PURCARI
WINERIES GROUP

ANNUAL REPORT

2021

PURCARI
CHATEAU

1827
SINCE

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Freedom Blend
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About Purcari Wineries

Purcari Wineries Plc

Annual results 2021

Founded in 1827 by French colonists, Purcari Group is now...

Most awarded CEE winery of the year in 2015-2021 at Decanter London, "Wine Olympics"

#1 Premium Wine brand in Romania, Moldova

1 Fastest growing large winery in Romania

#1 Largest exporter of wine from Moldova

1,350 hectares of prime vineyards, top production assets

Reputable shareholders alongside founder, Victor Bostan: Horizon Capital, East Capital, Fiera Capital, Franklin Templeton, Conseq, SEB, Paval Holding etc.

5 brands, covering a broad spectrum of segments

PURCARI
CHATEAU

CRAMA CEPTURA
NE ADUCE ÎMPREUNĂ

BOSTAVAN

DOMENIILE
CUZA

FONDAT 1929
DIVIN
BARDAR

Purcari Wineries at a glance

Evolution of Purcari Group

	Macro context	Acquisitions / Divestments	Sales '10-21 RON	Development
2021	Continuing restrictive measures and lockdowns.	Increased stake in Ecosmart Union SA to 65.75%. Acquired Vinoteca Gherasim Constantinescu for EUR 589 k	**248 m**	Listing in FTSE Russel Micro Cap Index; Increase in online presence-10% in 8 Wines, online retail platform
2020	COVID-19 pandemic, lockdown, travel restrictions	Divested the stake in glass packaging company for EUR 7.8 m	**204 m**	Third BVB listing anniversary, with 35% Total Shareholder Return, including 0.95 RON paid out in dividends
2019	Global economic activity slowed. BREXIT, US-China trade wars	Acquisition of 263 ha of vine-yards and production platform in Moldova	**199 m**	Horizon Capital exit through an ABB**
2018			**168 m**	Processed 35.000 tones of grapes, historically the highest level.
2017	Strong economic growth across CEE, especially Romania		**142 m**	Listing on Bucharest Stock Exchange (BVB: WINE)
2016		Profit sharing deal on 172ha of vineyards in Romania (taken under operation)*	**107 m** / **71 m**	Start of push into brandy, sparkling
2014	Ukraine conflict, devaluations across CIS; CIS share of sales down to ~10%		**60 m** / **66 m**	Relaunch of all 4 core brands, marketing shake-up
2012	2nd Russian embargo, Group loses ~17% of business		**63 m** / **48 m**	Strategy shift to CEE, away from Russia; Romania defined as key growth market
2010	Global financial crisis		**45 m**	Horizon Capital invests into the company
2008		Acquisition of Bardar, 1st brandy asset		
2006	1st Russian embargo, Group loses ~80% of business			IFC invests into the company
2004		Acquisition of Crama Ceptura, 1st asset in Romania; Acquisition of Purcari winery; Acquisition of Bostavan, 1st asset in Moldova		Focus on Moldovan exports to Russia; Foundation of Group

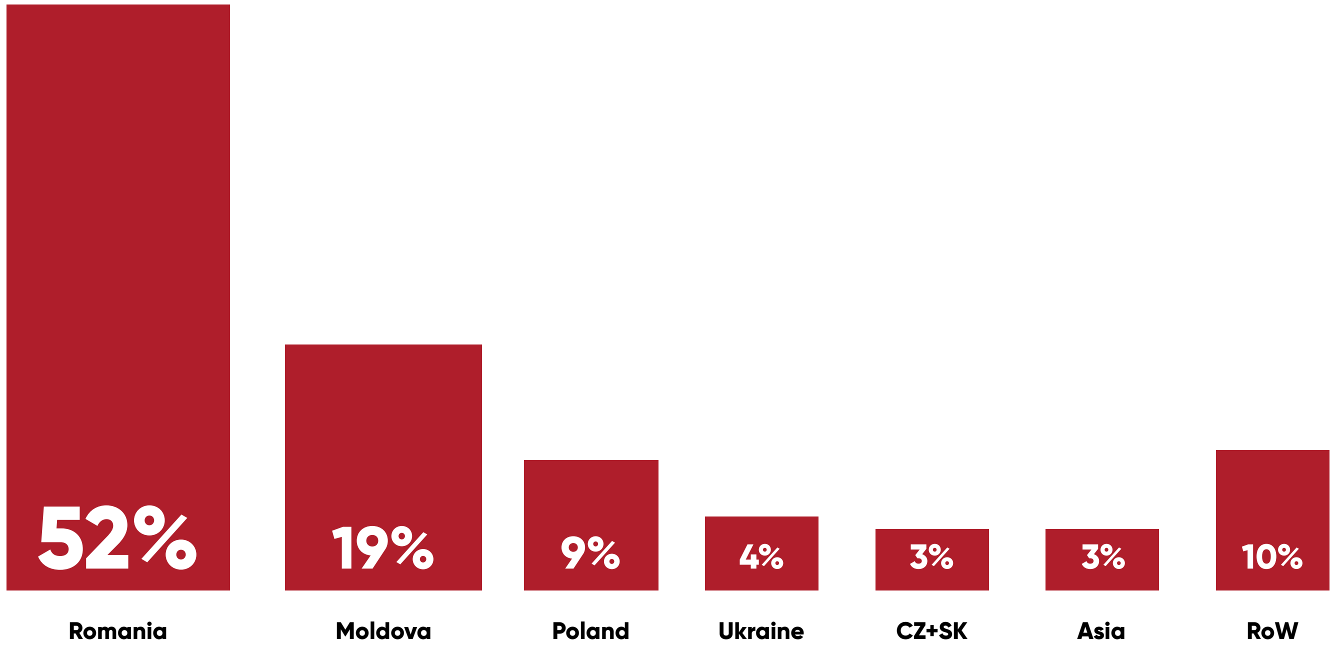
Purcari grew its business organically and via acquisitions, successfully adjusting to macro headwinds, refocusing away from reliance on CIS to CEE

Note: Revenue for 2014 – 2021: IFRS financial statement issued in RON;
Revenue for 2010 – 2013: IFRS financial statements issued in USD;
*now 91ha, taken under joint operation (59ha) and under operational lease (32ha)
** On January 2020, Horizon Capital has returned as shareholders from their latest fond, EEGF III

Purcari Wineries at a glance

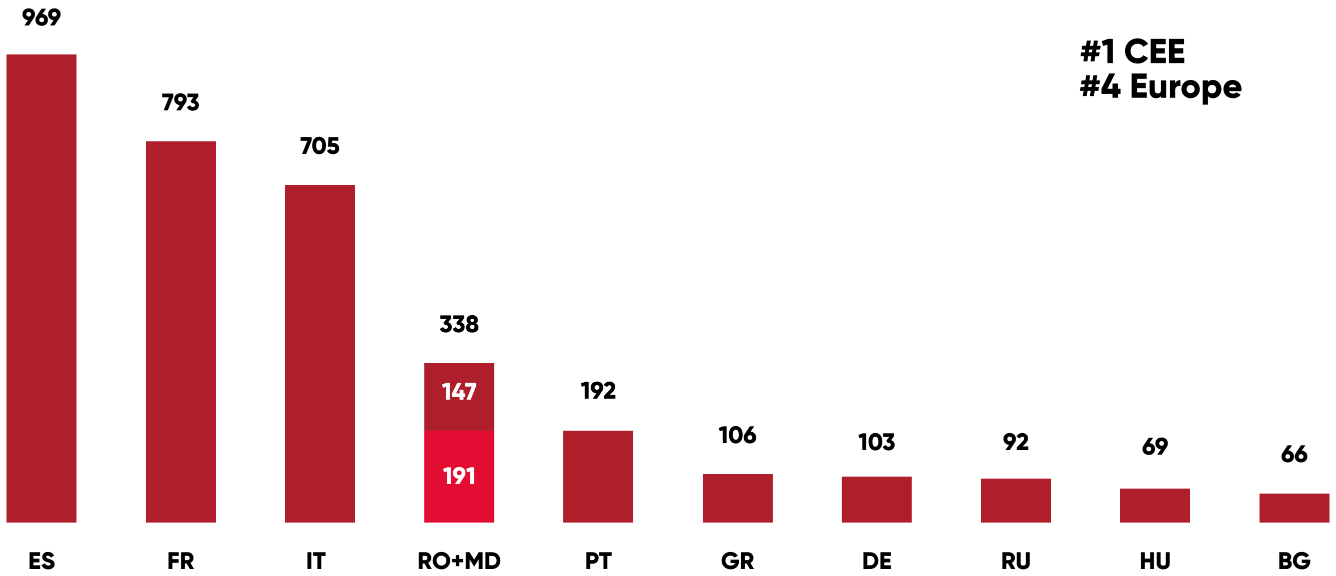
Leading wine player in Romania and the CEE with a strong & expanding regional footprint

Geographical breakdown of sales in value terms, 2021, %



Located in a region with one of the richest wine heritages

Top 10 European countries by area under vines, kha



Our Mission, Vision and Values

MISSION

To bring joy in people's lives, by offering them high quality, inspiring, ethical wines, and excellent value for money.

VISION

To become the indisputable wine champion in CEE, acting as a consolidator of a fragmented industry.

VALUES

Hungry

We win in the marketplace because we want it more.

Ethical

Always do the right thing and the money will follow.

Thrifty

The only way we can offer better value for money.

Different

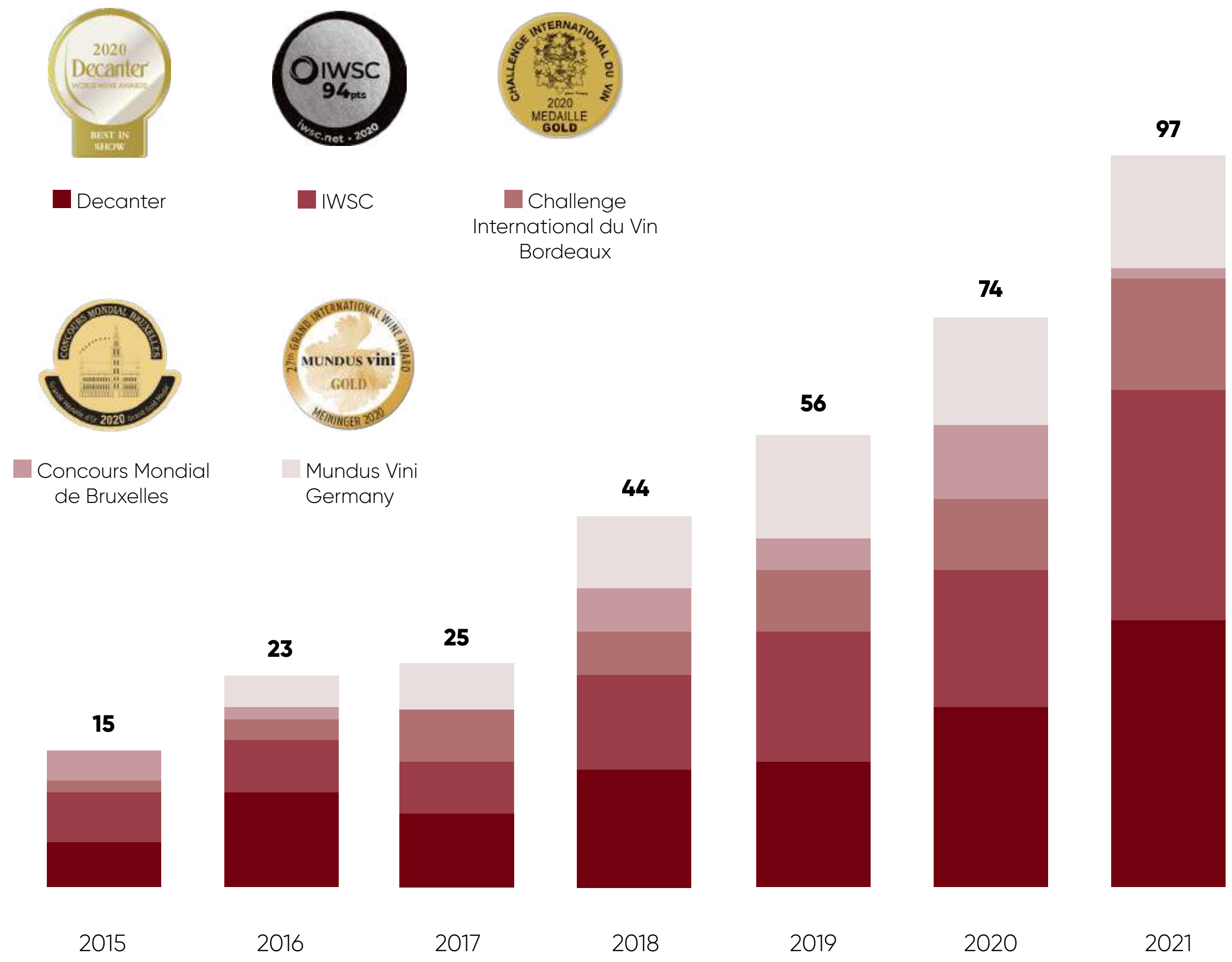
We pride ourselves on taking a fresh look on things.

Better

We keep improving – both our wines and our people.

Increasing number of medals won from year to year

of medals



Unlike beer or spirits, wine production is more prone to quality fluctuations. The Group has demonstrated the ability to keep raising the bar quality-wise, as illustrated by the mounting number of medals won at top global competitions.

Message from CEO

Dear Shareholders,

Annual letters are an opportunity for introspection, for looking at the year passed, and more importantly, for reflecting about the future plans. At Purcari, we also see it as an opportunity to calibrate against our mission to delight our consumers and the bold vision of building an undisputable CEE wine champion. By all means, 2021 offered us plenty of opportunities to both cheer at numerous successes, but also critically assess many opportunities for further improvement. One thing is constant though, we remain as determined as ever to keep marching ahead in the pursuit of our growth.

When we listed in Bucharest back in early 2018, we were doing so on back of revenues of RON 142 million and EBITDA of 29 million. Fast forward four years, our EBITDA more than doubled, to 75 million, while our revenues are nearly 75% higher. Given the very high bar we set for ourselves, we are never entirely satisfied with our achievements and the previous year is no exception. Still, even against that anti-complacency backdrop, we are pleased with the 22% revenue growth achieved, significantly above the +12-14% guidance announced. We understand that scale is key in our business, the market fragmentation still very significant, wine consumption levels still a fraction of beer and spirit segments, so we see a good backdrop to continue growing at healthy double-digit rates. On profitability side, our EBITDA last year rose by 24%, despite the drought and poor harvest recorded in 2020, which increased our input costs in 2021. Of course, the pressing inflationary environment represents a big challenge, but we are well positioned to soften the impact of rising costs by seeking more efficient ways to do business and, selectively, increasing prices, capitalizing on the strength of our brands, while continuing to offer excellent value for money to our consumers.

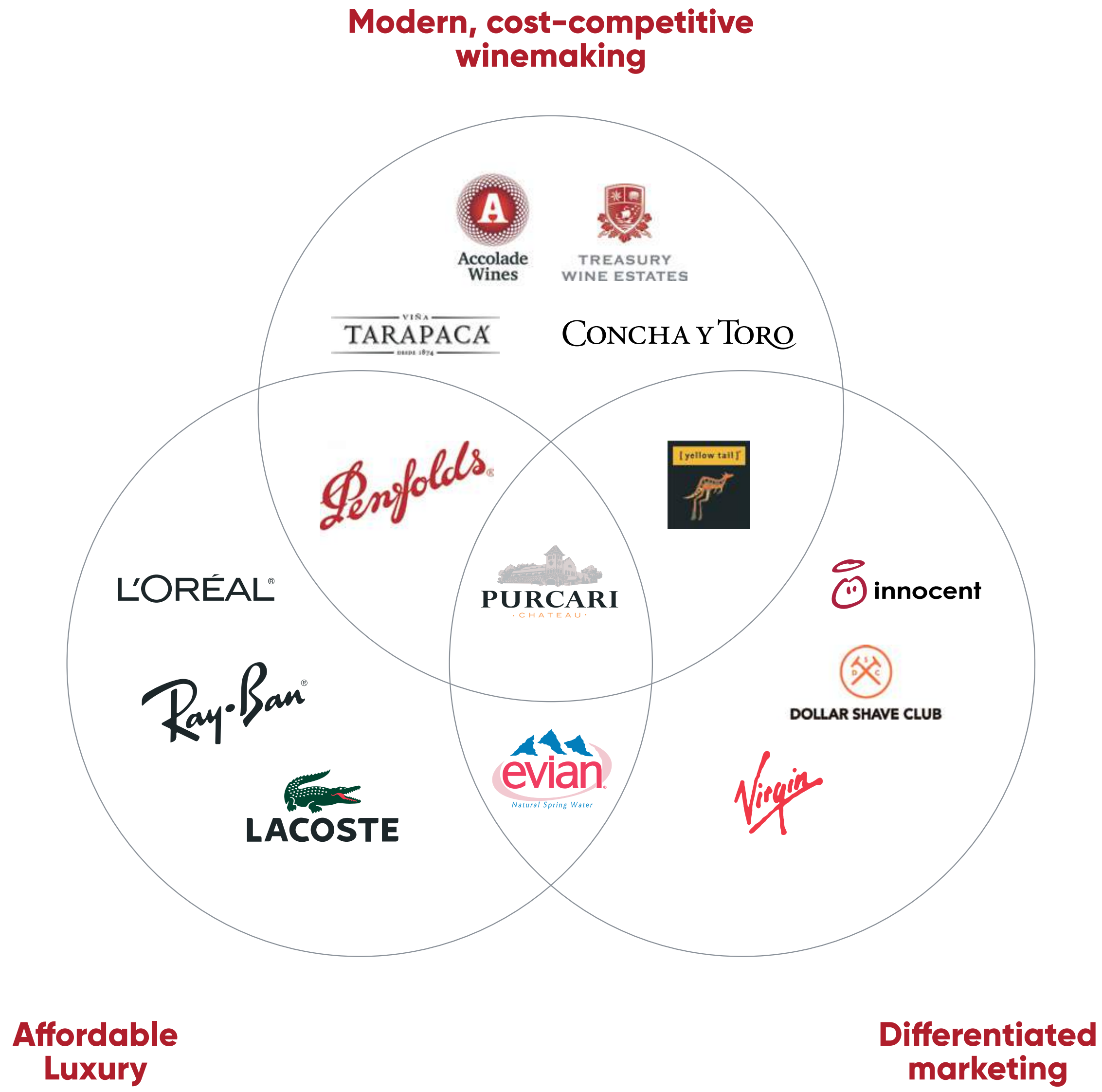
In addition to the strong double-digit growth of our core wine business, we continue to seize opportunities for inorganic expansion. In the past, we have achieved excellent paybacks on our investments in Glass Container Company and Speed Husi (Cramele Husi). Last year, we continued our M&A pursuit by acquiring a minority stake in the fast-growing ecommerce business of 8Wines, which also allowed us to make Purcari available for shipping to over 40 countries, while boosting our own ecommerce capabilities. We remain big believers in the future of wine ecommerce and plan to remain a pioneering brand in terms of online footprint. Beyond that, we have capitalized on the opportunity to grow our sustainability commitment, by acquiring a controlling stake in EcoSmart, a recycling business in which we acted as one of the co-founding shareholders. We are confident that EcoSmart, which was poorly managed by the previous administrator, offers extraordinary potential for value creation, while also helping us deliver on our sustainability goals as a business. We will not settle here and continue looking for appealing M&A opportunities. With a balance sheet as strong as ours, with Net Debt to EBITDA at well below 1.0x and abundant access to additional financing, we are in a good position to seize on M&A opportunities, especially in a marketplace recovering from Covid and affected by geopolitical turbulences.

Needless to say, as I am writing this letter, I cannot remain silent about the tragic war unleashed by Kremlin in Ukraine. In the very first day of the conflict, we opened the doors of our Chateau to the Ukrainians fleeing the conflict, transforming our estate into an improvised refugee center. We have helped place nearly 4,000 people throughout the region and our extraordinary team of volunteers worked round the clock to help those crossing the border at Palanca. We are praying for peace and for the light to triumph over darkness. Our company, our region, have always been emerging stronger from crises in the past. We are confident that this will be the case this time round as well. To that, we will raise a glass of our iconic Freedom Blend.

Victor Bostan
CEO

Our Strategy

Our business model: Affordable Luxury



Purcari is positioned at the intersections of three themes:

Modern winemaking: the company is brand, as opposed to appellation-centric and runs a cost-efficient business.

Affordable luxury: as an aspirational brand, Purcari wines are an example of affordable luxury, building on a heritage dating back to 1827 and ranking among most awarded wineries in Europe.

Differentiated marketing: the company is not afraid to be quirky about the way it approaches marketing, prioritizing digital channels and focusing on engaging content as opposed to traditional advertising.

Key Operational Highlights of full year 2021

Ongoing revenue growth, exceeding guidance

- Core Wine revenues up 17% YoY to RON 237.3m, exceeding guidance, with Purcari and Bardar leading the growth.
- Moldova (+61% YoY) fully recovered to pre-Covid level. Romania continuing double-digit growth, +18% YoY.
- Bostavan mainstream brands down in Poland, as prioritizing margin over volumes.
- Bardar - strong performance +22% YoY, proceeding with shift from bulk to bottled to support increasing demand for premium aged brandy.

Strong margins on efficient cost controls

- Group EBITDA up by 24% to RON 75.2m, 30% margin. Core Wine EBITDA at RON 76.1m, 32% margin, above the guidance range. Group EBITDA affected by RON 1.1m receivables provision of Ecosmart.
- Low leverage, Net debt to LTM EBITDA at 0.88x.

Additional cash consideration from the divestment

- Receival of an additional cash consideration of EUR 978,232 related to the exit from Glass Container Company ("GCC") to Vetropack Group, occurred on 09.12.2020.
- Payment adjustment based on full 2020 audited accounts of GCC - an addition to the upfront payment received in December 2020 of EUR 7,224,093.

Expanding inorganically

- 8Wines – 10% stake in fast growing online wine retail platform to build up ecommerce capabilities.
- Ecosmart Union – increased Group's stake to 65.75%, taking control over the business (waste recycling management), putting further emphasis on sustainability.
- Vinoteca Gherasim Constantinescu – acquired 50ha of high-quality vineyards and another 22ha of prime land for future expansion in Dealu Mare, the top Romanian wine region.

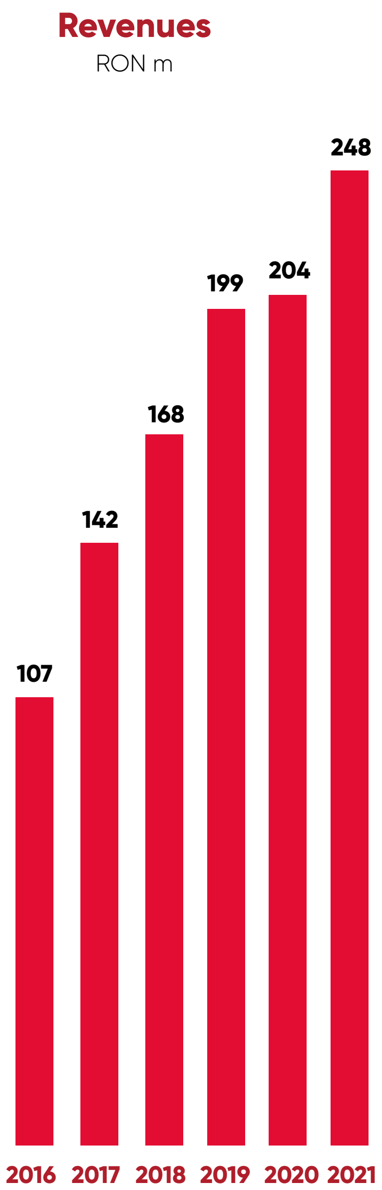
Solid harvest, despite challenging agricultural year worldwide

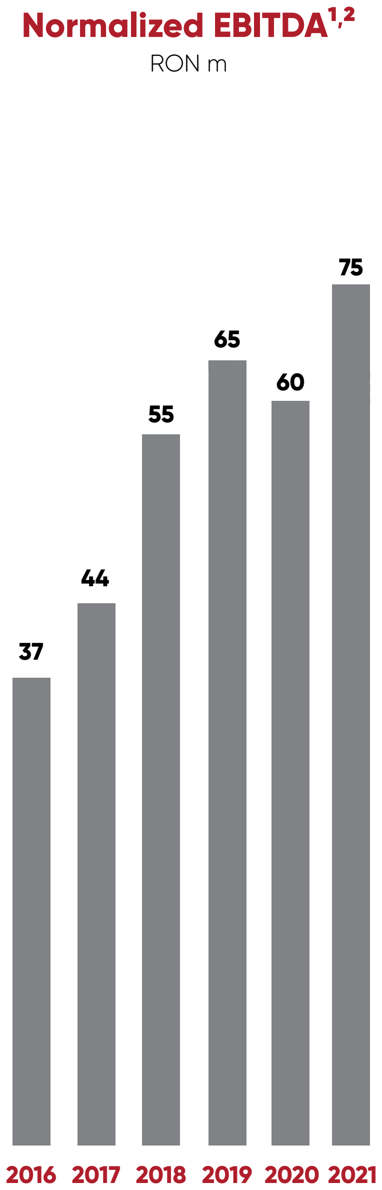
- Own harvest has increased by 53%. Vineyards have recovered after two consecutive years of drought.
- The Company took a non-intensive approach and fulfilled its required stocks in part from third party purchases.
- In 2021, a record harvest was registered in Romania: +37% YoY and +29% vs. 5 years average level, while the world wine production registered a low volume of harvest, the big-3 producing countries were significantly affected: France, Spain, Italy – down 27%, 14% and 9% respectively.

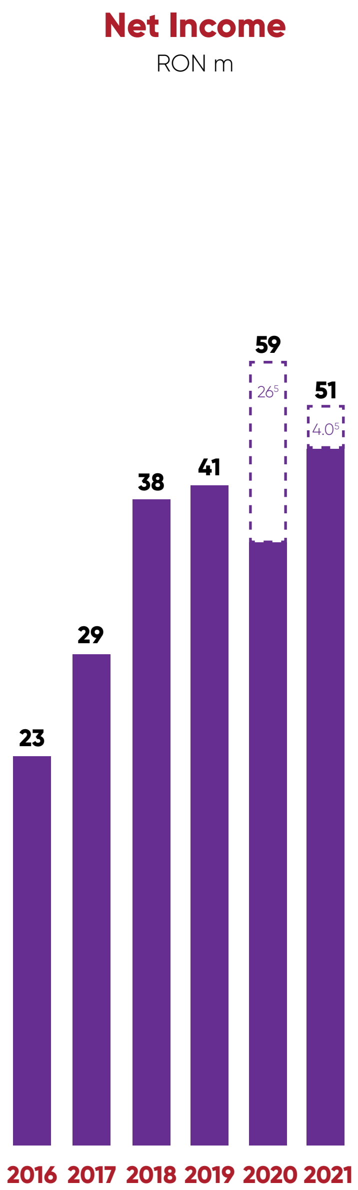
Active capital markets agenda

- Included in FTSE Global Micro-Cap Index as of March 2022.
- Dividend of 0.65 RON/share paid on 09.09.2021, record date: 20.08.2021, 5.0% yield on announcement.
- Buyback program of 329,156 shares carried out during 10.08.2021 – 27.10.2021 period at an average acquisition price RON 15.007 per share.

Revenues up in 2021, despite lockdowns; profits spiked, on one-offs







Note: 1) EBITDA normalized for non-recurring, IPO-related expenses incurred in 2017 and 2018.
2) Normalized with the impact of fair value adjustment of biological assets: RON 2.9 mil. (Y20) and RON 0.1 mil. (Y19).
3) Includes net income from one off transactions adjusted to implied taxation: settlement of assigned receivable from Speed Husi and sale of the stake in Glass Container Company.
4) FX translation loss due to MDL depreciation vs. hard currencies as of December 31, 2020 – RON 3.51 mil. (Y20) and RON 0.81 mil. (Y19).
5) Includes the following one-off effects:
- Income on settlement of assigned receivable from Speed SRL, RON 4.3 mil. in 2020
- Income from sale of the stake in Glass Container Company, RON 21.6 mil. in 2020 and RON 5.1 mil. in 2021
- Loss from effect of consolidation of EcoSmart Union, RON 1.1 mil.

Markets: strong Romania, Poland; improving trend Moldova, China

Market	Share of sales, 2021	Growth, 2021 yoy	Comments
Romania	52%	+18%	Growth of +18% vs. FY20 and +46% vs FY19. Purcari leads with +22% YoY supported by Nocturne and Limited-Edition performance. Bardar +51% due to numeric distribution growth in IKA. HoReCa showing strong return, despite pandemic restrictions, with Nocturne proving to be a success.
Moldova	19%	+61%	Strong rebound, reaching pre-pandemic sales level. Purcari performing best +76%, followed by Bardar and Bostavan with +54% and +37%, respectively. All channels performing well, while HoReCa and Duty Free still recovering to 2019 levels due to periodic restrictions.
Poland	9%	-15%	Prioritizing margin over volumes, with price increases that led to tough negotiations with certain key accounts. Targeting premium segment by listing the Nocturne collection from Purcari in HoReCa. Tailored action plans for each partner, new SKUs – Wine Crime, DAOS 0% Alcohol, product promotion campaigns focused on brand awareness. Moldawska Dolina #1 brand in Moldovan wines according to Nielsen.
Asia	3%	-5%	-3% YoY in highly restrictive pandemic and economic environment, as total wine imports to China were down 17% YoY. Closely working with local partners, participation in Wine Fairs and rolling out digital communication strategy.
Czechia Slovakia	4%	-3%	Further adverse effects from TESCO restructuring, promotion of private brands and continuous restrictions for HoReCa, aggressive discounts.
Ukraine	4%	+20%	Sales grew +20% vs FY20 and +34% vs FY19. Increased activity through opening a local office: expanding presence in Fragmented Trade, growing numeric distribution in IKA, focus on increasing average sales per SKU and POS.
RoW	10%	+2%	Good traction for main brands, Purcari doubling the sales in 2021. Focus on building out partnerships launched in 2021.

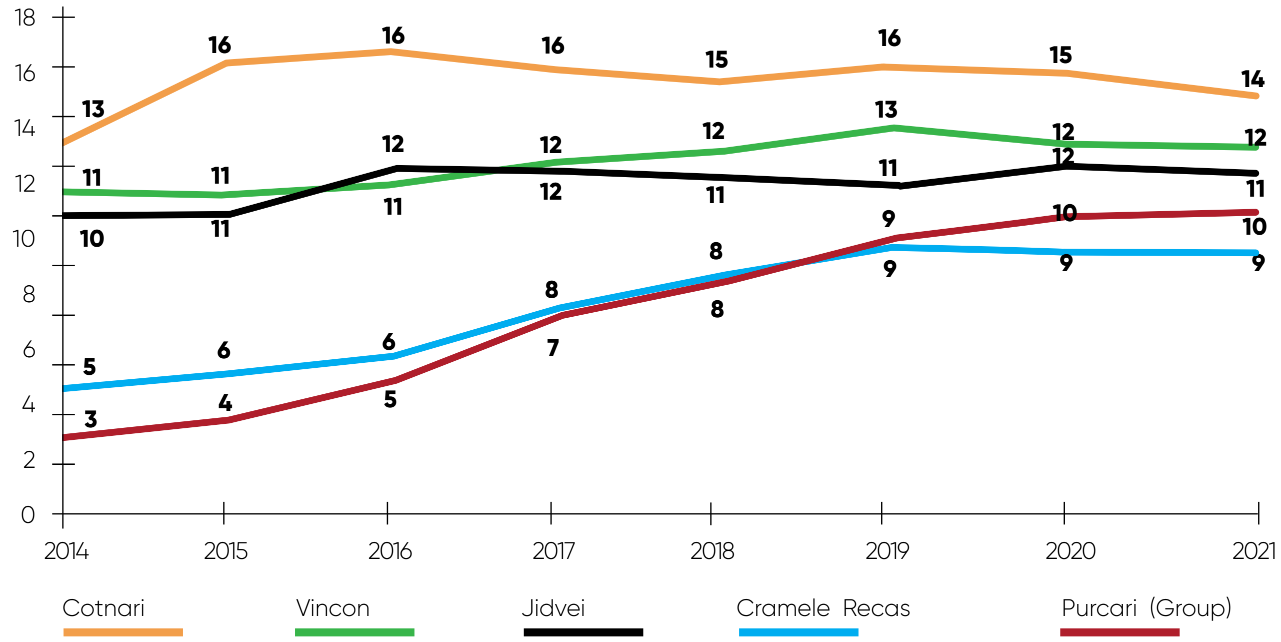
Premium Purcari and Crama Ceptura brands lead the growth

Market	Share of sales, FY21	Growth, FY20 YoY	Comments
PURCARI CHATEAU	50%	+29%	Strong performance on higher volumes and better mix. Sales in Moldova exceeding pre-pandemic levels. Ongoing strong traction in Romania, Nocturne series very popular with HoReCa. Promising performance in newer markets, forging partnerships to expand geographically.
BOSTAVAN	23%	-2%	Facing adverse effects on mainstream segment in Poland, Czechia and Slovakia on strong price competition, TESCO restructuring, pandemic effects. Baltics and Ukraine continue good performance in 2021, Moldova slightly behind pre-pandemic sales -3%. Focus on rebranding with launch and promotion of new SKUs. Recovery plans agreed, negotiations in process with distributors and retail chains in key markets.
CRAMA CEPTURA	16%	+9%	+9% increase YoY, continuing the growth of core brands in Romania. Acquired 70ha of vineyards with DOC Dealu Mare to support premiumization. Focus on brand awareness and portfolio reassessment. +79% YoY on export markets, albeit from smaller base.
DIVIN BARDAR (Fondat 1929)	12%	+22%	Strong performance +22% YoY. Moldova slightly behind pre-pandemic results -6%, with HoReCa and DutyFree operating in restrictive environment. Continue the shift from bulk to bottled to support increasing demand for premium aged brandy. Successful launch of Bardar XXO 25 Years, already gaining popularity in China with repeated orders.

Turned crisis into an opportunity, boosting market share in Romania

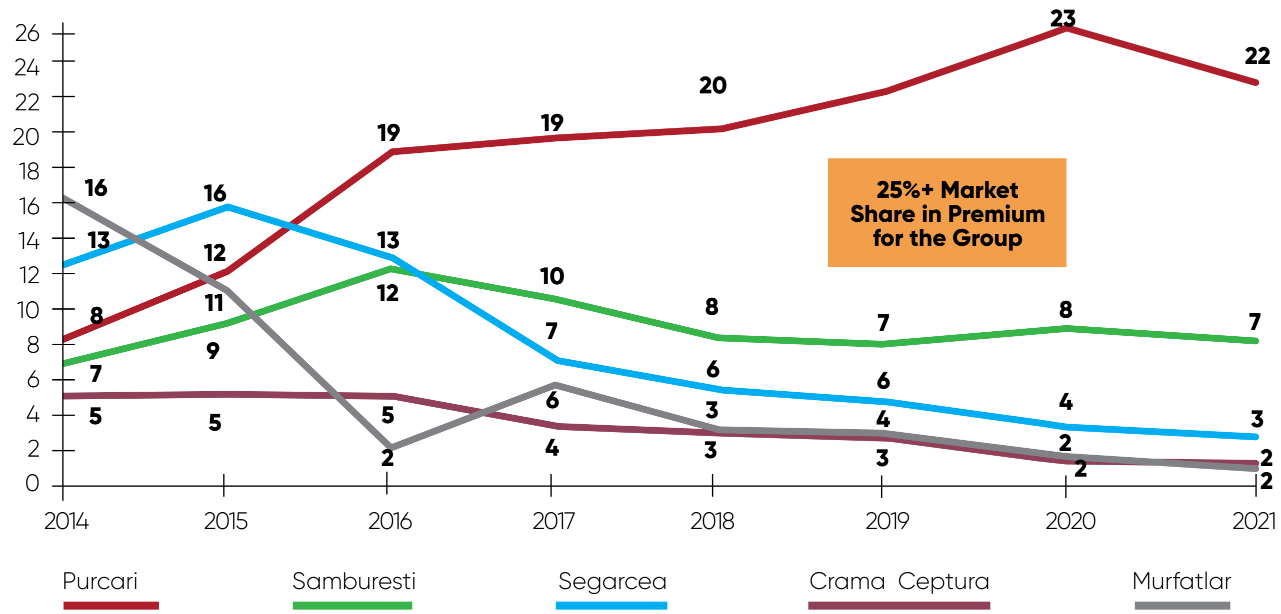
Jumped to #4 in overall market, reaching 10%+ share...

Value share of TOTAL retail market, Romania, %



...while distancing by 15+ percentage points vs #2 in premium

Value share of Premium (RON 30+/liter) retail market, %



Notes: (1) YTD Nov 2021

Sources: Nielsen report; Purcari Group = Purcari, Crama Ceptura and Bostavan brands;

Excellent feedback from digital natives, dominate premium segment

#1 presence in the RON 30-60 segment;
Hold out 11 of TOP-25 positions in the crucial RON 30-60 segment

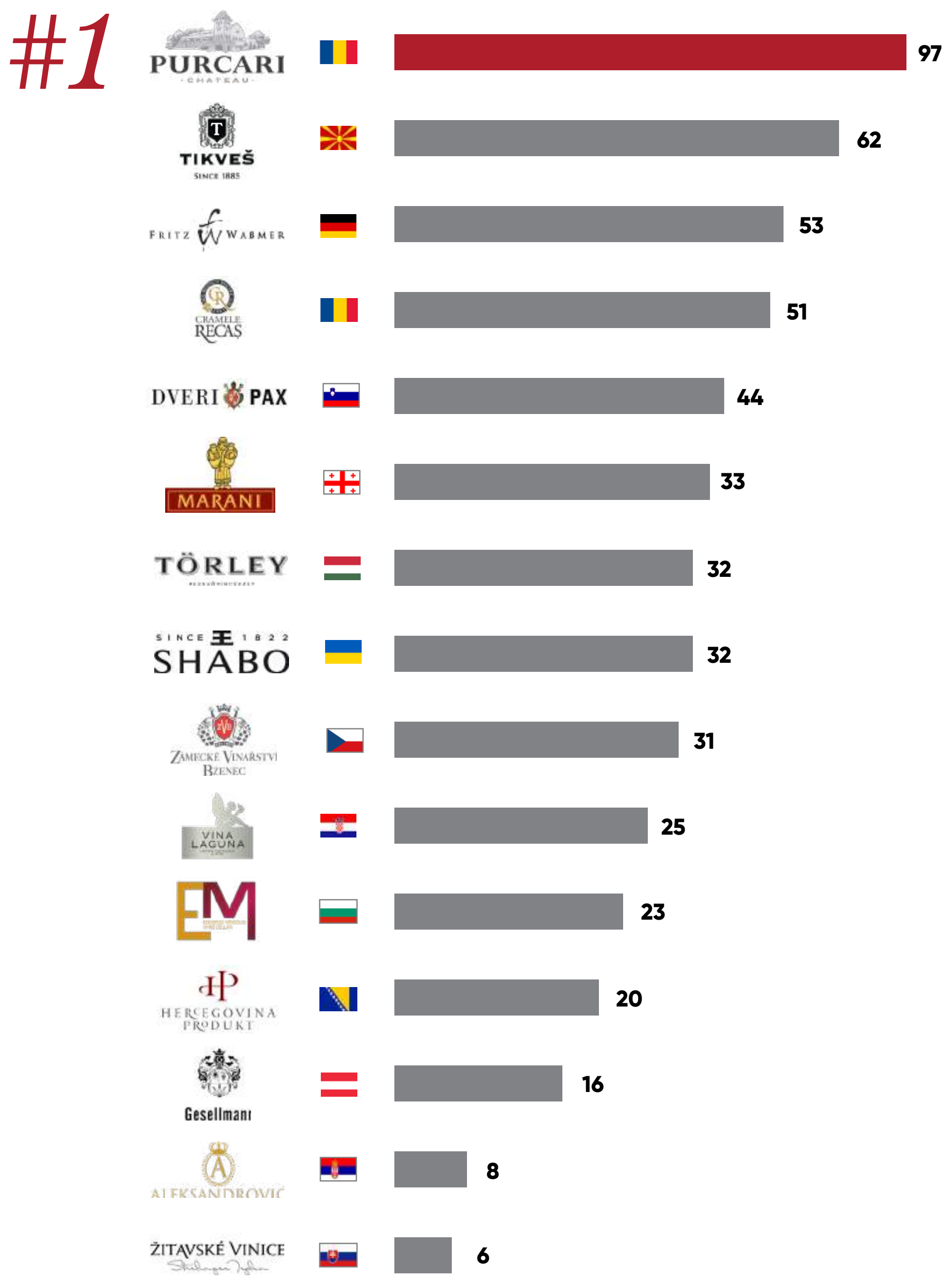
- We dominate in our core premium segment, 30 - 60 RON per bottle shelf price, with 11 best-rated wines in Vivino's top-25
- We remain convinced, it is the product that will make the difference mid and long term with consumers, so we are focusing on making exciting wines, that capture people's imagination

1 – as per Vivino breakdowns as of April 2022

Quality highly commended, remain the most awarded winery in CEE

Leading medal-winning winery in CEE at Decanter, the Wine "Olympics"

# of Decanter medals in 2015 - 21

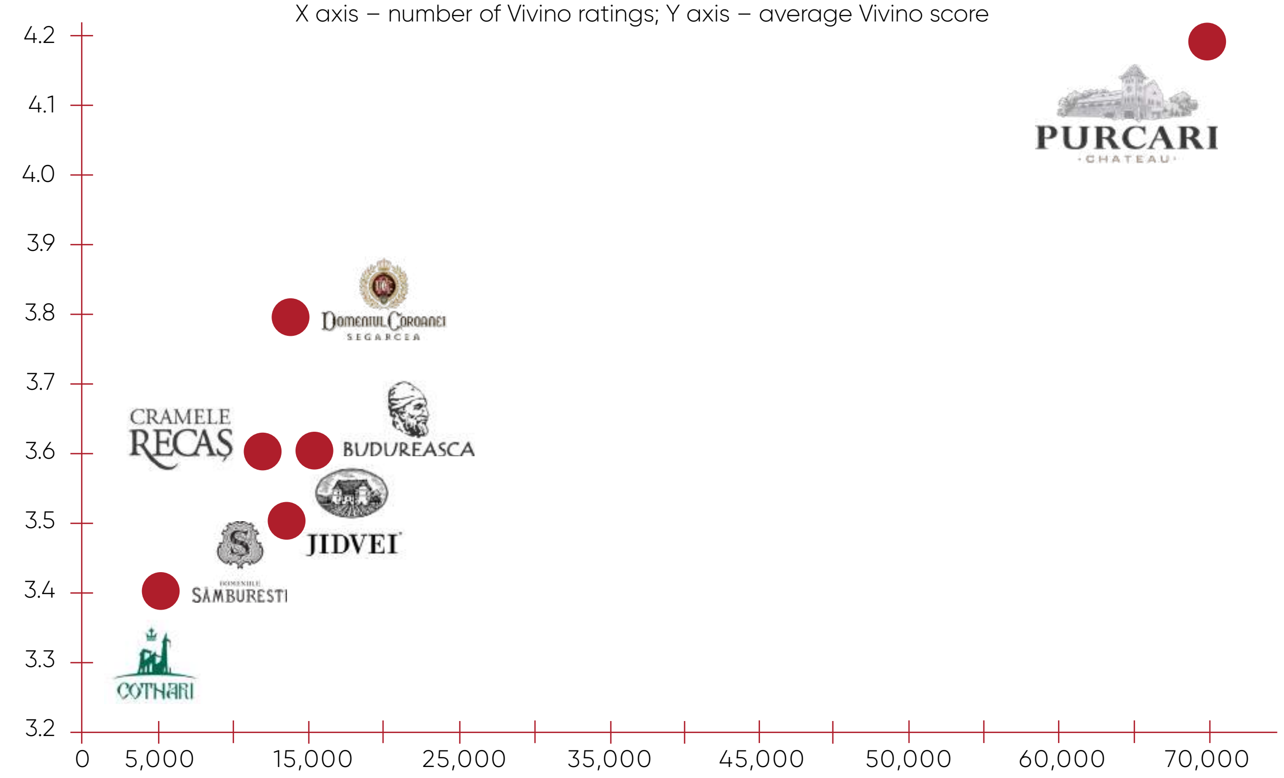


Most awarded winery to the east of Rhine, ahead of reputable (and much pricier!) German, Hungarian or Austrian wineries

Topping competition at engagement, quality

Highest number of ratings and highest scores on Vivino

X axis – number of Vivino ratings; Y axis – average Vivino score



Aspirational brand that consumers like sharing about

Number of #brand uses on Instagram, by key Romanian brands

Source: Vivino, Instagram as of April 2022

Note: Purcari - #purcari, Cramele Recas - #recas, Jidvei - #jidvei, Cotnari - #cotnari, Budureasca - #budureasca, Samburesti - #samburesti, Segarcea - #segarcea

Continued creating engaging, differentiated brand building campaigns

Open – hearted for Ukraine
Launch of an aid and solidarity campaign for Ukrainian refugees

Cuvée de Purcari - top 10 sparkling wines of the world
Awareness campaign

Purcari has become the most awarded winery in the world
A thank you campaign in RO and MD

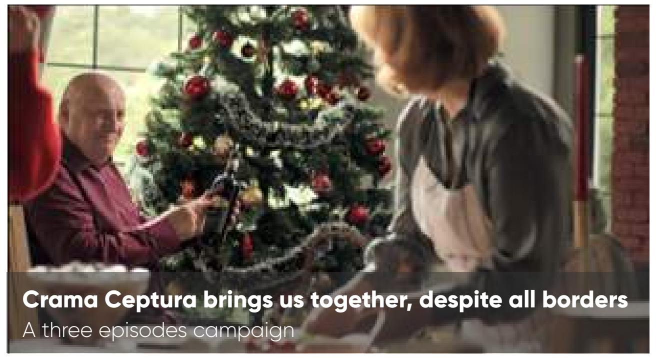
The launch of Domeniile Cuza
A new brand successfully launched for Romanian market

The launch of Wine Crime
A new brand successfully launched

Bardar – Storytelling
5 heroes telling the story of Bardar

The launch of Nocturne
HoReCa collection successful in Romania, Moldova

Bostavan - #DeDor
"I miss you" 1.2 m views on FB, YT

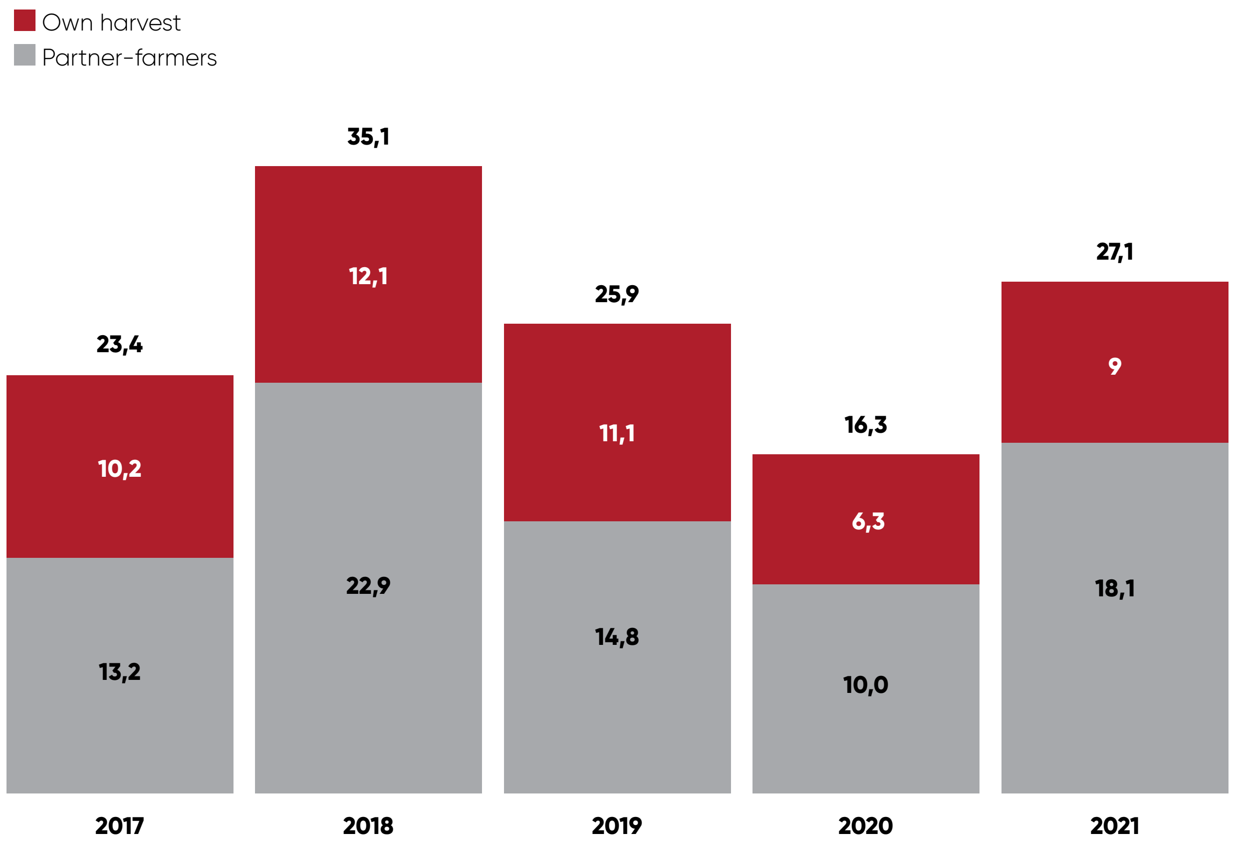


Crama Ceptura brings us together, despite all borders
A three episodes campaign

Solid 2021 harvest, despite challenging agricultural year worldwide

Good harvest - in a challenging year for producers

Own harvest and 3rd party purchases of grapes, million kg



Comments

- Own harvest +53% YoY. Vineyards have recovered after 2 years of drought – applying a non-intensive approach and fulfilling required stocks from 3rd party purchases.
- Irrigation system roll out shifted to 2022-2023, to mitigate against drought risks.
- Extremely low world wine production volume expected in 2021. Harvest of the big-3 producers affected – France, Spain, Italy – down 27%, 14% and 9% respectively.
- Record Harvest in Romania +37% YoY and +29% vs. 5 years average level, favorable pricing and quality environment.
- Recovery in Moldova +20% YoY after an unprecedent draught in 2020 and extensive 2021 rainy season. High attention in maintaining the vineyards, to ensure a good health for the vineyards long term.

Board of Directors and other Officers

Name	Date of appointment	Title
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 28 April 2021	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 29 April 2020	Non-executive Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Independent Director
Victor Bostan	Listing date	Executive Director
Eugen Comendant	Elected by the AGM on 29 April 2020	Executive Director

Chairman of the Board of Directors:
Vasile Tofan, firstly elected by the Board of Directors to this position on 14 June 2018 and re-elected to this position by the Board on 14 May 2021

Company Secretary: Inter Jura CY (Services) Limited

Independent Auditors: KPMG Limited
14, Esperidon Street
1087 Nicosia
Cyprus

Registered office: 1, Lampousas Street
1095 Nicosia
Cyprus

Registration number: HE201949

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

In accordance with Section 9 sub-sections (3 (c) and (7) of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law of 2007 as amended (the "Law"), We, the members of the Board of Directors and the other responsible persons for the consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") for the year ended 31 December 2021, confirm that, to the best of our knowledge:

a. the annual consolidated financial statements which are presented in this Annual Report:

(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 and liabilities, the financial position and the profit or loss of Purcari Wineries Public Company Limited and the undertakings included in the consolidated accounts as a total, and

b. the Consolidated Management Report provides a fair view of the development and the performance of the business as 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	Executive Director

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

Victor Arapan	Chief Financial Officer

5 April 2022

1. CORPORATE INFORMATION

Purcari Wineries Plc ("Purcari", "Group", or "Company) is one of the largest wine groups in the Central and Eastern Europe (CEE) region. The Group manages circa 1,300 hectares of vineyards and operates four production platforms in Romania and Moldova, three of which are dedicated to wine production using grapes from own vineyards and from third-party suppliers and one dedicated to brandy production. In December 2021, the Group had over 700 employees in its four production platforms.

The Group is the leader in the premium wine segment in Romania , with a circa 30% segment share, and the largest wine exporter from Moldova, delivering to over 40 countries in Europe (Poland, Czech Republic, Slovakia, Ukraine, Scandinavian countries, UK, etc.), in Asia (China, Japan, South Korea) and in America (Canada and USA).
Founded in 1827, Purcari is the most awarded winery from the CEE region at Decanter London 2015-2021 and among the highest ranked on Vivino, with an average score of 4.1 based on over 65,000 reviews.

The Group has 5 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 Group holds the title of the most awarded CEE winery at Decanter London between 2015 and 2021 with 103 medals. Purcari Winery is the world's most awarded winery with 333 medals won at the most notorious international contests: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concours International de Lyon, Berliner Wine Trophy, London Wine, and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women's International Trophy, Vinalies Internationales.

- **Medium to premium wine: Crama Ceptura**

("Crama Ceptura brings us together") was acquired in 2003 and is primarily distributed in Romania. It 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 the favourable 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 Cervus Magnus Monte, upper medium-priced Dominium Cervi, medium-priced Astrum Cervi, and economy plus Cervus Cepturum. In 2021, Crama Ceptira 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.

- **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 2016, the Group focused on the gradual premiumization of the Bostavan brand, with the launch of Dor series, riding a cool-ethno communication platform. In 2021, Bostavan launched Wine Crime Rose with a focus on the younger generation and rebranded the Dor series.

- **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 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 succes, turning it into a growth engine for the Group. Up to 2019 it used to be the fastest growing segment in the portfolio, however, in 2020 it was affecred by the Covid-19 pandemic as it is dependent on the Moldovan Market, Hotel/Restaurant/Catering ("HoReCa") and Duty-Free channels. Despite the restrictive environment continuing in 2021, Bardar showed a strong recovery against 2020 and reached slightly behind pre-pandemic results. In 2021, a new Bardar XXO 25 Years has been successfully launched.

- **Medium to premium wine: Domeniile Cuza**

("Wines that write history. Since 1864."). The brand was launched in 2021 with a variety of 3 wines: White, Rose and Red. The brand's vineyards are located in a village with secular history, named after Alexandru Ioan Cuza, the ruler who united the Romanian Principalities in the 19th century and introduced an agrarian reform which allotted land to more than 400,000 families of peasants.

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

The Group is listed on the Bucharest Stock Exchange ("BVB") since 2018 under the ticker WINE. Purcari scored 10 out of 10 points in the VEKTOR rating, indicating excellent communication with its individual and institutionl investors. The company complied with the 15 criteria included in VEKTOR's methodology, the analysis and evaluation being carried out by ARIR and the Project Committee, consisting of corporate governance consultants, IR professionals, academia as well as non-financial reporting consultants.

The Company is a holding company for the Group, the core business of which is production and trading in wine and brandy.
The core business comprises four subsidiaries in the wine segment - Vinaria Purcari, Crama Ceptura, Vinaria Bostavan and Domeniile Cuza, 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 like Vinoteca Gherasim Constantinescu - a grape grower in the Dealu Mare, a most recognized wine region of Romania, and Purcari Wineries Ukraine - a trading company.
The recently created Casa Purcari SRL, to develop the business in the hospitality industry, is not yet operational as at 31 December 2021.
The Company has also 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, 2021, are presented below:

Company name	Country of Incorporation	Principle activity	Ownership interest, %
Vinorum Holdings Ltd	Gibraltar	Holding company	100%
West Circle Ltd	British Virgin Islands	Holding company	100%
Crama Ceptura SRL	Romania	Production, bottling and sales of wine	100%
Vinoteca Gherasim Constantinescu SRL	Romania	Cultivation of grapes	100%
Ecosmart Union SA	Romania	Waste recycling management ser-vices	65.75%
Vinaria Bostavan SRL	Republic of Moldova	Production, bottling and sales of wine	100%
Vinaria Purcari SRL	Republic of Moldova	Production, bottling and sales of wine	100%
Domeniile Cuza SRL	Republic of Moldova	Production, bottling and sales of wine	100%
Casa Purcari SRL	Republic of Moldova	Hospitality (Bar & Restaurant)	80%
Purcari Wineries Ukraine LLC	Ukraine	Trading & Marketing	100%
Vinaria Bardar SA	Republic of Moldova	Production, bottling and sales of divin	56.05%

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

As at 31 December 2020 the share capital structure and the ownership of registered shares was as follows:

	Shares held, number	Shares held, %
Amboselt Universal Inc.	4,006,172	20.0309%
Dealbeta Investments	1,586,377	7.9319%
Fiera Capital	1,531,467	7.6573%
East Capital	1,520,848	7.6042%
Conseq	1,293,961	6.4698%
Paval Holding	1,000,000	5.0000%
Others	9,061,175	45.3059%
Total	**20,000,000**	**100%**

As at 31 December 2020, the Company directors with any holdings in the Company's share capital were as follows:

	Shares held, number	Shares held, %
Victor Bostan (through Amboselt Universal Inc)	4,006,172	20.0309%
Eugen Comendant	12,500	0.0625%

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

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

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

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

Directors' holdings of Company share capital on 31.12.2021 and five days prior to the approval of the Annual Report 2021
There were the following changes in the shareholdings of directors in the Company between the end of the reporting year (13.12.2021) and the 29th of March 2022, which is five (5) days before the date of approval of the financial statements by the Company's Board of Directors, as follows:

	31.12.2021 Number of Shares held, and %	29.03.2022 Number of Shares held, and %
Eugen Comendant	50,000 shares, 0.1246%	90,000 shares, 0.2243%

3. DEVELOPMENTS IN 2021

Investment in fast growing online wine retail platform
Purcari Wineries Plc has acquired a 10% stake in 8Wines.com, a fast-growing online retailer of wines. The company offers very competitive and expedient shipping terms for deliveries to over 40 markets, primarily in Europe, but extending as far as Australia and Singapore. The investment is part of the strategy to build the Company's ecommerce capabilities, which are crucial in the post-Covid market reality.

Investment in sustainability
Crama Ceptura SRL is one of the founders of Ecosmart Union SA, a waste management recycle business founded in 2017, that ensures transparent recycling of packaging that is put in circulation. Crama Ceptura SRL has increased the stake in Ecosmart Union SA, from 27% to 55% in September 2021 and to 65.75% in October 2021.

Increased presence in Dealu Mare, the Top Romanian wine region
Crama Ceptura SRL has acquired Vinoteca Gherasim Constantinescu SRL, a grape grower in Dealu Mare founded in 1999 with a property of 72.6 ha of land, 50.2 ha of which are mature vineyards. The vineyards have been integrated into Crama Ceptura's operation located in the proximity and secures Crama Ceptura SRL with DOC Dealu Mare grapes. In 2021, the plantation produced an exceptional harvest both in volume and by quality.

Additional cash consideration from the divestment in Glass Container Company
Vinaria Purcari SRL, a wholly owned subsidiary, has received an additional cash consideration of EUR 978,232 related to its exit from Glass Container Company ("GCC") to Vetropack Group, occurred on 09.12.2020. The payment adjustment has been performed based on full 2020 audited accounts of GCC and is an addition to the upfront payment received in December 2020 of EUR 7,224,093 computed on estimated completion accounts as of November 30, 2020.

Solid harvest, despite challenging agricultural year worldwide
Compared to 2020, in 2021 own harvest has increased by 53%. Vineyards have recovered after two consecutive years of drought. The Company took a non-intensive approach and fulfilled its required stocks in part from third party purchases.
In 2021, a record harvest was registered in Romania: +37% YoY and +29% vs. 5 years average level, while the world wine production registered a low volume of harvest, the big-3 producing countries were significantly affected: France, Spain, Italy – down 27%, 14% and 9% respectively. The depressed harvest may create a more favorable pricing environment for wines.

Consequences in relation to the Covid-19 pandemic
The Hotel/Restaurant/Catering ("HoReCa") and Duty-Free channel sales have partially recovered in 2021 with fewer pandemic restrictions. Moldova, the most affected market in 2020, has fully recovered to pre-pandemic levels. China continues to face a highly restrictive pandemic environment. The Company did not experience any material disruptions to its production operations in Romania and Moldova.

4. ANTICIPATED DEVELOPMENTS FOR 2022

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

Russian-Ukrainian military conflict:
According to the management's assessment, the current risk for the war in Ukraine to spill over to Moldova is extremely remote, as the country has its neutrality set in its Constitution. Additionally, the country doesn't fit anyhow Russia's narrative on so called "demilitarization" and "denazification" used as supposed pretext to invade Ukraine.

Moldova is, however, a key destination for Ukrainian refugees. Circa 385,000 Ukrainians have entered Moldova since February 24, 2022, representing approximately 9% of total refugees that have fled Ukraine since the start of the war.

Purcari team has launched a help-center and a 24/7 contact line for arranging accommodation for as many as possible families of the tens of thousands that are fleeing Ukraine. By now, 11,000 refugees have stopped at our improvised tent to get free-of-charge first necessity goods: water, hot drinks, sandwiches, hygienic packages, free SIM cards, warm clothes, and assistance in finding a place to stay. Almost 3,000 refugees, mainly women and children, have been provided with accommodation at Chateau Purcari, as well as hotels and pensions in the Purcari region (fully paid by Purcari), Purcari partners, and homes of Purcari employees.

The Group does not experience any material disruptions neither to its production operations in Romania and Moldova, nor to its supply chain. The Group has not been informed about any material cancelations of outstanding supply contracts.

As of 2021, the Group's sales to Ukraine, Belarus, and Russia are less than 5,4% of the total sales. The gross amount of trade receivables for clients located in these countries counts for 7.5% of total trade receivables of the Group as at 31 December 2021, which will not represent a significant impact on the financial position of the Group in case of full provisioning.

That being said, the Management of the Company believe the Group and the Company are in a solid financial position, including comfortable liquidity and leverage ratios, enabling it to withstand the challenges posed by both the pandemic and military conflict in Ukraine.

5. CORPORATE GOVERNANCE

COMPANY MANAGEMENT
The Company is currently managed by a Board of five directors. The Board comprises two 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

Name	Date of appointment	Title
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 28 April 2021	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 29 April 2020	Non-executive Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Independent Director
Victor Bostan	Listing date	Executive Director
Eugen Comendant	Elected by the AGM on 29 April 2020	Executive Director

Mr. Vasile Tofan, non-executive director, was firstly elected by the Board of Directors as the Chairman of the Board on 14 June 2018 and re-elected to this position by the Board on 14 May 2021.

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, 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 neighboring 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 Chamber 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.

During 2021 the Board of Directors had nineteen meetings.
Below is a summary table of those meetings:

Date of Meeting	Attendance	Main topics
25 February 2021	All directors in person	1. Taking notes of preliminary unaudited financial results for the year 2020. 2. Approval of updated Capex budget for 2021. 3. Examination of potential investment in 10% stake of 8Wines. 4. Discussions regarding issuance of 20.000.000 bonus shares. 5. Approval of 2021 guidance.
03 March 2021	All directors in person	1. Proposal for increase of authorized share capital of the Company. 2. Proposal for increase of issued share capital of the Company. 3. Request to shareholders to authorize the Board to adjust the details of Management Incentive Plan. 4. Determination of date of Extraordinary General Meeting.
25 March 2021	All directors in person	1. Approval of updated Capex budget for 2021 2. Approval of Long-Term Stock Option Plan.
02 April 2021	All directors in person	1. Approval of 2020 audited consolidated financial statements. 2. Approval of the 2020 Management Report. 3. Retirement of Monica Cadogan as non-executive director and offering herself for re-appointment at the following AGM. 4. Proposal to AGM for re-appointment of KPMG Cyprus as independent auditors. 5. Proposal to AGM to approve share buyback program for up to 369.156 of shares. 6. Proposal to AGM to approve dividends to all shareholders of RON 1.30 per share. 7. Proposal to AGM to authorize Board of Directors to increase the issued share capital up to the authorized share capital by issuing up to 1.000.000 ordinary shares. 8. Approval of Notice for AGM and Proxy, and date and place for holding AGM.
21 April 2021	All directors in person	1. Approve completion of the transaction between the Company (as a Purchaser), and 8Wines Holding Ltd (as Seller) under which the Company obtains 10% share in 8Wines Czech Republic s.r.o. 2. Issuance of PoA to lawyers, authorizing and empowering them to act on behalf of the Company to for the deal mentioned in p.1 above.
14 May 2021	All directors in person	1. Approval of Unaudited Consolidation Financial Information for 1Q2021. 2. Evaluation of Board activity for the year 2020. 3. Authorization of Mr. Victor Arapan to represent the company and sign any kind of documents required for implementation of Share Buyback Program and payment of dividends. 4. Approval of KPIs for the year 2020 regarding Long-Term Share Incentive Plan 1 and Long-Term Share Incentive Plan 2 and authorization of Mr. Victor Arapan to represent the company and sign any kind of documents required for vesting of 174.985 shares to all eligible participants.

Date of Meeting	Attendance	Main topics
14 May 2021	All directors in person	5. Approvals regarding loans from MAIB. 6. Approval of top management bonuses for 2020 and approval of KPIs for 2021. 7. Analysis of measures to undertake for capitalization of subsidiary Vinaria Bostavan SRL and approval of purchase of non-controlling interests in Vinaria Bostavan SRL. 8. Approval to establish a new subsidiary in Ukraine with 100% skate in share capital.
02 June 2021	All directors in person	1. Approve completion of the transaction between the Company (as a Purchaser), and Mr. Ivan Coslet (as Seller) under which the Company obtains 0,46% share in Vinaria Bostavan SRL. 2. Authorize of Mr. Eugen Comendant to sign the contract on behalf of the Company.
24 August 2021	All directors in person	1. Approval of Unaudited Consolidation Financial Information for 6M2021. 2. Authorization of Mr. Victor Arapan to initiate business relations with Victoriabank SA in order to diversify financial partners. 3. Approval of revised Capex budget for 2021. 4. Review of two options for capitalization of Vinaria Bostavan SRL. 5. Approval of changes in remuneration of top management as per recommendations of Nomination, Remuneration and Corporate Governance Committee.
13 September 2021	All directors in person	1. Approval of increase of share capital of the subsidiary in Ukraine.
20 September 2021	All directors in person	1. Approval of the adjustments to the Management Incentive Plan.
27 September 2021	All directors in person	1. Approve the authorized share capital of subsidiary in Ukraine in which the Company is the sole owner. 2. Issuance of PoA to lawyers, authorizing and empowering them to act on behalf of the Company to for the deal mentioned in p.1 above.
29 October 2021	All directors in person	1. Approve increase in the authorized share capital of subsidiary in Ukraine in which the Company is the sole owner. 2. Acceptance of increase of authorized share capital of Vinaria Bostavan SRL (VB) by converting VB's debt to Vinaria Purcari, another subsidiary fully owned by the Company.
01 November 2021	All directors in person	1. Approval of share purchase agreement between the Company as Seller and Vinaria Purcari SRL as Purchaser, under which the Company sells to Vinaria Purcari SRL 25% share in Vinaria Bostavan SRL.
03 November 2021	All directors in person	1. Approve the authorized share capital of subsidiary in Ukraine in which the Company is the sole owner. 2. Issuance of PoA to lawyers, authorizing and empowering them to act on behalf of the Company to for the deal mentioned in p.1 above.

Date of Meeting	Attendance	Main topics
12 November 2021	All directors in person	1. Approval of Unaudited Consolidation Financial Information for 9M2021. 2. Approval of increase of issued share capital of the Company by issuance of 117.500 ordinary shares at an exercise price of RON 10 per share, in the view of stock options exercised by seven participants.
22 November 2021	All directors in person	1. Change in the Director of Purcari Wineries Ukraine LLC, a fully owned subsidiary.
13 December 2021	All directors in person	1. Preliminary analysis of 2022 budget. 2. Empowering Mr. Victor Arapan to negotiate new financing with Unicredit Bank SA Romania.
16 December 2021	All directors in person	1. Approval completion of the Agreement on Pledge between the Com-pany (as Pledgee) and 8Wines Czech Republic s.r.o. (as Pledgor) in order to secure the obligations arising from loan agreements con-cluded between the Company (as Lender) and 8Wines Czech Republic s.r.o. (as Borrower). 2. Issue of PoA to representative lawyers.
20 December 2021	All directors in person	1. Approval of 2022 Budget.

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 2021 had the following compositions:

AUDIT COMMITTEE:

Chairperson: Mrs. Monica Cadogan (independent, non-executive director)

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

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

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

NOMINATION, REMUNERATION, AND GOVERNANCE COMMITTEE:

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

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

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

The Group's current **Senior Management Team** includes the following members, which are employed at the level of the Group's subsidiaries:

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

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

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

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

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

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

Federico Giotto
Frederico 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.

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

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

Sergei Kasatkin, Corporate Counsel, was appointed as the Compliance Officer of the Company.

Starting with January 2018, the Company adopted and adheres to the Bucharest Stock Exchange (BVB) Corporate Governance Code and applies the principles of corporate governance provided by it with only limited exceptions. The Company has taken and will continue to take the professional, legal and administrative steps necessary for ensuring compliance with the provisions of the BVB Corporate Governance Code. More details about the compliance with the principles and recommendations stipulated under the BVB Corporate Governance Code are presented in Annex 2 and the Volume containing the Annual Financial Report 2021, AGM addresses and related materials.

6. FINANCIAL RESULTS

Consolidated Financial Information for the years ended 31 December 2021 and 31 December 2020 is presented below:

Consolidated statement of financial position	31 Dec. '21	31 Dec. '20
Assets		
Property, plant and equipment	167,171,497	141,815,513
Intangible assets	9,050,782	1,187,013
Non-current receivables	2,552,630	2,348,704
Equity-accounted investees	-	558,109
Loans receivables	849,489	-
Inventories	74,895,843	46,497,027
Equity instruments at fair value through profit or loss	4,341,709	-
Other non-current assets	118,061	-
Non-current assets	**258,980,011**	**192,406,366**
Inventories	100,119,797	83,021,797
Trade and other receivables	63,320,703	51,714,357
Income tax assets	131,257	362,406
Prepayments	6,346,251	3,276,990
Other current assets	555,554	166,918
Cash and cash equivalents	32,100,114	50,788,605
Current assets	**202,573,676**	**189,331,073**
Total assets	**461,553,687**	**381,737,439**
Equity		
Share capital	1,763,121	728,279
Share premium	83,184,367	82,533,921
Treasury shares reserve	(5,532,543)	(4,424,086)
Other reserves	5,079,807	3,029,812
Translation reserve	16,194,236	3,375,006
Retained earnings	142,714,713	121,125,160
Equity attributable to owners of the Company	**243,403,701**	**206,368,092**
Non-controlling interests	**16,543,032**	**16,262,285**
Total equity	**259,946,733**	**222,630,377**
Liabilities		
Borrowings and lease liabilities	24,851,576	42,479,687
Deferred income	7,215,629	3,922,919
Deferred tax liability	7,407,095	6,481,383
Non-current liabilities	**39,474,300**	**52,883,989**
Borrowings and lease liabilities	73,133,087	54,102,685
Deferred income	1,967,532	614,664
Income tax liabilities	1,053,529	2,075,584
Employee benefits	4,671,899	3,457,842
Trade and other payables	75,346,297	38,457,018
Provisions	5,960,310	7,515,280
Current liabilities	**162,132,654**	**106,223,073**
Total liabilities	**201,606,954**	**159,107,062**
Total equity and liabilities	**461,553,687**	**381,737,439**

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**2021**	**2020**
Revenue	248,133,715	203,672,077
Cost of sales	(132,291,220)	(105,886,837)
Gross profit	**115,842,495**	**97,785,240**
Other operating income	2,147,737	1,889,887
Marketing and sales expenses	(30,914,475)	(23,016,528)
General and administrative expenses	(27,242,431)	(24,740,078)
Impairment loss on trade and loan receivables, net	(2,550,417)	(331,285)
Other operating expenses	5,017,193	(2,980,186)
Profit from operating activities	**62,300,102**	**48,607,050**
Finance income	7,047,317	30,398,159
Finance costs	(6,959,687)	(8,743,977)
Net finance income	**87,630**	**21,654,182**
Share of loss of equity - accounted investees, net of tax	(558,114)	(200,571)
Profit before tax	**61,829,618**	**70,060,661**
Income tax expense	(10,457,692)	(10,830,895)
Profit for the year	**51,371,926**	**59,229,766**
Other comprehensive income *Items that are or may be reclassified to profit or loss*		
Foreign currency translation differences	14,287,944	(13,022,005)
Other comprehensive income for the year	**14,287,944**	**(13,022,005)**
Total comprehensive income for the year	**65,659,870**	**46,207,761**

Profit attributable to:		
Owners of the Company	47,159,528	56,386,056
Non-controlling interests	4,212,398	2,843,710
Profit for the year	**51,371,926**	**59,229,766**
Total comprehensive income attributable to:		
Owners of the Company	59,919,511	44,600,636
Non-controlling interests	5,740,359	1,607,125
Total comprehensive income for the year	**65,659,870**	**46,207,761**
Earnings per share, RON		
Basic and diluted earnings per share	1.19	1.42

EBITDA Statement	**2021**	**2020**	**Change, %**
EBITDA	**75,241,137**	**60,498,805**	**24%**
Less: depreciation for the year	(13,325,486)	(11,923,776)	12%
Less: amortization for the year	(173,663)	(168,550)	3%
Result from operating activities	**61,741,988**	**48,406,479**	**28%**
Less: net finance income	87,630	21,654,182	(100%)
Earnings Before Income Taxes	**61,829,618**	**70,060,661**	**(12%)**
Less: tax expense	(10,457,692)	(10,830,895)	(3%)
Profit for the year	**51,371,926**	**59,229,766**	**(13%)**

In the financial year 2021, the Revenues of the Group increased by 22% year-on-year to RON 248,1 million. The Romanian market remained the largest growth driver, rising 18% year-on-year and accounting for 52% of sales of finished goods. Sales in Moldova increased by 61% year-on-year, fully recovering after a 2020 strongly affected by Covid-19 pandemic. Group revenues in Poland, our third largest market, decreased by 15%. 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 29%, followed by Bardar, the Group's premium brandy, which recorded a significant increase by 22%, as Moldovan market recovered to almost pre-pandemic level.

The Group maintained a stable Gross Profit margin of 46.7%, down 1.3 percentage points year-on-year.
Gross profit margin is a measure of profitability that shows the percentage of revenue that exceeds the cost of sales. The gross profit margin is calculated by taking total revenue minus the cost of sales and dividing the difference by total revenue.

Marketing and sales expenses grew by 34%, mostly pushed by trade and marketing activities meant to drive future growth, as well as higher salary costs.
General and administrative expenses grew by 10%, key driver being increase of professional fees and employee benefits.
Overall, both marketing and sales expenses and general and administrative expenses, increased by 22% year-on-year, keeping a stable share around 23% of Revenue over the years. of Revenue over the years.
Profit from operating activities increased by 28% year-on-year, supported by a increased gross profit and stable operating expenses.

Despite the good operational performance, Net Profit for the year 2021 decreased by 13% as compared with the previous financial year, since the Net Profit in the previous financial year for the Group was higher as compared to 2021, being positively impacted, in 2020, by recording a significant finance income due to the disposal of equity instruments (for details please see Note 25 to the consolidated financial statements).

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is calculated as profit / (loss) for the year (as presented in the consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment (as presented in Notes 7 and 11 to the consolidated financial statements).

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

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

EBITDA increased strongly by 24% year-on-year, while Net Profit, as stated above decreased by 13% year-on-year. This is due to the significant increase in the results from operating activity in 2021 which drove EBITDA upwards, while, as explained above, Net Profit in the last financial year was higher as compared to 2021 since, in the last year, it was positively impacted by recording a significant finance income, as result of successful divesting of equity instrument (for details please see Note 9 to the Consolidated Financial Statements) and full settlements of assigned receivables (for details plase see Note 25 to the Consolidated Financial Statements).

A summary of consolidated financial position for the years ended 31 December 2021 and 31 December 2020 is presented below:

	31 Dec. '21	31 Dec. '20
Non-current assets	258,980,011	192,406,366
Current assets	202,573,676	189,331,073
Total assets	**461,553,687**	**381,737,439**
Total equity	**259,946,733**	**222,630,377**
Non-current liabilities	39,474,300	52,883,989
Current liabilities	162,132,654	106,223,073
Total liabilities	**201,606,954**	**159,107,062**
Total equity and liabilities	**461,553,687**	**381,737,439**

Non-current assets amounted to RON 259 million as of December 31, 2021, with a 35% increase year-on-year. The drivers for this increase represent increase in Property, Plant and Equipment, as the Group continues to increase capacities both by new capital expenditures and acquisitions of the assets and increase in inventories both due to volume and acquisition prices. Current assets increased slightly by 7% year-on-year to RON 202,6 million, mainly due to increase in inventories and account receivables, which is typical for wine making industry.

Non-current liabilities decreased by 25% year-on-year, as the Group used cash to reduce Borrowings and Finance Lease, and because long-term loans received by Vinaria Bostavan SRL from MAIB SA were reclassified to short-term loans on the break of a loan covenant as at year end. Current liabilities increased significantly on just mentioned reclass of loans, as well due to increase of trade payables. The Group records a strong Net Debt/EBITDA ratio, which stands at 0,88x at the end of 2021.

7. PRINCIPAL SCOPE OF BUSINESS / NON-FINANCIAL INFORMATION

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

The Group operates four production platforms in Romania and Moldova, three of which are dedicated to wine production and one dedicated to brandy production.

COMPETITIVE STRENGTHS

a. Geographical proximity to the rapidly growing CEE markets offering plenty of room for further development

The growth of the wine consumption in the core CEE markets for the Company exceeded that of beer and spirits, evidencing a secular shift towards higher wine consumption in expense of other alcoholic beverages. According to Euromonitor, between 2014 and 2016 the combined size of the wine market in the core CEE markets grew by 2.1% CAGR in terms of volume compared to a decline of 1.2% and 3.2% for beer and spirits respectively. Additionally, the combined size of the wine market in the core CEE markets (Romania, Poland, Czechia, Slovakia) is projected to continue growing by a 4.9% CAGR in value terms between 2018-2022, with Romania being the leading market at 10% CAGR. In terms of product, the still wine segment is expected to grow to 5.5% CAGR, while the sparkling wine segment is projected to increase to 5.0% CAGR.

Per capita wine consumption in the Group's core markets stands much lower versus the levels of a number of Western European countries. For example, wine consumption per capita is of approximately 6 liters in Poland and 16 liters in Romania versus 33 liters in Italy and 43 liters in France. In comparison to beer, the "share of throat" of wine stands at 6% volume share in Poland and 15% in Romania, lagging 54% and 58% in Italy and France - according to Euromonitor.

On both metrics, the Group's core wine markets offer plenty of room to catch up to the levels in Western European countries.

b. Solid route to market and track record of accelerated growth across CEE

The Group has an extensive field of sales force in Romania and Moldova - its domestic markets, while extensively relying on a remote coordination of export activities to CEE markets via distributors and direct shipments to retail.
The Company's sales increased to RON 248.1 million, a 22% increase year-on-year. The performance has been driven by a strong growth in the sale of wine, sparkling and brandy +18% in Romania, full recovery of sales in Moldova to pre-pandemic levels and good traction in Ukraine, Baltics, and newer markets. Additional 4% of sales have been generated by the waste recycling management business - Ecosmart Union, consolidated at Group level as of September 2021.

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

c. Strong and diversified portfolio catering to complementary market segments

The Company's philosophy is that any businesses shall start with the consumer in mind, which subsequently cascades down into operations. In the end, the Company's operations are organized around its five core brands – Purcari, Crama Ceptura, Bostavan, Domeniile Cuza and Bardar– which cater to various consumer demographics and occasions. The table below summarized the positioning of each brand and its role in the Company's portfolio:

	Purcari	Crama Ceptura	Bostavan	Domeniile Cuza	Bardar
Summary	Flagship premium brand	Romanian premium and mainstream wines	Value for money	Premium wines	Contemporary brandy brand
Marketing tagline	"Purcari, since 1827"	"Crama Ceptura brings us togeth-er"	"Taste it. Love it."	"Wines that write history. Since 1864"	"Grapes, Oak and Patience"
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
Brand Sales in 2021, %	50%	16%	23%	Insignificant, launched late 2021	12%
Sales growth 2021, %	29%	9%	-2%	0%	22%

d. Recognized product quality by both experts and consumers

The Group has received 15 medals at several top international competitions in 2015, 23 medals in 2016, 25 medals in 2017, 44 medals in 2018, 56 medals in 2019, 74 medals in 2020 and 97 in 2021, whilst holding the title of the most awarded CEE winery at Decanter London between 2015 and 2021 with a total of 103 medals. Purcari Winery is the world's most awarded winery with 333 medals won at most notorious international contests: Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini Spring Tasting, Citadelles du Vin, Eurasia Wine & Spirits, Concours International de Lyon, Berliner Wine Trophy, London Wine and Spirits Competition, IWSC, Challenge International du Vin, Vinarium, Women's International Trophy, Vinalies Internationales.

The Group's products have also won the appreciation of consumers, with an average 4.1 score on Vivino, a wine rating mobile app based on over 65,000 individual scores. With the increasing role of millennial demographic in shaping consumption patterns, the role of applications 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.

e. Excellent asset base and sustainable cost advantage

The Group cultivates circa 1,300 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, along the 45th parallel - same as the Bordeaux region. Production assets are based in a region with 5,000+ years of vine growing history, a developed wine culture and vibrant wine-related ecosystem, resulting in a well-developed economic cluster spanning the entire wine value chain: from grape growing, to oenological research, to bottle and 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, which is based on the following principles: 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 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 a number of acquisitions. In 2003, Group's founding shareholder acquired the assets forming the basis for the Bostavan winery, followed with the further acquisition of the Purcari assets (2003), Crama Ceptura (2003) and Bardar (2008). The typical

recipe behind each of these acquisitions was based on (1) identifying underperforming or distressed assets, (2) acquiring them at attractive financial terms, (3) investing in rapid restructuring of operations ensuring a proper integration into the Group. The acquisitions made during 2004-2008 speak about the management's capacity to identify the right target, acquire and integrate it into the Group's structure and monetize synergies of operational and financial nature.
The subsequent investments in Husi (Romania) and GCC (Moldova), both with exits at high premiums, confirm the Group's ability to also successfully execute opportunistic investments that are complementary to the Group's business and exit them if the right valuation is offered. In 2021, the Group has continued its M&A activity through acquiring a 10% stake in 8Wines - an online fast growing wine retailer, a 100% stake in the grape grower Vinoteca Gerasim Constantinescu SRL from the Dealu Mare region and by increasing its stake from 27% to 65.5% in Ecosmart Union - a waste recycling management business.

h. Driven management team, combining youth and experience

The Group has a strong and experienced management team combining an extensive expertise in the wine market with an enthusiasm and clear determination to drive the business forward. Mr. Victor Bostan, the founder of the Group, with a university degree in Wine Technology, has grown through the ranks of the wine industry from an entry level oenologist to a general manager and now - owner. Most of the top management team has a cosmopolitan background, dual citizenship and speak at least three languages. The Group is proud of its reliance predominantly on promotions from within, with key management personnel having been with the Group for a significant amount of time e.g. Chief Commercial Officer for over 15 years, CFO over 10 years, GM Production over 12 years, GM Romania over 17 years, Head Wine Maker for over 11 years etc. Nonetheless, despite the significant experience, the Group management median age is still around 40 years old, based on the Company's top 10 managers.

STRATEGY

Group's strategy is centered around the following pillars:

a. Focus on Romania as key domestic market to achieve indisputable leadership position

The Group is already the fastest growing and the most profitable 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 2021 as of the date of this report). In 2021, 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 and RON 119.7 million, remain a fraction of the HoReCa and 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 21% 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 brand, 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 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. Thus, sales revenue increased by 20% year-on-year, representing 4% of Group Sales.
The Group is continuously assessing the risks and uncertainties that the crisis in Ukraine may have on the subsidiary's operations and will make any adjustments to its activity.

c. Continue shift to premium

The Group 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 to expand beyond the still wines category, with sparkling wines and divins (grape made, cognac style brandy) as the priority expansion areas.

The Group owns the Bardar asset since 2008, however its main focus was the sale of bulk, unbranded brandies. In 2015, the Group adopted a shift in strategy for Bardar based on the relaunching of the brand as a sophisticated, high quality, divin producer, focusing on the bottled, branded segment. Based on the results for 2021, the share of brandy sales of total Group's revenues from sales of finished goods accounted for 12%. The brandy segment demonstrated a strong rebound with a 22% increase in sales in 2021, which is still behind pre-pandemic levels, its main channels and markets being affected by restrictions.

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, also Cuvée de Purcari Alb Brut has been included in 2021's top 10 best sparkling wines.

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 – lead to an overall lower industry-level of management sophistication compared to other, more mature and concentrated industries such as beer and spirits. To that end, the Group management believes it may take advantage of acquiring under-managed assets, which could be brought to the operational standards of the Group and benefit from 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 and Bardar assets, may serve as an indication of Group's ability to successfully identify, execute and integrate such acquisitions. The Group's primary focus will be on 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), and Crama Ceptura's facility is ISO 22000:2005 certified. 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).

8. RISK EXPOSURES

In the absence of hedging arrangements in place, the Group is exposed to the risk of currency exchange fluctuations between multiple currencies.
The results of the Group are subject to fluctuations in the foreign exchange rates of EUR and USD against the local currencies (especially RON and MDL). Thus, the Group's operating subsidiaries in Romania and the Republic of Moldova generate revenue and record their financial results in RON and MDL, respectively, while the Group earns a significant share of revenues from EUR and USD linked contracts. The Group manages its currency exchange risk exposure in a limited manner and there is no hedging arrangement at Group level designed or implemented to this end. The Group may implement in the future a hedging policy, but there is no guarantee that the Group will be able to hedge all the currency risks, in particular over longer periods. Also, given that the Republic of Moldova is a restrictive market which does not effectively provide for sufficient liquidity and instruments to cover foreign exchange risk, the Group's efforts to cover for this risk are focused on the business in Romania, without, however, having proper cash pooling, treasury or similar arrangements in place. As a consequence, any unfavorable shift in exchange rates could have a material adverse effect on the Group's business, financial condition and the results of operations.

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

The adverse weather patterns could have a material adverse effect on the Group's business
Grape yields and quality can be affected by certain adverse weather patterns 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. For instance, in 2015 Purcari Wineries lost a material part of its yield as a result of some significant hailstorms and in 2020 the average yield of own vineyards has reduced by 45% compared to 2019. Although the Group uses mitigating factors such as acquiring grapes from third party producers and geographically spreading its vine area to cover against localized climatic impacts, the risk of future grape yields being affected by unfavorable (adverse) weather patterns cannot be eliminated. Should the quantity or quality of future yields be affected by these factors, the operations of the Group could be adversely impacted.

Increases in taxes, particularly increases to excise duty rates, could adversely affect demand for the Group's products
Wine and spirits are subject to excise duties and other taxes (including VAT) in most of the countries in which the Group operates. Governments in these countries may increase such taxes. Demand for the Group's products is generally sensitive to fluctuations in excise duties, since excise duties generally constitute an important component of the sales price of our products in some of our main markets. The duty and excise regimes applicable to the Group's operations could result (and have in the past resulted) in temporary increases or decreases in revenue that are responsive to the timing of any changes in excise duties.

Interest rate risk
The Group faces business risks stemming from central banks' monetary policy decisions. Any rise in interest rates could have material adverse effects on the Group. In recent years, central banks around the world have engaged in an unprecedented set of monetary policy measures generally referred to as quantitative easing. Such measures generally consist of central bank purchases of government and other securities held by commercial banks and other private sector entities to stimulate the economy by increasing the amount of liquidity available to banks for onward lending to businesses. However, due to unprecedented inflationary pressure, due to the post-Covid-19 increased demand and military conflict in Ukraine, many central banks have already reversed course and begun to gradually tighten monetary policy, announcing interest hikes. The National Bank of Moldova increased the basic rate 5 times during the last six months, from 4.65% to 12.5% as of 16 March 2022. In Romania the ROBOR1M increased during 2021 from 1.98% to 2.79% and continued to increase in 2022 up to 4.08% as of 21 March 2022. In this way, the cost at which the Group is able to raise new financing and refinance its existing liabilities will increase. Moreover, because of the dampening effect that a tighter monetary policy typically has on the general economy, private households on average are likely to have less disposable income, which may impact the sales of the Group. Therefore, if central banks begin to tighten monetary policy, the Group's results could be materially adversely affected.

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

Restrictive measures and lockdowns can affect adversely the Group's sales
At the time of writing of the report, most of the COVID-19 restrictions have been lifted in our main markets, thus, no disruptions due to the pandemic are expected. However, should the new waves or new strains of Covid-19 make authorities to impose restrictive measures again, the operations of the Group could be adversely impacted.

War in Ukraine
The Company issued a relevant announcement on this matter on 8 March 2022, responding to its regulators' ('CySEC') Circular of 2 March 2022 calling on 'all issuers to assess the financial impact, as well as any risks and uncertainties that may arise from the crisis in Ukraine on their businesses/operations and make relevant announcement as soon as possible'.
Further to this announcement, and according to the management's assessment, the current risk for the war in Ukraine to spill over to Moldova is extremely remote, as the country has its neutrality set in its Constitution. In addition, the country does not in any event fall within Russia's narrative on so called "demilitarization" and "denazification" banners used as pretext to invade Ukraine.
The Company does not experience any material disruptions to its production operations in Romania and Moldova. At the moment of writing, the Company is not experiencing any material disruptions to its supply chain. The Company has not been informed about any material cancelations of outstanding supply contracts.
As of 2021, the Group's sales to Ukraine, Belarus, and Russia is less than 5,4% of total sales.
The gross amount of trade receivables for clients located in these countries counts for 7.5% of total trade receivables of the Group as at 31 December 2021, which will not represent a significant impact on the financial position of the Group in case of full provisioning.
Whilst the Company did not register any material disruption to its operational activity, the Management will continue to assess the financial impact, as well as any risks and uncertainties that the crisis in Ukraine may cause to the Company's operations and make any adjustments as and when necessary to the Company's operational activities, depending on the evolution of the crisis and its potential impact on the Company, its workings and economic fundamentals.

9. INTERNAL CONTROL

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

10. OTHER INFORMATION

Environmental and social responsibility
The Group operates in an industry that is subject to a number of regulations that affect its day-to-day operations. The regulations applicable to the Group relate to, amongst other, product safety, labor and employment, health, safety and 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 and Occupational Health and Safety were developed and duly approved by the Group's management. The E&S reporting function is assigned to the Quality managers who are also responsible for the ISO implementation.
In terms of agricultural quality controls, the Group has implemented Pesticides Management Procedures for Vinaria Purcari, Vinaria Bostavan and Crama Ceptura, describing the procedure used for the transportation, storage, application and removal of pesticides. These procedures are developed on an annual basis and include the responsibilities of pesticide suppliers and any other third parties involved in the utilization of pesticides by the Group.

Environment and waste utilization:
The Group has defined energy efficiency & saving as its primary environmental goals during 2014-2020. During that period, the Group has replaced ordinary lamps with energy efficient ones at all premises. In addition, outdoor/street lighting sensors were installed where it was deemed necessary. Modernized the entire electricity system at one of the premises. In terms of new equipment purchases, the Group prioritized those suppliers offering energy efficient solutions. In terms of waste utilization, there is a group-wide policy to collect and sort broken glass, paper and cardboard waste and other non-food waste into separate bins placed at the Group's premises. Subsequently, the Group companies sell such a 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, acquired Mythos vinificators which lowers CO2 footprint as it reuses it during fermentation.
The Group intends to install photovoltaic panels with a capacity of 200 kW at Purcari Winery.

Social initiatives:
In January 2015, the Group launched its Community Development Policy, which defines the strategic approach, management system and budgets for the Group's contribution to the local communities. In 2021, the Group expanded its support to local communities and participated in a number of charities, social and cultural initiatives dedicated to promoting the preservation of traditions and participated in a number of charities, social and cultural initiatives, including the following:

a. CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family).

b. Hospice Angelus: Medical-social Philanthropical Foundation "Angelus Moldova" is 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 with cancer in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established HOSPICE "Angelus Moldova" as inalienable part of the Foundation. HOSPICE „Angelus Moldova" is a home palliative care service.
Despite the pandemic, the Group continued to support various sports activities, being the General Sponsor to the Moldovan National Olympic Committee and the main partner of USM-Bostavan, a volleyball club with both women and men volleyball teams, since 2010.
The Group has sponsored various educational activities: it fully equipped 3 classrooms in the school of Purcari village and has supported Investment Academy in providing financial education (14 videos) to people interested in investing on the capital market.

Since the war outburst in Ukraine on February 24th 2022, the Group has actively been involved in supporting Ukrainian refugees. The Purcari team has launched a help-center and a 24/7 contact line that would help arrange accommodation for as many as possible of the tens of thousands of fleeing Ukrainian families. By now, 11,000 refugees have stopped at our improvised tent to get free-of-charge first necessity goods: water, hot drinks, sandwiches, hygienic packages, free SIM cards, warm clothes, and assistance to find a place to stay.
Almost 3,000 refugees, mainly women and children, have been provided with accommodation at Chateau Purcari, as well as hotels and pensions in the Purcari region (fully paid by Purcari), Purcari partners, and homes of Purcari employees.

11. NON-FINANCIAL STATEMENT

The Company is committed to high environmental, social and employee standards, respect for human rights, and steadfastly opposes corruption and bribery. The Company will publish a separate Non-Financial Statement for 2021 by June 30th, 2022 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.

12. COMMITMENTS AND CONTINGENCIES

The Group has no capital commitments for purchase of property, plant and equipment and intangible assets as at 31 December 2021.

13. SUBSEQUENT EVENTS

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

14. DIVIDENDS

The Board of Directors will recommend to the Annual General Meeting of the shareholders the payment of dividends to all shareholders out of accumulatd profits in the amount RON 0.51 per ordinary share.

15. SHARE CAPITAL DURING THE FINANCIAL YEAR THAT ENDED ON 31 DECEMBER 2021

In the financial year 2020, the Company's authorized share capital was 210,000 EUR divided into 21,000,000 ordinary shares of nominal value of 0.01 EUR each. The Company had an issued share capital of 200,000 EUR, consisting of 20,000,000 ordinary shares of nominal value 0.01 EUR each.

In the reporting year 2021, following the EGM decision of 29 March 2021, the Company's authorized share capital was increased from 210,000 EUR divided into 21,000,000 ordinary shares of nominal value of 0.01 EUR each, to 410,000 EUR divided into 41,000,000 ordinary shares of nominal value of 0.01 EUR each.

As decided at the same EGM, the issued share capital of the Company was increased from 200,000 EUR divided into 20,000,000 shares of nominal value EUR 0.01 to 400,000 EUR divided into 40,000,000 shares of nominal value EUR 0.01 each, through the issuance of 20,000,000 bonus shares to all shareholders of the Company registered in the shareholders' registry on the record date, (which was set at 20.07.2021). The 20,000,000 bonus shares were issued at nominal value and paid out of the share premium reserve of the Company. The right to receive bonus shares by entitled shareholders could not be opted out (further details at Note 15 to the consolidated financial statements). Further, in 2021, through the exercise of share options by 7 employees and managers utilizing an approved Management Incentive Program (details disclosed in Note 27 to the consolidated financial statements), the Company proceeded to the issuance and allotment of additional 117.500 shares of nominal value EUR 0.01 each (details in Note 15 to the consolidated financial statements).

In consequence of the above, as of 31.12.2021, 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.

As of 31 December 2021, the Company has 362,488 treasury shares, and during 2021 the Company allocated 174,982 shares to its employees (for details please see Note 15 to the consolidated financial statements).
On 15 February 2018, the Company's issued shares were admitted for trading on the Bucharest Stock Exchange, under the ticker symbol WINE.
The ISIN number of the shares is CY0107600716.

16. SHARES BUY-BACK

During the year 2021, the Company performed a share buyback program. The program was initiated with the view to implement Management Incentive Program, as approved by the last AGM held on 28 April 2021.
The buyback started on 10 August 2021 targeting a total number of 329,156 shares to be repurchased by the Company.
On 29 October 2021 the Company announced the completion of the program, with the following results:

1. Number of shares bought back – 329,156 shares of nominal value of EUR 0.01 each (0.82% of the share capital at the time of completion);
2. Average acquisition price – RON 15.0070 per share;
3. Total consideration paid for the buyback – RON 4,939,636 (excluding brokerage commissions and other acquisition costs).

As at 31 December 2021 the Company has 362,488 own shares of nominal value of EUR 0.01 each, representing 0.9036% of issued share capital.

17. RELATED PARTIES TRANSACTIONS

Disclosed in Note 30 to the consolidated financial statements.

18. EVENTS AFTER THE REPORTING PERIOD

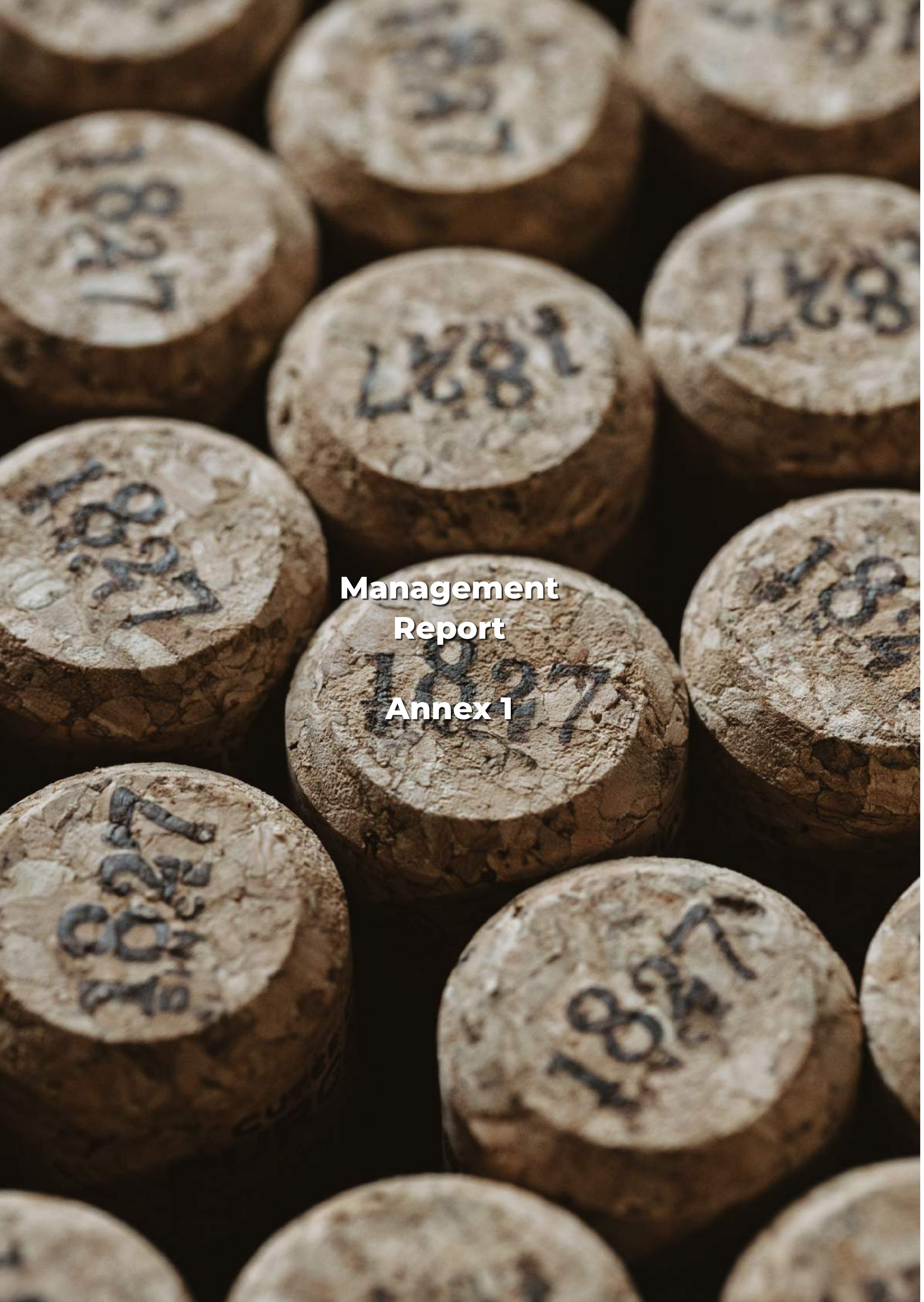
The events that occurred after the reporting period are described in Note 33 to the consolidated financial statements.

19. INDEPENDENT AUDITORS

The Board of Directors will make a recommendation to the forthcoming Annual General Meeting of the shareholders of the Company in relation to the appointment of independent auditors for the financial year 2022. Further, a resolution giving authority to the Board of Directors to fix the independent auditors' remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,
Inter Jura Cy (Services) Limited
Secretary

5 April 2021



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

The Company, pursuant to the relevant provisions of Section 151 of the Cyprus Companies Law, Cap. 113 regarding the contents of the Annual Financial Report, provides this 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 Article 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 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 Article 151 of the Companies Law

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

The Company, since the listing of its titles on the BVB on 15 February 2018 has adopted the BVB Corporate Governance Code with the provisions of which it fully complies except in relation to provisions A.11, B.6, B.8, C.1 and D.1.1 where partial compliance is noted, for the reasons detailed below and in the annexed document **State of Compliance with the BVB Code.**

The Company decided to partially comply with the A.11 provision of the BVB Code regarding the nomination committee. Provision A.11 states that companies listed in the BVB category that the Company is listed (International shares category), should set up a nomination committee comprising of non-executives, which will lead the process for Board appointments and make recommendations to the Board. According to A.11, the majority of the members of the nomination committee should be independent.

The Company has formed a Nominations, Remuneration and Governance Committee comprising of four persons: two out of four members of the Committee are independent and non-executive, one out of four is non-independent and non-executive and one is non-independent and executive.

Consequently, but for the inclusion in the Committee of the executive director Mr. Victor Bostan, the Company would have been in full compliance with the above provision.

However, the Board has decided to include Mr. Victor Bostan in this committee, taking into consideration his excellent knowledge of the Company's needs, in depth knowledge and experience in the field of operations of the Company and valuable insights. The Board is of the view that the good corporate governance sought by the application of the BVB Corporate Governance Code is achieved by having most committee members being non-executive, and high standard terms of reference being applied to the work of the committee.

The Company decided to partially comply with the C.1 provision of the BVB Code regarding the remuneration report that should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review.

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 will be placed to a vote at the next general meeting of the shareholders of the Company.

Provided that the remuneration policy is approved by the shareholders, the Company, from the financial year 2022 onwards, will provide, in or along with its Annual Financial Report, a remuneration report in accordance with the approved remuneration policy and the relevant provisions of the applicable legislation; and, in such a case, provision C.1. would be complied with.

3. Paragraph 2a (III) of Article 151 of the Companies Law

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

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

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

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

The Company is a Cypriot registered legal entity, and the Home Member State of the Company is the Republic of Cyprus. In relation to its financial reporting process, the Company applies the relevant provisions of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) of 2007 as amended of the Republic of Cyprus (the 'Transparency Law'), and the of the Cyprus Companies Law, Cap. 113. The Transparency Law prescribes the publication of the Annual Financial Report and of the Half-Yearly Financial Report. Issuers whose titles are admitted to trading on a regulated market, such as the Company, are obliged to prepare and disclose such information in accordance with the provisions and the time schedules stipulated in Part II of the Transparency Law. Moreover, and as stipulated in Part II of the Law, the financial reports of the Company and of the Group are prepared based on the applicable International Accounting Standards, as well as the provisions of the Companies Law, Cap. 113 in order to provide a true and fair picture of the financial affairs of the Company and the Group, respectively. Further, the Company prepares and publishes quarterly financial reports and preliminary results for the year, also applying the relevant International Accounting Standards.
The Company Secretary and the professional advisers of the Company assist the Board of Directors towards ensuring the lawful drafting, preparation, compilation and publication of the required periodic information.
The Compliance Officers of the Company in relation to the obligations of the Transparency Law ensure the timely publication of the necessary periodic information, and that this information includes the information required by the Transparency Law. This information is disclosed in accordance with the manner and time schedules set out in the Transparency Law and the relevant Transparency Directives. The Company also retains legal professionals based in Bucharest, Romania, advising it on the disclosure and transparency obligations emanating from the listing of the Company titles on the Bucharest Stock Exchange.

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

5. Paragraph 2a (V) of Article 151 of the Companies Law

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

aa. The major direct or indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings)
See above paragraphs in the Management (Directors) Report under "Shareholders and Issued Capital"

bb. The holders of any securities with special control rights and a description of those rights.
The Company has no holders of any securities with special control rights.
cc. Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.
There are no restrictions on voting rights.

dd. The rules governing the appointment and replacement of board members and the amendment of the articles of association

Prior to the listing of the Company's titles, the Company was managed by professional directors. According to Regulation 111 of the Articles of Association of the Company (the 'Articles'), the Board of Directors may at any time appoint any person to the office of director either to fill a vacancy or as an additional director. Regulation 84 of the Articles states that, unless otherwise required by law, the minimum number of the directors of the Company shall be five, the majority of whom shall be non-executive and out of which at least 2 shall be independent. Therefore, the Company took the relevant steps to comply from the listing date of 15 February 2018 with Regulation 84 of the Articles as well as with the relevant provisions of the BVB Code.

Hence, the professional directors of the Company resigned and were replaced by five new Board Members. The majority of the current five Board members (three out of five) are non-executive directors and two out of five Board members are independent, non-executive directors. According to Regulation 111, the non-executive directors appointed pursuant to Regulation 111 of the Articles shall hold office until the next following Annual General Meeting, and at the AGM, their positions will be vacated.
The AGM, in accordance with Regulation 110 of the Articles may appoint, with the sanction of an ordinary resolution any person to the office of director to fill the vacancy or as an additional director.

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

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

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

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

The AGM of the shareholders of the Company that took place on the 14th of June 2018 re-appointed the non-executive directors Mrs. Monica Cadogan, Mr. Neil McGregor and Mr. Vasile Tofan to the Board of Directors of the Company for the financial year 2018. The Board of Directors of the Company, in order to preserve the continuance of the governance of the Company in 2019 and acting pursuant to the powers conferred to it by Regulation 111 of the Articles of Association of the Company, decided by an announced board decision of 10 December 2018, to re-appoint the abovementioned non-executive directors from the 1st of January 2019 until the next AGM. At the following AGM that took place on 25 April 2019, the above non-executive directors were re-appointed.
Rotation of non-executive Directors
Pursuant to Regulation 106 of the Articles of the Company, at each AGM, one-third of the directors (or if their number is not a multiple of three, the number nearest to three but not exceeding one-third), shall retire by rotation, provided that the directors to retire by rotation shall be those who have been longest in office. As between individuals who were appointed as directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Executive directors are not subject to retirement by rotation.

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

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

appointed by the AGM as a non-executive Director on 28 April 2021.

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

6. Paragraph 2a(VI) of Article 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 2021

- 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.
- Mrs. Monica Cadogan, independent, non-executive director, Chairperson of the Audit Committee, and member of the Nominations, Remuneration and Corporate Governance Committee.
- Mr. Neil McGregor, independent, non-executive director, Chairperson of the Nominations, Remuneration and Corporate Governance Committee, and member of the Audit Committee.
- Mr. Victor Bostan, executive director, member of Nominations, Remuneration and Corporate Governance Committee. He also serves as the Company CEO.
- Mr. Eugen Comendant, executive director. He also serves as the Company Chief Operating Officer.

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

Competences and operation of the Board

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

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

The Board provides effective support for and control 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/en/page/corporate-governance/

Delegation of Director's powers to committees

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

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

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

6.2 The Audit Committee

Composition of the Audit Committee in 2021

Chairperson: Mrs. Monica Cadogan (independent, non-executive director)

Members:

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

Mr. Vasile Tofan (non-executive director)

Competences and operation of the Audit Committee

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

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

Towards the exercise of its duties and responsibilities, the Audit Committee, between others, is briefed by the external auditors of the Company in relation to the audit program, monitors the audit process, and in special meetings prior to the presentation of the annual and half-yearly 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 Nomination, Remuneration and Governance Committee in 2021

Composition of the Committee

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

Members:

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

Competences and operation of the Committee

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

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

Paragraph 2a(VII) of Article 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.

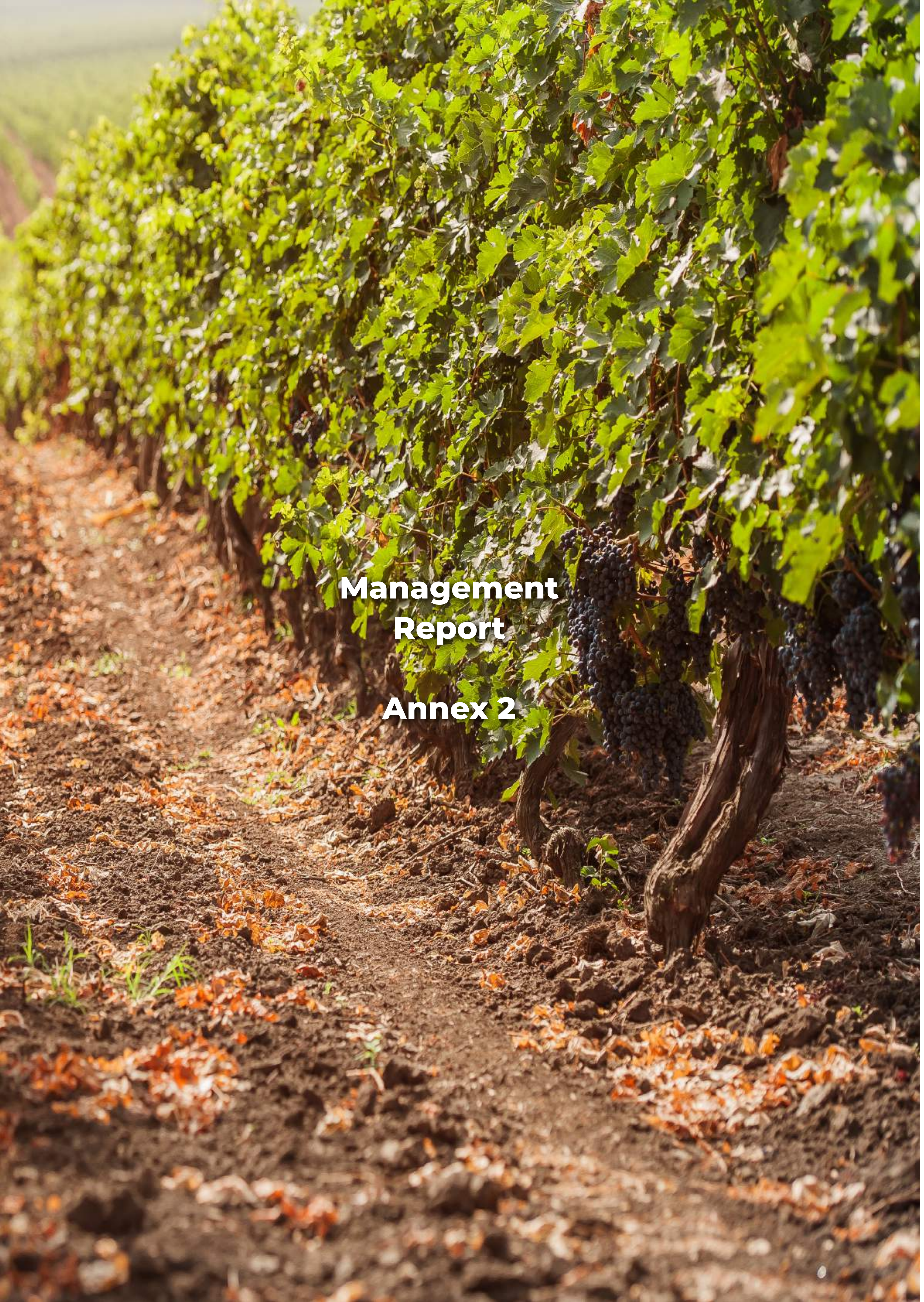


Table regarding the status of compliance with the provisions of the Bucharest Stock Exchange Corporate Governance Code

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 judgment in practice.	Yes	Three out of five Board members are non-executive and two out of five Board members are independent. The independent Board members have submitted along with their letter of acceptance a declaration of independence in accordance with the criteria included in the BVB Corporate Governance Code.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
A.5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	Yes	Both past and ongoing relatively permanent professional commitments and engagements of the Board members were disclosed to the potential investors in the Company's IPO Prospectus and no other such commitments or engagements have been undertaken by the Board members as of the date of the Prospectus.
A.6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Yes	The internal regulation of the Board contains provisions which regulate such obligation of the Board members and the procedure according to which the information shall be submitted to the Board by its members.
A.7.	The company should appoint a Board secretary responsible for supporting the work of the Board.	Yes	The Company has appointed a Board Secretary who supports the Board's activities.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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. An evaluation of the Board for 2020 has taken place during the first half of 2021. As a result, the identified key actions were: - Change of focus from backward looking activities to forward looking, which can bring significant added value to the Group, i.e., M&A, products portfolio, markets etc. - Focus on strategic activities of Purcari, that would result in a solid action plan for the Executive Team. - Elaborate the 2027 Group Strategy - Intensify the activity of the Audit Committee and the Nominations, Remuneration and Corporate Governance Committee to clarify technical aspects prior to the Board Meetings. The next evaluation is expected to be performed in first half of 2022.
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 whenever is necessary and at least every three months. In 2021 there were nineteen Board meetings. The Corporate Governance statement contains information in this respect (Chapter 4 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	Two out of five members of the Board are independent. This is presented in Chapter 4 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	Three out of four members of the Nominations, Remuneration and Corporate Governance Committee are non-executive, out of which two are independent, and one member is executive. Consequently, but for the inclusion in the Committee of the executive director Mr. Victor Bostan, the Company would have been in full compliance with provision A.11. The Board decided to include Mr. Victor Bostan, the Company's CEO, an executive director, in this committee, taking into consideration his excellent knowledge of the Company's needs, in depth knowledge and experience in the field of operations of the Company and valuable insights. The Board is of the view that the good corporate governance sought by the BVB Corporate Governance Code is achieved by having the majority of the committee members being non-executive and high standard terms of reference being applied to the work of the committee.
Section B – Risk management and internal control system			
B.1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	Yes	The chairperson of the Audit Committee is an independent non-executive director. Two out of three members are independent. The majority of 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.
B.2.	The audit committee should be chaired by an independent non-executive member.	Yes	The Audit Committee is chaired by Ms. Monica Cadogan, an independent non-executive director.
B.3.	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Yes	The internal regulation of the Audit Committee includes responsibilities regarding internal control matters, such as regularly reviewing the adequacy and implementation of key internal control policies, including policies for detecting fraud and the prevention of bribery and assessing the management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses.
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	Yes	The internal regulation of the Audit Committee includes these considerations.
B.5.	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Yes	The audit committee reviews the transactions of the Group with related parties.
B.6.	The audit committee should evaluate the efficiency of the internal control system and risk management system.	Partially complies	Assessing the adequacy and efficiency of the risk management system is the responsibility of the Audit Committee.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
B.7.	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Yes	A Group internal auditor has been appointed as of May 1st, 2019. He reports directly to the audit committee and Board of Directors. The internal audit team has been increased by one FTE as of 1st of January 2022.
B.8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	Partially complies	The Audit Committee presented to the Board reports on the issues it has reviewed.
B.9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Yes	The Board of Directors approved on 14 December 2018 a policy regarding related parties' transactions. The related parties transactions incurred in 2020 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.

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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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.	Partially complies	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 will be placed to a vote at the next general meeting of the shareholders of the Company. Provided that the remuneration policy is approved by the shareholders, the Company, from the financial year 2022 onwards, will provide, in or along with its Annual Financial Report, a remuneration report in accordance with the approved remuneration policy and the relevant provisions of the applicable legislation.

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 ('GMS') procedures;	Partially complies	The articles of association are available on the Company's website, in English, Greek and Romanian versions. The Company has not yet adopted a GMS procedure, but undertakes to publish such procedure on its website as soon as it will be in place.
D.1.2.	Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	Yes	Both the CVs and information regarding the professional commitments of the Board members are available in the Investor Relation section of the Company's website.
D.1.3.	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	Yes	A distinct section for reports and presentations was created on the Company's website and all the relevant documents are posted under such section (link).
D.1.4.	Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	Yes	A distinct section for the GMS was created on the Company's website and investors are able to find under this section all relevant information related to general meetings of shareholders.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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 time frame that enables investors to make investment decisions;	Yes	Relevant information regarding corporate events are posted on the Company's website timely.
D.1.6.	The name and contact data of a person who should be able to provide knowledgeable information on request;	Yes	The Company has an Investor Relation function and contact information in this respect can be found on the Investor Contact section on its website (link).
D.1.7.	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	Yes	A distinct section for reports and presentations was created on the Company's website, where all the relevant documents are posted (link).
D.2.	A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	Yes	The Company approved the Dividend Policy at the Board Meeting held on December 14th, 2018.
D.3.	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results 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.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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 effected by a special resolution approved at a general meeting of the shareholders. As such, no amendment could take effect earlier than as of the next general meeting of the shareholders.
D.5.	The external auditors should attend the shareholders' meetings when their reports are presented there.	Yes	The external auditors attend the shareholders' meetings at which their reports are presented.
D.6.	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Yes	The Board's comments on the internal controls and significant risk management system are included in the management report, which is presented to the annual GMS. The documents submitted to the GMS for approval are endorsed by the Board.
D.7.	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Yes	The Company is open towards the idea of the participation of different professionals and consultants in the shareholders' meeting. The consent of the shareholders shall be requested in this respect at the beginning of each general meeting at which such participation is envisaged.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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 2021, the Group expanded its support to local communities and participated in a number of charities and social and cultural initiatives dedicated to promoting the preservation of traditions, including the following: (a) CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family). (b) Hospice Angelus: Medical-social Philanthropical Foundation "Angelus Moldova" is 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 with cancer in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established HOSPICE "Angelus Moldova" as inalienable part of the Foundation. HOSPICE „Angelus Moldova" is a home palliative care service.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
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	Despite the pandemic, the Group continued to support various sports activities, being the General Sponsor of the Moldovan National Olympic Committee and the main partner of USM-Bostavan, a volleyball club, with both women and men volleyball teams, since 2010. The Group has sponsored various educational activities: it fully equipped 3 classrooms in the school of Purcari village and has supported Investment Academy in providing financial education (14 videos) to people interested in investing on the capital market. Since the war outburst in Ukraine on February 24th, 2022, the Group has actively been involved in supporting Ukrainian refugees. The Purcari team has launched a help-center and a 24/7 contact line to arrange accommodation for as many families as possible of the tens of thousands of fleeing Ukraine. By now, 11,000 refugees have stopped at our improvised tent to get free-of-charge first necessity goods: water, hot drinks, sandwiches, hygienic packages, free SIM cards, warm clothes, and assistance to find a place to stay. Almost 3,000 refugees, mainly women and children, have been provided with accommodation at Chateau Purcari, as well as hotels and pensions in the Purcari region (fully paid by Purcari), Purcari partners, and homes of Purcari employees.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURCARI WINERIES PUBLIC COMPANY UNITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") and its subsidiaries (the "Group"), which are presented on pages 50 and 102 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

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

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

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

Valuation of inventories

Refer to Notes 6(f) (accounting policy) and 13 (inventories) to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The Group's inventories include raw materials, work in progress, finished goods and other materials. As at 31 December 2021 the total inventories amounted to RON 175,015,640. The valuation of inventories includes a degree of judgement by the management regarding the recognition of slow-moving inventories, the fair value less costs to sell of harvested grapes transferred to work in progress and the net realizable values with reference to subsequent sales. Due to the size of the inventory and management judgement involved in its valuation (specifically of semi-finished and finished goods), we consider this to be a key audit matter.	Our audit procedures in this area included, among others: • assessing the write-downs of inventories by comparing them with slow moving items identified by us based on the ageing of their movement; • evaluating whether finished goods were stated at the lower of cost and net realizable value at the reporting period by comparing the sales prices subsequent to the reporting period with the carrying values of finished goods as at 31 December 2021; • evaluating the fair value less costs to sell of harvested grapes at the point of harvest, which were subsequently transferred to work in progress, by recalculating it using published market prices.

Litigations and claims

Refer to Notes 4 (a) (use of estimates and judgements), 6 (j) (accounting policy) and 31 (ii) (commitments and contingencies) to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As described in Note 31 (ii) to the consolidated financial statements, as at 31 December 2021, the Group is involved in a legal proceeding to contest the results of the control performed by the Environ-ment Fund Administration from Romania and the related penalty in amount of RON 22,206,627. Whether a provision is recognized, or a contingent liability disclosed in the consolidated financial statements is inherently uncertain and is dependent on a number of significant assumptions and judge-ments. Key judgements and estimates in the process are related to the existence of a present obligation, the likelihood of an outflow of benefits in the future and the amount of the liability or contingent liability. We considered the accounting for the effects of the legal proceeding to which the Group is a party (including related disclosures) to be associated with an increased risk of a material misstatement due to the magnitude of the amount involved, coupled with the uncertainty surrounding the outcome of the litiga-tion and high degree of related estimation uncer-tainty and judgement required. Accordingly, the area required our increased attention in the audit and as such was considered by us to be a key audit matter.	Our audit procedures in this area included, among others: • obtaining an understanding of the current status of the legal proceeding by inspecting legal case documentation, communications between the Group and its lawyers, including legal analyses of the matters and any developments through the date of our report; • evaluating the external lawyers' responses to our audit inquiry letters and making corroborating inquiries of the Management and the external lawyers. • based on the results of the above procedures, critically assessing the Group's assumptions and estimates in respect of the proceedings, including the contingent liabilities disclosed in the financial statements. This involved assessing the likelihood of an unfavorable outcome and the reliability of estimates of related exposures; • assessing the Group's disclosures regarding the contingent liabilities, considering the requirements of the relevant financial reporting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated Management Report and the Corporate Governance Statement, which are included as separate sections in the consolidated Management Report, but does not include the consolidated financial statements and our auditors' report thereon which we obtained prior to the date of thus auditor's report and the Corporate Social Responsibility Statement which is expected to be made available to us after that date.

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

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

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

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Report on other regulatory and legal requirements

Other regulatory requirements

Pursuant to the requirements of Article l0(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors on 28 April 2021 by the General Meeting of the Company's members to audit the consolidated financial statements of the Group for the year ended 31 December 2021. Our total uninterrupted period of engagement, having been renewed annually by shareholders' resolution is is 4 years covering the periods ending 31 December 2017 to 31 December 2021.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 4 April 2022.

Provision of Non-audit Services ('NAS')

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

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

Other legal requirements

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

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

Other Matter

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

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

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

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

5 April 2022

	Note	31 Dec '21	31 Dec '20
Assets			
Property, plant and equipment	7	167,171,497	141,815,513
Intangible assets and goodwill	11	9,050,782	1,187,013
Non-current receivables	9	2,552,630	2,348,704
Equity-accounted investees	8	-	558,109
Loan receivables	10	849,489	-
Inventories	13	74,895,843	46,497,027
Equity instruments at fair value through profit or loss	9	4,341,709	-
Other non-current assets		118,061	-
Non-current assets		**258,980,011**	**192,406,366**
Inventories	13	100,119,797	83,021,797
Trade and other receivables	12	63,320,703	51,714,357
Income tax assets		131,257	362,406
Prepayments		6,346,251	3,276,990
Other current assets		555,554	166,918
Cash and cash equivalents	14	32,100,114	50,788,605
Current assets		**202,573,676**	**189,331,073**
Total assets		**461,553,687**	**381,737,439**
Equity			
Share capital		1,763,121	728,279
Share premium	15	83,184,367	82,533,921
Treasury shares reserve		(5,532,543)	(4,424,086)
Other reserves		5,079,807	3,029,812
Translation reserve		16,194,236	3,375,006

Retained earnings		142,714,713	121,125,160
Equity attributable to owners of the Company		**243,403,701**	**206,368,092**
Non-controlling interests	**29**	**16,543,032**	**16,262,285**
Total equity		**259,946,733**	**222,630,377**
Liabilities			
Borrowings and lease	16	24,851,576	42,479,687
Deferred income	17	7,215,629	3,922,919
Deferred tax liability	26	7,407,095	6,481,383
Non-current liabilities		**39,474,300**	**52,883,989**
Borrowings and lease liabilities	16	73,133,087	54,102,685
Deferred income	17	1,967,532	614,664
Income tax liabilities		1,053,529	2,075,584
Employee benefits	27	4,671,899	3,457,842
Trade and other payables	18	75,346,297	38,457,018
Provisions	24	5,960,310	7,515,280
Current liabilities		**162,132,654**	**106,223,073**
Total liabilities		**201,606,954**	**159,107,062**
Total equity and liabilities		**461,553,687**	**381,737,439**

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 5 April 2022

Vasile Tofan	**Victor Bostan**	**Victor Arapan**
Chairman of the Board of Directors	Chief Executive Officer (CEO), Member of the Board of Directors	Chief Financial Officer (CFO)

The accompanying notes on pages 106 to 185 are an integral part of these consolidated financial statements.

	Note	2021	2020
Revenue	19	248,133,715	203,672,077
Cost of sales	20	(132,291,220)	(105,886,837)
Gross profit		**115,842,495**	**97,785,240**
Other operating income	23	2,147,737	1,889,887
Marketing and sales expenses	21	(30,914,475)	(23,016,528)
General and administrative expenses	22	(27,242,431)	(24,740,078)
Impairment loss on trade and loan receivables, net	28	(2,550,417)	(331,285)
Other operating expenses	24	5,017,193	(2,980,186)
Profit from operating activities		**62,300,102**	**48,607,050**
Finance income	25	7,047,317	30,398,159
Finance costs	25	(6,959,687)	(8,743,977)
Net finance income /(costs)	**25**	**87,630**	**21,654,182**
Share of profit of equity-accounted investees, net of tax	8	(558,114)	(200,571)
Profit before tax		**61,829,618**	**70,060,661**
Income tax expense	26	(10,457,692)	(10,830,895)
Profit for the year		**51,371,926**	**59,229,766**
Other comprehensive income *Items that are or may be reclassified to profit or loss*			
Foreign currency translation differences		14,287,944	(13,022,005)
Other comprehensive income for the year		**14,287,944**	**(13,022,005)**
Total comprehensive income for the year		**65,659,870**	**46,207,761**
Profit attributable to:			
Owners of the Company		47,159,528	56,386,056
Non-controlling interests	29	4,212,398	2,843,710
Profit for the year		**51,371,926**	**59,229,766**
Total comprehensive income attributable to:			
Owners of the Company		59,919,511	44,600,636
Non-controlling interests	29	5,740,359	1,607,125
Total comprehensive income for the year		**65,659,870**	**46,207,761**
Earnings per share, RON			
Basic and diluted earnings per share	15	1.19	1.42

The accompanying notes on pages 106 to 187are an integral part of these consolidated financial statements.

Cash flows from operating activities	**Note**	**2021**	**2020**
Profit for the year		51,371,926	59,229,766
Adjustments for:			
Depreciation and amortization	7,11	13,499,149	12,092,326
Equity-settled share-based payment transactions	27	6,391,462	3,868,168
(Gain) /loss on disposal of property, plant and equipment and intangible assets	24	(710,713)	(193,934)
Impairment of property, plant and equipment, net	7	(80,142)	(80,598)
Impairment of trade receivables, net		2,550,417	331,285
Release of deferred income	23	(1,500,311)	(1,545,839)
Gains on write-off of trade and other payables	23	(183,736)	(20,978)
Share of loss of equity-accounted investee, net of tax	8	558,114	200,571
Adjustment to fair value of biological assets	24	(4,543,697)	2,855,695
Income tax expense	26	10,457,692	10,830,895
Net finance (income) /costs	25	(87,630)	(21,654,182)
Operating profit before working capital changes		**77,722,531**	**65,913,175**

Changes in working capital:			
Inventories		(38,633,602)	(9,649,568)
Trade and other receivables		(8,264,309)	1,245,368
Prepayments		(2,951,582)	2,251,650
Other assets		(480,805)	(11,840)
Employee benefits		1,313,473	342,878
Trade and other payables		22,523,930	(8,294,833)
Provisions	24	(1,266,843)	43,853
Cash generated from operating activities		**49,962,793**	**51,840,683**
Income tax paid		(11,880,476)	(11,266,059)
Interest paid	16	(3,881,020)	(4,264,733)
Net cash generated from operating activities		**34,201,297**	**36,309,891**
Cash flows from investing activities			
Payments for acquisition of intangible assets	11	(696,800)	(265,191)
Payments for acquisition of property, plant and equipment	7,16	(25,125,524)	(21,348,823)
Acquisition of equity instruments	10	(3,414,780)	-
Loans granted		(849,488)	-
Receipt of government grants	17	4,684,381	2,085,964
Acquisition of subsidiary, net of cash acquired	8,24	(3,226,114)	-
Dividends from equity-accounted investee	8	-	540,000
Proceeds from sale of equity instruments		4,344,778	37,134,233
Proceeds from sale of property, plant and equipment		3,004,675	839,009
Net cash from/ (used in) investing activities		**(21,278,872)**	**18,985,192**

Cash flows from financing activities			
Acquisition of non-controlling interests		(5,061)	-
Proceeds from exercise of share options		1,175,000	-
Receipt of borrowings	16	65,756,512	43,310,071
Repayment of borrowings and lease liabilities	16	(67,448,002)	(55,507,861)
Acquisition of treasury shares	15	(4,939,636)	(2,636,198)
Dividends paid		(27,577,478)	(2,031,123)
Net cash used in financing activities		**(33,038,665)**	**(16,865,111)**
Net increase/ (decrease) in cash and cash equivalents		(20,116,240)	38,429,972
Cash and cash equivalents at 1 January		**50,788,605**	**12,573,775**
Effect of movements in exchange rates on cash held		1,427,749	(215,142)
Cash and cash equivalents at 31 December	**14**	**32,100,114**	**50,788,605**

The accompanying notes on pages 106 to 187 are an integral part of these consolidated financial statements.

*Attributable to Company owners	Share capital	Share premium	Treasury shares reserve	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	728,279	82,533,921	(4,573,126)	1,946,882	15,160,426	64,739,104	160,535,486	16,734,268	177,269,754
Total comprehensive income									
Profit for the year	-	-	-	-	-	56,386,056	56,386,056	2,843,710	59,229,766
Foreign currency translation differences	-	-	-	-	(11,785,420)	-	(11,785,420)	(1,236,585)	(13,022,005)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(11,785,420)**	**56,386,056**	**44,600,636**	**1,607,125**	**46,207,761**
Transactions with owners of the Company									
Treasury shares acquired (Note 15)	-	-	(2,636,198)	-	-	-	(2,636,198)	-	(2,636,198)
Shares allocated to employees	-	-	2,785,238	(2,785,238)	-	-	-	-	-
Equity-settled share-based payments (Note 15)	-	-	-	3,868,168	-	-	3,868,168	-	3,868,168
Total transactions with owners of the Company	-	-	**149,040**	**1,082,930**	**-**	**-**	**1,231,970**	**-**	**1,231,970**
Other changes in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,079,108)	(2,079,108)
Total other changes in equity	-	-	-	-	-	-	-	**(2,079,108)**	**(2,079,108)**
Balance at 31 December 2020	**728,279**	**82,533,921**	**(4,424,086)**	**3,029,812**	**3,375,006**	**121,125,160**	**206,368,092**	**16,262,285**	**222,630,377**
Balance at 1 January 2021	**728,279**	**82,533,921**	**(4,424,086)**	**3,029,812**	**3,375,006**	**121,125,160**	**206,368,092**	**16,262,285**	**222,630,377**
Total comprehensive income									
Profit for the year	-	-	-	-	-	47,159,528	47,159,528	4,212,398	51,371,926
Foreign currency translation differences	-	-	-	-	12,759,983	-	12,759,983	1,527,961	14,287,944
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**12,759,983**	**47,159,528**	**59,919,511**	**5,740,359**	**65,659,870**
Transactions with owners of the Company									
Acquisition of NCI without a change in control	-	-	-	-	59,247	373,275	432,522	(437,583)	(5,061)
Treasury shares acquired (Note 15)	-	-	(4,939,636)	-	-	-	(4,939,636)	-	(4,939,636)
Shares allocated to employees	-	-	3,831,179	(3,831,179)	-	-	-	-	-
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	(3,510,681)	(3,510,681)
Bonus issue of ordinary shares	1,029,038	(1,029,038)	-	-	-	-	-	-	-
Share options exercised	5,804	1,679,484	-	(510,288)	-	-	1,175,000	-	1,175,000
Equity-settled share-based payments (Note 15)	-	-	-	6,391,462	-	-	6,391,462	-	6,391,462
Dividends	-	-	-	-	-	(25,943,250)	(25,943,250)	-	(25,943,250)
Total transactions with owners of the Company	**1,034,842**	**650,446**	**(1,108,457)**	**2,049,995**	**59,247**	**(25,569,975)**	**(22,883,902)**	**(3,948,264)**	**(26,832,166)**
Other changes in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,511,348)	(1,511,348)
Total other changes in equity	-	-	-	-	-	-	-	(1,511,348)	(1,511,348)
Balance at 31 December 2021	**1,763,121**	**83,184,367**	**(5,532,543)**	**5,079,807**	**16,194,236**	**142,714,713**	**243,403,701**	**16,543,032**	**259,946,733**

NOTE 1. REPORTING ENTITY

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

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

The Company has an issued share capital of 401,175 EUR as at 31 December 2021, which consists of 40,117,500 ordinary shares with the nominal value of 0.01 EUR each (2020: 20,000,000 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:

		Ownership interest	
	Country of incorporation	**31 Dec. '21**	**31 Dec. '20**
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%	27%
Vinoteca Gherasim Constantinescu SRL	Romania	100%	-
Purcari Wineries Ukraine LLC	Ukraine	100%	-
Vinaria Bostavan SRL	Republic of Moldova	100%	99.54%
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%	-
Domeniile Cuza SRL	Republic of Moldova	100%	-

The structure of the Group as at 31 December 2021 is as follows:

- Purcari Wineries Public Company Limited is a holding company and is domiciled in Cyprus;
- Vinorum Holdings Ltd is a holding company and is domiciled in Gibraltar;
- West Circle Ltd is a holding company and is domiciled in British Virgin Islands;
- Crama Ceptura SRL is domiciled in Romania. Its major activity is the production, bottling and sale of wines;
- Ecosmart Union SA is domiciled in Romania. Its major activity is providing waste recycling management services;
- Vinoteca Gherasim Constantinescu SRL is domiciled in Romania. Its major activity is cultivation of grapes.
- Purcari Wineries Ukraine LLC is domiciled in Ukraine. Its major activity is trade marketing services for Group's product portfolio;
- Vinaria Bostavan SRL, Vinaria Purcari SRL and Domeniile Cuza SRL are domiciled in Republic of Moldova. Their major activity is the production, bottling and sale of wines;
- Casa Purcari SRL is domiciled in Republic of Moldova and its activity relates to hospitality industry (bar&restaurant);
- Vinaria Bardar SA is domiciled in Republic of Moldova. Its major activity is the production, bottling and sale of brandy and divin. The nominal ownership interest of the Group in Vinaria Bardar SA is 53.91% as at 31 December 2021 (31 December 2020: 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 2021 (31 December 2020: 56.05%).

Rights over land

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

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

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

NOTE 2. BASIS OF PREPARATION

These consolidated financial statements as at and for the year ended 31 December 2021 (hereinafter "consolidated financial statements" or "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law Cap.113.
Details of the Group's accounting policies are included in Note 6 to the consolidated financial statements. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

NOTE 3. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Romanian Leu ("RON") as the Group was listed on the Bucharest Stock Exchange (BVB) on 15 February 2018. All amounts have been rounded to the nearest unit, unless otherwise indicated.
Each entity of the Group determines its own functional currency, and items included in its financial statements are measured using the functional currency and is the currency of their primary economic environment.
The currencies of the primary economic environment in which the companies of the Group operate were as follows:

- Purcari Wineries Plc, Vinorum Holdings Ltd, West Circle Ltd - US Dollar (USD),
- Crama Ceptura SRL, Ecosmart Union SA, Vinoteca Gherasim Constantinescu - Romanian Leu (RON),
- Vinaria Bardar SA, Vinaria Bostavan SRL, Vinaria Purcari SRL, Domeniile Cuza SRL, Casa Purcari SRL - Moldovan Leu (MDL),
- Purcari Wineries Ukraine LLC - Ukrainian Hryvnia (UAH).

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

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

NOTE 4.USE OF ESTIMATES AND JUDGMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

- **Note 9** – whether the Group has significant influence over an investee and recognised gain from disposal of equity instruments;
- **Note 24 a)** – acquisition of subsidiary that is not a business combination;
- **Note 24 b)** – classification of joint arrangements;
- **Note 27** – management incentive program;
- **Note 31** – 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 6 (c)** – estimates relating to the useful lives of property, plant and equipment;
- **Note 9** – assumptions and estimates used in the valuation of equity instruments at fair value through profit or loss;
- **Note 11** – assumptions and estimates underlying recoverable amount of goodwill;
- **Note 24** – assumptions and estimates used in the valuation of harvest of grapes;
- **Note 28** – 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 equity instruments measured at fair value through profit or loss ("FVTPL");
- **Note 24** – valuation of biological assets (grapes on vines);
- **Note 28** – 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.

NOTE 6. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of consolidation
There 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 2021.

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

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Such amounts are generally recognised in profit or loss.

(II) Subsidiaries

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

(III) Loss of control

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

(IV) Non-controlling interests

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

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

(V) Interests in equity-accounted investees

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

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

(VI) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains or losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee.

b. Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

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

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

c. Property, plant and equipment

(I) Recognition and measurement

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

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

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

Grape vines

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

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

(II) Subsequent costs

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

(III) Depreciation

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

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

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

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

d. Intangible assets

(I) Recognition and measurement

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

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

(II) Subsequent expenditure

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

(III) Amortization

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

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

- software 3-10 years
- instruction recipes 5 years
- trademarks 5.5-10 years
- licenses period of license validity

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

e. Biological assets

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

f. Inventories

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

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

g. Financial instruments

(I) Recognition and initial measurement

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

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

(II) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised 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 amortised 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.

Other financial liabilities
The Group classifies non-derivative financial liabilities into the other financial liabilities' category.
Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities include bank borrowings and trade payables.

(III) Derecognition

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

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

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

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

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

h. Impairment
(I) Non-derivative financial assets

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

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

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

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

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

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

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

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

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

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

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

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

i. Employee benefits
(I) Defined contribution plans
The Group, in the normal course of business makes payments to the National Social Insurance Authority and to the National Medical Insurance Authority on behalf of its Moldovan and Romanian 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 Moldovan and Romanian State pension plan (a State defined contribution plan).
Compulsory contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
(II) Short term service benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the

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

(III) Share-based payments arrangements

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

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

j. Provisions

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

k. Revenue

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

	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods	Customers obtain control of goods when the significant risks and rewards of ownership have been transferred to them. Revenue is recognised at that point in time, although invoices are generated when the goods are dispatched from the Group's warehouse. Invoices are usually payable within 30-90 days from the date of delivery and acceptance of goods by the customers. No discounts or loyalty points are offered for sale of goods, except for standard contractual discounts included in the invoices issued by the subsidiary Crama Ceptura SRL. Some contracts permit the customer to return an item due to quality claims, and the period for these claims is 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.

	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
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 man-agement services	The Group through its subsidiary Ecosmart Union SA takes over the environmental responsibility from its customers in Romania and has the obligation to find recyclers/ collectors of waste and enter into contracts with them in order to process the quantities agreed with its customers. Invoices for waste recycling management services are are usually payable within 30 days.	The revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed.

l. Governments grants

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

m. Subsequent events

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

n. Leases

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

(I) As a lessee

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

o. Finance income and finance costs

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

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

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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

p. Income tax

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

(I) Current tax

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

(II) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

q. Share capital

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

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

r. Standards issued but not yet effective

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual period beginning on 1 January 2021. 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 and Interpretations adopted by the EU
The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual period beginning on 1 January 2021. The Company has not early adopted the new or amended standards in preparing these consolidated financial statements.

- IFRS 16 “Leases” (Amendments): COVID-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021).
- IFRS 3 “Business Combinations” (Amendments) (effective for annual periods beginning on or after 1 January 2022).
- IAS 16 “Property, Plant and Equipment” (Amendments) (effective for annual periods beginning on or after 1 January 2022).
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (Amendments) (effective for annual periods beginning on or after 1 January 2022).
- Annual Improvements of IFRSs 2018-2020 (effective for annual periods beginning on or after 1 January 2022).
- IFRS 17 “Insurance Contracts” (including Amendments) (effective for annual periods beginning on or after 1 January 2023).

(II) Standards and Interpretations not adopted by the EU

- IAS 1 “Presentation of Financial Statements” (Amendments): Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023).
- IAS 12 “Income Taxes” (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).
- IFRS 17 “Insurance Contracts” (Amendments): Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).
- IFRS 10 “Consolidated Financial Statements” (Amendments) and IAS 28 “Investments in Associates and Joint Ventures” (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely; early adoption continues to be permitted).
- IAS 1 “Presentation of Financial Statements” (Amendments) and IFRS Practice Statement 2 “Making Materiality Judgements”: Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023).
- IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (Amendments): Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment from 1 January 2020 to 31 December 2021 were as follows:

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

	Assets under construction	Land	Buildings and constructions	Equipment	Vehicles	Other	Grape Vines	Total
Cost								
Balance at 1 January 2020	**9,880,808**	**7,765,691**	**116,795,162**	**96,958,803**	**8,334,121**	**5,420,057**	**28,486,725**	**273,641,367**
Additions	18,901,808	3,811	29,211	21,793	640,411	-	1,948,662	21,545,696
Transfers	(22,772,867)	-	7,126,241	13,576,081	938,064	722,842	409,639	-
Disposals	-	-	(1,074,409)	(309,237)	(277,642)	(7,936)	-	(1,669,224)
Effect of movement in exchange rates	(456,564)	(502,814)	(7,078,801)	(6,487,246)	(392,179)	(405,277)	(2,120,584)	(17,443,465)
Balance at 31 December 2020	**5,553,185**	**7,266,688**	**115,797,404**	**103,760,194**	**9,242,775**	**5,729,686**	**28,724,442**	**276,074,374**
Accumulated depreciation and impairment losses								
Balance at 1 January 2020	**-**	**328,150**	**67,907,450**	**50,294,492**	**3,132,570**	**4,240,770**	**6,249,158**	**132,152,590**
Depreciation for the year	-	105,951	3,237,807	6,159,843	1,127,372	563,230	729,573	11,923,776
Impairment loss, net	-	-	(80,598)	-	-	-	-	(80,598)
Disposals	-	-	(644,593)	(305,672)	(223,425)	(7,936)	-	(1,181,626)
Effect of movement in exchange rates	-	(18,750)	(3,921,341)	(3,678,677)	(158,759)	(299,461)	(478,293)	(8,555,281)
Balance at 31 December 2020	**-**	**415,351**	**66,498,725**	**52,469,986**	**3,877,758**	**4,496,603**	**6,500,438**	**134,258,861**
Carrying amounts								
At 1 January 2020	**9,880,808**	**7,437,541**	**48,887,712**	**46,664,311**	**5,201,551**	**1,179,287**	**22,237,567**	**141,488,777**
At 31 December 2020	**5,553,185**	**6,851,337**	**49,298,679**	**51,290,208**	**5,365,017**	**1,233,083**	**22,224,004**	**141,815,513**

As at 31 December 2021 property, plant and equipment includes right-of-use assets of RON 7,095,218 (2020: RON 6,917,523) (Note 16) related to leased land, buildings and vehicles.

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

	31 Dec. '21	31 Dec. '20
Republic of Moldova	135,693,788	120,819,875
Romania	31,477,709	20,995,638
Total	**167,171,497**	**141,815,513**

Depreciation charge
Depreciation charge is included in the following financial statement captions:

	2021	2020
Cost of sales (Note 20)	5,640,554	5,033,345
General and administrative expenses (Note 22)	2,400,651	3,007,706
Inventories	5,103,425	3,678,640
Unallocated overheads	180,856	204,085
Total	**13,325,486**	**11,923,776**

Security
The carrying amount of property, plant and equipment that is subject to a registered debenture to secure bank loans is disclosed in Note 16 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 8. EQUITY-ACCOUNTED INVESTEES

In March 2017 the Group, through its subsidiary Crama Ceptura SRL, contributed to the foundation of Ecosmart Union SA, contributing RON 108,000 for a 27% share. The main activity of Ecosmart Union SA is providing waste recycling management services, under specific law and authorisation given by State Environment Agency.

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

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

Ecosmart Union SA as an equity-accounted investee

As at 31 December 2021 and 31 December 2020 interests in equity-accounted investees are as follows:

	31 Dec. '21	31 Dec. '20
Investment in Ecosmart Union SA	-	558,109
Total interests in equity-accounted investees	**-**	**558,109**

The movement in the investment in Ecosmart Union SA from 1 January 2020 to 15 September 2021 was as follows:

	2021	2020
Balance at 1 January	558,109	1,298,680
Share of loss	(558,109)	(200,571)
Dividends received	-	(540,000)
Balance at 31 December	**-**	**558,109**

The share of loss of equity-accounted investees, net of tax, for the years ended 31 December 2021 and 31 December 2020, recognized in the profit or loss, is as follows:

	31 Dec. '21	31 Dec. '20
Share of the loss of Ecosmart Union SA	558,109	200,571
Total share loss in equity accounted investees	**558,109**	**200,751**

The following table summarises the financial information of Ecosmart Union SA as included in its own financial statements. The table reconciles the summarised financial information to the carrying amount of the Group's interest in Ecosmart Union SA. The information for 2020 presented in the table includes the results of Ecosmart Union SA for the period from 1 January to 31 December 2020 and for 2021 includes the results only for the period from 1 January to 15 September 2021, because Ecosmart Union SA became a subsidiary on 15 September 2021.

	15 September 2021	31 December 2020
Percentage ownership interest	27%	27%
Non-current assets	1,602,471	3,477,760
Current assets	4,890,566	16,716,110
Non-current liabilities	-	(15,197)
Current liabilities	(16,410,891)	(18,111,603)
Net assets (100%)	(9,917,854)	2,067,070
Group's share of net assets (27%)	-	558,109
Carrying amount of investment in associate	**-**	**558,109**
Revenue	42,077,423	85,832,208
Loss (100%)	11,984,924	742,857
Share of loss (27%)	558,109	200,571
Group's share of loss	**558,109**	**200,571**

The share of loss was recognized up to the carrying amount of investment in Ecosmart Union SA at the date the Group obtained control over it.

Ecosmart Union SA as a subsidiary

For the period 15 September to 31 December 2021 Ecosmart Union SA contributed to the Group's revenue with an amount of RON 10,822,973 and to the Group's results for the year with a loss in amount of RON 300,447. If the acquisition had occurred on 1 January 2021, management estimates that the consolidated revenue would have been RON 290,211,138 and consolidated profit for the year would have been RON 50,537,769.

Consideration transferred

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

Identifiable assets acquired and liabilities assumed

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

	Amount
Property, plant and equipment	1,597,301
Intangible assets	5,170
Trade and other receivables	4,863,607
Cash and cash equivalents	11,345
Other current assets	15,613
Deferred income	(9,609)
Trade and other payables	(16,401,281)
	(9,917,854)

The identifiable assets acquired, liabilities assumed and related goodwill recognized are measured at provisional amounts based on book values. The initial accounting for this business combination is incomplete as of 31 December 2021, 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.

Goodwill

Goodwill was recognized as a result of the acquisition as follows:

	Amount
Consideration transferred	340,000
Fair value of pre-existing interest in Ecosmart Union SA	236,903
Non-controlling interests, based on their proportionate interest in the recognized amounts of the asset and liabilities of Ecosmart Union SA	(3,510,681)
Book value of identifiable net assets acquired	9,917,854
Goodwill	**6,984,076**

NOTE 9. 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 2021 and 31 December 2020 is as follows:

	2021	2020
Balance at 1 January	**-**	**12,766,688**
Purchase of equity instruments	3,414,780	-
Change in fair value (Note 25)	882,329	-
Net gain from disposal of equity instruments (Note 25)	-	25,744,719
Sale of equity instruments	-	38,379,719
Effect of movements in exchange rates	44,600	(131,688)
Balance at 31 December	**4,341,709**	**-**

8Wines Czech Republic s.r.o.

On 13 May 2021, the Company purchased 10.00% ownership interest in 8Wines Czech Republic s.r.o. (8Wines), a Czech-based fast growing online retail platform. The Group neither has any significant influence nor is involved in the management of 8Wines. Therefore, the ownership interest in 8Wines is accounted as equity instruments at fair value through profit or loss and represents as at 31 December 2021 RON 4,341,709.

As of 31 December 2021, 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 2021, as well as the significant unobservable inputs used. There were no transfers between levels. 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 2022-2026 (RON 7,146,354); • Risk-adjusted discount rate (8.50%); • Terminal growth rate (3.0%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 41,419 if the expected cash flows were higher (lower) by 1%; or • RON 1,180,728 / (RON 813,697) if the risk-adjusted discount rate was lower (higher) by 1pp; or • RON 969,891 / (RON 671,463) if the terminal growth rate was higher (lower) by 1pp.

IM Glass Container Company SA group

In March 2017 the Group, through its subsidiary Vinaria Purcari SRL, purchased 31.415% ownership interest in IM Glass
Container Company SA group (which include IM Glass Container Company SA and its subsidiary Glass Container Company-SP SRL), a manufacturer of glass bottles, for a consideration in cash of RON 6,406,685 (the equivalent of MDL 29,498,035).
On 16 July 2018 an Extraordinary Shareholders Meeting of Glass Container Company SA was held, during which the Group revoked two of its representatives in the Board of Directors, and waived its voting rights until the final sale of its shareholding to another investor. As this indicated the loss of significant influence, the Group reclassified the investment in IM Glass Container Company SA from equity-accounted investees to equity instruments at fair value through profit or loss in the financial statements, and discontinued to consider IM Glass Container Company SA group as a related party since that date.

On 9 December 2020, Vinaria Purcari SRL has exited Glass Container Company ("GCC") for a consideration of EUR 7,819,163 to Vetropack Group, a leading Swiss corporate group in the European glass packaging industry.

As at 30 July 2021, Vinaria Purcari SRL collected an additional amount of EUR 978,232 as adjustment to purchase price, which is significantly higher than initial amount estimated by the Group' management. Vinaria Purcari SRL became entitled to this additional contribution mainly due to collection by IM Glass Container Company SA group of some overdue receivables considered impaired at the date of Sale framework agreement. Collection of the overdue receivables was conditioned by melioration of COVID-19 pandemic restrictions and, accordingly, reduction of its effect on business. Since the events which led to collection of receivables occurred during 2021, the Group considers appropriate to account this gain in the 2021 statement of profit or loss, rather than an adjustment to prior year results.
Furthermore, Vinaria Purcari SRL, along with all other former shareholders of Glass Container Group may or may not be entitled in 2021-2022 to additional variable performance payments. Due to impact of COVID-19 pandemic and significant increase of natural gas prices (key resource for the production of glass bottles by IM Glass Container Company SA group) on local, regional and global economies, as well as growing uncertainty of future economic recovery, the management considers that the Group could not be entitled to any additional earnout from the sale of GCC. As result, no variable consideration was recognized in these consolidated financial statements.
Under the Sales Agreement, the former selling shareholders, including Vinaria Purcari SRL, have provided Representations, Warranties, and Indemnities to Vetropack Group, thus, in case of adverse effects it might be liable for paying certain compensations. Therefore, the amount of EUR 595,070 has been deducted and retained from the initial purchase price as indemnity holdback, which will be reimbursed on the date falling three years after completion of the transactions. The management estimates that no claims for indemnification will appear during this period and that full amount of indemnity holdback will be received. This discounted receivable amounts to RON 2,552,630 as at 31 December 2021 (31 December 2020: RON 2,348,704) and has been presented as non-current receivable in the consolidated statement of financial position.

NOTE 10. LOAN RECEIVABLES:

As at 31 December 2021 and 31 December 2020 loan receivables are as follows:

	Currency	Interest rate	Year of maturity	31 December 2021		31 December 2020	
				Non-current portion	Current portion	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	350,438	-	-	-
8Wines s.r.o.	EUR	6.0%	2024	499,051	-	-	-
Total loan receivables				**849,489**	**-**	**-**	**-**

NOTE 11. INTANGIBLE ASSETS AND GOODWILL

The movements in intangible assets from 1 January 2020 to 31 December 2021 are the following:

	2021			2020		
	Goodwill	Other	Total	Goodwill	Other	Total
Cost						
Balance at 1 January	-	1,762,638	1,762,638	-	1,759,433	1,759,433
Additions						
Purchase	-	696,800	696,800	-	265,191	265,191
Business combination	6,984,076	19,726	7,003,802	-	-	-
Disposals	-	(143,417)	(143,417)	-	(157,477)	(157,477)
Effect of movement in exchange rates	169,787	307,290	477,077	-	(104,509)	(104,509)
Balance at 31 December	**7,153,863**	**2,643,037**	**9,796,900**	**-**	**1,762,638**	**1,762,638**
Amortization						
Balance at 1 January	-	575,625	575,625	-	572,865	572,865
Amortization for the year	-	173,663	173,663	-	168,550	168,550
Increase due to business combinations	-	4,165	4,165	-	-	-
Disposals	-	(27,359)	(27,359)	-	-	-
Effect of movement in exchange rates	-	20,024	20,024	-	(165,790)	(165,790)
Balance at 31 December	**-**	**746,118**	**746,118**	**-**	**575,625**	**575,625**
Carrying amounts						
At 1 January	**-**	**1,187,013**	**1,187,013**	**-**	**1,186,568**	**1,186,568**
At 31 December	**7,153,863**	**1,896,919**	**9,050,782**	**-**	**1,187,013**	**1,187,013**

Other intangible assets are represented by trademarks, technological instructions, licenses, software and other. The carrying amount of intangible assets that is subject to a registered debenture to secure bank loans is disclosed in Note 16 to the consolidated financial statements.

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

For the purpose of impairment testing, goodwill has been allocated to the Group's CGUs (cash generating units), as follows:

	31 December 2021	31 December 2020
Ecosmart Union SA	**7,153,863**	**-**

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (see Note 4 b).

The carrying amount of the CGU was determined to be lower than its recoverable amount of RON 16,900,426, and thus no impairment loss during 2021 (2020: nil) was recognised.

The key assumptions used in the estimation of value in use were as follows:

	2021	2020
Risk-adjusted discount rate	**10.0%**	**-**
Terminal value growth rate	**2.5%**	**-**
Budgeted EBITDA growth rate (average of next five years)	**20.5%**	**-**

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the growth levels experienced over the past years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

The following table shows the amount by which the above three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2021	2020
Risk-adjusted discount rate	**2.75%**	**-**
Terminal value growth rate	**(3.5%)**	**-**
Budgeted EBITDA growth rate (average of next five years)	**(5.3%)**	**-**

NOTE 12. TRADE AND OTHER RECEIVABLES

As at 31 December 2021 and 31 December 2020, trade and other receivables were as follows:

	31 Dec. '21	31 Dec. '20
Financial receivables		
Gross trade receivables	61,540,000	50,139,801
Allowance for impairment of trade receivables	(4,349,115)	(1,839,795)
Total financial receivables	**57,190,885**	**48,300,006**
Non-financial receivables		
Other receivables	1,154,357	1,203,540
VAT receivable	4,635,735	1,980,636
Other taxes receivable	6,045	113,412
Excise receivable	333,681	116,763
Total non-financial receivables	**6,129,818**	**3,414,351**
Total trade and other receivables	**63,320,703**	**51,714,357**

The carrying amount of trade and other receivables that is subject to a registered debenture to secure bank loans is disclosed in Note 16 to the consolidated financial statements.

The market risk, credit risk, aging of trade receivables at the reporting date and the movement in the allowance for impairment in respect of them during the year are disclosed in Note 28 to the consolidated financial statements.

NOTE 13. INVENTORIES

As at 31 December 2021 and 31 December 2020 inventories were as follows:

	31 Dec. '21	31 Dec. '20
Raw materials		
Distilled alcohol	36,508,269	27,900,267
Wine materials	6,378,783	4,630,872
Other raw materials	600,311	508,628
Total raw materials	**43,487,363**	**33,039,767**
Other materials		
Packaging materials	14,242,424	9,777,412
Other materials	5,075,436	3,925,618
Chemicals	2,687,849	3,132,557
Total other materials	**22,005,709**	**16,835,587**
Semi-finished production		
Wine in barrels	82,678,184	57,832,422
Divin in barrels	4,023,269	6,124,607
Brandy in barrels	276,333	132,306
Total semi-finished production	**86,977,786**	**64,089,335**
Bottled finished goods		
Wine	21,945,866	14,956,662
Divin	541,198	550,445
Other finished goods	53,461	29,903
Brandy	4,257	17,125
Total bottled finished goods	**22,544,782**	**15,554,135**
Total inventories	**175,015,640**	**129,518,824**

The carrying amount of inventories that is subject to a registered debenture to secure bank loans is disclosed in Note 16 to the consolidated financial statements.

The inventories that are expected to be recovered in more than 12 months after the end of the reporting date have been classified to non-current assets and amount to RON 74,895,843 as at 31 December 2021 (2020: RON 46,497,027). These relate to wine in barrels RON 46,644,827 (2020: RON 22,583,689) and distilled alcohol and divin in barrels RON 28,251,016 (2020: RON 23,913,338).

NOTE 14. CASH AND CASH EQUIVALENTS

As at 31 December 2021 and 31 December 2020 cash and cash equivalents were as follows: cash equivalents were as follows:

	31 Dec. '21	31 Dec. '20
Bank accounts	31,935,828	50,652,861
Petty cash	164,286	135,744
Total cash and cash equivalents	**32,100,114**	**50,788,605**

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

The carrying amount of cash and cash equivalents that is subject to a registered debenture to secure bank loans is disclosed in Note 16 to the consolidated financial statements.

The market risk and credit risk are disclosed in Note 28 to the consolidated financial statements.

NOTE 15. EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2021	2020
(in shares)		
On issue at 1 January	20,000,000	20,000,000
Bonus shares issued	20,000,000	-
Share option exercised	117,500	-
On issue at 31 December	**40,117,500**	**20,000,000**
Authorized – par value	**EUR 0.01**	**EUR 0.01**

Share capital and share premium

On 29 March 2021, the shareholders unanimously voted in favour of approval of the increase of the issued share capital of the Company from EUR 200,000.00 divided into 20,000,000 shares of nominal value EUR 0.01 each to EUR 400,000.00 divided into 40,000,000 shares of nominal value EUR 0.01 each, through issuance of 20,000,000 bonus shares to all shareholders of the Company registered in the shareholders' registry on the record date, which was set 20.07.2021. The 20,000,000 bonus shares were issued at nominal value and paid out of the share premium reserve of the Company. The right to receive bonus shares by entitled shareholders could not be opted out.

At the AGM dated 14.06.2018 the Company launched its Management Incentive Programme mainly targeting members of the Group's senior management team (except the CEO) and board of directors (the "Beneficiaries"), intended, as disclosed in the Company's prospectus published in relation to its admission to trading, to further align the interests of such Beneficiaries with those of the Company's shareholders, comprising: (a) award of shares in the Company to the Beneficiaries, free of charge; and (b) award of stock options to the Beneficiaries (the PSOs). The details of Management Incentive Programme are disclosed in Note 27 to the consolidated financial statements.

As of 30.09.2021, seven employees and managers submitted their exercise letters for purchase of 117,500 shares at an exercise price of RON 10 per share.

On 12.11.2021 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 28.04.2021, the Company be authorized to issue and allot additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.01118 for a total subscription amount of RON 1,175,000 (equivalent of EUR 237,488.65).

On 13.12.2021 the Registrar of Companies in Cyprus registered the above-mentioned increase of issued share capital.

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 2021, the share premium amounts to RON 83,184,367 (31 December 2020: RON 82,533,921).

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

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

As at 31 December 2020 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	4,006,172	20.0309%
Dealbeta Investments	1,586,377	7.9319%
Fiera Capital	1,531,467	7.6573%
East Capital	1,520,848	7.6042%
Conseq	1,293,961	6.4698%
Paval Holding	1,000,000	5.0000%
Others	9,061,175	45.3059%
Total	**20,000,000**	**100%**

Translation reserve

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

Treasury share reserve

In 2021 the Company repurchased 329,156 shares in amount RON 4,939,636 (2020: 120,000 shares in amount of RON 2,636,198) to implement the Company's shareholders meeting resolutions no. 3 of 14 June 2018, no. 5 of 25 April 2019, no. 6 and no. 7 of 29 April 2020 and no.3 of 28 April 2021 in connection with the Management Incentive Program (see Note 27).

During 2021 the Company allocated 174,982 shares to its management and employees with a total value of RON 3,831,179 (2020: 128,352 shares with a total value of RON 2,785,238).

Other reserves

In 2021 the Company accounted for equity-settled share-based payments in amount of RON 6,391,462 (2020: RON 3,868,168) in connection with the Management Incentive Program (see Note 27) and offset the amount of RON 3,831,179 (2020: RON 2,785,238) with treasury share reserve for shares allocated to employees, as well as offset the amount of RON 510,288 (2020: nil) with share premium for share options exercised by employees.

Dividends

During 2021 the Company declared and paid dividends in amount of RON 0.65 per share (2020: nil).

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:

	2021	2020
Profit for the year, attributable to owners of the Company	**47,159,528**	**56,386,056**
Issued ordinary shares at 1 January	20,000,000	20,000,000
Effect of bonus shares issued	20,000,000	20,000,000
Effect of treasury shares held	(288,669)	(306,451)
Effect of share option exercised	5,795	-
Weighted-average number of ordinary shares outstanding at 31 December	**39,717,126**	**39,693,549**
Earnings per share – basic and diluted	**1.19**	**1.42**

The Group has not issued any potentially dilutive instruments.

NOTE 16. BORROWINGS AND LEASE LIABILITIES

This note provides information about the contractual terms of the Group's interest-bearing borrowings and lease liabilities, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 28 to the consolidated financial statements.

As at 31 December 2021 and 31 December 2020, borrowings and lease liabilities were as follows:

	31 Dec. '21	31 Dec. '20
Non-current liabilities		
Secured bank loans	19,081,919	36,393,261
Lease liabilities	5,769,657	6,086,426
Total non-current portion	**24,851,576**	**42,479,687**
Current liabilities		
Current portion of secured bank loans	70,319,375	52,901,478
Current portion of unsecured bank loans	1,316,195	-
Current portion of lease liabilities	1,497,517	1,201,207
Total current portion	**73,133,087**	**54,102,685**
Total borrowings and lease liabilities	**97,984,663**	**96,582,372**

The movements of borrowings and lease liabilities for the years ended 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
Balance at 1 January	**96,582,372**	**110,778,079**
Increase due to business combinations	1,287,548	-
Proceeds from borrowings	65,756,512	43,310,071
Repayment of borrowings and lease liabilities	(67,448,002)	(55,507,861)
Interest expense (Note 25)	3,932,834	5,229,635
Interest paid	(3,881,020)	(4,264,733)
New leases	746,216	196,873
Effect of movement in exchange rates	1,008,203	(3,159,692)
Balance at 31 December	**97,984,663**	**96,582,372**

Security
As at 31 December 2021 and 31 December 2020 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	31 Dec. '21	31 Dec. '20
Property, plant and equipment	56,767,291	52,777,248
Trade and other receivables	33,736,362	31,332,017
Inventories	57,038,907	80,867,629
Intangible assets	-	635,223
Cash and cash equivalents	1,658,047	7,850,532
Total	**149,200,607**	**173,462,649**

Terms and debt repayment schedule

Type of loan	Lender	Currency	Nominal interest rate	Year of maturity	31 Dec. '21		31 Dec. '20	
					Non-current	Current	Non-current	Current
Secured bank loan	BC MAIB SA (1)	MDL	7.65%	2022	-	-	-	1,071,294
Secured bank loan	BC MAIB SA (2)	MDL	7.65%	2021	-	-	-	1,543,585
Secured bank loan	BC MAIB SA (3)	EUR	3.40%	2022	-	4,553,234	-	-
Secured bank loan	BC MAIB SA (4)	EUR	3.40%	2021	-	-	-	2,306,229
Secured bank loan	BC MAIB SA (5)	MDL	7.50%	2022	-	738,910	-	-
Secured bank loan	BC MAIB SA (6)	EUR	3.40%	2024	-	12,867,836	-	-
Secured bank loan	BC MAIB SA (7)	MDL	7.80%	2021	-	-	-	4,734,447
Secured bank loan	BC MAIB SA (8)	EUR	3.40%	2021	-	-	-	1,838,854
Secured bank loan	BC MAIB SA (9)	EUR	3.40%	2021	-	-	-	930,077
Secured bank loan	BC MAIB SA (10)	MDL	7.50%	2024	-	7,389,097	-	-
Secured bank loan	BC MAIB SA (11)	MDL	7.50%	2023	-	2,709,335	-	-
Secured bank loan	BC MAIB SA (12)	EUR	3.40%	2022	-	1,489,699	1,484,517	-
Secured bank loan	BC MAIB SA (13)	MDL	7.50%	2022	-	1,609,345	1,502,233	2,149,181
Secured bank loan	BC MAIB SA (14)	MDL	7.65%	2021	-	-	-	243,363
Secured bank loan	BC MAIB SA (15)	EUR	3.40%	2021	-	-	-	3,609,528
Secured bank loan	BC MAIB SA (16)	EUR	3.40%	2021	-	-	-	5,298,637
Secured bank loan	BC MAIB SA (17)	MDL	7.80%	2023	-	-	-	2,407,982
Secured bank loan	BC MAIB SA (18)	MDL	7.65%	2021	-	-	-	739,510
Secured bank loan	BC MAIB SA (19)	EUR	3.40%	2021	-	-	-	2,339,121
Secured bank loan	BC MAIB SA (20)	MDL	7.65%	2021	-	-	-	1,034,432
Secured bank loan	BC MAIB SA (21)	EUR	3.40%	2022	-	-	2,609,821	5,862,536
Secured bank loan	BC MAIB SA (22)	EUR	3.40%	2025	-	10,739,694	10,558,056	-
Secured bank loan	BC MAIB SA (23)	MDL	7.50%	2025	-	270,934	180,548	186,419
Secured bank loan	BC MAIB SA (24)	EUR	3.40%	2022	-	2,482,503	2,428,531	-
Secured bank loan	BC MAIB SA (25)	EUR	3.40%	2023	-	10,952,508	10,771,267	-
Secured bank loan	Ministry of Finance of Moldova (project financed by EIB)	EUR	3.73%	2021	-	-	-	834,372
Secured bank loan	BC Victoriabank SA	EUR	2.80%	2023	14,847,503	-	-	-

Terms and debt repayment schedule (continued)

Type of loan	Lender	Currency	Nominal interest rate	Year of maturity	31 Dec. '21		31 Dec. '20	
					Non-current	Current	Non-current	Current
Secured bank loan	OTP Bank SA (1)	USD	3.95%	2024	2,126,990	1,588,578	3,525,298	440,702
Secured bank loan	OTP Bank SA (2))	USD	3.95%	2022	-	1,029,253	939,308	2,721,310
Secured bank loan	OTP Bank SA (3)	USD	4.25%	2025	661,637	155,437	747,439	213,554
Secured bank loan	OTP Bank SA (4)	USD	3.95%	2026	1,445,789	359,382	1,646,243	241,574
Secured bank loan	UNICREDIT BANK SA (1)	EUR	EURIBOR 1M+1.50%	2022	-	11,383,630	-	8,989,661
Secured bank loan	UNICREDIT BANK SA (2)	EUR	EURIBOR 1M+1.50%	2021	-	-	-	3,165,110
Unsecured loan	Chateau Vartely SRL	EUR	-	2022	-	1,316,195	-	-
Lease liabilities		RON/MDL/ EUR	**3.90%-11.25%**	**2022-2047**	**5,769,657**	**1,497,517**	**6,086,426**	**1,201,207**
Total borrowings and lease liabilities					**24,851,576**	**73,133,087**	**42,479,687**	**54,102,685**

Loan covenants

At 31 December 2021 and 31 December 2020 the Group complied with the loan covenants stipulated in loan contracts, except for Debt to Equity ratio calculated for its subsidiary Vinaria Bostavan SRL as of 31 December 2021 for the loans contracted from BC MAIB SA. If covenants are breached, the credit institutions may require the acceleration of repayment of the outstanding loans. Therefore, the Group classified the related long-term liabilities of RON 32,391,472 as current liabilities as at 31 December 2021 in these financial statements.

In March 2022, BC MAIB SA notified the borrower that this breach of covenant will not be considered a default, therefore the Group is not required to make an earlier repayment of the loans.

Lease liabilities

The Group leases assets like land, buildings and vehicles.

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

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

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

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

(I) Right of use assets

	Land	Buildings and constructions	Vehicles	Total
Balance at 1 January 2021	**3,194,622**	**2,864,706**	**858,195**	**6,917,523**
Additions to right-of-use assets	80,064	666,152	-	746,216
Depreciation charge for the year	(129,231)	(836,227)	(315,665)	(1,281,123)
Derecognition of right-of-use assets	-	-	-	-
Effect of movements in exchange rates	221,043	149,392	342,167	712,602
Balance at 31 December 2021	**3,366,498**	**2,844,023**	**884,697**	**7,095,218**
Balance at 1 January 2020	**3,974,409**	**3,806,642**	**629,113**	**8,410,164**
Additions to right-of-use assets	183,764	23,287	581,082	788,133
Depreciation charge for the year	(126,026)	(790,583)	(343,022)	(1,259,631)
Derecognition of right-of-use assets	(591,260)	-	-	(591,260)
Effect of movements in exchange rates	(246,265)	(174,640)	(8,978)	(429,883)
Balance at 31 December 2020	**3,194,622**	**2,864,706**	**858,195**	**6,917,523**

Derecognition of the right-of-use assets during 2020 is as a result of termination of lease.

(II) Amounts recognized in profit or loss

Total interest expense on lease liabilities amounted to RON 542,739 for the year ended 31 December 2021 (2020: RON 592,750).

(III) Amounts recognized in statement of cash flows

Total cash outflow for leases amounted to RON 1,413,898 for the year ended 31 December 2021 (2020: RON 992,393).

NOTE 17. DEFERRED INCOME

The movement in deferred income for 31 December 2021 and 31 December 2020 was as follows:

	2021	2020
Balance at 1 January	**4,537,583**	**4,039,518**
Grants received	4,684,381	2,085,964
Increase due to business combinations	825,161	-
Release of deferred income (Note 23)	(1,500,311)	(1,545,839)
Effect of movements in exchange rates	636,347	(42,060)
Balance at 31 December	**9,183,161**	**4,537,583**

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

NOTE 18. TRADE AND OTHER PAYABLES

As at 31 December 2021 and 31 December 2020 trade and other payables were as follows:

	31 Dec. '21	31 Dec. '20
Financial payables		
Trade accounts payable	67,246,874	32,994,820
Trade payables due to related parties (Note 30)	2,203,759	1,724,323
Total financial payables	**69,450,633**	**34,719,143**
Non-financial payables		
Other tax liabilities	3,822,723	1,847,172
Advances received	509,007	142,336
Dividend payables	1,563,934	1,748,367
Total non-financial payables	**5,895,664**	**3,737,875**
Total trade and other payables	**75,346,297**	**38,457,018**

For more information about the Group's exposure to foreign currency and liquidity risk, see Note 28 to the consolidated financial statements.

NOTE 19. REVENUE

Revenues for the years ended 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
Sales of finished goods		
Wine	204,001,782	176,380,992
Divin	26,459,553	21,716,849
Brandy	538,114	332,517
Total sales of finished goods	**230,999,449**	**198,430,358**
Sales of other goods		
Merchandise	3,002,802	2,686,087
Other	535,469	725,793
Wine materials	517,400	616,988
Total sales of other goods	**4,055,671**	**4,028,868**
Services		
Hotel and restaurant services	2,152,266	1,051,069
Agricultural services	103,356	161,782
Waste recycling management services	10,822,973	-
Total services	**13,078,595**	**1,212,851**
Total revenue	**248,133,715**	**203,672,077**

Contract liabilities represent advances received from customers (which are recognized in revenue in the following year) in amount of RON 509,007 at 31 December 2021 (2020: RON 142,336) (Note 18).

Segment analysis

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

A reportable segment is a component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generate revenues other 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 2021 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	2,788,545	80,878,882	90,790	33,069,333	2,840,847	**119,668,397**
Republic of Moldova	5,595,129	20,573,339	-	-	18,592,883	**44,761,351**
Poland	19,590,346	544,138	-	49,813	37,958	**20,222,255**
Czech Rep. and Slovakia	7,990,016	189,401	-	532,919	-	**8,712,336**
Asia	2,612,348	2,531,199	-	547,069	604,522	**6,295,138**
Belarus	84,944	70,976	-	-	3,588,859	**3,744,779**
Baltic countries	7,034,474	490,792	-	87,716	212,841	**7,825,823**
Ukraine	4,079,840	4,716,572	-	-	-	**8,796,412**
Other	2,876,446	5,233,278	4,937	1,738,540	1,119,757	**10,972,958**
Total	**52,652,088**	**115,228,577**	**95,727**	**36,025,390**	**26,997,667**	**230,999,449**

Sales of finished goods by brand and geographic region for the year ended 31 December 2020 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	2,352,502	66,226,866	-	31,291,010	1,876,579	**101,746,957**
Republic of Moldova	4,094,597	11,676,573	-	-	12,052,842	**27,824,012**
Poland	23,139,792	514,603	-	44,009	38,651	**23,737,055**
Czech Rep. and Slovakia	8,917,743	104,849	-	-	-	**9,022,592**
Asia	2,042,426	3,466,957	-	569,831	526,845	**6,606,059**
Belarus	894,880	265,718	-	-	6,394,464	**7,555,062**
Baltic countries	6,698,171	-	-	-	302,549	**7,000,720**
Ukraine	3,307,918	4,019,255	-	-	-	**7,327,173**
Other	2,322,959	3,360,734	-	1,069,599	857,436	**7,610,728**
Total	**53,770,988**	**89,635,555**	**-**	**32,974,449**	**22,049,366**	**198,430,358**

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

NOTE 20. COST OF SALES

Cost of sales for the years ended 31 December 2021 and 31 December 2020 was as follows:

	2021	2020
Sales of finished goods		
Wine	106,295,807	91,796,945
Divin	10,127,820	9,209,179
Brandy	326,346	241,246
Total sales of finished goods	**116,749,973**	**101,247,370**
Sales of other goods		
Merchandise	2,552,382	2,283,174
Other	485,080	667,732
Wine materials	455,312	542,950
Total sales of other goods	**3,492,774**	**3,493,856**
Services		
Hotel and restaurant services	2,044,653	998,516
Agricultural services	94,055	147,095
Waste recycling management services	9,909,765	-
Total services	**12,048,473**	**1,145,611**
Total cost of sales	**132,291,220**	**105,886,837**

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2021 and 31 December 2020 was as follows:

	2021	2020
Consumption of inventories	107,824,205	91,813,627
Waste recycling services	9,909,765	-
Employee benefits (Note 27)	7,780,680	8,127,481
Depreciation of property, plant and equipment (Note 7)	5,640,554	5,033,345
Other	1,136,016	912,384
Total cost of sales	**132,291,220**	**105,886,837**

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

NOTE 21. MARKETING AND SALES EXPENSES

Marketing and sales expenses for the years ended 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
Marketing and sales	15,014,010	11,556,005
Transportation expenses	4,217,194	4,098,185
Employee benefits (Note 27)	10,630,242	6,596,025
Certification of production	618,090	596,477
Other expenses	434,939	169,836
Total marketing and sales expenses	**30,914,475**	**23,016,528**

NOTE 22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
Employee benefits (Note 27)	15,706,737	14,920,079
Taxes and fees	1,715,803	2,388,379
Depreciation (Note 7)	2,400,651	3,007,706
Repairs and maintenance	414,388	337,899
Operating lease	356,546	333,999
Travel	154,130	113,951
Professional fees	3,905,093	1,974,063
Bank charges	323,654	383,361
Communication	278,493	334,419
Insurance	226,763	174,046
Fuel	207,254	148,663
Materials	273,347	110,102
Penalties	188,945	21,653
Other	1,090,627	491,758
Total general and administrative expenses	**27,242,431**	**24,740,078**

In professional fees have been included fees for independent auditors' remuneration for statutory audit of the annual financial statements of the Company and its subsidiaries in amount of RON 647,205 (2020: RON 516,907).

NOTE 23. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2021 and 31 December 2020 was as follows:

	2021	2020
Release of deferred income (Note 17)	1,500,311	1,545,839
Gains on write-off of trade and other payables	183,736	20,978
Net gain/ (loss) from sale of other materials	88,612	(187,237)
Other	375,078	510,307
Total other operating income	**2,147,737**	**1,889,887**

NOTE 24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
Impairment of property, plant and equipment, net (Note 7)	(80,142)	(80,598)
Change in provisions, net	-	43,853
Unallocated overheads	317,359	355,427
Adjustment to fair value of harvest of grapes from own grape vines (a)	(5,185,767)	2,814,014
Adjustment to fair value of harvest of grapes from joint operation / operating leasing (b)	642,070	41,681
Net gain/loss from disposal of property, plant and equipment and intangible assets	(710,713)	(193,934)
Other	-	(257)
Total other operating expenses	**(5,017,193)**	**2,980,186**

Provisions

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

The movement in provisions for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021	2020
Balance at 1 January	**7,515,280**	**6,794,885**
Provisions made during the year	-	43,853
Reverse in provisions netted against gain from disposal of equity instruments	(1,266,843)	-
Provisions used during the year	(1,055,004)	-
Effect of movements in exchange rates	766,877	676,542
Balance at 31 December	**5,960,310**	**7,515,280**

Adjustment to fair value of harvest of grapes

The movement of biological assets (grapes on vines) for the years ended 31 December 2021 and 31 December 2020 was as follows:

	2021	2020
Balance at 1 January	**-**	**-**
Costs for cultivation of grapes	19,331,474	15,760,026
Fair value adjustment of harvest of grapes	4,543,697	(2,855,695)
Harvested grapes transferred to inventories	(23,875,171)	(12,904,331)
Balance at 31 December	**-**	**-**

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.

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

	2021	2020
Services	9,198,367	8,071,714
Consumption of inventories	6,101,877	3,784,594
Employee benefits	1,278,438	1,141,669
Depreciation of property, plant and equipment	2,358,980	2,323,207
Operating lease	164,798	135,188
Other	229,014	303,654
	19,331,474	**15,760,026**

a. Harvest of grapes from own grape vines

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.

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

	2021	2020
Area of plantations of mature vines, hectares	1,206	1,125
Area of plantations of immature vines, hectares	34	60
Total area of plantations of vines, hectares	**1,240**	**1,185**
Quantity of harvested grapes, tonnes	**9,973**	**6,437**

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.

In December 2021 the Group acquired for a cash consideration of RON 2,915,550 (EUR 589,000) 100% shareholding in a subsidiary, Vinoteca Gherasim Constantinescu SRL (RON 2,897,459 adjusted net of cash acquired from the subsidiary), which major activity is cultivation of grapes on its own grape vines, with an area of plantations of 55 hectares, which are located in Romania. The Group has performed the "concentration test" and concluded that the acquired set of activities and assets is not a business, since substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets, as grape vines and related land.

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

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

For December 2021 Vinoteca Gherasim Constantinescu SRL had no contribution to the Group's revenue and contributed to the Group's results for the year with a loss in amount of RON 54,911. If the acquisition had occurred on 1 January 2021, management estimates that the consolidated revenue would have been RON 248,916,213 and consolidated profit for the year would have been RON 51,175,013.

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:

	2021	2020
Area of plantations of vines under joint operation arrangement, hectares	59	59
Area of plantations of vines under operating lease, hectares	37	32
Total area, hectares	**96**	**91**
Quantity of harvested grapes under joint operation arrangement, tonnes	511	481
Quantity of harvested grapes under joint operation arrangement, tonnes	441	204
Total quantity, tonnes	**952**	**685**

Joint operations

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

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

Under the contractual arrangement between Crama Ceptura SRL and Vie Vin, each retain the rights and legal title to their respective assets and the obligation to settle their respective liabilities. However, they agree to jointly cultivate the vines, which are rented by Vie Vin from individuals under operating lease, and therefore Crama Ceptura SRL and Vie Vin recognize 87% and 13% (2020: 87% and 13%) respectively of all revenues and expenses relating to the partnership.

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

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

The outputs from joint operations are distributed in kind (grapes, wine) or in cash. Crama Ceptura SRL is entitled only to distributions in kind. The joint operators allocate the outputs annually, at the end of the harvest period, using the proportion from the harvest of 87% for Crama Ceptura SRL and 13% for Vie Vin (2020: 87% and 13%).

On 31 January 2019 Crama Ceptura SRL renewed the agreement with Vie Vin for a period of 3 years, on similar conditions.

Operating lease of grape vines

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

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

NOTE 25. NET FINANCE INCOME

Net finance costs for the years ended 31 December 2021 and 31 December 2020 were as follows:

	2021	2020
Net gain from disposal of equity instruments (Note 9)	5,611,621	25,744,719
Net gain on equity instruments at FVTPL	882,329	-
Interest income	192,964	-
Financial gain from settlement of assigned receivable *)	-	4,653,440
Other	360,403	-
Finance income	**7,047,317**	**30,398,159**
Interest expense	(3,932,834)	(5,229,635)
Net foreign exchange loss	(3,026,853)	(3,514,342)
Finance costs	**(6,959,687)**	**(8,743,977)**
Net finance income	**87,630**	**21,654,182**

(*) During 2018 the Group purchased a doubtful receivable from a bank for a consideration of EUR 1,200,000 (RON 5,592,600), which was measured at cost. During 2019 the Group recovered in cash the amount of RON 4,777,000. In 2020 the balance of RON 5,640,165 was fully recovered in cash, and the Group recognized a financial gain from settlement of this assigned receivable in amount of RON 4,653,440 for the recovery over its cost (the initial purchase consideration paid for the receivable).

NOTE 26. INCOME TAX

The corporate income tax rate in Cyprus was 12.5% for the years 2021 and 2020, 12% in the Republic of Moldova and 16% in Romania. 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 2021 and 31 December 2020 was as follows:

	2021	2020
Current tax expense		
Current tax	9,999,297	11,517,838
Adjustment for prior years	-	-
Total current tax expense	**9,999,297**	**11,517,838**
Deferred tax expense		
Origination and reversal of temporary differences	458,395	(686,943)
Total deferred tax expense/ (benefit)	**458,395**	**(686,943)**
Income tax expense	**10,457,692**	**10,830,895**

The reconciliation of effective tax rate for the years ended 31 December 2021 and 31 December 2020 was as follows:

	2021		2020	
Profit before tax		**61,829,618**		**70,060,661**
Tax using the Company's domestic tax rate	12.50%	7,728,702	12.50%	8,757,583
Effect of different tax rates in foreign jurisdictions	1.15%	709,182	0.96%	672,156
Tax exempt income	(0.03)%	(19,512)	(0.70%)	(491,327)
Non-deductible expenses	1.79%	1,104,501	1.22%	856,584
Investment incentives	(0.73%)	(451,876)	-	-
Current year losses for which no deferred tax assets were recognized	2.24%	1,386,695	1.48%	1,035,899
Under (over) provided in prior years	-	-	-	-
Income tax expense	**16.91%**	**10,457,692**	**15.46%**	**10,830,895**

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

	Deferred tax assets	**Deferred tax liabilities**	**Net**
Property, plant and equipment	339,183	(6,947,347)	(6,608,164)
Intangible assets	-	(68,058)	(68,058)
Inventories	1,185,776	(129,494)	1,056,282
Other current assets	6,593	-	6,593
Trade and other receivables	496,562	-	496,562
Borrowings and lease liabilities	934,990	(41,564)	893,426
Deferred income	-	(350,286)	(350,286)
Retained earnings	-	(2,833,450)	(2,833,450)
Deferred tax assets (liabilities) before set-off	**2,963,104**	**(10,370,199)**	**(7,407,095)**
Set off of tax	(2,963,104)	2,963,104	-
Deferred tax liabilities	**-**	**(7,407,095)**	**(7,407,095)**

Deferred tax assets and liabilities as at 31 December 2020 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets	**Deferred tax liabilities**	**Net**
Property, plant and equipment	321,422	(6,210,725)	(5,889,303)
Intangible assets	-	(63,660)	(63,660)
Inventories	1,196,969	-	1,196,969
Other current assets	7,793	-	7,793
Trade and other receivables	198,738	-	198,738
Equity-accounted investees	-	(72,017)	(72,017)
Borrowings and lease liabilities	890,789	(60,522)	830,267
Deferred income	-	(351,583)	(351,583)
Trade and other payables	341,134	-	341,134
Retained earnings	-	(2,679,721)	(2,679,721)
Deferred tax assets (liabilities) before set-off	**2,956,845**	**(9,438,228)**	**(6,481,383)**
Set off of tax	(2,956,845)	2,956,845	-
Deferred tax liabilities	**-**	**(6,481,383)**	**(6,481,383)**

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

	31 Dec. '20	Recognized in profit or loss	Effect of movements in exchange rates	31 Dec. '21
Property, plant and equipment	(5,889,303)	(302,524)	(416,337)	(6,608,164)
Intangible assets	(63,660)	1,000	(5,398)	(68,058)
Inventories	1,196,969	(200,588)	59,901	1,056,282
Other current assets	7,793	(1,661)	461	6,593
Trade and other receivables	198,738	275,845	21,979	496,562
Equity-accounted investees	(72,017)	72,017	-	-
Borrowings and lease liabilities	830,267	19,034	44,125	893,426
Deferred income	(351,583)	24,444	(23,147)	(350,286)
Trade and other payables	341,134	(345,962)	4,828	-
Retained earnings	(2,679,721)	-	(153,729)	(2,833,450)
Total	**(6,481,383)**	**(458,395)**	**(467,317)**	**(7,407,095)**

The movement in deferred tax balances during the year ended 31 December 2020 was as follows:

	31 Dec. '18	Recognized in profit or loss	Effect of movements in exchange rates	31 Dec. '19
Property, plant and equipment	(5,989,985)	(332,980)	433,662	(5,889,303)
Intangible assets	(61,564)	(7,824)	5,728	(63,660)
Equity instruments at FVTPL	(655,603)	648,840	6,763	-
Inventories	860,331	416,963	(80,325)	1,196,969
Other current assets	13,741	(5,311)	(637)	7,793
Trade and other receivables	593,114	(386,242)	(8,134)	198,738
Equity-accounted investees	(190,509)	117,460	1,032	(72,017)
Borrowings and lease liabilities	912,448	(34,315)	(47,866)	830,267
Deferred income	(403,554)	25,459	26,512	(351,583)
Trade and other payables	111,641	244,893	(15,400)	341,134
Retained earnings	(2,791,703)	-	111,982	(2,679,721)
Total	**(7,601,643)**	**686,943**	**433,317**	**(6,481,383)**

Unrecognized deferred tax assets

Deferred tax assets as at 31 December 2021 and 31 December 2020 have not been recognized in respect of:

	31 Dec. '21	31 Dec. '20
Tax losses	4,210,710	2,786,616

The tax losses as at 31 December 2021 and 31 December 2020 will expire as follows:

	31 Dec. '21	31 Dec. '20
Up to 1 year	-	-
1 to 2 years	81,369	-
2 to 3 years	695,230	73,836
3 to 4 years	910,495	630,857
4 to 5 years	1,066,827	1,113,880
More than 5 years	1,456,789	968,043
	4,210,710	**2,786,616**

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), is uncertain due to specific activity as a holding company, which lacks taxable income and accounts for significant deductible expenses.

NOTE 27. EMPLOYEE BENEFITS

As at 31 December 2021 and 31 December 2020, employee benefit payables were as follows:

	31 Dec. '21	31 Dec. '20
Payables to employees	2,635,620	1,987,577
Accruals for unused vacation	2,036,279	1,470,265
Total employee benefit payables	**4,671,899**	**3,457,842**

During the year ended 31 December 2021 the average number of staff was 707 persons (2020: 713). 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:

	2021	2020
General and administrative expenses (Note 22)	15,706,737	14,920,079
Cost of sales (Note 20)	7,780,680	8,127,481
Inventory	7,494,624	5,939,983
Marketing and sales expenses (Note 21)	10,630,242	6,596,025
Total employee benefit expenses	**41,612,283**	**35,583,568**

The employee benefit expenses comprise the following categories:

	2021	2020
Base salaries and bonuses for performance	29,945,217	27,885,113
Equity-settled share-based payment	6,391,462	3,868,168
Mandatory social and medical contributions	5,275,604	3,830,287
Total employee benefit expenses	**41,612,283**	**35,583,568**

Management incentive program

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

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

The Program initially was comprising the following:

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

b. award of stock options to the Beneficiaries (the Options or PSOs), subject to relevant performance indicators to be determined by the Board of Directors, in the following amounts:

- up to 500,000 Options at an Exercise Price of 20 RON (i.e. that is, under 20 RON the value of options is nil);
- up to 625,000 Options at an Exercise Price of 30 RON; and
- up to 750,000 Options at an Exercise Price of 40 RON.

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

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

Share award

On 14 May 2020 the Company's Board of Directors approved the Long-Term Share Incentive Plan (LTSIP 1) with a total of 409,000 shares to be vested to employees during 2020-2022. On 1st June 2020 a total of 398,004 shares were offered to eligible participants.
On 22 December 2020 the Company's Board of Directors approved the second Long-Term Share Incentive Plan (LTSIP 2) with a total of 101,996 shares to be vested to employees during 2021-2024. As at 31 December 2020 no shares were offered to participants under LTSIP 2. Nevertheless, the Company recognized equity-settled share-based payments expenses under this plan as all details were known and reliable measurement of such expenses could be done. On 30 March 2021 all the shares under LTSIP 2 were offered to participants.

On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to adjust the Long-Term Share Incentive Plans by increasing the maximum number of shares awarded, as follows:

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

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

On 28 April 2021 the Company's shareholders approved the legal framework for the redemption by the Company of own shares. In 2021 the Company acquired 329,156 own shares (2020: 120,000 shares), with the view to implement the Company's Management Incentive Program, which provides for equity-settled share-based payments to management. These shares were recorded under "Treasury Shares Reserves".

At 17 June 2021 the Company allocated 174,982 shares to its employees with a total value of RON 3,831,179 (2020: 128,352 shares with a total value of RON 2,785,238) by offset of "Treasury Shares Reserves" with "Other reserves".

Stock options

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

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

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

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

During 2021 the participants exercised the rights to purchase 117,500 shares at the Exercise Price of RON 10 per shares.

The table below summarizes the movements in stock options during the year ended 31 December 2021 and weighted average exercise price:

	Stock options with exercise price at RON 10	**Stock options with exercise price at RON 15**	**Stock options with exercise price at RON 20**	**Weighted average exercise price**
Outstanding Stock Options at 01.01.2021	–	–	–	–
Stock options granted during the year	445,000	545,400	645,800	15.61
Adjusted stock options to count the effect of issue of bonus shares	445,000	545,400	645,800	15.61
Total stock options granted during the year	**890.000**	**1,090,800**	**1,291,600**	**15.61**
Stock options exercised	117,500	–	–	–
Outstanding Stock Options at 31.12.2021	**772,500**	**1,090,800**	**1,291,600**	**15.82**

NOTE 28. FINANCIAL INSTRUMENTS

Financial instruments by category

	31 Dec. '21	31 Dec. '20
Financial assets measured at amortised cost		
Non-current receivables (Note 9)	2,552,630	2,348,704
Non-current receivables (Note 10)	849,489	-
Cash and cash equivalents (Note 14)	32,100,114	50,788,605
Trade receivables (Note 12)	57,190,885	48,300,006
	92,693,118	**101,437,315**
Financial assets measured at FVTPL		
Equity instruments at fair value through profit or loss (Note 13)	4,341,709	-
Total financial assets	**97,034,827**	**101,437,315**
Financial liabilities measured at amortised cost		
Trade and other payables (Note 18)	69,450,633	34,719,143
Borrowings and lease liabilities (Note 16)	97,984,663	96,582,372
Total financial liabilities	**167,435,296**	**131,301,515**

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 Dec. '21	31 Dec. '20
Non-current receivables	2,552,630	2,348,704
Loan receivables	849,489	-
Cash and cash equivalents	32,100,114	50,788,605
Trade receivables	57,190,885	48,300,006
Total	**92,693,118**	**101,437,315**

Trade receivables and loan receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.
The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group limits its exposure to credit risk from trade receivables based on this assessment and establishes a maximum payment period in its agreements with customers. The creditworthiness assessment is updated each time by the Group when there is a significant delay in the payment period compared to the maximum payment period agreed contractually or when the Group extends or amends the agreements with its customers.
In monitoring customer credit risk, customers are grouped according to their credit characteristics, including customer geographic location, aging profile, maturity and existence of previous financial difficulties. The Group's most significant 10 customers account for RON 30,096,739 or 53% of the trade receivables' carrying amount as at 31 December 2021 (2020: RON 23,966,485 or 50% of the trade receivables' carrying amount).

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

	2021	2020
Revenues from transactions with a customer from Republic of Moldova	27,835,448	19,059,172
Revenues from transactions with a customer from Romania	27,326,482	36,473,188
Total	**55,161,930**	**55,532,360**

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

	31 Dec. '20	31 Dec. '20
Republic of Moldova	10,228,574	7,313,137
Romania	39,534,813	26,593,929
Other European Union countries	4,260,471	9,421,776
Other	577,500	2,031,921
Belarus	586,216	2,057,315
Ukraine	2,003,311	881,928
Total	**57,190,885**	**48,300,006**

The exposure to credit risk of non-current receivables in amount of RON 2,552,630 (2020: 2,348,704) at the reporting date by geographic region was from Austria, and is due on 9 December 2023 (please see Note 9).

The exposure to credit risk of loan receivables in amount of RON 849,489 (2020: nil) at the reporting date by geographic region was from Czech Republic (please see Note 10).

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 2021:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	3.26%	47,859,045	1,562,470	46,296,575
Overdue less than 1 month	4.77%	6,789,716	324,166	6,465,550
Overdue 1 to 3 months	7.01%	2,429,366	170,382	2,258,984
Overdue 3 to 6 months	13.02%	1,818,535	236,774	1,581,761
Overdue 6 months to 1 year	43.81%	683,053	299,242	383,811
Overdue more than 1 year	89.58%	1,960,285	1,756,081	204,204
Total	**7.07%**	**61,540,000**	**4,349,115**	**57,190,885**

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	2.44%	39,128,463	953,923	38,174,540
Overdue less than 1 month	3.05%	7,642,489	232,898	7,409,591
Overdue 1 to 3 months	3.66%	1,763,183	64,478	1,698,705
Overdue 3 to 6 months	9.14%	880,996	80,543	800,453
Overdue 6 months to 1 year	24.38%	181,120	44,156	136,964
Overdue more than 1 year	85.33%	543,550	463,797	79,753
Total	**3.67%**	**50,139,801**	**1,839,795**	**48,300,006**

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 2019	**1,753,281**
(Reversal of) impairment loss	331,285
Write off	(116,723)
Effect of movement in exchange rates	(128,048)
Balance 31 December 2020	**1,839,795**
Increase through business combinations	426,337
(Reversal of) impairment loss	2,550,417
Write off	(283,620)
Interest income	(184,406)
Effect of movement in exchange rates	592
Balance 31 December 2021	**4,349,115**

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
The Group held cash and cash equivalents of RON 31,935,828 at 31 December 2021 (2020: RON 50,652,861), which represent its maximum credit exposure on these assets. 99% of cash and cash equivalents as at 31 December 2021 (2020: 99%) are held with banks, from which the Group has secured loans. 4.5% of cash and cash equivalents as at 31 December 2021 are held with Unicredit Bank SA Romania with Fitch credit rating BBB (2020: 23% and credit rating BB+).

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 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 2021						
Trade and other payables	69,450,633	69,450,631	28,533,781	40,916,850	-	-
Borrowings and lease liabilities	97,984,663	109,058,454	1,739,941	74,488,003	3,937,961	28,892,549
Total	**167,435,296**	**178,509,085**	**30,273,722**	**115,404,853**	**3,937,961**	**28,892,549**
31 December 2020						
Trade and other payables	34,719,143	34,719,143	21,428,378	13,290,765	-	-
Borrowings and lease liabilities	96,582,372	118,250,233	2,481,955	56,890,454	28,850,350	30,027,474
Total	**131,301,515**	**152,969,376**	**23,910,333**	**70,181,219**	**28,850,350**	**30,027,474**

As at 31 December 2021, the Group had not complied with the Debt to Equity ratio covenant for secured bank loans from BC MAIB SA (see Note 16). Therefore, the Group classified the long term liabilities as current liabilities of RON 32,391,472 as at 31 December 2021 in these consolidated financial statements. In March 2022, BC MAIB SA notified the borrower that this breach of covenant will not be considered a default, therefore the Group is not required to make an earlier repayment of the loans.

Market risk

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

Currency risk

The following significant exchange rates applied during the year:

	31 Dec. '21	Average 2021	31 Dec. '20	Average 2020
MDL 1	0.2463	0.2353	0.2305	0.2451
EUR 1	4.9481	4.9204	4.8694	4.8371
USD 1	4.3707	4.1604	3.9660	4.2440

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 and RON.

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	Total
31 December 2021					
Monetary assets					
Non-current receivables	2,552,630	-	-	-	2,552,630
Loan receivables	849,489	-	-	-	849,489
Cash and cash equivalents	21,301,212	3,103,079	2,469,397	5,226,426	32,100,114
Trade receivables	6,580,181	4,907,203	10,201,887	35,501,614	57,190,885
Total monetary assets	**31,283,512**	**8,010,282**	**12,671,284**	**40,728,040**	**92,693,118**
Monetary liabilities					
Borrowings and lease liabilities	71,208,737	7,507,822	18,219,792	1,048,312	97,984,663
Trade and other payables	5,563,757	5,176,133	24,265,267	34,445,476	69,450,633
Total monetary liabilities	**76,772,494**	**12,683,955**	**42,485,059**	**35,493,788**	**167,435,296**
Net statement of financial position exposure	**(45,488,982)**	**(4,673,673)**	**(29,813,775)**	**5,234,252**	**(74,742,178)**
31 December 2020					
Monetary assets					
Non-current receivables	2,348,704	-	-	-	2,348,704
Cash and cash equivalents	32,941,739	9,527,538	3,532,437	4,786,891	50,788,605
Trade receivables	6,817,653	5,822,826	7,903,457	27,756,070	48,300,006
Total monetary assets	**42,108,096**	**15,350,364**	**11,435,894**	**32,542,961**	**101,437,315**
Monetary liabilities					
Borrowings and lease liabilities	64,975,141	10,391,725	21,215,506	-	96,582,372
Trade and other payables	4,446,164	2,959,072	19,403,606	7,910,301	34,719,143
Total monetary liabilities	**69,421,305**	**13,350,797**	**40,619,112**	7,910,301	131,301,515
Net statement of financial position exposure	**(27,313,209)**	**1,999,567**	**(29,183,218)**	**24,632,660**	**(29,864,200)**

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 and MDL would have decreased the profit before tax by RON 4,548,898 for the year 2021 (2020: RON 2,731,321). A 10% strengthening of the USD against RON and MDL would have decreased the profit before tax by RON 467,367 for the year 2021 (2020: would have increased the profit before tax by RON 199,957). 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 2021 and 2020, although the reasonably possible foreign exchange rate variances were different.

Interest rate risk

Profile

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

	31 Dec. '21	31 Dec. '20
Fixed rate instruments		
Financial assets	3,402,119	-
Financial liabilities	(7,267,174)	(7,287,633)
Total fixed rate instruments	**(3,865,055)**	**(7,287,633)**
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(89,401,294)	(89,294,739)
Total variable rate instruments	**(89,401,294)**	**(89,294,739)**

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 894,012 for the year 2021 (2020: RON 892,947). The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

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 2021 and 31 December 2020 were as follows:

	31 Dec. '21	31 Dec. '20
Borrowings and lease liabilities (Note 16)	97,984,663	96,582,372
Less: Cash and cash equivalents (Note 14)	(32,100,114)	(50,788,605)
Net debt	65,884,549	45,793,767
Total equity	259,946,733	222,630,377
Total capital	**325,831,282**	**268,424,144**
Gearing ratio	**20.22%**	**17.06%**

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 subsidiary 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.

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 Dec. '21	31 Dec. '20	31 Dec. '21	31 Dec. '20
Financial liabilities				
Borrowings and lease liabilities	**97,984,663**	**96,582,372**	**99,995,021**	**96,285,382**

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

Interest-bearing borrowings and finance lease

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 determining 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 Dec. '21	31 Dec. '20
Borrowings and finance lease denominated in MDL	8.04%-9.08%	8.08%-9.30%
Borrowings and finance lease denominated in RON	1.65%-2.33%	2.13%-2.52%
Borrowings and finance lease denominated in EUR and USD	4.00%-4.86%	2.13%-5.25%

NOTE 29. NON-CONTROLLING INTERESTS

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

31 Dec. '21	Ecosmart Union	Vinaria Bardar	Intra-group eliminations	Total
NCI percentage	**34.25%**	**43.95%**		
Non-current assets	1,740,746	12,122,318		
Current assets	11,021,519	54,952,827		
Non-current liabilities	(164,822)	(5,162,189)		
Current liabilities	(22,900,872)	(15,699,079)		
Net assets	**(10,303,429)**	**46,213,877**		
Carrying amount of NCI	**(3,528,924)**	**20,309,979**	**(238,023)**	**16,543,032**
Revenue	10,822,974	25,808,288		
Profit/(loss)	(300,447)	9,829,307		
OCI	234,482	2,873,325		
Total comprehensive income	**(65,965)**	**12,702,632**		
Profit/(loss) allocated to NCI	**(102,903)**	**4,319,763**	**(4,462)**	**4,212,398**
OCI allocated to NCI	**80,310**	**1,262,763**	**184,888**	**1,527,961**

31 Dec. '20	Vinaria Bostavan	Vinaria Bardar	Intra-group eliminations	Total
NCI percentage	**0.46%**	**43.95%**		
Non-current assets	54,380,931	10,911,060		
Current assets	62,773,407	45,508,256		
Non-current liabilities	(44,854,990)	(7,359,874)		
Current liabilities	(34,072,890)	(12,157,994)		
Net assets	**38,226,458**	**36,901,448**		
Carrying amount of NCI	**175,039**	**16,217,372**	**(130,126)**	**16,262,285**
Revenue	71,815,882	20,642,361		
Profit/(loss)	(1,958,205)	6,700,196		
OCI	(4,135,838)	(2,770,688)		
Total comprehensive income	**(6,094,043)**	**3,929,508**		
Profit/(loss) allocated to NCI	**(8,967)**	**2,944,588**	**(91,911)**	**2,843,710**
OCI allocated to NCI	**(18,938)**	**(1,217,656)**	**9**	**(1,236,585)**

During the year ended 31 December 2021 the Group's subsidiary Vinaria Bardar SA declared dividends, from which the share of non-controlling interests amounted to RON 1,511,348 (2020: RON 2,079,108).

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

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

	2021	2020
Carrying amount of non-controlling interests acquired	437,583	-
Less consideration paid to non-controlling interests	(5,061)	-
Increase in equity attributable to owners of the Company	**432,522**	**-**

NOTE 30. RELATED PARTIES

The Group's related parties for the years 2021 and 2020 were the following:

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

Key management personnel and other related party transactions:	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2021	2020	2021	2020
Victor Bostan				
- Salaries and bonuses for performance	(1,060,041)	(591,122)	(1,102,570)	(446,923)
Ecosmart Union SA (the cost is calculated based on tariff per ton, in RON, depending on the types of materials recycled, and the payment for services is made within 10 days from receipt of invoices)				
- Other expenses	(1,896,678)	(2,303,522)	-	-
- Trade payables	-	-	-	(520,820)
Victoriavin SRL (for terms and conditions please refer to Note 1)				
- (De)/recognition of right-of-use assets	-	(407,495)	-	-
- Lease liabilities	-	-	(3,894,567)	(3,522,152)
- Interest expense	(415,972)	(407,749)	-	-
- Trade payables	-	-	(5,545)	(6,002)
- Operating leases	(45,178)	(47,059)	-	-
- Acquisition of inventories	-	(4,706)	-	-

Key management personnel and other related party transactions	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2021	2020	2021	2020
BC Moldova Agroindbank SA (for terms and conditions please refer to Note 16)				
- Sales of merchandise	6,745	-	-	-
- Interest expense	(2,880,011)	(3,532,395)	-	-
- Bank charges	(234,317)	(198,988)	-	-
- Secured bank loans	-	-	(55,803,095)	(65,830,168)
- Cash and cash equivalents	-	-	21,065,011	35,849,318
Agro Sud Invest SRL (the cost is calculated based on tariff per work, number of days and employees involved, and the invoicing and payments are usually made on a monthly basis)				
- Agricultural services	(4,253,693)	(3,752,623)	-	-
- Trade payables	-	-	(1,070,597)	(462,055)
BSC Agro SRL (the cost is calculated based on tariff per work, number of days and employees involved, and the invoicing and payments are usually made on a monthly basis)				
- Agricultural services	(5,834,900)	(5,310,851)	-	-
- Trade payables	-	-	(1,127,617)	(735,446)
Key management personnel				
- Salaries and bonuses for performance	(5,236,152)	(4,383,690)	(2,491,011)	(1,575,844)
- Equity-settled share-based payment	(4,190,014)	(2,250,359)	(3,262,251)	(2,083,400)

NOTE 31. COMMITMENTS AND CONTINGENCIES

(I) Capital commitments

The Group has no commitments for purchase of property, plant and equipment and intangible assets as at 31 December 2021 and 31 December 2020.

(II) Litigations and claims

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

The Group's subsidiary Ecosmart Union SA contested the results of the control performed by the Environment Fund Administration ("AFM") from Romania. As a result of AFM control for financial year 2018, a penalty of RON 22,206,627 was calculated alleging that Ecosmart Union SA failed to ensure traceability for the quantity of waste assumed to be further recycled. Ecosmart Union SA contested the initial decision of the AFM and it was cancelled by AFM due to procedural issues and a second review was requested. However, second review was performed without requesting any additional information and communication with Ecosmart Union SA's management, and a decision identical with the first one was issued. Ecosmart Union SA contested also the second decision and requested a delay in repayment till finalization of the trial - which was approved. At this stage the litigation is at Appeal Court and a review of tax expert was requested. Based on legal advice, management believes that the defence against the action will be successful due to both: procedural issues related to control performed and the fact that Ecosmart Union SA holds all supporting documents confirming traceability for the quantity of waste assumed to be further recycled.

(III) Fiscal environment

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

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

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

(IV) Operating environment

On 24 February 2022, Russia announced the beginning of a full-scale land, sea, and air invasion of Ukraine targeting On 24 February 2022, Russia announced the beginning of a full-scale land, sea, and air invasion of Ukraine targeting Ukrainian military assets and civilian infrastructure across the country.
As result, a full-fledged war has started in a country which borders both, Moldova and Romania, where our production facilities are located and which represent core markets for the Group.
On the back of this event, the challenges posed by the Covid-19 pandemic, have been pushed down the priority scale.
Despite the so-called fourth Covid-19 wave was far more severe than previous waves, both Romanian and Moldovan government took a more relaxed approach in imposing limitations and resisted closing the economy in any meaningful way.

As of now, the management of the Group does not consider Covid-19 outbreak as a threat to future development.
In turn, the war in Ukraine is topping the list of humanitarian and macro-economic concerns.
The escalation of the war in Ukraine is likely to have important economic and financial consequences through three main transmission channels – energy, trade and finance.

The wider economic impacts of these events included:

- significant disruption to businesses using heavily the gas and energy in the production process;
- disruption of supply chain from/to Asia region due to closing of Ukrainian ports at the Black Sea;
- increased cost of transportation;
- significant increase in cost of financing due to inflationary pressure and Central Banks' tightening policies;
- significant decrease in demand for non-essential goods and services;
- an increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

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 around 5% of total revenue in previous years.
- the gross amount of trade receivables for clients located in these countries counts for 7.5% of total trade receivables of the Group as at 31 December 2021, which will not represent a significant impact on the financial position of the Group in case of full provisioning.
- the Company does not own any assets in the region. Its fully owned subsidiary located in Ukraine, is a trading company recently established, 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.

The Company's management considered the following operating risks that may adversely affect the Company as a result of military conflict in Ukraine:

- shortage of bottles in case of shut down of the delivery of natural gas to Moldova;
- increased cost on packaging due to orientation to suppliers from West Europe, instead of those from Ukraine;
- increased cost of human resources due to unprecedent increase of tariffs on energy and gas, as well as food items and other essential products, thereby fueling broader inflation;
- reduced access to maritime ports at the Black Sea, which may impact deliveries to Asia and Africa, as well as impact of supplies from China;
- increased prices for fertilizers or even blockage of deliveries from Russia and Belarus, major global suppliers, that could impact harvest and cost of grapes;

In order to mitigate the risks resulting from the potential adverse scenarios, the Company's management implemented a number of measures, which notably include:

- decrease of capital expenditures in order to keep an improved liquidity;
- broad cost saving and efficiency gain measures;
- negotiations with banks to ensure continuous financing;
- increasing stock reserves of bottles at the beginning of the year;
- purchase in 2021 of enough quantity of fertilizers to be used in spring of 2022.

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 32. 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 7 and 11).

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 2021 and 31 December 2020 was as follows:

	Indicator	Note	2021	2020
EBITDA	**EBITDA**		**75,241,137**	**60,498,805**
Less: depreciation for the year		7	(13,325,486)	(11,923,776)
Less: amortization for the year		11	(173,663)	(168,550)
Result from operating activities	**EBIT**		**61,741,988**	**48,406,479**
Less: net finance income/ (costs)		25	87,630	21,654,182
Earnings Before Income Taxes	**EBT**		**61,829,618**	**70,060,661**
Less: tax expense		26	(10,457,692)	(10,830,895)
Profit for the year			**51,371,926**	**59,229,766**

NOTE 33. EVENTS AFTER THE REPORTING PERIOD

There were no further material events after the reporting period, except those described below.
On 24 February 2022, Russia announced the beginning of a full-scale land, sea, and air invasion of Ukraine targeting Ukrainian military assets and cities across the country. As result, a full military conflict started at the boundaries of Moldova and Romania, where all production facilities are located, and which represent core markets for the Group products. This led to a significant change in the operating environment (see Note 31). However, this is considered to be a non-adjusting event for the year ended 31 December 2021.

These consolidated financial statements for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 5 April 2022.