PURCARI WINERIES PUBLIC COMPANY LIMITED

REPORT AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

PURCARI WINERIES PUBLIC COMPANY LIMITED
SEPARATE FINANCIAL STATEMENTS
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 Report and the annual separate 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 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 financial statements which are presented in this Annual Report on pages 51 to 74:

(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

(b) the Management Report provides a fair view of the development and the performance of the business as well as the financial position of the Company, 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 separate financial statements of the Company:

Victor Arapan	Chief Financial Officer	

27 April 2023

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	366,218,558	264,243,946	39%
Current assets	203,544,657	202,573,676	0%
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 366 million as of December 31, 2022, with a 39% 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 amounted to RON 204 million, remaining at the level of 2021. Although trade receivables increased by 23% compared to last year because of the increase in sales from the end of 2022, this was compensated by the decrease in inventories and cash by -6% and -27 % respectively.
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	**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.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	practice.		
A.5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-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.	**Yes**	Both past and ongoing relatively permanent professional commitments and engagements of the Board members were disclosed to the potential 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.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			- 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.
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	**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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	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.		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.
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	**Partially complies**	The Audit Committee presented to the Board reports on the issues it has reviewed.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	be submitted to the Board afterwards.		
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 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.	**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.
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			

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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, 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.	**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. 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	**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.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	information of interest for investors, including:		
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 current reports with detailed information related to non-compliance with the present Code;	**Yes**	A distinct section for reports and presentations was created on the Company's website and all the 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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			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 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.	**Yes**	The Company approved the Forecast Policy at the Board Meeting held on December 14th, 2018.
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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			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.
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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			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 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 separate financial statements

Opinion

We have audited the accompanying separate financial statements of the parent company Purcari Wineries Public Company Limited (the "Company"), which are presented on pages 51 to 74 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its 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 separate financial statements"* section of our report. We remained independent of the Company 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Share based payments	
Refer to statement of changes in equity and Notes 3 (significant accounting policies) and 7 (administration expenses) to the separate financial statements.	
Key audit matter	**How the matter was addressed in our audit**
As at 31 December 2022 the Company recognized share-based payments amounted to USD 166,351, as part of a management incentive program. Due to the fact that the share-based payments may include a level of complexity, we consider this to be a key audit matter.	Our audit procedures in this area included, among others: • testing the accuracy of calculations of the share-based payments provision, as provided by the client; • inspecting on a sample basis the relevant employment agreements to confirm the terms included in the calculation; • confirming the share price used for calculating the fair value of the share-based payments provision, to external data; • evaluating the completeness and accuracy of the separate financial statements disclosures.

Equity instruments at fair value through profit or loss (FVTPL)	
Refer to statement of financial position and Notes 3 (significant accounting policies) and 11 (equity instruments at FVTPL) to the separate financial statements.	
Key audit matter	**How the matter was addressed in our audit**
As at 31 December 2022 the equity instruments at FVTPL amounted to USD 997,127 and refers to the 10% ownership interest in 8Wines Czech Republic s.r.o. Estimating the fair value is a process involving several judgments and estimates regarding various inputs. Considering the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources. Consequently, we have determined the valuation of equity instruments at FVTPL to be a key audit matter.	Our audit procedures in this area included, among others: • evaluating the Company's inputs used in calculating the estimated cash flows by comparing them with historical performance and the performance of the first two month of 2023, as well as our understanding of the industry that the entity operates in; • evaluating historical accuracy of the Company's assessment of the fair value of the entity by comparing previous forecasts to actual results; • involving our own specialist to assist in evaluating the appropriateness of the valuation model used, the accuracy of the calculations and the discount rate used by performing its own calculation; • performing a sensitivity analysis to assess the impact of changes in key inputs; • evaluating the adequacy of the separate financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report but does not include the separate 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 separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 auditors' 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 therein, we are required to communicate the matter to those charged with governance and the required actions to be taken.

With regards to the 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 separate financial statements

The Board of Directors is responsible for the preparation of separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Board of Directors is responsible for assessing the Company'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 Company'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 Company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

KPMG

Auditors' responsibilities for the audit of the separate financial statements (continued)

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 separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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 separate 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 financial statements of the Company 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 separate 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 management report or the separate 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 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 separate financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the 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 management report, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the separate financial statements.
- In light of the knowledge and understanding of the Company 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 the XHTML file which includes the annual separate financial statements for the year then ended (the "digital files").

The Board of Directors of Purcari Wineries Public Company Limited is responsible for preparing and submitting the financial statements for the year ended 31 December 2022 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (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 financial statements included in the digital files corresponds to the financial statements we have audited, and whether 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 corresponds to the financial statements, and the financial statements included in the digital file, are presented 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.

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Note	**2022 US$**	2021 US$
Revenue	6	**7,621,725**	8,768,586
Administration expenses	7	**(1,411,715)**	(3,306,409)
Operating profit		**6,210,010**	5,462,177
Finance income		**53,896**	214,136
Finance costs		**(365,717)**	(957,465)
Net finance costs	8	**(311,821)**	(743,329)
Profit before tax		**5,898,189**	4,718,848
Tax expense	9	**(199,029)**	(197,341)
Net profit for the year		**5,699,160**	4,521,507
Other comprehensive income		**-**	-
Total comprehensive income for the year attributable to owners		**5,699,160**	4,521,507

STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Note	**2022 US$**	2021 US$
ASSETS			
Investments in subsidiaries	10	**26,086,204**	24,347,923
Equity instruments at FVTPL	11	**997,127**	993,367
Loan receivables	12	**3,185,865**	194,360
Non-current assets		**30,269,196**	25,535,650
Trade and other receivables	13	**4,117,265**	7,715,624
Loan receivables	12	**122,041**	-
Cash and cash equivalents	14	**1,323,492**	338,887
Current assets		**5,562,798**	8,054,511
Total assets		**35,831,994**	33,590,161
EQUITY			
Share capital	15	**478,721**	478,721
Other reserves		**27,189,497**	26,308,557
Retained earnings		**6,122,260**	5,772,661
Total equity		**33,790,478**	32,559,939
Trade and other payables	16	**2,041,516**	1,030,222
Current liabilities		**2,041,516**	1,030,222
Total equity and liabilities		**35,831,994**	33,590,161

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

The notes on pages 57 to 74 form an integral part of these financial statements.

PURCARI WINERIES PUBLIC COMPANY LIMITED
SEPARATE FINANCIAL STATEMENTS
31 December 2022

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Share capital US$	Share premium US$	Treasury Shares Reserves US$	Capital reserves US$	Retained earnings US$	Total US$
Balance at 1 January 2021	**241,953**	**10,556,791**	**(1,078,866)**	**16,963,544**	**6,880,058**	**33,563,480**
Total comprehensive income for the period						
Net profit for the year	-	-	-	-	4,521,507	4,521,507
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**4,521,507**	**4,521,507**
Transactions with owners of the Company						
Issue of bonus shares	235,440	(235,440)	-	-	-	-
Issue of ordinary shares	1,328	383,682	-	-	(116,577)	268,433
Dividends	-	-	-	-	(6,139,253)	(6,139,253)
Treasury shares acquired	-	-	(1,190,490)	-	-	(1,190,490)
Shares vested to employees	-	-	909,336	-	(909,336)	-
Equity-settled share-based payments	-	-	-	-	1,536,262	1,536,262
Total transactions with owners of the Company	**236,768**	**148,242**	**(281,154)**	**-**	**(5,628,904)**	**(5,525,048)**
Balance at 31 December 2021 / 1 January 2022	**478,721**	**10,705,033**	**(1,360,020)**	**16,963,544**	**5,772,661**	**32,559,939**
Total comprehensive income for the period						
Net profit for the year	-	-	-	-	5,699,160	5,699,160
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**5,699,160**	**5,699,160**
Transactions with owners of the Company						
Dividends	-	-	-	-	(4,302,270)	(4,302,270)
Shares vested to employees	-	-	880,940	-	(880,940)	-
Equity-settled share-based payments	-	-	-	-	(166,351)	(166,351)
Total transactions with owners of the Company	**-**	**-**	**880,940**	**-**	**(5,349,561)**	**(4,468,621)**
Balance at 31 December 2022	**478,721**	**10,705,033**	**(479,080)**	**16,963,544**	**6,122,260**	**33,790,478**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defense at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defense is payable by the Company for the account of the shareholders.

Share premium is not available for distribution.

On 28 April 2021 the Company's shareholders approved the legal framework for the redemption by the Company of own shares. During 2022 the Company acquired no shares (2021: 329,156 shares). 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. These shares were recorded under "Treasury Shares Reserves".

During 2022 the Company vested 251,036 (2021: 174,982) shares to its employees with a total value of 880,940 USD (2021: 909,336 USD).

Dividends

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

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.

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 at RON 10	**Stock options with exercise price at RON 15**	**Stock options with exercise price at RON 20**	**Weighted average exercise price, RON**
Outstanding Stock Options at 01.01.2022	**772,500**	**1,090,800**	**1,291,600**	**-**
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options at 31.12.2022	**772,500**	**1,090,800**	**1,291,600**	**-**
Outstanding Stock Options at 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 at 31.12.2021	**772,500**	**1,090,800**	**1,291,600**	**15.82**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Note	**2022** **US$**	2021 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**5,898,189**	4,718,848
Adjustments for:			
Equity-settled share-based payment transactions	7	**(166,351)**	1,536,262
Unrealized exchange loss		**165,738**	70,415
Dividend income	6	**(7,621,302)**	(8,713,966)
Interest income	8	**(50,136)**	(2,058)
Change in fair value of equity instruments at FVTPL	8	**(3,760)**	(212,078)
Net loss from disposal of investments in subsidiaries	8	**-**	495,771
Operating loss before working capital changes		**(1,777,622)**	(2,106,806)
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		**3,631,119**	(2,531,755)
Increase in trade and other payables		**1,011,294**	348,410
Cash generated from (used in) operations		**2,864,791**	(4,290,151)
Interest received		**25,571**	493
Tax paid	9	**(199,029)**	(197,341)
Net cash generated from (used in) operating activities		**2,691,333**	(4,486,999)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary	10	**(1,738,281)**	(63,665)
Disposal of subsidiary		**-**	3,055,729
Dividends received		**7,588,543**	8,183,703
Purchase of equity instruments	11	**-**	(781,289)
Loans granted		**(3,088,982)**	(192,794)
Net cash generated from investing activities		**2,761,280**	10,201,684
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of stock options		**-**	268,433
Dividends paid		**(4,302,270)**	(6,139,253)
Repurchase of treasury shares		**-**	(1,190,490)
Net cash used in financing activities		**(4,302,270)**	(7,061,310)
Net increase (decrease) in cash and cash equivalents		**1,150,343**	(1,346,625)
Cash and cash equivalents at beginning of the year		**338,887**	1,755,928
Effect of movements in exchange rates on cash held		**(165,738)**	(70,416)
Cash and cash equivalents at end of the year	14	**1,323,492**	338,887

The notes on pages 57 to 74 form an integral part of these financial statements

1. Incorporation and principal activities

Country of incorporation

Purcari Wineries Public Company Limited (the "Company") was incorporated in Cyprus on 14 June 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. As at 11 January 2018 the Company has been transformed into a public company and its shares started being traded at Bucharest Stock Exchange on February 15, 2018. Its registered office is at 1 Lampousas Street, 1095 Nicosia, Cyprus.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of finance to other companies.

2. Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113 and are for the year ended 31 December 2022.

Basis of measurements

The financial statements have been prepared under the historical cost convention, besides equity investments at FVTPL which were measured at fair value.

Standards and interpretation

Going concern basis

These parent financials statements have been prepared under the going concern basis, which assumes the realization of assets and settlement of liabilities in the course of ordinary economic activity.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the “Group”). The consolidated financial statements can be obtained from the Company’s registered office.

Users of these parent’s separate financial statements should read them together with the Group’s consolidated financial statements as at and for the year ended 31 December 2022 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

Adoption of new and revised International Financial Reporting Standards (IFRS) and Interpretations as adopted by the European Union (EU)

As from 1 January 2022, the Company adopted all changes to International Financial Reporting Standards (IFRSs), which are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Company.

(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).

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified.

Revenue recognition

Revenues earned by the Company are recognized on the following bases:

- **Services**
  Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a service to customer.
  Under IFRS 15, revenue is recognized when a customer obtains control of services. Determining the timing of the transfer of control – at a point in time or over time – required judgement.

- **Dividends**
  Dividend distribution to the Company’s shareholders is recognized in the Company’s financial statements in the year in which they are approved by the Company’s shareholders.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are recognized in profit or loss using the effective interest method.

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.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company 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 fair value through profit or loss (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.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 amortized 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.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets - Classification

The Company classified its financial assets into one of the following categories:
- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading;
  - derivative hedging instruments; or
  - designated as at FVTPL.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derivatives

The company entered into an agreement were a call option and a put option over non-controlling interest were written. Considering that no payment was made as premium, the initial recognition of financial asset/liability results as an adjustment of the acquisition price for the shares acquired.

Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

4.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that finance is provided to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

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:

	2022	2021
	US$	US$
Cash and cash equivalents	**1,323,492**	338,887
Trade and other receivables	**4,103,666**	7,712,321
Loan receivables	**3,307,906**	194,360
Total	**8,735,064**	**8,245,568**

Cash and cash equivalents

The Company held cash and cash equivalents of USD 1,323,492 at 31 December 2022 (2021: USD 338,887), which represent its maximum credit exposure on these assets. 99.8% of cash and cash equivalents as at 31 December 2022 are held with bank with credit risk BBB from Fitch Ratings.

Trade and other receivables

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

	2022	2021
	US$	US$
Republic of Moldova (Note 17.5)	**3,574,422**	7,283,382
Gibraltar (Note 17.5)	**529,244**	417,020
United States of America	**-**	11,919
Total	**4,103,666**	**7,712,321**

Other receivables from debtors in Republic of Moldova and Gibraltar represent dividends from Company's subsidiaries.

Loan Receivables

The maximum exposure to credit risk for non-current loan receivables at the reporting date by geographic region was as follows:

	2022	2021
	US$	US$
Czech Republic (Note 12)	**618,321**	194,360
Republic of Moldova (Note 12)	**2,689,585**	-
Total	**3,307,906**	**194,360**

Impairment

Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors and concluded that an adjustment of historical default rates is not required as it is immaterial.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorizes a loan or receivable for write off when a debtor fails to make contractual payments greater than 180 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

The Company has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the loans, receivables and other receivables, and debt securities the company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic data.

The company provides for credit losses against loans to related parties, receivables, other receivables, debt securities at FVOCI and cash and cash equivalents. No ECL allowance was recognized.

Impairment of other financial assets at amortized cost

Other financial assets at amortized cost include receivable from related party and other receivables.
There is no impairment charge and there were no changes to estimation techniques or assumptions during the reporting period.
No receivables from related parties or other receivables were written off during the period are still subject to enforcement activity.

4.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following were the estimated cash outflows for trade and other payables, excluding the impact of netting agreements:

Monetary liabilities	Carrying Amount	Total Contractual Cash Flow	Between 1–12 months	More than 1 year
	US$	US$	US$	US$
31 December 2022				
Trade and other payables	2,041,516	2,041,516	2,041,516	-
Total	**2,041,516**	**2,041,516**	**2,041,516**	**-**
31 December 2021				
Trade and other payables	1,030,222	1,030,222	1,030,222	-
Total	**1,030,222**	**1,030,222**	**1,030,222**	**-**

4.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. The Company doesn't hedge for the currency risk.

The following exchange rates were applied to recalculate assets and liabilities that are denominated in a currency that is not the Company's measurement currency, as at the end of the year:

	31 December 2022	31 December 2021
MDL1	19.1579	17.7452
EUR 1	1.0666	1.1326
RON 1	4.6346	4.3707

The Company is exposed to currency risk on sales and purchases 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 USD, MDL, RON and EUR.
The Company manages its currency exchange risk exposure in a limited manner and there is no hedging arrangement designed or implemented to this end. The Company mainly performs a natural hedging by aligning currency of monetary assets with those of monetary liabilities. This approach is mainly applicable with regards to transactions with subsidiaries.

The summary of quantitative data about the Company's monetary assets and monetary liabilities in original currency as at 31 December 2022 was as follows:

	EUR	USD	MDL	RON	Total
31 December 2022					
Monetary assets					
Cash and cash equivalents	1,290,617	27,191	-	5,684	1,323,492
Loan receivables	3,307,906	-	-	-	3,307,906
Trade receivables	-	529,244	3,574,422	-	4,103,666
Total monetary assets	**4,598,523**	**556,435**	**3,574,422**	**5,684**	**8,735,064**
Monetary liabilities					
Trade and other payables	1,624,861	409,632	-	7,023	2,041,516
Total monetary liabilities	**1,624,861**	**409,632**	**-**	**7,023**	**2,041,516**
Net statement of financial position exposure	**2,973,662**	**146,803**	**3,574,422**	**(1,339)**	**6,693,548**

The summary of quantitative data about the Company's monetary assets and monetary liabilities in original currency as at 31 December 2021 was as follows:

	EUR	USD	MDL	RON	Total
31 December 2021					
Monetary assets					
Cash and cash equivalents	60,896	4,120	-	273,871	338,887
Loan receivables	194,360	-	-	-	194,360
Trade receivables	3,056,886	428,940	4,226,495	-	7,712,321
Total monetary assets	**3,312,142**	**433,060**	**4,226,495**	**273,871**	**8,245,568**
Monetary liabilities					
Trade and other payables	732,528	279,467	-	18,227	1,030,222
Total monetary liabilities	**732,528**	**279,467**	**-**	**18,227**	**1,030,222**
Net statement of financial position exposure	**2,579,614**	**153,593**	**4,226,495**	**255,644**	**7,215,346**

Exposure to currency risk

For monetary assets and liabilities, the Company is exposed to currency risk mainly for balances denominated in MDL and EUR.

Sensitivity analysis

A 10% strengthening of the USD against MDL and EUR would have increase the profit before tax by USD 5,459 for the year 2022 and increase equity with the same amount (2021: decrease by USD 65,492). This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. There were no changes in methods and assumptions from prior year.

4.4 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

The management do not provide quantification of any risks described above, as consider the no substantial risks exist due to the specific of its activity as holding Company, with small operational activity.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

5. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Measurement of fair values

A number of the Company'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 Company 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 Company 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 11 – valuation of equity instruments measured at fair value through profit or loss (“FVTPL”).

6. Revenue

	2022 US$	2021 US$
Dividend income (Note 17.1)	**7,621,302**	8,713,966
Other income	**423**	54,620
	7,621,725	8,768,586

7. Administration expenses

	2022 US$	2021 US$
Registrar of Companies annual levy	**397**	410
Independent auditors' remuneration for the statutory audit of annual accounts	**42,583**	37,536
Independent auditors’ remuneration for the audit of consolidated accounts	**133,633**	110,542
Directors’ and officers’ remuneration	**1,248,954**	1,236,811
Equity-settled share-based payment	**(166,351)**	1,536,262
Legal and professional	**125,900**	201,916
Third party services	**-**	110,868
Promotion	**780**	47,115
Travelling	**2,122**	-
Insurance	**5,492**	5,143
Rent	**-**	6,439
Other	**18,205**	13,367
	1,411,715	3,306,409

8. Net finance costs

	2022 US$	2021 US$
Interest income	**(50,136)**	(2,058)
Financial assets at FVTPL – net change in fair value (Note 11)	**(3,760)**	(212,078)
Total finance income	**(53,896)**	(214,136)
Net foreign exchange loss	**363,879**	458,890
Net loss from disposal of investments in subsidiaries	**-**	495,771
Sundry finance expenses	**1,838**	2,804
Total finance costs	**365,717**	957,465
Net finance costs recognized in profit or loss	**311,821**	743,329

9. Tax

	2022 US$	2021 US$
Corporation tax - current year	**198,816**	-
Corporation tax – prior years	**213**	197,341
Charge for the year	**199,029**	197,341

The corporation tax for prior years represents additional tax calculated for years 2014-2015 after tax authorities' assessment.

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2022 US$	2021 US$
Profit before tax	**5.898.189**	4.718.848
Tax calculated at the applicable tax rates	**737,274**	589,856
Tax effect of expenses not deductible for tax purposes	**52,900**	166,082
Current year losses for which no tax expense was recognized	**162,959**	530,649
Tax effect of allowances and income not subject to tax	**(953,133)**	(1,089,246)
Tax paid in foreign jurisdictions	**198,816**	-
Under provided in prior years	**213**	-
10% additional charge	-	-
Tax charge	**199,029**	197,341

The corporation tax rate is 12.5%.

The withholding tax was paid in Republic of Moldova by the Company's subsidiary Vinaria Purcari SRL during 2022, out of dividends distributed to the parent company.

Under certain conditions, interest income may be subject to defense contribution at the rate of 30%. In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	2022 US$ Gross amount	2022 US$ Tax effect	2021 US$ Gross amount	2021 US$ Tax effect
Tax losses	**9,341,926**	**1,167,741**	7,707,157	963,395

Tax losses carried forward

Tax losses for which no deferred tax asset was recognized expire as follows.

Expire	**US$ 9,341,926**	**2023 – 2027**	US$ 7,707,157	2022 – 2027

In 2022, the Company continued further to record tax losses, thus increasing cumulative tax losses to USD 9,341,926. Management has determined that the recoverability of cumulative tax losses, which expire in 2023–2027, is uncertain due to specific activity of the Company as holding company. However, if the Group changes its operational flow that will generate taxable profit at parent company level, then additional deferred tax assets and a related income tax benefit of up to USD 1,167,741 could be recognized.

10. Investments in subsidiaries

	2022 US$	2021 US$
Balance at 1 January	**24,347,923**	27,835,758
Additions	**1,738,281**	63,665
Disposal	**-**	(3,551,500)
Balance at 31 December	**26,086,204**	24,347,923

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2022 Holding %	2021 Holding %	2022 US$	2021 US$
Vinaria Bostavan SRL	Republic of Moldova	Wine production	58.59	75.00	**10,657,973**	10,657,973
Crama Ceptura SRL	Romania	Wine production	100	100	**3,063,829**	3,063,829
Vinorum Holdings Ltd	Gibraltar	Investments	100	100	**5,000,000**	5,000,000
Vinaria Purcari SRL	Republic of Moldova	Wine production	100	100	**5,562,456**	5,562,456
Purcari Wineries LLC	Ukraine	Distribution	100	100	**63,665**	63,665
Angel's Estate	Bulgaria	Wine production	76.00	-	**1,738,281**	-
					26,086,204	24,347,923

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.

Consideration transferred

The amount paid by the Company for the acquisition of 76% of shares of Angel's Estate SA amounted to EUR 1,750,000 in cash (equivalent of US$ 1,696,975 at the acquisition date), including the deferred amount of EUR 750,000 payables within 12 months after transaction date.

Assets and liabilities obtained

The identifiable assets and liabilities of the acquired subsidiary, at the date of acquisition, are presented below:

	Amount, US$
Property, plant and equipment	8,577,163
Intangible assets	769,130
Trade and other receivables	298,805
Inventories	1,895,083
Cash and cash equivalents	106,945
Deferred income	(1,311,449)
Trade and other payables	(697,823)
Deferred tax liability	(133,785)
Other liabilities	(249)
	9,503,820

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.
As part of the Shareholders Agreement signed between the Company and Angel's Estate SA a call and a put option on the non-controlling interest were written. They can be exercised in the period starting with 1 April 2028 and ending upon the expiry of three months as of the Company's (audited) financial statements for 2032 becoming available to the Board. The exercise price for each option is determined by a formula in the mentioned agreement.

Partial divestment in Vinaria Bostavan SRL

On 23 September 2021 the Company acquired from minority a 0.46% stake in share capital, thus obtaining a 100% control over the subsidiary Vinaria Bostavan SRL, a winery domiciled in Republic of Moldova. The main activity of the acquired company is the production, bottling and sale of wines.

The Company paid a cash consideration of EUR 1,000 (equivalent of US$ 1,158 at the transaction date).

On 8 December 2021, the Company sold 25% stake in the share capital of Vinaria Bostavan SRL to its subsidiary domiciled in Republic of Moldova, Vinaria Purcari SRL.

The Company obtained a cash consideration of EUR 2,699,000 (equivalent of US$ 3,056,887 at the transaction date).

During the 2022, the share capital of Vinaria Bostavan SRL was increased by capitalizing loans provided by other shareholder, Vinaria Purcari SRL, and as result the stake of the Company was diluted from 75% to 58.59%. This reduction of the stake in the share capital of Vinaria Bostavan SRL was not a cash transaction.

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

11. Equity instruments at fair value through profit or loss

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.

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

	2022 US$	**2021** US$
Balance at 1 January	**993,367**	-
Purchase of equity instruments	-	781,289
Change in fair value (Note 8)	**3,760**	212,078
Balance at 31 December	**997,127**	993,367

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 5). 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/costs. The valuation of the investment was performed by the Company’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 (USD 2,363,059); • Risk-adjusted discount rate (10.30%); • Terminal growth rate (3.00%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • USD 14,811 (USD 7,290) if the expected cash flows were higher (lower) by 1%; or • USD 212,290 (USD 153,672) if the risk-adjusted discount rate was lower (higher) by 1pp; or • USD 165,396 (USD 118,927) if the terminal growth rate was higher (lower) by 1pp.

12. Loan receivables

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

	Currency	**Interest rate**	**Year of maturity**	**2022 US$**		2021 US$	
				Non-current portion	**Current portion**	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	**78,622**	**-**	81,100	-
8Wines s.r.o.	EUR	6.0%	2024	**440,743**	**98,956**	113,260	-
Vinaria Bostavan SRL (Note 17.4)	EUR	4.0%	2027	**2,666,500**	**23,085**	-	-
Total loans receivable				**3.185.865**	**122,041**	194,360	-

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.

The exposure of the Company to credit risk in relation to loan receivables is reported in note 4 of the financial statements.

13. Trade and other receivables

	2022 US$	2021 US$
Trade receivables	**-**	11,919
Receivables from related companies (Note 17.5)	**4,103,666**	7,700,402
Prepayments	**13,599**	3,303
	4,117,265	7,715,624

The exposure of the Company to credit risk in relation to trade and other receivables is reported in note 4 of the financial statements.

14. Cash and cash equivalents

For the purposes of the statement of cash flows, the cash and cash equivalents include the following

	2022 US$	2021 US$
Cash at bank	**1,323,492**	338,887
	1,323,492	338,887

The exposure of the Company to credit risk in relation to cash and cash equivalents is reported in note 4 of the financial statements.

15. Share capital

	2022	2022	2021	2021
	Number of shares	**€**	Number of shares	€
Authorised				
Ordinary shares of €0,01 each	**43,000,000**	**430,000**	41,000,000	410,000
		US$		US$
Issued and fully paid				
Balance at 1 January	**40,117,500**	**478,721**	20,000,000	241,953
Bonus shares issued	-	-	20,000,000	235,440
Share options exercised	-	-	117,500	1,328
Balance at 31 December	**40,117,500**	**478,721**	40,117,500	478,721

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 the Statement of Changes in Equity.

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.

16. Trade and other payables

	2022	2021
	US$	US$
Payables to related parties (Note 17.6)	**908,343**	715,815
Dividend payables	**4,886**	13,140
Other creditors	**1,128,117**	301,267
	2,041,516	1,030,222

The exposure of the Company to liquidity risk in relation to trade and other payables is reported in note 4 of the financial statements.

17. Related party transactions

The Company's related parties for the years 2022 and 2021 were the following:

Name of the entity	Relationship with the Company
Amboselt Universal Inc.	Major shareholder of the Company
Victor Bostan	Ultimate Beneficial Owner through Amboselt Universal Inc.
Victoriavin SRL	Entity controlled by Victor Bostan through a significant shareholding
Vinaria Purcari SRL	Subsidiary
Vinaria Bostavan SRL	Subsidiary
Crama Ceptura SRL	Subsidiary
Vinorum Holdings Limited	Subsidiary
Purcari Wineries Ukraine LLC	Subsidiary from 09.06.2021
Angel's Estate SA	Subsidiary from 10.10.2022
Key management personnel	Members of board of directors of the Company, CEOs, COO, CFO, CCO

The following transactions were carried out with related parties:

17.1 Dividend income (Note 6)

	2022 US$	2021 US$
Vinaria Purcari SRL	**3,574,422**	4,226,495
Crama Ceptura SRL	**3,531,880**	4,107,471
Vinorum Holdings Limited	**515,000**	380,000
	7,621,302	8,713,966

17.2 Interest income (Note 12)

	2022 US$	2021 US$
Vinaria Bostavan SRL	**23,085**	-
	23,085	-

17.3 Administration expenses (Note 7)

	2022 US$	2021 US$
Directors and key management personnel remuneration	**970.691**	974.863
Equity-settled share-based payments of key management personnel	**(93.179)**	820.177
	877.512	1.795.040

17.4 Loan receivables from related parties (Note 12)

	Nature	**2022 US$**	2021 US$
Vinaria Bostavan SRL	Interest bearing	**2,689,585**	-
		2,689,585	-

17.5 Receivables from related parties (Note 13)

	Nature	**2022 US$**	2021 US$
Vinaria Purcari SRL	Dividends	**3,574,422**	4,226,495
Vinaria Purcari SRL	Disposal of investment	**-**	3,056,887
Vinorum Holdings Limited	Dividends	**529,244**	417,020
		4,103,666	7,700,402

Receivables from subsidiaries bear no interest and will be collected during the next 12 months.

17.6 Payables to related parties (Note 16)

	Nature	2022 US$	2021 US$
Directors and key management personnel	Management fees	**908,343**	715,815
		908,343	715,815

Payables to the management bear no interest. A full settlement is expected to occur in the next 12 months.

18. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2022	Financial assets mandatory at FVTPL **US$**	Financial assets at amortized cost **US$**	Total **US$**
Assets as per statement of financial position:			
Investments in equity instruments	997,127	-	997,127
Loan receivables	-	3,307,906	3,307,906
Trade and other receivables	-	4,103,666	4,103,666
Cash and cash equivalents	-	1,323,492	1,323,492
Total	**997,127**	**8,735,064**	**9,732,191**

	Financial assets mandatory at FVTPL **US$**	Financial liabilities at amortized cost **US$**	Total **US$**
Liabilities as per statement of financial position:			
Put option over non-controlling interests	-	2,530,775	2,530,775
Trade and other payables	-	2,041,516	2,041,516
Total	**-**	**4,572,291**	**4,572,291**

31 December 2021	Financial assets mandatory at FVTPL **US$**	Financial assets at amortized cost **US$**	Total **US$**
Assets as per statement of financial position:			
Trade and other receivables	993,367	-	993,367
Loan receivables	-	194,360	194,360
Trade and other receivables	-	7,712,321	7,712,321
Cash and cash equivalents	-	338,887	338,887
Total	**993,367**	**8,245,568**	**9,238,935**

	Financial assets mandatory at FVTPL **US$**	Financial liabilities at amortized cost **US$**	Total **US$**
Liabilities as per statement of financial position:			
Trade and other payables	-	1,030,222	1,030,222
Total	**-**	**1,030,222**	**1,030,222**

19. 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 this Annual Report.

20. Events after the reporting period

There were no further material events after the reporting period.

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