accounting policies are included in Note 6 to the consolidated financial statements. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Note 3. Functional and presentation currency

The consolidated financial statements are presented in Romanian Leu ("RON") as the Group was listed on the Bucharest Stock Exchange (BVB) on 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 and is the currency of their primary economic environment.

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

- Purcari Wineries Plc, 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),
- Purcari Wineries Ukraine LLC - Ukrainian Hryvnia (UAH),
- Angel's Estate SA – Bulgarian Lev (BGN).

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 period. 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.

Note 4. Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements was included in the following notes:

- Note 9 – put option over non-controlling interests;
- Note 25 a) – acquisition of subsidiary that is not a business combination;
- Note 25 b) – classification of joint arrangements;
- Note 28 – management incentive program;
- Note 32 – contingent liabilities from litigations and claims.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that may result in a material adjustment in the subsequent twelve-month period was included in the following notes:

- Note 7 (c) – estimates relating to the useful lives of property, plant and equipment;
- Note 9 – valuation of the put option over non-controlling interests;
- Note 10 – assumptions and estimates used in the valuation of equity instruments at fair value through profit or loss;
- Note 25 – assumptions and estimates used in the valuation of harvest of grapes;
- Note 29 – financial instruments (credit risk), measurement of expected credit loss ("ECL") allowance for trade receivables.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values was included below and in the following notes:

- Note 9 – valuation of the put option over non-controlling interests;
- Note 10 – valuation of equity instruments measured at fair value through profit or loss ("FVTPL");
- Note 25 – valuation of biological assets (grapes on vines);
- Note 29 – financial instruments (fair values).

Note 5. 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 at point of harvest;
- equity securities measured at FVTP;
- put option over non-controlling interests measured at fair value.

Note 6. Restatements

During 2021 the Group, through its subsidiary Crama Ceptura SRL, increased its initial investment of 27% in share capital of Ecosmart Union SA to 65.75% of share capital and voting interests.
The initial accounting for this business combination was incomplete as of 31 December 2021, as the Group recognized a goodwill of RON 6,984,076 from this acquisition, based on book value of identifiable net assets acquired.
After performing a purchase price allocation of the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, there were identified and recognized an intangible asset "Customer Relationships" and updated values for some equipment and vehicles, and related deferred tax impact. As consequence, no goodwill resulted from acquisition of Ecosmart Union SA.
The following tables summarize the impacts on the Group's consolidated financial statements, as part of the business combination.

Restatement of consolidated statement of financial position as at 31 December 2021:

	As previously reported	Adjustments	As restated
Assets			
Property, plant and equipment	167,171,497	116,473	167,287,970
Intangible assets and goodwill	9,050,782	5,147,462	14,198,244
Non-current receivables	2,552,630	-	2,552,630
Loan receivables	849,489	-	849,489
Inventories	74,895,843	-	74,895,843
Equity instruments at fair value through profit or loss	4,341,709	-	4,341,709
Other non-current assets	118,061	-	118,061
Non-current assets	**258,980,011**	**5,263,935**	**264,243,946**
Inventories	100,119,797	-	100,119,797
Trade and other receivables	63,320,703	-	63,320,703
Income tax assets	131,257	-	131,257
Prepayments	6,346,251	-	6,346,251
Other current assets	555,554		555,554
Cash and cash equivalents	32,100,114	-	32,100,114
Current assets	**202,573,676**	**-**	**202,573,676**
Total assets	**461,553,687**	**5,263,935**	**466,817,622**
Equity			
Share capital	1,763,121	-	1,763,121
Share premium	83,184,367	-	83,184,367
Treasury shares reserve	(5,532,543)	-	(5,532,543)
Other reserves	5,079,807	-	5,079,807
Translation reserve	16,194,236	(270,402)	15,923,833
Retained earnings	142,714,713	(145,360)	142,569,353
Equity attributable to owners of the Company	**243,403,701**	**(415,762)**	**242,987,939**
Non-controlling interests	**16,543,032**	**3,672,211**	**20,215,243**
Total equity	**259,946,733**	**3,256,449**	**263,203,182**
Liabilities			
Borrowings and lease liabilities	24,851,576	-	24,851,576
Deferred income	7,215,629	-	7,215,629
Deferred tax liability	7,407,095	2,007,486	9,414,581
Non-current liabilities	**39,474,300**	**2,007,486**	**41,481,786**
Borrowings and lease liabilities	73,133,087	-	73,133,087
Deferred income	1,967,532	-	1,967,532
Income tax liabilities	1,053,529	-	1,053,529
Employee benefits	4,671,899	-	4,671,899
Trade and other payables	75,346,297	-	75,346,297
Provisions	5,960,310	-	5,960,310
Current liabilities	**162,132,654**	**-**	**162,132,654**
Total liabilities	**201,606,954**	**2,007,486**	**203,614,440**
Total equity and liabilities	**461,553,687**	**5,263,935**	**466,817,622**

Restatement of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021:

	As previously reported	Adjustments	As restated
Revenue	248,133,715	-	248,133,715
Cost of sales	(132,291,220)	-	(132,291,220)
Gross profit	**115,842,495**	**-**	**115,842,495**
Other operating income	2,147,737	-	2,147,737
Marketing and sales expenses	(30,914,475)	-	(30,914,475)
General and administrative expenses	(27,242,431)	(263,187)	(27,505,618)
Impairment loss on trade and loan receivables, net	(2,550,417)	-	(2,550,417)
Other operating expenses	5,017,193	-	5,017,193
Profit from operating activities	**62,300,102**	**(263,187)**	**62,036,915**
Finance income	7,047,317	-	7,047,317
Finance costs	(6,959,687)	-	(6,959,687)
Net finance income	**87,630**	**-**	**87,630**
Share of loss of equity-accounted investees, net of tax	(558,114)	-	(558,114)
Profit before tax	**61,829,618**	**(263,187)**	**61,566,431**
Income tax expense	(10,457,692)	42,109	(10,415,583)
Profit for the year	**51,371,926**	**(221,078)**	**51,150,848**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences	14,287,944	(333,665)	13,954,279
Other comprehensive income for the year	**14,287,944**	**(333,665)**	13,954,279
Total comprehensive income for the year	**65,659,870**	**(554,743)**	**65,105,127**
Profit attributable to:			
Owners of the Company	47,159,528	(145,359)	47,014,169
Non-controlling interests	4,212,398	(75,719)	4,136,679
	51,371,926	**(221,078)**	**51,150,848**
Total comprehensive income attributable to:			
Owners of the Company	59,919,511	(415,761)	59,503,750
Non-controlling interests	5,740,359	(138,982)	5,601,377
	65,659,870	**(554,743)**	**65,105,127**
Earnings per share, RON			
Basic and diluted earnings per share	**1.19**	**(0.01)**	**1.18**

Restatement of consolidated statement of cash flows for the year ended 31 December 2021:

	As previously reported	Adjustments	As restated
Cash flow from operating activities			
Profit for the year	51,371,926	(221,078)	51,150,848
Adjustments for:			
Depreciation and amortization	13,499,149	263,187	13,762,336
Equity-settled share-based payment transactions	6,391,462	-	6,391,462
Gain on disposal of property, plant & equipment & intangible assets	(710,713)	-	(710,713)
Impairment of property, plant and equipment, net	(80,142)	-	(80,142)
Impairment of trade receivables, net	2,550,417	-	2,550,417
Release of deferred income	(1,500,311)	-	(1,500,311)
Gains on write-off of trade and other payables	(183,736)	-	(183,736)
Share of loss of equity-accounted investee, net of tax	558,114	-	558,114
Adjustment to fair value of biological assets	(4,543,697)	-	(4,543,697)
Income tax expense	10,457,692	(42,109)	10,415,583
Net finance income	(87,630)	-	(87,630)
Operating profit before working capital changes	**77,722,531**	**-**	**77,722,531**
Changes in working capital:			
Inventories	(38,633,602)	-	(38,633,602)
Trade and other receivables	(8,264,309)	-	(8,264,309)
Prepayments	(2,951,582)	-	(2,951,582)
Other assets	(480,805)		(480,805)
Employee benefits	1,313,473		1,313,473
Trade and other payables	22,523,930		22,523,930
Provisions	(1,266,843)	-	(1,266,843)
Cash generated from operating activities	**49,962,793**	**-**	**49,962,793**
Income tax paid	(11,880,476)		(11,880,476)
Interest paid	(3,881,020)	-	(3,881,020)
Net cash generated from operating activities	**34,201,297**	**-**	**34,201,297**
Cash flows from investing activities			
Payments for acquisition of intangible assets	(696,800)	-	(696,800)
Payments for acquisition of property, plant and equipment	(25,125,524)	-	(25,125,524)
Acquisition of equity instruments	(3,414,780)	-	(3,414,780)
Loans granted	(849,488)	-	(849,488)
Receipt of government grants	4,684,381	-	4,684,381
Acquisition of subsidiary, net of cash acquired	(3,226,114)	-	(3,226,114)
Proceeds from sale of equity instruments	4,344,778	-	4,344,778
Proceeds from sale of property, plant and equipment	3,004,675	-	3,004,675
Net cash from/ (used in) investing activities	**(21,278,872)**	**-**	**(21,278,872)**
Cash flows from financing activities			
Acquisition of non-controlling interests	(5,061)	-	(5,061)
Proceeds from exercise of share options	1,175,000	-	1,175,000
Receipt of borrowings	65,756,512	-	65,756,512
Repayment of borrowings and lease liabilities	(67,448,002)	-	(67,448,002)
Acquisition of treasury shares	(4,939,636)	-	(4,939,636)
Dividends paid	(27,577,478)	-	(27,577,478)
Net cash used in financing activities	**(33,038,665)**	**-**	**(33,038,665)**
Net increase/ (decrease) in cash and cash equivalents	**(20,116,240)**	**-**	**(20,116,240)**
Cash and cash equivalents at 1 January	**50,788,605**	**-**	**50,788,605**
Effect of movements in exchange rates on cash held	1,427,749	-	1,427,749
Cash and cash equivalents at 31 December	**32,100,114**	**-**	**32,100,114**

Note 7. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies of subsidiaries have been changed where necessary to adhere to the consistent application of the accounting policies applied by the Group.

a) Basis of consolidation

These consolidated financial statements comprise the financial statements of the parent company Purcari Wineries Public Company Limited and the financial statements of the companies controlled by the Company as at 31 December 2022.

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply "concentration test" that permits simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

The Group measures any non-controlling interests in the subsidiary at their proportionate share of the subsidiary's identifiable net assets.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(v) Interests in 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.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. 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.

(vii) Put option over non-controlling interests

Put option over non-controlling interests in a business combination are accounted within equity in "Other reserves" using the present-access method, considering that the non-controlling interests still have present access to the returns associated with the underlying ownership interests, since this option is based on a variable price. Then subsequent to initial recognition the changes in the carrying amount of the put liability are recognised within equity in "Other reserves".

(viii) Call option over non-controlling interests

Call option over non-controlling interests in a business combination is recognized at fair value at the date of the acquisition. Considering the variable exercise price and that no payment is made as premium to initiate the call option, initial recognition of the call option results in a corresponding adjustment for decrease of the purchase price for the acquired controlling interest. Call option is subsequently measured at fair value through profit or loss.

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each company within Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RON at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RON at the exchange rates at the dates of the transactions. Components of equity are not retranslated but recorded in RON from the initial translation into the presentation currency.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Grape vines

The Group has adopted the amendments to accounting standards IAS 16 *Property Plant and equipment* and IAS 41 *Agriculture* (effective for annual periods beginning on or after 1 January 2016). These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

Following this amendment, the Group used the fair value of bearer plants (grape vines) as at 1 January 2014 as deemed cost at that date.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Land and construction in progress are not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods were as follows:

- buildings and constructions 15-40 years
- equipment 3-25 years
- vehicles 5-12 years
- other fixed assets 2-30 years
- grape vines 30 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets comprise customer relationships, software, instruction recipes, trademarks and licenses that are acquired by the Group and have finite useful lives. Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative years were as follows:

- customer relationships 15 years
- software 3-10 years
- instruction recipes 5 years
- trademarks 5.5-10 years
- licenses period of licence validity

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Biological assets

Biological assets comprise grapes on the vine, which are measured at fair value less costs to sell, with any change therein recognized in profit or loss in other operating expenses.

f) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The cost of work in progress includes also storage costs, which are necessary in the production process before a further production stage.

The harvested product (grapes) is measured at fair value less cost to sell at the point of harvest. After harvest, it is treated as inventory in accordance with IAS 2.

g) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and deposits with maturities of three months or less from the set-up date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Other financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities' category.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities include bank borrowings and trade payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

h) Impairment

(i) Non-derivative financial assets

Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised in profit or loss.

i) Employee benefits

(i) Defined contribution plans

The Group, in the normal course of business makes payments to the National Social Insurance Authority and to the National Medical Insurance Authority on behalf of its employees for pension, health care and unemployment benefit. All employees of the Group are members and are also legally required to make defined contributions (included in the social security contributions) to the State pension plan (a State defined contribution plan).

Compulsory contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short term service benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payments arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Since the grant-date fair value of the share options cannot be measured reliably by the Group, an intrinsic value method is applied. The intrinsic value is remeasured at each reporting date and changes are recognised in profit or loss until the instrument is settled.

j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

k) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

	Nature and timing of satisfaction of performance obligations, including significant payment terms	**Revenue recognition policies**
Sale of goods	Customers obtain control of goods when the significant risks and rewards of ownership have been transferred to them. Revenue is recognised at that point in time, although invoices are generated when the goods are dispatched from the Group's warehouse. Invoices are usually payable within 30-90 days from the date of delivery and acceptance of goods by the customers. No discounts or loyalty points are offered for sale of goods, except for standard contractual discounts included in the invoices issued by the subsidiary Crama Ceptura SRL. Some contracts permit the customer to return an item due to quality claims, and the period for these claims is	Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement and incoterms. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

	usually no longer than 15 days from the date of delivery and acceptance of goods by the customers.	
Hotel and restaurant services	Invoices for hotel and restaurant services are issued on the moment the services are consumed (i.e. at check-out) and usually are paid at check-out.	The revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
Waste recycling management services	The Group through its subsidiary Ecosmart Union SA takes over the environmental responsibility from its customers in Romania, and has the obligation to find recyclers/ collectors of waste and enter into contracts with them in order to process the quantities agreed with its customers. Invoices for waste recycling management services are are usually payable within 30 days.	The revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed.

l) Governments grants

The Group recognises an unconditional government grant in profit or loss as other operating income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

m) Subsequent events

Events occurring after the reporting date, which provide additional information about conditions prevailing at those reporting dates (adjusting events) are reflected in the consolidated financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting dates (non-adjusting events), when material, are disclosed in the notes to the financial statements.

n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in "Property, plant and equipment" and lease liabilities in "Borrowings and lease liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

o) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on financial assets at FVTPL.

Interest income or expense is recognised using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

p) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

q) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

r) Standards issued but not yet effective

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual period beginning on 1 January 2022. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The management expects that the adoption of the below financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Group:

(i) Standards issued but not yet effective

The following new and amended standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Company has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the Company's financial statements when become effective.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts;
- IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

(ii) IFRSs, Amendments to IFRSs and Interpretations not adopted by the EU

- Classification of Liabilities as Current or Non-Current with Covenants (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Note 8. Property, plant and equipment

The movements of property, plant and equipment from 1 January 2021 to 31 December 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**	**120,634,965**	**11,493,542**	**6,911,457**	**37,406,488**	**319,951,078**
Additions	30,036,791	194,226	95,439	53,289	492,700	80,230	2,245,674	33,198,349
Acquisitions through business combinations	-	4,180,220	30,979,883	17,580,159	465,502	126,979	9,494,752	62,827,495
Transfers	(27,157,213)	40,898	11,632,520	13,050,909	1,656,785	776,101	-	-
Disposals	-	-	(523,058)	(1,556,019)	(451,170)	(34,329)	(195,735)	(2,760,311)
Effect of movement in exchange rates	(133,643)	239,614	298,031	(481,525)	(79,890)	(414,026)	394,984	(176,455)
Balance at 31 December 2022	**8,113,683**	**14,201,397**	**171,073,254**	**149,281,778**	**13,577,469**	**7,446,412**	**49,346,163**	**413,040,156**
Accumulated depreciation and impairment losses								
Balance at 1 January 2022	**-**	**574,236**	**72,952,848**	**58,448,991**	**5,485,032**	**5,283,521**	**9,918,480**	**152,663,108**
Depreciation for the year	-	167,211	4,724,822	4,862,176	5,233,332	1,863,843	1,062,925	17,914,309
Increase through business combinations	-	-	8,914,611	11,376,209	196,786	92,059	2,033,792	22,613,457
Impairment loss, net	-	-	(80,141)	-	-	-	-	(80,141)
Disposals	-	-	(406,657)	(819,901)	(295,816)	(26,345)	(45,342)	(1,594,061)
Effect of movement in exchange rates	-	(4,240)	(481,994)	76,471	(515,961)	(228,736)	14,109	(1,140,351)
Balance at 31 December 2022	**-**	**737,207**	**85,623,489**	**73,943,946**	**10,103,373**	**6,984,342**	**12,983,964**	**190,376,321**
Carrying amounts								
At 1 January 2022	**5,367,748**	**8,972,203**	**55,637,591**	**62,185,974**	**6,008,510**	**1,627,936**	**27,488,008**	**167,287,970**
At 31 December 2022	**8,113,683**	**13,464,190**	**85,449,765**	**75,337,832**	**3,474,096**	**462,070**	**36,362,199**	**222,663,835**

	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	1,572,910	933,664	50,611	5,359,222	9,197,306
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	5,930,390	761,547	417,406	2,166,024	17,099,785
Balance at 31 December 2021	**5,367,748**	**9,546,439**	**128,590,439**	**120,634,965**	**11,493,542**	**6,911,457**	**37,406,488**	**319,951,078**
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	7,246,244	1,254,619	499,647	884,197	13,341,517
Increase through business combinations	-	-	108,532	485,494	350,688	16,716	1,990,689	2,952,119
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	3,013,467	141,607	302,328	543,156	8,304,977
Balance at 31 December 2021	**-**	**574,236**	**72,952,848**	**58,448,991**	**5,485,032**	**5,283,521**	**9,918,480**	**152,663,108**
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**	**62,185,974**	**6,008,510**	**1,627,936**	**27,488,008**	**167,287,970**

As at 31 December 2022 property, plant and equipment includes right-of-use assets of RON 5,750,128 (2021: RON 7,095,218) related to leased land, buildings and vehicles (Note 17).

The property, plant and equipment of the Group are located in the following countries:

	31 December 2022	31 December 2021
Republic of Moldova	148,275,624	135,693,788
Romania	32,096,811	31,594,182
Bulgaria	42,291,400	-
Total	**222,663,835**	**167,287,970**

Depreciation charge

Depreciation charge is included in the following financial statement captions:

	2022	2021
Cost of sales (Note 21)	8,106,116	5,640,554
General and administrative expenses (Note 23)	5,039,430	2,665,714
Inventories	4,537,380	4,854,388
Unallocated overheads	231,383	180,861
Total	**17,914,309**	**13,341,517**

Security

The carrying amount of property, plant and equipment that is subject to a registered debenture to secure bank loans is disclosed in Note 17 to the consolidated financial statements. The Group is not involved in any legal disputes that may restrict its ability to use or dispose of its properties.

Note 9. Acquisition of subsidiary

Acquisition of Angel's Estate SA

On 10 October 2022, the Company acquired a 76% stake in the share capital of Angel's Estate SA, a winery domiciled in Bulgaria. The main activity of the acquired company is the production, bottling and sale of wines.

For the period 10 October to 31 December 2022 Angel's Estate SA contributed to the Group's revenue an amount equivalent to RON 3,052,558 and to the Group's net income for the year with a loss in amount of RON 1,315,335. If the acquisition had occurred on 1 January 2022, management estimates that the consolidated revenue would have been RON 313,415,424 and consolidated profit for the year would have been RON 66,216,015.

Consideration transferred

The amount payable by the Company for the acquisition of 76% of shares of Angel's Estate SA amounted to EUR 1,750,000, of which EUR 1,000,000 were paid after the completion of transaction and the deferred amount of EUR 750,000 is payable within 12 months after transaction date. Therefore the consideration transferred at the acquisition date amounted to the equivalent of RON 8,491,584.

The acquired company was making losses for many years in a row and its technology and equipment are out-of-date. As result, the Company will need to make significant investments in technological developments in order to turn around Angels Estate SA, making it profitable as its other Group subsidiaries. This is why the acquisition was made at a low purchase price compared to its assets value.

According to sale-purchase agreement, the Company is committed to provide a EUR 6,000,000 loan during the years 2023-2024 for modernization of production facilities.

Also, a put option was written over the non-controlling interests, that allows the minority shareholders to sell their shares between years 2028 and 2032. Due to significant investments mentioned above and under the management of the leading Group in CEE, Angel's Estate SA could generate important revenue and profits by that time. By having a present access to the returns of the Angel's Estate SA, the minority shareholders could sell their shares at a much higher price in the future.

Put option over non-controlling interests was recognized at the acquisition date at fair value in "Other reserves" within equity in "Other reserves" using the present-access method, considering that the non-controlling interests still have present access to the returns associated with the underlying ownership interests, since this option is based on a variable price. The subsequent measurement was recognized within equity in "Other reserves". As at 31 December 2022 this put liability was estimated at RON 11,729,130.

The Company has as well a call option over the non-controlling interests of Angel's Estate SA, that allows it to buy from minority shareholders of their shares between years 2028 and 2032. Call option over non-controlling interests in a business combination is recognized at fair value at the date of the acquisition. Considering the variable exercise price and that no payment is made as premium to initiate the call option, initial recognition of the call option results in a corresponding adjustment for decrease of the purchase price for the acquired controlling interest. Call option is subsequently measured at fair value through profit or loss. The call option was not recognized neither at acquisition date nor at 31 December 2022 due to being non-significant.

As of 31 December 2022, the fair value measurement for put option over non-controlling interests of Angel's Estate SA has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4b). The following table shows the value estimate of the put option based on the valuation techniques used in measuring fair value as of 31 December 2022, as well as the significant unobservable inputs used.

There were no transfers between levels. Any fair value changes are included in other reserves in equity. The fair value estimate valuation of the put option was performed by a certified ANEVAR valuator, at Company's request. The ANEVAR standards are in line with the International Valuation Standards (IVS).

Valuation technique	*The Present Value*: The valuation model considers the present value of equity, calculated based on agreed formulae and using estimated revenue to be generated by the entity in the year preceding the year of exercise of put option, discounted using a risk-adjusted discount rate (WACC).
Significant unobservable inputs	• Expected year of exercise (2028); • Revenue in the year preceding year of exercise (EUR 8,387,224); • Additional loan threshold (EUR 2,000,000); • State subsidies received (EUR 687,500); • Risk-adjusted discount rate (10.10%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 117,291 / (RON 117,291) if the cash flows to be paid were higher (lower) by 1%; or • RON 603,678 / (RON 569,065) if the risk-adjusted discount rate was lower (higher) by 1pp.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired, and liabilities assumed are presented below at their acquisition-date fair values, based on a Purchase Price Allocation (PPA) report. The PPA report was performed by a certified ANEVAR valuator, at Company's request. The ANEVAR standards are in line with the International Valuation Standards (IVS).

	Book value	**Fair Value Adjustments**	**Fair value**
Property, plant and equipment	29,541,127	14,108,914	43,650,041
Intangible assets	161,677	3,752,500	3,914,177
Trade and other receivables	1,520,651	-	1,520,651
Inventories	9,644,266	-	9,644,266
Cash and cash equivalents	544,252	-	544,252
Deferred income	(6,674,096)	-	(6,674,096)
Trade and other payables	(3,551,286)	-	(3,551,286)
Deferred tax liabilities	1,105,298	(1,786,142)	(680,844)
Other liabilities	(1,271)	-	(1,271)
Total identifiable net assets acquired	**32,290,618**	**16,075,272**	**48,365,890**

Gain from Bargain Purchase

As a result of acquisition resulted a gain from bargain purchase, which was recognized in the face of the consolidated statement of profit and loss as a *Gain from a bargain purchase*. Its calculation is presented below.

	Amount
Consideration transferred	8,491,584
Non-controlling interests, based on their proportionate interest in the recognized amounts of the asset and liabilities of Angel's Estate SA	11,614,909
Fair value of identifiable net assets acquired	(48,365,890)
Gain from Bargain Purchase	**(28,259,397)**

Acquisition of 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 waste recycling management services, under specific law and authorisation given by State Environment Agency.

At 15 September 2021, the Group, through its subsidiary Crama Ceptura SRL, increased its investment to 55.00% of share capital and voting interests and Ecosmart Union SA became a subsidiary from that date.

On 14 October 2021, the Group increased its investment in Ecosmart Union SA to 65.75% of shares and voting interests.

Ecosmart Union SA as an equity-accounted investee

The movement in the investment in Ecosmart Union SA from 1 January 2021 to 15 September 2021 was as follows:

	2021
Balance at 1 January	558,109
Share of loss	(558,109)
Balance at 31 December	-

The share of loss of equity-accounted investees, net of tax, for the year ended 31 December 2021, was recognized in the profit or loss, up to the carrying amount of investment in Ecosmart Union SA at the date the Group obtained control over it.

The following table summarises the financial information of Ecosmart Union SA as included in its own financial statements. The table reconciles the summarised financial information to the carrying amount of the Group's interest in Ecosmart Union SA for the period from 1 January to 15 September 2021, because Ecosmart Union SA became a subsidiary on 15 September 2021.

	15 September 2021
Percentage ownership interest	**27%**
Non-current assets	1,602,471
Current assets	4,890,566
Non-current liabilities	-
Current liabilities	(16,410,891)
Net assets (100%)	(9,917,854)
Group's share of net assets (27%)	-
Carrying amount of investment in associate	**-**
Revenue	42,077,423
Loss (100%)	11,984,924
Share of loss (27%)	558,109
Group's share of loss	**558,109**

Ecosmart Union SA as a subsidiary

During the whole year of 2022 Ecosmart Union SA was a subsidiary of the Group and it was fully consolidated in these financial statements.

For the period 15 September to 31 December 2021 Ecosmart Union SA contributed to the Group's revenue with an amount of RON 10,822,974 and to the Group's results for the year with a loss in amount of RON 300,447. If the acquisition had occurred on 1 January 2021, management estimates that the consolidated revenue for 2021 would have been RON 290,211,138 and consolidated profit for the year 2021 would have been RON 49,779,787.

Consideration transferred

The amount paid by the Group for the increase in shareholding from 27% to 65.75% amounted to RON 340,000 (RON 328,655 adjusted net of cash acquired from the subsidiary).

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired, and liabilities assumed are presented below at their acquisition-date fair values, based on a Purchase Price Allocation (PPA) report. The PPA report was performed by a certified ANEVAR valuator, at Company's request. The ANEVAR standards are in line with the International Valuation Standards (IVS).

	Book value	Fair Value Adjustments	Fair value
Property, plant and equipment	1,597,301	139,228	1,736,529
Intangible assets	5,170	12,711,006	12,716,176
Trade and other receivables	4,863,607	-	4,863,607
Cash and cash equivalents	11,345	-	11,345
Other current assets	15,613	-	15,613
Deferred income	(9,609)	-	(9,609)
Deferred tax liabilities	-	(2,054,961)	(2,054,961)
Trade and other payables	(16,401,285)	-	(16,401,285)
Total identifiable net assets acquired	**(9,917,854)**	**10,795,273**	**877,415**

Goodwill

The goodwill resulted from the acquisition was calculated as follows.

	Amount
Consideration transferred	340,000
Fair value of pre-existing interest in Ecosmart Union SA	236,903
Non-controlling interests, based on their proportionate interest in the recognized amounts of the asset and liabilities of Ecosmart Union SA	300,512
Fair value of identifiable net assets acquired	(877,415)
Goodwill	**-**

The fair value of pre-existing interest in Ecosmart Union SA in amount of RON 236,903 was recognized within profit or loss in other finance income.

Note 10. Equity instruments at fair value through profit or loss

The movement in equity instruments at fair value through profit or loss for the years ended 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
Balance at 1 January	**4,341,709**	**-**
Purchase of equity instruments	-	3,414,780
Change in fair value (Note 26)	17,629	882,329
Effect of movements in exchange rates	261,947	44,600
Balance at 31 December	**4,621,285**	**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. 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 31 December 2022 RON 4,621,285 (2021: RON 4,341,709).

As of 31 December 2022, the fair value measurement for equity investment in 8Wines Czech Republic s.r.o. has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4 b). The following table shows the valuation techniques used in measuring fair value as of 31 December 2022, as well as the significant unobservable inputs used. There were no transfers between levels. Any fair value changes are included in finance income/cost. The valuation of the investment was performed by the Group's management.

Valuation technique	*Discounted cash flows*: The valuation model considers the present value of the net cash flows expected to be generated by the entity, discounted using a risk-adjusted discount rate.
Significant unobservable inputs	• Expected free cash flows for 2023-2027 (RON 11,079,201); • Risk-adjusted discount rate (10.30%); • Terminal growth rate (3.0%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 69,441 / RON (34,179) if the expected cash flows were higher (lower) by 1%; or • RON 995,322 / (RON 720,491) if the risk-adjusted discount rate was lower (higher) by 1pp; or • RON 775,459 / (RON 557,589) if the terminal growth rate was higher (lower) by 1pp.

IM Glass Container Company SA group

On 9 December 2020, Vinaria Purcari SRL has exited IM Glass Container Company SA, a manufacturer of glass bottles, by selling its 31.415% ownership interest for a consideration of EUR 7,819,163 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 amounts to RON 2,741,667 as at 31 December 2022 (31 December 2021: RON 2,552,630) and has been included in trade and other receivables, while in the comparative period the amount was presented as non-current receivable in the consolidated statement of financial position.

As at 30 July 2021, Vinaria Purcari SRL collected an additional amount of EUR 978,232 as adjustment to purchase price, which is significantly higher than initial amount estimated by the Group' management. Vinaria Purcari SRL became entitled to this additional contribution mainly due to collection by IM Glass Container Company SA group of some overdue receivables considered impaired at the date of Sale framework agreement. Collection of the overdue receivables was conditioned by amelioration of COVID-19 pandemic restrictions and, accordingly, reduction of its effect on business. Since the events which led to collection of receivables occurred during 2021, the Group considered appropriate to account this gain in the 2021 statement of profit or loss (Note 26), rather than an adjustment to prior year results.

Furthermore, Vinaria Purcari SRL, along with all other former shareholders of Glass Container Group may or may not be entitled in 2021-2022 to additional variable performance payments. Due to impact of COVID-19 pandemic and significant increase of natural gas prices (key resource for the production of glass bottles by IM Glass Container Company SA group) on local, regional and global economies, as well as growing uncertainty of future economic recovery, the management considers that the Group could not be entitled to any additional earnout from the sale of GCC. As result, no variable consideration was recognized in these consolidated financial statements.

Note 11. Loan receivables

As at 31 December 2022 and 31 December 2021 loan receivables are as follows:

	Currency	Interest rate	Year of maturity	31 December 2022		31 December 2021	
				Non-current portion	**Current portion**	**Non-current portion**	**Current portion**
8Wines s.r.o.	EUR	3.0%	2025	364,378	-	350,438	-
8Wines s.r.o.	EUR	6.0%	2024	2,042,671	458,623	499,051	-
Total loan receivables				**2,407,049**	**458,623**	**849,489**	**-**

The loans provided to 8Wines s.r.o. are secured up to the amount of EUR 1,239,669 by the constitution of the right of pledge over the whole goods inventory – wine bottles, in the stock of 8Wines s.r.o.

Note 12. Intangible assets

The movements in intangible assets from 1 January 2021 to 31 December 2022 are the following:

	2022	2021
Cost		
Balance at 1 January	15,184,375	1,762,638
Additions		
Purchase	589,635	696,800
Business combination	3,633,456	12,417,227
Disposals	-	(143,417)
Effect of movement in exchange rates	251,141	451,127
Balance at 31 December	**19,658,607**	**15,184,375**
Amortization		
Balance at 1 January	986,131	575,625
Amortization for the year	1,216,530	420,820
Increase due to business combinations	27,395	-
Disposals	-	(27,359)
Effect of movement in exchange rates	(35,811)	17,045
Balance at 31 December	**2,194,245**	**986,131**
Carrying amounts		
At 1 January	**14,198,244**	**1,187,013**
At 31 December	**17,464,362**	**14,198,244**

Intangible assets are represented by customer relationships, trademarks, technological instructions, licenses, software and other. No intangible assets are subject to a registered debenture to secure bank loans.

The amortization was allocated to General and administrative expenses, Cost of sales, Inventories and Unallocated overheads.

Note 13. Trade and other receivables

As at 31 December 2022 and 31 December 2021, trade and other receivables were as follows:

	31 December 2022	31 December 2021
Financial receivables		
Gross trade receivables	75,212,697	61,540,000
Trade receivables due from related parties (Note 31)	9,068	-
Allowance for impairment of trade receivables (Note 29)	(3,985,808)	(4,349,115)
Total financial receivables	**71,235,957**	**57,190,885**
Non-financial receivables		
Other receivables	2,242,198	1,154,357
VAT receivable	4,524,171	4,635,735
Other taxes receivable	122,622	6,045
Excise receivable	37,517	333,681
Total non-financial receivables	**6,926,508**	**6,129,818**
Total trade and other receivables	**78,162,465**	**63,320,703**

The carrying amount of trade and other receivables that is subject to a registered debenture to secure bank loans is disclosed in Note 17 to the consolidated financial statements.

The market risk, credit risk, aging of trade receivables at the reporting date and the movement in the allowance for impairment in respect of them during the year are disclosed in Note 29 to the consolidated financial statements.

Note 14. Inventories

As at 31 December 2022 and 31 December 2021 inventories were as follows:

	31 December 2022	31 December 2021
Raw materials		
Distilled alcohol	40,411,951	36,508,269
Wine materials	10,429,500	6,378,783
Other raw materials	371,996	600,311
Total raw materials	**51,213,447**	**43,487,363**
Other materials		
Packaging materials	22,231,333	14,242,424
Other materials	6,470,068	5,075,436
Chemicals	2,548,469	2,687,849
Total other materials	**31,249,870**	**22,005,709**
Semi-finished production		
Wine in barrels	95,922,608	82,678,184
Divin in barrels	6,220,347	4,023,269
Brandy in barrels	173,983	276,333
Total semi-finished production	**102,316,938**	**86,977,786**
Bottled finished goods		
Wine	26,771,604	21,945,866
Divin	865,651	541,198
Other finished goods	317,421	53,461
Brandy	37,183	4,257
Total bottled finished goods	**27,991,859**	**22,544,782**
Total inventories	**212,772,114**	**175,015,640**

The carrying amount of inventories that is subject to a registered debenture to secure bank loans is disclosed in Note 17 to the consolidated financial statements.

The inventories that are expected to be recovered in more than 12 months after the end of the reporting date have been classified to non-current assets and amount to RON 118,970,653 as at 31 December 2022 (2021: RON 74,895,843). These relate to wine in barrels RON 84,642,729 (2021: RON 46,644,827) and distilled alcohol and divin in barrels RON 34,327,924 (2021: RON 28,251,016).

Note 15. Cash and cash equivalents

As at 31 December 2022 and 31 December 2021 cash and cash equivalents were as follows:

	31 December 2022	31 December 2021
Bank accounts	19,772,784	31,935,828
Petty cash	150,375	164,286
Short-term interest bearing deposits	3,531,973	-
Total cash and cash equivalents	**23,455,132**	**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.

The carrying amount of cash and cash equivalents that is subject to a registered debenture to secure bank loans is disclosed in Note 17 to the consolidated financial statements. The market risk and credit risk are disclosed in Note 29 to the consolidated financial statements.

Note 16. Equity attributable to owners of the Company

	2022	2021
(in shares)		
On issue at 1 January	40,117,500	20,000,000
Bonus shares issued	-	20,000,000
Share option exercised	-	117,500
On issue at 31 December	**40,117,500**	**40,117,500**
Authorized – par value	**EUR 0.01**	**EUR 0.01**

Share capital and share premium

On 28 April 2022, the shareholders unanimously approved the increase of the authorised share capital of the Company from EUR 410,000.00 divided into 41,000,000 shares of nominal value EUR 0.01 each to EUR 430,000.00 divided into 43,000,000 shares of nominal value EUR 0.01 each. During 2022 no shares were issued.

In 2021 the shareholders unanimously voted in favour of approval of the increase of the issued 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 400,000.00 divided into 40,000,000 shares of nominal value EUR 0.01 each, through issuance of 20,000,000 bonus shares to all shareholders, at nominal value and paid out of the share premium reserve of the Company. The right to receive bonus shares by entitled shareholders could not be opted out.

Also, in 2021, seven employees and managers submitted their exercise letters for purchase of 117,500 shares at an exercise price of RON 10 per share, according to the Management Incentive Programme in place. As result, the Company allotted additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.01118 for a total subscription amount of RON 1,175,000 (equivalent of EUR 237,488.65).
The details of Management Incentive Programme are disclosed in Note 28 to the consolidated financial statements.

At the reporting date, the issued share capital of the Company is comprised of 40,117,500 ordinary shares with nominal value EUR 0.01 each. All issued shares are fully paid.
All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

As of 31 December 2022, the share premium amounts to RON 83,184,367 (31 December 2021: RON 83,184,367).

Shareholders structure

As of 31 December 2022, the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,012,344	19.9722%
Dealbeta Investments	3,172,754	7.9087%
Fiera Capital	3,064,972	7.6400%
Conseq	2,431,920	6.0620%
Trigon Capital	2,037,329	5.0784%
Paval Holding	2,005,875	5.0000%
Others	19,392,306	48.3387%
Total	**40,117,500**	**100%**

As of 31 December 2021, the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,012,344	19.9722%
Dealbeta Investments	3,172,754	7.9087%
Fiera Capital	3,169,069	7.8995%
Conseq	2,127,822	5.3040%
East Capital	2,057,027	5.1275%
Others	21,578,484	53.7881%
Total	**40,117,500**	**100%**

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation to the presentation currency.

Treasury share reserve

The Company acquired no shares in 2022 (2021: 329,156 shares in amount of RON 4,939,636).
The treasury shares acquired in 2021 and held in 2022 were enough to implement the Company's Management Incentive Program, which provides for equity-settled share-based payments to management (see Note 28).
During 2022 the Company allocated 251,036 shares to its management and employees with a total value of RON 3,815,747 (2021: 174,982 shares with a total value of RON 3,831,179).

Other reserves

In 2022 the Company accounted for equity-settled share-based payments in amount of (RON 340,435) (2021: RON 6,391,462) in connection with the Management Incentive Program (see Note 28) and offset the amount of RON 3,815,747 (2021: RON 3,831,179) with treasury share reserve for shares allocated to employees. In 2022 the Company as well accounted for put option over non-controlling interests in amount of (RON 11,729,129).

Dividends

During 2022 the Company declared and paid dividends in amount of RON 0.51 per share (2021: RON 0.65).

Earnings per share

The calculation of earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

	2022	**2021 (restated)**
Profit for the year, attributable to owners of the Company	**65,478,130**	**47,014,169**
Issued ordinary shares at 1 January	40,117,500	20,000,000
Effect of bonus shares issued	-	20,000,000
Effect of treasury shares held	(225,622)	(288,669)
Effect of share option exercised	-	5,795
Weighted-average number of ordinary shares outstanding at 31 December	**39,891,878**	**39,717,126**
Earnings per share – basic and diluted	**1.64**	**1.18**

The Group has not issued any potentially dilutive instruments.

Note 17. Borrowings and lease liabilities

This note provides information about the contractual terms of the Group's interest-bearing borrowings and lease liabilities, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 29 to the consolidated financial statements.

As at 31 December 2022 and 31 December 2021, borrowings and lease liabilities were as follows:

	31 December 2022	**31 December 2021**
Non-current liabilities		
Secured bank loans	39,530,884	19,081,919
Lease liabilities	4,714,516	5,769,657
Total non-current portion	**44,245,400**	**24,851,576**
Current liabilities		
Current portion of secured bank loans	86,937,305	70,319,375
Current portion of unsecured loan	-	1,316,195
Current portion of lease liabilities	1,494,910	1,497,517
Total current portion	**88,432,215**	**73,133,087**
Total borrowings and lease liabilities	**132,677,615**	**97,984,663**

The movements of borrowings and lease liabilities for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	**2021**
Balance at 1 January	**97,984,663**	**96,582,372**
Increase due to business combinations	-	1,287,548
Proceeds from borrowings	118,052,150	65,756,512
Repayment of borrowings and lease liabilities	(83,340,957)	(67,448,002)
Interest expense (Note 26)	4,551,807	3,932,834
Interest paid	(3,943,170)	(3,881,020)
New leases	81,375	746,216
Effect of movement in exchange rates	(708,253)	1,008,203
Balance at 31 December	**132,677,615**	**97,984,663**

Security

As at 31 December 2022 and 31 December 2021 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	31 December 2022	**31 December 2021**
Property, plant and equipment	91,796,026	56,767,291
Trade and other receivables	41,758,872	33,736,362
Inventories	76,156,113	57,038,907
Cash and cash equivalents	2,734,232	1,658,047
Total	**212,445,243**	**149,200,607**

Terms and debt repayment schedule

Type of loan	Lender	Currency	Nominal interest rate	Year of maturity	31 December 2022 Non-current	31 December 2022 Current	31 December 2021 Non-current	31 December 2021 Current
Secured bank loan	BC MAIB SA (1)	EUR	4.00%	2024	-	5,423,057	-	-
Secured bank loan	BC MAIB SA (2)	MDL	15.98%	2024	-	1,209,579	-	-
Secured bank loan	BC MAIB SA (3)	EUR	3.40%	2024	-	17,355,101	-	4,553,234
Secured bank loan	BC MAIB SA (4)	EUR	3.40%	2027	-	11,092,617	-	738,910
Secured bank loan	BC MAIB SA (5)	EUR	3.40%	2025	-	17,294,622	-	12,867,836
Secured bank loan	BC MAIB SA (6)	MDL	8.00%	2025	-	-	-	7,389,097
Secured bank loan	BC MAIB SA (7)	MDL	8.00%	2023	-	967,663	-	2,709,335
Secured bank loan	BC MAIB SA (8)	EUR	3.40%	2022	-	-	-	1,489,699
Secured bank loan	BC MAIB SA (9)	MDL	10.00%	2024	-	-	-	1,609,345
Secured bank loan	BC MAIB SA (10)	EUR	3.40%	2025	-	8,952,481	-	10,739,694
Secured bank loan	BC MAIB SA (11)	MDL	10.00%	2023	-	-	-	270,934
Secured bank loan	BC MAIB SA (12)	EUR	3.40%	2022	-	-	-	2,482,503
Secured bank loan	BC MAIB SA (13)	EUR	3.40%	2023	-	-	-	10,952,508
Secured bank loan	BC MAIB SA (14)	EUR	3.40%	2027	8,542,774	1,317,330	-	-
Secured bank loan	BC MAIB SA (15)	EUR	3.40%	2023	-	1,023,923	-	-
Secured bank loan	BC Victoriabank SA (1)	EUR	3.40%	2024	25,578,134	-	14,847,503	-
Secured bank loan	OTP Bank SA (1)	EUR	4.46%	2025	1,640,025	1,598,414	-	-
Secured bank loan	OTP Bank SA (2)	EUR	4.46%	2025	1,313,503	1,113,262	-	-
Secured bank loan	OTP Bank SA (3)	EUR	4.17%	2024	1,053,754	1,580,204	2,126,990	1,588,578
Secured bank loan	OTP Bank SA (4)	USD	3.95%	2022	-	-	-	1,029,253
Secured bank loan	OTP Bank SA (5)	USD	4.25%	2025	371,630	245,839	661,637	155,437
Secured bank loan	OTP Bank SA (6)	USD	3.95%	2026	1,027,303	435,737	1,445,789	359,382
Secured bank loan	UNICREDIT BANK SA (1)	USD	EURIBOR 1M+1.50%	2023	-	17,285,773	-	11,383,630
Unsecured loan	Chateau Vartely SRL	EUR	-	2022	-	-	-	1,316,195
Lease liabilities		RON/MDL/EUR	3.90%-11.25%	2022-2047	4,718,277	1,536,613	5,769,657	1,497,517
Total borrowings and lease liabilities					**44,245,400**	**88,432,215**	**24,851,576**	**73,133,087**

Loan covenants

On 31 December 2022 and 31 December 2021, the Group complied with the loan covenants stipulated in loan contracts, except for Debt Service ratio in 2022 and Debt to Equity ratio in 2021, both calculated for its subsidiary Vinaria Bostavan SRL for the loans contracted from BC MAIB SA. If covenants are breached, the credit institutions may require the acceleration of repayment of the outstanding loans. Therefore, the Group classified the related long-term liabilities of RON 42,916,849 as current liabilities as at 31 December 2022 in these financial statements (2021: RON 32,391,472).

In March 2023, BC MAIB SA notified the borrower that this breach of covenant will not be considered a default, therefore the Group is not required to make an earlier repayment of the loans.

Lease liabilities

The Group leases assets like land, buildings and vehicles.

The Group's subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL rent land for their plantations of grape vines from the related party Victoriavin SRL based on lease agreements. On 1 January 2018 the Group signed new lease agreements with Victoriavin SRL for these plots of land, where the lease period is changed to 29 years from 1 January 2018 (to 31 December 2047). The lease payment is made annually until 30 November. The lease term approximates the remaining useful life of plantations of grape vines of Vinaria Bostavan SRL and Vinaria Purcari SRL. Before 1 January 2019, these leases were classified as operating leases under IAS 17.

The lease of buildings relates to offices and warehouses, and the period of lease is around 5 years (taking into account the extension options exercisable by the Group). Before 1 January 2019, these leases were classified as operating leases under IAS 17.

The Group leases vehicles under a number of leases, which were classified as finance leases under IAS 17 before 1 January 2019.

Information about leases for which the Group is a lessee is presented below.

Right of use assets

	Land	Buildings and constructions	Vehicles	Total
Balance at 1 January 2022	**3,366,498**	**2,844,023**	**884,697**	**7,095,218**
Additions to right-of-use assets	99,644	449,835	-	549,479
Depreciation charge for the year	(130,415)	(919,183)	(315,665)	(1,365,263)
Derecognition of right-of-use assets	-	(176,117)	-	(176,117)
Effect of movements in exchange rates	(69,350)	(283,839)	-	(353,189)
Balance at 31 December 2022	**3,266,377**	**1,914,719**	**569,032**	**5,750,128**
Balance at 1 January 2021	**3,194,622**	**2,864,706**	**858,195**	**6,917,523**
Additions to right-of-use assets	80,064	666,152	-	746,216
Depreciation charge for the year	(129,231)	(836,227)	(315,665)	(1,281,123)
Derecognition of right-of-use assets	-	-	-	-
Effect of movements in exchange rates	221,043	149,392	342,167	712,602
Balance at 31 December 2021	**3,366,498**	**2,844,023**	**884,697**	**7,095,218**

Derecognition of the right-of-use assets during 2022 is as a result of termination of office rent agreement.

The movements of lease liabilities for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	2021
Balance at 1 January	**7,267,174**	**7,287,633**
New leases	81,375	746,216
Repayment of lease liabilities	(987,742)	(871,159)
Interest expense (Note 26)	518,068	542,739
Interest paid	(518,068)	(542,739)
Effect of movement in exchange rates	(105,917)	104,484
Balance at 31 December	**6,254,890**	**7,267,174**

Note 18. Deferred income

The movement in deferred income for 31 December 2022 and 31 December 2021 was as follows:

	2022	2021
Balance at 1 January	**9,183,161**	**4,537,583**
Grants received	692,706	4,684,381
Increase due to business combinations	5,731,950	825,161
Release of deferred income (Note 24)	(1,917,100)	(1,500,311)
Effect of movements in exchange rates	785,048	636,347
Balance at 31 December	**14,475,765**	**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.

Note 19. Trade and other payables

As at 31 December 2022 and 31 December 2021 trade and other payables were as follows:

	31 December 2022	31 December 2021
Financial payables		
Trade accounts payable	70,649,710	67,246,874
Trade payables due to related parties (Note 31)	2,636,599	2,203,759
Total financial payables	**73,286,309**	**69,450,633**
Non-financial payables		
Other tax liabilities	3,695,384	3,822,723
Advances received	410,477	509,007
Dividends payable	2,179,808	1,563,934
Total non-financial payables	**6,285,669**	**5,895,664**
Total trade and other payables	**79,571,978**	**75,346,297**

For more information about the Group's exposure to foreign currency and liquidity risk, see Note 29 to the consolidated financial statements.

Note 20. Revenue

Revenues for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	2021
Sales of finished goods		
Wine	239,922,880	204,001,782
Divin	32,025,615	26,459,553
Brandy	739,287	538,114
Total sales of finished goods	**272,687,782**	**230,999,449**
Sales of other goods		
Merchandise	3,473,630	3,002,802
Other	904,205	535,469
Wine materials	439,233	517,400
Total sales of other goods	**4,817,068**	**4,055,671**
Services		
Hotel and restaurant services	3,456,118	2,152,266
Agricultural services	115,267	103,356
Waste recycling management services	21,410,425	10,822,973
Total services	**24,981,810**	**13,078,595**
Total revenue	**302,486,660**	**248,133,715**

Contract liabilities represent advances received from customers (which are recognized in revenue in the following year) in amount of RON 410,477 at 31 December 2022 (2021: RON 509,007) (Note 19).

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 years ended 31 December 2022 and 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 that risks and income of those components that are peculiar to other business segments.

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments results are reviewed regularly by the Group’s CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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 year ended 31 December 2022 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Angel's Estate Wine	Bardar divin and brandy	Total
Romania	2,184,051	100,039,115	661,390	36,020,787	-	4,709,490	**143,614,833**
Republic of Moldova	7,309,116	26,499,543	-	-	-	23,193,569	**57,002,228**
Bulgaria	-	-	-	-	3,039,782	-	**3,039,782**
Poland	18,634,539	668,973	-	22,254	-	465,449	**19,791,215**
Czech & Slovakia	7,839,629	360,804	-	732	-	-	**8,201,165**
Asia	2,603,067	4,976,788	-	628,630	-	733,740	**8,942,225**
Belarus	-	-	-	-	-	1,440,145	**1,440,145**
Baltic countries	6,282,891	226,752	58,752	155,337	-	333,447	**7,057,179**
Ukraine	1,754,304	3,367,818	-	27,493	-	-	**5,149,615**
Turkey	3,119,218	975,234	-	-	-	-	**4,094,452**
Other	4,840,946	6,641,274	59,780	911,104	12,777	1,889,062	**14,354,943**
Total	**54,567,761**	**143,756,301**	**779,922**	**37,766,337**	**3,052,559**	**32,764,902**	**272,687,782**

Sales of finished goods by brand and geographic region for the year ended 31 December 2021 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Angel's Estate wine	Bardar divin and brandy	Total
Romania	2,788,545	80,878,882	90,790	33,069,333	-	2,840,847	**119,668,397**
Republic of Moldova	5,595,128	20,573,339	-	-	-	18,592,884	**44,761,351**
Bulgaria	-	-	-	-	-	-	**-**
Poland	19,590,347	544,137	-	49,813	-	37,958	**20,222,255**
Czech & Slovakia	7,990,016	189,401	-	532,919	-	-	**8,712,336**
Asia	2,612,348	2,531,199	-	547,069	-	604,522	**6,295,138**
Belarus	84,944	70,976	-	-	-	3,588,859	**3,744,779**
Baltic countries	7,034,474	490,793	-	87,716	-	212,840	**7,825,823**
Ukraine	4,079,840	4,716,572	-	-	-	-	**8,796,412**
Turkey	-	-	-	-	-	-	**-**
Other	2,876,446	5,233,278	4,937	1,738,540	-	1,119,757	**10,972,958**
Total	**52,652,088**	**115,228,577**	**95,727**	**36,025,390**	**-**	**26,997,667**	**230,999,449**

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

Note 21. Cost of sales

Cost of sales for the years ended 31 December 2022 and 31 December 2021 was as follows:

	2022	**2021**
Sales of finished goods		
Wine	133,951,214	106,295,807
Divin	12,409,105	10,127,820
Brandy	657,018	326,346
Total sales of finished goods	**147,017,337**	**116,749,973**
Sales of other goods		
Merchandise	2,962,885	2,552,382
Other	292,322	485,080
Wine materials	234,338	455,312
Total sales of other goods	**3,489,545**	**3,492,774**
Services		
Hotel and restaurant services	3,407,087	2,044,653
Agricultural services	104,893	94,055
Waste recycling management services	16,201,366	9,909,765
Total services	**19,713,346**	**12,048,473**
Total cost of sales	**170,220,228**	**132,291,220**

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2022 and 31 December 2021 was as follows:

	2022	**2021**
Consumption of inventories	130,867,105	107,824,205
Waste recycling services	18,081,547	9,909,765
Employee benefits (Note 28)	11,608,463	7,780,680
Depreciation of property, plant and equipment (Note 8)	8,106,116	5,640,554
Other	1,590,736	1,136,016
Total cost of sales	**170,220,228**	**132,291,220**

Other expenses presented above include amortization of intangible assets and services rendered by third parties.

Note 22. Marketing and sales expenses

Marketing and sales expenses for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	**2021**
Marketing and sales	22,877,043	15,014,010
Transportation expenses	4,807,738	4,217,194
Employee benefits (Note 28)	9,563,246	10,630,242
Certification of production	721,645	618,090
Other expenses	643,087	434,939
Total marketing and sales expenses	**38,612,759**	**30,914,475**

Note 23. General and administrative expenses

General and administrative expenses for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	2021 (restated)
Employee benefits (Note 28)	15,741,039	15,706,737
Taxes and fees	1,958,293	1,715,803
Depreciation (Note 8)	5,039,430	2,665,714
Repairs and maintenance	479,723	414,388
Operating lease	302,816	356,546
Travel	658,805	154,130
Professional fees	4,887,658	3,905,093
Bank charges	390,484	323,654
Communication	297,584	278,493
Insurance	296,876	226,763
Fuel	329,076	207,254
Materials	138,292	273,347
Penalties	433,752	188,945
Other	646,802	1,088,751
Total general and administrative expenses	**31,600,630**	**27,505,618**

In professional fees have been included fees for independent auditors' remuneration for statutory audit of the annual financial statements of the Company and its subsidiaries in amount of RON 816,691 (2021: RON 647,205).

Note 24. Other operating income

Other operating income for the years ended 31 December 2022 and 31 December 2021 was as follows:

	2022	2021
Release of deferred income (Note 18)	1,917,100	1,500,311
Gains on write-off of trade and other payables	34,184	183,736
Net gain from sale of other materials	7,422	88,612
Other	796,027	375,078
Total other operating income	**2,754,733**	**2,147,737**

Note 25. Other operating expenses

Other operating expenses for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	2021
Reverse in impairment of property, plant and equipment, net (Note 8)	(80,141)	(80,142)
Change in provisions, net	-	-
Unallocated overheads	321,608	317,359
Provision for impairment loss of prepayments made	1,911,914	-
Adjustment to fair value of harvest of grapes from own grape vines (a)	(1,732,687)	(5,185,767)
Adjustment to fair value of harvest of grapes from joint operation / operating leasing (b)	817,124	642,070
Net loss/(gain) from disposal of property, plant and equipment and intangible assets	309,080	(710,713)
Total other operating expenses	**1,546,898**	**(5,017,193)**

Provisions

The Group has set-up provisions for tax and other risks for which management has assessed as probable an outflow of resources. These provisions relate to the uncertainty of tax treatment of marketing and selling transactions of the Group, performed during 2014-2017.

The movement in provisions for the years ended 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
Balance at 1 January	**5,960,310**	**7,515,280**
Provisions made during the year	-	-
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	359,880	766,877
Balance at 31 December	**6,320,190**	**5,960,310**

Adjustment to fair value of harvest of grapes

The movement of biological assets (grapes on vines) for the years ended 31 December 2022 and 31 December 2021 was as follows:

	2022	2021
Balance at 1 January	-	-
Costs for cultivation of grapes	26,304,289	19,331,474
Fair value adjustment of harvest of grapes	915,563	4,543,697
Harvested grapes transferred to inventories	(27,219,852)	(23,875,171)
Balance at 31 December	-	-

Costs for cultivation of grapes comprise the following types of costs:

	2022	2021
Services	11,157,769	9,198,367
Consumption of inventories	7,790,303	6,101,877
Employee benefits	3,124,683	1,278,438
Depreciation of property, plant and equipment	3,249,866	2,358,980
Operating lease	363,401	164,798
Other	618,267	229,014
	26,304,291	**19,331,474**

Measurement of fair values

The fair value measurement of harvest of grapes has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4 b). There were no transfers between levels. The valuation of the harvest of grapes was performed by the Group's management.

The following table shows the valuation techniques used in measuring fair value, as well as the significant unobservable inputs used.

Valuation technique	Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage, and vary with the grade quality of grapes produced. Costs to sell refer to costs that are necessary for a sale to occur but that would not otherwise arise, such as commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. In the regions where the grapes are cultivated, a sale of grapes would take place without the above mentioned costs being incurred, therefore for the estimation of fair value of grapes the costs to sell are considered nil.
Significant unobservable inputs	• Average market price of harvested grapes: RON 1,899 per tonne (2021: RON 2,185 per tonne); • Actual quantity of harvested grapes: 14,337 tonnes (2021: 10,925 tonnes).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 272,199 (2021: RON 238,752) if the average market price of harvested grapes was higher (lower) by 1%.

Risk management strategy related to agricultural activities

The Group is exposed to the following risks relating to its vineyards. These risks and management's strategies to mitigate them are described below.

i. Regulatory and environmental risks

The Group is subject to environmental and other laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with these laws.

ii. Supply risk

The Group is exposed to the risks arising from fluctuations in the price and sales volume of grapes. To mitigate these risks, the Group has located several primary production units (grape processing). Management performs regular trend analysis for projected harvest volumes and pricing. Based on the results, management increases or reduces the range of suppliers and volume of advances to third-party grape growers.

iii. Climate-related risks

The Group's vineyards and expected harvest are exposed to the risk of damage from extreme weather events such as late frosts, lack of sunshine during the flowering period, lack of rain and hailstorms. Changes in the global climate conditions could intensify one or more of these events. In addition to their effect on grape yields, extreme weather events may also increase the cost of cultivation.

Although the Group uses mitigating factors such as acquiring grapes from third party producers, geographically spreading its vine area to cover against localized climatic impacts and construction of irrigation systems, there are difficulties in reducing the impact of the hailstorms, due to their unpredictable nature. The last significant hailstorm happened in 2015 and the management estimated its negative impact from the loss of harvest by ~RON 1 million.

The Group has incorporated considerations for climate changes into its replantation practices, such as the use of varieties and clones resistant to drought.

Physical risk of losing the harvest arising from hailstorm and drought are not subject and aren't covered by Group's property and business interruptions insurance programs. However, should the frequency and severity of these events increase because of climate change, management could review its approach and the cost of insurance may increase.

a) Harvest of grapes from own grape vines

The areas of plantations of own grape vines (hectares of plantations) and quantities of harvested grapes were as follows:

	2022	2021
Area of plantations of mature vines, hectares	1,312	1,206
Area of plantations of immature vines, hectares	34	34
Total area of plantations of vines, hectares	**1,346**	**1,240**
Quantity of harvested grapes, tonnes	**13,733**	**9,973**

The Group is subject to laws and regulations in the country where the vines are cultivated. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

The Group's vine plantations are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections of the health of vines and industry pest and disease surveys.
The subsidiaries of the Group, Vinaria Bostavan SRL and Vinaria Purcari SRL have their own grape vines, which are located in the Republic of Moldova, while Vinoteca Gherasim Constantinescu SRL and Angel's Estate SA have their own vineyards located in Romania and respectively in Bulgaria.

In October 2022 the Group acquired 76% shareholding in a Bulgarian subsidiary, Angel's Estate SA, which major activity is bottling and sale of wine. The subsidiary owns its grape vines, with an area of plantation of 102 hectares, which are located in Bulgaria. For details, please see Note 9.

In December 2021 the Group acquired for a cash consideration of RON 2,915,550 (EUR 589,000) 100% shareholding in a subsidiary, Vinoteca Gherasim Constantinescu SRL (RON 2,897,459 adjusted net of cash acquired from the subsidiary), which major activity is cultivation of grapes on its own grape vines, with an area of plantations of 55 hectares, which are located in Romania.

The Group has performed the "concentration test" and concluded that the acquired set of activities and assets is not a business, since substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets, as grape vines and related land.

The identifiable assets acquired, and liabilities assumed are presented below:

	Amount
Property, plant and equipment	4,695,946
Intangible assets	6,663
Trade and other receivables	621,498
Inventories	48,073
Cash and cash equivalents	18,091
Borrowings	(1,287,548)
Deferred income	(1,018,534)
Trade and other payables	(168,639)
	2,915,550

For December 2021 Vinoteca Gherasim Constantinescu SRL had no contribution to the Group's revenue and contributed to the Group's results for the year with a loss in amount of RON 54,911. If the acquisition had occurred on 1 January 2021, management estimates that the consolidated revenue would have been RON 248,916,213 and consolidated profit for the year would have been RON 50,953,935.

b) Joint operations and operating lease of grape vines

The areas of plantations of vines under joint operations and operating lease (hectares of plantations) and quantities of harvested grapes were as follows:

	2022	2021
Area of plantations of vines under joint operation arrangement, hectares	59	59
Area of plantations of vines under operating lease, hectares	35	37
Total area, hectares	**94**	**96**
Quantity of harvested grapes under joint operation arrangement, tonnes	381	511
Quantity of harvested grapes under operating lease, tonnes	223	441
Total quantity, tonnes	**604**	**952**

Joint operations

Starting 2013, Crama Ceptura SRL entered into a joint arrangement with Vie Vin Podgoria Valea Calugareasca SRL ("Vie Vin"). The purpose of the arrangement is to produce and/or to trade grapes and wine. In addition, the partners are jointly involved in viticulture and provide each other with management, legal, marketing and trade support. The joint operation takes place in Romania.

Crama Ceptura SRL and Vie Vin contractually agreed that the operation is administrated by a governing council, formed by two members. Each party appointed one representative to this council. The activities of the operation require the unanimous consent of the parties that control the arrangement collectively. As joint control exists explicitly, because no decisions can be made about the relevant activities of the arrangement without both Crama Ceptura SRL and Vie Vin agreeing, the arrangement is a joint arrangement. The Group has concluded that the arrangement is a joint operation. In doing so, the Group considered the terms and conditions of the partnership agreement and the purpose and design of the joint arrangement. The arrangement was not structured as a separate vehicle from the parties.

Under the contractual arrangement between Crama Ceptura SRL and Vie Vin, each retain the rights and legal title to their respective assets and the obligation to settle their respective liabilities. However, they agree to jointly cultivate the vines, which are rented by Vie Vin from individuals under operating lease, and therefore Crama Ceptura SRL and Vie Vin recognize 87% and 13% (2021: 87% and 13%) respectively of all revenues and expenses relating to the partnership.

The contractual obligation of Vie Vin is to contribute to the joint arrangement with the following:

- right of use for vines it rents from individuals under operating lease;
- right of use for equipment it owns at the date of agreement; and
- labour force.

The contractual obligation of Crama Ceptura SRL is to contribute to the joint arrangement with:

- working capital; and
- know-how, technical management and joint arrangement management.

The outputs from joint operations are distributed in kind (grapes, wine) or in cash. Crama Ceptura SRL is entitled only to distributions in kind. The joint operators allocate the outputs annually, at the end of the harvest period, using the proportion from the harvest of 87% for Crama Ceptura SRL and 13% for Vie Vin (2021: 87% and 13%).

On 02 November 2022 the joint agreement between Crama Ceptura SRL and Vie Vin was prolonged till 31 October 2023, on similar conditions, but the area of plantations under joint operation was reduced from 59 hectares to 17 hectares.

Operating lease of grape vines

The subsidiary Crama Ceptura SRL entered into several operational lease agreements for the lease of grape vines located in Romania. According to the agreements, Crama Ceptura SRL is required to maintain the grape vines and it is entitled to harvest. The Group carried out an analysis and concluded that these leases of grape vines should be accounted as operating lease.

The lease payments are made to the lessors in nature (grapes, wine), in proportion from 14% to 18% (depending on the agreement) from the harvest on leased grape vines.

Note 26. Net finance (costs) / income

Net finance costs for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022	**2021**
Net gain from disposal of equity instruments	-	5,611,621
Net gain on equity instruments at FVTPL (Note 10)	17,629	882,329
Interest income	424,531	192,964
Other	790	360,403
Finance income	**442,950**	**7,047,317**
Interest expense on borrowings	(4,033,739)	(3,390,095)
Interest expense on lease liabilities	(518,068)	(542,739)
Net foreign exchange loss	(6,078,061)	(3,026,853)
Finance costs	**(10,629,868)**	**(6,959,687)**
Net finance (costs) / income	**(10,186,918)**	**87,630**

Note 27. Income tax

The corporate income tax rate in Cyprus was 12.5% for the years 2022 and 2021, 12% in the Republic of Moldova, 16% in Romania and 10% in Bulgaria. Deferred tax has been determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Tax recognized in profit or loss for the years ended 31 December 2022 and 31 December 2021 was as follows:

	2022	**2021 (restated)**
Current tax expense		
Current tax	9,750,781	10,000,006
Total current tax expense	**9,750,781**	**10,000,006**
Deferred tax expense		
Origination and reversal of temporary differences	2,298,904	415,577
Total deferred tax expense	**2,298,904**	**415,577**
Income tax expense	**12,049,685**	**10,415,583**

The reconciliation of effective tax rate for the years ended 31 December 2022 and 31 December 2021 was as follows:

	2022		2021 (restated)	
Profit before tax		**81,452,584**		**61,566,431**
Tax using the Company's domestic tax rate	12.50%	10,181,573	12.50%	7,695,804
Effect of different tax rates in foreign jurisdictions	1.76%	1,433,354	1.14%	699,971
Tax exempt income	(0.13%)	(104,964)	(0.15%)	(92,461)
Non-deductible expenses	0.62%	504,746	1.98%	1,220,268
Investment incentives	(0.87%)	(706,787)	(0.80%)	(494,694)
Current year losses for which no deferred tax assets were recognized	0.91%	741,763	2.25%	1,386,695
Income tax expense	**14.79%**	**12,049,685**	**16.92%**	**10,415,583**

Deferred tax assets and liabilities as at 31 December 2022 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	5,486,971	(15,524,831)	(10,037,860)
Intangible assets	171,520	(2,482,006)	(2,310,486)
Inventories	1,624,398	(235,310)	1,389,088
Other current assets	4,136	5,365	9,501
Trade and other receivables	463,745	(54,845)	408,900
Borrowings and lease liabilities	718,929	(61,539)	657,390
Deferred income	-	(318,914)	(318,914)
Trade and other payables	(6,092)	41,474	35,382
Tax loss carry-forward	902,114	-	902,114
Retained earnings	-	(2,933,699)	(2,933,699)
Deferred tax assets (liabilities) before set-off	**9,365,721**	**(21,564,305)**	**(12,198,584)**
Set-off of tax	(9,365,721)	9,365,721	-
Deferred tax liabilities	**-**	**(12,198,584)**	**(12,198,584)**

Deferred tax assets and liabilities as at 31 December 2021 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets (restated)	Deferred tax liabilities (restated)	Net (restated)
Property, plant and equipment	346,227	(6,973,027)	(6,626,800)
Intangible assets	39,545	(2,101,819)	(2,062,274)
Inventories	1,185,778	(129,494)	1,056,284
Other current assets	6,593	-	6,593
Trade and other receivables	496,562	5,365	501,927
Borrowings and lease liabilities	893,508	(83)	893,425
Deferred income	-	(350,286)	(350,286)
Retained earnings	-	(2,833,450)	(2,833,450)
Deferred tax assets (liabilities) before set-off	**2,968,213**	**(12,382,794)**	**(9,414,581)**
Set-off of tax	(2,968,213)	2,968,213	-
Deferred tax liabilities	**-**	**(9,414,581)**	**(9,414,581)**

The movement in deferred tax balances during the year ended 31 December 2022 was as follows:

	31 December 2021	Recognized in profit or loss	Increase due to business combination	Effect of movements in exchange rates	31 December 2022
Property, plant and equipment	(6,626,800)	(2,219,107)	(1,281,710)	89,757	(10,037,860)
Intangible assets	(2,062,274)	96,039	(335,253)	(8,998)	(2,310,486)
Inventories	1,056,284	60,558	3,664	268,582	1,389,088
Other current assets	6,593	(2,399)	-	5,307	9,501
Trade and other receivables	501,927	(60,908)	(20,175)	(11,944)	408,900
Borrowings and lease liabilities	893,425	(198,852)	89	(37,272)	657,390
Deferred income	(350,286)	25,765	-	5,607	(318,914)
Trade and other payables	-	-	34,941	441	35,382
Tax loss carry-forwards	-	-	877,987	24,127	902,114
Retained earnings	(2,833,450)	-	-	(100,249)	(2,933,699)
Total	**(9,414,581)**	**(2,298,904)**	**(720,457)**	**235,358**	**(12,198,584)**

The movement in deferred tax balances during the year ended 31 December 2021 was as follows:

	31 December 2020	Recognized in profit or loss	Increase due to business combination	Effect of movements in exchange rates	31 December 2021
Property, plant and equipment	(5,887,937)	(320,159)	(21,200)	(397,504)	(6,626,800)
Intangible assets	(64,567)	55,380	(2,033,761)	(19,326)	(2,062,274)
Inventories	1,198,480	(199,880)	-	57,684	1,056,284
Other current assets	7,793	(1,661)	-	461	6,593
Trade and other receivables	198,730	281,210	-	21,987	501,927
Equity-accounted investees	(72,976)	72,017	-	959	-
Borrowings and lease liabilities	829,265	19,034	-	45,126	893,425
Deferred income	(351,583)	24,444	-	(23,147)	(350,286)
Trade and other payables	341,134	(345,962)	-	4,828	
Retained earnings	(2,679,722)	-	-	(153,728)	(2,833,450)
Total	**(6,481,383)**	**(415,577)**	**(2,054,961)**	**(462,660)**	**(9,414,581)**

Unrecognized deferred tax assets

Deferred tax assets as at 31 December 2022 and 31 December 2021 have not been recognized in respect of:

	31 December 2022	31 December 2021
Tax losses	5,743,802	4,210,710

The tax losses as at 31 December 2022 and 31 December 2021 will expire as follows:

	31 December 2022	31 December 2021
Up to 1 year	1,013,768	-
1 to 2 years	1,020,702	81,369
2 to 3 years	1,131,239	695,230
3 to 4 years	1,822,840	910,495
4 to 5 years	755,253	1,066,827
More than 5 years	-	1,456,789
	5,743,802	**4,210,710**

Deferred tax assets have not been recognized in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.
Management has determined that the recoverability of cumulative tax losses of the Parent (Purcari Wineries Public Company Limited) amounting RON 5,412,011 is uncertain due to specific activity as a holding company, which lacks taxable income and accounts for significant deductible expenses.
Tax losses of Angel's Estate SA, the Bulgarian subsidiary, amounting RON 331,791 will expire within the next two years, until the subsidiary will be able to generate sufficient taxable income.

Note 28. Employee benefits

As at 31 December 2022 and 31 December 2021, employee benefit payables were as follows:

	31 December 2022	31 December 2021
Payables to employees	3,618,371	2,635,620
Accruals for unused vacation	1,991,221	2,036,279
Total employee benefit payables	**5,609,592**	**4,671,899**

During the year ended 31 December 2022 the average number of staff was 814 persons (2021: 707). Employee benefit expenses include base salaries, mandatory medical contribution, mandatory social contribution, bonuses for performance and equity-settled share-based payments.

The employee benefit expenses are included in the following captions:

	2022	2021
General and administrative expenses (Note 23)	15,741,039	15,706,737
Cost of sales (Note 21)	11,608,463	7,780,680
Inventory	9,122,025	7,494,624
Marketing and sales expenses (Note 22)	9,563,246	10,630,242
Total employee benefit expenses	**46,034,773**	**41,612,283**

The employee benefit expenses comprise the following categories:

	2022	2021
Base salaries and bonuses for performance	40,507,597	29,945,217
Equity-settled share-based payments	(340,435)	6,391,462
Mandatory social and medical contributions	5,867,611	5,275,604
Total employee benefit expenses	**46,034,773**	**41,612,283**

On December 31, 2022, the share price fell to 8.49 lei (2021: 14.90 lei), which is significantly below the exercise price of the share options of 10 lei. This involved a reversal of share-settled share-based payments, as the value of the share options became nil. If the share price had remained unchanged at the end of the year, the impact of equity-settled share-based payments would have increased expenses by 430,378 lei.

The below table provides details on recognition of employee benefit expenses related to Management incentive program:

	2022	2021
Share awards	3,014,437	3,194,672
Stock options	(3,354,873)	3,196,790
Total equity-settled share-based payments	**(340,436)**	**6,391,462**

Increase of the share price over the exercise (strike) price will increase the employee benefits expenses. Further is described the impact on expenses from change of market price of the share:

- each increase with RON 1 over the market price of RON 10 will increase the expenses with RON 772,500 for stock options with RON 10 strike price;
- each increase with RON 1 over the market price of RON 15 will increase the expenses with RON 1,090,800 for stock options with RON 15 strike price;
- each increase with RON 1 over the market price of RON 20 will increase the expenses with RON 1,291,600 for stock options with RON 20 strike price.

Management incentive program

On 29 April 2020, the Company's shareholders approved the revised Special Resolution, dated initially on 14 June 2018 and revised later on 25 April 2019, stating the provision of a Management Stock Option Plan, as part of a Management Incentive Program.

The Program mainly targets members of the Group's senior management team (except the CEO) and is intended to further align the interests of such Beneficiaries with those of the Company's shareholders.

The Program initially was comprising the following:

a) award of up to 500,000 shares in the Company to the Beneficiaries, free of charge, subject to relevant performance indicators to be determined by the Board of Directors; and

b) award of stock options to the Beneficiaries (the Options or PSOs), subject to relevant performance indicators to be determined by the Board of Directors, in the following amounts:
   - up to 500,000 Options at an Exercise Price of 20 RON (i.e. that is, under 20 RON the value of options is nil);
   - up to 625,000 Options at an Exercise Price of 30 RON; and
   - up to 750,000 Options at an Exercise Price of 40 RON.

On 29.03.2021 the shareholders unanimously voted in favor of approval of increase in the issued share capital of the Company from EUR 200,000.00 to EUR 400,000.00 through issuance of 20,000,000 bonus shares to all shareholders of the Company registered in the shareholders' registry on the record date. The free allocation of shares under the share capital increase had an impact in that the number of shares outstanding following such corporate event has doubled, while the market price of the shares was adjusted downward to account for the effects of the event.

As result, at the same shareholders meeting of 29.03.2021, the Board of Directors was authorized to adjust the details of the employee/management incentive plans implemented by the Company and currently active, as well as the contractual arrangements with the beneficiaries of the plans, to account for the effects of the share capital increase proposed as described above.

Share award

On 14 May 2020 the Company's Board of Directors approved the Long-Term Share Incentive Plan (LTSIP 1) with a total of 409,000 shares to be vested to employees during 2020-2022. On 1st June 2020 a total of 398,004 shares were offered to eligible participants.

On 22 December 2020 the Company's Board of Directors approved the second Long-Term Share Incentive Plan (LTSIP 2) with a total of 101,996 shares to be vested to employees during 2021-2024. As at 31 December 2020 no shares were offered to participants under LTSIP 2. Nevertheless, the Company recognized equity-settled share-based payments expenses under this plan as all details were known and reliable measurement of such expenses could be done. On 30 March 2021 all the shares under LTSIP 2 were offered to participants.
On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to adjust the Long-Term Share Incentive Plans by increasing the maximum number of shares awarded, as follows:

(a) the maximum number of shares under the LTSIP no. 1 was increased from 409,000 shares to 502,998 shares. The increased number refers to the shares that have not vested prior to 20 July 2021 only;

(b) the maximum number of shares under the LTSIP no. 2 was increased from 101,996 shares to 193,668 shares. The increased number refers to the shares that have not vested prior to 20 July 2021 only.

The share-based payments are recognized at the market value of the shares at the grant date.

In 2022 the Company made no redemption of own shares (2021: 329,156 shares). The treasury shares acquired in 2021 were enough to implement the Company's Management Incentive Program, which provides for equity-settled share-based payments to management. These shares were recorded under "Treasury Shares Reserves".

At 15 June 2022 the Company allocated 251,036 shares to its employees with a total value of RON 3,815,747 (2021: 174,982 shares with a total value of RON 3,831,179) by offset of "Treasury Shares Reserves" with "Other reserves".

Stock options

Based on the authorization received from shareholders in the Annual Shareholders Meetings of 14.06.2018, 25.04.2019 and 29.04.2020, the Board of Directors approved on 25.03.2021 the Long-Term Stock Option Plan (LTSOP) for period 2021-2030, by which the Company may grant to the Participants a maximum number of:

(a) 500,000 PSOs at an Exercise Price of RON 20 per Purcari Share;
(b) 625,000 PSOs at an Exercise Price of RON 30 per Purcari Share; and
(c) 750,000 PSOs at an Exercise Price of RON 40 per Purcari Share, in any combination.

On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to adjust the stock option plan by increasing the maximum number of stock options on each level, while the corresponding Exercise Prices to be decreased, as follows:

(a) from 500,000 stock options at an Exercise Price of RON 20 per share to 1,000,000 stock options at an Exercise Price of RON 10 per share;
(b) from 625,000 stock options at an Exercise Price of RON 30 per share to 1,250,000 stock options at an Exercise Price of RON 15 per share; and
(c) from 750,000 stock options at an Exercise Price of RON 40 per share to 1,500,000 stock options at an Exercise Price of RON 20 per share.

The exercised period for all stock options expires on 30 March 2030.

During 2022 the participants didn't exercise any rights to purchase shares at Exercise Price (2021: 117.500 shares at the Exercise Price of RON 10 per shares).

In 2022 the Company had granted no stock options. As result, the Company is still authorized to grant additional stock option, to new and existing participants, up to:

(a) 110,000 stock options at an Exercise Price of RON 10 per share;
(b) 159,200 stock options at an Exercise Price of RON 15 per share; and
(c) 208,400 stock options at an Exercise Price of RON 20 per share.

The table below summarizes the movements in stock options between 1 January 2021 and 31 December 2022, and weighted average exercise price:

	Stock options with exercise price @RON 10	**Stock options with exercise price @RON 15**	**Stock options with exercise price @RON 20**	**Weighted average exercise price**
Outstanding Stock Options @ 01.01.2022	**772,500**	**1,090,800**	**1,291,600**	**-**
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2022	**772,500**	**1,090,800**	**1,291,600**	**-**
Outstanding Stock Options @ 01.01.2021	-	-	-	-
Stock options granted during the year	445,000	545,400	645,800	15.61
Adjusted stock options to count the effect of issue of bonus shares	445,000	545,400	645,800	15.61
Total stock options granted during the year	**890,000**	**1,090,800**	**1,291,600**	**15.61**
Stock options exercised	117,500	-	-	-
Outstanding Stock Options @ 31.12.2021	**772,500**	**1,090,800**	**1,291,600**	**15.82**

Note 29. Financial instruments

Financial instruments by category

	31 December 2022	31 December 2021
Financial assets measured at amortised cost		
Non-current receivables (Note 10)	-	2,552,630
Loan receivables (Note 11)	2,865,672	849,489
Cash and cash equivalents (Note 15)	23,455,132	32,100,114
Trade receivables (Note 13)	71,235,957	57,190,885
	97,556,761	**92,693,118**
Financial assets measured at FVTPL		
Equity instruments at fair value through profit or loss (Note 10)	4,621,285	4,341,709
Total financial assets	**102,178,046**	**97,034,827**
Financial liabilities measured at amortised cost		
Trade and other payables (Note 19)	73,286,309	69,450,633
Borrowings and lease liabilities (Note 17)	132,677,615	97,984,663
	205,963,924	**167,435,296**
Financial liabilities measured at fair value		
Put option over non-controlling interests (Note 9)	11,729,130	-
Total financial liabilities	**217,693,054**	**167,435,296**

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	31 December 2022	**31 December 2021**
Non-current receivables	-	2,552,630
Loan receivables	2,865,672	849,489
Cash and cash equivalents	23,455,132	32,100,114
Trade receivables	71,235,957	57,190,885
Total	**97,556,761**	**92,693,118**

Trade receivables and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group limits its exposure to credit risk from trade receivables based on this assessment and establishes a maximum payment period in its agreements with customers. The creditworthiness assessment is updated each time by the Group when there is a significant delay in the payment period compared to the maximum payment period agreed contractually or when the Group extends or amends the agreements with its customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including customer geographic location, aging profile, maturity and existence of previous financial difficulties. The Group's most significant 10 customers account for RON 27,247,010 or 39% of the trade receivables' carrying amount as at 31 December 2022 (2021: RON 30,096,739 or 53% of the trade receivables' carrying amount).

Revenues from transactions with a single external customer of 10% or more of the Group's revenues were as follows:

	2022	2021
Revenues from transactions with a customer from Republic of Moldova	35,823,504	27,835,448
Revenues from transactions with a customer from Romania	42,359,196	27,326,482
Total	**78,182,700**	**55,161,930**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	31 December 2022	31 December 2021
Republic of Moldova	9,381,450	10,228,574
Romania	52,789,832	39,534,813
Other European Union countries	6,850,884	4,260,471
Belarus	-	586,216
Ukraine	-	2,003,311
Other	2,213,791	577,500
Total	**71,235,957**	**57,190,885**

The exposure to credit risk includes a trade receivable from Austria in amount of RON 2,812,913 which is due on 9 December 2023 (please see Note 10). Previously, this receivable was included in non-current receivables (2021: RON 2,552,630).
The exposure to credit risk of loan receivables in amount of RON 2,865,671 (2021: 849,489) at the reporting date by geographic region was from Czech Republic (please see Note 11).
The management decided to continue business with partners in Ukraine and Belarus, but under the condition not to increase the exposure recoded at the end of the year 2021 and changing the terms conditions to advance payments where possible. For a prudent presentation, the management decided to provision the full amount of account receivables from these countries.

Impairment losses

The Group uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a "delinquency" method.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	2.72%	57,109,205	1,551,544	55,557,661
Overdue less than 1 month	5.49%	9,521,753	523,219	8,998,534
Overdue 1 to 3 months	8.77%	2,931,417	257,067	2,674,350
Overdue 3 to 6 months	19.88%	3,212,784	638,778	2,574,006
Overdue 6 months to 1 year	43.89%	1,765,991	775,020	990,971
Overdue more than 1 year	35.29%	680,614	240,179	440,435
Total	**5.30%**	**75,221,764**	**3,985,807**	**71,235,957**

Loss rates are based on actual credit loss experience over the past four years.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	3.26%	47,859,045	1,562,470	46,296,575
Overdue less than 1 month	4.77%	6,789,716	324,166	6,465,550
Overdue 1 to 3 months	7.01%	2,429,366	170,382	2,258,984
Overdue 3 to 6 months	13.02%	1,818,535	236,774	1,581,761
Overdue 6 months to 1 year	43.81%	683,053	299,242	383,811
Overdue more than 1 year	89.58%	1,960,285	1,756,082	204,203
Total	**7.07%**	**61,540,000**	**4,349,115**	**57,190,885**

Loss rates are based on actual credit loss experience over the past four years.

The movement in the allowance for impairment with respect to trade receivables and loan receivables during the year was as follows:

	Trade receivables
Balance 31 December 2020	**1,839,795**
Increase through business combinations	426,337
Impairment loss	2,550,417
Write off	(283,620)
Interest income	(184,406)
Effect of movement in exchange rates	592
Balance 31 December 2021	**4,349,115**
Increase through business combinations	187,914
(Reversal of) impairment loss	(119,227)
Write off	-
Interest income	(185,968)
Effect of movement in exchange rates	(246,027)
Balance 31 December 2022	**3,985,807**

The impairment allowance of receivables are used to record impairment losses, unless the Group believes that no recovery of the amount is possible, in which case the allowances for amounts considered irrecoverable are written off against the financial asset.

Cash and cash equivalents

Cash and cash equivalents are placed with a limited number of local financial institutions. Despite the fact that these banks do not have international credit ratings (except Unicredit Bank SA Romania), they are considered as reliable counterparts, as these have stable positions in the financial markets in which they operate.

The Group held cash and cash equivalents of RON 23,304,757 at 31 December 2022 (2021: RON 31,935,828), which represent its maximum credit exposure on these assets. 60% of cash and cash equivalents as at 31 December 2022 (2021: 87%) are held with banks, from which the Group has secured loans. 51% of cash and cash equivalents as at 31 December 2022 are held with Unicredit Bank SA Romania with Fitch credit rating BBB (2021: 14% and credit rating BBB).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows on trade receivables together with expected cash outflows on borrowings and lease liabilities and trade and other payables. The shortages in working capital and cash outflows for investment activities are financed through new credit facilities made available by the banks.

The Group holds no financial assets that are readily saleable to generate cash inflows to meet cash outflows on financial liabilities.

The following were the estimated cash outflows for trade and other payables and contractual maturities of borrowings and lease liabilities, including estimated interest payments and excluding the impact of netting agreements:

Monetary liabilities	Carrying Amount	Total Contractual Cash Flow	Less than 1 month	Between 1 – 12 months	Between 1-2 years	More than 2 years
31 December 2022						
Trade and other payables	73,286,309	73,286,309	29,252,367	44,033,942	-	-
Borrowings	126,422,725	130,208,257	610,655	88,940,903	40,084,725	571,974
Lease liabilities	6,254,890	12,475,055	114,859	1,263,448	1,097,459	9,999,289
Put option over non-controlling interests (Note 9)	11,729,130	19,917,574	-	-	-	19,917,574
Total	**217,693,054**	**235,887,195**	**29,977,881**	**134,238,293**	**41,182,184**	**30,488,837**
31 December 2021						
Trade and other payables	69,450,633	69,450,633	28,533,783	40,916,850	-	-
Borrowings	90,717,489	94,564,451	1,606,493	73,020,080	2,662,891	17,274,987
Lease liabilities	7,267,174	14,494,003	133,448	1,467,923	1,275,070	11,617,562
Total	**167,435,296**	**178,509,087**	**30,273,724**	**115,404,853**	**3,937,961**	**28,892,549**

As at 31 December 2022, the Group had not complied with the Debt Service ratio covenant for secured bank loans from BC MAIB SA (see Note 17). Therefore, the Group classified the long-term liabilities as current liabilities of RON 43,063,432 as at 31 December 2022 in these consolidated financial statements.
In 2021, the Group had also not complied with the Debt-to-Equity ratio covenant for secured bank loans from BC MAIB SA and classified the long-term liabilities as current liabilities of RON 32,391,472 as at 31 December 2021.
In March 2022, BC MAIB SA notified the borrower that this breach of covenant will not be considered a default, therefore the Group is not required to make an earlier repayment of the loans.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group does not use derivatives (interest rate or foreign exchange swaps) as hedging instruments under a fair value hedge accounting model. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The following significant exchange rates applied during the year:

	31 December 2022	Average 2022	31 December 2021	Average 2021
MDL1	0.0522	0.2353	0.2463	0.2353
EUR 1	4.9474	4.9315	4.9481	4.9204
USD 1	4.6346	4.6885	4.3707	4.1604
BGN	0.5453	0.5237	-	-

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are primarily denominated are EUR, USD, MDL, BGN and RON. The Group does not use any financial instruments for mitigating currency risk.

The summary of quantitative data about the Group's monetary assets and monetary liabilities in original currency provided to management of the Group based on its risk management policy was as follows:

	EUR	USD	MDL	RON	BGN	Total
31 December 2022						
Monetary assets						
Loan receivables	2,865,672	-	-	-	-	2,865,672
Cash and cash equivalents	10,655,358	1,739,181	2,302,013	8,180,848	577,732	23,455,132
Trade receivables	14,666,402	6,108,227	6,745,993	42,015,731	1,699,604	71,235,957
Total monetary assets	**28,187,432**	**7,847,408**	**9,048,006**	**50,196,579**	**2,277,336**	**97,556,761**
Monetary liabilities						
Borrowings and lease liabilities	124,538,552	2,092,337	5,398,662	646,757	1,307	132,677,615
Trade and other payables	15,303,863	348,753	28,324,278	27,230,647	2,078,768	73,286,309
Put option over non-controlling interests (Note 9)	11,729,130					11,729,130
Total monetary liabilities	**151,571,545**	**2,441,090**	**33,722,940**	**27,877,404**	**2,080,075**	**217,693,054**
Net statement of financial position exposure	**(123,384,113)**	**5,406,318**	**(24,674,934)**	**22,319,175**	**197,261**	**(120,136,293)**
31 December 2021						
Monetary assets						
Non-current receivables	2,552,630	-	-	-	-	2,552,630
Loan receivables	849,489	-	-	-	-	849,489
Cash and cash equivalents	21,301,212	3,103,079	2,469,397	5,226,426	-	32,100,114
Trade receivables	6,580,181	4,907,203	10,201,887	35,501,614	-	57,190,885
Total monetary assets	**31,283,512**	**8,010,282**	**12,671,284**	**40,728,040**	**-**	**92,693,118**
Monetary liabilities						
Borrowings and lease liabilities	71,208,737	7,507,822	18,219,792	1,048,312	-	97,984,663
Trade and other payables	5,563,757	5,176,133	24,265,267	34,445,476	-	69,450,633
Total monetary liabilities	**76,772,494**	**12,683,955**	**42,485,059**	**35,493,788**	**-**	**167,435,296**
Net statement of financial position exposure	**(45,488,982)**	**(4,673,673)**	**(29,813,775)**	**5,234,252**	**-**	**(74,742,178)**

Exposure to currency risk

For monetary assets and liabilities, the Group is exposed to currency risk only for balances denominated in EUR and USD.

Sensitivity analysis

A 10% strengthening of the EUR against RON, MDL and BGN would have decreased the profit before tax by RON 12,338,411 for the year 2022 and decreased the equity with the same amount (2021: RON 4,633,847). A 10% strengthening of the USD against RON, MDL and BGN would have increased the profit before tax by RON 540,632 for the year 2022 and increased the equity with the same amount (2021: decreased the profit before tax by RON 467,367 and decreased the equity with the same amount). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been carried out on the same basis for the years 2022 and 2021, although the reasonably possible foreign exchange rate variances were different. There were no changes in methods and assumptions from prior year.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	31 December 2022	31 December 2021
Fixed rate instruments		
Financial assets	2,865,672	2,552,630
Financial liabilities	(5,492,113)	(7,346,384)
Total fixed rate instruments	**(2,626,441)**	**(4,793,754)**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(138,914,632)	(90,638,279)
Total variable rate instruments	**(138,914,632)**	**(90,638,279)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not use derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased the profit before tax by RON 1,389,146 for the year 2022 and would decrease/increase the equity with the same amount (2021: RON 906,383). The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. There were no changes in methods and assumptions from prior year.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratios as at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022	31 December 2021 (restated)
Borrowings and lease liabilities (Note 17)	132,677,615	97,984,663
Less: Cash and cash equivalents (Note 15)	(23,455,132)	(32,100,114)
Net debt	109,222,483	65,884,549
Total equity	307,154,837	263,203,182
Total capital	**416,377,320**	**329,087,731**
Gearing ratio	**26.23%**	**20.02%**

The Group has borrowing agreements concluded with banks, which require that covenants have to be met in accordance with provisions of those agreements. The Group's management assesses on a yearly basis whether these covenants have been met and that ratios stated by the banks are within the required threshold.

According to laws and regulations in Romania, the net assets of the Group's subsidiaries domiciled in this country (Crama Ceptura SRL, Vinoteca Gherasim Constantinescu SRL, Ecosmart Union SA), determined as the difference between total assets and total liabilities based on statutory financial statements, should not decrease to less than half of the subscribed share capital. All subsidiaries domiciled in Romania complied with this capital requirement based on the unaudited statutory financial statements, except for Vinoteca Gherasim Constantinescu SRL, therefore an extraordinary general meeting of shareholders should be organized to decide on the measures to be implemented as required by the legislation in force.

According to laws and regulations in the Republic of Moldova, the net assets of the Group's subsidiaries domiciled in this country (Vinaria Bostavan SRL, Vinaria Purcari SRL, Vinaria Bardar SA, Domeniile Cuza SRL, Casa Purcari SRL), determined as the difference between total assets and total liabilities based on statutory financial statements, should not decrease to less than the subscribed share capital. The Group's subsidiaries domiciled in Republic of Moldova complied with this capital requirement based on the audited statutory financial statements.

According to laws and regulations in the Bulgaria, the net assets of the Group's subsidiary domiciled in this country (Angel's Estate SA), determined as the difference between total assets and total liabilities based on statutory financial statements, should not decrease to less than the subscribed share capital. Angel's Estate SA complied with this capital requirement based on the unaudited statutory financial statements.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are presented in the below table. The table does not include the financial assets and liabilities which are not measured at fair value, if the carrying amount approximates the fair value.

	Carrying amount		Fair value	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Financial liabilities				
Borrowings and lease liabilities	132,677,615	97,984,663	134,330,590	99,995,021

Financial assets measured at fair value are disclosed in Note 10 to the consolidated financial statements. Financial liabilities measured at fair value are disclosed in Note 9.

Interest bearing borrowings and lease liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For lease liabilities the market rate of interest is determined by reference to similar lease agreements.

The fair value measurement of the above assets and liabilities for disclosure purposes has been categorized as a Level 3 fair value (see Note 4 b)).

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are based on market interest rates at the reporting date, and were as follows:

	31 December 2022	**31 December 2021**
Borrowings and lease liabilities denominated in MDL	8.00-16.46%	8.04%-9.08%
Borrowings and lease liabilities denominated in RON	1.65%-2.33%	1.65%-2.33%
Borrowings and lease liabilities denominated in EUR and USD	3.40%-4.86%	4.00%-4.86%

Note 30. Non-controlling interests

The following tables summarized the information relating to each of the Group's subsidiaries that has non-controlling interests, before any intra-group eliminations.

31 December 2022	Angel's Estate	Ecosmart Union	Vinaria Bardar	Intragroup eliminations	Total
NCI percentage	**24.00%**	**34.25%**	**43.95%**		
Non-current assets	43,502,683	12,512,848	12,685,134		
Current assets	9,893,023	7,988,746	58,333,963		
Non-current liabilities	(6,304,014)	(1,958,001)	(5,978,899)		
Current liabilities	(2,642,488)	(19,001,466)	(17,405,652)		
Net assets	**44,449,204**	**(457,873)**	**47,634,546**		
Carrying amount of NCI	**10,667,809**	**(156,822)**	**20,934,213**	**1,584,929**	**33,030,129**
Revenue	3,003,403	21,549,203	26,392,928		
Profit /(loss)	(1,133,267)	(669,893)	9,301,328		
OCI	4,363,733	8,225	(620,041)		
Total comprehensive income	**3,230,466**	**(661,668)**	**8,681,287**		
Profit /(loss) allocated to NCI	**(271,984)**	**(229,438)**	**4,087,728**	**338,463**	**3,924,769**
OCI allocated to NCI	**1,047,296**	**2,817**	**(276,494)**	**(1,039,762)**	**(266,143)**

31 December 2021	Ecosmart Union	Vinaria Bardar	Intragroup eliminations	Total
NCI percentage	**34.25%**	**43.95%**		
Non-current assets	14,321,066	12,122,318		
Current assets	11,021,519	54,952,827		
Non-current liabilities	(2,172,308)	(5,162,189)		
Current liabilities	(22,900,872)	(15,699,079)		
Net assets	**269,405**	**46,213,877**		
Carrying amount of NCI	**92,271**	**20,309,979**	**(187,007)**	**20,215,243**
Revenue	10,822,974	25,808,288		
Profit /(loss)	(521,524)	9,829,307		
OCI	49,769	2,873,325		
Total comprehensive income	**(471,755)**	**12,702,632**		
Profit /(loss) allocated to NCI	**(178,622)**	**4,319,763**	**(4,462)**	**4,136,679**
OCI allocated to NCI	**17,046**	**1,262,763**	**184,889**	**1,464,698**

During the year ended 31 December 2022 the Group's subsidiary Vinaria Bardar SA declared dividends, from which the share of non-controlling interests amounted to RON 2,458,651 (2021: RON 1,511,348).

During the year ended 31 December 2021 the Group increased its shareholding in the subsidiary Vinaria Bostavan SRL from 99.54% to 100% by acquiring shares from non-controlling interests of the subsidiary.

The following table summarizes the effect of changes in the non-controlling interests acquired:

	2022	2021
Carrying amount of non-controlling interests acquired	-	437,583
Less consideration paid to non-controlling interests	-	(5,061)
Increase in equity attributable to owners of the Company	**-**	**432,522**

Note 31. Related parties

The Group's related parties for the years 2022 and 2021 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
Media Alternativa AO	Common member in the board of directors
BC Moldova Agroindbank SA	Common member in the board of directors of the Company and of the Bank

Key management personnel and other related party transactions:

	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2022	2021	2022	2021
Victor Bostan				
- Fixed salary	(1,075,536)	(1,060,041)	(1,798,819)	(1,102,570)
Ecosmart Union SA (the cost is based on tariff per ton and the payment is made within 10 days from receipt of invoices)				
- Other expenses	-	(1,896,678)	-	-
- Trade payables	-	-	-	-
Victoriavin SRL (for terms and conditions please refer to Note 1)				
- Lease liabilities	-	-	(3,659,807)	(3,894,567)
- Interest expense	(415,492)	(415,972)	-	-
- Trade payables	-	-	(5,422)	(5,545)
- Operating leases	(47,616)	(45,178)	-	-
- Acquisition of inventories	(3,997)	-	-	-
BC Moldova Agroindbank SA (for terms and conditions please refer to Note 17)				
- Sales of merchandise	77,399	6,745	-	-
- Interest expense	(2,812,067)	(2,880,011)	-	-
- Bank charges	(243,091)	(234,317)	-	-
- Secured bank loans	-	-	(73,741,878)	(55,803,095)
- Cash and cash equivalents	-	-	6,891,127	21,065,011
Agro Sud Invest SRL (the cost is based on tariff per work, invoicing and payments are made on a monthly basis)				
- Agricultural services	(5,473,242)	(4,253,693)	-	-
- Trade payables	-	-	(1,182,472)	(1,070,597)
BSC Agro SRL (the cost is based on tariff per work, invoicing and payments are made on a monthly basis)				
- Agricultural services	(7,251,766)	(5,834,900)	-	-
- Trade payables	-	-	(1,448,705)	(1,127,617)
Media Alternativa AO (non-recurring promo services based on tariff per work)				
- Sales of merchandise	38,572	-	-	-
- Trade receivables	-	-	9,068	-
- Marketing services	(26,701)	-	-	-
Key management personnel				
- Salaries and bonuses for performance	(5,595,201)	(5,236,152)	(2,939,163)	(2,491,011)
- Equity-settled share-based payment	464,726	(4,190,014)	(480,650)	(3,262,251)

Note 32. Commitments and contingencies

(i) Capital commitments

As at 31 December 2022 the Group has a commitment for purchase of property, plant and equipment amounting EUR 6,000,000 deriving from the arrangements related to acquisition of subsidiary Angel's Estate SA in Bulgaria (2021: nil). The amount of EUR 1,325,000 is committed for next 12 months.

(ii) Litigations and claims

The Group is involved in several litigation or disputes. The Group does not present information and did not set-up provisions for these items, as the management assessed as remote the probability of outflow of economic benefits, because it considers unlikely unfavourable outcome of the litigations.

The Group's subsidiary Ecosmart Union SA contested the results of the control performed by the Environment Fund Administration ("AFM") from Romania. As a result of AFM control for financial year 2018, a penalty of RON 22,206,627 was calculated alleging that Ecosmart Union SA failed to ensure traceability for the quantity of waste assumed to be further recycled. Ecosmart Union SA contested the initial decision of the AFM and it was cancelled by AFM due to procedural issues and a second review was requested. However, second review was performed without requesting any additional information and communication with Ecosmart Union SA's management, and a decision identical with the first one was issued. Ecosmart Union SA contested also the second decision and requested a delay in repayment till finalization of the trial - which was approved.

On 22 March 2023 the Appeal Court decided to cancel the AFM decision. Although the decision is subject to appeal, the management and its legal advisors believe that final instance will keep the Appeal Court's decision in force, due to both: procedural issues related to control performed and the fact that Ecosmart Union SA holds all supporting documents confirming traceability for the quantity of waste assumed to be further recycled.

(iii) Fiscal environment

The tax laws and regulations in Romania, Moldova, Bulgaria and Cyprus may be subject to change, and there may be changes in interpretation and enforcement of tax law. The tax systems in these countries can be characterized by numerous taxes and frequently changing legislation, open to interpretation and in some cases are conflicting. These changes in tax law and/or interpretation and enforcement of the tax law may be difficult for the Group to predict, and the Group may therefore be unprepared for these changes. As a result, the Group may face increases in taxes payable if tax laws or regulations are modified by the competent authorities in an adverse manner or are interpreted in a way that is different from Group's interpretation, which could have a material adverse effect on the Group's financial statements, as influenced by additional tax liabilities, including fines, penalties and charged interest.

Tax audits consists of detailed verifications of the accounting records of taxpayers. These audits sometimes take place months, or even years, after the date liabilities are established. Tax returns may be subject to revision and corrections by tax authorities, generally for a five-year period after they are completed in Romania and Bulgaria, a four-year period in Republic of Moldova and six years in Cyprus. Consequently, companies may be found liable for significant taxes and fines.

The Group regularly makes assessment of tax risks and establishes tax provisions, which represent management's best estimate, also based on consultations with relevant tax advisors. Management believes that it has adequately provided for tax risks and liabilities. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(iv) Operating environment

On 24 February 2022, Russia announced the start of a full-scale land, sea and air invasion of Ukraine, targeting Ukrainian military assets and civilian infrastructure throughout the country.

One year on, the war is still raging in the vicinity of Moldova and Romania, where our production facilities are located and which represent the core markets for the Group.

This event was a catalyst factor for the activation of Moldova's EU accession process, the country being formally awarded EU candidate status. Maia Sandu, Moldova's President, has set as goal for her administration to finalize the accession process and join the EU before 2030. The country has benefited from very significant financial support from EU and other development partners, estimated at over $1 billion, including large grants components in addition to loans.

The escalation of the war in Ukraine has created many uncertainties, as well as many consequences, especially in the fields of energy and finance. As a result, a state of emergency was established in the Republic of Moldova, from the beginning of the war until now.

Moldova was mostly affected by the price of natural gas and dependence on supplies from Russia, but the government took prompt steps to interconnect the country with the EU market, ensuring supplies for industry and households, and implemented a compensation scheme for the vulnerable population, to reduce the tariff burden.

The wider economic impact was accentuated on the cost side, mainly:

- increased cost of transportation.
- increased cost of packaging.
- increased salaries.
- increased cost of financing due to inflationary pressure and Central Banks' tightening policies.
- increased cost of fertilizers.

The direct impact on the Group is considered to be low, as:

- the sales to the countries involved in the conflict (Ukraine, Russia, Belarus) are not significant, being 3% of total revenue in previous year, which will not have a significant impact even the Group refuse to these markets.
- the gross amount of trade receivables for clients located in these countries counts for 2.9% of total trade receivables of the Group as at 31 December 2022, which will not represent a significant impact on the financial position of the Group in case of full provisioning.
- the Company does not own any assets in the region. Its fully owned subsidiary located in Ukraine, is a trading with no significant assets.
- the Company is not linked in any way to organizations or individuals identified for sanctions or other politically exposed people in the region.

In relation to Covid-19, the governments in all the countries of our economic presence and activity, took a more relaxed approach, almost excluding any limitations for individuals and businesses. As of now, the management of the Group does not consider Covid-19 outbreak as a threat to future development.

On the basis of the above, the Board of Directors of the Company reiterates the view that the Company is well positioned to resist the adverse impact of this external shock and will have sufficient resources to continue operating as going concern for a period of at least 12 months from the reporting date of these financial statements.

Note 33. EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is calculated as profit 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 8 and 12).

The management of the Group has presented EBITDA as they monitor this performance measure at a consolidated level, and they believe this measure is relevant to an 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.

EBITDA for the years ended 31 December 2022 and 31 December 2021 was as follows:

	Indicator	Note	2022	2021 (restated)
Adjusted EBITDA	**Adjusted EBITDA**		**82,510,944**	**75,241,138**
Less Gain from Bargain Purchase of Angel's Estate SA			28,259,397	-
EBITDA	**EBITDA**		**110,770,341**	**75,241,138**
Less: depreciation for the year		**8**	(17,914,309)	(13,341,517)
Less: amortization for the year		**12**	(1,216,530)	(420,820)
Result from operating activities	**EBIT**		**91,639,502**	**61,478,801**
Less: net finance (loss) / income		**26**	(10,186,918)	87,630
Earnings Before Income Taxes	**EBT**		**81,452,584**	**61,566,431**
Less: tax expense		**27**	(12,049,685)	(10,415,583)
Profit for the year			**69,402,899**	**51,150,848**

Note 34. Events after the reporting period

There were no further material events after the reporting period.

These consolidated financial statements for the year ended 31 December 2022 were approved and authorised for issue by the Board of Directors on 27 April 2023.