PURCARI WINERIES PUBLIC COMPANY LIMITED

ANNUAL REPORT 2023

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Board of Directors and Other Officers

Board of Directors during the financial year that ended on 31 December 2023:

Name	Date of appointment	Title
Victor Bostan	Listing date	Executive Director
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 28 April 2021	Non-executive, Independent Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 28 April 2022	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 26 May 2023	Non-executive Director
Eugen Comendant	Elected by the AGM on 26 May 2023	Non-executive Director
Raluca Ioana Man	Elected by the AGM on 26 May 2023	Non-executive, Independent Director
Paula Catalina Banu	Elected by the AGM on 26 May 2023	Non-executive, Independent Director

Chairman of the Board of Directors: Vasile Tofan, firstly elected by the Board of Directors to this position on 14 June 2018 and re-elected by the Board on 26 May 2023

Company Secretary: Inter Jura CY (Services) Limited

Independent Auditors:
PricewaterhouseCoopers Ltd
PwC Central, 43 Demostheni Severi Avenue
1080 Nicosia
Cyprus

Registered office:
1, Lampousas Street
1095 Nicosia
Cyprus

Registration number: HE201949

Declaration of the Members of the Board of Directors and the person responsible for the preparation of the Annual Financial Statements

In accordance with Section 9(3)(c) and (7) of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law of 2007 (the “Law”, “Law no. 197(I)/2007) as amended, We, the members of the Board of Directors and the other persons responsible for the preparation of the Financial Statements of Purcari Wineries Public Company Limited (the “Company”) for the year ended 31 December 2023, confirm that, to the best of our knowledge:

(a) the annual Financial Statements presented in this Annual Report on pages 48 to 148:

(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 the Company and of the undertakings included in the Consolidated Financial Statements as a whole, and

(b) the Management Report presented on pages 5 to 47 includes a fair review of the developments and the performance of the business as well as the financial position of the Company and of the undertakings included in the Consolidated Financial Statements as a whole, together with a description of the principal risks and uncertainties that they face.

Members of the Board of Directors:

Vasile Tofan	Non-executive Director	
Monica Cadogan	Non-executive, Independent Director	
Neil McGregor	Non-executive, Independent Director	
Victor Bostan	Executive Director	
Eugen Comendant	Non-Executive Director	
Raluca Ioana Man	Non-Executive, Independent Director	
Paula Catalina Banu	Non-Executive, Independent Director	

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

Victor Arapan	Chief Financial Officer	

30 April 2024

MANAGEMENT REPORT

1 CORPORATE INFORMATION

Purcari Wineries Plc ("Purcari", "Group", or "Company) is one of the largest wine and brandy groups in the Central and Eastern Europe (CEE) region. As of March 2024, the Group manages a total of circa 1,560 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 2023, 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 circa 22% 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 2015-2023 and among the highest ranked on Vivino, with an average score of 4.1 based on over 100,000 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 2023, the most successful winery from CEE at Decanter World Wine Awards 2023 and is among the Top 3 most awarded wineries in the world in 2024, collecting medals and recognition from 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. Purcari also continuously invests and develops new products and collections, in 2023 adding to the previously launched Academia and Native Collections, a fresh and crisp Viorica Nocturne, a fruity 1827 Limited Edition Pinot Grigio Rosé, and crowning its premium Cuvée range with a new gem – Cuvée de Purcari Adamant, an elegant sparkling aged in the bottle for a minimum of 60 months, created in a limited quantity of 2000 bottles.
- **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 65.57% 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 a 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. In 2023 the trend continued as Bostavan' s range of brands expanded with new additions such as Wi&Me, Grape Thief, Tipsy Cat, Nuit des Anges, and Tempto Blush, all with unique features, created for distinct markets.
- **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 in the same year. Following the pandemic, Bardar has recovered admirably, surpassing its pre-pandemic results, rapidly gaining popularity in new markets, and solidifying its position in key markets such as Romania, in 2023 registering an +11% increase compared to 2022. During 2023, Bardar continued to collect results from several international

[1] Premium market size based on Nielsen data for 2023.

contests: two gold medals from Concours Mondial de Bruxelles 2023 – Spirits Selection, as well as three silver medals from the DB & SB Brandy Master competition, product categories.

- **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 a unique purpose and history. In 2023, Domeniile Cuza tripled its sales compared to 2022.
- **Premium wine: Angel's Estate** ("One of the treasures found within our native wine production.") is a Bulgarian winery that manages 100 hectares of vineyards, situated in the village of Banya, Novozagorsko, acquired by the Group in 2022. Founded in 2010, the winery is located in one of the most prominent Bulgarian wine regions – Thracian Lowlands and is producing wine brands such as: Angel's Estate, Stallion, Deneb and Cattleya. 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 the number HE 201949. The corporate seat of the Company is on Lampousas Street 1095 Nicosia, Cyprus. The Company operates in accordance with Cypriot law, the Memorandum, and the Company's Articles of Association.

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

Since 2020, Purcari Wineries continuously scored 10/10 points in the VEKTOR rating, maintaining its position of excellent communication with its individual and institutional investors. In 2023, the Company complied with 10 adjusted criteria included in the methodology, that meet the expectations of a more sophisticated and engaged investor.

Purcari Wineries Public Company Limited 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 regions in Romania, Purcari Wineries Ukraine – a trading company, and as of March 2024 – Timbrus Purcari Estate SRL, a company that adds to the Group approximately 130 ha of agricultural land, including 112 ha of high-quality vineyards in the Purcari village, in the Stefan Voda Protected Geographical Indication (IGP) wine region.

One other subsidiary, Casa Purcari SRL, with the purpose of business development in the hospitality industry, is not yet operational at 31 December 2023.

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, 2023, are presented below:

	Company name	Country of Incorporation	Principal 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 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%

As at 31 December 2023 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%
Fiera Capital	3,250,994	8.1037%
Dealbeta Investments	3,172,754	7.9087%
Conseq	2,427,920	6.0520%
Paval Holding	2,005,875	5.0000%
Others	21,247,613	52.9634%
Total	**40,117,500**	**100%**

As at 31 December 2023, 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)	8,069,374	20.1143%
Eugen Comendant (direct holding)	160,795	0.3515%
Monica Cadogan (direct holding)	13,457	0.0335%

Directors’ holdings of Company share capital on 31.12.2023 and six days prior to the approval of the Annual Report 2023

No changes took place in the shareholdings of directors in the Company between the end of the reporting year (31.12.2023) and 22 April 2024, which is six (6) days before the date of approval of the Annual Report 2023 by the Company’s Board of Directors.

3 DEVELOPMENTS IN 2023

Resignation of Chief Operating Officer

On the 20th of January 2023, Purcari' s Chief Operating Officer – Eugen Comendant, resigned from his position within the Group to pursue new opportunities. During his activity as COO, Mr. Comendant has overseen a number of areas at Group level including marketing, sales, finance, product development, legal, HR, M&A, IT and IR, and has made significant contributions to the Company's success through his strategic vision and strong leadership, driving key initiatives and directing important projects in these business areas that have helped solidify Purcari' s position as a regional leader in the wine industry. After his resignation, he continued to be a Member of Purcari Wineries' Board of Directors, as well as a Member of the Nominations, Remuneration and Corporate Governance Committee, and a Member of the Environmental, Social and Governance Committee.

Digitalization of the Annual GSM of 2023

In February 2023, Purcari Wineries signed a partnership with SC "Governance Partners" SRL, the provider of the eVOTE Online System, as part of the Company's incentive to adapt its activity to the Digital Era and meet the shareholder' s expectations, regardless of their size, type, and availability to physically attend the shareholder meetings.
The digitalization of Purcari Wineries' General meetings offered the opportunity to Purcari' s shareholders to directly interact with the Board of Directors and Executive Team, ask questions and obtain answers in real time, as well as actively engage in setting strategic directions for the Company.

Appointment of Non-executive, Independent Directors

On the 5th of April 2023, the Board of Directors of Purcari Wineries Public Company Limited, exercising the powers of the Board in the Articles of Association of the Company for the appointment of directors, decided to appoint Mr. Eugen Comendant as Non-executive Director of the Company, as well as Ms. Raluca Ioana Man and Ms. Paula Catalina Banu as Non-executive, Independent Directors of the Company.

Following Purcari' s Annual GSM for 2023, held on the 26th of May, the Board of Directors and the respective Committees were officially established with a new composition and the following structure:

- (a) Audit Committee:
    - a. Chairperson: Monica Cadogan (Independent, Non-executive Director)
    - b. Members: Neil McGregor (Independent, Non-executive Director), Paula Catalina Banu (Independent, Non-executive Director) and Vasile Tofan (Non-executive Director).
- (b) Nominations, Remuneration and Corporate Governance Committee:
    - a. Chairperson: Neil McGregor (Independent, Non-executive Director)
    - b. Members: Eugen Comendant (Non-executive Director), Monica Cadogan (Independent, Non-executive Director) and Vasile Tofan (Non-executive Director).
- (c) ESG Committee:
    - a. Chairperson: Raluca Ioana Man (Independent, Non-executive Director)
    - b. Members: Eugen Comendant (Non-executive Director) and Paula Catalina Banu (Independent, Non-executive Director).

Establishment of an ESG Committee

As mentioned prior, on the 26th of May, the Group's Board of Directors established an Environmental, Social and Governance Committee in accordance with the provisions of the Articles of Association of Purcari Wineries PCL.

The Committee has an advisory role, its purpose being to assist the Board and provide oversight, guidance, and direction on environmental, social and governance (ESG) issues, pertaining to the Company's operations and business strategy. The ESG Committee ensures that the Company operates in an ethical, sustainable, and responsible manner, with the objective of integrating ESG factors into the Company's decision-making processes and improving its ESG performance.

Expansion of the Photovoltaic Systems

In 2022, Purcari Wineries made its first steps towards a more sustainable future, by installing a Photovoltaic System on the rooftop of Purcari Winery's production site. The Solar System consisted of 448 monocrystalline Longi panels with an estimated power of 450 W each and dimensions of 2094x1038x35, 2 German inverters SMA Sunny 110 with a conversion capacity of 110 kW, a panel fixing system for the roof and a wiring system. The panel covered an area of 1,025 m^2 and was launched into operation on the 7th of July 2022, generating an average daily amount of 1,200 kW/h.

In 2023, Purcari Wineries continued its sustainability endeavors by extending its Photovoltaic System located at Purcari Winery and installing new Systems on the premises of Bostavan Winery and Bardar Winery.

The Solar System installed in 2022 on the premises of Purcari Winery was extended in May of 2023 with an additional 100 kW (224 Longi panels, similar with those installed in 2022, covering an area of 550 m^2), amounting to a production site with a conversion capacity of 300 kW, generating till the end of 2023 – 295,000 kW (295 MW). Additionally, a similar Photovoltaic System was installed on the rooftop of Purcari' s bottling facility with a conversion capacity of 200 kW, covering an area of 900 m^2. The second Solar System is functional as of August 2023 and generated till the end of the year 80,000 kW (80 MW).

In total, in 2023, the Photovoltaic Systems of Purcari Winery have generated 375,000 kW (375 MW), covering ~22% of the winery's total energy consumption.

On the premises of Bostavan Winery, a Solar Panel System was mounted on the rooftop of the winery's newest warehouse, with a conversion capacity of 200 kW. The investment is expected to ensure the production of approximately 230,000 kW annually, ~15% of the winery's consumption. Since its launch in June of 2023, the Photovoltaic System has produced 150,000 kW (150 MW).

On the premises of Bardar Winery, the Solar Panel System is functional as of July 2023 and covers an area of 1,100 m^2, with a conversion capacity of 200 kW. The System is mounted on the rooftop of the winery's storage house and is expected to ensure the production of approximately 230,000 kW annually.

Appointment of a Deputy Chief Executive Officer

On the 4th of September 2023, Purcari Wineries announced the appointment of Mr. Alexandru Filip as Deputy Chief Executive Officer, effective as of 1st of January 2024. As Deputy CEO, Mr. Filip will report to the CEO, Mr. Victor Bostan, and will oversee directly the Administrative, ESG, Finance, HR, Investor Relations, IT, Legal, Marketing and Sales departments. Additionally, subject to meeting performance targets and Board approval, Mr. Filip will succeed Mr. Bostan as the Purcari Chief Executive Officer starting January 1st, 2025, as part of the Company's succession planning.

Previously, Mr. Filip was the Managing Partner of McKinsey's Bucharest office and was the leader of the firm's digital and analytics growth platform in Central Europe. After finishing his university studies in Spain and UK, he returned to Romania and has since focused on helping companies in Romania, and the wider Central European region develop and create value through business-driven, digitally enabled transformations. Prior to McKinsey, Mr. Filip worked as Project Manager for Roland Berger and as an Associate with Raiffeisen's investment banking arm.

Vines in conversion to organic farming

As of 2020, 25 ha of vineyards of Purcari Winery have been converted to organic farming, meaning that only environmental, biodiversity, and soil fertility friendly agricultural techniques are applied to this plot of land. The conversion period to organic farming lasts three years, 2023 being the last year of conversion (C3). As of 2024, the harvest collected from these vineyards will be the first to be certified according to the organic and biodynamic international standards (Demeter). The grapes obtained from this plot of vineyards will further be used to produce the organic Native Collection.

Exceptional harvest due to the implementation of a drip irrigation system

In 2022, Purcari Winery implemented an underground drip irrigation system on 300 ha of its vineyards, allowing for the economy of about 20-25% of water resources and preserving harvest quality and quantity amid difficult weather conditions. Following the implementation of the irrigation system, collectively, in 2023 the Group registered a strong own harvest amounting to a total of 16 million kg, the highest amount to date, despite unfavorable weather conditions of moderate rains and heat waves just before harvesting.

During 2023, the company fulfilled its required stocks of grapes from 3rd party purchases within a favorable price environment, which is expected to positively influence future margins.

On a global scale, according to the International Organization of Vine and Wine (OIV), in 2023 world wine production was expected to be the smallest in the last 60 years, estimated between 241.7 million hectoliters (mhl) and 246.6 mhl, a -7pp decrease compared to 2022. Leading countries in vine and wine such as Spain, Italy and Greece suffered a sharp decrease in harvested volumes, registering -14%, -12% and -45% respectively compared to 2022. Romania and Bulgaria, on the other hand, countries in which the Group has assets, registered a growth of +15% and +7% respectively.

Overall smaller harvests on the global market are expected to create a better pricing environment for producers like Purcari Wineries.

4 ANTICIPATED DEVELOPMENTS FOR 2024

Russian – Ukrainian military conflict

The Group's management is assessing 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 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 2023, the Group's sales to Ukraine and Belarus recorded 3.20% of total finished goods sold, compared to 3.0% in 2022. The gross amount of trade receivables for clients located in these countries accounts only for 2.8% of total trade receivables of the Group as at 31 December 2023, slightly decreasing from 2.9% registered as at 2022 year end. But the Group is provisioning fully the account receivables from clients located in these countries. Therefore, the management considers that stopping doing business in these countries will have no material impact on the financial position of the Group.

Energy crisis

Production platform in Moldova were mostly under the risk from the energy supply point of view. But the Government of the Republic of Moldova succeeded in a short period of time to build new relationships and connect the country's infrastructure to European markets. Now, the Management of the Company has no concerns in relation to access to natural gas and electricity.

Inflationary pressures

As expected, the inflation stepped back during 2023, recording an annual inflation of 4.2% in December 2023 in the Republic of Moldova and 6.6% in Romania. As per last forecasts of central banks, the annual inflation rate should decrease in Q4 2024 to 5.6% in the Republic of Moldova and 4.7% 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 2024.

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 2023

Name	Date of appointment	Title
Victor Bostan	Listing date	Executive Director
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 28 April 2021	Non-executive, Independent Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 28 April 2022	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 26 May 2023	Non-executive Director
Eugen Comendant	Elected by the AGM on 26 May 2023	Non-executive Director
Raluca Ioana Man	Elected by the AGM on 26 May 2023	Non-executive, Independent Director
Paula Catalina Banu	Elected by the AGM on 26 May 2023	Non-executive, Independent 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 26 May 2023.
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 is the founder of RSEVEN Ltd, a business consulting company that specializes in tailor-made solutions for branding, personal branding, reputation management, marketing, business development, team building & training. With extensive experience in sales, business advising, and branding, she currently holds the position of Director of Business Development at ServPRO Accountants & Consultants, where she caters to global clients. Raluca is recognized as a seasoned brand strategist, international business consultant, and a certified trainer, with over 15 years of experience. She holds bachelor's degrees in international business and finance/economics, as well as an MBA. Raluca actively contributes to various organizations and initiatives, holding leadership positions such as President of the BPW-English Speaking Club-Cyprus, Vice-Chair of the ICC Women Network Cyprus, G100 Country Chair for Brand Creation and Marketing, President of Rotary Club of Nicosia for 2021-2022, and founder of Business Society Accelerator. Raluca is fluent in Romanian, English, and Greek.

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 2023 the Board of Directors had sixteen meetings. Below is a summary table of those meetings:

Date of Meeting	Attendance	Main topics
13 January 2023	Written resolution	1. Assignment agreement between the Company and 8Wines regarding loan agreement.
30 January 2023	Written resolution	1. Ratification of Crama Ceptura loans.
27 February 2023	All directors in person	1. Taking notes of preliminary unaudited financial results for the year 2022. 2. Approval of 2023 guidance.
5 April 2023	All directors in person	1. Election of Mr. Eugen Comendant, Ms. Raluca Ioana Man and Ms. Paula Catalina Banu as non-executive members of the Board of Directors of the Company. 2. Approving dividend proposal for the financial year 2022.
27 April 2023	All directors in person	1. Approval of 2022 audited Annual Financial Report. 2. Approval of 2022 Remuneration Report. 3. Approval of AGM Agenda. 4. Approval of Notice for AGM and Proxy, and date and place for holding AGM.
12 May 2023	All directors in person	1. Taking notice of Purcari Wineries Plc Consolidated Interim Financials for 1Q2023.
26 May 2023	All directors in person	1. Election of the Chairman of the Board of Directors. 2. Electing members for the Audit Committee. 3. Electing members for the Nominations, Remuneration, and Corporate Governance Committee. 4. Establishment of the ESG committee and electing members to the newly created committee. 5. To approve all Participants of the LTSIP 1 dated 14.05.2020 and LTSIP 2 dated 22.12.2020 eligible for the next vesting of granted shares. 6. To authorize Mr. Victor Arapan, as Group CFO, to do and undertake any acts or things and to sign on behalf of the Company any kind of document as may be required to organize the vesting of 101,047 shares at vesting date 15.06.2023. 7. To authorize Mr. Victor Arapan, as Group CFO, to do and undertake any acts or things and to sign on behalf of the Company any kind of documents as may be required to pay final dividends for the year 2022 and to execute the Company's buy-back program according to resolutions approved and/or reviewed by the annual general meeting of the Company held on 26th May 2023. 8. Empowering Mr. Victor Bostan to the Company's interests in dealings with all third parties and to sign on behalf of the Company. 9. Approval of additional CAPEX, amounting to EUR 565 000.
1 June 2023	All directors in person	1. Performance review of the Management Team and approving 2022 bonuses. 2. Approving the motivation scheme for the Management Team for 2023.
26 June 2023	All directors in person	1. Empowering Mr. Victor Bostan to sign the non-binding offer for acquisition of 100% of share capital of Timbrus Purcari Estate SRL.
23 August 2023	All directors in person	Taking notice of Purcari Wineries Plc Unaudited Preliminary results for 1H2023. Guidance revision for 2023. Appointing Alex Filip as Deputy CEO , starting with 1st January 2024
11 October 2023	Written resolution	1. Issue of Power of Attorneys to lawyers in Ukraine to act on behalf og the Company to sign employment agreement with director of its subsidiary Purcari Wineries Ukraine.
11 October 2023	Written resolution	1. Approving prolongation of loan facilities for Vinaria Purcari from Victoriabank.
14 November 2023	All directors in person	1. Taking notice of Unaudited Consolidation Financial Information for 9M2023.
11 December 2023	All directors in person	1. Approval of 2024 Budget.
14 December 2023	Written resolution	1. Empowering Mr. Victor Bostan to sign a loan agreement with HTA DANIŞMANLIK TURİZM DIŞ TİCARET LİMİTED ŞİRKETİ, Republic of Türkiye.
28 December 2023	Written resolution	1. Approval of acquisition of 90% of share capital of HTA DANIŞMANLIK TURİZM DIŞ TİCARET LİMİTED ŞİRKETİ, a company established under the laws of the Republic of Türkiye. 2. Issue of Power of Attorneys to lawyers in the Republic of Türkiye 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 2023 had the following compositions:

Audit Committee:

Chairperson: Mrs. Monica Cadogan (independent, non-executive director)
Members:
- Mr. Neil McGregor (independent, non-executive director),
- Ms. Paula Catalina Banu (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. Eugen Comendant (non-executive director),
- Mrs. Monica Cadogan (independent, non-executive director),
- Mr. Vasile Tofan (non-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.

Environment, Social and Governance (ESG) Committee:

Chairperson: Ms. Raluca Ioana Man (independent, non-executive director)
Members:
- Mr. Eugen Comendant (non-executive director),
- Mrs. Paula Catalina Banu (independent, non-executive director),

Environment, Social and Governance (ESG) Committee: Mission and Composition
The ESG Committee has an advisory role, its purpose being to assist the Board and provide oversight, guidance, and direction on environmental, social and governance issues, pertaining to the Company's operations and business strategy. It ensures that the Company operates in an ethical, sustainable, and responsible manner, with the objective of integrating ESG factors into the Company's decision-making processes and improving its ESG performance.

The Group's **Senior Management Team for the financial year that ended on 31 December 2023** 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.

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 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.

Grigore Meriacre
Having an experience of 13 years in the Purcari Group, has managed to surf among different responsibilities within 3 business units of the company - export sales, brand building and new subsidiary launch. An Economics graduate, with most of the past working experience in foreign companies.

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 counselling, and also Talent Management initiatives.

Serghei 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 GROUP FINANCIAL RESULTS

Consolidated Financial Information for the years ended 31 December 2023 and 31 December 2022 is presented below:

Consolidated Statement of Financial Position *(all amounts in RON)*	**31 December 2023**	**31 December 2022 (restated)**	**Change, %**
Assets			
Property, plant and equipment	247,727,837	222,663,835	11%
Intangible assets	15,541,549	17,464,362	(11%)
Loans receivable	376,663	2,407,049	(84%)
Equity instruments at fair value through profit or loss	5,099,925	4,353,004	17%
Other non-current assets	97,558	91,374	7%
Non-current assets	**268,843,532**	**246,979,624**	**9%**
Inventories	265,893,384	212,772,114	25%
Loans receivable	2,052,834	458,623	348%
Trade and other receivable	85,341,680	78,206,870	9%
Income tax assets	168,143	924,446	(82%)
Prepayments to suppliers	3,411,724	6,097,245	(44%)
Other current assets	779,481	645,285	21%
Cash and cash equivalents	18,617,814	23,455,132	(21%)
Current assets	**376,265,060**	**322,559,715**	**17%**
Total assets	**645,108,592**	**569,539,339**	**13%**
Equity			
Share capital	2,020,462	2,020,462	0%
Share premium	43,652,065	43,652,065	0%
Capital reserves	69,102,693	69,102,693	0%
Treasury shares reserve	(662,996)	(2,008,391)	(67%)
Other reserves	(4,558,944)	(5,848,784)	(22%)
Translation reserve	(4,647,887)	(19,159,398)	(76%)
Retained earnings	225,091,110	186,779,491	21%
Equity attributable to owners of the Company	**329,996,502**	**274,538,138**	**20%**
Non-controlling interests	35,922,532	33,030,128	**9%**
Total equity	**365,919,034**	**307,568,266**	**19%**
Liabilities			
Borrowings	101,395,750	39,527,123	157%
Lease liabilities	4,446,484	4,718,277	(6%)
Deferred income	13,212,329	12,464,744	6%
Deferred tax liability	11,478,821	11,956,229	(4%)
Put option over non-controlling interests	9,727,689	11,728,636	(17%)
Non-current liabilities	**140,261,073**	**80,395,009**	**74%**
Borrowings	39,436,686	86,895,602	(55%)
Lease liabilities	1,365,343	1,536,613	(11%)
Deferred income	2,015,882	2,011,021	0%
Income tax liabilities	46,051	5,876,901	(99%)
Employee benefits	7,205,793	5,609,592	28%
Trade and other payable	86,942,108	79,571,978	9%
Provisions	1,916,622	74,357	2477%
Current liabilities	**138,928,485**	**181,576,064**	**(23%)**
Total liabilities	**279,189,558**	**261,971,073**	**7%**
Total equity and liabilities	**645,108,592**	**569,539,339**	**13%**

Consolidated Statement of Profit or Loss and Other Comprehensive Income *(all amounts in RON)*	2023	2022 (restated)	Change, %
Revenue	369,645,266	302,486,660	22%
Cost of sales	(215,220,969)	(170,396,537)	26%
Gross profit	**154,424,297**	**132,090,123**	**17%**
Other operating expenses	(1,199,339)	(390,017)	208%
Marketing and sales expenses	(44,537,674)	(39,300,412)	13%
General and administrative expenses	(37,569,296)	(33,332,298)	13%
Impairment (loss) / Reversal on trade and loans receivable	(915,772)	119,227	(868%)
Change in fair value of biological assets	4,012,165	915,563	341%
Profit from operating activities	**74,214,379**	**60,102,186**	**23%**
Finance income	4,421,745	442,032	736%
Finance costs	(7,644,776)	(7,958,164)	(4%)
Net finance costs	**(3,223,031)**	**(7,516,132)**	**(47%)**
Gain from bargain purchase	-	28,259,397	(100%)
Profit before tax	**70,991,348**	**80,845,451**	**(12%)**
Income tax expense	(7,017,877)	(12,099,076)	(42%)
Profit for the year	**63,973,471**	**68,746,375**	**(7%)**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	16,044,711	(4,420,267)	(463%)
Other comprehensive income for the year	**16,044,711**	**(4,420,267)**	**(463%)**
Total comprehensive income for the year	**80,018,182**	**64,326,108**	**24%**
Profit attributable to:			
Owners of the Company	60,370,521	64,821,607	(7%)
Non-controlling interests	3,602,950	3,924,768	(8%)
Profit for the year	**63,973,471**	**68,746,375**	**(7%)**
Total comprehensive income attributable to:			
Owners of the Company	74,882,032	60,667,483	23%
Non-controlling interests	5,136,150	3,658,626	40%
Total comprehensive income for the year	**80,018,182**	**64,326,108**	**24%**
Earnings per share, RON			
Basic and diluted earnings per share	**1.51**	**1.62**	**(7%)**

EBITDA Statement *(all amounts in RON)*	Indicator	2023	2022 (restated)	Change, %
Adjusted EBITDA	**Adjusted EBITDA**	**100,634,666**	**79,233,024**	**27%**
Less Gain from Bargain Purchase of Angel's Estate SA		-	28,259,397	(100%)
EBITDA	**EBITDA**	**100,634,666**	**107,492,421**	**(6%)**
Less: depreciation for the year		(23,998,287)	(17,914,308)	34%
Less: amortization for the year		(2,422,000)	(1,216,530)	99%
Result from operating activities	**EBIT**	**74,214,379**	**88,361,583**	**(16%)**
Less: net finance costs		(3,223,031)	(7,516,132)	(57%)
Earnings Before Income Taxes	**EBT**	**70,991,348**	**80,845,451**	**(12%)**
Less: tax expense		(7,017,877)	(12,099,076)	(42%)
Profit for the year		**63,973,471**	**68,746,375**	**(7%)**

In the financial year 2023, the Revenues of the Group increased by 22% year-on-year to RON 370 million. The Romanian market remained the largest growth driver, rising 35% year-on-year and accounting for 58% of sales of finished goods. Sales in Moldova increased only by 4% year-on-year, fully recovering after two years of Covid-19 pandemic. Group revenues in Poland, our third largest market, remained flat. 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 28%.
The Group maintained a broadly stable Gross Profit margin of 41.7%, down by 2.0% 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 13%, mostly pushed up by increase in sales, as most of expenses like wages, transportation and certification are variable and directly linked to volumes and revenue.
General and administrative expenses grew by 13%, key drivers being increase of taxes and fees, wages and depreciation.
Overall, both marketing and sales expenses and general and administrative expenses increased by 13% year-on-year, recording a share of 22% in Group's revenue, which is a decrease by 2 percentage points, compared to previous year.
Profit from operating activities increased by 23% year-on-year, on a robust increase in sales and control over operating expenses.
Net finance costs decreased by 47% year-on-year, as the Group recorded a net foreign exchange income of RON 3.3 million on the appreciation of MDL against EUR and USD, after a net foreign exchange loss of RON 3.4 million in 2022. Interest expenses on borrowings increased by 84% on higher amount of loans disbursed form banks and increased interest rates.
Income tax expense decreased significantly by 42%, after the management elected to reverse a tax liability related to tax risks because the statute of limitations had expired.
Net Profit for the year 2023 decreased by 7% compared with the previous financial year, since the Group recorded in 2022 a substantial one-off gain of RON 28.3 million 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 increase by 45% compared to the net profit of year 2022.
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 recorded a 6% decrease year-on-year, but normalized to one-off gain from bargain purchase, net of tax, it increased strongly by 27% 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 2023 and 31 December 2022 is presented below:

(All amounts in RON)	31 Dec 2023	31 Dec 2022	Change, %
Non-current assets	268,843,532	246,979,624	9%
Current assets	376,265,060	322,559,715	17%
Total assets	**645,108,592**	**569,539,339**	**13%**
Total equity	**365,919,034**	**307,568,266**	**19%**
Non-current liabilities	140,261,073	80,395,009	74%
Current liabilities	138,928,485	181,576,064	(23%)
Total liabilities	**279,189,558**	**261,971,073**	**7%**
Total equity and liabilities	**645,108,592**	**569,539,339**	**13%**

Non-current assets amounted to RON 269 million as of December 31, 2023, with a 9% increase year-on-year. The drivers for this increase represent increase in Property, Plant and Equipment, as the Group continues to increase capacities by new capital expenditures.

Current assets increased by 7% year-on-year to RON 376 million, mainly due to an increase in inventories, which is specific to wine industry after harvesting and processing grapes in September-October. The higher stock of inventories has to ensure continues growth for premium range products.

Non-current liabilities increased significantly by 74% year-on-year, as the Group contracted more long-term loans to finance its capital expenditures.

Current liabilities decreased by 23% year-on-year, due to a decrease in short-term borrowings. But this decrease in short-term loans is due to the fact that in 2022 the Group re-classed RON 43 million from long-term to short-term loans, as a covenant was in breach (for details please see Note 17 to consolidated financial statements). Without this reclassification, the current liabilities would remain straight.

7 COMPANY FINANCIAL RESULTS

Company's financial information for the years ended 31 December 2023 and 31 December 2022 is presented below:

Company Statement of Financial Position *(all amounts in RON)*	31 December 2023	31 December 2022 (restated)	Change, %
Assets			
Investments in subsidiaries	116,574,774	115,997,641	0%
Equity instruments measured at fair value through profit and loss	5,099,924	4,353,004	17%
Loans receivable	23,035,909	14,765,211	56%
Non-current assets	**144,710,607**	**135,115,856**	**7%**
Other receivable	15,661,375	19,126,283	(18%)
Loans receivable	2,549,619	565,612	351%
Cash and cash equivalents	2,954,883	6,133,833	(52%)
Current assets	**21,165,877**	**25,825,728**	**(18%)**
Total assets	**165,876,484**	**160,941,584**	**3%**
Equity			
Share capital	2,020,462	2,020,462	0%
Share premium	43,652,065	43,652,065	0%
Capital reserves	69,102,693	69,102,693	0%
Treasury shares reserve	(662,996)	(2,008,391)	(67%)
Other reserves	4,936,567	5,647,675	(13%)
Foreign currency translation reserves	7,915,142	6,684,570	18%
Retained earnings	31,212,707	24,497,966	27%
Total equity	**158,176,640**	**159,597,040**	**(1%)**
Liabilities			
Trade and other payable	5,590,302	9,461,586	(41%)
Provisions	2,109,542	1,882,958	12%
Current liabilities	**7,699,844**	**11,344,544**	**(32%)**
Total equity and liabilities	**165,876,484**	**160,941,584**	**3%**

Company Statement of Profit or Loss and Other Comprehensive Income *(all amounts in RON)*	2023	2022 (restated)	Change, %
Revenue	35,632,713	35,993,793	(1%)
Administrative expenses	(8,266,412)	(10,158,046)	(19%)
Operating profit	**27,366,301**	**25,835,747**	**6%**
Finance income	2,446,616	1,219,396	101%
Finance costs	(10,553)	(8,617)	22%
Net finance costs	**2,436,063**	**1,210,779**	**101%**
Profit before tax	**29,802,364**	**27,046,526**	**10%**
Tax expense	(1,028,721)	(982,538)	5%
Net profit for the year	**28,773,643**	**26,063,988**	**10%**
Other comprehensive income			
Exchange differences on translation of foreign operations	1,230,573	(368,536)	(434%)
Other comprehensive income/(loss) for the year	**1,230,573**	**(368,536)**	**(434%)**
Total comprehensive income for the year	**30,004,216**	**25,695,452**	**17%**

In the financial year 2023, the dividend income of the Company decreased slightly by 1% year-on-year to RON 35.6 million. The dividend income comes from subsidiaries, when the last ones distribute profits.

Administrative expenses decreased by 19% year-on-year, mainly due to lower expenses with equity-settled share-based payments, as the motivation program by shares awards is on the final stage and significantly lower amount of shares remain to be vested as at 31 December 2023 compared to 2022-year end.

Net finance income almost doubled in 2023 and reached RON 2.4 million, on a significant increase in interest income, as loans disbursed to subsidiaries during the year increased significantly. Also, a gain of RON 0.7 million was recognized from change in fair value of equity investment in 8Wines s.r.o.

As result, the net profit for the year 2023 increased by 10% at RON 28.8 million, allowing the Company to distribute dividends to its shareholders, according to its dividend policy.

A summary of Company's financial position for the years ended 31 December 2023 and 31 December 2022 is presented below:

(All amounts in RON)	31 Dec 2023	31 Dec 2022	Change, %
Non-current assets	144,710,607	135,115,856	7%
Current assets	21,165,877	25,825,728	(18%)
Total assets	**165,876,484**	**160,941,584**	**3%**
Total equity	**158,176,640**	**159,597,040**	**(1%)**
Current liabilities	7,699,844	11,344,544	(32%)
Total liabilities	**7,699,844**	**11,344,544**	**(32%)**
Total equity and liabilities	**165,876,484**	**160,941,584**	**3%**

Non-current assets amounted to RON 145 million as of December 31, 2023, with a 7% increase year-on-year. The drivers for this increase represent increase loan receivable by 56% The value of the Company's investment into 8Wines s.r.o. increased by 17% year-on-year up to RON 5.1 million. There were no investments in subsidiaries during 2023.
Current assets decreased by 18% year-on-year as other receivables and cash reduced significantly, as the Company used them to disburse loans to its subsidiary in Bulgaria.
Non-current liabilities increased significantly by 74% year-on-year, as the Group contracted more long-term loans to finance its capital expenditures.
Current liabilities decreased by 32% year-on-year on significant reduction of its trade and other payable.

8 PRINCIPAL SCOPE OF BUSINESS / NON-FINANCIAL INFORMATION

The Company is a leading player in the wine and brandy segments of the Central and Eastern European region ("CEE"). 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 opportunities and further development
Historically, wine consumption in the core CEE markets of the Company exceeded that of beer and spirits, however, in 2023, statistics prove a gradual slow-down in the wine market and a leveling in terms of market consumption tendencies.

According to research, in 2022 the global wine market size was valued at USD 346.8 billion, a 29% decrease compared to 2021, and expected to expand at a CAGR of 8% from 2023 to 2027, showing hallmark signs of inflationary pressure. Global 2022 volumes were struggling to keep up with previous years, due to the ripple effects of Russia's invasion of Ukraine coupled with continuing supply-chain disruptions, consequently price increases and overall reduction in consumption. In 2023, the estimated world wine production (excluding juices and must) in the European Union and Southern Hemisphere (Australia, Argentina, Chile, South Africa etc.) continued to drop, expecting the lowest production level in the last 60 years, despite this, a few countries experienced favorable climatic conditions, among which are Romania and Bulgaria with a +15% increase in production and a +7% increase respectively compared to 2022.

Regardless of decreased production volumes, consumption patterns in main markets of interest shift with a slower pace, European Union still accounting for 48% of the world consumption. As stated by the IWSR, geopolitical and economic turbulence impacted consumption, however in more mature markets, premiumization is embedded into consumer purchasing behavior, which will continue to add value in most price tiers in the long-term, albeit at slower growth rates. For 2023, growth is evident in the premium-and-above segments for still wine, the category expanding by 1.2%, the sparkling maintaining a buoyant outlook as consumers reassessed their attitude to the category following the pandemic (+2% volume CAGR expected between 2023-2027). While the global wine market is set to contract in 2023, it maintains a bullish outlook, expected to be worth +4% in value, premium wine driving the market performance.

As for the core CEE markets (Romania, Poland, Czechia and Slovakia), the wine market size is expected to continue its growth in terms of volume, Romania maintaining its position within the major EU wine producers with an output of 4.4 mhl for 2023, while Bulgaria registered 0.9 mhl for the same year.

With the demand in the global wine market shifting, the Group's core wine markets offer plenty of room for the introduction of the Group's upper tiered ranges of products.

(b) Solid route to market and track record of accelerated growth across CEE
The Group has a broad 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 369.4 million, a +22% increase year-on-year. The performance has been driven by a steady growth in the sale of wine, sparkling and brandy, an improved product mix and selective price increases, resulting in a +35% growth in Romania, continuous recovery of sales in Moldova with +4% year-on-year and good traction in Bulgaria, with a +51% increase in the fourth quarter, year-on-year. Additionally, EcoSmart Union, the Group's waste recycling management business, contributed 8% of the total sales, adopting a careful approach in managing its business.

The Group continues its collaboration 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 business starts 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, it's last addition – which cater to various consumer demographics and occasions.

The table below summarizes 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	"True values don't change with time. 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 2023, %	56%	14%	16%	1%, launched late 2021	9%	3%
Sales growth 2023, %	+29%	+26%	-1%	+291%	-9%	+270%

(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, 97 in 2021 and held the title of the most awarded CEE winery at Decanter London between 2015 and 2022 with a total of 129 medals. In 2023, Purcari Winery continued its road to excellence, becoming the most successful winery from CEE at Decanter World Wine Awards and in 2024 being among the Top 3 most awarded wineries in the world, collecting medals and recognition from 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 continue to win the appreciation of consumers, maintaining an average of 4.1 score on Vivino, a wine rating mobile app, based on over 100,000 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 focus on meeting the taste preferences of this demographic category.

(e) Excellent asset base and sustainable cost advantage
As of March 2024, the Group manages a total of circa 1,560 hectares of vineyards. The majority of the vineyards are in their prime, being planted during 2004-2005, and are situated in favorable micro-zones for winemaking. Production assets are based in regions 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, the Group's founding shareholder acquired the assets forming the basis for Bostavan winery, followed with the further acquisitions of the Purcari assets (2003), Crama Ceptura (2003), Bardar (2008) and Angel's Estate (2022). 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 business and exit them if the right valuation is offered. In 2021, the Group has continued its M&A activity through the acquisition of 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 vineyards.

At the beginning of 2024, Purcari Wineries made two more acquisitions, first - a majority stake of 90% in a newly established company HTA Danismanlik Turizm Dis Ticaret Limited Sirketi, a commercial representation office located in the Republic of Türkiye, and second - Timbrus Purcari Estate SRL, a company that adds to the Group approximately 130 ha of agricultural land, including 112 ha of high-quality vineyards in the Purcari village, in the Stefan Voda Protected Geographical Indication (IGP) wine region.

(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 have 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 17 years, CFO - over 12 years, Chief Production Officer - over 14 years, General Manager Romania - over 19 years, Chief Oenologyst for over 13 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 2023 as of the date of this report). In 2023, 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, RON 143.6 million in 2022 and RON 193.6 million in 2023 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.

Additionally, since the acquisition of Angel's Estate in 2022, the Group is continuously restructuring the winery and inherited portfolio, and building up its Bulgarian team that will further support the Group's commercial positioning in the CEE. Using Romania's successful model, the Company modernized Angel Estate's production facility, shaped the winery's vineyards to the Group's highest standards and is currently enforcing a local marketing and commercial team.

(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 brandy (cognac style brandy made from grapes) as the priority expansion areas.
The Group has owned 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, brandy producer, focusing on the bottled, branded segment. Based on the 2023 results, the share of brandy sales from the Group's revenues accounted for 9%. The brandy segment demonstrated a strong rebound in Romania with a 11% increase in sales compared to 2022, recovering admirably and enforcing its position on the brand's second market by size.

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. 2023 has not been short of awards as well, as the Group's Cuvée range was awarded a total 42 medals, 14 of which are Gold and 19 – Silver.

(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**..**

9 RISK EXPOSURES AND UNCERTAINTIES

War in Ukraine
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 2023, the Group's sales to Ukraine and Belarus recorded 3.20% of total finished goods sold, compared to 3.0% in 2022. The gross amount of trade receivables for clients located in these countries accounts only for 2.8% of total trade receivables of the Group as at 31 December 2023, slightly decreasing from 2.9% registered as at 2022 year end. But the Group is provisioning fully the account receivables from clients located in these countries. Therefore, the management considers that stopping doing business in these countries will have no material impact on the financial position of the Group.
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.

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 vines 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**.** Dramatic increase in interest rates during 2022 designed to fight against the increased inflation, had cooled the growth of Moldovan economy. Therefore, the National Bank of Moldova decreased the basic rate five times during 2023, from 20.0% to 4.75% and continued to reduce it another two times to 3.75% as of 21 March 2024.
In Romania, Central Bank kept the monetary policy rate unchanged during 2023 at 7.0%, which is the same at the date of this report. The ROBOR1M decreased slightly 2023 from 6.59% to 6.05% by end of 2023.
Even there are signals of decreasing rates for loans in local currencies (MDL and RON), these are still much higher than borrowing in EUR. The EURIBOR evolution was ascending during 2023 but dropped in Q4. Nevertheless, it remains at high level and thus the cost at which the Group is able to raise new financing and refinance its existing liabilities will be higher 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 on 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.

The Group exposure to credit risk, liquidity risk, market risk, currency risk and interest rate risk are disclosed in Note 30 to the consolidated financial statements. The Company exposure to credit risk, liquidity risk and currency risk are disclosed in Note 4 to the Company financial statements.

10 INTERNAL CONTROL

The Group established an internal control system, which includes activities focused on preventing and detecting 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.

11 OTHER INFORMATION

Environmental and social responsibility
The Group operates in an industry subject to a range of regulations that affect its day-to-day operations. The regulations applicable to the Group relate to, amongst other, product safety, labour 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 fully 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.

Purcari Wineries Group strictly complies with the laws and technical regulations regarding health, safety, security, and environment, hence each company holds an “Authorization for the emission of pollutants into the atmosphere from fixed sources of pollution” and an “Authorization for special use of water”.

The group aims to obtain quality wine products without pesticide residues, a process which is under rigorous control, fact confirmed by the Certificated of Harmlessness for each step of the production process, starting with the grapes to the finished wine product. As a result, the final products obtain an Official Registration Certificate for Food Safety issued by the National Food Safety Agency.

Additionally, each company within the Group operates a testing laboratory that monitors the technological processes and keeps under control production compliance, in line with the requirements of the Normative Documents. All laboratories are certified by the Accreditation Center of the Republic of Moldova (MOLDAC), signatory of the Bilateral Recognition Agreement with the European Cooperation for the Accreditation of Laboratories ILCA-MRA.

The Company’s products are also subject to Quality and Harmlessness verification by the “Central Laboratory for Testing Alcoholic/ Non-alcoholic Beverages and Canned Products”, fact proved by the Conformity Certificates issued for each batch of final product.

Environment and waste utilization

The Group has defined energy efficiency & saving as its primary environmental goals during 2014-2023. 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 up 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 reuses it during fermentation.

In 2022, Purcari Winery 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 system allowing for the economy of about 20-25% of water resources.

Additionally, as mentioned prior, in 2022, Purcari Wineries installed a Photovoltaic System on the rooftop of Purcari Winery's production site. The Solar System consisted of 448 monocrystalline Longi panels with an estimated power of 450 W each and dimensions of 2094x1038x35, 2 German inverters SMA Sunny 110 with a conversion capacity of 110 kW, a panel fixing system for the roof and a wiring system. The panel covered an area of 1,025 m^2 and was launched into operation on the 7th of July 2022, generating an average daily amount of 1,200 kW/h.

In 2023, Purcari Wineries continued its sustainability endeavours by extending its Photovoltaic System located at Purcari Winery and installing new Systems on the premises of Bostavan Winery and Bardar Winery.

The Solar System installed in 2022 on the premises of Purcari Winery was extended in May of 2023 with an additional 100 kW (224 Longi panels, similar with those installed in 2022, covering an area of 550 m^2), amounting to a production site with a conversion capacity of 300 kW, generating till the end of 2023 – 295,000 kW (295 MW). Additionally, a similar Photovoltaic System was installed on the rooftop of Purcari' s bottling facility with a conversion capacity of 200 kW, covering an area of 900 m^2. The second Solar System is functional as of August 2023 and generated till the end of the year 80,000 kW (80 MW).

In total, in 2023, the Photovoltaic Systems of Purcari Winery have generated 375,000 kW (375 MW), covering ~22% of the winery's total energy consumption.

On the premises of Bostavan Winery, a Solar Panel System was mounted on the rooftop of the winery's newest warehouse, with a conversion capacity of 200 kW. The investment is expected to ensure the production of approximately 230,000 kW annually, ~15% of the winery's consumption. Since its launch in June of 2023, the Photovoltaic System has produced 150,000 kW (150 MW).

On the premises of Bardar Winery, the Solar Panel System is functional as of July 2023 and covers an area of 1,100 m^2, with a conversion capacity of 200 kW. The System is mounted on the rooftop of the winery's storage house and is expected to ensure the production of approximately 230,000 kW annually.

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 2023, after the creation of the Purcari Foundation, the group, through its charity organization, continued its support in its local communities and has contributed to several charities and social and cultural initiatives dedicated to promoting and preserving traditions.

From its annual activities, Purcari Wineries has offered support to:

- DIACONIA, a social structure of the Metropolis of Bessarabia, which has been active throughout the territory of the Republic of Moldova since 2001. So far, the organization has aided more than 2000 community cases and is currently developing social aid programs in more than 88 communities.
- CCF/HHC Moldova, a team of people working to give every child the opportunity to grow up in a loving family.
- Hospice Angelus: the Medical-social Philanthropic 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.
- Moldovan National Olympic Committee, as the Group continues to be one of the general sponsors.
- USM Bostavan, a volleyball club with both female and male volleyball teams. The Group has been USM Bostavan' s sponsor since 2010.

During 2023, the Purcari Foundation continued the Group's charity activities, with projects such as:

- Equipping the High School of Creativity and Inventiveness Prometheus Prim's computer labs with computers.
- Supporting financially the Public Association Carpen Sports Club for the development of the football club, participation in competitions and the formation of the Football Academy.
- Donating packages comprised of sleeping bags, camping mats, winter tents, generators, and other important resources delivered to those affected by the devastating earthquake in Turkey, with the help of the Turkish Ambassador, Uygar Mustafa Sertel.
- Delivering baskets with basic food necessities to socially vulnerable people from local communities with the help of Social Aid.
- Donating tablets to more than 700 children from Ukraine (regions Kharkiv, Herson, Odesa and Nikolaev) forced to relocate from the war zone and continue their studies online. For the second part of the project, the Foundation partnered with the Ukrainian Charity Organization Go-Dziva and Victoriabank, which also donated 15 tablets.
- Supporting the development of national sports by sponsoring the Sports Center for the Preparation of National teams from the Republic of Moldova.
- Donating school supplies, sweets, and other things of importance and primary necessity to children from the local communities; a partnership with charity organizations – Bunicii MEI (MY grandparents, Moldova), Hope4 (United Kingdom) and Hart voor de Oogst (Netherlands).

12 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 2023 by June 30th, 2024, 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 consider 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.

13 COMMITMENTS AND CONTINGENCIES

According to the arrangements related to acquisition of subsidiary Angel's Estate SA in Bulgaria, the Company is committed to provide a EUR 6,000,000 loan during the years 2023-2024 for modernization of production facilities. During 2023 the Company provided EUR 1,990,488.
As at 31 December 2023 the Group's commitment for next 12 months to purchase property, plant and equipment deriving from the above-mentioned arrangement amounts to EUR 4,009,512 (2022: EUR 1,350,000).

14 SUBSEQUENT EVENTS

There was a post balance sheet date event, which was considered as adjustable one as at 31 December 2023. It relates to the final decision pronounced on 16 April 2024 by the High Court of Cassation and Justice of Romania in the litigation of the Group's subsidiary Ecosmart Union SA, which contested the results of the control performed by the Environment Fund Administration ("AFM") of Romania, regarding a penalty of RON 22,206,627 calculated for financial year 2018 (for details please see Note 33 to the consolidated financial statements).
The Group's management assessed as highly probable that Ecosmart Union SA will not be able to continue its business activity and booked for a provision of proportionate stake in the net assets of Ecosmart Union SA as at 31 December 2023 (for details please see Note 25 to the consolidated financial statements).

The Group acquired on 15 January 2024 a 90% stake in the newly established company HTA Danişmanlik Turizm Diş Ticaret Limited Şirketi in Republic of Türkiye for a cash consideration of Turkish Lira 45,000 financed from own funds. This acquisition represents a step forward to increase its footprint and market position in Middle East and Africa region. The Group has not yet accounted the transaction in its books as of April 2024.

On 28 March 2024 the Group acquired 100% of share capital of Timbrus Purcari Estate SRL for a cash consideration of EUR 2,800,000 financed from own funds. Timbrus Purcari Estate SRL is a Moldova based company owning around 130 ha of land, including 112 ha of vineyards located in Purcari village. The initial accounting for this business combination is incomplete as of April 2024, as the Group shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, and the measurement period shall not exceed one year from the acquisition date.

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

15 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 0.65 per ordinary share.

16 SHARE CAPITAL DURING THE FINANCIAL YEAR THAT ENDED ON 31 DECEMBER 2023 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.

Neither in 2023 nor in 2022 the Company issued new shares.

As result, the issued share capital didn't change during 2023 and as at 31 December 2023, 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 2023 the Company allocated 101,047 shares (2022: 251,036) 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.

17 SHARES BUY-BACK

During the year 2023, the Company bought back 15,239 own shares for a total amount of RON 190,520 (2022: nil).

As at 31 December 2023 the Company had 25,644 (2022: 111,452) own shares of nominal value of EUR 0.01 each, representing 0.0639% (2022: 0.2778%) of issued share capital. Shares bought back will be used in order to grant according to the management incentive plan.

18 RELATED PARTIES TRANSACTIONS

Disclosed in Note 32 to the consolidated financial statements and Note 19 to the company financial statements.

19 INDEPENDENT AUDITORS

The Independent auditors, PricewaterhouseCoopers Limited, Cyprus were appointed during the year for the audit of the financial statements for the year ended on3 1 December 2023.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 2024. 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.

Vasile Tofan
Chairman of the Board of Directors

30 April 2024

ANNEX 1

Statement on Corporate governance pursuant to Section 151(2) of the Cyprus Companies Law, Cap.113 (the “Companies Law”)

The Company, pursuant to the relevant provisions of Section 151(2) 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 and D.1.1 where partial compliance is noted, for the reasons detailed in the annexed document **State of Compliance with the BVB Code**.

The Company decided to partially comply with provision A.11 of the BVB Code regarding the nomination committee. Provision A.11 states that the Board of Premium Tier companies (as in the case of this Company) 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.
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, and two out of four are non-independent and non-executive.
The Board has decided to include the two non-executive, non-independent directors in this committee (Messrs Eugen Comendant and Vasile Tofan), taking into account their 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 all committee members being non-executive, and high standard terms of reference being applied to the work of the Committee.
Therefore, the Company complies with provision A.11 BVB Corporate Governance Code, but for the requirement of having a majority of non-independent members in the composition of the nomination committee: There is marginally non-full compliance, as there is an equal number of non-independent directors and independent directors included in the composition of this Committee, for the reasons explained above.

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 has adopted the BVB Corporate Governance Code in whole and there is full and compliance, except in relation to two provisions noted 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 four non-executive directors, three 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 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, and following last year's appointment and elections, the Board currently comprises of seven members. The majority of the seven members (six out of seven) are non-executive directors and four out of seven 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 Board of Directors decided to propose to the next Annual General Meeting the election of two new directors, Ms. Ana Maria Mihaescu, as a non-executive, independent director and Mr. Alex Filip, as an executive director.

Last AGM of the shareholders of the Company that took place on the 26 May 2023 elected Mr. Eugen Comendant, Ms. Raluca Ioana Man and Ms. Paula Catalina Banu as non-executive directors of the Company, and re-elected Mr. Vasile Tofan as non-executive director of the Company. Mr. Eugen Comendant has informed the Board of his decision to retire from his position as non-executive Director, effective following the next AGM of the Company.

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 since their last appointment (or re-appointment). 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.

On the basis of Regulation 106 of the Articles of Association, in 2024:

(a) Ms. Monica Cadogan, the non-executive director who had been longest in office since her last re-appointment, retires from her position at the next AGM. Ms. Monica Cadogan decided not to seek re-election as a non-executive Director of the Company, and

(b) Mr. Neil McGregor, the non-executive director, who had been the second longest in office since his last re-appointment retires from his position at the next AGM and has expressed his willingness for continuing in office. The Board of Directors recommends to the Annual General Meeting the re-election of Mr. Neil McGregor.

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 2023

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. He serves as the Company CEO.
5. Mr. Eugen Comendant, non-executive director. He was appointed by the Board of Directors as Non-executive Director effective 5 April 2023 and was elected by AGM on 26 May 2023. He is a member of the Nominations, Remuneration and Corporate Governance Committee, and member of the Environment, Social and Governance (ESG) Committee.
6. Ms. Raluca Ioana Man, independent, non-executive director. She was appointed by the Board of Directors as independent, Non-executive Director effective 5 April 2023 and was elected by AGM on 26 May 2023. She is Chairperson of the Environment, Social and Governance (ESG) Committee.
7. Ms. Paula Catalina Banu, independent non-executive director. She was appointed by the Board of Directors as independent Non-executive Director effective 5 April 2023 and was elected by AGM on 26 May 2023. She is a member of the Audit Committee and member of the Environment, Social and Governance (ESG) Committee.

Detailed information on the above directors can be found in 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, the Nomination, Remuneration and Corporate Governance Committee and Environment, Social and Governance (ESG) 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, a Nominations, Remuneration and Corporate Governance Committee and an Environment, Social and Governance (ESG) 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 three committees of the Board of Directors is stated herein below.

6.2 The Audit Committee

Composition of the Committee in 2023
Chairperson: Ms. Monica Cadogan (independent, non-executive director)
Members:
- Mr. Neil McGregor (independent, non-executive director)
- Ms. Paula Catalina Banu (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 2023

Chairperson: Mr. Neil McGregor (independent, non-executive director)
Members:
- Ms. Monica Cadogan (independent, non-executive director)
- Mr. Eugen Comendant (non-executive director)
- Mr. Vasile Tofan (non-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.

6.4 The Environment, Social and Governance (ESG) Committee

Composition of the Committee in 2023

Chairperson: Ms. Raluca Ioana Man (independent, non-executive director)
Members:

- Ms. Paula Catalina Banu (independent, non-executive director)
- Mr. Eugen Comendant (non-executive director)

Competences and operation of the Committee

The Committee has an advisory role, its purpose being to assist the Board and provide oversight, guidance, and direction on environmental, social and governance issues, pertaining to the Company's operations and business strategy. It ensures that the Company operates in an ethical, sustainable, and responsible manner, with the objective of integrating ESG factors into the Company's decision-making processes and improving its ESG performance.

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

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

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

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

ANNEX 2

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

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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	appointment and during his/her mandate.		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 June 1st, 2023. The members of the Board of Directors evaluated the performance of the Board in 2022 as being efficient and that the 2022 objectives have been met. The Board reacted swiftly, guiding the Company in uncertain times while facing the effects of the Russian war in Ukraine. A series of strategic directions were set for the activity of the Board of Directors for 2023, considering the economic and geopolitical volatility in the region: 1. To actively involve the Senior Management Team at the Board meetings to create a direct communication channel between the executive team and the Board directors. 2. To hold more Board meetings in Cyprus. 3. To be actively involved in elaborating the 2027 Strategy for the Company. 4. To ensure the continuity and succession planning of the Company, by providing 3-5 years planning for the main areas: Governance, Human Resources, Operational, Finance, Commercial, M&A. The next evaluation is expected to be performed in first half of 2024.
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.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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**	All four members of the Nominations, Remuneration and Corporate Governance Committee are non-executive, out of which two are independent. Therefore, there is marginally non-full compliance, as there is an equal number of non-independent directors and independent directors included in the composition of this Committee. The Board is of the view that the good corporate governance sought by the BVB Corporate Governance Code is achieved by having all the committee members being non-executive and high standard terms of reference being applied to the work of the committee.
Section B – Risk management and internal control system			
B.1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	**Yes**	The chairperson of the Audit Committee is an independent non-executive director. Two out of three members are independent. Most members, including the chairman have an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee has adequate auditing or accounting experience. The Audit Committee meets regularly and at least four times a year.
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.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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. As of 2023, the internal audit team consists of three FTEs, of which: one is FCCA certified (Fellow of the Association of Chartered Certified Accountants, UK) and one is Certified Internal Audit (CIA), USA. The Internal Audit team reports directly to the audit committee and Board of Directors.
B.8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	**Yes**	The Audit Committee presented to the Board reports on the analyzed risks and identified issues.
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 and one FTE as of 17 of October 2023. The internal audit department has 3 full-time employees and is led by Eugeniu Baltag. All three employees have a financial background, including experience in Big4 and 2nd tier audit companies. One employee holds the FCCA status (Fellow member of the Association of

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			Chartered Accountants) and the second one is holding CIA certification (Certified Internal Auditor).
B.12.	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	**Yes**	The Internal audit function commenced duties on May 1st, 2019. The Internal Auditor reports functionally to the Board via the audit committee. Solely for administrative purposes he reports directly to the CEO.
	Section C – Fair rewards and motivation		
C.1.	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, 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 provides, 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 next remuneration report will be submitted to shareholders at the following AGM in 2024.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
Section D – Building value through investors' relation			
D.1.	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	**Yes**	The Company has both an Investor Relations function and a dedicated Investor Relation section on its website, available both in Romanian and English, where all relevant information for investors can be found.
D.1.1.	Principal corporate regulations: the articles of association, general shareholders' meeting ('GSM') 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 GSM 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	**Yes**	The Company has an Investor Relation function and contact information in this respect can be

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	information on request;		found on the *Investor Contact* section on its website (link).
D.1.7.	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	**Yes**	A distinct section for reports and presentations was created on the Company's website, where all the relevant documents are posted (link).
D.2.	A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	**Yes**	The Company approved the Dividend Policy at the Board Meeting held on December 14th, 2018.
D.3.	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results 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 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	**Yes**	The Board's comments on the internal controls and significant risk management system are

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.		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 2023, after the creation of the Purcari Foundation, the group, through its charity organization, continued its support in its local communities and has contributed to several charities and social and cultural initiatives dedicated to promoting and preserving traditions. From its annual activities, Purcari Wineries has offered support to: - DIACONIA, a social structure of the Metropolis of Bessarabia, which has been active throughout the territory of the Republic of Moldova since 2001. So far, the organization has aided more than 2000 community cases and is currently developing social aid programs in more than 88 communities. - CCF/HHC Moldova, a team of people working to give every child the opportunity to grow up in a loving family. - Hospice Angelus: the Medical-social Philanthropic 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

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			Foundation. - Moldovan National Olympic Committee, as the Group continues to be one of the general sponsors. - USM Bostavan, a volleyball club with both female and male volleyball teams. The Group has been USM Bostavan' s sponsor since 2010. During 2023, the Purcari Foundation continued the Group's charity activities, with projects such as: - Equipping the High School of Creativity and Inventiveness Prometheus Prim's computer labs with computers. - Supporting financially the Public Association Carpen Sports Club for the development of the football club, participation in competitions and the formation of the Football Academy. - Donating packages comprised of sleeping bags, camping mats, winter tents, generators, and other important resources delivered to those affected by the devastating earthquake in Turkey, with the help of the Turkish Ambassador, Uygar Mustafa Sertel. - Delivering baskets with basic food necessities to socially vulnerable people from local communities with the help of Social Aid. - Donating tablets to more than 700 children from Ukraine (regions Kharkiv, Herson, Odesa and Nikolaev) forced to relocate from the war zone and continue their studies online. For the second part of the project, the Foundation partnered with the Ukrainian Charity Organization Go-Dziva and VictoriaBank, which also donated 15 tablets. - Supporting the development of national sports by sponsoring the Sports Center for the Preparation of National teams from the Republic of Moldova. - Donating school supplies, sweets, and other things of importance and primary necessity to children from the local communities; a partnership with charity organizations – Bunicii MEI (MY grandparents, Moldova), Hope4 (United Kingdom) and Hart voor de Oogst (Netherlands).

Purcari Wineries
Public Company Limited

Consolidated Financial Statements

for the year ended 31 December 2023

prepared in accordance with International Financial Reporting Standards as adopted by European Union and the requirement of the Cyprus Companies Law, Cap. 113

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Independent Auditor's Report

To the Members of Purcari Wineries Public Company Limited

Report on the Audit of the Consolidated Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") and its subsidiaries (together the "Group") give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the consolidated financial statements which are presented in pages 58 to 114 and comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include material accounting policy information.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial

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statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of inventories **Refer to Note 4 "Use of estimates and judgements", Note 7 (f) " Material accounting policy information", Note 14 “Inventories” and Note 26 " Change in fair value of biological assets".** As presented in Note 14 the inventory balance includes semi-finished products in the amount of RON 127,806,884 which refers to the harvested grapes. This represents a large proportion of total inventories and a material component of total assets. The valuation of harvested grapes (Biological assets as per IAS 41 ‘Agriculture’) includes a significant degree of judgement made by management as the harvested grapes are transferred to inventories at their fair value, equal to the market price less costs to sell at the date of harvest. The fair value measurement of harvest of grapes has been categorised as a Level 3 (Significant unobservable inputs) based on the inputs to the market price valuation technique used. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage and vary with the grade quality of grapes produced. Due to the size of inventory and management judgement involved in the valuation of harvest grapes, we consider this to be a key audit matter.	Our audit procedures included the following: • We obtained an understanding of the Group's internal control over the process followed by the Company in evaluation of biological assets. • We evaluated the appropriateness of the accounting policy and methodology used by the management for the valuation of biological assets. • In order to evaluate the fair value less costs to sell of harvested grapes at the point of harvest, we assessed the reasonableness of certain key assumptions used by management by challenging those assumptions through reference to historical data and, where applicable, external benchmarks (prices). We also compared those key assumptions to the ones used in historical performance, where considered relevant, and evaluated rationale for any change. • We verified that valuation methods used are in accordance with IAS 41 and IFRS 13. • We verified the mathematical accuracy of the valuation model. • We verified the adequacy of the management’s disclosures in the relevant notes to the consolidated financial statements. The results of the above procedures were satisfactory for the purposes of our audit.

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Put and call option in the contract of the minority shares in Angel's Estate SA

Refer to Note 4 "Use of estimates and judgements" and Note 9 " Acquisition of subsidiary and put option over non-controlling interest"

On 10 October 2022, the Group acquired 76% stake in the share capital of Angel's Estate SA. As part of the business combination of Angel's Estate SA, a call and a put option were written over the non-controlling interest percentage and are exercisable between the years 2028 and 2032. As at 31 December 2023 the put option liability was estimated at RON 9.727.689. The call option was not recognized neither at acquisition date nor at 31 December 2023 due to the fact that this is a symmetrical instrument with the put option and as such the value is not significant.

The fair value measurement of the put liability has been categorised as a Level 3 (significant unobservable inputs) based on the inputs to the market price valuation technique used. The valuation technique used by the Group was the present value of equity, calculated based on the agreed formulae and using estimated revenue to be generated by the entity in the year preceding the year of exercise of put option, discounting using a risk-adjusting discount rate (WACC).

The put option was recognized at the acquisition date at fair value in "other reserves" within equity with the corresponding entry in "liabilities" using the present-access method, considering that the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, since this option is based on a variable price. The subsequent measurement was recognized within equity in "other reserves". The initial fair value estimate of the put option was performed by a certified ANEVAR ("Romanian National Association of Valuators") valuator, at Company's request using the Revenue Multiple valuation technique. The ANEVAR standards are in line with the International Valuation Standards (IVS) and the subsequent measurement was performed by the Group management, using the same valuation model.

Due to the management judgement involved in its valuation and the complexity of the accounting treatment, we consider this to be a key audit matter.

Our audit procedures included in particular:

- We obtained an understanding of put and call option transactions by reviewing the agreements. We also performed an understanding and evaluation of the Group's internal control process.
- We engaged our internal valuation experts who assisted in the assessment of reasonableness and appropriateness of the model used and discount rate applied by management.
- We evaluated management's ability to reasonably estimate main inputs used in the valuation model by comparing actual results to management's historical forecasts.
- We assessed the assumptions used by the management in estimating the fair value of the put and call options for reasonability by reference to Angel's Estate SA's business plan and historical performance.
- We verified the mathematical accuracy of the calculations performed by the Group with support of our internal valuation experts.
- We evaluated the adequacy and mathematical accuracy of the sensitivity analysis performed by management on the put option.
- For the call option, we performed an independent recalculation of their fair value at the end of year and concluded that amount is immaterial.
- We evaluated the appropriateness of presentation and on disclosures on the consolidated financial statements based on IFRS as adopted by the European Union.

The results of the above procedures were satisfactory for the purposes of our audit.

Share-based payments – prior year restatement	Our audit procedures included in particular:
Refer to Note 6 "Restatements", Note 7 (i) "Material accounting policy information" and Note 29 "Employee benefits" The Group operates a stock-option share compensation program which 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 Group defined the above plans as equity-settled share-based arrangements granted to employees which were accounted for under IFRS 2 Share-based payment. To estimate the fair value of the award stock option program on initial recognition management applied the intrinsic value method which was allowed by the IFRS 2 Share-based payment, paragraph 24 in certain rare situations when it is especially difficult to predict future fair value of the equity instruments. The initial value of the award of the stock option program was estimated by management in the amount of RON 3,196,790. Subsequently management remeasured the fair value of this stock option award at each year end. The difference on fair value was accounted as "employees benefit" in the consolidated statement of profit or loss and other comprehensive income and in "other reserves' ' in the consolidated statement of changes in equity. During 2023 management reconsidered the appropriateness of the model used on initial recognition taking into consideration that the fair value of the Group can be determined based on the market share price publicly available on Bucharest Stock Exchange by applying the Black-Scholes -Merton formula used in option pricing models in accordance with IFRS 13 Fair value measurement. Furthermore, management reconsidered IFRS 2 Share-based payment guidance for the subsequent recognition of equity-settled share-based arrangement which does not allow for such arrangements to be remeasured at each reporting date. Consequently management restated the amounts recognised at initial recognition in accordance with the valuation principles summarised above and reversed the subsequent remeasurement performed on brought forward amounts. Details of the prior year adjustment as well as the numerical impact on the financial information has been summarised by management in Note 6 of the Consolidated Financial Statements.	• We obtained and reviewed the long term stock-option plan document and the respective approval. We also obtained an understanding of the business substance of the transactions and procedures applied by management in determining the impact of the error and its correction in the consolidated financial statements. • We reviewed the accounting policy related to the management incentive program and verified its compliance with IFRSs as adopted by the European Union. • We engaged internal valuation experts to re-perform the calculation of fair value of the stock options on the date of initial recognition. • We verified inputs and evaluated the reasonableness of the assumptions used by the management in estimating the fair value of the stock option. • We verified the mathematical accuracy of the calculations performed by the Group. • We verified the adequacy of the management's disclosures in the relevant notes to the consolidated financial statements. • As a result of the prior year error, we considered whether changes were required to our initial risk assessment and audit approach. The results of the above procedures were satisfactory for the purposes of our audit.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, the Statement on Corporate Governance pursuant to the Cyprus Companies Law and the Compliance with the Corporate Governance Code of the trading venue (Bucharest Stock Exchange) which we obtained prior to the date of this auditors' report, and the Corporate Social Responsibility Statement which is expected to be made available to us after that date Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Group's 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 if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 26 May 2023 by the members of the Company. Our appointment is for one year.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on *30 April 2024* in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the management report.

- ***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 2023 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2023 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Board of Directors of Purcari Wineries Public Company Limited is responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2023 in accordance with the requirements set out in the ESEF Regulation.

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

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

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the statement on corporate governance in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the statement on corporate governance includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the statement on corporate governance in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.
- The Company holds treasury shares for a period in excess of two years which is not in accordance with the requirement of the Cyprus Company Law, Cap 113, provision 57A.

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 the Auditors Law of 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 auditor's report is Constantinos Taliotis.

Constantinos Taliotis
Certified Public Accountant and Registered Auditor
for and on behalf of
PricewaterhouseCoopers Limited

Certified Public Accountants and Registered Auditors
PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus

30 April 2024

Consolidated Statement of Financial Position as at 31 December 2023

all amounts are in RON, unless stated otherwise

	Note	31 December 2023	31 December 2022 (restated*)	1 January 2022 (restated*)
Assets				
Property, plant and equipment	**8**	247,727,837	222,663,835	167,287,970
Intangible assets	**12**	15,541,549	17,464,362	14,198,244
Loans receivable	**11**	376,663	2,407,049	849,489
Non-current receivable		-	-	2,552,630
Equity instruments measured at fair value through profit or loss	**10**	5,099,925	4,353,004	4,341,709
Other non-current assets		97,558	91,374	118,061
Non-current assets		**268,843,532**	**246,979,624**	**189,348,103**
Inventories	**14**	265,893,384	212,772,114	175,015,640
Loans receivable	**11**	2,052,834	458,623	-
Trade and other receivable	**13**	85,341,680	78,206,870	63,320,703
Prepaid Income tax		168,143	924,446	131,258
Prepayments to suppliers		3,411,724	6,097,245	6,346,251
Other current assets		779,481	645,285	555,554
Cash and cash equivalents	**15**	18,617,814	23,455,132	32,100,114
Current assets		**376,265,060**	**322,559,715**	**277,469,520**
Total assets		**645,108,592**	**569,539,339**	**466,817,623**
Equity				
Share capital	**16**	2,020,462	2,020,462	2,020,462
Share premium	**16**	43,652,065	43,652,065	43,652,065
Capital reserves	**16**	69,102,693	69,102,693	69,102,693
Treasury shares reserve	**16**	(662,997)	(2,008,391)	(5,824,138)
Other reserves	**16**	(4,558,944)	(5,848,784)	6,681,163
Translation reserve		(4,647,887)	(19,159,398)	(15,005,274)
Retained earnings		225,091,110	186,779,491	142,360,969
Equity attributable to owners of the Company		**329,996,502**	**274,538,138**	**242,987,940**
Non-controlling interests	**30**	35,922,532	33,030,128	20,215,243
Total equity		**365,919,034**	**307,568,266**	**263,203,183**
Liabilities				
Borrowings	**17**	101,395,750	39,527,123	19,081,919
Lease liabilities	**18**	4,446,484	4,718,277	5,769,657
Deferred income	**19**	13,212,329	12,464,744	7,215,629
Deferred tax liability	**28**	11,478,821	11,956,229	9,414,581
Put option over non-controlling interests	**9**	9,727,689	11,728,636	-
Non-current liabilities		**140,261,073**	**80,395,009**	**41,481,786**
Borrowings	**17**	39,436,686	86,895,602	71,635,570
Lease liabilities	**18**	1,365,343	1,536,613	1,497,517
Deferred income	**19**	2,015,882	2,011,021	1,967,532
Income tax payable		46,051	5,876,901	6,904,906
Employee benefits	**29**	7,205,793	5,609,592	4,671,899
Trade and other payable	**20**	86,942,108	79,571,978	75,346,297
Provisions	**25**	1,916,622	74,357	108,933
Current liabilities		**138,928,485**	**181,576,064**	**162,132,654**
Total liabilities		**279,189,558**	**261,971,073**	**203,614,440**
Total equity and liabilities		**645,108,592**	**569,539,339**	**466,817,623**

(*) See Note 6 for explanation of restatement.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 30 April 2024.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

all amounts are in RON, unless stated otherwise

	Note	2023	2022 (restated*)
Revenue from contracts with customers	**21**	369,645,266	302,486,660
Cost of sales	**22**	(215,220,969)	(170,396,537)
Gross profit		**154,424,297**	**132,090,123**
Other operating expenses	**25**	(1,199,339)	(390,017)
Marketing and sales expenses	**23**	(44,537,674)	(39,300,412)
General and administrative expenses	**24**	(37,569,298)	(33,332,298)
Impairment (loss) / Reversal on trade and loan receivable	**30**	(915,772)	119,227
Change in fair value of biological assets	**26**	4,012,165	915,563
Profit from operating activities		**74,214,379**	**60,102,186**
Finance income	**27**	4,421,745	442,032
Finance costs	**27**	(7,644,776)	(7,958,164)
Net finance costs	**27**	**(3,223,031)**	**(7,516,132)**
Gain from a bargain purchase	**9**	-	28,259,397
Profit before tax		**70,991,348**	**80,845,451**
Income tax expense	**28**	(7,017,877)	(12,099,076)
Profit for the year		**63,973,471**	**68,746,375**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		16,044,711	(4,420,267)
Other comprehensive income/(loss) for the year		**16,044,711**	**(4,420,267)**
Total comprehensive income for the year		**80,018,182**	**64,326,108**
Profit attributable to:			
Owners of the Company		60,370,521	64,821,607
Non-controlling interests	**31**	3,602,950	3,924,768
		63,973,471	**68,746,375**
Total comprehensive income attributable to:			
Owners of the Company		74,882,032	60,667,483
Non-controlling interests	**31**	5,136,150	3,658,625
		80,018,182	**64,326,108**
Earnings per share, RON			
Basic and diluted earnings per share	**16**	**1.51**	**1.62**

(*) See Note 6 for explanation of restatement.

Consolidated Statement of Cash Flows for the year ended 31 December 2023

all amounts are in RON, unless stated otherwise

	Note	2023	2022 (restated*)
Cash flows from operating activities			
Profit for the year		63,973,471	68,746,375
Adjustments for:			
Depreciation and amortization	8, 12	26,420,287	19,130,839
Equity-settled share-based payment transactions	29	824,807	3,014,436
(Gain)/ loss on disposal of property, plant & equipment & intangible assets	25	(945,087)	309,080
Gain from bargain purchase	9	-	(28,259,397)
Reverse of impairment of property, plant and equipment, net	8	(81,798)	(80,141)
Impairment loss/(reversal) on trade receivable, net	30	915,772	(119,227)
Impairment loss on non-financial assets	25	3,088,228	2,855,498
Provision for potential fine	25	1,660,569	-
Release of deferred income	25	(2,709,207)	(1,917,100)
Gains on write-off of trade and other payables	25	(682,284)	(34,184)
Adjustment to fair value of biological assets	26	(4,012,165)	(915,563)
Income tax expense	28	7,017,877	12,099,076
Net finance costs	27	3,223,031	7,516,132
Operating profit before working capital changes		**98,693,501**	**82,345,824**
Changes in working capital:			
Inventories		(49,458,913)	(31,627,617)
Trade and other receivable		(2,998,615)	(17,079,770)
Prepayments to suppliers		2,796,233	30,360
Other current assets		(121,592)	(87,824)
Employee benefits		1,745,409	757,036
Trade and other payable		18,510,949	(5,089,265)
Cash generated from operating activities		**69,166,972**	**29,248,744**
Income tax paid		(12,074,380)	(9,623,214)
Interest paid	17,18	(6,466,680)	(3,943,170)
Net cash generated from operating activities		**50,625,912**	**15,682,360**
Cash flows from investing activities			
Payments for acquisition of intangible assets	12	(353,763)	(589,635)
Payments for acquisition of property, plant and equipment	8	(41,479,182)	(32,904,261)
Loans reimbursed from / (granted to) third parties		461,528	(1,557,560)
Receipt of government grants	19	3,033,196	692,706
Acquisition of subsidiary, net of cash acquired	9	(3,724,200)	(4,354,240)
Proceeds from sale of property, plant and equipment		3,477,483	857,170
Net cash used in investing activities		**(38,584,938)**	**(37,855,820)**
Cash flows from financing activities			
Receipt of borrowings	17	205,417,975	118,052,150
Repayment of borrowings	17	(196,661,998)	(83,340,957)
Repayment of lease liabilities	18	(978,456)	(987,742)
Acquisition of treasury shares	16	(190,520)	-
Dividends paid		(22,027,108)	(20,380,440)
Dividends paid to non-controlling interests		(2,188,473)	(1,422,877)
Net cash (used) in / generated from financing activities		**(16,628,580)**	**11,920,134**
Net decrease in cash and cash equivalents		**(4,587,606)**	**(10,253,326)**
Cash and cash equivalents at 1 January		**23,455,132**	**32,100,114**
Effect of movements in exchange rates on cash held		(249,712)	1,608,344
Cash and cash equivalents at 31 December	15	**18,617,814**	**23,455,132**

(*) See Note 6 for explanation of restatement.

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

all amounts are in RON, unless stated otherwise

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserves	Treasury shares reserve	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022 (reported)	**1,763,121**	**83,184,367**	**-**	**(5,532,543)**	**5,079,807**	**15,923,834**	**142,569,353**	**242,987,939**	**20,215,243**	**263,203,182**
Effect of restatement (Note 6)	257,341	(39,532,302)	69,102,693	(291,595)	1,601,356	(30,929,108)	(208,384)	1	-	1
Balance at 1 January 2022 (restated*)	**2,020,462**	**43,652,065**	**69,102,693**	**(5,824,138)**	**6,681,163**	**(15,005,274)**	**142,360,969**	**242,987,940**	**20,215,243**	**263,203,183**
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	64,821,607	64,821,607	3,924,768	68,746,375
Exchange differences on translation of foreign operations	-	-	-	-	-	(4,154,124)	-	(4,154,124)	(266,143)	(4,420,267)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(4,154,124)**	**64,821,607**	**60,667,483**	**3,658,625**	**64,326,108**
Transactions with owners of the Company										
Shares allocated to employees	-	-	-	3,815,747	(3,815,747)	-	-	-	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	11,614,909	11,614,909
Equity-settled share-based payments (Note 29)	-	-	-	-	3,014,436	-	-	3,014,436	-	3,014,436
Put option over non-controlling interests (Note 9)	-	-	-	-	(11,728,636)	-	-	(11,728,636)	-	(11,728,636)
Dividends	-	-	-	-	-	-	(20,403,085)	(20,403,085)	-	(20,403,085)
Total transactions with owners of the Company	**-**	**-**	**-**	**3,815,747**	**(12,529,947)**	**-**	**(20,403,085)**	**(29,117,285)**	**11,614,909**	**(17,502,376)**
Other changes in equity										
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,458,649)	(2,458,649)
Total other changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,458,649)**	**(2,458,649)**
Balance at 31 December 2022 (restated*)	**2,020,462**	**43,652,065**	**69,102,693**	**(2,008,391)**	**(5,848,784)**	**(19,159,398)**	**186,779,491**	**274,538,138**	**33,030,128**	**307,568,266**
Balance at 1 January 2023 (restated*)	**2,020,462**	**43,652,065**	**69,102,693**	**(2,008,391)**	**(5,848,784)**	**(19,159,398)**	**186,779,491**	**274,538,138**	**33,030,128**	**307,568,266**
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	60,370,521	60,370,521	3,602,950	63,973,471
Exchange differences on translation of foreign operations	-	-	-	-	-	14,511,511	-	14,511,511	1,533,200	16,044,711
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**14,511,511**	**60,370,521**	**74,882,032**	**5,136,150**	**80,018,182**
Transactions with owners of the Company										
Shares allocated to employees	-	-	-	1,535,914	(1,535,914)	-	-	-	-	-
Treasury shares acquired	-	-	-	(190,520)	-	-	-	(190,520)	-	(190,520)
Equity-settled share-based payments (Note 29)	-	-	-	-	824,807	-	-	824,807	-	824,807
Put option over non-controlling interests (Note 9)	-	-	-	-	2,000,947	-	-	2,000,947	-	2,000,947
Dividends	-	-	-	-	-	-	(22,058,902)	(22,058,902)	-	(22,058,902)
Total transactions with owners of the Company	**-**	**-**	**-**	**1,345,394**	**1,289,840**	**-**	**(22,058,902)**	**(19,423,668)**	**-**	**(19,423,668)**
Other changes in equity										
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,243,746)	(2,243,746)
Total other changes in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,243,746)**	**(2,243,746)**
Balance at 31 December 2023	**2,020,462**	**43,652,065**	**69,102,693**	**(662,997)**	**(4,558,944)**	**(4,647,887)**	**225,091,110**	**329,996,502**	**35,922,532**	**365,919,034**

(*) See Note 6 for explanation of restatement.

Notes to the Consolidated Financial Statements for the year ended 31 December 2023
all amounts are in RON, unless stated otherwise

Note 1. Reporting entity

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

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

The Company had an issued share capital of 401,175 EUR as at 31 December 2023, that consists of 40,117,500 ordinary shares with the nominal value of 0.01 EUR each (2022: 40,117,500 ordinary shares with the nominal value of 0.01 EUR each).

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

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

Subsidiaries

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

	Country of incorporation	Ownership interest	
		31 December 2023	31 December 2022
Vinorum Holdings Ltd	Gibraltar	100%	100%
West Circle Ltd	British Virgin Islands	100%	100%
Crama Ceptura SRL	Romania	100%	100%
Ecosmart Union SA	Romania	65.75%	65.75%
Vinoteca Gherasim Constantinescu SRL	Romania	100%	100%
Purcari Wineries Ukraine LLC	Ukraine	100%	100%
Angel's Estate SA	Bulgaria	76%	76%
Vinaria Bostavan SRL	Republic of Moldova	100%	100%
Vinaria Purcari SRL	Republic of Moldova	100%	100%
Vinaria Bardar SA	Republic of Moldova	56.05%	56.05%
Casa Purcari SRL	Republic of Moldova	80%	80%
Domeniile Cuza SRL	Republic of Moldova	100%	100%
Fundatia Purcari AO	Republic of Moldova	100%	100%

The structure of the Group as at 31 December 2023 is as follows:

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

- Casa Purcari SRL is domiciled in the Republic of Moldova and its activity relates to hospitality industry (bar & restaurant);
- Fundatia Purcari AO is domiciled in the Republic of Moldova. This is a non-profit charity foundation.
- Vinaria Bardar SA is domiciled in the Republic of Moldova. Its major activity is the production, bottling and sale of brandy and divin. The nominal ownership interest of the Group in Vinaria Bardar SA is 53.91% as at 31 December 2023 (31 December 2022: 53.91%). However, because 3.83% of shares of Vinaria Bardar SA are treasury shares, the effective ownership interest of the Group in the subsidiary is equal to 56.05% as at 31 December 2023 (31 December 2022: 56.05%).

Control over land

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

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

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

Note 2. Basis of preparation

These consolidated financial statements as at and for the year ended 31 December 2023 (hereinafter "consolidated financial statements" or "financial statements") 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.

As of the date of the authorization of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 and are relevant to the Group's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below in Note 7. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Note 3. Functional and presentation currency

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

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

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

- Purcari Wineries Public Company Limited - EUR,
- Vinorum Holdings Ltd, West Circle Ltd - US Dollar (USD),
- Crama Ceptura SRL, Ecosmart Union SA, Vinoteca Gherasim Constantinescu - Romanian Leu (RON),
- Vinaria Bardar SA, Vinaria Bostavan SRL, Vinaria Purcari SRL, Domeniile Cuza SRL, Casa Purcari SRL - Moldovan Leu (MDL),
- Purcari Wineries Ukraine LLC - Ukrainian Hryvnia (UAH),
- Angel's Estate SA – Bulgarian Lev (BGN).

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

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

Note 4. Use of estimates and judgments

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

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

a) Judgments

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

- Note 9 – put option over non-controlling interests;
- Note 26 b) – classification of joint arrangements;
- Note 29 – management incentive program;
- Note 33 – contingent liabilities from litigations and claims.

b) Assumptions and estimation uncertainties

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

- Note 7 (c) – estimates relating to the useful lives of property, plant and equipment;
- Note 9 – valuation of the put option over non-controlling interests;
- Note 10 – assumptions and estimates used in the valuation of equity instruments at fair value through profit or loss;
- Note 26 – assumptions and estimates used in the valuation of harvest of grapes;
- Note 30 – financial instruments (credit risk), measurement of expected credit loss ("ECL") allowance for trade receivables.

Measurement of fair values

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

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

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

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

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

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

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

- Note 9 – valuation of the put option over non-controlling interests;
- Note 10 – valuation of equity instruments measured at fair value through profit or loss ("FVTPL");
- Note 26 – valuation of biological assets (grapes on vines);
- Note 30 – financial instruments (fair values).

Note 5. Basis of measurement

Management has prepared these consolidated financial statements under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity. These consolidated financial statements have been prepared on the historical cost basis, except for:

- biological assets (grapes on vines) which are measured at fair value less costs to sell at point of harvest;
- equity securities measured at FVTPL;
- put option over non-controlling interests measured at fair value.

Note 6. Restatements

In 2023, the Parent Company performed an assessment on its functional currency using the factors prescribed in the guideline of IAS 21:

- IAS 21 paragraph 9 states that the primary economic environment currency can be an indicator which could argue use of the certain functional currency - in Cyprus (domicile of the Parent Company) this currency is EUR.

- The Parent Company is a holding entity which receives dividends from subsidiaries (in various currencies such as MDL, RON, USD) and its main activity consists of paying the payroll to some employees and non-executive directors.

- Most payroll expenses are made in EUR. There is only one person to whom the expense related to remuneration is done in USD and it represents approximately 10% from total payroll expense.

- The loans granted to the related companies are in EUR.

Based on the factors considered above, the Parent Company decided to change its functional currency from USD to EUR. The impact of the change in the functional currency can be seen in the tables below. The date of change is considered 1 January 2019 where a change in the assessment of the factors mentioned above took place. Meaning that in 2019 the salaries that used to be paid in USD, were changed to be paid EUR. At that time, The Parent Company had no loans. The dividends income structure remains the same throughout the years. Therefore, the main indicator being the expenses, was considered. The Parent Company translated all assets, liabilities and equity elements at 1 January 2019 at a foreign exchange rate of EUR/USD 1.145. The impact on the statement of financial position elements can be seen in the table below. Mostly the impact refers to equity elements. Monetary assets previously were translated using the year end foreign exchange rates and thus there is no impact from the change in the functional currency. For non-monetary assets, the balances as 1 January 2022 does not show any differences because the transition should have occurred in 2019. The impact in statement of profit loss and other comprehensive income was also presented in the second table of this Note.

The Group also reviewed its approach to accounting of Stock Option Plan, which was approved in June 2020 and subsequently amended in 2021. The Company recognized the stock options retrospectively at their fair value in 2021, with no further remeasurement. As result, the previous remeasurement posted through statement of profit or loss and other comprehensive income for 2022 was cancelled, thus impacting expenses for the period and other reserves. Previously the Group accounted for the stock options using the intrinsic value method prescribed by IFRS 2 paragraph 24. The Group corrected since it could determine fair value at the grant date in accordance with IFRS 2 paragraph 10. More details regarding the assumptions used in the measuring the fair value at the grant date can be seen in Note 29 Employee benefits. The impact from the correction of error is RON 4,900,000 and was booked as at 1 January 2022 since the grant date determined in accordance with IFRS 2 was considered June 2020 with subsequent award on September 2021. Please be aware that this amount can't be traced to the changes in other statement of the financial position as presented in the table below, since the Group has recognised in 2021 already an expense of RON 3,196,782. The prior year reported income in amount of RON 3,354,873 related to remeasurement of stock options presented within total employee benefits expense in Note 28 Employee benefits was reversed in correspondence with other reserves from equity. The entire impact was recorded as described above in the year ended on 31 December 2021 with the balances being restated as at 1 January 2022.

The Company also decided to present separately Capital reserves. Previously these amounts were included in Share premium. The impact from the reclassification can be seen in the table below.
The Company updated Note 8 Property, plant and equipment by presenting net book value of Acquisitions through business combinations, while last year these were presented both at cost and accumulated depreciation. This is considered as a change in presentation.
The Company decided to change the presentation of provision for tax risks and restated them as income tax payable as at 1 January 2022 and 31 December 2022.

The following tables summarize the impacts on the Group's consolidated financial statements of the change in accounting of stock option plan and the change in presentation of provision for tax risks, as well of the change of functional currency of Parent company.

Restatement of consolidated statement of financial position as at 31 December 2022 and 1 January 2022:

	As previously reported 31 December 2022	Adjustments	As restated 31 December 2022	As previously reported 1 January 2022	Adjustments	As restated 1 January 2022
Assets						
Equity instruments at fair value through profit or loss	4,621,285	(268,281)	4,353,004	4,341,709	-	4,341,709
Non-current assets	**247,247,905**	**(268,281)**	**246,979,624**	**189,348,103**	**-**	**189,348,103**
Trade and other receivable	78,162,465	44,405	78,206,870	63,320,703	-	63,320,703
Current assets	**322,515,310**	44,405	**322,559,715**	**277,469,520**	**-**	**277,469,520**
Total assets	**569,763,215**	**(223,876)**	**569,539,339**	**466,817,621**	**-**	**466,817,621**
Equity						
Share capital	1,763,122	257,340	2,020,462	1,763,121	257,341	2,020,462
Share premium	83,184,367	(39,532,302)	43,652,065	83,184,367	(39,532,302)	43,652,065
Capital reserves	-	69,102,693	69,102,693	-	69,102,693	69,102,693
Treasury shares reserve	(1,716,796)	(291,595)	(2,008,391)	(5,532,543)	(291,595)	(5,824,138)
Other reserves	(10,805,505)	4,956,721	(5,848,784)	5,079,808	1,601,355	6,681,162
Translation reserve	14,055,122	(33,214,520)	(19,159,398)	15,923,834	(30,929,108)	(15,005,274)
Retained earnings	187,644,399	(864,908)	186,779,491	142,569,353	(208,384)	142,360,969
Equity attributable to owners of the Company	**274,124,709**	**413,429**	**274,538,138**	**242,987,940**	**-**	**242,987,939**
Total equity	**307,154,837**	**413,429**	**307,568,266**	**263,203,183**	**-**	**263,203,183**
Liabilities						
Deferred tax liability	12,198,584	(242,355)	11,956,229	9,414,581	-	9,414,581
Purchase commitments for minority interests' shares	11,729,130	(494)	11,728,636	-	-	-
Non-current liabilities	**80,637,858**	**(242,849)**	**80,395,009**	**41,481,786**	**-**	**41,481,786**
Income tax payable	25,524	5,851,377	5,876,901	1,053,529	5,851,377	6,904,906
Provisions	6,320,190	(6,245,833)	74,357	5,960,310	(5,851,377)	108,933
Current liabilities	**181,970,520**	**(394,456)**	**181,576,064**	**162,132,654**	**-**	**162,132,654**
Total liabilities	**262,608,378**	**(637,305)**	**261,971,073**	**203,614,440**	**-**	**203,614,440**
Total equity and liabilities	**569,763,215**	**(223,876)**	**569,539,339**	**466,817,623**	**-**	**466,817,623**

Restatement of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:

	As previously reported	Adjustments	As restated
Revenue	302,486,660	-	302,486,660
Cost of sales	(170,220,228)	(176,309)	(170,396,537)
Gross profit	**132,266,432**	**(176,309)**	**132,090,123**
Other operating income / (expenses)	292,272	(682,289)	(390,017)
Marketing and sales expenses	(38,612,759)	(687,653)	(39,300,412)
General and administrative expenses	(31,600,630)	(1,731,668)	(33,332,298)
Change in fair value of biological assets	915,563	-	915,563
Impairment loss on trade and loans receivable, net	119,227	-	119,227
Profit from operating activities	**63,380,105**	**(3,277,919)**	**60,102,186**
Finance income	442,950	(918)	442,032
Finance costs	(10,629,868)	2,671,704	(7,958,164)
Net finance income	**(10,186,918)**	2,670,786	**(7,516,132)**
Gain from a bargain purchase	28,259,397	-	28,259,397
Profit before tax	**81,452,584**	**(607,133)**	**80,845,451**
Income tax expense	(12,049,685)	(49,391)	(12,099,076)
Profit for the year	**69,402,899**	**(656,524)**	**68,746,375**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	(2,134,855)	(2,285,412)	(4,420,267)
Other comprehensive income for the year	**(2,134,855)**	**(2,285,412)**	(4,420,267)
Total comprehensive income for the year	**67,268,044**	**(2,941,936)**	**64,326,108**
Profit attributable to:			
Owners of the Company	65,478,131	(656,524)	64,821,607
Non-controlling interests	3,924,768	-	3,924,768
	69,402,899	**(656,524)**	**68,746,375**
Total comprehensive income attributable to:			
Owners of the Company	63,609,419	(2,941,936)	60,667,483
Non-controlling interests	3,658,625	-	3,658,625
	67,268,044	**(2,941,936)**	**64,326,108**
Earnings per share, RON			
Basic and diluted earnings per share	**1.64**	**(0.02)**	**1.62**

Restatement of consolidated statement of cash flows for the year ended 31 December 2022:

	As previously reported	Adjustments	As restated
Cash flow from operating activities			
Profit for the year	69,402,899	(656,524)	68,746,375
Adjustments for:			
Depreciation and amortization	19,130,839	-	19,130,839
Equity-settled share-based payment transactions	(340,435)	3,354,871	3,014,436
Loss on disposal of property, plant & equipment & intangible assets	309,080	-	309,080
Gain from bargain purchase	(28,259,397)	-	(28,259,397)
Impairment of property, plant and equipment, net	(80,141)	-	(80,141)
Impairment of trade receivables, net	(119,227)	-	(119,227)
Impairment loss on non-financial assets	1,911,914	943,584	2,855,498
Release of deferred income	(1,917,100)	-	(1,917,100)
Gains on write-off of trade and other payables	(34,184)	-	(34,184)
Adjustment to fair value of biological assets	(915,563)	-	(915,563)
Income tax expense	12,049,685	49,391	12,099,076
Net finance income	10,186,918	(2,670,786)	7,516,132
Operating profit before working capital changes	**81,325,288**	**1,020,536**	**82,345,825**
Changes in working capital:			
Inventories	(29,745,729)	(1,881,888)	(31,627,617)
Trade and other receivable	(17,501,511)	421,741	(17,079,770)
Prepayments	101,183	(70,823)	30,360
Other assets	(79,797)	(8,027)	(87,824)
Employee benefits	815,554	(58,518)	757,036
Trade and other payable	(6,654,011)	1,564,746	(5,089,265)
Cash generated from operating activities	**28,260,977**	**987,767**	**29,248,744**
Income tax paid	(9,623,214)		(9,623,214)
Interest paid	(3,943,170)	-	(3,943,170)
Net cash generated from operating activities	**14,694,593**	**987,767**	**15,682,360**
Cash flows from investing activities			
Payments for acquisition of intangible assets	(589,635)	-	(589,635)
Payments for acquisition of property, plant and equipment	(32,904,261)	-	(32,904,261)
Loans granted	(1,557,560)	-	(1,557,560)
Receipt of government grants	692,706	-	692,706
Acquisition of subsidiary, net of cash acquired	(4,354,240)	-	(4,354,240)
Proceeds from sale of property, plant and equipment	857,170	-	857,170
Net cash used in investing activities	**(37,855,820)**	**-**	**(37,855,820)**
Cash flows from financing activities			
Receipt of borrowings	118,052,150	-	118,052,150
Repayment of borrowings and lease liabilities	(83,340,957)	-	(83,340,957)
Repayment of leases	-	(987,742)	(987,742)
Dividends paid	(21,803,297)	(20)	(21,803,317)
Net cash generated from financing activities	**12,907,896**	**(987,762)**	**11,920,134**
Net decrease in cash and cash equivalents	**(10,253,331)**	5	**(10,253,326)**
Cash and cash equivalents at 1 January	**32,100,114**	**-**	**32,100,114**
Effect of movements in exchange rates on cash held	1,608,349	(5)	1,608,344
Cash and cash equivalents at 31 December	**23,455,132**	-	**23,455,132**

The Group decided to present separately the payments of leases principal. The rest of the differences from the above table relate to changes in the functional currency and share-based payments restatements.

Note 7. Material accounting policy information

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies of subsidiaries have been changed where necessary to adhere to the consistent application of the accounting policies applied by the Group. Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

a) Basis of consolidation

These consolidated financial statements comprise the financial statements of the parent company Purcari Wineries Public Company Limited and the financial statements of the companies controlled by the Company as at 31 December 2023.

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

(i) Subsidiaries

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

(ii) Non-controlling interests

The Group measures any non-controlling interests in the subsidiary at their proportionate share of the subsidiary's identifiable net assets.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.
Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(iii) Put option over non-controlling interests

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

(iv) Inter-company elimination

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.
Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each company within Group at exchange rates at the dates of the transactions. The foreign exchange rates at the end of the reporting period for each subsidiary is as follows: EUR/USD – 1.105 (31 December 2022: 1.0666) , MDL/USD – 17.4062 (31 December 2022 – 19.1579), MDL/EUR – 19.3574 (31 December 2022 – 20.3792), RON/EUR - 4.4958 (31 December 2022 - 4.9746), BGN/USD – 1.7699 (31 December 2022 – 1.8462).

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

Foreign operations

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

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

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

c) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Grape vines

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

Following this amendment, the Group used the fair value of bearer plants (grape vines) as at 1 January 2014 as deemed cost at that date. The subsequent additions are accounted for in accordance with IAS 16.

(ii) Depreciation

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

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

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

d) Intangible assets

(i) Recognition and measurement

Intangible assets comprise customer relationships, software, instruction recipes, trademarks and licenses that are acquired by the Group and have finite useful lives. Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The subsequent additions are accounted for in accordance with IAS 38.

(ii) Amortization

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

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

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

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

e) Biological assets

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

f) Inventories

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

The harvested product (grapes) is measured at fair value less cost to sell at the point of harvest. After harvest, it is treated as inventory in accordance with IAS 2. According to IAS 21 the borrowing costs are not capitalised for inventories as these are not considered qualifying assets.

g) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

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

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

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

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Cash and cash equivalents

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

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as “other income” or “finance costs”.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Trade and other payable

Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

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

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

h) Impairment

Financial instruments

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

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

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

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

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

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

Measurement of ECLs

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

(i) Non-financial assets

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

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

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

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

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

i) Employee benefits

(i) Defined contribution plans

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

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

(ii) Short term service benefits

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

(iii) Share-based payments arrangements

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

j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. The Group has set-up provision in amount of RON 1,660,569 for a fine calculated by the Environment Agency (AFM) for which management has assessed as probable an outflow of resources. Details regarding this provision can be seen in the subsequent events Note 34.

k) Revenue

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

	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods	The Group manufactures wine, divin and brandy. Customers obtain control of goods when the significant risks and rewards of ownership have been transferred to them. Revenue is recognised at that point in time, although invoices are generated when the goods are dispatched from the Group's warehouse. The revenue is generated though wholesalers mostly. No significant element of financing is deemed present as the invoices are usually payable within 30-90 days from the date of delivery and acceptance of goods by the customers. No discounts or loyalty points are offered for sale of goods, except for standard contractual discounts included in the invoices issued by the subsidiaries Crama Ceptura SRL in Romania and Angel's Estate SA in Bulgaria. Some contracts permit the customer to return an item due to quality claims, and the period for these claims is usually no longer than 15 days from the date of delivery and acceptance of goods by the customers.	Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement and incoterms. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.
Hotel and restaurant services	Invoices for hotel and restaurant services are issued on the moment the services are consumed (i.e. at check-out) and usually are paid at check-out.	The revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
Waste recycling management services	The Group through its subsidiary Ecosmart Union SA takes over the environmental responsibility from its customers in Romania and has the obligation to find recyclers/collectors of waste and enter into contracts with them in order to process the quantities agreed with its customers. Invoices for waste recycling management services are usually payable within 30 days.	The revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed.

l) Governments grants

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

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

m) Leases

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

(i) As a lessee

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.Lease payments included in the measurement of the lease liability comprise the following:

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Group presents right-of-use assets in "Property, plant and equipment" and lease liabilities separately in the statement of financial position.

Short-term and low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value (up to 20 thousand RON) and short-term leases (up to 1 year). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

n) Finance income and finance costs

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on financial assets at FVTPL.

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

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

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

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

o) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

p) Share capital

Ordinary shares

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

Treasury shares

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

Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:
• the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
• by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 16).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
• the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
• the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

q) Standards issued but not yet effective

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for the annual period beginning on 1 January 2023. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements.
The management expects that the adoption of the below financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Group:

(i) Standards issued but not yet effective

The following new and amended standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the Group's consolidated financial statements when become effective.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Lack of exchangeability (Amendments to IAS 21).

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

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lack of exchangeability (Amendments to IAS 21).

r) Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Group, except for:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments resulted in changes in presentation of these financial statements, primarily by removing significant accounting policies that do not represent material accounting policy information.

Note 8. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment from 1 January 2022 to 31 December 2023 were as follows:

	Assets under construction	Land	Buildings and constructions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2023	**8,113,683**	**14,201,397**	**162,158,643**	**137,905,569**	**13,380,683**	**7,354,353**	**47,312,371**	**390,426,699**
Additions	27,838,975	151,007	351,348	9,987,540	871,743	20,415	2,258,154	41,479,182
Transfers	(29,022,771)	-	3,040,715	23,147,115	1,287,469	1,547,472	-	-
Disposals	-	-	(1,889)	(6,704,931)	(2,947,363)	(61,172)	(453,084)	(10,168,439)
Effect of movement in exchange rates	542,218	490,821	8,438,610	6,290,571	568,488	536,558	2,523,193	19,390,459
Balance at 31 December 2023	**7,472,105**	**14,843,225**	**173,987,427**	**170,625,864**	**13,161,020**	**9,397,626**	**51,640,634**	**441,127,901**
Accumulated depreciation and impairment losses								
Balance at 1 January 2023	**-**	**737,207**	**76,708,878**	**62,567,737**	**9,906,587**	**6,892,283**	**10,950,172**	**167,762,864**
Depreciation for the year	-	141,631	7,369,705	11,347,002	1,653,628	694,612	2,791,709	23,998,287
Impairment loss, net	-	-	(81,798)	-	-	-	-	(81,798)
Disposals	-	-	(1,674)	(5,906,171)	(1,413,889)	(54,727)	(259,582)	(7,636,043)
Effect of movement in exchange rates	-	15,075	5,005,978	2,915,252	202,451	409,385	808,613	9,356,754
Balance at 31 December 2023	**-**	**893,913**	**89,001,089**	**70,923,820**	**10,348,777**	**7,941,553**	**14,290,912**	**193,400,064**
Carrying amounts								
At 1 January 2023	**8,113,683**	**13,464,190**	**85,449,765**	**75,337,832**	**3,474,096**	**462,070**	**36,362,199**	**222,663,835**
At 31 December 2023	**7,472,105**	**13,949,312**	**84,986,338**	**99,702,044**	**2,812,243**	**1,456,073**	**37,349,722**	**247,727,837**

	Assets under construction	Land	Buildings and constructions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2022	**5,367,748**	**9,546,439**	**128,590,439**	**120,634,965**	**11,493,542**	**6,911,457**	**37,406,488**	**319,951,078**
Additions	30,036,791	194,226	95,439	53,289	492,700	80,230	2,245,674	33,198,349
Acquisitions through business combinations	-	4,180,220	22,065,272	6,203,950	268,716	34,920	7,460,960	40,214,038
Transfers	(27,157,213)	40,898	11,632,520	13,050,909	1,656,785	776,101	-	-
Disposals	-	-	(523,058)	(1,556,019)	(451,170)	(34,329)	(195,735)	(2,760,311)
Effect of movement in exchange rates	(133,643)	239,614	298,031	(481,525)	(79,890)	(414,026)	394,984	(176,455)
Balance at 31 December 2022	**8,113,683**	**14,201,397**	**162,158,643**	**137,905,569**	**13,380,683**	**7,354,353**	**47,312,371**	**390,426,699**
Accumulated depreciation and impairment losses								
Balance at 1 January 2022	**-**	**574,236**	**72,952,848**	**58,448,991**	**5,485,032**	**5,283,521**	**9,918,480**	**152,663,108**
Depreciation for the year	-	167,211	4,724,822	4,862,176	5,233,332	1,863,843	1,062,925	17,914,309
Impairment loss, net	-	-	(80,141)	-	-	-	-	(80,141)
Disposals	-	-	(406,657)	(819,901)	(295,816)	(26,345)	(45,342)	(1,594,061)
Effect of movement in exchange rates	-	(4,240)	(481,994)	76,471	(515,961)	(228,736)	14,109	(1,140,351)
Balance at 31 December 2022	**-**	**737,207**	**76,708,878**	**62,567,737**	**9,906,587**	**6,892,283**	**10,950,172**	**167,762,864**
Carrying amounts								
At 1 January 2022	**5,367,748**	**8,972,203**	**55,637,591**	**62,185,974**	**6,008,510**	**1,627,936**	**27,488,008**	**167,287,970**
At 31 December 2022	**8,113,683**	**13,464,190**	**85,449,765**	**75,337,832**	**3,474,096**	**462,070**	**36,362,199**	**222,663,835**

In 2022 the Group decided to change the presentation the line acquisitions through business combinations. The line previously was presented on gross book value and accumulated depreciation, while the correct way to present them is to show the net book value only.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2023	**2022**
Net book amount	2,532,396	1,166,250
Profit on sale of property, plant and equipment	945,087	(309,080)
Proceeds from sale of property, plant and equipment	**3,477,483**	**857,170**

As at 31 December 2023 property, plant and equipment includes right-of-use assets of RON 4,465,568 (2022: RON 5,750,128) related to leased land, buildings and vehicles (Note 18) which were included in each of the categories of the table above.

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

	31 December 2023	31 December 2022
Republic of Moldova	169,832,900	148,275,624
Romania	30,846,556	32,096,811
Bulgaria	47,048,381	42,291,400
Total	**247,727,837**	**222,663,835**

Depreciation charge

Depreciation charge is included in the following financial statement captions:

	2023	2022
Cost of sales (Note 22)	10,873,916	8,106,116
General and administrative expenses (Note 24)	5,795,117	5,039,430
Inventories	6,990,203	4,537,380
Unallocated overheads	339,051	231,383
Total	**23,998,287**	**17,914,309**

Security

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

Note 9. Acquisition of subsidiary and put option over non-controlling interests

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.
The amount payable by the Company for the acquisition of 76% of shares of Angel's Estate SA amounted to EUR 1,750,000, of which EUR 1,000,000 were paid after the completion of transaction and the deferred amount of EUR 750,000 was paid in October 2023.
The acquired company was making losses for many years in a row and its technology and equipment were out-of-date. As a result, the Company will need to make significant investments in technological developments in order to turn around Angels Estate SA, making it profitable as its other subsidiaries. This is why the acquisition was made at a low purchase price compared to its assets value.

Identifiable assets acquired and liabilities assumed

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

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

Gain from Bargain Purchase

As a result of acquisition resulted a gain from bargain purchase, which was recognized as at 31 December 2022 in the face of the consolidated statement of profit and loss as a *Gain from a bargain purchase*. Its calculation is presented below.

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

Put option over non-controlling interests of Angel's Estate SA

As part of the acquisition deal, a put option was written over the non-controlling interests, that allows the minority shareholders to sell their shares between the years 2028 and 2032. Due to significant investments mentioned above and under the management of the leading Group in CEE, Angel's Estate SA could generate important revenue and profits by that time. By having a present access to the returns of the Angel's Estate SA, the minority shareholders could sell their shares at a much higher price in the future.
Put option over non-controlling interests was recognized at the acquisition date at fair value within equity in "Other reserves" using the present-access method, considering that the non-controlling interests still have present access to the returns associated with the underlying ownership interests, since this option is based on a variable price.

The subsequent measurement was recognized within equity in "Other reserves". As at 31 December 2023 the put liability was estimated at RON 9,727,689 (2022: RON 11,728,636) and its fair value measurement has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4b). The following table shows the value estimate of the put option based on the valuation techniques used in measuring fair value as of 31 December 2023, as well as the significant unobservable inputs used. There were no transfers between levels. Any fair value changes are included in other reserves in equity.

The initial fair value estimate valuation of the put option was performed by a certified ANEVAR valuator, at Company's request. The ANEVAR standards are in line with the International Valuation Standards (IVS). A subsequent valuation as at 31 December 2023 was performed by the Group's management.

Valuation technique	*The Present Value*: The valuation model considers the present value of equity, calculated based on agreed formulae and using estimated revenue to be generated by the entity in the year preceding the year of exercise of put option, discounted using a risk-adjusted discount rate (WACC).
Significant unobservable inputs	• Expected year of exercise (2028); • Revenue in the year preceding year of exercise – RON 34,507,174 (EUR equivalent 6,936,673). Revenue changed because the assumption took into consideration actual results for 2023; • Additional loan threshold – RON 9,949,200 (EUR equivalent 2,000,000) The loan threshold amount was changed due to the actual loan balance in 2023 and subsequent expectations based on the investments to be made. • State subsidies received – RON 6,662,303 (EUR equivalent 1,339,264). The amount of subsides received changed in comparison with prior year amount due to the current situation of subsidies and future developments. • Risk-adjusted discount rate (10.10%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 97,659 / (RON 97,659) if the revenue in the year preceding year of exercise were higher (lower) by 1%; or • RON 501,343 / (RON 472,597) if the risk-adjusted discount rate was lower (higher) by 1pp.

The Company also has a call option over the non-controlling interests of Angel's Estate SA, that allows it to buy from minority shareholders their shares between years 2028 and 2032. Call option along with put option is consider symmetrical and as such treated as forward contract and both recognised in NCI with the respective put option redemption liability.

Note 10. Equity instruments measured 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 2023 and 31 December 2022 is as follows:

	2023	2022 (restated)
Balance at 1 January	**4,353,004**	**4,341,709**
Change in fair value (Note 27)	712,616	19,347
Effect of movements in exchange rates	34,305	(8,052)
Balance at 31 December	**5,099,925**	**4,353,004**

8Wines Czech Republic s.r.o.

On 13 May 2021, the Company purchased 10.00% ownership interest in 8Wines Czech Republic s.r.o. (8Wines), a Czech-based fast growing online retail platform. The Group neither has any significant influence nor is involved in the management of 8Wines. Therefore, the ownership interest in 8Wines is accounted as equity instruments at fair value through profit or loss and represents as at 31 December 2023 RON 5,099,925 (2022: RON 4,353,004).

As of 31 December 2023, the fair value measurement for equity investment in 8Wines Czech Republic s.r.o. has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4 b).

The following table shows the valuation techniques used in measuring fair value as of 31 December 2023, as well as the significant unobservable inputs used. There were no transfers between levels. Any fair value changes are included in finance income/cost. The valuation of the investment was performed by the Group's management.

Valuation technique	*Discounted cash flows*: The valuation model considers the present value of the net cash flows expected to be generated by the entity, discounted using a risk-adjusted discount rate.
Significant unobservable inputs	• Expected free cash flows for 2024-2028 (RON 13,961,704); • 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: • RON 55,308 (RON 55,308) if the expected cash flows were higher (lower) by 1%; or • RON 1,013,688 (RON 766,379) if the risk-adjusted discount rate was lower (higher) by 1pp; or • RON 781,654 (RON 593,304) if the terminal growth rate was higher (lower) by 1pp.

Note 11. Loans receivable

As at 31 December 2023 and 31 December 2022 loans receivable are as follows:

	Currency	Interest rate	Year of maturity	31 December 2023		31 December 2022	
				Non-current portion	Current portion	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	376,663	-	364,378	-
8Wines s.r.o.	EUR	6.0%	2024	-	2,052,834	2,042,671	458,623
Total loan receivables				**376,663**	**2,052,834**	**2,407,049**	**458,623**

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 Group considered that the ECL for 8Wines loans is not material and therefore was not booked in the financial statements.

Note 12. Intangible assets

The movements in intangible assets from 1 January 2022 to 31 December 2023 are the following:

	2023	2022
Cost at 1 **January**	19,658,607	15,184,375
Additions		
Purchase	353,763	589,635
Acquisitions through business combination	-	3,606,061
Disposals	-	-
Effect of movement in exchange rates	145,562	278,536
Cost at 31 December	**20,157,932**	**19,658,607**
Accumulated amortization at 1 January	2,194,245	986,131
Amortization for the year	2,422,000	1,216,530
Disposals	-	-
Effect of movement in exchange rates	138	(8,416)
Accumulated amortization at 31 December	**4,616,383**	**2,194,245**
Carrying amounts		
At 1 January	**17,464,362**	**14,198,244**
At 31 December	**15,541,549**	**17,464,362**

Intangible assets are represented by customer relationships in amount of RON 12,458,256 (31 December 2022: RON 13,387,995) and the remaining relate to trademarks and software. No intangible assets are subject to a registered debenture to secure bank loans.

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

Note 13. Trade and other receivable

As at 31 December 2023 and 31 December 2022, trade and other receivable were as follows:

	31 December 2023	31 December 2022 (restated)
Financial receivable		
Trade receivable	81,510,849	74,356,045
Trade receivable due from related parties (Note 32)	22,178	9,068
Allowance for trade receivable (Note 30)	(4,610,644)	(3,084,752)
Total financial receivable	**76,922,383**	**71,280,361**
Non-financial receivable		
Other receivable	2,746,645	2,242,198
VAT receivable	5,461,529	4,524,171
Other taxes receivable	176,685	122,622
Excise receivable	34,438	37,518
Total non-financial receivable	**8,419,297**	**6,926,509**
Total trade and other receivable	**85,341,680**	**78,206,870**

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

The market risk, credit risk, aging of trade receivable at the reporting date and the movement in the allowance for trade receivable during the year are disclosed in Note 30 of the consolidated financial statements.

Note 14. Inventories

As at 31 December 2023 and 31 December 2022 inventories were as follows:

	31 December 2023	31 December 2022
Raw materials		
Distilled alcohol	52,424,697	40,411,951
Wine materials	6,585,425	10,429,500
Other raw materials	354,022	371,996
Total raw materials	**59,364,144**	**51,213,447**
Other materials		
Packaging materials	33,059,676	22,231,333
Other materials	7,034,484	6,470,068
Chemicals	2,715,495	2,548,469
Total other materials	**42,809,655**	**31,249,870**
Semi-finished products		
Wine in barrels	122,052,642	95,922,608
Divin in barrels	5,588,662	6,220,347
Brandy in barrels	165,580	173,983
Total semi-finished products	**127,806,884**	**102,316,938**
Bottled finished goods		
Wine	34,417,979	26,771,604
Divin	800,648	865,651
Other finished goods	663,952	317,421
Brandy	30,122	37,183
Total bottled finished goods	**35,912,701**	**27,991,859**
Total inventories	**265,893,384**	**212,772,114**

The carrying amount of inventories that is subject to a registered debenture to secure bank loans is disclosed in Note 17 of the consolidated financial statements. The impairment provision for inventories included in the balance above is RON 3,088,228 (31 December 2022: RON 2,855,500). The impairment provision is disclosed in Note 25.

Note 15. Cash and cash equivalents

As at 31 December 2023 and 31 December 2022 cash and cash equivalents were as follows:

	31 December 2023	31 December 2022
Bank accounts	17,187,448	19,772,761
Petty cash	138,925	150,376
Short-term interest-bearing deposits	1,291,441	3,531,995
Total cash and cash equivalents	**18,617,814**	**23,455,132**

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

The carrying amount of cash and cash equivalents that is subject to a registered debenture to secure bank loans is disclosed in Note 17 to the consolidated financial statements. The market risk and credit risk are disclosed in Note 30 to the consolidated financial statements.

The Group considered that the ECL for cash and cash equivalents is not material and therefore was not booked in the financial statements.

Note 16. Equity attributable to owners of the Company

	2023	2022
(in shares)		
On issue at 1 January	40,117,500	40,117,500
Bonus shares issued	-	-
Share option exercised	-	-
On issue at 31 December	**40,117,500**	**40,117,500**
Authorized – par value	**EUR 0.01**	**EUR 0.01**

Share capital and share premium

On 28 April 2022, the shareholders unanimously approved the increase of the authorised share capital of the Company from EUR 410,000.00 divided into 41,000,000 shares of nominal value EUR 0.01 each to EUR 430,000.00 divided into 43,000,000 shares of nominal value EUR 0.01 each. During 2023 and 2022 no shares were issued.

The Company has a Management Incentive Programme in place, allowing managers and employees to exercise their stock options till 2030. During 2023 no one exercised any share options.
The details of Management Incentive Programme are disclosed in Note 29 to the consolidated financial statements.

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

As of 31 December 2023, the share premium amounts to RON 43,652,065 (31 December 2022: RON 43,652,065).

Capital reserve

Capital reserve was created by the Parent Company with the aim of covering potential losses from the activity of the Parent Company. The amount of capital reserves is RON 69,102,693 (31 December 2022: RON 69,102,693).

Shareholders structure

As of 31 December 2023, 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%
Fiera Capital	3,250,994	8.1037%
Dealbeta Investments	3,172,754	7.9087%
Conseq	2,427,920	6.0520%
Paval Holding	2,005,875	5.0000%
Others	21,247,613	52.9634%
Total	**40,117,500**	**100%**

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

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

Translation reserve

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

Treasury share reserve

In 2023 the Company acquired 15,239 own shares in amount of RON 190,520 (2022: nil).
The treasury shares acquired and held in 2023 are enough to finalize in 2024 the Company's Management Incentive Program, which provides for equity-settled share-based payments to management (see Note 29). The current balance of own shares left to finalise the equity-settled share-based payments is 25,644 shares.
During 2023 the Company allocated 101,047 shares to its management and employees with a total value of RON 1,535,914 (2022: 251,036 shares with a total value of RON 3,815,747).

Other reserves

In 2023 the Company accounted for equity-settled share-based payments in amount of RON 824,807 (2022: RON 3,014,437) in connection with the Management Incentive Program (see Note 29) and offset the amount of RON 1,535,914 (2022: RON 3,815,747) with treasury share reserve for shares allocated to employees. In 2023 the Company also accounted in other reserves for put option over non-controlling interests in the amount of RON 2,000,947 (2022: (RON 11,728,636)).

Dividends

During 2023 the Company declared and paid dividends in amount of RON 0.55 per share (2022: RON 0.51).

Earnings per share

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

	2023	**2022 (restated)**
Profit for the year, attributable to owners of the Company	**60,370,521**	**64,821,607**
Issued ordinary shares at 1 January	40,117,500	40,117,500
Effect of treasury shares held	(99,954)	(151,803)
Weighted-average number of ordinary shares outstanding at 31 December	**40,017,546**	**39,965,697**
Earnings per share – basic and diluted	**1.51**	**1.62**

The Group has not issued any potentially dilutive instruments.

Note 17. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 30 to the consolidated financial statements.

As at 31 December 2023 and 31 December 2022, borrowings were as follows:

	31 December 2023	**31 December 2022**
Non-current liabilities		
Secured bank loans	101,395,750	39,527,123
Total non-current portion	**101,395,750**	**39,527,123**
Current liabilities		
Current portion of secured bank loans	39,436,686	86,895,602
Total current portion	**39,436,686**	**86,895,602**
Total borrowings	**140,832,436**	**126,422,725**

The movements of borrowings for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Balance at 1 January	**126,422,725**	**90,717,489**
Proceeds from borrowings	205,417,975	118,052,150
Repayment of borrowings	(196,661,998)	(83,340,957)
Interest expense (Note 27)	7,114,849	4,551,807
Interest paid	(6,252,898)	(3,943,170)
Effect of movement in exchange rates	4,791,783	385,406
Balance at 31 December	**140,832,436**	**126,422,725**

Security

As at 31 December 2023 and 31 December 2022 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	31 December 2023	31 December 2022
Property, plant and equipment	58,059,153	91,796,026
Trade and other receivable	59,286,335	41,758,872
Inventories	45,692,892	76,156,113
Cash and cash equivalents	4,155,769	2,734,232
Total	167,194,149	212,445,243

The split of borrowings by currency at the end of the reported period was as follows:

	31 December 2023	31 December 2022
EUR	137,093,846	124,342,216
BGN	2,274,205	-
USD	1,464,385	2,080,509
Total borrowings	**140,832,436**	**126,422,725**

The split of borrowings by lender at the end of the reported period was as follows:

	31 December 2023	31 December 2022
MAIB SA	88,638,169	73,179,147
Victoriabank SA	38,010,175	25,578,134
OTP Bank SA	5,250,432	10,379,671
BANKA DSK	2,274,205	-
UNICREDIT BANK SA	6,659,455	17,285,773
Total borrowings	**140,832,436**	**126,422,725**

Loan covenants

As of 31 December 2023, no loan covenants were in breach.

As of 31 December 2022, the Group complied with the loan covenants stipulated in loan contracts, except for Debt Service ratio calculated for its subsidiary Vinaria Bostavan SRL for the loans contracted from MAIB SA. If covenants are breached, the credit institutions may require the acceleration of repayment of the outstanding loans. Therefore, the Group classified the related long-term liabilities of RON 42,916,849 as current liabilities as at 31 December 2022.
In March 2023, MAIB SA notified the borrower that this breach of covenant will not be considered a default, therefore the Group was not required to make an earlier repayment of the loans.
The loan from MAIB that was in breach as at 31 December 2022, is currently classified as non-current since there is no breach anymore.

Note 18. Lease liabilities

The Group leases assets such as land, buildings and vehicles.

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

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

This note provides information about the contractual terms of the Group's lease liabilities, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 30 to the consolidated financial statements.

As at 31 December 2023 and 31 December 2022, lease liabilities were as follows:

	31 December 2023	31 December 2022
Non-current liabilities		
Lease liabilities	4,446,484	4,718,277
Total non-current portion	4,446,484	4,718,277
Current liabilities		
Current portion of lease liabilities	1,365,343	1,536,613
Total current portion	**1,365,343**	**1,536,613**
Total lease liabilities	**5,811,827**	**6,254,890**

The movements of lease liabilities for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Balance at 1 January	**6,254,890**	**7,267,174**
New leases	154,850	81,375
Repayment of lease liabilities	(978,456)	(987,742)
Interest expense (Note 27)	213,782	518,068
Interest paid	(213,782)	(518,068)
Effect of movement in exchange rates	380,543	(105,917)
Balance at 31 December	**5,811,827**	**6,254,890**

The split of finance lease by currency at the end of the reported period was as follows:

	31 December 2023	31 December 2022
MDL	4,035,317	3,579,919
EUR	1,776,510	2,674,971
Total lease liabilities	**5,811,827**	**6,254,890**

The split of finance lease by lender at the end of the reported period was as follows:

	31 December 2023	31 December 2022
Victoriavin SRL	4,035,317	3,579,919
Zorile SA	812,749	1,384,038
Other	963,761	1,290,933
Total lease liabilities	**5,811,827**	**6,254,890**

Right of use assets

	Land	Buildings and constructions	Vehicles	Total
Balance at 1 January 2023	**3,266,377**	**1,914,719**	**569,032**	**5,750,128**
Additions to right-of-use assets	154,850	-	-	154,850
Depreciation charge for the year	(142,940)	(1,044,905)	(315,665)	(1,503,510)
Derecognition of right-of-use assets	-	-	(253,367)	(253,367)
Effect of movements in exchange rates	221,048	96,419	-	317,467
Balance at 31 December 2023	**3,499,335**	**966,233**	**-**	**4,465,568**
Balance at 1 January 2022	**3,366,498**	**2,844,023**	**884,697**	**7,095,218**
Additions to right-of-use assets	99,644	449,835	-	549,479
Depreciation charge for the year	(130,415)	(919,183)	(315,665)	(1,365,263)
Derecognition of right-of-use assets	-	(176,117)	-	(176,117)
Effect of movements in exchange rates	(69,350)	(283,839)	-	(353,189)
Balance at 31 December 2022	**3,266,377**	**1,914,719**	**569,032**	**5,750,128**

Derecognition of the right-of-use assets during 2023 is as a result of termination of vehicle lease agreement.

Note 19. Deferred income

The movement in deferred income for years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022
Balance at 1 January	**14,475,765**	**9,183,161**
Government grants received	3,033,196	692,706
Increase due to business combinations	-	5,731,950
Release of deferred income (Note 25)	(2,709,207)	(1,917,100)
Effect of movements in exchange rates	428,457	785,048
Balance at 31 December	**15,228,211**	**14,475,765**

The Group's deferred income represents government grants received for investments in property, plant and equipment. The Group is restricted to sell the assets for which a grant has been received for a period of five years. The net book value of property, plant and equipment is in amount of RON 36,120,285 (31 December 2022: RON 30,563,137).

Note 20. Trade and other payable

As at 31 December 2023 and 31 December 2022 trade and other payables were as follows:

	31 December 2023	31 December 2022
Financial payable		
Trade accounts payable	71,497,836	70,649,696
Trade payable due to related parties (Note 32)	2,488,618	2,636,599
Total financial payable	**73,986,454**	**73,286,295**
Non-financial payable		
Other tax liabilities	7,316,393	3,695,384
Advances received	1,494,382	410,507
Dividends payable	4,144,879	2,179,792
Total non-financial payable	**12,955,654**	**6,285,683**
Total trade and other payable	**86,942,108**	**79,571,978**

For more information about the Group's exposure to foreign currency and liquidity risk, see Note 30 to the consolidated financial statements.

Note 21. Revenue from contracts with customers

Revenues for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Sales of finished goods		
Wine	300,459,318	239,922,880
Divin	29,642,534	32,025,615
Brandy	98,256	739,287
Total sales of finished goods	**330,200,108**	**272,687,782**
Sales of other goods		
Merchandise	3,503,525	3,473,630
Wine materials	902,651	439,233
Other	276,050	904,205
Total sales of other goods	**4,682,226**	**4,817,068**
Services		
Hotel and restaurant services	4,501,806	3,456,118
Agricultural services	238,266	115,267
Waste recycling management services	30,022,860	21,410,425
Total services	**34,762,932**	**24,981,810**
Total revenue	**369,645,266**	**302,486,660**

Contract liabilities represent advances received from customers as mentioned in Note 20 (which are recognized in revenue in the following year) in amount of RON 1,464,975 at 31 December 2023 (2022: RON 410,477).

Segment analysis

This is a voluntary disclosure.

Until 2020 the management monitored the performance of the Group as a single segment (production, bottling and sales of wines, divin and brandy), and through the acquisition of the subsidiary Ecosmart Union SA in 2021 a second segment related to waste recycling management services was created, that for the years ended 31 December 2023 and 31 December 2022 has not been significant. This segment generated 8.13% of total 2023 revenue (2022: 7.08%).

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

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

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

Sales of finished goods by brand and geographic region for the year ended 31 December 2023 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Angel's Estate wine	Bardar divin and brandy	Total
Romania	2,847,196	137,822,443	1,538,241	46,158,970	13,275	5,214,043	**193,594,168**
Republic of Moldova	6,894,936	30,563,347	621,440	-	-	21,042,662	**59,122,385**
Bulgaria	-	491,554	-	-	11,134,005	-	**11,625,559**
Poland	18,790,132	911,548	16,401	30,982	-	-	**19,749,063**
Czech & Slovakia	7,923,172	550,565	-	-	15,001	-	**8,488,738**
Asia	1,825,110	2,490,647	-	-	-	160,074	**4,475,831**
Baltic countries	5,587,638	80,792	-	127,743	-	86,501	**5,882,674**
Ukraine	2,350,822	4,082,154	493,220	152,305	-	503,588	**7,582,089**
Turkey	4,396,934	-	327,565	-	-	-	**4,724,499**
Other	3,281,155	7,820,161	55,314	937,761	126,789	2,733,922	**14,955,102**
Total	**53,897,095**	**184,813,211**	**3,052,181**	**47,407,761**	**11,289,070**	**29,740,790**	**330,200,108**

Sales of finished goods by brand and geographic region for the year ended 31 December 2022 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Angel's Estate wine	Bardar divin and brandy	Total
Romania	2,184,051	100,039,115	661,390	36,020,787	-	4,709,490	**143,614,833**
Republic of Moldova	7,309,116	26,499,543	-	-	-	23,193,569	**57,002,228**
Bulgaria	-	-	-	-	3,039,782	-	**3,039,782**
Poland	18,634,539	668,973	-	22,254	-	465,449	**19,791,215**
Czech & Slovakia	7,839,629	360,804	-	732	-	-	**8,201,165**
Asia	2,603,067	4,976,788	-	628,630	-	733,740	**8,942,225**
Baltic countries	6,282,891	226,752	58,752	155,337	-	333,447	**7,057,179**
Ukraine	1,754,304	3,367,818	-	27,493	-	-	**5,149,615**
Turkey	3,119,218	975,234	-	-	-	-	**4,094,452**
Other	4,840,946	6,641,274	59,780	911,104	12,777	3,329,207	**15,795,088**
Total	**54,567,761**	**143,756,301**	**779,922**	**37,766,337**	**3,052,559**	**32,764,902**	**272,687,782**

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

Note 22. Cost of sales

Cost of sales for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022
Cost of sales of finished goods		
Wine	163,811,920	134,127,523
Divin	19,581,801	12,409,105
Brandy	217,714	657,018
Total cost of sales of finished goods	**183,611,435**	**147,193,646**
Cost of sales of other goods		
Merchandise	2,977,983	2,962,885
Other	69,710	292,322
Wine materials	794,333	234,338
Total cost of sales of other goods	**3,842,026**	**3,489,545**
Cost of services		
Hotel and restaurant services	4,118,706	3,407,087
Agricultural services	216,822	104,893
Waste recycling management services	23,431,980	16,201,366
Total cost of **services**	**27,767,508**	**19,713,346**
Total cost of sales	**215,220,969**	**170,396,537**

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022
Consumption of inventories	163,122,984	131,009,745
Waste recycling services	25,965,991	18,081,547
Employee benefits (Note 29)	13,157,233	11,642,132
Depreciation of property, plant and equipment (Note 8)	10,873,916	8,106,116
Other	2,100,845	1,556,997
Total cost of sales	**215,220,969**	**170,396,537**

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

Note 23. Marketing and sales expenses

Marketing and sales expenses for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Marketing and sales	23,038,078	22,877,043
Transportation expenses	6,613,912	4,807,738
Employee benefits (Note 29)	13,409,002	10,250,899
Production certification	826,306	721,645
Other expenses	650,376	643,087
Total marketing and sales expenses	**44,537,674**	**39,300,412**

Note 24. General and administrative expenses

General and administrative expenses for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022 (restated)
Employee benefits (Note 29)	18,339,732	17,497,280
Taxes and fees	3,162,708	1,958,293
Depreciation (Note 8)	5,795,117	5,039,430
Repairs and maintenance	662,066	479,723
Low value and short-term leases	420,236	302,816
Travel	888,379	658,805
Professional fees	4,509,761	4,837,332
Bank charges	622,452	390,484
Communication	517,884	297,584
Insurance	398,248	322,625
Fuel	397,456	329,076
Materials	121,219	138,292
Penalties	174,299	433,752
Charity expenses	943,770	-
Other	615,971	646,806
Total general and administrative expenses	**37,569,298**	**33,332,298**

The total fees charged by PwC Cyprus for audit services provided on the annual statutory and consolidated financial statements for the year ended 31 December 2023 amounted to RON 692,510 (2022: RON 0). Prior year fee from KPMG Cyprus and other KPMG network firms for the audit of the annual financial statements was RON 816,691. Both are included in the Professional fees.

In addition, the total fees charged by PwC Cyprus and by other PwC network firms for other services for the year ended 31 December 2023 amounted to RON 0 (2022: RON 0) and RON 191,194 (2022: RON 103,450) respectively for other assurance services (audit related), RON 0 (2022: RON 0) and RON 0 respectively for tax advisory services and RON 0 (2022: RON 0) and RON 0 respectively for other non-assurance services.

Note 25. Other operating expenses

Other operating (income)/expenses for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022 (restated)
Release of deferred income (Note 19)	(2,709,207)	(1,917,100)
Gains on write-off of trade and other payables	(682,284)	(34,184)
Net gain from sale of other materials	(80,302)	(7,422)
Reverse in impairment of property, plant and equipment, net (Note 8)	(81,798)	(80,141)
Unallocated overheads	405,223	321,608
Impairment loss on non-financial assets	3,088,228	2,855,500
Net provision made for a potential fine	1,660,569	-
Net (gain)/loss from disposal of property, plant and equipment and intangible assets	(945,087)	309,080
Other operating income	(189,474)	(1,057,324)
Other expenses	733,471	-
Total other operating expenses	**1,199,339**	**390,017**

Provisions

The Group has set-up provisions for tax and other risks for which management has assessed as probable an outflow of resources. These provisions relate to the uncertainty of tax treatment of marketing and selling transactions of the Group, performed during 2014-2017. As of December 31, 2023, management elected to reverse the entire amount of these provisions because the statute of limitations had expired.

At the same time, a post balance sheet date event occurred that represents an adjusting event as at 31 December 2023. A new provision amounting RON 1,660,569 was made for the amount of net assets of Ecosmart Union SA, in a proportion of Group's holding stake of 65.75% (please see Note 1), as there is a high probability that Ecosmart Union SA will not be able to continue its business activity due to the decision of the High Court of Cassation and Justice dated 16 April 2024 in case of Environment Fund Administration ("AFM") from Romania against Ecosmart Union SA, regarding a penalty RON 22,206,627 (for details see Note 33).

The movement in provisions for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022 (restated)
Balance at 1 January	**74,357**	**108,933**
Provisions made during the year	1,660,569	-
Effect of movements in exchange rates	181,696	(34,577)
Balance at 31 December	**1,916,622**	**74,357**

Note 26. Change in fair value of biological assets

Change in fair value of biological assets for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Adjustment to fair value of harvest of grapes from own grape vines (a)	4,260,819	1,732,687
Adjustment to fair value of harvest of grapes from joint operation / operating leasing (b)	(248,654)	(817,124)
Total change in fair value of biological assets	**4,012,165**	**915,563**

Adjustment to fair value of harvest of grapes

The movement of biological assets (grapes on vines) for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022
Balance at 1 January	**-**	**-**
Costs for cultivation of grapes	35,396,733	26,304,289
Fair value adjustment of harvest of grapes	4,012,165	915,563
Harvested grapes transferred to inventories	(39,408,898)	(27,219,852)
Balance at 31 December	**-**	**-**

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

	2023	2022
Services	13,770,205	11,157,769
Consumption of inventories	12,728,046	7,790,303
Employee benefits	2,938,026	3,124,683
Depreciation of property, plant and equipment	3,652,215	3,249,866
Operating lease	1,656,759	363,401
Other	651,482	618,267
	35,396,733	**26,304,289**

Measurement of fair values

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

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

Valuation technique	Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage and vary with the grade quality of grapes produced. Costs to sell refer to costs that are necessary for a sale to occur but that would not otherwise arise, such as commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. In the regions where the grapes are cultivated, a sale of grapes would take place without the above-mentioned costs being incurred, therefore for the estimation of fair value of grapes the costs to sell are considered nil.
Significant unobservable inputs	• Average market price of harvested grapes: RON 2,346 per tons (2022: RON 1,899 per tons);
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 294,892 (2022: RON 272,199) if the average market price of harvested grapes was higher (lower) by 1%.

Risk management strategy related to agricultural activities

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

i. Regulatory and environmental risks

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

ii. Supply risk

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

iii. Climate-related risks

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

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

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

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

a) Harvest of grapes from own grape vines

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

	2023	2022
Area of plantations of mature vines, hectares	1,326	1,312
Area of plantations of immature vines, hectares	69	34
Total area of plantations of vines, hectares	**1,395**	**1,346**
Quantity of harvested grapes, tons	**15,956**	**13,733**

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

The Group's vine plantations are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections of the health of vines and industry pest and disease surveys.
The subsidiaries of the Group, Vinaria Bostavan SRL and Vinaria Purcari SRL have their own grape vines, which are located in the Republic of Moldova, while Vinoteca Gherasim Constantinescu SRL owns 55 hectares of vineyards located in Romania and Angel's Estate SA have their own 102 hectares of vineyards located in Bulgaria.

b) Joint operations and operating lease of grape vines

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

	2023	2022
Area of plantations of vines under joint operation arrangement, hectares	17	59
Area of plantations of vines under operating lease, hectares	35	35
Total area, hectares	**52**	**94**
Quantity of harvested grapes under joint operation arrangement, tons	226	381
Quantity of harvested grapes under operating lease, tons	400	223
Total quantity, tons	**626**	**604**

Joint operations

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

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

Under the contractual arrangement between Crama Ceptura SRL and Vie Vin, each retains the rights and legal title to their respective assets and the obligation to settle their respective liabilities. However, they agree to jointly cultivate the vines, which are rented by Vie Vin from individuals under operating lease, and therefore Crama Ceptura SRL and Vie Vin recognize 87% and 13% (2022: 87% and 13%) respectively of all revenues and expenses relating to the partnership.

The contractual obligation of Vie Vin is to contribute to the joint arrangement with the following:
- right of use for vines it rents from individuals under operating lease;
- right of use for equipment it owns at the date of agreement; and
- labor force.

The contractual obligation of Crama Ceptura SRL is to contribute to the joint arrangement with:
- working capital; and
- know-how, technical management and joint arrangement management.

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

On 27 October 2023 the joint agreement between Crama Ceptura SRL and Vie Vin was prolonged till 31 October 2024, on similar conditions, except the proportion of output from joint activity, which was changed to 89% of harvest for Crama Ceptura SRL and 11% of harvest for Vie Vin.

Operating lease of grape vines

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

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

Note 27. Net finance costs

Net finance costs for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022 (restated)
Net gain on equity instruments at FVTPL (Note 10)	712,616	19,347
Interest income	430,259	422,685
Net foreign exchange income	3,271,542	-
Other	7,328	-
Finance income	**4,421,745**	**442,032**
Interest expense on borrowings	(7,419,407)	(4,033,739)
Interest expense on lease liabilities	(213,782)	(518,068)
Net foreign exchange loss	-	(3,406,357)
Net loss from disposal of equity instruments	(11,587)	-
Finance costs	**(7,644,776)**	**(7,958,164)**
Net finance costs	**(3,223,031)**	**(7,516,132)**

Note 28. Income tax

The corporate income tax rate in Cyprus was 12.5% for the years 2023 and 2022, 12% in the Republic of Moldova, 16% in Romania and 10% in Bulgaria. Deferred tax has been determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Tax recognized in profit or loss for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023	2022 (restated)
Current tax expense		
Current tax	7,798,979	9,800,175
Total current tax expense	**7,798,979**	**9,800,175**
Deferred tax expense		
Origination and reversal of temporary differences	(781,102)	2,298,901
Total deferred tax expense	**(781,102)**	**2,298,901**
Income tax expense	**7,017,877**	**12,099,076**

The reconciliation of effective tax rate for the years ended 31 December 2023 and 31 December 2022 was as follows:

	2023		2022 (restated)	
Profit before tax		**70,991,348**		**80,845,451**
Tax using the Company's domestic tax rate	12.50%	8,873,919	12.50%	10,105,681
Effect of different tax rates in foreign jurisdictions	3.45%	2,446,606	1.77%	1,433,354
Tax exempt income	(7.92%)	(5,619,349)	(0.13%)	(104,968)
Non-deductible expenses	1.41%	998,467	0.21%	172,084
Investment incentives	(0.75%)	(529,324)	(0.87%)	(706,787)
Current year losses for which no deferred tax assets were recognized	1.19%	847,558	1.48%	1,199,712
Income tax expense	**9.89%**	**7,017,877**	**14.97%**	**12,099,076**

Deferred tax assets and liabilities as at 31 December 2023 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	3,602,356	(13,900,976)	(10,298,620)
Intangible assets	415,944	(2,484,870)	(2,068,926)
Inventories	2,011,902	(693,893)	1,318,009
Other current assets	4,558	1	4,559
Trade and other receivable	570,523	6,537	577,060
Borrowings and lease liabilities	629,794	(33,530)	596,264
Deferred income	-	(313,664)	(313,664)
Tax loss carry-forward	303,882	-	303,882
Other	-	(1,597,385)	(1,597,385)
Deferred tax assets (liabilities)	**7,538,959**	**(19,017,780)**	**(11,478,821)**

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

	Deferred tax assets (restated)	Deferred tax liabilities (restated)	Net (restated)
Property, plant and equipment	5,486,971	(16,524,538)	(11,037,567)
Intangible assets	171,520	(2,483,067)	(2,311,547)
Inventories	1,624,398	(233,556)	1,390,842
Other current assets	4,136	-	4,136
Trade and other receivable	463,745	(49,480)	414,265
Borrowings and lease liabilities	718,929	(34,595)	684,334
Deferred income	-	(318,914)	(318,914)
Trade and other payable	(6,092)	13,360	7,268
Tax loss carry-forward	902,114	-	902,114
Other	-	(1,691,160)	(1,691,160)
Deferred tax assets (liabilities)	**9,365,721**	**(21,321,950)**	**(11,956,229)**

The movement in deferred tax balances during the year ended 31 December 2023 was as follows:

	31 December 2022	Recognized in profit or loss	Effect of movements in exchange rates	31 December 2023
Property, plant and equipment	(11,037,567)	1,004,620	(265,673)	(10,298,620)
Intangible assets	(2,311,547)	235,558	7,063	(2,068,926)
Inventories	1,390,842	58,639	(131,472)	1,318,009
Other current assets	4,136	139	284	4,559
Trade and other receivable	414,265	138,260	24,535	577,060
Borrowings and lease liabilities	684,334	(124,958)	36,888	596,264
Deferred income	(318,914)	26,167	(20,917)	(313,664)
Trade and other payable	7,268	(6,745)	(523)	-
Tax loss carry-forwards	902,114	(550,578)	(47,654)	303,882
Other	(1,691,160)	-	93,775	(1,597,385)
Total	**(11,956,229)**	**781,102**	**(303,694)**	**(11,478,821)**

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

	31 December 2021	Recognized in profit or loss	Increase due to business combination	Effect of movements in exchange rates	31 December 2022 (restated)
Property, plant and equipment	(7,791,891)	(2,219,107)	(1,281,710)	255,881	(11,037,567)
Intangible assets	(2,063,274)	96,039	(335,253)	(9,059)	(2,311,547)
Inventories	1,057,938	60,561	3,664	268,679	1,390,842
Other current assets	6,593	(2,399)	-	(58)	4,136
Trade and other receivable	501,927	(60,908)	(20,175)	(6,579)	414,265
Borrowings and lease liabilities	892,322	(198,852)	89	(9,225)	684,334
Deferred income	(350,286)	25,765	-	5,607	(318,914)
Trade and other payable	(1,056)	-	6,827	1,497	7,268
Tax loss carry-forwards	-	-	877,987	24,127	902,114
Other	(1,666,854)	-	-	(24,306)	(1,691,160)
Total	**(9,414,581)**	**(2,298,901)**	**(748,571)**	**505,824**	**(11,956,229)**

Unrecognized deferred tax assets

Deferred tax assets as at 31 December 2023 and 31 December 2022 have not been recognized in respect of:

	31 December 2023	31 December 2022 (restated)
Tax losses	6,613,328	5,787,086

The tax losses as at 31 December 2023 and 31 December 2022 will expire as follows:

	31 December 2023	31 December 2022 (restated)
Up to 1 year	768,342	963,865
1 to 2 years	1,328,888	972,654
2 to 3 years	1,791,823	984,099
3 to 4 years	1,401,152	1,657,518
4 to 5 years	1,323,123	1,208,950
	6,613,328	**5,787,086**

Deferred tax assets have not been recognized in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

Management has determined that the recoverability of cumulative tax losses of the Parent (Purcari Wineries Public Company Limited) amounting RON 5,628,347 is uncertain due to specific activity as a holding company, which lacks taxable income and accounts for significant deductible expenses.

Tax losses of Angel's Estate SA, the Bulgarian subsidiary, amounting RON 984,981 will expire within the next five years, until the subsidiary will be able to generate sufficient taxable income.

The Group has also recognised as at 31 December 2022 a tax provision for the potential expenses that might be considered as non-deductible in amount of RON 5,925,734 as it can be seen on the face of the consolidated statement of financial position. The provision was released in 2023 due to reassessing the potential tax claim. The release in provision is presented within the Note 25 Other operating income / (expenses).

Note 29. Employee benefits

As at 31 December 2023 and 31 December 2022, employee benefit payable was as follows:

	31 December 2023	31 December 2022
Payable to employees	4,553,868	3,618,371
Accruals for unused vacation	2,651,925	1,991,221
Total employee benefit payable	**7,205,793**	**5,609,592**

During the year ended 31 December 2023 the average number of staff was 882 persons (2022: 814). Employee benefit expenses include base salaries, mandatory medical contribution, mandatory social contribution, bonuses for performance and equity-settled share-based payments.

The employee benefit expenses are included in the following captions:

	2023	2022 (restated)
General and administrative expenses (Note 24)	18,339,732	17,497,280
Cost of sales (Note 22)	13,157,233	11,642,132
Inventory	9,306,212	9,088,357
Marketing and sales expenses (Note 23)	13,409,002	10,250,899
Total employee benefit expenses	**54,212,179**	**48,478,668**

The employee benefit expenses comprise the following categories:

	2023	2022 (restated)
Base salaries and bonuses for performance	46,263,220	39,596,626
Equity-settled share-based payments	824,807	3,014,437
Mandatory social and medical contributions	7,124,152	5,867,605
Total employee benefit expenses	**54,212,179**	**48,478,668**

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

	2023	2022 (restated)
Share awards	824,807	3,014,436
Total equity-settled share-based payments	**824,807**	**3,014,436**

Management incentive program

On 29 April 2020, the Company's shareholders approved the revised Special Resolution, initially date 14 June 2018 and later revised on 25 April 2019, stating the provision of a Management Stock Option Plan, as part of a Management Incentive Program ("The 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 comprised of the following:

a) award of shares of the Company to be provided to the Beneficiaries, free of charge, subject to relevant performance indicators determined by the Board of Directors, being met; and
b) award of stock options to be provided to the Beneficiaries (the Options or PSOs), subject to relevant performance indicators to be determined by the Board of Directors, being met.

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 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to increase the total number of shares to 502,998 shares. As of 31 December 2023, all shares under LTSIP 1 were vested.

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. 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 increase the total number of shares to 193,668 shares. As of 31 December 2023, a total number of 152,419 shares were vested to management and employees. Another 25,644 shares will be vested in 2024.
The share-based payments are recognized at the market value of the shares at the grant date.

In 2023 the Company bought back 15,239 own shares (2022: nil). The treasury shares acquired and held in 2023 are enough to finalize the existing Company's Management Incentive Program, which provides for last shares award in June 2024. These shares were recorded under "Treasury Shares Reserves".

At 15 June 2023 the Company allocated 101,047 shares to its management and employees with a total value of RON 1,535,914 (2022: 251,036 shares with a total value of RON 3,815,747) by offset of "Treasury Shares Reserves" with "Other reserves".

Stock options

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

(a) 1,000,000 stock options at an Exercise Price of RON 10 per share;
(b) 1,250,000 stock options at an Exercise Price of RON 15 per share; and
(c) 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 2023 the participants didn't exercise any rights to purchase shares at Exercise Price (2022: nil).
In 2023 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.

Fair value of stock options at grant date was calculated using the following assumptions:

- Risk-free interest rate for the expected life of options (1% for options exercisable immediately and 1.9% for options exercisable in June 2022)
- Expected volatility of the underlying share price (20%, standard deviation in the period 1 October - 30 September 2021)
- Exercise life of options (Options can be exercised up to 2030)
- Expected dividends on the underlying shares (between 40% to 50% of the dividends are expected to be paid each year from the net profit).

The table below summarizes the movements in stock options between 1 January 2022 and 31 December 2023, and weighted average exercise price:

	Stock options with exercise price @RON 10	Stock options with exercise price @RON 15	Stock options with exercise price @RON 20	Weighted average exercise price
Outstanding Stock Options @ 01.01.2023	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2023	**772,500**	**1,090,800**	**1,291,600**	-
Outstanding Stock Options @ 01.01.2022	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2022	**772,500**	**1,090,800**	**1,291,600**	-

Note 30. Financial instruments

Financial instruments by category

	31 December 2023	31 December 2022 (restated)
Financial assets measured at amortised cost		
Loans receivable (Note 11)	2,429,497	2,865,672
Cash and cash equivalents (Note 15)	18,617,814	23,455,132
Trade receivable (Note 13)	76,922,383	71,280,361
	97,969,694	**97,601,165**
Financial assets measured at FVTPL		
Equity instruments at fair value through profit or loss (Note 10)	5,099,925	4,353,004
Total financial assets	**103,069,619**	**101,954,169**
Financial liabilities measured at amortised cost		
Trade and other payable (Note 20)	73,986,454	73,286,295
Borrowings (Note 17)	140,832,436	126,422,725
Lease liabilities (Note 18)	5,811,827	6,254,890
	220,630,717	**205,963,910**
Financial liabilities measured at fair value		
Put option over non-controlling interests (Note 9)	9,727,689	11,728,636
Total financial liabilities	**230,358,406**	**217,692,546**

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

Credit risk

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

Exposure to credit risk

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

	Carrying amount	
	31 December 2023	**31 December 2022 (restated)**
Loan receivable	2,429,497	2,865,672
Cash and cash equivalents	18,617,814	23,455,132
Trade receivable	76,922,383	71,280,361
Total	**97,969,694**	**97,601,165**

Trade receivable and other receivable

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

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

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including customer geographic location, aging profile, maturity and existence of previous financial difficulties. The Group’s most significant 10 customers account for RON 31,785,421 or 43% of the trade receivable’ carrying amount as at 31 December 2023 (2022: RON 27,247,010 or 39% of the trade receivable’ carrying amount).

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

	2023	**2022**
Revenues from transactions with a customer from Republic of Moldova	40,874,968	35,823,504
Revenues from transactions with a customer from Romania	53,114,037	42,359,196
Total	**93,989,005**	**78,182,700**

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

	31 December 2023	**31 December 2022**
Romania	62,144,854	52,834,227
Republic of Moldova	8,302,350	9,381,450
Bulgaria	1,865,294	-
Other European Union countries	1,381,618	6,850,888
Other	3,228,267	2,213,796
Total	**76,922,383**	**71,280,361**

The exposure to credit risk of loans receivables in amount of RON 2,429,497 (2022: RON 2,865,672) at the reporting date by geographic region was from Czech Republic (please see Note 11). ECL on loans receivable is immaterial and was not recognised by the Group.

The management decided to continue business with partners in Ukraine and Belarus, but for a prudent presentation, it decided to provision the full amount of account receivables from these countries.

Impairment losses

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	1.32%	68,360,953	904,896	67,456,057
Overdue less than 1 month	29.76%	8,181,079	2,434,543	5,746,536
Overdue 1 to 3 months	1.07%	2,044,407	21,944	2,022,463
Overdue 3 to 6 months	0.88%	609,208	5,390	603,818
Overdue 6 months to 1 year	46.62%	1,544,968	720,187	824,781
Overdue more than 1 year	66.09%	792,412	523,684	268,728
Total	**5.65%**	**81,533,027**	**4,610,644**	**76,922,383**

Loss rates are based on actual credit loss experience over the past four years. 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 following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	1.86%	56,252,550	1,048,861	55,203,689
Overdue less than 1 month	5.49%	9,521,753	523,219	8,998,534
Overdue 1 to 3 months	8.77%	2,931,417	257,067	2,674,350
Overdue 3 to 6 months	7.48%	3,212,784	240,406	2,972,378
Overdue 6 months to 1 year	43.89%	1,765,992	775,021	990,971
Overdue more than 1 year	35.29%	680,618	240,178	440,440
Total	**4.15%**	**74,365,114**	**3,084,752**	**71,280,362**

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

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

	Trade receivables
Balance 31 December 2021	**3,769,860**
Increase through business combinations	187,914
(Reversal of) impairment loss	(119,227)
Write off	-
Interest income	(185,968)
Effect of movement in exchange rates	(567,827)
Balance 31 December 2022	**3,084,752**
Impairment loss	915,772
Write off	-
Interest income	-
Effect of movement in exchange rates	610,120
Balance 31 December 2023	**4,610,644**

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

Cash and cash equivalents

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

The Group held cash and cash equivalents of RON 18,478,889 at 31 December 2023 (2022: RON 23,304,756), which represent its maximum credit exposure on these assets. 65% of cash and cash equivalents as at 31 December 2023 (2022: 60%) is deposited in banks, with whom the Group has secured loans. 21% of cash and cash equivalents as at 31 December 2023 is held with Unicredit Bank SA Romania with Fitch credit rating BBB (2022: 51% and credit rating BBB) and 15% are held with Banca Transilvania SA Romania with Fitch credit rating BB+ (2022: 10% and credit rating BB+). The rest of the balance presented in Note 15 relate to petty cash.

The ECL estimated for cash and cash equivalents is immaterial and was not booked in these consolidated financial statements.

Liquidity risk

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

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

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

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

Monetary liabilities	Carrying Amount	Total Contractual Cash Flow	Less than 1 month	Between 1 – 12 months	Between 1-2 years	More than 2 years
31 December 2023						
Trade and other payable	73,986,454	73,986,454	31,407,474	42,578,980	-	-
Borrowings	140,832,436	145,092,019	526,629	41,859,441	90,257,029	12,448,920
Lease liabilities	5,811,827	7,628,196	83,676	745,894	411,051	6,387,575
Put option over non-controlling interests (Note 9)	9,727,689	9,727,688	-	-	-	9,727,688
Total	**230,358,406**	**236,434,357**	**32,017,779**	**85,184,315**	**90,668,080**	**28,564,183**
31 December 2022						
Trade and other payable	73,286,295	73,286,310	29,252,368	44,033,942	-	-
Borrowings	126,422,725	130,188,602	610,655	88,921,248	40,084,725	571,974
Lease liabilities	6,254,890	12,309,562	114,859	1,263,448	1,097,459	9,833,796
Put option over non-controlling interests (Note 9)	11,728,636	11,728,636	-	-	-	11,728,636
Total	**217,692,546**	**227,513,110**	**29,977,882**	**134,218,638**	**41,182,184**	**22,134,406**

As at 31 December 2023 the Group complied with all ratio covenants agreed with financing banks.
In 2022 the Group had not complied with the Debt Service ratio covenant for secured bank loans from MAIB SA (see Note 17). Therefore, as at 31 December 2022, the Group classified the long-term liabilities amounting RON 42,916,849 as current liabilities in these consolidated financial statements.
In March 2023, MAIB SA notified the borrower that this breach of covenant will not be considered a default, therefore the Group is not required to make an earlier repayment of the loans.

Market risk

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

Currency risk

The following significant exchange rates applied during the year:

	31 December 2023	Average 2023	31 December 2022	Average 2022
MDL1	0.2570	0.2520	0.2428	0.2480
EUR 1	4.9746	4.9465	4.9474	4.9315
USD 1	4.4958	4.5743	4.6346	4.6885
BGN 1	2.5434	2.5291	2.5295	2.5214

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

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

	EUR	USD	MDL	RON	BGN	Total
31 December 2023						
Monetary assets						
Loan receivable	2,429,494	-	-	-	-	2,429,494
Cash and cash equivalents	7,350,874	1,946,679	5,291,169	3,702,218	326,874	18,617,814
Trade receivable	4,927,793	5,515,741	6,657,745	57,955,815	1,865,289	76,922,383
Total monetary assets	**14,708,161**	**7,462,420**	**11,948,914**	**61,658,033**	**2,192,163**	**97,969,691**
Monetary liabilities						
Borrowings	137,093,846	1,464,385	-	-	2,274,205	140,832,436
Lease liabilities	1,776,510	-	4,035,317	-	-	5,811,827
Trade and other payable	11,618,158	179,496	36,325,125	22,520,068	3,343,607	73,986,454
Put option over non-controlling interests (Note 9)	9,727,689	-	-	-	-	9,727,689
Total monetary liabilities	**160,216,203**	**1,643,881**	**40,360,442**	**22,520,068**	**5,617,812**	**230,358,406**
Net statement of financial position exposure	**(145,508,042)**	**5,818,539**	**(28,411,528)**	**39,137,965**	**(3,425,649)**	**(132,388,715)**
31 December 2022 (restated)						
Monetary assets						
Loan receivable	2,865,672	-	-	-	-	2,865,672
Cash and cash equivalents	10,655,335	1,739,181	2,302,013	8,180,849	577,732	23,455,110
Trade receivable	14,666,407	6,108,227	6,746,012	42,060,111	1,699,604	71,280,361
Total monetary assets	**28,187,414**	**7,847,408**	**9,048,025**	**50,240,960**	**2,277,336**	**97,601,143**
Monetary liabilities						
Borrowings	124,342,216	2,080,509	-	-	-	126,422,725
Lease liabilities	2,674,971	-	3,579,919	-	-	6,254,890
Trade and other payable	15,303,833	348,753	28,324,278	27,230,663	2,078,768	73,286,295
Put option over non-controlling interests (Note 9)	11,728,636	-	-	-	-	11,728,636
Total monetary liabilities	**154,049,656**	**2,429,262**	**31,904,197**	**27,230,663**	**2,078,768**	**217,692,546**
Net statement of financial position exposure	**(125,862,242)**	**5,418,146**	**(22,856,172)**	**23,010,297**	**198,568**	**(120,091,403)**

Exposure to currency risk

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

Sensitivity analysis

A 10% strengthening of the EUR against RON, MDL and BGN would have decreased the profit before tax by RON 13,583,081 for the year 2023 and decreased the equity with the same amount (2022: RON 12,338,411). A 10% strengthening of the USD against RON, MDL and BGN would have increased the profit before tax by RON 113,732 for the year 2023 and increased the equity with the same amount (2022: increased the profit before tax by RON 540,632 and increased the equity with the same amount). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been carried out on the same basis for the years 2023 and 2022, although the reasonably possible foreign exchange rate variances were different. There were no changes in methods and assumptions from prior year.

Interest rate risk

Profile

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

	31 December 2023	31 December 2022
Fixed rate instruments		
Financial assets	2,429,494	2,865,672
Financial liabilities	(5,811,827)	(6,254,890)
Total fixed rate instruments	**(3,382,333)**	**(3,389,218)**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(140,832,436)	(126,422,725)
Total variable rate instruments	**(140,832,436)**	**(126,422,725)**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased the profit before tax by RON 1,411,356 for the year 2023 and would decrease/increase the equity with the same amount (2022: RON 1,389,146). The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. There were no changes in methods and assumptions from prior year.

Capital management

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

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

The gearing ratios as at 31 December 2023 and 31 December 2022 were as follows:

	31 December 2023	31 December 2022
Borrowings (Note 17)	140,832,436	126,422,725
Lease liabilities (Note 18)	5,811,827	6,254,890
Less: Cash and cash equivalents (Note 15)	(18,617,814)	(23,455,132)
Net debt	128,026,449	109,222,483
Total equity	365,919,034	307,568,266
Total capital	**493,945,483**	**416,790,749**
Gearing ratio	**25.92%**	**26.21%**

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

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

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

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

Fair values

Fair values versus carrying amounts

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

	Carrying amount		Fair value	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial liabilities				
Borrowings	140,832,436	126,422,725	141,842,530	129,651,758
Lease liabilities	5,811,827	6,254,890	5,811,827	6,254,890

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

Interest bearing borrowings and lease liabilities

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

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

Interest rates used to determine fair value

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

	31 December 2023	31 December 2022
Borrowings and lease liabilities denominated in MDL	8.00-9.28%	8.00-16.46%
Borrowings and lease liabilities denominated in RON	1.30%-1.50%	1.65%-2.33%
Borrowings and lease liabilities denominated in BGN	3.60%	-
Borrowings and lease liabilities denominated in EUR and USD	3.40%-6.77%	3.40%-4.86%

Note 31. Non-controlling interests

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

31 December 2023	Angel's Estate	Ecosmart Union	Vinaria Bardar	Intragroup eliminations	Total
NCI percentage	**24.00%**	**34.25%**	**43.95%**		
Non-current assets	50,104,606	11,739,356	16,073,780		
Current assets	14,010,023	8,267,125	72,644,989		
Non-current liabilities	(16,760,252)	(1,837,360)	(4,821,248)		
Current liabilities	(6,796,869)	(15,686,882)	(25,279,748)		
Net assets	**40,557,508**	**2,482,239**	**58,617,773**		
Carrying amount of NCI	**9,733,802**	**850,167**	**25,761,217**	**(422,654)**	**35,922,532**
Revenue	11,917,026	33,271,596	27,438,184		
Profit /(loss)	(6,828,865)	2,967,757	9,888,640		
OCI	(1,012,092)	(4,324)	3,347,287		
Total comprehensive income	**(7,840,957)**	**2,963,433**	**13,235,927**		
Profit /(loss) allocated to NCI	**(1,638,928)**	**1,016,457**	**4,345,839**	**(120,418)**	**3,602,950**
OCI allocated to NCI	**(242,902)**	**(1,481)**	**1,471,059**	**306,524**	**1,533,200**
Summarised Cash Flows					
Cash Flows from operating activities	(7,180,091)	355,058	2,553,184		
Cash Flows from investing activities	(5,688,604)	(176,179)	(1,367,845)		
Cash Flows from financing activities	12,631,060	-	(1,346,155)		
Net increase / (decrease) in cash and cash equivalents	**(237,635)**	**178,879**	**(160,816)**		

31 December 2022	Angel's Estate	Ecosmart Union	Vinaria Bardar	Intragroup eliminations	Total
NCI percentage	**24.00%**	**34.25%**	**43.95%**		
Non-current assets	43,502,683	12,512,848	12,685,134		
Current assets	9,893,023	7,988,746	58,333,693		
Non-current liabilities	(6,304,014)	(1,958,001)	(5,978,899)		
Current liabilities	(2,642,488)	(19,001,466)	(17,405,652)		
Net assets	**44,449,204**	**(457,873)**	**47,634,276**		
Carrying amount of NCI	**10,667,809**	**(156,822)**	**20,934,213**	**1,584,930**	**33,030,130**
Revenue	3,003,403	21,549,203	26,392,928		
Profit /(loss)	(1,133,267)	(669,893)	9,301,328		
OCI	4,363,733	8,225	(620,041)		
Total comprehensive income	**3,230,466**	**(661,668)**	**8,681,287**		
Profit /(loss) allocated to NCI	**(271,984)**	**(229,438)**	**4,087,728**	**338,462**	**3,924,768**
OCI allocated to NCI	**1,047,296**	**2,817**	**(272,508)**	**(1,043,748)**	**(266,143)**
Summarised Cash Flows					
Cash Flows from operating activities	1,675,400	60,685	3,565,329		
Cash Flows from investing activities	(10,310)	(5,673)	(1,840,167)		
Cash Flows from financing activities	(1,582,047)	-	(1,183,673)		
Net increase / (decrease) in cash and cash equivalents	**83,043**	**55,012**	**541,489**		

During the year ended 31 December 2023 the Group's subsidiary Vinaria Bardar SA declared dividends, from which the share of non-controlling interests amounted to RON 2,243,746 (2022: RON 2,458,649).

Note 32. Related parties

The main shareholders are presented within Note 16. The Company has no ultimate parent entity or ultimate controlling party. The Group's related parties for the years 2023 and 2022 were the following:

Name of the entity	Relationship with the Company
Key management personnel	Members of board of directors of the Company, CEOs, COO, CFO and Sales Director of Group entities
Victor Bostan	CEO, Member of the Board of Directors, significant shareholder through Amboselt Universal Inc.
Agro Sud Invest SRL	Entity controlled by a key member of management through a significant shareholding
BSC Agro SRL	Entity controlled by a key member of management through a significant shareholding
Victoriavin SRL	Entity controlled by Victor Bostan through a significant shareholding
Media Alternativa AO	Common member in the board of directors
MAIB SA	Common member in the board of directors

Key management personnel and other related party transactions:

	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2023	2022 (restated)	2023	2022 (restated)
Victor Bostan				
- Fixed salary	(1,071,755)	(1,129,723)	(2,123,331)	(1,798,819)
Victoriavin SRL (for terms and conditions please refer to Note 1)				
- Lease liabilities	-	-	(4,035,317)	(3,659,807)
- Interest expense	(450,673)	(415,492)	-	-
- Trade payable	-	-	(11,112)	(5,422)
- Operating leases	(48,374)	(47,616)	-	-
- Acquisition of inventories	(5,267)	(3,997)	-	-
MAIB SA (for terms and conditions please refer to Note 17)				
- Sales of merchandise	16,428	77,399	-	-
- Interest expense	(4,760,521)	(2,812,067)	-	-
- Bank charges	(281,093)	(243,091)	-	-
- Secured bank loans	9,679,705	-	(83,693,945)	(73,741,878)
- Cash and cash equivalents	-	-	9,231,272	6,891,127
Agro Sud Invest SRL (the cost is based on tariff per work, invoicing and payments are made on a monthly basis)				
- Agricultural services	(8,483,987)	(5,473,242)	-	-
- Trade payable	-	-	(1,025,839)	(1,182,472)
BSC Agro SRL (the cost is based on tariff per work, invoicing and payments are made on a monthly basis)				
- Agricultural services	(8,585,426)	(7,251,766)	-	-
- Trade payable	-	-	(1,451,667)	(1,448,705)
Media Alternativa AO (non-recurring promo services based on tariff per work)				
- Sales of merchandise	20,436	38,572	-	-
- Trade receivable	-	-	22,178	9,068
- Marketing services	(33,734)	(26,701)	-	-
Key management personnel				
- Salaries and bonuses for performance	(6,337,342)	(5,839,492)	(2,694,843)	(2,904,077
- Equity-settled share-based payment	(332,536)	(1,750,141)	-	-

Note 33. Commitments and contingencies

(i) Capital commitments

According to the arrangements related to acquisition of subsidiary Angel's Estate SA in Bulgaria, the Company is committed to provide a EUR 6,000,000 loan during the years 2023-2024 for modernization of production facilities. During 2023 the Company provided EUR 1,990,488.
As at 31 December 2023 the Group's commitment for next 12 months to purchase property, plant and equipment deriving from the above-mentioned arrangement amounts to EUR 4,009,512 (2022: EUR 1,350,000).

(ii) Litigations and claims

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

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

On 14 March 2023 the Appeal Court decided to cancel the AFM decision, but it was appealed to the High Court of Cassation and Justice ("HCCJ").

On 16 April 2024 the High Court of Cassation and Justice granted the appeal filed by the AFM against decision pronounced by the Bucharest Court of Appeal. The HCCJ partially annulled the appealed judgement and dismissed the annulment action filed by the plaintiff Ecosmart Union SA, as not grounded. The Group considered that this is an adjusting subsequent event and made a provision of RON 1,660,569 (Note 25), equal to the Group's share in Ecosmart Union SA net assets.

(iii) Fiscal environment

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

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

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

(iv) Operating environment

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

Two years 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.

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. As result, during 2023 the tariff on natural gas was reduced, inflation dropped under targeting level, interest rates decreased.

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 3.20% of total finished goods sold in 2023, which will not have a significant impact even if the Group gives up to these markets.
- the gross amount of trade receivable for clients located in these countries counts for 2.8% of total trade receivable of the Group as at 31 December 2023, which has no impact on the financial position of the Group, as all these are fully provisioned.
- the Company does not own any assets in the regions of the conflict. Its fully owned subsidiary located in Ukraine, is a trading one 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.

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.

Note 34. EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is calculated as profit for the year (as presented in the consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment (as presented in Notes 8 and 12).

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

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

EBITDA for the years ended 31 December 2023 and 31 December 2022 was as follows:

	Indicator	Note	2023	2022 (restated)
Adjusted EBITDA	**Adjusted EBITDA**		**100,634,666**	**79,233,024**
Less Gain from Bargain Purchase of Angel's Estate SA			-	28,259,397
EBITDA	**EBITDA**		**100,634,666**	**107,492,421**
Less: depreciation for the year		**8**	(23,998,287)	(17,914,308)
Less: amortization for the year		**12**	(2,422,000)	(1,216,530)
Result from operating activities	**EBIT**		**74,214,379**	**88,361,583**
Less: net finance costs		**27**	(3,223,031)	(7,516,132)
Earnings Before Income Taxes	**EBT**		**70,991,348**	**80,845,451**
Less: tax expense		**28**	(7,017,877)	(12,099,076)
Profit for the year			**63,973,471**	**68,746,375**

Note 35. Events after the reporting period

There were no further material events after the reporting period, except:

The Group acquired on 15 January 2024 a 90% stake in the newly established company HTA Danişmanlik Turizm Diş Ticaret Limited Şirketi in Republic of Türkiye for a cash consideration of Turkish Lira 45,000 financed from own funds. This acquisition represents a step forward to increase its footprint and market position in Middle East and Africa region. The Group has not yet accounted the transaction in its books as of April 2024.

On 28 March 2024 the Group acquired 100% of share capital of Timbrus Purcari Estate SRL for a cash consideration of EUR 2,800,000 financed from own funds. Timbrus Purcari Estate SRL is a Moldova based company owning around 130 ha of land, including 112 ha of vineyards located in Purcari village. The initial accounting for this business combination is incomplete as of April 2024, as the Group shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, and the measurement period shall not exceed one year from the acquisition date.

As described in Note 33, there was a subsequent adjusting event. Ecosmart Union SA was obliged to pay a fine in the amount of RON 22,206,627, for which the Group made a provision of RON 1,660,569 (note 25), equal to the Group's share in Ecosmart Union SA net assets.

Purcari Wineries Public Company Limited

Company Financial Statements

for the year ended 31 December 2023

prepared in accordance with

International Financial Reporting Standards

as adopted by European Union and the requirement

of the Cyprus Companies Law, Cap. 113.

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Independent Auditor's Report

To the Members of Purcari Wineries Public Company Limited

Report on the Audit of the Separate Financial Statements

Our opinion

In our opinion, the accompanying separate financial statements of parent company Purcari Wineries Public Company Limited (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the separate financial statements which are presented in pages 124 to 148 and comprise:

- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information.

The financial reporting framework that has been applied in the preparation of the separate financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the separate financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 judgement, 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Change of functional currency from USD to EUR **Refer to Note 3 "Material accounting policies" and Note 6 "Restatements"** During the year ended 31 December 2023, the Company performed a re-assessment of its functional currency using the factors prescribed in the International Accounting Standard 21 'The effects of changes in foreign exchange rates' Management considered the factors prescribed by IAS21 in such reassessment and determined that the functional currency of the Company should change with retrospective effect from USD to EUR. These considerations can be found in Note 6 to the financial statements as well as management calculations and restated balances.	Our audit procedures included in particular: • We reviewed the assessment performed by the Company regarding the functional currency, in accordance with IAS 21. • We evaluated the appropriateness of the methodology used by the management for the transition to the EUR functional currency as at 1 of January 2019. • We evaluated the appropriateness and mathematical accuracy of the functional currency transition calculations. • We reviewed, together with our internal technical IFRS team, the principles of the transition to the EUR functional currency and obtained comfort over the reasonableness of assumptions used by management in adopting the guidance as per IFRSs as adopted by the European Union. • We verified the adequacy of the management's disclosures in the relevant notes to the financial statements. The results of the above procedures were satisfactory for the purposes of our audit.

<u>Share-based payments - restatement current year</u> **Refer to Note 3 “Material accounting policies” and the related disclosures are in Note 8 “Administrative expenses”** The Company operates a stock-option share compensation program which 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 Company defined the above plans as equity-settled share-based arrangements granted to employees which were accounted for under IFRS 2 Share-based payment. To estimate the fair value of the award stock option program on initial recognition management applied the intrinsic value method which was allowed by the IFRS 2 Share-based payment, paragraph 24 in certain rare situations when it is especially difficult to predict future fair value of the equity instruments. The initial value of the award of the stock option program was estimated by management in the amount of RON 3,196,790. Subsequently management remeasured the fair value of this stock option award at each year end. The difference on fair value was accounted as “employees benefit” in the consolidated statement of profit or loss and other comprehensive income and in “other reserves' ' in the consolidated statement of changes in equity. During 2023 management reconsidered the appropriateness of the model used on initial recognition taking into consideration that the fair value of the Company can be determined based on the market share price publicly available on Bucharest Stock Exchange by applying the Black-Scholes -Merton formula used in option pricing models in accordance with IFRS 13 Fair value measurement. Furthermore, management reconsidered IFRS 2 Share-based payment guidance for the subsequent recognition of equity-settled share-based arrangement which does not allow for such arrangements to be remeasured at each reporting date.	Our audit procedures included in particular: • We obtained and reviewed the long term stock-option plan document and the respective approval. We also obtained an understanding of the business substance of the transactions and procedures applied by management in determining the impact of the error and its correction in the consolidated financial statements. • We reviewed the accounting policy related to the management incentive program and verified its compliance with IFRSs as adopted by the European Union. • We engaged internal valuation experts to re-perform the calculation of fair value of the stock options on the date of initial recognition. • We verified inputs and evaluated the reasonableness of the assumptions used by the management in estimating the fair value of the stock option. • We verified the mathematical accuracy of the calculations performed by the Company. • We verified the adequacy and sufficiency of the management’s disclosures in the relevant notes to the separate financial statements. • As a result of the prior year error, we considered whether changes were required to our initial risk assessment and audit approach.

Consequently management restated the amounts recognised at initial recognition in accordance with the valuation principles summarised above and reversed the subsequent remeasurement performed on brought forward amounts. Details of the prior year adjustment as well as the numerical impact on the financial information has been summarised by management in Note 6 of the Separate Financial Statements.	The results of the above procedures were satisfactory for the purposes of our audit.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, the Statement on Corporate Governance pursuant to the Cyprus Companies Law and the Compliance with the Corporate Governance Code of the trading venue (Bucharest Stock Exchange) which we obtained prior to the date of this auditors' report, and the Corporate Social Responsibility Statement which is expected to be made available to us after that date. Other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above 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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's 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 if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

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 the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 auditor's 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 26 May 2023 by the members of the Company. Our appointment is for one year.

Consistency of 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 to the Audit Committee of the Company, which we issued on *30 April 2024* in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the separate financial statements or the management report.

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 2023 comprising an XHTML file which includes the 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 separate financial statements for the year ended 31 December 2023 in accordance with the requirements set out in the ESEF Regulation.

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

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the 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 management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the statement on corporate governance in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the statement on corporate governance includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the statement on corporate governance in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.
- The Company holds treasury shares for a period in excess of two years which is not in accordance with the requirement of the Cyprus Company Law, Cap 113, provision 57A.

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 the Auditors Law of 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 auditor's report is Constantinos Taliotis.

Constantinos Taliotis
Certified Public Accountant and Registered Auditor
for and on behalf of
PricewaterhouseCoopers Limited

Certified Public Accountants and Registered Auditors
PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus

30 April 2024

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

all amounts are in RON, unless stated otherwise

	Note	2023	2022 (restated)
Revenue	7	35,632,713	35,993,793
Administrative expenses	8	(8,266,412)	(10,158,046)
Operating profit		**27,366,301**	**25,835,747**
Finance income	9	2,446,616	1,219,396
Finance costs	9	(10,553)	(8,617)
Net finance income	9	**2,436,063**	**1,210,779**
Profit before tax		**29,802,364**	**27,046,526**
Tax expense	10	(1,028,721)	(982,538)
Net profit for the year		**28,773,643**	**26,063,988**
Other comprehensive income			
Exchange differences on translation of balances to presentation currency (note 16)		1,230,573	(368,536)
Other comprehensive income/(loss) for the year		**1,230,573**	**(368,536)**
Total comprehensive income for the year attributable to owners		**30,004,216**	**25,695,452**

(*) See Note 6 for explanation of restatement.

The notes on pages 128 to 148 are an integral part of these financial statements.

Statement of Financial Position as at 31 December 2023

all amounts are in RON, unless stated otherwise

	Note	31-Dec-2023	31-Dec-2022 (restated*)	1-Jan-2022 (restated)*
ASSETS				
Investments in subsidiaries	11	116,574,774	115,997,641	107,280,931
Equity instruments measured at fair value through profit and loss	12	5,099,924	4,353,004	4,341,709
Loans receivable	13	23,035,909	14,765,211	849,489
Non-current assets		**144,710,607**	**135,115,856**	**112,472,129**
Other receivable	14	15,661,375	19,126,283	33,722,684
Loans receivable	13	2,549,619	565,612	-
Cash and cash equivalents	15	2,954,883	6,133,833	1,481,175
Current assets		**21,165,877**	**25,825,728**	**35,203,859**
Total assets		**165,876,484**	**160,941,584**	**147,675,988**
EQUITY				
Share capital	16	2,020,462	2,020,462	2,020,462
Share premium	16	43,652,065	43,652,065	43,652,065
Treasury shares reserves	16	(662,996)	(2,008,391)	(5,824,138)
Capital reserves	16	69,102,693	69,102,693	69,102,693
Other reserves	16	4,936,567	5,647,675	6,448,985
Foreign currency translation reserves	16	7,915,142	6,684,570	7,053,106
Retained earnings		31,212,707	24,497,966	18,837,062
Total equity		**158,176,640**	**149,597,040**	**141,290,235**
Trade and other payable	17	5,590,302	9,461,586	4,502,795
Provisions	18	2,109,542	1,882,958	1,882,958
Current liabilities		**7,699,844**	**11,344,544**	**6,385,753**
Total equity and liabilities		**165,876,484**	**160,941,584**	**147,675,988**

(*) See Note 6 for explanation of restatement.

On 30 April 2024 the Board of Directors of Purcari Wineries Public Company Limited authorised these financial statements for issue.

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

The notes on pages 128 to 148 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2023
all amounts are in RON, unless stated otherwise

	Share capital	Share premium	Treasury Shares Reserves	Capital reserves	Other reserves	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2022 (reported) in USD	**478,721**	**10,705,033**	**(1,360,020)**	**16,963,544**	**-**	**-**	**5,772,661**	**32,559,939**
Balance at 1 January 2022 (restated*)	**2,020,462**	**43,652,065**	**(5,824,138)**	**69,102,693**	**6,448,985**	**7,053,107**	**18,837,062**	**141,290,235**
Total comprehensive income for the year								
Net profit for the year (as restated*)	-	-	-	-	-	-	26,063,988	26,063,988
Exchange differences on translation of balances to presentation currency	-	-	-	-	-	(368,536)	-	(368,536)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(368,536)**	**26,063,988**	**25,695,452**
Transactions with owners of the Company								
Dividends (Note 16)	-	-	-	-	-	-	(20,403,084)	(20,403,084)
Shares vested to employees (Note 16)	-	-	3,815,747	-	(3,815,747)	-	-	-
Equity-settled share-based payments (Note 16)	-	-	-	-	3,014,437	-	-	3,014,437
Total transactions with owners of the Company	**-**	**-**	**3,815,747**	**-**	**(801,310)**	**-**	**(20,403,084)**	**(17,388,647)**
Balance at 31 December 2022 / 1 January 2023 (restated*)	**2,020,462**	**43,652,065**	**(2,008,391)**	**69,102,693**	**5,647,675**	**6,684,570**	**24,497,966**	**149,597,040**
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	28,773,643	28,773,643
Exchange differences on translation of balances to presentation currency	-	-	-	-	-	1,230,573	-	1,230,573
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,230,573**	**28,773,643**	**30,004,216**
Transactions with owners of the Company								
Dividends (Note 16)	-	-	-	-	-	-	(22,058,902)	(22,058,902)
Treasury shares acquired (Note 16)	-	-	(190,520)	-	-	-	-	(190,520)
Shares vested to employees (Note 16)	-	-	1,535,914	-	(1,535,914)	-	-	-
Equity-settled share-based payments (Note 16)	-	-	-	-	824,806	-	-	824,806
Total transactions with owners of the Company	**-**	**-**	**1,345,394**	**-**	**(711,108)**	**-**	**(22,058,902)**	**(21,424,616)**
Balance at 31 December 2023	**2,020,462**	**43,652,065**	**(662,997)**	**69,102,693**	**4,936,567**	**7,915,143**	**31,212,707**	**158,176,640**

(*) See Note 6 for explanation of restatement.

The notes on pages 128 to 148 are an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 December 2023

all amounts are in RON, unless stated otherwise

	Note	2023	2022 (restated*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**29,802,363**	27,046,526
Adjustments for:			
Equity-settled share-based payment transactions	8	824,806	3,014,437
Unrealized exchange loss		(1,141,461)	(2,203,253)
Dividend income	7,19.1	(35,505,542)	(35,993,776)
Interest income	9	(995,899)	(236,112)
Change in fair value of equity instruments at FVTPL	9	(712,617)	(19,344)
Operating loss before working capital changes		**(7,728,350)**	**(8,391,522)**
Changes in working capital:			
Decrease in other receivable		3,464,908	14,596,407
(Decrease)/Increase in trade and other payable		(3,644,700)	4,958,796
Cash (used in) generated from operations		**(7,908,142)**	**11,163,681**
Interest received		(605,042)	(118,611)
Tax paid	10	(1,028,721)	(982,538)
Net cash (used in) generated from operating activities		**(9,541,905)**	**10,062,532**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary	11	-	(8,868,207)
Dividends received		38,818,050	37,826,702
Loans reimbursed from / (granted to) third parties		461,528	(1,557,560)
Loans granted intercompany		(10,716,233)	(12,923,774)
Net cash generated from investing activities		**28,563,345**	**14,477,161**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(22,058,902)	(20,403,084)
Repurchase of treasury shares		(190,520)	-
Net cash used in financing activities		**(22,249,422)**	**(20,403,084)**
Net (decrease) increase in cash and cash equivalents		**(3,227,982)**	**4,136,609**
Cash and cash equivalents at beginning of the year		6,133,833	1,481,175
Effect of movements in exchange rates on cash held		49,032	516,049
Cash and cash equivalents at end of the year	15	**2,954,883**	**6,133,833**

(*) See Note 6 for explanation of restatement.

The notes on pages 128 to 148 are an integral part of these financial statements.

Notes to the Separate Financial Statements for the year ended 31 December 2023

all amounts are in RON, unless stated otherwise

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 Company’s activities, which are unchanged from prior year, are the holding investments and providing finance to other companies.

2. Basis of preparation

Statement of compliance

These separate 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.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 and are relevant to the Company’s operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The Company is required to by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a public company as defined by the Law and the Company issues consolidated financial statements for the year ended 31 December 2023 together with these Company separate financial statements for the year ended 31 December 2023.

The material accounting policies applied in the preparation of these separate financial statements are set out below in Note 3. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of measurements

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

Standards and interpretation

Going concern basis

These parent financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations for the foreseeable future and will be able to meet its obligations and they become due.

The Company has also prepared consolidated financial statements in accordance with IFRS as adopted by the European Union 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 2023 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 2023, 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, except for:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments resulted in changes in presentation of these financial statements, primarily by removing significant accounting policies that do not represent material accounting policy information.

(i) Standards issued but not yet effective

The following new and amended standards are effective for periods beginning on or after 1 January 2023 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 they become effective.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Lack of exchangeability (Amendments to IAS 21).

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

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lack of exchangeability (Amendments to IAS 21).

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. Material accounting policies

The material 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.

Subsidiaries

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.

The Company carried out an analysis under which has identified no impairment indicators for the subsidiaries.

Revenue recognition

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

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.

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'), which is EUR. The financial statements are presented in Romanian Leu (RON), the same presentation currency as for consolidated financial statements.

(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.

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

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through OCI are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Transaction differences related to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such s equities held at fair value through profit or loss, as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

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

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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 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

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

Financial assets are not reclassified subsequent to their initial recognition unless the 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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Cash and cash equivalents

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

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Trade and other payable

Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

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

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

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.

Impairment

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

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

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

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

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

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

Measurement of ECLs

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

Provisions

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

Share capital

Ordinary shares

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

Share premium

A share premium account is recorded in the shareholders' equity portion of the balance sheet. The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

Capital reserves

Capital reserve constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

Treasury shares

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

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:

	2023	2022 (restated)
Cash and cash equivalents	2,954,883	6,133,833
Other receivable	15,603,435	19,063,256
Loans receivable	25,585,528	15,330,823
Total	**44,143,846**	**40,527,912**

Cash and cash equivalents

The Company held cash and cash equivalents of RON 2,954,882 at 31 December 2023 (2022: RON 6,133,833), which represent its maximum credit exposure on these assets. 99.5% of cash and cash equivalents as at 31 December 2023 are held with bank with credit risk BBB from Fitch Ratings (2022: 99.4% and credit rating BBB).

The estimated loss allowance on cash and cash equivalents as at 31 December 2023 and 31 December 2022 was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2023 and 31 December 2022.

Other receivables

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

	2023	2022 (restated)
Republic of Moldova (Note 18.5)	10,182,772	16,610,420
Gibraltar (Note 18.5)	5,351,207	2,452,836
Other	69,456	-
Total	**15,603,435**	**19,063,256**

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

The estimated loss allowance on other receivables as at 31 December 2023 and 31 December 2022 was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2023 and 31 December 2022.

Loans Receivable

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

	2023	**2022 (restated)**
Republic of Moldova (Note 13)	12,916,434	12,465,152
Bulgaria (Note 13)	10,239,599	-
Czech Republic (Note 13)	2,429,495	2,865,671
Total	**25,585,528**	**15,330,823**

Impairment of other financial assets at amortized cost

Other financial assets at amortized cost include loan receivable, receivable from related party and other receivable.
The estimated loss allowance on loans receivable and other receivable as at 31 December 2023 and 31 December 2022 was immaterial.
No loans receivable, receivable from related parties or other receivable 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 payable:

Monetary liabilities	**Carrying Amount**	**Total Contractual Cash Flow**	**Between 1–12 months**	**More than 1 year**
31 December 2023				
Trade and other payable	5,590,302	5,590,302	5,590,302	
Total	**5,590,302**	**5,590,302**	**5,590,302**	
31 December 2022 (restated)				
Trade and other payable	9,461,586	9,461,586	9,461,586	-
Total	**9,461,586**	**9,461,586**	**9,461,586**	**-**

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 2023	**31 December 2022**
MDL1	19.3574	20.3792
EUR 1	1.1050	1.0666
RON 1	4.9746	4.6346

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 EUR, RON, MDL and USD.

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 2023 was as follows:

	EUR	USD	MDL	RON	Total
31 December 2023					
Monetary assets					
Cash and cash equivalents	2,920,367	3,479	-	31,037	2,954,883
Loans receivable	25,585,528	-	-	-	25,585,528
Other receivable	69,552	5,358,468	10,233,355	-	15,661,375
Total monetary assets	**28,575,447**	**5,361,947**	**10,233,355**	**31,037**	**44,201,786**
Monetary liabilities					
Trade and other payable	905,412	4,643,137	-	41,753	5,590,302
Total monetary liabilities	**905,412**	**4,643,137**	**-**	**41,753**	**5,590,302**
Net statement of financial position exposure	**27,670,035**	**718,810**	**10,233,355**	**(10,716)**	**38,611,484**

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 (restated)					
Monetary assets					
Cash and cash equivalents	5,981,364	126,126	-	26,343	6,133,833
Loans receivable	15,330,823	-	-	-	15,330,823
Other receivable	-	2,454,889	16,608,367	-	19,063,256
Total monetary assets	**21,312,187**	**2,581,015**	**16,608,367**	**26,343**	**40,527,912**
Monetary liabilities					
Trade and other payable	7,528,969	1,900,069	-	32,548	9,461,586
Total monetary liabilities	**7,528,969**	**1,900,069**	**-**	**32,548**	**9,461,586**
Net statement of financial position exposure	**13,783,218**	**680,946**	**16,608,367**	**(6,205)**	**31,066,326**

Exposure to currency risk

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

Sensitivity analysis

A 5% strengthening of the EUR against MDL and USD would have decrease the profit before tax by RON 518,909 for the year 2023 and decrease equity with the same amount (2022: decrease by RON 823,764). 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 a 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”).

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Initial recognition of related party transactions and balances

In the normal course of business, the Company enters into transactions with its related parties. IFRS 9 requires the initial recognition of financial instruments to be based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 18.

6. Restatements

In 2023, the Company performed an assessment on its functional currency using the factors prescribed in the guideline of IAS 2:

- IAS 21 paragraph 9 states that the primary economic environment currency can be an indicator which could argue use of the certain functional currency - in Cyprus (domicile of the Company) this currency is EUR.
- The Parent Company is a holding entity which receives dividends from subsidiaries (in various currencies such as MDL, RON, USD) and its main activity consists of paying the payroll to some employees and non-executive directors.
- Most payroll expenses are made in EUR. There is only 1 person to whom the expense related to remuneration is done in USD and it represents approximately 10% from total payroll expense.
- The loans granted to related companies are in EUR.

Based on the factors considered above, the Company decided to change its functional currency from USD to EUR. The impact of the change in the functional currency can be seen in the tables below. The date of change is considered 1 of January 2019 where a change in the assessment of the factors mentioned above took place. Meaning that in 2019 the salaries that used to be paid in USD, were changed to be paid EUR. At that time, The Company had no loans. The dividends income structure remains the same throughout the years. Therefore, the main indicator being the expenses, was considered. The Company translated all assets, liabilities and equity elements at 1 January 2019 at a foreign exchange rate of EUR/USD 1.145. The impact on the statement of financial position elements can be seen in the table below. Mostly the impact refers to equity elements. Monetary assets previously were translated using the year end foreign exchange rates and thus there is no impact from the change in the functional currency. For non-monetary assets, the balances as 1 January 2022 does not show any differences because the transition should have occurred in 2019. The impact in statement of profit loss and other comprehensive income was also presented in the second table of this Note.

During 2023 the Company decided to change its presentational currency from USD to RON. The change of presentation currency was applied retrospectively. The impact of the change of presentational currency is presented in account "Translation reserve".

The Company also reviewed its approach to accounting of Stock Option Plan, which was approved in June 2020 and subsequently amended in 2021. The Company recognized the stock options retrospectively at their fair value in 2021, with no further remeasurement. As result, the previous remeasurement posted through statement of profit or loss and other comprehensive income for 2022 was cancelled, thus impacting expenses for the period and other reserves. Previously the Company accounted for the stock options using the intrinsic value method prescribed by IFRS 2 paragraph 24. The Company corrected its accounting policy since it could determine fair value at the grant date in accordance with IFRS 2 paragraph 10. More details regarding the assumptions used in the measuring the fair value at the grant date can be seen in Note 8. The impact from the correction of the error is RON 4,900,000 and was booked as at 1 January 2022 since the grant date determined in accordance with IFRS 2 was considered June 2020 with subsequent award on September 2021. Please be aware that this amount can't be traced to the changes in other statements of the financial position as presented in the table below, since the Company has recognised in 2021 already an expense of RON 3,196,782. The prior year reported income in amount of RON 3,354,873 related to remeasurement of stock options presented within total employee benefits expense in Note 28 Employee benefits was reversed in correspondence with other reserves from equity. The entire impact was recorded as described above in the year ended on 31 December 2021 with the balances being restated as at 1 January 2022.

The Company has reassessed its tax position and concluded that an indirect tax provision related to VAT shall be recognised in amount of RON 1,882,958. The amount is presented within provisions line in the statement of financial position.

The following tables summarize the impacts on the Company's financial statements of the change in accounting of stock option plan, change of functional currency and tax exposure.

Restatement of statement of financial position as at 31 December 2022 and 01 January 2022:

	31 December 2022		1 of January 2022	
	As previously reported in USD	As restated in RON	As previously reported in USD	As restated in RON
Assets				
Investments in subsidiaries	26,086,204	115,997,641	24,347,923	107,280,931
Equity instruments at FVTPL	997,127	4,353,004	993,367	4,341,709
Loans receivable	3,185,865	14,765,211	194,360	849,489
Non-current assets	**30,269,196**	**135,115,856**	**25,535,650**	**112,472,129**
Other receivable	4,117,265	19,126,283	7,715,624	33,722,684
Loans receivable	122,041	565,612	-	-
Cash and cash equivalents	1,323,492	6,133,833	338,887	1,481,175
Current assets	**5,562,798**	25,825,728	8,054,511	35,203,859
Total assets	**35,831,994**	**160,941,584**	**33,590,161**	**147,675,988**
Equity				
Share capital	478,721	2,020,462	478,721	2,020,462
Share premium	10,705,033	43,652,065	10,705,033	43,652,065
Treasury shares reserve	(479,080)	(2,008,391)	(1,360,020)	(5,824,138)
Other reserves	16,963,544	74,750,368	16,963,544	75,551,678
Foreign currency translation	-	6,684,570	-	7,053,107
Retained earnings	6,122,260	24,497,966	5,772,661	18,837,062
Total equity	**33,790,478**	**149,597,040**	**32,559,939**	**141,290,235**
Liabilities				
Trade and other payable	2,041,516	9,461,586	1,030,222	4,502,794
Provisions	-	1,882,958	-	1,882,958
Current liabilities	**2,041,516**	**11,344,544**	**1,030,222**	**7,699,844**
Total liabilities	**2,041,516**	**11,344,544**	**1,030,222**	**7,699,844**
Total equity and liabilities	**35,831,994**	**160,941,584**	**33,590,161**	**147,675,988**

Restatement of statement of profit or loss and other comprehensive income for the year ended 31 December 2022:

	As previously reported in USD	As restated in RON
Revenue	7,621,725	35,993,793
Administration expenses	(1,411,715)	(10,158,046)
Operating profit	**6,210,010**	**25,835,747**
Finance income	53,896	1,219,396
Finance costs	(365,717)	(8,617)
Net finance income	**(311,821)**	**1,210,779**
Profit before tax	**5,898,189**	**27,046,526**
Income tax expense	(199,029)	(982,538)
Profit for the year	**5,699,160**	**26,063,988**
Other comprehensive income		
Exchange differences on translation of foreign operations	-	(368,536)
Other comprehensive loss for the year	-	**(368,536)**
Total comprehensive income for the year attributable to owners	**5,699,160**	**25,695,452**

Restatement of consolidated statement of cash flows for the year ended 31 December 2022:

	As previously reported in USD	As restated in RON
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,898,189	27,046,526
Adjustments for:		
Equity-settled share-based payment transactions	(166,351)	3,014,437
Unrealized exchange loss	165,738	(2,203,253)
Dividend income	(7,621,302)	(35,993,776)
Interest income	(50,136)	(236,112)
Change in fair value of equity instruments at FVTPL	(3,760)	(19,344)
Operating loss before working capital changes	**(1,777,622)**	**(8,391,522)**
Changes in working capital:		
Decrease in other receivable	3,631,119	14,596,407
Increase in trade and other payable	1,011,294	4,958,796
Cash generated from operations	**2,864,791**	**11,163,681**
Interest received	25,571	(118,611)
Tax paid	(199,029)	(982,538)
Net cash generated from operating activities	**2,691,333**	**10,062,532**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	(1,738,281)	(8,868,207)
Dividends received	7,588,543	37,826,702
Loans granted	(3,088,982)	(14,481,334)
Net cash generated from investing activities	**2,761,280**	**14,477,161**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,302,270)	(20,403,084)
Net cash used in financing activities	**(4,302,270)**	**(20,403,084)**
Net increase in cash and cash equivalents	**1,150,343**	**4,136,609**
Cash and cash equivalents at beginning of the year	338,887	1,481,175
Effect of movements in exchange rates on cash held	(165,738)	516,058
Cash and cash equivalents at end of the year	**1,323,492**	**6,133,833**

7. Revenue

	2023	2022 (restated)
Dividend income (Note 19.1)	35,505,542	35,993,776
Other income	127,171	17
	35,632,713	**35,993,793**

8. Administrative expenses

	2023	2022 (restated)
Registrar of Companies annual levy	1,708	1,863
Independent auditors' remuneration for the statutory audit of annual accounts	42,955	313,285
Independent auditors' remuneration for the audit of consolidated accounts	640,418	529,245
Directors' (Note 19.3)	1,497,082	1,648,981
Key management personnel remuneration (Note 19.3)	3,409,839	2,862,269
Other staff costs	661,554	1,113,892
Equity-settled share-based payment	824,806	3,014,437
Legal and professional	952,803	634,718
Taxes and fees, except income tax	167,983	-
Promotion	-	3,657
Travelling	7,498	9,949
Insurance	30,205	25,750
Rent	19,769	-
Other	9,792	-
	8,266,412	**10,158,046**

The total fees charged by PwC Cyprus for audit services provided on the annual statutory and consolidated financial statements for the year ended 31 December 2023 amounted to RON 692,510 (2022: RON 0). Prior year fee from KPMG Cyprus and other KPMG network firms for the audit of the annual financial statements was RON 816,691. Both are included in the Professional fees.

In addition, the total fees charged by PwC Cyprus and by other PwC network firms for other services for the year ended 31 December 2023 amounted to RON 0 (2022: RON 0) and RON 191,194 (2022: RON 103,450) respectively for other assurance services (audit related), RON 0 (2022: RON 0) and RON 0 respectively for tax advisory services and RON 0 (2022: RON 0) and RON 0 respectively for other non-assurance services.

Share-based payments

Management incentive program

On 29 April 2020, the Company's shareholders approved the revised Special Resolution, initially date 14 June 2018 and later revised on 25 April 2019, stating the provision of a Management Stock Option Plan, as part of a Management Incentive Program ("The 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 comprised of the following:

c) award of shares of the Company to be provided to the Beneficiaries, free of charge, subject to relevant performance indicators determined by the Board of Directors, being met; and
d) award of stock options to be provided to the Beneficiaries (the Options or PSOs), subject to relevant performance indicators to be determined by the Board of Directors, being met.

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 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to increase the total number of shares to 502,998 shares. As of 31 December 2023, all shares under LTSIP 1 were vested.

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. 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 increase the total number of shares to 193,668 shares. As of 31 December 2023, a total number of 152,419 shares were vested to management and employees. Another 25,644 shares will be vested in 2024.
The share-based payments are recognized at the market value of the shares at the grant date.

In 2023 the Company bought back 15,239 own shares (2022: nil). The treasury shares acquired and held in 2023 are enough to finalize the existing Company's Management Incentive Program, which provides for last shares award in June 2024. These shares were recorded under "Treasury Shares Reserves".

At 15 June 2023 the Company allocated 101,047 shares to its management and employees with a total value of RON 1,535,914 (2022: 251,036 shares with a total value of RON 3,815,747) by offset of "Treasury Shares Reserves" with "Other reserves".

Stock options

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

(a) 1,000,000 stock options at an Exercise Price of RON 10 per share;
(b) 1,250,000 stock options at an Exercise Price of RON 15 per share; and
(c) 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 2023 the participants didn't exercise any rights to purchase shares at Exercise Price (2022: nil).

In 2023 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.

Fair value of stock options at grant date was calculated using the following assumptions:

- Risk-free interest rate for the expected life of options (1% for options exercisable immediately and 1.9% for options exercisable in June 2022)
- Expected volatility of the underlying share price (20%, standard deviation in the period 1 October - 30 September 2021)
- Exercise life of options (Options can be exercised up to 2030)
- Expected dividends on the underlying shares (between 40% to 50% of the dividends are expected to be paid each year from the net profit).

The table below summarizes the movements in stock options between 1 January 2022 and 31 December 2023, and weighted average exercise price:

	Stock options with exercise price @RON 10	Stock options with exercise price @RON 15	Stock options with exercise price @RON 20	Weighted average exercise price
Outstanding Stock Options @ 01.01.2023	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2023	**772,500**	**1,090,800**	**1,291,600**	-
Outstanding Stock Options @ 01.01.2022	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2022	**772,500**	**1,090,800**	**1,291,600**	-

9. Net finance income

	2023	2022 (restated)
Interest income	(995,899)	(236,112)
Financial assets at FVTPL – net change in fair value (Note 12)	(712,617)	(19,344)
Net foreign exchange gain	(738,100)	(963,940)
Total finance income	**(2,446,616)**	**(1,219,396)**
Sundry finance expenses	10,553	8,617
Total finance costs	**10,553**	**8,617**
Net finance income recognized in profit or loss	**(2,436,063)**	**(1,210,779)**

10. Tax

	2023	2022 (restated)
Corporation tax - current year	1,028,721	982,538
Charge for the year	**1,028,721**	**982,538**

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

	2023	2022 (restated)
Profit before tax	**29,802,364**	**27,046,526**
Tax calculated at the applicable tax rates	3,725,296	3,380,816
Tax effect of expenses not deductible for tax purposes	920,095	82,756
Current year losses for which no tax expense was recognized	(25,859)	932,149
Tax effect of allowances and income not subject to tax	(4,619,532)	(4,622,133)
Tax paid in foreign jurisdictions	1.028,721	1,208,950
Tax charge	**1,028,721**	**982,538**

The corporation tax rate is 12.5%.

During 2023, a withholding tax of 5% was paid in the Republic of Moldova by the Company's subsidiaries Vinaria Purcari SRL and Vinaria Bostavan SRL, out of dividends distributed to the parent company and, respectively, interest on loan received from parent company.

Under certain conditions, interest income may be subject to defence 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 defence 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.

	2023	2023	2022 (restated)	2022 (restated)
	Gross amount	Tax effect	Gross amount	Tax effect
Tax losses	45,026,776	5,628,347	43,642,368	5,455,296

Tax losses carried forward

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

Expiration years	RON 45,026,776	2024 – 2028	RON 43,642,368	2023 – 2027

In 2023, the Company continued to further record tax losses, thus increasing cumulative tax losses to RON 45,026,776. Management has determined that the recoverability of cumulative tax losses, which expire in 2024–2028, 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 RON 5,628,347 would be recognized.

11. Investments in subsidiaries

	2023	2022 (restated)
Balance at 1 January	115,997,641	107,280,931
Additions	-	8,868,207
Effect of movement in exchange rates	577,133	(151,497)
Balance at 31 December	**116,574,774**	**115,997,641**

In 2022 the Company acquired 76% of share capital of Angel's Estate in Bulgari, which is a wine producer.

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2023 Holding %	2022 Holding %	2023	2022 (restated)
Vinaria Bostavan SRL	Moldova	Wine production	58.59	58.59	47,132,431	46,899,090
Crama Ceptura SRL	Romania	Wine production	100	100	13,548,753	13,481,676
Vinorum Holdings LTD	Gibraltar	Investments	100	100	22,110,820	22,001,355
Vinaria Purcari SRL	Moldova	Wine production	100	100	24,598,092	24,476,313
Purcari Wineries LLC	Ukraine	Distribution	100	100	272,348	271,000
Angel's Estate SA	Bulgaria	Wine production	76.00	76.00	8,912,330	8,868,207
					116,574,774	**115,997,641**

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.

12. Equity instruments measured 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 2023 and 31 December 2022 was as follows:

	2023	2022 (restated)
Balance at 1 January	4,353,004	4,341,709
Change in fair value (Note 9)	712,617	19,344
Effect of movement in exchange rates	34,303	(8,049)
Balance at 31 December	**5,099,924**	**4,353,004**

As of 31 December 2023, 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 2023, 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 2024-2028 (RON 13,961,704); • 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: • RON 55,308 (RON 55,308) if the expected cash flows were higher (lower) by 1%; or • RON 1,013,688 (RON 766,379) if the risk-adjusted discount rate was lower (higher) by 1pp; or • RON 781,654 (RON 593,304) if the terminal growth rate was higher (lower) by 1pp.

13. Loans receivable

As at 31 December 2023 and 31 December 2022 loans receivables are as follows:

	Currency	Interest rate	Year of maturity	2023		2022 (restated)	
				Non-current portion	Current portion	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	376,662	-	364,379	-
8Wines s.r.o.	EUR	6.0%	2024	-	2,052,833	2,042,671	458,621
Vinaria Bostavan SRL (Note 19.4)	EUR	4.0%	2027	12,419,648	496,786	12,358,161	106,991
Angel's Estate SA (Note 19.4)	EUR	Euribor 12M+3.0%	2028	10,239,599	-	-	-
Total loans receivable				**23,035,909**	**2,549,619**	**14,765,211**	**565,612**

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 loans receivable is reported in note 4 of the financial statements.

14. Other receivable

	2023	2022 (restated)
Receivable from related companies (Note 19.5)	15,533,979	19,063,256
Prepayments	57,940	63,027
Other receivable	69,456	-
	15,661,375	**19,126,283**

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

15. Cash and cash equivalents

	2023	2022 (restated)
Cash at bank	2,954,883	6,133,833
	2,954,883	**6,133,833**

16. Share capital and other elements of equity

	2023	**2023**	2022	2022
	Number of shares	**€**	Number of shares	(restated) €
Authorised				
Ordinary shares of €0,01 each	**43,000,000**	**430,000**	43,000,000	430,000

	2023	**2023**	2022	2022
	Number of shares	**RON**	Number of shares	(restated) RON
Issued and fully paid				
Balance at 1 January	40,117,500	2,020,462	40,117,500	2,020,462
Balance at 31 December	**40,117,500**	**2,020,462**	**40,117,500**	**2,020,462**

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 both 2023 and 2022 no shares were issued.

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.

On 26 May 2023 the Company's shareholders approved the legal framework for the redemption by the Company of own shares. During 2023 the Company acquired 15,239 own shares (2022: nil). The treasury shares acquired and held in 2023 are enough to finalize in 2024 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 2023 the Company vested 101,047 (2022: 251,036) shares to its employees with a total value of 1,535,914 RON (2022: 3,815,747 RON).

Capital reserve

Capital reserve was created by the Parent Company with the aim of covering potential losses from the activity of the Parent Company. The amount of capital reserves is RON 69,102,693 (31 December 2022: RON 69,102,693).

Translation reserve

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

Treasury share reserve

In 2023 the Company acquired 15,239 own shares in amount of RON 190,520 (2022: nil).
The treasury shares acquired and held in 2023 are enough to finalize in 2024 the Company's Management Incentive Program, which provides for equity-settled share-based payments to management (see Note 29). The current balance of own shares left to finalise the equity-settled share-based payments is 25,644 shares.
During 2023 the Company allocated 101,047 shares to its management and employees with a total value of RON 1,535,914 (2022: 251,036 shares with a total value of RON 3,815,747).

Other reserves

In 2023 the Company accounted for equity-settled share-based payments in amount of RON 824,807 (2022: RON 3,014,437) in connection with the Management Incentive Program (see Note 29) and offset the amount of RON 1,535,914 (2022: RON 3,815,747) with treasury share reserve for shares allocated to employees. In 2023 the Company also accounted in other reserves for put option over non-controlling interests in the amount of RON 1,943,080 (2022: (RON 11,729,130)).

Dividends

During 2023 the Company declared and paid dividends in amount of RON 0.55 per share (2022: RON 0.51) to all shareholders. The total amount of dividends declared and paid in 2023 was RON 22,058,902 (2022: RON 20,403,084).

17. Trade and other payable

	2023	**2022 (restated)**
Payable to related parties (Note 19.6)	4,616,832	4,202,654
Dividend payable	31,755	22,625
Other creditors	941,715	5,236,307
	5,590,302	**9,461,586**

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

18. Provisions

	2023	2022 (restated)
Provisions for indirect taxes	1,882,958	1,882,958
Provision for unused vacation	226,584	-
	2,109,542	**1,882,958**

19. Related party transactions

The Company has no ultimate parent entity or ultimate controlling party. The Company's related parties for the years 2023 and 2022 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
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:

19.1 Dividend income (Note 7)

	2023	2022 (restated)
Vinaria Purcari SRL	13,267,694	16,589,333
Crama Ceptura SRL	18,792,270	17,020,653
Vinorum Holdings Limited	3,445,578	2,383,790
	35,505,542	**35,993,776**

19.2 Interest income (Note 13)

	2023	2022 (restated)
Vinaria Bostavan SRL	494,650	106,737
Angel's Estate SA	349,628	-
	844,278	**106,737**

19.3 Administration expenses (Note 8)

	2023	2022 (restated)
Directors' remuneration	1,497,082	1,648,981
Key management personnel remuneration	3,409,839	2,862,269
Equity-settled share-based payments of key management personnel	312,837	1,300,279
	5,219,758	**5,811,529**

19.4 Loans receivable from related parties (Note 13)

	Nature	2023	2022 (restated)
Vinaria Bostavan SRL	Interest bearing	12,916,434	12,465,152
Angel's Estate SA	Interest bearing	10,239,599	-
		23,156,033	**12,465,152**

19.5 Receivable from related parties (Note 14)

	Nature	2023	2022 (restated)
Vinaria Purcari SRL	Dividends	10,182,772	16,610,420
Vinorum Holdings Limited	Dividends	5,351,207	2,452,836
		15,533,979	**19,063,256**

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

19.6 Payable to related parties (Note 17)

	Nature	2023	2022 (restated)
Directors and key management personnel	Management fees	4,616,832	4,202,654
		4,616,832	**4,202,654**

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

20. Financial instruments by category

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

31 December 2023	Financial assets mandatory at FVTPL	Financial assets at amortized cost	Total
Assets as per statement of financial position:			
Equity instruments held at FVTPL	5,099,924	-	5,099,924
Loans receivable	-	25,585,528	25,585,528
Other receivable	-	15,661,375	15,661,375
Cash and cash equivalents	-	2,954,883	2,954,883
Total	**5,099,924**	**44,201,785**	**49,301,709**

	Financial assets mandatory at FVTPL	Financial liabilities at amortized cost	Total
Liabilities as per statement of financial position:			
Trade and other payable	-	5,590,302	5,590,302
Total	**-**	**5,590,302**	**5,590,302**

31 December 2022 (restated)	Financial assets mandatory at FVTPL	Financial assets at amortized cost	Total
Assets as per statement of financial position:			
Equity instruments held at FVTPL	4,353,004	-	4,353,004
Loans receivable	-	15,330,823	15,330,823
Other receivable	-	19,063,256	19,063,256
Cash and cash equivalents	-	6,133,833	6,133,833
Total	**4,353,004**	**40,527,912**	**44,880,916**

	Financial assets mandatory at FVTPL	Financial liabilities at amortized cost	Total
Liabilities as per statement of financial position:			
Trade and other payables	-	9,461,586	9,461,586
Total	**-**	**9,461,586**	**9,461,586**

21. 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.

Two years 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. 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. As result, during 2023 the tariff on natural gas was reduced, inflation dropped under targeting level, interest rates decreased.

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 3.20% of total finished goods sold in 2023r, which will not have a significant impact even if the Group gives up to these markets.
- the gross amount of trade receivable for clients located in these countries counts for 2.8% of total trade receivable of the Group as at 31 December 2023, which has no impact on the financial position of the Group, as all these are fully provisioned.
- the Company does not own any assets in the regions of the conflict. Its fully owned subsidiary located in Ukraine, is a trading one 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.

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.

22. Events after the reporting period

There were no material subsequent events after the reporting period, except:

On 28 March 2024 the Group acquired 100% of share capital of Timbrus Purcari Estate SRL for a cash consideration of EUR 2,800,000 financed from own funds. Timbrus Purcari Estate SRL is a Moldova based company owning around 130 ha of land, including 112 ha of vineyards located in Purcari village.

These financial statements for the year ended 31 December 2023 were approved and authorized for issue by the Board of Directors on 30 April 2024.