

PURCARI WINERIES
PUBLIC COMPANY
LIMITED

ANNUAL REPORT 2024

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Board of Directors and Other Officers

Name	Date of appointment	Title
Victor Bostan	Listing date	Executive Director
Alexandru Filip	Appointed by the AGM on 22 May 2024	Executive Director
Neil Gordon McGregor	Listing date (first appointment), re-appointed by the AGM on 28 April 2022	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 26 May 2023	Non-executive Director
Raluca Ioana Man	Appointed by the AGM on 26 May 2023	Non-executive, Independent Director
Paula Catalina Banu	Appointed by the AGM on 26 May 2023	Non-executive, Independent Director
Ana-Maria Mihaescu	Appointed by the AGM on 22 May 2024	Non-executive, Independent Director

Chairman of the Board of Directors: Vasile Tofan, firstly elected by the Board of Directors to this position on 14 June 2018, was most recently re-elected as Chairman by the Board on 22 May 2024

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

Company Secretary: Inter Jura CY (Services) Limited

Registered office: 1, Lampousas Street
1095 Nicosia
Cyprus

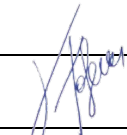


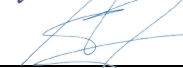

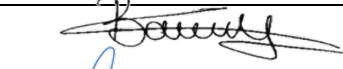
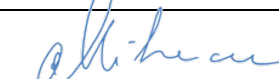
Registration number: HE 201949

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

In accordance with Section 9(3)(c) and (7) of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law of 2007 (the “Law”, “Law no. 197(I)/2007) as amended, We, the members of the Board of Directors and the other persons responsible for the preparation of the Consolidated and Separate Financial Statements of Purcari Wineries Public Company Limited (the “Company”) for the year ended 31 December 2024, confirm that, to the best of our knowledge:

- (a) the annual Financial Statements presented in this Annual Report on pages 50 to 152:
 - (i) have been prepared in accordance with the applicable IFRS Accounting Standards as adopted by the European Union and in accordance with the provisions of Section 9, sub-section (4) of the Law, and
 - (ii) give a true and fair view of the assets, liabilities, the financial position and the profit or loss of the Group/ Company and of the undertakings included in the Financial Statements as a whole, and
- (b) the Management Report presented on pages 5 to 49 includes a fair review of the developments and the performance of the business as well as the financial position of the Company and of the undertakings included in the Financial Statements as a whole, together with a description of the principal risks and uncertainties that they face.

Members of the Board of Directors:

Vasile Tofan	Non-executive Director	
Neil Gordon McGregor	Non-executive, Independent Director	
Victor Bostan	Executive Director	
Alexandru Filip	Executive Director	
Raluca Ioana Man	Non-Executive, Independent Director	
Paula Catalina Banu	Non-Executive, Independent Director	
Ana-Maria Mihaescu	Non-Executive, Independent Director	

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

Anatolie Belibov	Chief Financial Officer	
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29 April 2025

MANAGEMENT REPORT

1 CORPORATE INFORMATION

Purcari Wineries PCL (“Purcari”, “Group”, or “Company”) is one of the largest wine and brandy groups in Central and Eastern Europe (CEE). As of 2024, the Group manages approximately 2,050 hectares of vineyards and operates seven production facilities across Romania, Moldova, and Bulgaria – six dedicated to wine production using both own and sourced grapes, and one focused on brandy production. As of December 2024, the Group employed over 895 people across its production sites.

The Group is a leading player in Romania’s premium wine segment and the largest wine exporter from Moldova, supplying products to over 40 countries. Its key markets include Europe (Poland, Czech Republic, Slovakia, Ukraine, Scandinavia, the UK and others), Middle East (Saudi Arabia), Asia (Nepal, China, Japan, South Korea), and North America (Canada, USA).

Founded in 1827, Purcari is the most awarded winery from the CEE region at Decanter London (2015 – 2024) and consistently ranks among the highest-rated on Vivino, with an average score of 4.1 based on over 108,000 reviews.

The Group operates six wine brand platforms covering various price segments in both still and sparkling wine categories, along with a dedicated brand in the premium brandy segment:

- Premium wine: Purcari** (“True values don’t change with time. Since 1827.”) Purcari is the Group’s flagship brand, with a heritage dating back to 1827. It gained international recognition in 1878 when Negru de Purcari won a gold medal at the Paris World Exhibition. Today, Purcari remains the most awarded winery in Central and Eastern Europe (CEE) at Decanter London (2015 – 2024) and was the most successful CEE winery at the Decanter World Wine Awards 2023. In 2024, it ranked among the Top 3 most awarded wineries globally, earning accolades from prestigious competitions such as 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, and Vinalies Internationales.

Purcari continuously innovates, expanding its portfolio with new premium wines. In 2023, it introduced Viorica Nocturne, a fresh and crisp white, 1827 Limited Edition Pinot Grigio Rosé, a fruit-forward rosé, and Cuvée de Purcari Adamant, an elegant sparkling wine aged for 60 months in the bottle, produced in a limited edition of 2,000 bottles.

In September 2024, Purcari unveiled a new range on the local markets: SAPIENS (“Crafted by people, created by nature”), featuring a Fumé Blanc, a Chardonnay, a Rosé, a Rara Neagra, a Cabernet Sauvignon and a Rkatsiteli Orange.

- Medium to premium wine: Crama Ceptura** (“Crama Ceptura brings us together.”) Acquired in 2003, Crama Ceptura is primarily distributed in Romania and is deeply rooted in the Dealu Mare wine region – one of the country’s most renowned areas for premium winemaking. The region’s distinct climate, with abundant sunshine and hilly terrain near the Carpathian slopes, provides optimal sun exposure, enhancing the brand’s value proposition.

Since 2014, Crama Ceptura wines have been available across four main price categories: premium (Negru & Alb de Ceptura, Magnus Monte), upper medium (Dominum Cervi), medium (Astrum Cervi, Cervus Cepturum), economy plus (Pelin de Ceptura).

In 2021, Crama Ceptura expanded its presence in Dealu Mare by acquiring a 72.6 – hectare property, including 55.35 hectares of mature vineyards. That same year, it increased its stake to 65.57% in Ecosmart Union SA, a waste recycling management company, which has been deconsolidated before December 31, 2024, due to the loss of control.

On August 22, 2024, the Group further strengthened its footprint in Dealu Mare with the acquisition of 51 hectares including prime vineyards, construction land, and agricultural equipment. The newly acquired vineyards feature Cabernet Sauvignon, Feteasca Neagra, Chardonnay, Feteasca Alba, Muscat Ottonel, Riesling, and Sauvignon Blanc, bringing the Group’s total vineyard area in the Dealu Mare DOC to over 100 hectares.

- Economy plus to popular premium wine: Bostavan** (“Taste it. Love it.”) Launched in 2005, Bostavan has grown into a well-recognized brand in the economy to medium-priced wine segments. In 2013, the Group introduced a unified Bostavan umbrella brand to strengthen recognition and support its expanding portfolio of sub-brands.

Since 2015, Bostavan has been on a steady path of premiumization, marked by the launch of the DOR Wines series and supported by a dynamic ethno-communication platform. This commitment to innovation continued in 2021 with the introduction of two distinctive brands – Wine Doktor and Ed Knows – each offering a unique concept and customer engagement approach.

In 2022, Bostavan further expanded its portfolio with the addition of the Flight Mode collection, Black Doktor Sparkling Wine, a modernized DOR Sparkling Wine, and the Daos Collection, enhancing its market presence with diverse product offerings.

The momentum continued in 2023, with the launch of Wi&Me, Grape Thief, Tippy Cat, Nuit des Anges, and Tempto Blush – each brand crafted with distinct features tailored to specific market segments.

In 2024, Bostavan's portfolio grew even further with the introduction of 2Familias (two new SKUs), a range of sparkling wines under Nuit des Anges, Ed Knows, and Flight Mode, as well as Bruno and the Cattleya Collection, which includes still wines, Bag-in-Box (BiB), and sparkling varieties. Additionally, Moldawska Dolina welcomed a 1-liter option, and Black Doktor introduced a 0% alcohol wine, reflecting the brand's commitment to meeting evolving consumer preferences.

- **Medium to premium brandy: Bardar** (“Only grapes, oak and patience.”) Founded in 1929 by a German entrepreneur, Bardar boasts a rich tradition of brandy-making. Initially, the Group prioritized bulk brandy sales over promoting Bardar as an independent brand. However, in 2015, Bardar shifted its focus to branded, bottled products – successfully repositioning itself as an aspirational and progressive brand, becoming a key growth driver for the Group.

In 2021, Bardar introduced Bardar XXO 25 Years, which earned the prestigious title of Brandy Taste Master that same year. Following the pandemic, the brand achieved a strong recovery, surpassing pre-pandemic sales and expanding into new markets. 2023 marked another milestone, with Bardar achieving an 11% year-on-year increase in Romania, further reinforcing its market position. Throughout the year, Bardar continued to gain international acclaim, earning two gold medals at the Concours Mondial de Bruxelles – Spirits Selection and three silver medals at the DB & SB Brandy Master competition.

In 2024, Bardar continued its upward trajectory, strengthening its presence in Romania with an impressive +29% year-on-year growth, solidifying its position as a leading produced in the medium to premium brandy segment.

- **Medium to premium wine: Domeniile Cuza** (“Wines that write history. Since 1864.”) Launched in 2021, Domeniile Cuza entered the market with an initial collection of three wines - White, Rosé, and Red, which was further expanded over the years. Its vineyards are located in a village rich in historical heritage, named after Alexandru Ioan Cuza, the 19th century ruler who united the Romanian Principalities and implemented agrarian reforms, granting land to over 400,000 peasant families.

In 2022, the brand expanded its portfolio to seven wines and became an umbrella for several sub-brands, each with a distinct identity and purpose: Farmers Against the Machine, Villa Etulia, Wine Crime, Prociano (an alcohol-free red wine).

2023 marked a significant milestone for Domeniile Cuza, with the brand tripling its sales compared to 2022, further solidifying its position in the market. This growth trajectory continued in 2024, with sales increasing by +22% year-on-year, reflecting the brand's ongoing success and consumer demand.

- **Premium wine: Angel's Estate** (“One of the treasures found within our native wine production.”) is a Bulgarian winery acquired by the Group in 2022. Located in the village of Banya, Novozagorsko, the estate manages 100 hectares of vineyards in the renowned Thracian Lowlands – one of Bulgaria's most prestigious wine regions. Founded in 2010, Angel's Estate produces a diverse range of wines, including its own labels: Angel's Estate, Stallion, Deneb, and Cattleya.

The brand spans medium to premium wine categories and has earned over 100 international awards, reinforcing its reputation as a distinguished name in the global wine community. In 2024, Deneb Rose and Stallion Classic have won gold medals from the Decanter World Wine Awards 2024.

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

Purcari Wineries is listed on the Bucharest Stock Exchange (BVB) since 2018 under the ticker WINE, and since 2020, it has consistently achieved a perfect 10/10 score in the VEKTOR rating, demonstrating its ongoing commitment to excellent communication with both individual and institutional investors. In 2024, yet again, the Company successfully met all 10 adjusted criteria within the methodology, aligning with the expectations of a more sophisticated and engaged investor base, marking a significant milestone in its continued success.

Purcari Wineries Public Company Limited serves as the holding company of the Group, with its core business focused on the production and trading of wine and brandy. The Group's core segment includes six subsidiaries: Vinaria Purcari, Crama Ceptura, Vinaria Bostavan, Domeniile Cuza and Angel's Estate, the brandy segment being represented by Vinaria Bardar, held through two SPVs – Vinorum Holdings and West Circle.

The Group also includes subsidiaries supporting its core business, such as Vinoteca Gherasim Constantinescu, a grape grower in Dealu Mare, one of Romania's most renowned wine regions, and Purcari Wineries Ukraine, a trading company facilitating operations in the Ukrainian market. In March 2024, the Group expanded its portfolio of subsidiaries with the acquisition of Timbrus Estate SRL (renamed Timbrus Estate SRL after the acquisition), adding approximately 130 hectares of agricultural land, including 112 hectares of high-quality vineyards in Purcari village, part of the Stefan Voda Protected Geographical Indication (IGP) wine region.

On August 22, 2024, Purcari Wineries announced that Crama Ceptura had acquired approximately 51 hectares of vineyards, construction land, and several pieces of agricultural equipment in and around Ceptura de Jos Village, further strengthening the Group’s presence in the region.

The Group also owns Casa Purcari SRL, a subsidiary focused on business development in the hospitality industry, which remains non-operational as of December 31, 2024.

Additionally, through Crama Ceptura, the Group previously held a controlling interest in Ecosmart Union, a company specializing in waste recycling management, which was discontinued in May 2024.

The Company’s subsidiaries and information related to the ownership interest as of December 31, 2024, are presented below:

	Company name	Country of Incorporation	Principal activity	Ownership interest, %
1	Vinorum Holdings Ltd	Gibraltar	Holding company	100%
2	West Circle Ltd	British Virgin Islands	Holding company	100%
3	Crama Ceptura SRL	Romania	Production, bottling and sales of wine	100%
4	Vinoteca Gherasim Constantinescu SRL	Romania	Cultivation of grapes	100%
5	Vinaria Bardar SA	Republic of Moldova	Production, bottling and sales of divin	56.05%
6	Vinaria Bostavan SRL	Republic of Moldova	Production, bottling and sales of wine	100%
7	Vinaria Purcari SRL	Republic of Moldova	Production, bottling and sales of wine	100%
8	Domeniile Cuza SRL	Republic of Moldova	Production, bottling and sales of wine	100%
9	Casa Purcari SRL	Republic of Moldova	Hospitality (Bar & Restaurant)	80%
10	Fundatia Purcari AO	Republic of Moldova	Charity	100%
11	Purcari Wineries Ukraine LLC	Ukraine	Trading & Marketing	100%
12	Angel’s Estate SA	Bulgaria	Production, bottling and sales of wine	76%
13	Timbrus Estate SRL	Republic of Moldova	Production, bottling and sales of wine	100%
14	HTA PURCARI ICECEK DIS TICARET LIMITED SIRKETI	Turkey	Trading & Marketing	90%
15	VINTECH INNOVATIONS SRL	Republic of Moldova	IT services	100%

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

Ecosmart Union SA has been deconsolidated before December 31, 2024, due to the loss of control. Further details regarding this deconsolidation are provided in Note 27 of the consolidated financial statements.

2 SHAREHOLDERS AND ISSUED CAPITAL

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

As at 31 December 2023 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,012,344	19.9722%
Fiera Capital	3,250,994	8.1037%
Dealbeta Investments	3,172,754	7.9087%
Conseq	2,427,920	6.0520%
Paval Holding	2,005,875	5.0000%
Others	21,247,613	52.9634%
Total	40,117,500	100%

As at 31 December 2023, the Company directors with any holdings in the Company’s share capital were as follows:

	Shares held, number	Shares held, %
Victor Bostan (indirect holding, through Amboselt Universal Inc. and Aliona Bostan)	8,069,374	20.1143%
Eugen Comendant (direct holding)	160,795	0.3515%
Monica Cadogan (direct holding)	13,457	0.0335%

As at 31 December 2024 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,099,123	20.0705%
Dealbeta Investments	3,172,754	7.8624%
Magna Umbrella Fund PLC&Oaks Emerging Umbrella Fund	3,066,532	7.5992%
Clairmont Holdings Limited&Leo Overseas Limited	2,525,677	6.2589%
Conseq	2,397,920	5.9424%
Magna Umbrella Fund PLC	2,238,410	5.5470%
Paval Holding	2,005,875	4.9708%
Others	16,847,003	41.7488%
Total	40,353,294	100%

As at 31 December 2024, the Company directors with any holdings in the Company's share capital were as follows:

	Shares held, number	Shares held, %
Victor Bostan (direct holding and indirect holding, through Amboselt Universal Inc. and family members)	8,187,603	20.3146%
Alexandru Filip (direct holding)	719	0.0018%

Directors' holdings of Company share capital on 31.12.2024 and prior to the approval of the Annual Report 2024

No significant changes took place in the shareholdings of directors in the Company between the end of the reporting year (31.12.2024) and 31 March 2025.

3 DEVELOPMENTS IN 2024

Expansion in Türkiye

On January 15, 2024, Purcari Wineries PCL acquired a 90% stake in a newly established company HTA Danışmanlık Turizm Dış Ticaret Limited Şirketi, located in Istanbul, Republic of Türkiye. The remaining 10% are in the process of being transferred, with completion expected in 2025 from Mr. Husnu Tayanc, a seasoned business executive and Purcari's local partner.

The acquisition is part of the Group's commercial strategy and marks an important step in expanding Purcari Wineries' presence in the country, while reinforcing the Group's commitment to exploring new markets and strengthening its international footprint.

Acquisition of Timbrus Estate SRL

On March 29, 2024, Purcari Wineries announced the signing of a Share Purchase Agreement for the acquisition of a 100% stake in Timbrus Estate SRL. The acquisition strengthens Purcari Wineries' position in the Stefan Voda Protected Geographical Indication (IGP) wine region, adding approximately 130 hectares of agricultural land, including 112 hectares of high-quality vineyards in the Purcari village.

With this addition, the total vineyard area under the Group's management reached nearly 2,050 hectares. The acquisition also includes all Timbrus assets, such as product inventories and equipment, further enhancing the Group's operational capabilities and product portfolio.

Changes in the Composition of the Board of Directors

Following the Annual General Meeting (AGM) held on May 22, 2024, Purcari Wineries announced changes to the Board of Directors, reflecting a balance of continuity and renewal.

The Board acknowledged the retirement of Ms. Monica Cadogan and Mr. Eugen Comendant, expressing gratitude for their valuable contributions and years of dedicated service.

The AGM approved the election of Ms. Ana-Maria Mihaescu as an Independent, Non-executive Director, and Mr. Alexandru Filip, Deputy CEO, as an Executive Director, ensuring continuity in the Group's leadership.

Following the AGM, Mr. Vasile Tofan was re-elected as Chairman of the Board of Directors, and the composition of the Board Committees was established as follows:

Audit Committee:

- i. Chairperson: Ana-Maria Mihaescu (Independent, Non-executive Director)
- ii. Members: Neil Gordon McGregor (Independent, Non-executive Director), Paula Catalina Banu (Independent, Non-executive Director), and Vasile Tofan (Non-executive Director)

Nomination and Remuneration Committee (*formerly the Nominations, Remuneration, and Corporate Governance Committee*):

- i. Chairperson: Neil Gordon McGregor (Independent, Non-executive Director)
- ii. Members: Ana-Maria Mihaescu (Independent, Non-executive Director), Paula Catalina Banu (Independent, Non-executive Director), and Vasile Tofan (Non-executive Director).

ESG Committee:

- i. Chairperson: Raluca Ioana Man (Independent, Non-executive Director)
- ii. Members: Ana-Maria Mihaescu (Independent, Non-executive Director), Alexandru Filip (Executive Director), and Paula Catalina Banu (Independent, Non-executive Director).

The Board also approved the 2024 performance indicators (KPIs) and bonuses for the Management Team, supporting the Group's ongoing strategic goals.

Digitalization of the AGM

Building on the successful digital approach introduced in 2023, Purcari Wineries continued to offer shareholders the opportunity to participate in meetings via the eVOTE Online System, granted by the partnership with SC "Governance Partners" SRL. This initiative, aligned with Section 128B of the Cyprus Companies Law, facilitates real-time interaction with the Board of Directors and Executive Team, ensuring greater shareholder engagement.

Executive Teams Appointments

Following the appointment of Mr. Alexandru Filip as Deputy CEO in 2023, effective January 1, 2024, Purcari Wineries has made several strategic additions to its executive team, further strengthening its leadership with highly skilled professionals committed to building upon the company's success.

- i. **Chief Executive Officer (CEO):** On September 2, 2024, the Board of Directors confirmed Mr. Alexandru Filip's promotion to Group CEO, effective January 1, 2025. Mr. Filip had previously joined Purcari as Deputy CEO in 2024, where he oversaw key departments, including ESG, Finance, HR, and Marketing. Mr. Victor Bostan, CEO, transitioned to an Advisory role as of January 1, 2025, focusing on Agriculture, Viticulture, and Winemaking for a one-year period.
- ii. **Chief Sales Officer (CSO):** On May 17, 2024, Mr. Bogdan Bayer was appointed as the new CSO of Purcari Wineries, effective May 16, 2024. Mr. Bayer brings extensive commercial experience from global roles at Heineken and Unilever, having worked across various markets including Romania, France, and Sierra Leone. He leads the Group's commercial teams with a focus on driving sustainable growth in existing and new markets.
- iii. **Chief Financial Officer (CFO):** On June 18, 2024, Mr. Anatol Belibov was appointed as CFO, effective July 1, 2024. With over 15 years of experience in financial management and transformation, Mr. Belibov has worked at global companies such as KPMG, Nestlé, and AkzoNobel. He leads Purcari's financial team, developing and building upon the foundation laid by his predecessor, Mr. Victor Arapan.
- iv. **Chief Information Officer (CIO):** On July 1, 2024, Mr. Anton Fortunatov was appointed as CIO, effective August 1, 2024. With over 20 years of experience, Mr. Fortunatov has a background in software engineering and a proven track record at McKinsey Digital, managing projects across Europe, the UK, and North Africa. He focuses on leveraging technology to support the company's digital transformation and growth.
- v. **Strategy and Transformation Director:** On August 19, 2024, Mr. Stefan Catrina was appointed as Strategy and Transformation Director, where he leads Purcari's long-term strategic vision and transformation initiatives, ensuring alignment across all business units to drive innovation and sustainable growth.
- vi. **Chief Brand Officer (CBO):** Also on August 19, 2024, Mr. Stefan Chiritescu joined Purcari Wineries as CBO. With over 23 years of experience in brand and communication strategy, including 7 years in the wine industry, he is responsible for leading the global market strategy, overseeing brand management, customer engagement, and digital marketing efforts to enhance Purcari's market presence and drive growth.

Launch of Vintech Innovations

On July 25, 2024, Purcari Wineries announced the launch of Vintech Innovations, a fully owned IT company dedicated to driving the Group's digital transformation. This new venture reflects Purcari's commitment to technological innovation and is set to enhance operational efficiency, streamline decision-making, and optimize information flow across the organization.

The establishment of Vintech Innovations marks a strategic step toward adopting a more agile and responsive approach to meet the evolving demands of the market and the growing expectations of customers in an increasingly digital world.

Acquisition of new land

On August 22, 2024, Purcari Wineries announced that Crama Ceptura, the Group's Romanian subsidiary, has completed a strategic asset acquisition in the Dealu Mare DOC. The acquisition includes approximately 51 hectares of vineyards, construction land, and various agricultural equipment located in or near Ceptura de Jos Village. The investment reinforces Purcari Wineries' leading position in the Dealu Mare region, supporting the Group's long-term growth and commitment to expanding its production capabilities.

Another transaction was registered on October 10, 2024, when the Group acquired 46 hectares of vineyards in the southern part of Moldova, aimed at expanding its existing vineyard area in the Valul lui Traian PGI region.

Investor day 2024

On October 4, 2024, Purcari Wineries hosted the second edition of its Investor Day at Chateau Purcari in the Purcari Village, Stefan Voda Region, Republic of Moldova. The event offered shareholders and potential investors comprehensive insights into the company's strategic direction and recent achievements.

The day featured presentations from key executives, interactive Q&A sessions, and a guided tour of the winery, highlighting the craftsmanship behind Purcari's renowned wines. The conference was also broadcast live, ensuring accessibility for both in-person and remote stakeholders.

The event attracted over 300 participants, including approximately 200 online attendees, and reaffirmed Purcari Wineries' commitment to fostering strong investor relationships and maintaining transparent communication about its future vision.

New Strategy: 2X by 200

During its 2024 Investor Day, Purcari Wineries unveiled its ambitious mid-term strategy, “2X by 200,” which aims to double key operational metrics by the company’s bicentenary in 2027. The Group is targeting RON 200+ million in EBITDA and RON 600+ million in sales by 2027, approximately double the corresponding 2023 values.

The strategy is built on three key pillars: profitable growth, wine-making excellence, commercial excellence. These pillars are supported by investments in digital tools and processes, talent, and organizational culture. Growth will focus on Romania, Moldova, Bulgaria, broader Central and Eastern Europe (CEE), and expansion into the UK, US, and Asia.

Memorandum of Understanding with Green for Growth Fund

On October 23, 2024, Purcari Wineries announced the signing of a Memorandum of Understanding (MoU) with the Green for Growth Fund (GGF), advised by Finance in Motion. This partnership aligns with GGF’s mission to mitigate climate change and promote sustainable economic growth.

The collaboration supports Purcari’s “2X by 200” strategy, with a strong emphasis on sustainability, environmental responsibility, and climate adaptation. Through GGF’s technical support and resources, Purcari Wineries will implement energy-efficient systems, renewable energy solutions, and eco-friendly practices across its operations, advancing sustainable wine production.

Lower 2024 harvest, with exceptional quality vintage

Despite the implemented underground drip irrigation system, grape production in Moldova decreased significantly due to marked drought and high temperatures affecting most vineyards across the country. On a global scale, even major wine-producing regions face lower yields – France and Italy projecting crops 16% and 13% below their five-year averages, while Spain - expected to have produced 4% below their average¹.

To manage grape costs and preserving gross margin, Purcari is implementing tools and processes to extract more value from the processed grapes. Also, to secure supply, the Group is supplementing own and partner-grown grapes with bulk wine for selected brands. There is also the advantage of the red wines within the Group’s collection as red wine from previous vintages is sold during the current year, and 2025, maintaining a competitive cost structure, supporting profitability despite the challenging harvest conditions.

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

¹ International Organisation of Vine and Wine - World Wine Production Outlook – 2024 First estimates

4 ANTICIPATED DEVELOPMENTS FOR 2025**Advancing ESG reporting and Corporate Sustainability Reporting Directive (CSRD) alignment**

In 2024, with the Corporate Sustainability Reporting Directive (CSRD) in effect, Purcari Wineries further strengthened its commitment to sustainability by engaging a consulting company to develop its ESG reporting framework in line with the latest CSRD and European Sustainability Reporting Standards (ESRS).

Although Cyprus, where Purcari Wineries Public Company Limited is based, has not yet transposed the CSRD directive into national law as of February 2025, the Group is preparing it for adoption of CSRD-aligned practices. Until this moment the Group ensure preparation of the following deliverables: Double Materiality Assessment, Sustainability Report, Climate risks and other related reports. This forward-looking approach ensures the Company is prepared to meet future compliance requirements under the evolving regulatory landscape, including the recently implemented omnibus legislation.

For the 2024 reporting year, Purcari Wineries will continue to report in accordance with the Non-Financial Reporting Directive (NFRD). However, the structure and methodology will partially align with CSRD standards, reflecting the Group's commitment to transparency and advanced reporting practices.

Russian – Ukrainian military conflict

The Group's management is assessing the current risk for the war in Ukraine to spill over to Moldova is extremely remote, as Ukraine managed to resist, as well to obtain military and financial support.

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

Transport routes to our main markets were not affected by the militarized zone, as result we do not anticipate logistical problems and out-of-stocks at warehouses of our partners.

As of 2024, the Group's sales to Ukraine and Belarus recorded 2.16% of total finished goods sold, compared to 2.86% in 2023.-The gross amount of trade receivables for clients located in these countries accounts only for 1.7% of total trade receivables of the Group as at 31 December 2024, slightly decreasing from 2.8% registered as at 2023 year end. But the Group is provisioning fully the account receivables from clients located in these countries. Therefore, the management considers that stopping doing business in these countries will have no material impact on the financial position of the Group.

Energy crisis

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

Inflationary pressures

Inflation registered an upward trend reaching 7.0% in December 2024 in the Republic of Moldova and 5.1% in Romania. As per last forecasts of central banks, the annual inflation rate it is projected to 7.3% in the Republic of Moldova and 3.8% in Romania. The Management of the Company believes that the Group and the Company are in a solid financial position, including comfortable liquidity and leverage ratios, enabling it to withstand the challenges of 2025.

5 CORPORATE GOVERNANCE

COMPANY MANAGEMENT

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

The composition of the Board in the financial year that ended on 31 December 2024

Name	Date of appointment	Title
Victor Bostan	Listing date	Executive Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 26 May 2023	Non-executive Director
Neil Gordon McGregor	Listing date (first appointment), re-appointed by the AGM on 22 May 2024	Non-executive, Independent Director
Alexandru Filip	Appointed by the AGM on 22 May 2024	Executive Director
Ana-Maria Mihaescu	Appointed by the AGM on 22 May 2024	Non-executive, Independent Director
Raluca Ioana Man	Appointed by the AGM on 26 May 2023	Non-executive, Independent Director
Paula Catalina Banu	Appointed by the AGM on 26 May 2023	Non-executive, Independent Director

Mr. Vasile Tofan, non-executive director, was firstly elected by the Board of Directors as the Chairman of the Board on 14 June 2018 and re-elected to this position by the Board on 26 May 2023.

Mr. Eugen Comendant and Ms. Monica Cadogan resigned from their position within Purcari Wineries’ Board of Directors, effective 22 May 2024. Ms. Ana-Maria Mihaescu and Mr. Alexandru Filip were appointed by the AGM on 22 May 2024 and Non-executive, Independent Director and Executive Director, respectively.

Brief biographies of Board members are presented below.

Brief bio of Mr. Alexandru Filip:

Alexandru Filip followed a career of nearly two decades in finance and management consulting. He had a lengthy tenure at McKinsey & Company, where as a coordinating partner, he led the company’s Bucharest office from 2019 to 2023. Additionally, between 2020 and 2023, he led the Digital Technology practice for Central Europe. He earned his bachelor’s degree in economics from the University of Granada, Spain, and a master’s degree in economics and finance from the University of Nottingham, United Kingdom.

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. Mr. Tofan speaks English, Romanian, Russian, French, Dutch.

Brief bio of Mr. Victor Bostan:

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

Brief bio of Mr. Neil Gordon McGregor:

He holds a Bachelor of Laws (LLB) from the University of Aberdeen. Mr. McGregor is the founder and managing partner of McGregor & Partners SCA, the law firm in Romania and Bulgaria which is associated with the international firm Stephenson Harwood. He is a British commercial solicitor with extensive experience in Romania and its neighbouring countries since 1996. He is a member of the Bucharest Bar and is also a registered foreign lawyer in Bulgaria. Mr. McGregor served as the

Chairman of the British Romanian Chamber of Commerce between 2018 and 2022 and is currently the Chamber's Vice-Chair for Corporate Governance and relations with the British Chambers of Commerce. He speaks English, French, Romanian, Bulgarian, German.

Brief bio of Mrs. Ana-Maria Mihaescu:

Mrs. Ana-Maria Mihaescu has over 25 years of experience in financial management and serves as an independent, non-executive member on several boards of directors and supervisory boards. Her current board roles include: MedLife S.A. (Chair of the ESG Committee), NEPI Rockcastle (Member of the Audit Committee). She holds a bachelor's degree in international relations from the Academy of Economic Studies (ASE) and a certification from the INSEAD International Directors Program. Ms. Mihaescu is fluent in English, Romanian, French and Spanish.

Brief bio of Ms. Raluca Ioana Man:

Raluca Ioana Man is the founder of RSEVEN Ltd, a business consulting company that specializes in tailor-made solutions for branding, personal branding, reputation management, marketing, business development, team building & training. With extensive experience in sales, business advising, and branding, she currently holds the position of Director of Business Development at ServPRO Accountants & Consultants, where she caters to global clients. Raluca is recognized as a seasoned brand strategist, international business consultant, and a certified trainer, with over 15 years of experience. She holds bachelor's degrees in international business and finance/economics, as well as an MBA. Raluca actively contributes to various organizations and initiatives, holding leadership positions such as President of the BPW-English Speaking Club-Cyprus, Vice-Chair of the ICC Women Network Cyprus, G100 Country Chair for Brand Creation and Marketing, President of Rotary Club of Nicosia for 2021-2022, and founder of Business Society Accelerator. Ms. Man is fluent in Romanian, English, and Greek.

Brief bio of Ms. Paula Catalina Banu:

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

Board's committees

The Audit Committee and the Nomination, Remuneration, and Corporate Governance Committee were established in the context of the IPO, subsequently activated, and, during the financial year ending on 31 December 2024, had the following compositions:

Audit Committee:

Chairperson: Ms. Ana-Maria Mihaescu (independent, non-executive director)

Members:

- Mr. Neil Gordon McGregor (independent, non-executive director),
- Ms. Paula Catalina Banu (independent, non-executive director),
- Mr. Vasile Tofan (non-executive director).

Audit Committee: Mission and Composition

As of May 22, 2024, following the Annual General Meeting, the Board of Directors of Purcari Wineries PCL has appointed Ms. Ana-Maria Mihaescu as the Chairperson of the Audit Committee.

The Audit Committee has a monitoring and advisory role, it covers financial reporting, risk management and internal control. 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 and Remuneration Committee:

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

Members:

- Mr. Vasile Tofan (non-executive director),
- Ms. Paula Catalina Banu (independent, non-executive director),
- Ms. Ana-Maria Mihaescu (independent, non-executive director).

Nomination and Remuneration Committee: Mission and Composition

As of May 22, 2024, following the Annual General Meeting, the Board of Directors of Purcari Wineries PCL has decided to rename the Nomination, Remuneration, and Corporate Governance Committee to the Nomination and Remuneration Committee. Additionally, the Board has appointed Ms. Paula Catalina Banu and Ms. Ana-Maria Mihaescu, both independent non-executive directors, as members of the Nomination and Remuneration Committee.

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 and Remuneration Committee of the Company has the powers and responsibilities for the carrying out of the duties set forth in the BVB Corporate Governance Code, and regulations, terms of reference, policies, resolutions, rules and other by-laws, internal documents of the Company and the Internal Regulation of the Nomination and Remuneration Committee.

Environment, Social and Governance (ESG) Committee:

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

Members:

- Ms. Paula Catalina Banu (independent, non-executive director),
- Mr. Alexandru Filip (executive director),
- Ms. Ana-Maria Mihaescu (independent, non-executive director).

Environment, Social and Governance (ESG) Committee: Mission and Composition

As of May 22, 2024, following the Annual General Meeting, the Board of Directors of Purcari Wineries PCL has appointed Mr. Alexandru Filip (executive director) and Ms. Ana-Maria Mihaescu (independent, non-executive director), as members of the Environment, Social and Governance (ESG) Committee.

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

The Group's **Senior Management Team for the financial year that ended on 31 December 2024** included the following members, which are employed at the level of the Group's subsidiaries:

Victor Bostan

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

Alexandru Filip

Joined Purcari Wineries Group in 2024 as Deputy Chief Executive Director, following a career of nearly two decades in finance and management consulting. He had a lengthy tenure at McKinsey & Company, where as a coordinating partner, he led the company's Bucharest office from 2019 to 2023. Additionally, between 2020 and 2023, he led the Digital Technology practice for Central Europe. Mr. Alexandru Filip speaks English, Romanian and Spanish.

Bogdan Bayer

Joined the group in 2024 as Chief Sales Officer. A passionate and highly motivated sales director with over 10 years of extensive international experience, having worked in Romania, the US, France, the Netherlands, Sierra Leone, and the DRC. He brings extensive expertise in managing major brands such as Heineken, Desperados, Coca Cola, Axe, Rexona, and Dove through leadership roles and global companies as HEINEKEN and Unilever.

Anatolie Belibov

Joined Purcari Wineries Group in July 2024 as Chief Financial Officer. Following a career with more than 15 years' experience in the financial area, including aspects such as accounting, internal control, financial services, as well as management of financial transformation projects. He has held local and regional roles across Central, Eastern, and Southern European markets, working for global industry leaders such as KPMG, Nestlé, and AkzoNobel.

Anton Fortunatov

Joined Purcari Wineries Group in 2024 as Chief Information Officer, with plenty of experience in the tech industry following a career of more than 20 years in IT. For the last 9 years, Anton has been an essential part of McKinsey Digital in the EU, covering areas in Europe, UK, Russia and North Africa, demonstrating his ability to manage and lead projects of international scale. During his tenure at McKinsey, Anton successfully designed several digital products and businesses in collaboration with clients, driving innovation and growth.

Ștefan Catrina

Joined Purcari Wineries Group in 2024 as Strategy and Transformation Director, after 10 years in management consulting and finance. Since 2016, he was part of McKinsey & Company – Bucharest office, where he worked on strategic and complex organizational transformations, including programs with a solid digital focus. He has experience in multiple countries across Europe (UK, Germany, Netherlands, Croatia, Czechia, etc.), and prior to McKinsey & Company, he worked for Banca Comercială Română (BCR) and Mogan Stanley.

Ștefan Chirițescu

Joined Purcari Wineries Group in 2024 as Chief Brand Officer, following a career of more than 23 years in brand strategy and communication strategy for brands, in industries such as telecommunications, finance and FMCG, and seven years in marketing projects within the wine industry.

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.

Gheorghe Arpentin

Joined Purcari Wineries Group in 2021 as Director of Development, Research and Innovation, having an impressive career of over 40 years in the wine industry, research, education, production. Graduated from the Chisinau Polytechnic Institute in 1983 with an engineering degree in vine and wine technology. He followed a post-doctorate in France at INRA – the National Institute for Research in Agriculture and is a Doctor in Technical Sciences, as well as a University Professor.

Eugeniu Baltag

Joined the Purcari Wineries Group in 2019 as Investor Relations Director, after a career in finance and controlling in various industries: Consulting, Telecommunications, Production and Agro-Industrial. Graduated in economics, faculty of Finance of the Academy of Economic Studies from Moldova. ACCA member since 2017, WSET2, Certified in Investor Relations.

Mihaela Rusu

Joined Purcari Wineries Group in early 2025, bringing over 20 years of supply chain experience from companies like British American Tobacco, Timken Europe, LG Electronics, and Heidi Chocolate. She holds a degree from the University of Economic Studies in Bucharest and a Black Belt Lean Six Sigma certification (2021, LSSIAP).

Oxana Lavuschina

Joined Purcari Wineries Group in March 2025, bringing over 20 years of experience in human resources and organizational development, including executive roles in international banking groups. She holds a master's degree in Human Resources Management from the Academy of Economic Studies of Moldova, a Post-University Degree in Food and Agricultural Business, and is an internationally certified coach (Erickson Coaching International).

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.

Federico Giotto

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

Mihai Duca

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

Grigore Meriacre

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

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.

6 GROUP FINANCIAL RESULTS

Consolidated Financial Information for the years ended 31 December 2024 and 31 December 2023 is presented below:

Consolidated Statement of Financial Position <i>(all amounts in RON)</i>	31 December 2024	31 December 2023	Change, %
Assets			
Property, plant and equipment	295,227,919	247,727,837	19%
Intangible assets	4,660,268	15,541,549	(70%)
Loans receivable	-	376,663	(100%)
Equity instruments at fair value through profit or loss	7,795,841	5,099,925	53%
Other non-current assets	388,440	97,558	298%
Non-current assets	308,072,468	268,843,532	15%
Inventories	300,067,297	265,893,384	13%
Loans receivable	2,431,023	2,052,834	18%
Trade and other receivable	101,103,898	85,341,680	18%
Prepaid Income tax assets	61,195	168,143	(64%)
Prepayments to suppliers	5,935,806	3,411,724	74%
Other current assets	939,559	779,481	21%
Cash and cash equivalents	20,703,484	18,617,814	11%
Current assets	431,242,262	376,265,060	15%
Total assets	739,314,730	645,108,592	15%
Equity			
Share capital	2,032,198	2,020,462	1%
Share premium	45,503,042	43,652,065	4%
Capital reserves	69,102,693	69,102,693	0%
Treasury shares reserve	-	(662,996)	(100%)
Other reserves	(2,492,006)	(4,558,944)	(45%)
Translation reserve	(8,016,322)	(4,647,887)	72%
Retained earnings	254,269,531	225,091,110	13%
Equity attributable to owners of the Company	360,399,136	329,996,502	9%
Non-controlling interests	37,859,800	35,922,532	5%
Total equity	398,258,936	365,919,034	9%
Liabilities			
Borrowings	121,907,055	101,395,750	20%
Lease liabilities	6,319,361	4,446,484	42%
Deferred income	16,798,920	13,212,329	27%
Deferred tax liability	8,673,489	11,478,821	(24%)
Put option over non-controlling interests	8,460,102	9,727,689	(13%)
Non-current liabilities	162,158,927	140,261,073	16%
Borrowings	80,235,781	39,436,686	103%
Lease liabilities	1,308,794	1,365,343	(4%)
Deferred income	2,115,657	2,015,882	5%
Income tax liabilities	113,657	46,051	147%
Employee benefits	7,572,667	7,205,793	5%
Trade and other payable	84,616,447	86,942,108	(3%)
Provisions	2,933,864	1,916,622	53%
Current liabilities	178,896,867	138,928,485	29%
Total liabilities	341,055,794	279,189,558	22%
Total equity and liabilities	739,314,730	645,108,592	15%

Consolidated Statement of Profit or Loss and Other Comprehensive Income <i>(all amounts in RON)</i>	2024	2023	Change, %
Revenue	382,324,677	369,645,266	3%
Cost of sales	(197,094,401)	(215,220,969)	(8%)
Gross profit	185,230,276	154,424,297	20%
Other operating expenses	6,509,092	(1,199,339)	(643%)
Marketing and sales expenses	(57,884,459)	(44,537,674)	30%
General and administrative expenses	(45,501,990)	(37,569,296)	21%
Impairment (loss) / Reversal on trade and loans receivable	(1,584,086)	(915,772)	73%
Impairment loss of Investment in subsidiary	(576,898)	-	100%
Change in fair value of biological assets	(3,395,813)	4,012,165	(185%)
Net asset loss on deconsolidation of subsidiary	(4,927,721)	-	100%
Profit from operating activities	77,868,401	74,214,379	5%
Finance income	3,439,305	4,421,745	(22%)
Finance costs	(10,538,961)	(7,644,776)	38%
Net finance costs	(7,099,656)	(3,223,031)	120%
Profit before tax	70,768,745	70,991,348	0%
Income tax expense	(12,038,009)	(7,017,877)	72%
Profit for the year	58,730,736	63,973,471	(8%)
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	(2,317,318)	16,044,711	(114%)
Other comprehensive income for the year	(2,317,318)	16,044,711	(114%)
Total comprehensive income for the year	56,413,418	80,018,182	(29%)
Profit attributable to:			
Owners of the Company	55,681,269	60,370,521	(8%)
Non-controlling interests	3,049,467	3,602,950	(15%)
Profit for the year	58,730,736	63,973,471	(8%)
Total comprehensive income attributable to:			
Owners of the Company	52,312,834	74,882,032	(30%)
Non-controlling interests	4,100,584	5,136,150	(20%)
Total comprehensive income for the year	56,413,418	80,018,182	(29%)
Earnings per share, RON			
Basic and diluted earnings per share	1.38	1.51	(9%)

	Indicator	Note	2024	2023
Adjusted EBITDA	Adjusted EBITDA		110,966,894	100,634,666
Net loss from deconsolidation of subsidiary		27	(4,424,439)	-
EBITDA	EBITDA		106,542,455	100,634,666
Less: depreciation for the year		7	(27,214,554)	(23,998,287)
Less: amortization for the year		11	(1,459,500)	(2,422,000)
Result from operating activities	EBIT		77,868,401	74,214,379
Less: net finance (loss) / income		26	(7,099,656)	(3,223,031)
Earnings Before Income Taxes	EBT		70,768,745	70,991,348
Less: tax expense		28	(12,038,009)	(7,017,877)
Profit for the year			58,730,736	63,973,471

In the financial year 2024, the Revenues of the Group increased by 3% year-on-year to RON 382 million. The revenue growth rate was impacted by the deconsolidation of Ecosmart Union SA, as the waste recycling management business contributed over 8% to the Group’s total revenues in 2023.

The revenue from core business – sales of bottled wine and brandy increased by +12% year-on-year in 2024, the evolution of sales by main markets is described below:

- **Romania:** sales increased by +15% year-on-year, a strong performance for all brands in portfolio - Purcari brand, up +18% YoY, Bardar’s brandy grew by +29% and Crama Ceptura brand +8%;
- **Moldova:** sales increased by +7% year-on-year, driven primarily by the strong performance of the Purcari brand, which grew by +10%. Bardar reported a moderate increase of +2%, while Bostavan remained flat in terms of year-on-year revenue growth.
- **Bulgaria:** strong performance with increase by +30% year-on-year, after successful turnaround of Angel’s Estate portfolio and continuing strong performance of Purcari brand;
- **Poland:** delivered +4% revenue growth, achieving progress in a price-sensitive wine market by focusing on value over volume. The Group is expanding into the premium segment, with the Purcari brand growing +10% year-on-year, albeit from a smaller base.
- **Czechia and Slovakia:** The markets recovered and record strong performance +12% year-on-year, increasing volumes in mainstream Bostavan brand with +13% year-on-year.
- **Asia:** the market rebound with an increase of +12% year-on-year, this performance was driven by strong momentum in China & Japan from better distribution and investments; China’s macroeconomic environment remains challenging.

The evolution of sales by brands is described below:

- **Purcari:** this was driven by sustained strong performance in Romania +17% year-on-year, while Moldova and Poland each delivered growth rates exceeding +10%. The brand experienced strong momentum in Bulgaria, with sales increasing by +152%, and other non-core markets collectively recording a +35% increase year-on-year.
- **Bostavan:** A mainstream brand with high price sensitivity, Bostavan continues to prioritize value over volume. Gradual price increases triggered a marginal decline in volumes, while revenue grew by +3% year-on-year. The brand’s main market, Poland, recorded a +4% increase, with Czechia and Slovakia leading the growth at +15%. Asia delivered an outstanding performance, up +30% year-on-year. In contrast, the brand experienced lower traction in Turkey, the Baltics, and Ukraine, while Moldova remained flat and Romania recorded a slight decline compared to the previous year.
- **Crama Ceptura:** The brand is continuing to deliver stable volumes growth +7% year-on-year, the newly launched Motiv brand, targeting the RON 25-35 price segment, gained encouraging early traction.
- **Bardar:** Excellent sales in Romania with +29% year-on-year. In the main market, Moldova, despite pressure from low consumer confidence and shifting consumer behaviour, sales accelerated in the third quarter of 2024, resulting in a growth of +2% year-on-year.

Marketing and selling expenses amounted to RON 57.9 million for the financial year 2024, representing a significant increase of 30% year-on-year. As a share of core revenue, these expenses increased from 13.5% in the previous year to 15.4% in the reporting period. The largest impact came from higher marketing and trade-related expenses, which increased by 27%, driven by intensified trade marketing activities linked to core revenue growth, reaching RON 29.3 million.

Salary and related costs increased by 19%, amounting to RON 16.0 million, this was mainly impacted by improved sales performance, temporary duplication of roles during key handovers, and the impact of the Management Incentive Plan (2024–

2027), approved at the AGM on May 22.

Transport expenses related to the delivery of goods to customers increased by 17%, driven by increase in volumes, special increased deliveries to Asia, Africa, and Turkey on a CIF basis, as well as rising freight costs. Additionally, marketing and selling expenses were significantly impacted by the implementation of the SGR recycling system in Romania, which took effect in December 2023 and resulted in the payment of administration fees to the state-owned company RetuRO SGR SA.

General and administrative expenses increased by 21% in the financial year 2024. The main drivers were higher salary-related expenses, which increased by 26% to RON 23.1 million. This increase reflects one-off transition costs associated with changes in the Senior Management Team, including severance payments and the temporary duplication of roles during key position handovers. The figure also includes costs related to the Management Incentive Plan (2024–2027), approved at the AGM on May 22, 2024, more details in Note 23. Taxes and fees increased by 42%, reaching RON 4.5 million, professional services expenses rose by 38%, totalling RON 6.3 million and travel expenses also increased significantly, rising by RON 0.6 million or 70% year-on-year.

In the meantime, depreciation and amortisation expenses remain stable and bank charges declined, reflecting improved cost management.

As a result of the deconsolidation of Ecosmart Union SA as of December 31, 2024, due to loss of control, the Group recorded a expenses totalling RON 4.4 million, representing the net assets deconsolidated and a provision for receivables from the Group to the former subsidiary.

Profit from operating activities increased by 8% year-on-year, supported by a robust improvement in gross margin and a positive contribution from other income, which counterbalanced the impact of higher operating expenses, as well as losses arising from the loss of grapes fair value measurement and the deconsolidation of Ecosmart Union SA.

Net finance costs increased significantly by 120% year-on-year. This was primarily driven by the unfavourable movement in the MDL/EUR exchange rate during 2024, which showed a more moderate trajectory compared to the strong appreciation of the MDL recorded in 2023. As a result, the Group registered a net foreign exchange gain of only RON 0.6 million, compared to RON 2.7 million in the prior year. Another contributing factor was the increase in interest expenses, which rose by 39% year-on-year. This was largely due to a 43% year-on-year increase in exposure to bank borrowings and finance leases as of the end of the reporting period. A partial offset came from a reduction in interest rates, which had a positive effect.

A net gain of RON 2.7 million was recorded as a result of the revaluation of the Group's 10% investment in 8 Wine, compared to RON 0.7 million in the previous year. This revaluation is performed on an annual basis, following a consistent periodicity.

Income tax expenses increased significantly by 72%, reaching RON 12.7 million. This variance is primarily due to a one-off effect in 2023, when Management reversed a provision for tax liability related to historical potential tax risks following the expiration of the statute of limitations. The current year's tax expense reflects a normalized level without such reversals.

Net profit for the year 2024 amounted to RON 58.7 million, registered a 5% decrease compared to the previous year. The variance was influenced by the following material one-off items accounting posting:

- In 2024, the Group incurred a net loss from the deconsolidation of its subsidiary, Ecosmart Union SA. This event resulted in a total loss of RON 4.4 million, recognized in the income statement.
- 2023: Reversal of Tax Liability Provision related to historical tax risks. The reversal was made following the expiration of the statute of limitations, which eliminated the obligation. This amount of RON 6.3 million was recognized in the income statement under "Income Tax expense" for 2023.

If normalized with this one-off gain, net of taxes, the Net Profit would increase by 14% compared to the net profit of year 2023.

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 recorded a 10% increase year-on-year, but normalized with the one-offs Net loss from deconsolidation of subsidiary Adjusted EBITDA increased strongly by 14% year-on-year (for details please see Note 34 to the consolidated financial statements).

7. PRINCIPAL SCOPE OF BUSINESS / NON-FINANCIAL INFORMATION

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

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

Competitive strengths

a) Proven track record, execution discipline, and scale-up capabilities

Since its IPO in 2018, Purcari Wineries Group has consistently delivered strong performance, with revenues growing 2.7x and EBITDA more than doubling. This growth has been driven by disciplined execution, strategic brand-building, and a focused approach to expanding premium segments. The Group has demonstrated the ability to scale operations while improving margins and maintaining capital efficiency.

A key driver of topline growth was the Group’s ability to build and scale operations from scratch. The best example is Crama Ceptura, launched as a greenfield project in 2003, is today one of the most successful wineries in Romania,

In parallel, the Group has shown a consistent ability to identify, acquire, and integrate strategic assets, unlocking value post-acquisition. The playbook is clear: find underperforming or undervalued targets, restructure and integrate quickly, and leverage best practices to drive operational and commercial synergies.

Recent examples include:

- Angel’s Estate (Bulgaria, 2022): a full cycle winery located near Stara Zagora, Bulgaria, that added 100 ha to the existing portfolio of vineyards. This acquisition offered us great commercial and production opportunities in a new market of New Europe
- Timbrus Estate SRL (Moldova, 2024): added 130 ha of agricultural land, including 112 hectares of high-quality vineyards in Purcari village within the Ștefan Vodă Protected Geographical Indication (IGP) wine region
- Crama Ceptura expansion (Romania, 2024): 51 hectares of vineyards, construction land, and several pieces of agricultural equipment located in or near Crama Ceptura in Ceptura de Jos Village to support scaling up production volumes
- A 90% majority stake in HTA Danismanlik Turizm Dis Ticaret Limited Sirketi: a newly established commercial representation office located in the Republic of Türkiye.

This proven track record of execution, whether organic or through M&A, remains one of the Group’s core strengths.

b) Stronghold in a high-growth, underserved region: New Europe

Global wine consumption is in long-term decline, down 10% over the past decade, from 244.9 million hectoliters in 2013 to 219.9 million in 2023, according to the OIV – International Organization of Vine and Wine². In contrast, the New Europe region is one of the few bright spots in the global wine landscape.

There are countries where wine consumption increases (e.g., Poland – an increase of 40% over the last 10 years from 960,000 hl in 2013 to 1,369,000 hl in 2023). In other countries (e.g., Romania), while total wine consumption decreased in the last 10 years, the wine market increased significantly due to a shift of consumer behavior from home-made to bottled wine, driven by rising incomes, changing lifestyles, and stronger branding.

These markets also show exceptionally high per capita wine consumption, often 2 to 5 times the global average, yet still have significant untapped premium segments. The trend toward premiumization is accelerating globally, and is more important in New Europe as consumers trade up and become more selective.

The Group is strategically positioned at the center of this regional shift, with local production hubs, deep market understanding, and cost-effective distribution. This geographical and cultural proximity enables rapid execution and targeted brand building, giving the Group a structural edge in leading the premium wine transformation across New Europe.

c) Excellent asset base and sustainable cost advantage

As of 2024, the Group manages approximately 2,050 hectares of vineyards, primarily planted during 2004-2005, located in favorable micro-zones for winemaking. These production assets are situated in regions with over 5,000 years of vine-growing history, a developed wine culture, and a thriving wine-related ecosystem, supporting a comprehensive value chain—from grape cultivation to oenological research and packaging production.

Recent acquisitions include 51 hectares of vineyards, construction land, and agricultural equipment near Crama Ceptura in Ceptura de Jos Village. Additionally, the Group secured a 100% stake in Timbrus Estate SRL, adding 130 hectares of agricultural land in the Ștefan Voda Protected Geographical Indication (IGP) wine region, including 112 hectares of high-quality vineyards in Purcari village.

² International Organisation for Vine and Wine – Statistics

The winery sources grapes from diverse regions across Moldova, Romania, and Bulgaria, each offering distinct viticultural characteristics:

- Stefan Voda, Moldova: Chalky and clay soils rich in minerals, with a continental climate, providing ample sunlight and moderate rainfall: ideal for balanced grape ripening.
- Dealu Mare, Romania: Similar chalky-clay soils with high mineral content and a continental climate marked by warm summers and moderate rainfall, enhancing grape flavour development.
- Thracian Lowlands, Bulgaria: Clay and loam soils with calcareous properties that improve grape quality. The continental climate, with long sunshine hours and balanced rainfall, fosters robust vine growth.

These diverse terroirs contribute to the rich flavors and aromas in the Group’s wines, reflecting the unique characteristics of each region.

d) Fully integrated value chain: from grapes to distribution

The Group operates a vertically integrated model, managing the full cycle of wine production: from vineyard to shelf. This includes managing over 2,050 hectares of vineyards across Moldova, Romania, and Bulgaria, with full control over grape cultivation, harvesting, vinification, storage/aging, bottling, and logistics.

This structure allows the Group to ensure consistency in quality, manage costs tightly, and respond quickly to shifts in demand or weather conditions. It also reduces dependency on third parties, minimizing risk and giving the Group the flexibility to pursue product innovation and terroir-driven wines with confidence.

Beyond production, the Group manages its own sales force in Romania and Moldova, while leveraging an effective network of distributors and direct retail contracts across Central and Eastern Europe, as well as export markets like the UK, US, and Asia. This integration of production and route-to-market enables margin control, better brand visibility, and faster go-to-market execution compared to fragmented competitors.

e) Multi-market, multi-brand, multi-category platform with synergy capture

The Group’s commercial platform spans multiple countries, product categories, and brand architectures, allowing the Group to serve a broad spectrum of consumer segments while capturing significant operational and marketing synergies.

The Company’s philosophy is that any business starts with the consumer in mind, which subsequently streams down into operations. In the end, the Company’s operations are organized around its six core brands – Purcari, Crama Ceptura, Bostavan, Domeniile Cuza, Bardar and Angel’s Estate, it’s last addition.

The Company’s brands are strategically positioned to cover different price points, consumption occasions, regional preferences, taste profiles (from dry to sweet wines). From economy to premium Romanian and Moldovan wines, Bulgarian terroir-driven labels, to sparkling wine and contemporary brandy under Bardar, each brand plays a clear role within the portfolio.

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

	Purcari	Crama Ceptura	Bostavan	Domeniile Cuza	Bardar	Angel’s Estate
Summary	Flagship premium brand	Romanian premium and mainstream wines	Value for money	Premium wines	Contemporary brandy brand	Bulgarian premium wines
Marketing tagline	“True values don’t change with time. Since 1827”	“Crama Ceptura brings us together”	“Taste it. Love it.”	“Wines that write history. Since 1864”	“Grapes, Oak and Patience”	“A treasure of our native wine production”
Brand Sales in 2024, %	58%	14%	15%	1%, launched late 2021	8%	4%
Sales growth 2024, %	+17%	+8%	+3%	+22%	+6%	+21%

This diversity is further reinforced by the Company’s ability to offer a wide range of indigenous grape varieties, such as Rară Neagră, Fetească Neagră, and Fetească Albă adding a unique layer of product differentiation. At the same time, the Group maintains strong offerings in international varieties and sparkling wines, allowing cross-brand innovation and channel-specific bundling.

The Company’s products can be acquired by consumers in more than 40 countries across the globe, from central to western Europe, to Americas, Africa and Asia. The multi-market presence enables the Group to scale marketing assets, optimize production scheduling, and negotiate better with trade partners, while also hedging risk across countries and categories. It’s

not just diversification, it is strategic leverage.

f) Recognized product quality by both experts and consumers

The Group has built a reputation as one of the most awarded wine producers in Central and Eastern Europe. Between 2015 and 2022, it held the title of most awarded CEE winery at Decanter World Wine Awards, accumulating 129 medals. In 2023, it was again the top CEE performer at Decanter, and in 2024 ranked among the top 3 most awarded wineries globally, based on wins across Decanter, Mundus Vini, Concours Mondial de Bruxelles, IWSC, and others.

This consistent international recognition confirms the Group's ability to deliver world-class quality at scale, across different terroirs and styles, in a consistent manner. Awards are not limited to flagship products but span multiple brands, reinforcing the depth and breadth of the portfolio.

On the consumer side, the Group continues to earn high satisfaction scores, with an average 4.1 rating on Vivino, based on over 108,000 user reviews. As digital-native Millennials and Gen Z become key wine consumers, this social proof at scale plays an increasingly important role in purchase decisions.

The Company's quality edge isn't just about medals, it is about meeting the taste preference of consumers, which becomes a commercial asset that supports pricing power, loyalty, and long-term brand equity.

g) Sustainability and innovation as a value driver

Sustainability is not treated as a compliance box; it is embedded into the Group's operations as a driver of both resilience and efficiency driven by innovation. With over 2,050 ha of vineyards under management, the Group is expanding drip irrigation, reducing water waste, and investing in solar energy.

Winery operations are being upgraded to reduce CO₂ emissions and water usage, while also exploring circular economy practices, such as monetizing by-products like grape pomace and yeast.

On the innovation, the Group is scaling up precision viticulture, including parcel-level monitoring, sensor-based weather tracking, data-driven harvest planning, UV vine treatment, drone-based vine monitoring. These tools help reduce chemical usage, improve grape quality, lower operational costs, and better control for product quality.

The Group's long-term sustainability plan aligns with global ESG standards while providing a competitive advantage in export markets and an added layer of credibility with increasingly environmentally conscious consumers.

h) A management team with a proven track record

The Group is led by a seasoned and diverse management team, combining deep wine industry roots with functional expertise gained in a global corporate context. Founder Victor Bostan, with decades of experience as a winemaker and entrepreneur, remains the strategic anchor of the company.

The leadership team was further strengthened in 2024 with Alexandru Filip taking over the CEO role from January 2025 and key additions throughout 2024 in finance, sales, marketing, IT, and transformation, bringing in professionals with strong corporate backgrounds and international functional experience, which combines with decades of wine-making experience of the management in agriculture, production, R&D. Together, this team represents a powerful blend of operational know-how, strategic foresight, and cross-market understanding.

With clear governance structures, performance-based incentives, and a strong ownership mindset, the Company's leadership is well-positioned to deliver on the 2027 strategic goals and continue driving long-term value for shareholders.

Strategy 2027: 2x by 200

In 2024, we set out a clear goal for the next phase of our journey: by the time we reach our 200th year in 2027, we plan to double our business across key metrics. That means crossing RON 600 million in revenue and achieving over RON 200 million in EBITDA. These numbers exclude any impact from potential M&A over the period. Such an ambition is not only about financial milestones; it represents the outcome of a deeper transformation across our business.

Our Purpose

At the heart of our journey is a purpose that transcends product: Build a global wine-making champion dedicated to preserving and promoting globally the rich winemaking heritage and indigenous grape varieties of New Europe Wines. We aim to inspire our people to thrive and excel through hard work, determination, and collaboration. We believe wine is more than a beverage – it is an expression of land, culture, and time. That belief drives every decision we make.

We are building a business that not only competes globally but also represents the rise of what we call the "New Europe"—a region defined not by its borders, but by its wine-making heritage and various indigenous grape varieties with outstanding wine-making potential. From Slovenia to Georgia, New Europe is fast-moving, ambitious, and increasingly influential. Our goal is to establish the Group as a global wine-making champion that promotes this emerging region pairing heritage with modernity, and tradition with bold ambition.

Strategic pillars

To bring this vision to life, we're focused on three interconnected pillars of growth:

1. Profitable Growth

We're focusing on growth that doesn't just add volume, it adds value. That means putting more weight behind the wines that best reflect who we are and what we stand for. Over the next few years, a larger share of our business will come from our premium brands like Nocturne, or Limited, where we see stronger margins, deeper consumer engagement, and more room to differentiate.

We're seeing rising demand, both at home and abroad, for wines with a clear story and a sense of origin. That plays to our strengths. Our indigenous grape varieties, like Fetească Neagră and Rară Neagră give us a unique edge. These aren't just local curiosities, they're part of a broader movement toward authenticity in wine. This will help us to build a hard-to-replicate competitive advantage in the global market.

At the same time, we're looking beyond organic growth. We believe New Europe wine sector is bound for consolidation, and we want to be a catalyst for that. We're actively exploring targeted acquisitions, focusing on assets that bring strategic vineyards, heritage brands, or access to new markets. We're not chasing size for its own sake. Any M&A we pursue will be carefully selected to strengthen our portfolio, improve supply chain synergies, or add distribution potential where it counts.

In short, our growth won't just be about more bottles, it will be about better bottles, sold in the right places, with a stronger story behind them.

2. Wine-making Excellence

To sustain long-term growth, especially in premium segments, we are investing at the source: the vineyard. One of our top operational priorities is expanding irrigation infrastructure. With climate volatility increasing, this is no longer optional. Irrigation gives us better control over yields and quality, and it's essential for delivering consistency at scale.

We're also entering the next phase of our work with indigenous grapes, starting with Rară Neagră 2.0, a focused effort to select, multiply, grow, and ultimately make exceptional wines to bring out the full potential of this variety. It's a bold bet on a grape that could become a regional flagship. Technology plays a growing role as well. We're scaling up the use of precision agriculture, using UV treatments, sensors, mechanization, drones, etc. to optimize productivity, vine health, water usage, and reduce costs.

We are upgrading our production infrastructure to support both scale and quality. A major focus is on increasing winery capacity: from grape processing to wine-making and bottling. Alongside this, we're working to optimize technological flow, streamlining processes to boost efficiency and reduce handling.

One of the most strategic developments underway is the creation of a state-of-the-art production facility to create our signature wine, acting as a center of wine-making excellence across the group and as an attraction for our followers across the globe.

Operational improvements also support our sustainability agenda. We're driving measurable reductions in water usage and CO₂ emissions, with smarter resource management, increased reliance on clean energy, and more efficient waste handling across sites. These efforts are not just about compliance, they're critical to building a resilient, future-fit wine business.

3. Commercial Excellence

We're raising the bar on how we sell and market our wines, making every penny spent work harder. That starts with improving marketing and sales (M&S) spend efficiency. We're prioritizing high-impact channels to maximize ROI and drive deeper customer engagement.

At the same time, we're tightening up on pricing strategy, trade terms and promotional approach, increasing market competitiveness and reinforcing brand positioning while improving margins.

Execution at the point of sale, whether on-shelf or in HORECA, is a clear priority. We are aiming to stand out in a cluttered space by investing in better tools, training, and market intelligence to ensure our products show up the right way, in the right places, with the right support behind them.

Enablers: talent and culture embedded with tools and processes

Our strategy hinges on having the right people, culture, and systems to support ambitious growth. We are focused on strengthening the company culture around our core values and developing talent, with structured training across viticulture, production, and HQ functions to deepen expertise across the Group. We're also enhancing our employer brand to attract and retain top talent, while strengthening internal mobility and succession planning to ensure long-term continuity.

A key cultural focus is improving cross-functional collaboration, creating faster routes to market, and enabling innovation through better alignment. We are reinforcing a performance-driven environment through clear objectives, feedback loops, and incentives tied to company results.

On the systems side, we leverage technology and data-driven processes to enable a virtuous circle. We deploy cloud-based

infrastructure, real-time data capture across the value chain, and automation in planning and stock management. Processes like parcel-level vineyard monitoring, grape-to-bottle tracking, and integrated sales & operations planning are turning data into actionable insight.

Together, these investments will drive sharper decision-making, reduce inefficiencies, and future-proof operations as we scale. Talent and tools are no longer support functions, they are now critical enablers of performance.

8. RISK EXPOSURES AND UNCERTAINTIES

War in Ukraine

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

As of 2024, the Group's sales to Ukraine and Belarus represent 2.16% from total finished goods sold compared to 2.86% in 2023. The gross amount of trade receivables for clients located in these countries accounts only for 1.7% of total trade receivables of the Group as at 31 December 2024, slightly decreasing from 2.8% registered as at 2023 year end. But the Group is applying a provision of 25% for the account receivables from clients located in these countries. Therefore, the management considers that stopping doing business in these countries will have no material impact on the financial position of the Group. Whilst the Company did not register any material disruption to its operational activity, the Management will continue to assess the financial impact, as well as any risks and uncertainties that the crisis in Ukraine may cause to the Company's operations and make any adjustments as and when necessary to the Company's operational activities, depending on the evolution of the crisis and its potential impact on the Company, its workings and economic fundamentals.

Climate-related matters could have a material adverse effect on the Group's business

Grape yields and quality can be affected by certain climate-related matters including without limitation late frosts, lack of sunshine during the flowering period, lack of rain and hailstorms. While the Group has been able to put in place measures to mitigate to a certain extent the risks pertaining to late frosts, there are difficulties in reducing the impact of the hailstorms and drought, due to their unpredictable nature.

Although the Group uses mitigating factors such as acquiring grapes from third party producers, geographically spreading its vines area to cover against localized climatic impacts and construction of irrigation systems, the risk of future grape yields being affected by climate-related factors cannot be eliminated.

Should the quantity or quality of future yields be affected by these factors, the operations of the Group could be adversely impacted.

Increases in taxes, particularly increases to excise duty rates, could adversely affect demand for the Group's products

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

Interest rate risk

In 2024, the National Bank of Moldova (NBM) adjusted its base interest rate three times. On February 6, 2024, the base rate was reduced to 4.25%, followed by another reduction on March 21, bringing it to 3.75%. The final adjustment of the year occurred on May 7, when the rate was set at 3.60%. After these changes, the NBM maintained the base rate at 3.60% for the remainder of the year.

However, in 2025, the trend shifted. On January 10, 2025, the NBM increased the base rate to 5.60%, marking a reversal from the previous downward adjustments. This was followed by another increase on February 5, 2025, raising the rate to 6.50%, reflecting the central bank's efforts to manage inflation and economic stability.

In 2024, the National Bank of Romania (NBR) maintained the monetary policy rate at 7.00% until mid-year, reflecting a cautious approach to balancing economic growth and inflation control. However, during the summer of 2024, the NBR reduced the policy rate to 6.75% on July 5 and to 6.50% on August 7 maintaining the rate for the rest of the year.

The ROBOR1M rate experienced a double trend throughout 2024, decreasing from 6.03% at the end of 2023 to 5.52% by October 24 and gradually increasing to 5.80% by the end of 2024.

The EURIBOR rates also exhibited a declining trend in 2024. The year commenced with the EURIBOR exceeding 3.6% and concluded with a December average of 2.43%.

Although there are indications of decreasing loan interest rates in local currencies such as the Moldovan Leu (MDL) and Romanian Leu (RON), they remain significantly higher than borrowing costs in EUR. In 2024, the Euro Interbank Offered Rate (Euribor) experienced a substantial decline, marking its largest annual drop since 2012. The 12-month Euribor began the year exceeding 3.6% and concluded in December at approximately 2.43%. This reduction positively impacts the Group's financing costs, enhancing its ability to secure new funding and refinance existing liabilities at more favourable rates compared to the average in recent years.

Moreover, because of the dampening effect that a tighter monetary policy typically has on the general economy, private households on average are likely to have less disposable income, which may impact on the sales of the Group. Therefore, if central banks continue to keep a tightened monetary policy, the Group's results could be materially adversely affected.

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

9. INTERNAL CONTROL

The Group has implemented an internal control system designed to prevent and detect inefficiencies and irregularities. This system includes the evaluation of compliance with internal procedures, assessment of task accuracy, presentation of objective information, and recommendations to the Company's management. Purcari's internal control system supports the improvement of operational efficiency and ensures alignment with the Group's core values and principles.

10. OTHER INFORMATION

Environmental and social responsibility

The Group operates in an industry governed by a range of regulations that impact its day-to-day operations, covering product safety, labor and employment, health, safety, and environmental protection laws, particularly concerning production facilities.

In alignment with its commitment to these principles, the Environmental, Social, and Governance (ESG) Committee of Purcari Wineries Public Company Limited was established on May 26, following the 2023 Annual General Shareholders' Meeting, and was re-appointed after the 2024 AGM held on May 22. This committee highlights the Group's ongoing dedication to environmental stewardship, health and safety, corporate social responsibility, corporate governance, and sustainability as core elements of the Company's operations.

Environmental Initiatives: The Group is focused on enhancing water treatment, optimizing resource usage to reduce CO2 emissions, and advancing irrigation systems, whilst investing in ecological viticulture and expanding solar energy installations to boost clean energy sourcing.

Social Commitment: Purcari Wineries supports rural regeneration and provides access to viticulture education for high school graduates. We prioritize employee development through training and are dedicated to enhancing workplace well-being, especially for blue-collar workers.

Governance Practices: We ensure leadership continuity through a robust succession plan and commit to transparent reporting on performance and sustainability. The Group maintains board diversity, aligns executive compensation with long-term performance, and enforces a code of conduct that promotes ethical practices.

Environmental compliance and authorizations

In November 2010, the Group adopted a group-wide Environment, Health and Safety Policy and implemented an Environmental and Social (E&S) Management System (ESMS) integrating environmental, occupational health and safety management procedures into the Group's management system. The ESMS structure and the Procedure on Environmental Protection, Occupational Health and Safety were developed and fully approved by the Group's management. The E&S reporting function is assigned to the Quality managers who are also responsible for the ISO implementation.

In terms of agricultural quality controls, the Group has implemented Pesticides Management Procedures for Vinaria Purcari, Vinaria Bostavan and Crama Ceptura, describing the procedure used for the transportation, storage, application, and removal of pesticides. These procedures are developed on an annual basis and include the responsibilities of pesticide suppliers and any other third parties involved in the utilization of pesticides by the Group.

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

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

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

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

Environment and waste utilization

As of 2014, the Group continuously sets energy efficiency and savings goals. Till this day, the Group replaced conventional lamps with energy-efficient ones across all facilities. Additionally, outdoor lighting sensors were installed where needed, and the entire electricity system at one of the premises was upgraded. Also, when purchasing new equipment, the Group prioritizes suppliers offering energy-efficient solutions.

Regarding waste management, the Group has implemented a policy to collect and sort broken glass, paper, cardboard, and other non-food waste into separate bins across its premises. The sorted waste is then sold to relevant processing facilities, such as a nearby glass factory for recycling and a cardboard factory for paper processing. Furthermore, the Group upgraded the sewage processing facility at one of its premises and acquired Mythos and Ganimede vinifiers, which reduce the CO2 footprint by reusing CO2 during fermentation.

In 2022, Purcari Winery installed an intelligent, fully automated subsurface drip irrigation system, that covers 300 ha of its vineyards, with the option to further extend the system to an area of 500 ha. The water for the irrigation system is sourced from a distance of 6 km into storage pools of 11,000 m³ and 24,000 m³, the system allowing for the economy of about 20-25% of water resources.

Additionally, as mentioned prior, in 2022, Purcari Wineries installed a Photovoltaic System on the rooftop of Purcari Winery's production site. The Solar System consisted of 448 monocrystalline Longi panels with an estimated power of 450 W each and dimensions of 2094x1038x35, 2 German inverters SMA Sunny 110 with a conversion capacity of 110 kW, a panel fixing system for the roof and a wiring system. The panel covered an area of 1,025 m² and was launched into operation on the 7th of July 2022, generating an average daily amount of 1,200 kW/h.

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

The Solar System installed in 2022 on the premises of Purcari Winery was extended in May of 2023 with an additional 100 kW (224 Longi panels, similar with those installed in 2022, covering an area of 550 m²), amounting to a production site with a conversion capacity of 300 kW, generating till the end of 2023 – 295,000 kW (295 MW). Additionally, a similar Photovoltaic System was installed on the rooftop of Purcari's bottling facility with a conversion capacity of 200 kW, covering an area of 900 m². The second Solar System is functional as of August 2023 and generated till the end of the year 80,000 kW (80 MW).

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

In 2024, Purcari's systems generated over 498,000 kWh, enabling savings of over 1.4 mln MDL (including VAT) in energy consumption, covering approximately 40% of the winery's total energy needs for the year.

On the premises of Bostavan Winery, a Solar Panel System was mounted on the rooftop of the winery's newest warehouse, with a conversion capacity of 200 kW. The investment is expected to ensure the production of approximately 230,000 kW annually, ~15% of the winery's consumption. Since its launch in June of 2023, till the end of the year, the Photovoltaic System produced 150,000 kW (150 MW), allowing for the economy of 500,000 MDL in energy consumption (utilities). In 2024, the system led to energy cost savings of 622,000 MDL (including VAT).

On the premises of Bardar Winery, the Solar Panel System is functional as of July 2023 and covers an area of 1,100 m², with a conversion capacity of 200 kW. The System is mounted on the rooftop of the winery's storage house and is expected to ensure the production of approximately 230,000 kW annually. In 2024, it also contributed to energy cost savings of over 600,000 MDL.

Social initiatives

In January 2015, the Group launched its Community Development Policy, which defines the strategic approach, management system and budget for the Group's contribution to the local communities.

In 2024, the group, through its charity organization – Purcari Foundation, continued its support in its local communities and has contributed to several charities and social and cultural initiatives dedicated to promoting and preserving traditions.

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

- DIACONIA, a social structure of the Metropolis of Bessarabia, which has been active throughout the territory of the Republic of Moldova since 2001. So far, the organization has aided more than 2000 community cases and is currently developing social aid programs in more than 88 communities.
- CCF/HHC Moldova, a team of people working to give every child the opportunity to grow up in a loving family.
- Hospice Angelus: the Medical-social Philanthropic Foundation "Angelus Moldova", a nongovernmental, apolitical, and non-profit organization which was founded and legally registered at the Ministry of Justice in 2000, with the purpose of creating a new system of medical and social assistance to incurable patients in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established Hospice "Angelus Moldova", a home palliative care service and part of the Foundation.
- Moldovan National Olympic Committee, as the Group continues to be one of the general sponsors.

- USM Bostavan, a volleyball club with both female and male volleyball teams. The Group has been USM Bostavan's sponsor since 2010.

During 2024, the Purcari Foundation continued the Group's charity activities, with projects such as:

- Financial Support for young Olympians who represented Republic of Moldova at the 33rd Summer Olympic Games in Paris 2024 (July 26 – August 11, 2024).
- Official partners of the 30th edition of the "Heritage" contest, an event organized by the "Alliance for the Support of Bessarabia" Association together with the Theoretical High School Princess Natalia Dadiani.
- Official partners of the George Enescu International Competition. We had the opportunity to be present at the first promotional tour of the competition, at a recital of high artistic quality taking place at the Organ Hall and attended by the artistic director of the competition and the festival, Maestro Cristian Măcelaru.

11. NON-FINANCIAL STATEMENT

The Company is committed to maintaining high environmental, social, and employee standards, respecting human rights, and strongly opposing corruption and bribery. As part of this commitment, the Company is developing a framework for a CSRD-aligned sustainability reporting system. The Sustainability Report for 2024, will be prepared with the CSRD framework in mind, but reported in accordance with NFRD as a standalone document, due to the fact that Cyprus has yet to transpose the regulation in the national Law. The report will adhere to the relevant provisions of Directive 2013/34/EU, as amended by Directive 2014/95/EU, as transposed into Cyprus Companies Law, Cap. 113. This report will also incorporate the requirements of the new Directive (EU) 2022/2464, which amends various regulations including Directive 2004/109/EC and Directive 2006/43/EC. Additionally, the report might consider standards such as the Global Reporting Initiative (GRI) and Accountability Standards, ensuring a comprehensive and transparent approach to sustainability.

12. COMMITMENTS AND CONTINGENCIES

According to the arrangements related to acquisition of subsidiary Angel's Estate SA in Bulgaria, the Company is committed to provide a EUR 6,000,000 loan during the years 2023-2025 for modernization of production facilities. During 2024 the Company provided EUR 1,967,069.

As at 31 December 2024 the Group's commitment for next 12 months to purchase property, plant and equipment deriving from the above-mentioned arrangement amounts to EUR 2,042,443.

13. SUBSEQUENT EVENTS

On January 9, 2025, the Company's Board of Directors, acting under the authority granted by the Resolutions of the General Shareholders' Meeting held on May 22, 2024, unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 22.05.2024 the Company be authorized:

- (a) to issue and allot additional 1,000 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.00054 for a total subscription amount of RON 10,000.00 (equivalent of EUR 2,010.54).
- (b) to issue and allot, free of charge and by using its share premium reserves, the additional 72,380 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

On 14.02.2025 the Registrar of Companies in Cyprus registered the above-mentioned increase of issued share capital.

On March 20, 2025, the Group, through its subsidiary Vinaria Purcari SRL, acquired 100% of the share capital of Les Terres Noires SRL for a cash consideration of EUR 68,357, financed from own funds. Les Terres Noires SRL owns approximately 17 hectares of organic certified vineyards located in the Protected Geographical Indication (PGI) region "Ștefan Vodă" in Moldova.

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

14. DIVIDENDS

The Board of Directors will recommend to the Annual General Meeting of the shareholders the payment of dividends to all shareholders out of accumulated profits in the amount RON 0.65 per ordinary share.

15. SHARE CAPITAL DURING THE FINANCIAL YEAR THAT ENDED ON 31 DECEMBER 2024 AND CHANGES FROM PREVIOUS FINANCIAL YEAR

As of 31 March 2024, nineteen employees and managers exercised 460,500 stock options with an exercise price of RON 10 per share. Out of these, 117,500 stock options were exercised against payment. For another 343,000 stock options the method of Discounted Exercise was chosen by employees, for which 118,294 shares were allotted free of charge out of the premium reserves.

Thus, on 29 April 2024 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 26 May 2023, the Company be authorized:

- i) to issue and allot additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 1.99973 for a total subscription amount of RON 1,175,000.00 (equivalent of EUR 236,142.93).
- ii) to issue and allot, free of charge and by using its share premium reserves, the additional 118,294 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

At the reporting date, the issued share capital of the Company is comprised of 40,353,294 ordinary shares with nominal value of EUR 0.01 each. All issued shares are fully paid.

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1,617,949). After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

16. SHARES BUY-BACK

During 2024 the Company did not carry out any share buybacks in 2024 own shares.

17. RELATED PARTIES TRANSACTIONS

Disclosed in Note 32 to the consolidated financial statements and Note 18 to the separate financial statements.

18. INDEPENDENT AUDITORS

The Independent auditors, PricewaterhouseCoopers Limited, Cyprus were appointed during the year for the audit of the financial statements for the year ended on 31 December 2024. 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 2025. Further, a resolution giving authority to the Board of Directors to fix the independent auditors' remuneration will be submitted at the forthcoming Annual General Meeting.

Vasile Tofan
Chairman of the Board of Directors

29 April 2025



ANNEX 1

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

The Company, pursuant to the relevant provisions of Section 151(2) of the Cyprus Companies Law, Cap. 113 provides this Statement on Corporate Governance (the “Statement”), addressing in turn the matters that should be included in this Statement, according to the specific provisions of Section 151 that are cited below.

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

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

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

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

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

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

As of May 22, 2024, the Company complies with provision A.11. of the BVB Code regarding the nomination committee. As provision A.11. states, 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 nomination committee should be independent.

The Company has formed a Nominations, Remuneration and Corporate Governance Committee, renamed to Nomination and Remuneration Committee following the first meeting of the Directors following the Annual General meeting of shareholders of the Company dated on May 22, 2024, that is comprised of four members: three independent, non-executive directors and one non-executive director. The Board has decided to include Mr. Vasile Tofan in the Committee taking into account his excellent knowledge of the Company's needs, in-depth knowledge and experience in the field of operations of the Company and valuable insights.

Thus, the Company complies with the requirement of the provision A.11 of the BVB Code of Corporate Governance.

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

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

The Company has adopted the BVB Corporate Governance Code in whole and there is full and compliance, except in relation to two provisions noted in the previous section.

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

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

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

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

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

Audit Committee

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

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

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

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

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

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

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

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

There are no restrictions on voting rights.

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

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

Hence, the professional directors of the Company resigned and were replaced by five new Board Members, and following last year's appointment and elections, the Board currently comprises of seven members. The majority of the seven members (six out of seven) are non-executive directors and four out of seven Board members are independent, non-executive directors.

According to Regulation 111, the non-executive directors appointed pursuant to Regulation 111 of the Articles shall hold office until the next following Annual General Meeting, and at the AGM, their positions will be vacated. The AGM, in accordance with Regulation 110 of the Articles may appoint, with the sanction of an ordinary resolution any person to the office of director to fill the vacancy or as an additional director.

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

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

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

Pursuant to Regulation 110 of the Articles of Association the General Meeting may, with the sanction of an ordinary resolution (a) subject to section 177(1) of the Company Law, Cap. 113, appoint any person to the office of director either to fill a vacancy or as an additional director and (b) subject to sections 136 and 178 of the Company Law, Cap. 113 remove any director from office. The Board of Directors decided to propose to the next Annual General Meeting the election of two new directors, Ms. Ana Maria Mihaescu, as a non-executive, independent director and Mr. Alex Filip, as an executive director.

Rotation of non-executive Directors

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

Executive directors are not subject to retirement by rotation.

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

- (a) Ms. Monica Cadogan, the non-executive director who had been longest in office since her last re-appointment, retired from her position at the AGM dated May 22, 2024. Ms. Monica Cadogan decided not to seek re-election as a non-executive Director of the Company, and
- (b) Mr. Neil Gordon McGregor, the non-executive director, who had been the second longest in office since his last re-appointment retired from his position at the AGM dated May 22, 2024 and has expressed his willingness for continuing in office. The Board of Directors recommended to the Annual General Meeting the re-election of Mr. Neil Gordon McGregor.

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

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

6.1 The Board of Directors

The Composition of the Board in the financial year that ended on 31 December in 2024

1. Mr. Vasile Tofan, non-executive director, Chairperson of the Board, member of the Nomination and Remuneration Committee and member of the Audit Committee.
2. Ms. Ana-Maria Mihaescu, independent, non-executive director effective 22 May 2024, Chairperson of the Audit Committee, member of the Nomination and Remuneration Committee and member of the ESG Committee.
3. Mr. Neil Gordon McGregor, independent, non-executive director, Chairperson of the Nomination and Remuneration Committee, and member of the Audit Committee.
4. Mr. Victor Bostan, executive director. Company CEO, advisory of the CEO effective January 1, 2025.
5. Mr. Alexandru Filip, executive director. Deputy CEO, and CEO of the Group effective January 1, 2025. Appointed by the Board of Directors as Executive Director effective 22 May 2024, member of the ESG Committee.
6. Ms. Raluca Ioana Man, independent, non-executive director. She was appointed by the Board of Directors as independent, non-executive Director effective 5 April 2023 and was elected by AGM on 26 May 2023. She is the Chairperson of the Environment, Social and Governance (ESG) Committee.
7. Ms. Paula Catalina Banu, independent non-executive director. She was appointed by the Board of Directors as independent non-executive Director effective 5 April 2023 and was elected by AGM on 26 May 2023. She is a member of the Audit Committee, of the Nomination and Remuneration Committee and a member of the Environment, Social and Governance (ESG) Committee.

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

Competences and operation of the Board

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

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

The Board provides effective support for and control and oversight of the activities of the executive management of the Company.

Conflicts of Interest

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

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

In line with the BVB Corporate Governance Code, the Board has also adopted an Internal Regulation, supplementing and expanding upon the relevant legal and regulatory provisions and the Company's bylaws. The Internal Regulation includes terms of reference/responsibilities for Board and key management functions of the Company, applying the relevant principles of the BVB Corporate Governance Code.

The Internal Regulation addresses in detail, between others, the Composition and Operation of the board, and the Board Committees. According to the Internal Regulation, board meetings are called by the Chairman or by any Director through the Company's secretary and are presided by the Chairman. The Chairman also sets the agenda for the meetings. Any director wishing to discuss an item that has not been included on the agenda at any Board meeting shall inform the Chairman prior to the meeting. Further, the Board should hold at least 1 meeting per quarter and as often as required in the interest of the Company.

A Director's Charter has also been prepared as an attachment to the Internal Regulations. The Charter contains guidelines on areas such as Independence and conflicts of interest, good faith, professionalism, commitment, and efficiency. Towards the better corporate governance and administration of the Company, and in line with the relevant provisions of the Corporate Governance Code of the Bucharest Stock Exchange where the Company titles are listed, the Board also adopted an Evaluation Policy. The Internal Regulation and other policies can be found on the Company website under Investor Relations/Corporate Governance: [BoardEvaluationPolicy.pdf](#)

Delegation of Director's powers to committees

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

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

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

The composition and operation of the three committees of the Board of Directors is stated herein below.

6.2 The Audit Committee

Composition of the Committee in 2024

Chairperson: Ms. Ana-Maria Mihaescu (independent, non-executive director)

Members:

- Mr. Neil Gordon McGregor (independent, non-executive director)
- Ms. Paula Catalina Banu (independent, non-executive director)
- Mr. Vasile Tofan (non-executive director)

Competences and operation of the Audit Committee

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

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

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

6.3 The Nomination and Remuneration Committee

Composition of the Committee in 2024

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

Members:

- Ms. Ana-Maria Mihaescu (independent, non-executive director)
- Ms. Paula Catalina Banu (independent, non-executive director)
- Mr. Vasile Tofan (non-executive director)

Competences and operation of the Committee

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

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

6.4 The Environment, Social and Governance (ESG) Committee

Composition of the Committee in 2024

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

Members:

- Ms. Ana-Maria Mihaescu (independent, non-executive director)
- Ms. Paula Catalina Banu (independent, non-executive director)
- Mr. Alexandru Filip (executive director)

Competences and operation of the Committee

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

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

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

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

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

ANNEX 2

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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
Section A – Responsibilities			
A.1.	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	Yes	The Board has adopted an internal regulation in this respect on the meeting which took place on the 21 st 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 seven members.
A.4.	The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice.	Yes	Five out of seven Board members are non-executive, and four out of seven Board members are independent. The independent Board members have submitted along with their letter of acceptance a declaration of independence in accordance with the criteria included in the BVB Corporate Governance Code.
A.5.	A Board member’s other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders	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

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	and to potential investors before appointment and during his/her mandate.		engagements have been undertaken by the Board members as of the date of the Prospectus.
A.6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Yes	The internal regulation of the Board contains provisions which regulate such obligation of the Board members and the procedure according to which the information shall be submitted to the Board by its members.
A.7.	The company should appoint a Board secretary responsible for supporting the work of the Board.	Yes	The Company has appointed a Board Secretary who supports the Board’s activities.
A.8.	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	Partially complies	<p>The Company has approved the policy for the Board evaluation during the Board Meeting on December 14th, 2018.</p> <p>As of May 22, 2024, two out of seven directors on the Board have resigned and were replaced by Alexandru Filip and Ana-Maria Mihaescu. The feedback session on the Board’s performance for 2024 was conducted informally.</p> <p>The evaluation of the newly constituted Board of Directors is expected to take place in the first half of 2025.</p>
A.9.	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	Yes	The Board meets at necessity and at least every three months. In 2024 there were twenty-four Board meetings.
A.10.	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	Yes	Four out of seven members of the Board are independent. This is presented in Chapter 5 of the Management Report.
A.11.	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	Yes	<p>As of May 22, 2024, the Company has formed a Nominations, Remuneration and Corporate Governance Committee, renamed to Nomination and Remuneration Committee following the first meeting of the Directors following the Annual General meeting of shareholders of the Company dated on May 22, 2024, that is comprised of four members: three independent, non-executive directors and one non-executive director.</p> <p>Thus, the Company complies with the requirement of the provision A.11 of the BVB Code of Corporate Governance, that the majority of the members of the committee should be</p>

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
			independent.
Section B – Risk management and internal control system			
B.1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	Yes	The chairperson of the Audit Committee is an independent non-executive director. Two out of three members are independent. Most members, including the chairman have an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee has adequate auditing or accounting experience. The Audit Committee meets regularly and at least four times a year.
B.2.	The audit committee should be chaired by an independent non-executive member.	Yes	The Audit Committee is chaired by Ms. Ana-Maria Mihaescu, an independent non-executive director.
B.3.	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Yes	The internal regulation of the Audit Committee includes responsibilities regarding internal control matters, such as regularly reviewing the adequacy and implementation of key internal control policies, including policies for detecting fraud and the prevention of bribery and assessing the management’s responsiveness and effectiveness in dealing with identified internal control failings or weaknesses.
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management’s responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	Yes	The internal regulation of the Audit Committee includes these considerations.
B.5.	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Yes	The audit committee reviews the transactions of the Group with related parties.
B.6.	The audit committee should evaluate the efficiency of the internal control system and risk management system.	Partially complies	Assessing the adequacy and efficiency of the risk management system is the responsibility of the Audit Committee.
B.7.	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Yes	A Group internal auditor has been appointed as of May 1 st , 2019. The Internal Audit team reports directly to the audit committee and Board of Directors.
B.8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by	Yes	The Audit Committee presented to the Board reports on the analyzed risks and identified issues.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.		
B.9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Yes	The Board of Directors approved on 14 th of December 2018, a policy regarding related parties' transactions. The related parties' transactions incurred in 2022 followed the provisions of the BVB Corporate Governance Code.
B.10.	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	Yes	The policy regarding related parties' transactions was approved at the Board Meeting on December 14 th , 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 1 st , 2019, the Group has an independent internal auditor reporting directly to the audit committee and Board of Directors.
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 1 st , 2019. The Internal Auditor reports functionally to the Board via the audit committee. Solely for administrative purposes he reports directly to the CEO.
Section C – Fair rewards and motivation			
C.1.	<p>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.</p> <p>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.</p>	Yes	<p>The Board initially approved a remuneration policy at the Board Meeting on the 14th of December 2018.</p> <p>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.</p>

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	<p>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.</p> <p>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.</p> <p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		<p>This Remuneration Policy was approved by the shareholders at the AGM on 28 April 2022.</p> <p>Following, the Company provides, in or along with its Annual Financial Report, a Remuneration Report in accordance with the approved remuneration policy and the relevant provisions of the applicable legislation.</p> <p>The next remuneration report will be submitted to shareholders at the following AGM in 2025.</p>
Section D – Building value through investors’ relation			
D.1.	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	Yes	The Company has both an Investor Relations function and a dedicated Investor Relation section on its website, available both in Romanian and English, where all relevant information for investors can be found.
D.1.1.	Principal corporate regulations: the articles of association, general shareholders’ meeting (‘GSM’) procedures;	Partially complies	<p>The articles of association are available on the Company’s website, in English and Romanian versions.</p> <p>The Company has not yet adopted a GSM procedure but undertakes to publish such procedure on its website as soon as it will be in place.</p>
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 <i>Investor Relation</i> 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).

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
D.1.4.	Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	Yes	A distinct section for the GMS was created on the Company's website and investors are able to find under this section all relevant information related to general meetings of shareholders.
D.1.5.	Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	Yes	Relevant information regarding corporate events is posted on the Company's website timely.
D.1.6.	The name and contact data of a person who should be able to provide knowledgeable information on request;	Yes	The Company has an Investor Relation function and contact information in this respect can be found on the <i>Investor Contact</i> 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 affected by a special resolution approved at a general meeting of the shareholders. As such, no amendment could take effect earlier than as of the next general meeting of the shareholders.
D.5.	The external auditors should attend the shareholders’ meetings when their reports are presented there.	Yes	The external auditors attend the shareholders’ meetings at which their reports are presented.
D.6.	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Yes	The Board’s comments on the internal controls and significant risk management system are included in the management report, which is presented to the annual GMS. The documents submitted to the GMS for approval are endorsed by the Board.
D.7.	Any professional, consultant, expert or financial analyst may participate in the shareholders’ meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Yes	The Company is open towards the idea of the participation of different professionals and consultants in the shareholders’ meeting. The consent of the shareholders shall be requested in this respect at the beginning of each general meeting at which such participation is envisaged.
D.8.	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	Yes	The quarterly and semi-annual financial reports include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators.
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	Yes	In 2024, the group, through its charity organization – Purcari Foundation, continued its support in its local communities and has contributed to several charities and social and cultural initiatives dedicated to promoting and preserving traditions.

No.	Provisions of BVB Corporate Governance Code	Complies/ Does not comply or partially complies	Additional information / Reason for non-compliance
	<p>company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.</p>		<p>From its annual activities, Purcari Wineries has offered support to:</p> <ul style="list-style-type: none"> - DIACONIA, a social structure of the Metropolis of Bessarabia, which has been active throughout the territory of the Republic of Moldova since 2001. So far, the organization has aided more than 2000 community cases and is currently developing social aid programs in more than 88 communities. - CCF/HHC Moldova, a team of people working to give every child the opportunity to grow up in a loving family. - Hospice Angelus: the Medical-social Philanthropic Foundation “Angelus Moldova”, a nongovernmental, apolitical, and non-profit organization which was founded and legally registered at the Ministry of Justice in 2000, with the purpose of creating a new system of medical and social assistance to incurable patients in advanced and terminal stages, as well as to their relatives. In 2001, “Angelus Moldova” established Hospice “Angelus Moldova”, a home palliative care service and part of the Foundation. - Moldovan National Olympic Committee, as the Group continues to be one of the general sponsors. - USM Bostavan, a volleyball club with both female and male volleyball teams. The Group has been USM Bostavan’s sponsor since 2010. <p>During 2024, the Group’s charity activities continued, with projects such as:</p> <ul style="list-style-type: none"> - Financial Support for young Olympians who represented Republic of Moldova at the 33rd Summer Olympic Games in Paris 2024 (July 26 – August 11, 2024). - Official partners of the 30th edition of the "Heritage" contest, an event organized by the "Alliance for the Support of Bessarabia" Association together with the Theoretical High School Princess Natalia Dadiani. - Official partners of the George Enescu International Competition. We had the opportunity to be present at the first promotional tour of the competition, at a recital of high artistic quality taking place at the Organ Hall and attended by the artistic director of the competition and the festival, Maestro Cristian Măcelaru.

Purcari Wineries Public Company Limited

Consolidated Financial Statements

for the year ended 31 December 2024

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

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Independent Auditor's Report

To the Members of Purcari Wineries Public Company Limited

Report on the Audit of the Consolidated Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") and its subsidiaries (together the "Group") give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the consolidated financial statements which are presented in pages 61 to 117 and comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policy information.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Independence

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Valuation of inventories</u></p> <p>Refer to Note 4 "Use of estimates and judgements", Note 6 (f) " Material accounting policy information", Note 13 "Inventories" and Note 25 " Change in fair value of biological assets".</p> <p>As presented in Note 13 the inventory balance includes semi-finished products in the amount of RON 145,550,658 which refers to the harvested grapes. This represents a large proportion of total inventories and a material component of total assets.</p> <p>The valuation of harvested grapes (Biological assets as per IAS 41 'Agriculture') includes a significant degree of judgement made by management as the harvested grapes are transferred to inventories at their fair value, equal to the market price less costs to sell at the date of harvest. The fair value measurement of harvest of grapes has been categorised as a Level 3 (Significant unobservable inputs) based on the inputs to the market price valuation technique used. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage and vary with the grade quality of grapes produced.</p> <p>Due to the size of inventory and management judgement involved in the valuation of harvest grapes, we consider this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's internal controls over the inventory valuation process followed by the Company in evaluation of biological assets. • We evaluated the appropriateness of the accounting policy and methodology used by the management for the valuation of biological assets. • In order to evaluate the fair value less costs to sell of harvested grapes at the point of harvest, we assessed the reasonableness of certain key assumptions used by management by challenging those assumptions through reference to historical data and, where applicable, external benchmarks (prices). We also compared those key assumptions to the ones used in historical performance, where considered relevant, and evaluated rationale for any change. • We verified that valuation methods used are in accordance with IAS 41 and IFRS 13. • We verified the mathematical accuracy of the valuation model. <p>The results of the above procedures were satisfactory for the purposes of our audit.</p>

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

Refer to Note 4 "Use of estimates and judgements" and Note 8 "Acquisition of subsidiary and put option over non-controlling interests"

On 10 October 2022, the Group acquired 76% stake in the share capital of Angel's Estate SA. As part of the business combination of Angel's Estate SA, a call and a put option were written over the non-controlling interest percentage and are exercisable between the years 2028 and 2032. As at 31 December 2024 the put option liability was estimated at RON 8,460,102. The call option was not recognized neither at acquisition date nor at 31 December 2024 due to the fact that this is a symmetrical instrument with the put option and as such the value is not significant.

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

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

Our audit procedures included in particular:

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

<p>Due to the management judgement involved in its valuation and the complexity of the accounting treatment, we consider this to be a key audit matter.</p>	<p>The results of the above procedures were satisfactory for the purposes of our audit.</p>
<p><u>Assessment of initial recognition and subsequent measurement of share-based payments including relevant disclosure requirements</u></p> <p>Refer to Note 6 (i) "Material accounting policy information" and Note 29 "Employee benefits"</p> <p>The Group operates a stock-option share compensation program which mainly targets members of the Group's senior management team (except the CEO) and is intended to further align the interests of such Beneficiaries with those of the Company's shareholders.</p> <p>On 21 August 2024 a new Management Incentive Programme 2024-2027 was approved which comprised of two different types of awards (stock options and share grants). The Group accounted for the above awards as equity-settled share-based arrangements granted to employees under IFRS 2 'Share-based payments.</p> <p>To estimate the fair value of the awards on initial recognition, management applied the Monte-Carlo technique for the share grants and the binominal tree method for stock options. The fair value for both of awards on initial recognition was estimated by a management expert at the Company's request in the amount of RON 1,876,854.</p> <p>Due to the significant assumptions and judgements involved in the valuation of management incentive programme and the complexity of calculation of models used, we consider this to be a key audit matter.</p>	<p>Our audit procedures included in particular:</p> <ul style="list-style-type: none"> • We obtained and reviewed the Management Incentive Programme 2024-2027 document and the respective approval. • We reviewed the Group's accounting policy related to share-based payments and verified its compliance with IFRS Accounting Standards as adopted by the European Union. • We evaluated the competence, capabilities and objectivity of the management's expert who was engaged by management to perform the fair value estimation of the awards. • We assessed and concluded that the valuation method used in the estimation of the fair value of the awards is acceptable under IFRS relevant requirements. • With the support of auditor's experts, we verified inputs and evaluated the reasonableness of all assumptions used by management in estimating the fair value of both awards. We also verified the mathematical accuracy of the calculations performed by the management for the stock options award. • We engaged auditor's experts to develop an independent point of auditor's estimate of the fair value of both awards on initial recognition. • We verified the adequacy of the management's disclosures in the relevant notes to the consolidated financial statements. <p>The results of the above procedures were satisfactory for the purposes of our audit.</p>

Accounting treatment and estimation of fair value of acquired company, Timbrus Estate SRL

Refer to Note 6 (q) "Material accounting policy information and "Note 8 "Acquisition of subsidiary and put option over non-controlling interests"

During the year, the Group completed the acquisition of Timbrus Estate SRL for a total consideration of EUR 2,800,000 (RON 13.949.616). The estimated fair value of net assets (both on and off-balance sheet) of Timbrus Estate SRL on the date of acquisition amounted to RON 13.949.616.

This transaction is significant due to its size and complexity, requiring management to exercise significant judgment in accounting for the business combination in accordance with IFRS 3 'Business Combinations'. Key areas of judgment include the identification and valuation of acquired assets and liabilities, the determination of goodwill or bargain purchase gain, and the recognition of contingent considerations, if any.

The purchase price allocation was estimated by a management expert at the Company's request. Various approaches were applied in estimating the fair value of net assets (both on and off-balance sheet) on the date of the transaction of acquiring Timbrus Estate SRL.

Given the level of estimation and judgment involved and complexities of the calculation of the net assets (both on and off-balance sheet) of Timbrus Estate SRL at the date of acquisition, we consider this to be a key audit matter.

Our audit procedures included in particular:

- We evaluated management's assessment of whether the transaction qualified as a business combination following the requirements of IFRS 3.
- We reviewed the purchase agreement to understand key terms and their accounting implications.
- We evaluated the competence, capabilities and objectivity of the management's expert who was engaged by management to perform the purchase price allocation exercise of Timbrus Estate SRL on the date of acquisition.
- We assessed and concluded that valuation methods used in the estimation of the fair value of the net assets on the acquisition date of Timbrus Estate SRL are in accordance with IFRS 13 'Fair value measurement'.
- We engaged auditor's experts to evaluate the reasonableness of the assumptions used in estimating the fair values of net assets (both on and off-balance sheet) of the acquired entity on the date of acquisition
- We tested the accuracy and completeness of the data used in the valuation models.

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

Reporting on other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is



materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Corporate Social Responsibility Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Group on 26 May 2023 by the members of the Company. Our appointment has been renewed on 22 May 2024 at the Annual General Meeting of the Company for one additional year representing a total period of uninterrupted engagement appointment of 2 years.



Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 29 April 2025 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

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

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Purcari Wineries Public Company Limited for the year ended 31 December 2024 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2024 that correspond to the elements of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the "ESEF Regulation") (the "digital files").

The Board of Directors of Purcari Wineries Public Company Limited is responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2024 in accordance with the requirements set out in the ESEF Regulation.

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

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

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of



subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements.

- In our opinion, based on the work undertaken in the course of our audit, the 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 Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.
- Up to 17 June 2024 the Company held treasury shares for a period exceeding two years; this was not in accordance with Cap113 provision 57(a). This matter was resolved on that date.

Other Matter

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

The engagement partner on the audit resulting in this independent auditor's report is Constantinos Taliotis.

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

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



29 April 2025

Consolidated Statement of Financial Position as at 31 December 2024

all amounts are in RON, unless stated otherwise

	Note	31 December 2024	31 December 2023
Assets			
Property, plant and equipment	7	295,227,919	247,727,837
Intangible assets	11	4,660,268	15,541,549
Loans receivable	10	-	376,663
Equity instruments measured at fair value through profit or loss	9	7,795,841	5,099,925
Other non-current assets		388,440	97,558
Non-current assets		308,072,468	268,843,532
Inventories	13	300,067,297	265,893,384
Loans receivable	10	2,431,023	2,052,834
Trade and other receivable	12	101,103,898	85,341,680
Prepaid Income tax		61,195	168,143
Prepayments to suppliers		5,935,806	3,411,724
Other current assets		939,559	779,481
Cash and cash equivalents	14	20,703,484	18,617,814
Current assets		431,242,262	376,265,060
Total assets		739,314,730	645,108,592
Equity			
Share capital	15	2,032,198	2,020,462
Share premium	15	45,503,042	43,652,065
Capital reserves	15	69,102,693	69,102,693
Treasury shares reserve	15	-	(662,997)
Other reserves	15	(2,492,006)	(4,558,944)
Translation reserve		(8,016,322)	(4,647,887)
Retained earnings		254,269,531	225,091,110
Equity attributable to owners of the Company		360,399,136	329,996,502
Non-controlling interests	31	37,859,800	35,922,532
Total equity		398,258,936	365,919,034
Liabilities			
Borrowings	16	121,907,055	101,395,750
Lease liabilities	17	6,319,361	4,446,484
Deferred income	18	16,798,920	13,212,329
Deferred tax liability	28	8,673,489	11,478,821
Put option over non-controlling interests	8	8,460,102	9,727,689
Non-current liabilities		162,158,927	140,261,073
Borrowings	16	80,235,781	39,436,686
Lease liabilities	17	1,308,794	1,365,343
Deferred income	18	2,115,657	2,015,882
Income tax payable		113,657	46,051
Employee benefits	29	7,572,667	7,205,793
Trade and other payable	19	84,616,447	86,942,108
Provisions	24	2,933,864	1,916,622
Current liabilities		178,896,867	138,928,485
Total liabilities		341,055,794	279,189,558
Total equity and liabilities		739,314,730	645,108,592

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 29 of April 2025

Vasile Tofan <i>Chairman of the Board of Directors</i>	Alexandru Filip <i>Chief Executive Officer</i>	Anatolie Belibov <i>Chief Financial Officer</i>
		

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

	Note	2024	2023
Revenue from contracts with customers	20	382,324,677	369,645,266
Cost of sales	21	(197,094,401)	(215,220,969)
Gross profit		185,230,276	154,424,297
Other operating income (expenses)	24	6,509,092	(1,199,339)
Marketing and sales expenses	22	(57,884,459)	(44,537,674)
General and administrative expenses	23	(45,501,990)	(37,569,298)
Impairment (loss) on trade and loan receivable	30	(1,584,086)	(915,772)
Impairment loss of Investment in subsidiary	27	(576,898)	-
Change in fair value of biological assets	25	(3,395,813)	4,012,165
Net asset loss on deconsolidation of subsidiary	27	(4,927,721)	-
Profit from operating activities		77,868,401	74,214,379
Finance income	26	3,439,305	4,421,745
Finance costs	26	(10,538,961)	(7,644,776)
Net finance costs	26	(7,099,656)	(3,223,031)
Profit before tax		70,768,745	70,991,348
Income tax expense	28	(12,038,009)	(7,017,877)
Profit for the year		58,730,736	63,973,471
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,317,318)	16,044,711
Other comprehensive (loss)/income for the year		(2,317,318)	16,044,711
Total comprehensive income for the year		56,413,418	80,018,182
Profit attributable to:			
Owners of the Company		55,681,269	60,370,521
Non-controlling interests	31	3,049,467	3,602,950
		58,730,736	63,973,471
Total comprehensive income attributable to:			
Owners of the Company		52,312,834	74,882,032
Non-controlling interests	31	4,100,584	5,136,150
		56,413,418	80,018,182
Earnings per share, RON			
Basic and diluted earnings per share	15	1.38	1.51

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserves	Treasury shares reserve	Other reserves	Translation reserve	Retained earnings			Total
Balance at 1 January 2023	2,020,462	43,652,065	69,102,693	(2,008,391)	(5,848,784)	(19,159,398)	186,779,491	274,538,138	33,030,128	307,568,266
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	60,370,521	60,370,521	3,602,950	63,973,471
Exchange differences on translation of foreign operations	-	-	-	-	-	14,511,511	-	14,511,511	1,533,200	16,044,711
Total comprehensive income for the year	-	-	-	-	-	14,511,511	60,370,521	74,882,032	5,136,150	80,018,182
Transactions with owners of the Company										
Shares allocated to employees	-	-	-	1,535,914	(1,535,914)	-	-	-	-	-
Treasury shares acquired	-	-	-	(190,520)	-	-	-	(190,520)	-	(190,520)
Equity-settled share-based payments (Note 29)	-	-	-	-	824,807	-	-	824,807	-	824,807
Put option over non-controlling interests (Note 8)	-	-	-	-	2,000,947	-	-	2,000,947	-	2,000,947
Dividends	-	-	-	-	-	-	(22,058,902)	(22,058,902)	-	(22,058,902)
Total transactions with owners of the Company	-	-	-	1,345,394	1,289,840	-	(22,058,902)	(19,423,668)	-	(19,423,668)
Other changes in equity										
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,243,746)	(2,243,746)
Total other changes in equity	-	-	-	-	-	-	-	-	(2,243,746)	(2,243,746)
Balance at 31 December 2023	2,020,462	43,652,065	69,102,693	(662,997)	(4,558,944)	(4,647,887)	225,091,110	329,996,502	35,922,532	365,919,034
Balance at 1 January 2024	2,020,462	43,652,065	69,102,693	(662,997)	(4,558,944)	(4,647,887)	225,091,110	329,996,502	35,922,532	365,919,034
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	55,681,269	55,681,269	3,049,467	58,730,736
Exchange differences on translation of foreign operations	-	-	-	-	-	(3,368,435)	-	(3,368,435)	1,051,117	(2,317,318)
Total comprehensive income for the year	-	-	-	-	-	(3,368,435)	55,681,269	52,312,834	4,100,584	56,413,418
Transactions with owners of the Company										
Share capital increase (Note 15)	11,736	1,163,264	-	-	-	-	-	1,175,000	-	1,175,000
Shares allocated to employees (Note 15)	-	-	-	389,790	(389,790)	-	-	-	-	-
Equity-settled share-based payments (Note 29)	-	-	-	-	1,876,854	-	-	1,876,854	-	1,876,854
Exercise of stock options	-	687,713	-	-	(687,713)	-	-	-	-	-
Put option over non-controlling interests (Note 8)	-	-	-	-	1,267,587	-	-	1,267,587	-	1,267,587
Dividends	-	-	-	-	-	-	(26,229,641)	(26,229,641)	-	(26,229,641)
Recycling of treasury shares reserve	-	-	-	273,207	-	-	(273,207)	-	-	-
Total transactions with owners of the Company	11,736	1,850,977	-	662,997	2,066,938	-	(26,502,848)	(21,910,200)	-	(21,910,200)
Other changes in equity										
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(2,163,316)	(2,163,316)
Total other changes in equity	-	-	-	-	-	-	-	-	(2,163,316)	(2,163,316)
Balance at 31 December 2024	2,032,198	45,503,042	69,102,693	-	(2,492,006)	(8,016,322)	254,269,531	360,399,136	37,859,800	398,258,936

Consolidated Statement of Cash Flows for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

	Note	2024	2023
Cash flows from operating activities			
Profit for the year		58,730,736	63,973,471
<i>Adjustments for:</i>			
Depreciation and amortization	7, 11	28,674,054	26,420,287
Equity-settled share-based payment transactions	29	1,876,854	824,807
Gain on disposal of property, plant & equipment & intangible assets	24	(1,628,022)	(945,087)
Reverse of impairment of property, plant and equipment, net	7	(80,362)	(81,798)
Impairment loss on trade receivable, net	30	1,584,086	915,772
(Reversal)/ impairment loss on non-financial assets	24	(1,425,120)	3,088,228
Charge of provision for potential fine	24	1,101,124	1,660,569
Release of deferred income	24	(2,885,159)	(2,709,207)
Gains on write-off of trade and other payables	24	(92,823)	(682,284)
Adjustment to fair value of biological assets	25	3,395,813	(4,012,165)
Income tax expense	28	12,038,009	7,017,877
Net finance costs	26	7,099,656	3,223,031
Operating profit before working capital changes		108,388,846	98,693,501
<i>Changes in working capital:</i>			
Inventories		(37,087,464)	(49,458,913)
Trade and other receivable		(17,022,180)	(2,998,615)
Prepayments to suppliers		(2,628,775)	2,796,233
Other current assets		(475,657)	(121,592)
Employee benefits		201,354	1,745,409
Trade and other payable		7,258,052	18,510,949
Cash generated from operating activities		58,634,176	69,166,972
Income tax paid		(11,884,435)	(12,074,380)
Interest paid	16,17	(9,855,299)	(6,466,680)
Net cash generated from operating activities		36,894,442	50,625,912
Cash flows from investing activities			
Payments for acquisition of intangible assets	11	(202,504)	(353,763)
Payments for acquisition of property, plant and equipment	7	(58,761,276)	(41,479,182)
Loans reimbursed from / (granted to) third parties		-	461,528
Receipt of government grants	18	6,487,664	3,033,196
Acquisition of subsidiary, net of cash acquired	8	(13,949,616)	(3,724,200)
Proceeds from sale of property, plant and equipment		2,499,229	3,477,483
Net cash used in investing activities		(63,926,503)	(38,584,938)
Cash flows from financing activities			
Proceeds from exercise of share options		1,175,000	-
Receipt of borrowings	16	272,217,253	205,417,975
Repayment of borrowings	16	(214,184,803)	(196,661,998)
Repayment of lease liabilities	17	(991,462)	(978,456)
Acquisition of treasury shares	15	-	(190,520)
Dividends paid		(26,229,641)	(22,027,108)
Dividends paid to non-controlling interests		(3,313,300)	(2,188,473)
Net cash (used) in / generated from financing activities		28,673,047	(16,628,580)
Net decrease in cash and cash equivalents		1,640,986	(4,587,606)
Cash and cash equivalents at 1 January		18,617,814	23,455,132
Effect of movements in exchange rates on cash held		444,684	(249,712)
Cash and cash equivalents at 31 December	14	20,703,484	18,617,814

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

Note 1. Reporting entity

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

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

The Company had an issued share capital of 403,532.94 EUR as at 31 December 2024, that consists of 40,353,294 ordinary shares with the nominal value of 0.01 EUR each (2023: 40,117,500 ordinary shares with the nominal value of 0.01 EUR each).

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

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

Subsidiaries

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

	Country of incorporation	Ownership interest	
		31 December 2024	31 December 2023
Vinorum Holdings Ltd	Gibraltar	100%	100%
West Circle Ltd	British Virgin Islands	100%	100%
Crama Ceptura SRL	Romania	100%	100%
Vinoteca Gherasim Constantinescu SRL	Romania	100%	100%
Purcari Wineries Ukraine LLC	Ukraine	100%	100%
Angel’s Estate SA	Bulgaria	76%	76%
Vinaria Bostavan SRL	Republic of Moldova	100%	100%
Vinaria Purcari SRL	Republic of Moldova	100%	100%
Vinaria Bardar SA	Republic of Moldova	56.05%	56.05%
Casa Purcari SRL	Republic of Moldova	80%	80%
Domeniile Cuza SRL	Republic of Moldova	100%	100%
Fundatia Purcari AO	Republic of Moldova	100%	100%
Timbrus Estate SRL	Republic of Moldova	100%	-
Ecosmart Union SA	Romania	-	65.75%
HTA Purcari Iek Dis Ticaret Ltd Sirketi	Turkey	90%	-
Vintech Innovations SRL	Republic of Moldova	100%	-

The structure of the Group as at 31 December 2024 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;
- Vinoteca Gherasim Constantinescu SRL is domiciled in Romania. Its major activity is cultivation of grapes;
- Purcari Wineries Ukraine LLC is domiciled in Ukraine. Its major activity is trade marketing services for Group’s product portfolio;
- Angel’s Estate SA is domiciled in Bulgaria. Its major activity is the production, bottling and sale of wines;
- HTA Purcari Iek Dis Ticaret Ltd Sirketi is domiciled in Türkiye. Its major activity is trade marketing services for Group’s product portfolio;
- Vintech Innovations SRL, is domiciled in the Republic of Moldova and its activity is the development of control software
- Vinaria Bostavan SRL, Vinaria Purcari SRL, Vinaria Timbrus Estate SRL and Domeniile Cuza SRL are domiciled in the Republic of Moldova. Their major activity is the production, bottling and sale of wines;

- Casa Purcari SRL is domiciled in the Republic of Moldova and its activity relates to hospitality industry (bar & restaurant);
- Fundatia Purcari AO is domiciled in the Republic of Moldova. This is a non-profit charity foundation.
- Vinaria Bardar SA is domiciled in the Republic of Moldova. Its major activity is the production, bottling and sale of brandy and divin. The nominal ownership interest of the Group in Vinaria Bardar SA is 53.91% as at 31 December 2024 (31 December 2023: 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 2024 (31 December 2023: 56.05%).

Control over land

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

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

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

Note 2. Basis of preparation

These consolidated financial statements as at and for the year ended 31 December 2024 (hereinafter "consolidated financial statements" or "financial statements") have been prepared in accordance with IFRS Accounting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law Cap.113.

As of the date of the authorization of the consolidated financial statements, all IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2024 and are relevant to the Group's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below in Note 6. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Note 3. Functional and presentation currency

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

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

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

- Purcari Wineries Public Company Limited - EUR,
- Vinorum Holdings Ltd, West Circle Ltd - US Dollar (USD),
- Crama Ceptura SRL, Vinoteca Gherasim Constantinescu - Romanian Leu (RON),
- Vinaria Bardar SA, Vinaria Bostavan SRL, Vinaria Purcari SRL, Vinaria Timbrus Estate SRL, Domeniile Cuza SRL, Casa Purcari SRL, Vintech Innovations SRL - Moldovan Leu (MDL),
- Purcari Wineries Ukraine LLC - Ukrainian Hryvnia (UAH),
- Angel's Estate SA – Bulgarian Lev (BGN),
- HTA Purcari Iek Dis Ticaret Limited Sirketi – Turkish Lira (TRY).

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

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

Note 4. Use of estimates and judgments

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

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

a) Judgments

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

- Note 8 – Acquisition of subsidiaries and put option over non-controlling interests;
- Note 25 b) – classification of joint arrangements;
- Note 29 – management incentive program;
- Note 33 – contingent liabilities from litigations and claims.

b) Assumptions and estimation uncertainties

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

- Note 6 (c) – estimates relating to the useful lives of property, plant and equipment;
- Note 8 – Acquisition of subsidiaries and put option over non-controlling interests;
- Note 9 – assumptions and estimates used in the valuation of equity instruments at fair value through profit or loss;
- Note 25 – assumptions and estimates used in the valuation of harvest of grapes;
- Note 30 – financial instruments (credit risk), measurement of expected credit loss (“ECL”) allowance for trade receivables.

Measurement of fair values

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

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

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

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

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

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

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

- Note 8 – Acquisition of subsidiaries and put option over non-controlling interests;
- Note 9 – valuation of equity instruments measured at fair value through profit or loss (“FVTPL”);
- Note 25 – valuation of biological assets (grapes on vines);
- Note 30 – financial instruments (fair values).

Note 5. Basis of measurement

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

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

Note 6. Material accounting policy information

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

a) Basis of consolidation

These consolidated financial statements comprise the financial statements of the parent company Purcari Wineries Public Company Limited and the financial statements of the companies controlled by the Company as at 31 December 2024.

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

(i) Subsidiaries

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

(ii) Non-controlling interests

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(iii) Put option over non-controlling interests

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

(iv) Inter-company elimination

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group

b) Foreign currency*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of each company within Group at exchange rates at the dates of the transactions. The foreign exchange rates at the end of the reporting period for each subsidiary is as follows: EUR/USD – 1.0389 (31 December 2023: 1.105), MDL/USD – 18.4791 (31 December 2023 – 17.4062), MDL/EUR – 19.3106 (31 December 2023 – 19.3574), RON/EUR - 4.9741 (31 December 2023 - 4.4958), BGN/USD – 1.8826 (31 December 2023 – 1.7699).

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

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RON at the exchange rates at the reporting date. The income and expenses of foreign operations are translated

into RON at the exchange rates at the average foreign exchange rates. Components of equity are not retranslated but recorded in RON from the initial translation into the presentation currency.

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

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

c) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Grape vines

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

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

(ii) Depreciation

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

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

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

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

These are recognized as part of Property, Plant and Equipment in accordance with IAS 16. These assets represent expenditures incurred for equipment and grapes vines that are in the process of being built or developed and are not yet ready for their intended use. Assets under construction are initially measured at cost, which includes all directly attributable costs necessary to bring the asset in the location and condition required for its intended operation. This may include cost of acquisition, materials, labour, professional fees.

No depreciation is charged to the assets under construction until the construction is complete and the asset is available for use. Upon completion, the asset is reclassified to the appropriate Property, Plant and Equipment category and depreciation begins based on its estimated useful life.

Assets under construction are reviewed regularly to ensure that costs are recoverable. If there are indications of impairment, the asset is tested in accordance with IAS 36.

d) Intangible assets*(i) Recognition and measurement*

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

(ii) Amortization

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

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

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

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

e) Biological assets

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

f) Inventories

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

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

g) Financial instruments*(i) Recognition and initial measurement*

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

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

(ii) Classification and subsequent measurement

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

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

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

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

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

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Cash and cash equivalents

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

Financial liabilities – measurement categories

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

Borrowings

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

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

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

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

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

Trade and other payable

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

(iii) *Derecognition*

Financial assets

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

Financial liabilities

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

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

h) Impairment

Financial instruments

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

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

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

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

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

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

Measurement of ECLs

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

(i) Non-financial assets

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

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

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

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

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

i) Employee benefits

(i) Defined contribution plans

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

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

(ii) Short term service benefits

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

(iii) Share-based payments arrangements

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

j) Provisions

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

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
<p>Sale of goods The Group manufactures wine, divin and brandy. Customers obtain control of goods when the significant risks and rewards of ownership have been transferred to them. Revenue is recognised at that point in time, although invoices are generated when the goods are dispatched from the Group’s warehouse. The revenue is generated though wholesalers mostly.</p> <p>No significant element of financing is deemed present as the invoices are usually payable within 30-90 days from the date of delivery and acceptance of goods by the customers.</p> <p>No discounts or loyalty points are offered for sale of goods, except for standard contractual discounts included in the invoices issued by the subsidiaries Crama Ceptura SRL in Romania and Angel’s Estate SA in Bulgaria.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p>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.</p>	<p>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.</p>

l) Governments grants

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

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

m) Leases

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

Short-term and low-value leases

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

n) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;

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

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

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

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

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

o) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

p) Share capital

Ordinary shares

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

Share premium

Share premium is classified as equity. It represents the excess of the proceeds received over the nominal value of the shares issued. Incremental costs directly attributable to the issue of shares, net of any related tax effects, are deducted from share premium to the extent they relate to the excess amount.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 15).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

q) Business Combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 – Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value, and the amount of any non-controlling interest in the acquiree.

Identifiable assets acquired and liabilities assumed in a business combination are recognised at their acquisition-date fair values. Goodwill is recognised when the consideration transferred exceeds the fair value of the identifiable net assets acquired. If the consideration is lower than the fair value of the net assets acquired, the resulting gain is recognised in profit or loss.

r) Standards issued but not yet effective

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for the annual period beginning on 1 January 2024. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

(i) Standards issued but not yet effective

The following new and amended standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the Group's consolidated financial statements when become effective.

- ***Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).***

In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

- ***Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).***

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

- ***Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026)***

IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not

necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at ‘the amount determined by applying IFRS 15’ instead of at ‘their transaction price (as defined in IFRS 15)’. IFRS 10 was amended to use less conclusive language when an entity is a ‘de-facto agent’ and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to ‘cost method’ that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment ‘Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate’.

- **Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026)**

The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company’s performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*. The amendments include: (a) clarifying the application of the ‘own-use’ requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows

- **IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027)**

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).**

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries’ financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group is currently assessing the impact of the amendments on its financial statements

IFRSs, Amendments to IFRSs and Interpretations not adopted by the EU

- IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)

Adoption of new or revised standards and interpretations

The following new standards and the amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

Note 7. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment from 1 January 2023 to 31 December 2024 were as follows:

	<u>Assets under construction</u>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Other</u>	<u>Grape vines</u>	<u>Total</u>
Cost								
Balance at 1 January 2024	7,472,105	14,843,225	173,987,427	170,625,864	13,161,020	9,397,626	51,640,634	441,127,901
Additions	52,909,678	261,042	3,730,521	2,519,712	1,161,110	181,439	923,814	61,687,316
Acquisitions through business combinations	584,590	3,437,230	-	29,770	-	-	9,075,885	13,127,475
Transfers	(55,256,421)	5,998,815	9,082,548	30,839,754	3,869,062	695,692	4,770,550	-
Disposals	-	-	(603,103)	(3,038,604)	(1,326,859)	(43,331)	1,168,035	(3,843,862)
Derecognition - deconsolidation	-	-	(361,301)	(841,323)	(555,372)	(34,860)	-	(1,792,856)
Effect of movement in exchange rates	(383,982)	201,420	12,443,889	12,018,068	240,072	100,810	2,295,096	26,915,373
Balance at 31 December 2024	5,325,970	24,741,732	198,279,981	212,153,241	16,549,033	10,297,376	69,874,014	537,221,347
Accumulated depreciation and impairment losses								
Balance at 1 January 2024	-	893,913	89,001,089	70,923,820	10,348,777	7,941,553	14,290,912	193,400,064
Depreciation for the year	-	153,099	7,397,548	13,549,153	2,237,765	795,073	3,081,916	27,214,554
Impairment loss, net	-	-	(80,362)	-	-	-	-	(80,362)
Disposals	-	-	(343,583)	(2,572,717)	(512,312)	(38,024)	493,979	(2,972,657)
Derecognition - deconsolidation	-	-	(241,959)	(998,221)	(267,967)	(31,757)	-	(1,539,904)
Effect of movement in exchange rates	-	25,938	12,005,325	11,060,589	819,541	88,626	1,971,714	25,971,733
Balance at 31 December 2024	-	1,072,950	107,738,058	91,962,624	12,625,804	8,755,471	19,838,521	241,993,428
Carrying amounts								
At 1 January 2024	7,472,105	13,949,312	84,986,338	99,702,044	2,812,243	1,456,073	37,349,722	247,727,837
At 31 December 2024	5,325,970	23,668,782	90,541,923	120,190,617	3,923,229	1,541,905	50,035,493	295,227,919

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

As at 31 December 2024 property, plant and equipment includes right-of-use assets of RON 7,407,549 (2023: RON 4,465,568) related to leased land, buildings and vehicles (Note 17) which were included in each of the categories of the table above.

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
Republic of Moldova	201,261,010	169,832,900
Romania	43,323,448	30,846,556
Bulgaria	50,643,461	47,048,381
Total	<u>295,227,919</u>	<u>247,727,837</u>

Depreciation charge

Depreciation charge is included in the following financial statement captions:

	<u>2024</u>	<u>2023</u>
Cost of sales (Note 21)	11,975,581	10,873,916
General and administrative expenses (Note 23)	5,613,405	5,795,117
Inventories	9,283,645	6,990,203
Unallocated overheads	341,923	339,051
Total	<u>27,214,554</u>	<u>23,998,287</u>

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. Acquisition of subsidiaries and put option over non-controlling interests

Acquisition of Timbrus Estate SRL

On 28 March 2024, the Group acquired 100% of the share capital of Timbrus Estate SRL for a cash consideration of EUR 2,800,000 (equivalent of RON 13,949,616), financed from own funds. Timbrus Estate SRL is a Moldova-based company that owns approximately 130 hectares of land, including 112 hectares of vineyards located in the village of Purcari. The company's main activity is the production, bottling, and sale of wines. Through this acquisition, the Group is further strengthening its position in the Ștefan Vodă Protected Geographical Indication (PGI) wine region and extend the company portfolio.

For the period 1 April to 31 December 2024 Timbrus Estate SRL contributed to the Group's revenue with an amount of RON 547,017 and to the Group's results with a loss in amount of RON 272,590.

Consideration transferred

The amount paid by the Group for 100% shareholding amounted EUR 2,800,000 which were fully paid at the reporting date.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed are presented below at their preliminary acquisition-date fair values, as measured by management based on its best knowledge of the industry. The Group has engaged third-party professionals to conduct the final measurement of the identifiable net assets within a period not exceeding one year from the acquisition date. Adjustments will be made upon completion of the valuation process.

	<u>Book value</u>	<u>Fair Value Adjustments</u>	<u>Fair value</u>
Property, plant and equipment	5,473,065	9,060,417	14,533,481
Intangible assets	33,693	836,389	870,083
Inventories	2,047,187	-	2,047,187
Trade and other receivable	1,180,953	(793,526)	387,427

Other assets	127,506	-	127,506
Loan and borrowings	(2,448,108)	-	(2,448,108)
Trade and other payable	(1,567,960)	-	(1,567,960)
Total identifiable net assets acquired	4,846,336	9,103,280	13,949,616

The gross contractual amount for trade receivable is 4,5 million MDL, and they were subsequently impaired in total amount of 3,2 million MDL.

Result from Purchase

Acquisition resulted in no goodwill or gain from bargain purchase
The calculation is presented below:

	Amount
Consideration transferred	13,949,616
Fair value of identifiable net assets acquired	(13,949,616)
Goodwill	-

Acquisition of Hta Purcari Icecek Dis Ticaret Limited Sirketi

The Group acquired on 15 January 2024 a 90% stake in the newly established company HTA Danışmanlık Turizm Dış Ticaret Limited Şirketi in Republic of Türkiye for a cash consideration of Turkish Lira 45,000 financed from own funds. On 17 November 2024, the Group approved the renaming of the subsidiary to HTA PURCARI İÇECEK DIŞ TİCARET LIMITED ŞİRKETİ.

This acquisition represents a strategic step toward expanding the Group’s footprint and market position in Turkey, as well as in the broader Middle East and Africa region. It also reinforces the Group’s commitment to exploring new markets and strengthening its international presence.

The remaining 10% equity interest is in the process of being transferred to the Group, with completion expected in 2025. The shares are currently held by Mr. Hüsnü Tayanc, a seasoned business executive and the Group’s local partner in Turkey.

Acquisition of Angel’s Estate SA

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

The amount payable by the Company for the acquisition of 76% of shares of Angel’s Estate SA amounted to EUR 1,750,000, of which EUR 1,000,000 were paid after the completion of transaction and the deferred amount of EUR 750,000 was paid in October 2023.

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

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

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

Put option over non-controlling interests was recognized at the acquisition date at fair value within equity in “Other reserves” using the present-access method, considering that the non-controlling interests still have present access to the returns associated with the underlying ownership interests, since this option is based on a variable price.

The subsequent measurement was recognized within equity in “Other reserves”. As at 31 December 2024 the put liability was estimated at RON 8,460,102 (2023: RON 9,727,689) and its fair value measurement has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4b). The following table shows the value estimate of the put option based on the valuation techniques used in measuring fair value as of 31 December 2024, as well as the significant unobservable inputs used. There were no transfers between levels. Any fair value changes are included in other reserves in equity.

The initial fair value estimate valuation of the put option was performed by a certified ANEVAR valuator, at Company’s request. The ANEVAR standards are in line with the International Valuation Standards (IVS). A subsequent valuation as at 31 December 2024 was performed by the Group’s management.

Valuation technique	<i>The Present Value:</i> The valuation model considers the present value of equity, calculated based on agreed formulae and using estimated revenue to be generated by the entity in the year preceding the year of exercise of put option, discounted using a risk-adjusted discount rate (WACC).
Significant unobservable inputs	<ul style="list-style-type: none"> Expected year of exercise (2028); Revenue in the year preceding year of exercise – RON 30,083,246 (EUR equivalent 6,044,089). Revenue changed because the assumptions were updated to reflect the actual results for 2024, and the strategic vision of Angel’s Estate SA as outlined in Purcari Wineries’ ‘2027 – 2X by 200’ plan. Additional loan threshold – RON 9,954,600 (EUR equivalent 2,000,000) The loan threshold amount was changed due to the actual loan balance in 2024 and subsequent expectations based on the investments to be made. State subsidies received – RON 6,665,313 (EUR equivalent 1,339,142). The amount of subsidies received changed in comparison with prior year amount due to the current situation of subsidies and future developments. Risk-adjusted discount rate (10.10%).
Inter-relationship between key unobservable inputs and fair value measurement	<p>The estimated fair value would increase (decrease) by:</p> <ul style="list-style-type: none"> RON 135,671 / (RON 132,984) if the revenue in the year preceding year of exercise were higher (lower) by 1%; or RON 411,424 / (RON 436,448) if the risk-adjusted discount rate was lower (higher) by 1pp.

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

Note 9. Equity instruments measured at fair value through profit or loss

The movement in equity instruments at fair value through profit or loss for the years ended 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
Balance at 1 January	5,099,925	4,353,004
Change in fair value (Note 26)	2,709,244	712,616
Effect of movements in exchange rates	(13,328)	34,305
Balance at 31 December	7,795,841	5,099,925

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 2024 RON 7,795,841 (2023: RON 5,099,925).

As of 31 December 2024, 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 2024, as well as the significant unobservable inputs used. There were no transfers between levels. Any fair value changes are included in finance income/cost. The valuation of the investment was performed by the Group’s management.

Valuation technique	<i>Discounted cash flows:</i> 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	<ul style="list-style-type: none"> Expected free cash flows for 2024-2028 (RON 14,917,339); Risk-adjusted discount rate (10.30%); Terminal growth rate (3.00%).

Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: <ul style="list-style-type: none"> • RON 82,382 (RON 82,382) if the expected cash flows were higher (lower) by 1%; or • RON 1,591,015 (RON 1,199,648) if the risk-adjusted discount rate was lower (higher) by 1pp; or • RON 1,238,805 (RON 940,298) if the terminal growth rate was higher (lower) by 1pp.
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Note 10. Loans receivable

As at 31 December 2024 and 31 December 2023 loans receivable are as follows:

	Currency	Interest rate	Year of maturity	31 December 2024		31 December 2023	
				Non-current portion	Current portion	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	-	380,018	376,663	-
8Wines s.r.o.	EUR	6.0%	2024	-	2,051,005	-	2,052,834
Total loan receivables				-	2,431,023	376,663	2,052,834

The loans granted to 8Wines s.r.o. are secured up to EUR 1,239,669 by a pledge over the entire inventory of goods—wine bottles—held by 8Wines s.r.o.

The Group assessed that the expected credit loss (ECL) on loans to 8Wines s.r.o. is not material and, therefore, was not recognized in the financial statements.

Loans totaling EUR 413,291 (RON 2,051,005), originally maturing in 2024, have been extended until December 31, 2025.

Note 11. Intangible assets

The movements in intangible assets from 1 January 2024 to 31 December 2024 are the following:

	2024	2023
Cost at 1 January	20,157,932	19,658,607
Additions		
Purchase	202,504	353,763
Acquisitions through business combination	731,358	-
Disposals	(11,202)	-
Deconsolidation	(13,021,427)	-
Effect of movement in exchange rates	360,668	145,562
Cost at 31 December	8,419,833	20,157,932
Accumulated amortization at 1 January	4,616,383	2,194,245
Amortization for the year	1,459,500	2,422,000
Disposals	(11,202)	-
Deconsolidation	(2,277,909)	-
Effect of movement in exchange rates	(27,207)	138
Accumulated amortization at 31 December	3,759,565	4,616,383
Carrying amounts		
At 1 January	15,541,549	17,464,362
At 31 December	4,660,268	15,541,549

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

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

Note 12. Trade and other receivable

As at 31 December 2024 and 31 December 2023, trade and other receivable were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<i>Financial receivable</i>		
Trade receivable	96,167,134	81,510,849
Trade receivable due from related parties (Note 32)	1,574	22,178
Allowance for trade receivable (Note 30)	<u>(3,286,378)</u>	<u>(4,610,644)</u>
Total financial receivable	<u>92,882,330</u>	<u>76,922,383</u>
<i>Non-financial receivable</i>		
Other receivable	279,965	2,746,645
VAT receivable	6,325,544	5,461,529
Other taxes receivable	1,578,446	176,685
Excise receivable	<u>37,613</u>	<u>34,438</u>
Total non-financial receivable	<u>8,221,568</u>	<u>8,419,297</u>
Total trade and other receivable	<u>101,103,898</u>	<u>85,341,680</u>

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

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

Note 13. Inventories

As at 31 December 2024 and 31 December 2023 inventories were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<i>Raw materials</i>		
Distilled alcohol	55,843,391	52,424,697
Wine materials	8,381,970	6,585,425
Other raw materials	<u>412,587</u>	<u>354,022</u>
Total raw materials	<u>64,637,948</u>	<u>59,364,144</u>
<i>Other materials</i>		
Packaging materials	27,241,001	33,059,676
Other materials	14,878,404	7,034,484
Chemicals	<u>2,451,583</u>	<u>2,715,495</u>
Total other materials	<u>44,570,988</u>	<u>42,809,655</u>
<i>Semi-finished products</i>		
Wine in barrels	137,744,923	122,052,642
Divin in barrels	7,659,178	5,588,662
Brandy in barrels	<u>146,557</u>	<u>165,580</u>
Total semi-finished products	<u>145,550,658</u>	<u>127,806,884</u>
<i>Bottled finished goods</i>		
Wine	43,559,190	34,417,979
Divin	731,481	800,648
Other finished goods	999,444	663,952
Brandy	<u>17,588</u>	<u>30,122</u>
Total bottled finished goods	<u>45,307,703</u>	<u>35,912,701</u>
Total inventories	<u>300,067,297</u>	<u>265,893,384</u>

The carrying amount of inventories that is subject to a registered debenture to secure bank loans is disclosed in Note 16 of the consolidated financial statements. The impairment provision from inventories included in the balance above is RON 1,425,120 (31 December 2023: RON 3,088,228). The impairment provision is disclosed in Note 24.

Note 14. Cash and cash equivalents

As at 31 December 2024 and 31 December 2023 cash and cash equivalents were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Bank accounts	14,438,491	17,187,448
Petty cash	284,874	138,925
Short-term interest-bearing deposits	6,539,984	1,291,441
Expected Credit Loss Provision	(559,865)	-
Total cash and cash equivalents	<u>20,703,484</u>	<u>18,617,814</u>

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

The carrying amount of cash and cash equivalents that is subject to a registered debenture to secure bank loans is disclosed in Note 16 to the consolidated financial statements. The market risk and credit risk are disclosed in Note 30 to the consolidated financial statements.

For ECL estimation for exposures to local and foreign banks where spot or term placements are made, the Group uses the rating provided by the International Rating Agency Standard & Poor's of the home bank / country to determine the PD. The PD is linked to the ratings and updated on the basis of public information provided by rating agencies in their corporate default rate reports. To estimate ECL, the Group applies the minimum PD between the PD 12 months and the maturity of the investment.

Note 15. Equity attributable to owners of the Company

	<u>2024</u>	<u>2023</u>
(in shares)		
On issue at 1 January	40,117,500	40,117,500
Bonus shares issued	-	-
Share option exercised	235,794	-
On issue at 31 December	<u>40,353,294</u>	<u>40,117,500</u>
Authorized – par value	<u>EUR 0.01</u>	<u>EUR 0.01</u>

Share capital and share premium

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

The Company has a Management Incentive Programme, initially approved in 2019 and subsequently revised, which allows managers and employees to exercise their stock options until 2030.

As of 31 March 2024, nineteen employees and managers exercised 459,500 stock options with an exercise price of RON 10 per share. Out of these, 116,500 stock options were exercised against payment. For another 343,000 stock options the method of Discounted Exercise was chosen by employees, for which 118,294 shares were allotted free of charge out of the premium reserves.

Thus, on 29 April 2024 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 26 May 2023, the Company be authorized:

- iii) to issue and allot additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 1.99973 for a total subscription amount of RON 1,175,000.00 (equivalent of EUR 236,142.93).
- iv) to issue and allot, free of charge and by using its share premium reserves, the additional 118,294 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1,617,949). After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

On May 22, 2024, the Annual General Shareholders' Meeting of Purcari approved a another Management Incentive Programme for the period 2024–2027, exclusively for members of the Board of Directors, as well as senior and middle management of Purcari and its affiliates.

Details regarding the Management Incentive Programmes, past and current, are disclosed in Note 29 of the consolidated financial statements.

As of 31 December 2024, the share capital amounts to RON 2,032,198 (31 December 2023: RON 2,020,462).

As of 31 December 2024, the share premium amounts to RON 45,503,030 (31 December 2023: RON 43,652,065).

Capital reserve

Capital reserve was created by the Parent Company with the aim of covering potential losses from the activity of the Parent Company. The amount of capital reserves is RON 69,102,693 (31 December 2023: RON 69,102,693).

Shareholders structure

As of 31 December 2024, the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,099,123	20.0705%
Dealbeta Investments	3,172,754	7.8624%
Magna Umbrella Fund PLC&Oaks Emerging Umbrella Fund	3,066,532	7.5992%
Clairmont Holdings Limited&Leo Overseas Limited	2,525,677	6.2589%
Conseq	2,397,920	5.9424%
Magna Umbrella Fund PLC	2,238,410	5.5470%
Paval Holding	2,005,875	4.9708%
Others	16,847,003	41.7488%
Total	40,353,294	100%

As of 31 December 2023, the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	8,012,344	19.9722%
Fiera Capital	3,250,994	8.1037%
Dealbeta Investments	3,172,754	7.9087%
Conseq	2,427,920	6.0520%
Paval Holding	2,005,875	5.0000%
Others	21,247,613	52.9634%
Total	40,117,500	100%

Translation reserve

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

Treasury share reserve

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1,617,949). After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

In 2024, the Company did not acquire any own shares (2023: RON 190,520). The current balance of own shares left to finalise the equity-settled share-based payments is nil (2023: 25.644 shares)

Other reserves

In 2024 the Company accounted for equity-settled share-based payments in amount of RON 1,876,854 (2023: RON 824,807) in connection with the Management Incentive Programs 2020-2024 and 2024-2027for (see Note 29) and offset the amount of RON 389,790 (2023: RON 1,535,914) with treasury share reserve for shares allocated to employees.

As of 31 March 2024, nineteen employees and managers exercised 460,500 stock options with an exercise price of RON 10 per share. The Fair value of the exercised 460,500 stock options amounted to RON 687,713 was credited to the Share premium account.

In 2024 the Company also accounted in other reserves for put option over non-controlling interests in the amount of RON 1,267,587 (2023: (RON 2,000,947)).

As of 31 December 2024, the Other reserves amounts to RON 2,492,006 (31 December 2023: RON 4,558,944).

Dividends

During 2024 the Company declared and paid dividends in amount of RON 0.65 per share (2023: RON 0.55).

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:

	2024	2023
Profit for the year, attributable to owners of the Company	55,681,269	60,370,521
Issued ordinary shares at 1 January	40,117,500	40,117,500
Effect of treasury shares held	(74,310)	(99,954)
Effect of share options exercised	235,794	
Weighted-average number of ordinary shares outstanding at 31 December	40,278,984	40,017,546
Earnings per share – basic and diluted	1.38	1.51

In 2024, the Company increased its share capital by issuing and allotting an additional 235,794 shares, arising from commitments related to the exercised option (Note 29).

Note 16. Borrowings

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

As at 31 December 2024 and 31 December 2023, borrowings were as follows:

	31 December 2024	31 December 2023
Non-current liabilities		
Secured bank loans	121,907,055	101,395,750
Total non-current portion	121,907,055	101,395,750
Current liabilities		
Current portion of secured bank loans	80,235,781	39,436,686
Total current portion	80,235,781	39,436,686
Total borrowings	202,142,836	140,832,436

The movements of borrowings for the years ended 31 December 2024 and 31 December 2023 were as follows:

	2024	2023
Balance at 1 January	140,832,436	126,422,725
Proceeds from borrowings	272,217,253	205,417,975
Repayment of borrowings	(214,184,803)	(196,661,998)
Interest expense (Note 26)	9,978,264	7,114,849
Interest paid	(9,334,777)	(6,252,898)
Effect of movement in exchange rates	2,634,463	4,791,783
Balance at 31 December	202,142,836	140,832,436

Security

As at 31 December 2024 and 31 December 2023 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Property, plant and equipment	81,264,417	58,059,153
Trade and other receivable	62,573,028	59,286,335
Inventories	66,012,797	45,692,892
Cash and cash equivalents	7,984,992	4,155,769
Total	<u>217,835,234</u>	<u>167,194,149</u>

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
EUR	196,481,864	137,093,846
BGN	4,925,917	2,274,205
USD	735,055	1,464,385
Total borrowings	<u>202,142,836</u>	<u>140,832,436</u>

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
MAIB SA	112,439,956	88,638,169
Victoriabank SA	69,662,798	38,010,175
OTP Bank SA	10,062,958	5,250,432
BANKA DSK	4,925,917	2,274,205
UNICREDIT BANK SA	5,051,207	6,659,455
Total borrowings	<u>202,142,836</u>	<u>140,832,436</u>

Loan covenants

As of 31 December 2024, no loan covenants were in breach.

Note 17. Lease liabilities

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

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

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

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

As at 31 December 2024 and 31 December 2023, lease liabilities were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<i>Non-current liabilities</i>		
Lease liabilities	6,319,361	4,446,484
Total non-current portion	<u>6,319,361</u>	<u>4,446,484</u>
<i>Current liabilities</i>		
Current portion of lease liabilities	1,308,794	1,365,343
Total current portion	<u>1,308,794</u>	<u>1,365,343</u>
Total lease liabilities	<u>7,628,155</u>	<u>5,811,827</u>

The movements of lease liabilities for the years ended 31 December 2024 and 31 December 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	5,811,827	6,254,890
New leases	2,920,424	154,850
Repayment of lease liabilities	(991,462)	(978,456)
Interest expense (Note 26)	520,522	213,782
Interest paid	(520,522)	(213,782)
Effect of movement in exchange rates	(112,634)	380,543
Balance at 31 December	<u>7,628,155</u>	<u>5,811,827</u>

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
MDL	6,124,106	4,035,317
BGN	246,364	-
EUR	1,257,685	1,776,510
Total lease liabilities	<u>7,628,155</u>	<u>5,811,827</u>

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
Victoriavin SRL	4,855,074	4,035,317
Zorile SA	1,679,008	812,749
Other	1,094,073	963,761
Total lease liabilities	<u>7,628,155</u>	<u>5,811,827</u>

Right of use assets

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Vehicles</u>	<u>Total</u>
Balance at 1 January 2024	3,499,335	966,233	-	4,465,568
Additions to right-of-use assets	214,891	2,711,149	959,977	3,886,017
Depreciation charge for the year	(157,349)	(895,100)	(9,698)	(1,062,147)
Derecognition of right-of-use assets	-	-	-	-
Effect of movements in exchange rates	2,848	115,665	(402)	118,111
Balance at 31 December 2024	<u>3,559,725</u>	<u>2,897,947</u>	<u>949,877</u>	<u>7,407,549</u>
Balance at 1 January 2023	3,266,377	1,914,719	569,032	5,750,128
Additions to right-of-use assets	154,850	-	-	154,850
Depreciation charge for the year	(142,940)	(1,044,905)	(315,665)	(1,503,510)
Derecognition of right-of-use assets	-	-	(253,367)	(253,367)
Effect of movements in exchange rates	221,048	96,419	-	317,467
Balance at 31 December 2023	<u>3,499,335</u>	<u>966,233</u>	<u>-</u>	<u>4,465,568</u>

Derecognition of the right-of-use assets during 2024 is as a result of termination of vehicle lease agreement.

Note 18. Deferred income

The movement in deferred income for years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	15,228,211	14,475,765
Government grants received	6,487,664	3,033,196
Release of deferred income (Note 24)	(2,885,159)	(2,709,207)
Effect of movements in exchange rates	83,861	428,457
Balance at 31 December	18,914,577	15,228,211

Note 19. Trade and other payable

As at 31 December 2024 and 31 December 2023 trade and other payables were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<i>Financial payable</i>		
Trade accounts payable	69,767,099	71,497,836
Trade payable due to related parties (Note 32)	1,167,878	2,488,618
Dividends payable	2,889,572	-
Total financial payable	73,824,549	73,986,454
<i>Non-financial payable</i>		
Other tax liabilities	8,031,218	7,316,393
Advances received	2,760,680	1,494,382
Dividends payable	-	4,144,879
Total non-financial payable	10,791,898	12,955,654
Total trade and other payable	84,616,447	86,942,108

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

Note 20. Revenue from contracts with customers

Revenues for the years ended 31 December 2024 and 31 December 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Sales of finished goods		
Wine	339,809,147	300,459,318
Divin	30,783,612	29,642,534
Brandy	86,565	98,256
Total sales of finished goods	370,679,324	330,200,108
Sales of other goods		
Merchandise	2,602,267	3,503,525
Wine materials	235,522	902,651
Other	805,824	276,050
Total sales of other goods	3,643,613	4,682,226
Services		
Hotel and restaurant services	4,297,329	4,501,806
Agricultural services	69,693	238,266
Waste recycling management services	3,634,718	30,022,860
Total services	8,001,740	34,762,932
Total revenue	382,324,677	369,645,266

Contract liabilities represent advances received from customers as mentioned in Note 19 (which are recognized in revenue in the following year) in amount of RON 2,760,680 31 December 2024 (2023: RON 1,494,382).

Total revenue includes the figures from Ecosmart for the nine months ended September 30, 2024 (refer to Note 27).

Sales of finished goods by brand and geographic region for the year ended 31 December 2024 were as follows:

	Bostavan wine	Purcari wine	Domeniile Cuza wine	Crama Ceptura wine	Angel's Estate wine	Bardar divin and brandy	Total
Romania	2,794,583	162,152,786	1,673,910	49,738,554	11,011	6,709,491	223,080,335
Republic of Moldova	6,871,378	33,659,160	1,091,984	-	-	21,529,174	63,151,696
Bulgaria	293,618	1,202,783	-	-	13,586,483	-	15,082,884
Poland	19,451,419	965,667	-	22,507	-	35,804	20,475,397
Czech & Slovakia	9,150,611	396,895	-	-	11,165	-	9,558,671
Asia	2,380,064	2,317,246	6,321	265,004	-	33,327	5,001,962
Baltic countries	4,646,248	633,382	-	90,521	-	148,553	5,518,704
Ukraine	1,929,031	3,661,178	-	-	-	-	5,590,209
Turkey	334,733	-	626,235	-	-	-	960,968
Other	7,410,366	10,529,540	327,086	915,358	62,320	3,013,828	22,258,498
Total	55,262,051	215,518,637	3,725,536	51,031,944	13,670,979	31,470,177	370,679,324

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

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

Note 21. Cost of sales

Cost of sales for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Cost of sales of finished goods		
Wine	175,215,981	163,811,920
Divin	13,142,080	19,581,801
Brandy	62,065	217,714
Total cost of sales of finished goods	<u>188,420,126</u>	<u>183,611,435</u>
Cost of sales of other goods		
Merchandise	2,211,927	2,977,983
Other	741,354	69,710
Wine materials	207,258	794,333
Total cost of sales of other goods	<u>3,160,539</u>	<u>3,842,026</u>
Cost of services		
Hotel and restaurant services	4,082,466	4,118,706
Agricultural services	63,421	216,822
Waste recycling management services	1,367,849	23,431,980
Total cost of services	<u>5,513,736</u>	<u>27,767,508</u>
Total cost of sales	<u><u>197,094,401</u></u>	<u><u>215,220,969</u></u>

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Consumption of inventories	167,312,242	163,122,984
Waste recycling services	1,367,849	25,965,991
Employee benefits (Note 29)	14,167,693	13,157,233
Depreciation of property, plant and equipment (Note 7)	11,975,581	10,873,916
Other	2,271,036	2,100,845
Total cost of sales	<u><u>197,094,401</u></u>	<u><u>215,220,969</u></u>

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

Total costs includes the figures from Ecomsmart Union SA for the nine months ended September 30, 2024 (refer to Note 27).

Note 22. Marketing and sales expenses

Marketing and sales expenses for the years ended 31 December 2024 and 31 December 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Marketing and sales	29,334,017	23,038,078
Transportation expenses	7,728,977	6,613,912
Employee benefits (Note 29)	16,856,473	13,409,002
Production certification	1,049,125	826,306
Other expenses	2,915,867	650,376
Total marketing and sales expenses	<u><u>57,884,459</u></u>	<u><u>44,537,674</u></u>

Note 23. General and administrative expenses

General and administrative expenses for the years ended 31 December 2024 and 31 December 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Employee benefits (Note 29)	23,104,978	18,339,732
Taxes and fees	3,564,303	3,162,708
Depreciation (Note 7)	5,613,405	5,795,117
Repairs and maintenance	836,527	662,066
Low value and short-term leases	486,552	420,236
Travel	1,514,506	888,379
Professional fees	6,229,342	4,509,761
Bank charges	497,846	622,452
Communication	562,440	517,884
Insurance	582,346	398,248
Fuel	419,783	397,456
Materials	93,968	121,219
Penalties	195,713	174,299
Charity expenses	1,077,469	943,770
Other	722,812	615,971
Total general and administrative expenses	<u>45,501,990</u>	<u>37,569,298</u>

The total fees charged by PwC Cyprus for audit services related to the annual statutory and consolidated financial statements for the year ended December 31, 2024, amounted to RON 1,122,061 (2023: RON 692,510). Additionally, the total fees charged by PwC Cyprus and other PwC network firms for other services for the year ended December 31, 2024, were as follows: RON 0 (2023: RON 0) for other assurance services (audit-related), RON 0 (2023: RON 0) for tax advisory services, and RON 0 (2023: RON 0) for other non-assurance services.

Note 24. Other operating expenses

Other operating (income)/expenses for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Release of deferred income (Note 18)	(2,885,159)	(2,709,207)
Gains on write-off of trade and other payables	(92,823)	(682,284)
Net gain from sale of other materials	(25,719)	(80,302)
Reverse in impairment of property, plant and equipment, net (Note 7)	(80,362)	(81,798)
Unallocated overheads	453,830	405,223
Expected Credit Loss provision	559,000	-
Impairment loss on non-financial assets	(1,425,120)	3,088,228
Net provision made for a potential fine	1,101,124	1,660,569
Reverse of other provisions made for a potential fine	-	-
Net (gain)/loss from disposal of property, plant and equipment and intangible assets	(1,628,022)	(945,087)
Other operating loss	(2,531,450)	(189,474)
Other expenses	45,609	733,471
Total other operating (expenses)/income	<u>(6,509,092)</u>	<u>1,199,339</u>

Provisions

In 2023, the Group set up a provision of RON 1,660,569 for the net assets of Ecosmart Union SA, proportionate to the Group's 65.75% holding stake. As of December 31, 2024, the provision was reversed due to the decision to deconsolidate Ecosmart (Note 27). In 2024 the company The Company also estimated an provision in amount of RON 2,761,693 (EUR 561,427) for the possible claim from the tax authorities.

The movement in provisions for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	1,916,622	74,357
Provisions made during the year	2,761,693	1,660,569
Provisions reversed during the year	(1,660,569)	-
Effect of movements in exchange rates	(83,882)	181,696
Balance at 31 December	<u>2,933,864</u>	<u>1,916,622</u>

Note 25. Change in fair value of biological assets

Change in fair value of biological assets for the years ended 31 December 2024 and 31 December 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Adjustment to fair value of harvest of grapes from own grape vines (a)	(2,689,972)	4,260,819
Adjustment to fair value of harvest of grapes from joint operation / operating leasing (b)	(705,841)	(248,654)
Total change in fair value of biological assets	<u>(3,395,813)</u>	<u>4,012,165</u>

Adjustment to fair value of harvest of grapes

The movement of biological assets (grapes on vines) for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	-	-
Costs for cultivation of grapes	33,312,640	35,396,733
Fair value adjustment of harvest of grapes	(3,395,813)	4,012,165
Harvested grapes transferred to inventories	<u>(29,916,827)</u>	<u>(39,408,898)</u>
Balance at 31 December	<u>-</u>	<u>-</u>

Measurement of fair values

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

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

Valuation technique	Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage and vary with the grade quality of grapes produced. Costs to sell refer to costs that are necessary for a sale to occur but that would not otherwise arise, such as commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. In the regions where the grapes are cultivated, a sale of grapes would take place without the above-mentioned costs being incurred, therefore for the estimation of fair value of grapes the costs to sell are considered nil.
Significant unobservable inputs	<ul style="list-style-type: none"> Average market price of harvested grapes: RON 2,911 per tons (2023: 2,346 RON per tons);
Inter-relationship between key unobservable inputs and fair value measurement	<p>The estimated fair value would increase (decrease) by:</p> <ul style="list-style-type: none"> RON 368,400 (2023: RON 294,892) if the average market price of harvested grapes was higher (lower) by 1%.

Risk management strategy related to agricultural activities

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

i. Regulatory and environmental risks

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

ii. Supply risk

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

iii. Climate-related risks

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

Although the Group uses mitigating factors such as acquiring grapes from third party producers, geographically spreading its vine area to cover against localized climatic impacts and construction of irrigation systems, there are difficulties in reducing the impact of the hailstorms, due to their unpredictable nature.

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

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

a) Harvest of grapes from own grape vines

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

	<u>2024</u>	<u>2023</u>
Area of plantations of mature vines, hectares	1,568	1,326
Area of plantations of immature vines, hectares	72	69
Total area of plantations of vines, hectares	<u>1,640</u>	<u>1,395</u>
Quantity of harvested grapes, tons	<u>9,618</u>	<u>15,956</u>

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

The Group’s vine plantations are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections of the health of vines and industry pest and disease surveys.

The subsidiaries of the Group, Vinaria Bostavan SRL and Vinaria Purcari SRL have their own grape vines, which are located in the Republic of Moldova, while Vinoteca Gherasim Constantinescu SRL owns 55 hectares and Crama Ceptura owns 51 hectares of vineyards located in Romania and Angel’s Estate SA have their own 102 hectares of vineyards located in Bulgaria.

b) Joint operations and operating lease of grape vines

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

	<u>2024</u>	<u>2023</u>
Area of plantations of vines under joint operation arrangement, hectares	17	17
Area of plantations of vines under operating lease, hectares	35	35
Total area, hectares	<u>52</u>	<u>52</u>
Quantity of harvested grapes under joint operation arrangement, tons	69	226
Quantity of harvested grapes under operating lease, tons	153	400
Total quantity, tons	<u>222</u>	<u>626</u>

Joint operations

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

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

Under the contractual arrangement between Crama Ceptura SRL and Vie Vin, each retains the rights and legal title to their respective assets and the obligation to settle their respective liabilities. However, they agree to jointly cultivate the vines, which are rented by Vie Vin from individuals under operating lease, and therefore Crama Ceptura SRL and Vie Vin recognize 89% and 11% (2023: 87% and 13%) respectively of all revenues and expenses relating to the partnership.

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

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

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

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

The outputs from joint operations are distributed in kind (grapes, wine) or in cash. Crama Ceptura SRL is entitled only to distributions in kind. The joint operators allocate the outputs annually, at the end of the harvest period, using the proportion from the harvest of 89% for Crama Ceptura SRL and 11% for Vie Vin (2023: 87% and 13%).

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

Operating lease of grape vines

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

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

Note 26. Net finance costs

Net finance costs for the years ended 31 December 2024 and 31 December 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Net gain on equity instruments at FVTPL (Note 9)	2,709,244	712,616
Interest income	153,150	430,259
Net foreign exchange income	576,911	3,271,542
Other	-	7,328
Finance income	<u>3,439,305</u>	<u>4,421,745</u>
Interest expense on borrowings	(9,978,264)	(7,419,407)
Interest expense on lease liabilities	(520,522)	(213,782)
Net foreign exchange loss	-	-
Net loss from disposal of equity instruments	-	(11,587)
Other	(40,175)	-
Finance costs	<u>(10,538,961)</u>	<u>(7,644,776)</u>
Net finance costs	<u>(7,099,656)</u>	<u>(3,223,031)</u>

Note 27. Deconsolidation of a subsidiary

As at 31 December 2023, the Group consolidated one of its subsidiaries Ecosmart Union SA as in which the stake was 65.75% of shares and voting interests. As at 17 September 2024, the Group deconsolidated this subsidiary on the basis described below.

Legal Background of the penalty imposed

In 2020 the Group's subsidiary Ecosmart Union SA contested the results of the control performed by the Environment Fund Administration ("AFM") from Romania.

In 2020, the Environment Fund Administration ("AFM") from Romania performed a control for the financial year 2018 and imposed a penalty of RON 22,206,627 alleging that Ecosmart Union SA failed to ensure traceability for the quantity of waste assumed to be further recycled.

Crama Ceptura was a minority shareholder at the time AFM performed the control and for the period under review. Thus, Crama Ceptura didn't have any powers over its investee.

Ecosmart Union SA contested the initial decision of the AFM and it was cancelled by AFM due to procedural issues and a second review was requested. However, a second review was performed without requesting any additional information and communication with Ecosmart Union SA's management, and a decision identical with the first one was issued. Ecosmart Union SA contested also the second decision and requested a delay in repayment till finalization of the trial - the Bucharest Court of Appeal ("BCA") has suspended the AFM decision.

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

On 16 April 2024 the High Court of Cassation and Justice granted the appeal filed by the AFM against decision pronounced by the Bucharest Court of Appeal. The HCCJ partially annulled the appealed judgement and dismissed the annulment action filed by the plaintiff Ecosmart Union SA, as not grounded.

The Group management considered that under this condition its subsidiary cannot operate anymore and at 30 May 2024 the AGM of Ecosmart Union SA unanimously decided to initiate the simplified bankruptcy procedure.

In June 2024 Ecosmart Union SA received from AFM a notification regarding the establishment of the seizure.

On 2 July 2024 AFM submitted to the Bucharest Court a request to start the insolvency case. The judicial seizure was applied to Ecosmart Union SA from 17 September 2024.

Background and Events Leading to recognize lost of control

As per provision of IFRS 10, an investor has power (control) over an investee when the investor has existing rights that give it the current ability to direct the *relevant activities*, inclusively the activities that significantly affect the investee's return. The company make an assessment of the control over Ecosmart considering the provision of IFRS 10 which states that an investor controls an investee if and only if the investor has all the following:

- a. power over the investee
- b. exposure, or rights, to variable returns from its involvement with the investee; and
- c. the ability to use its power over the investee to affect the amount of the investor's.

Considering that none of the condition above are fulfilled in order to have control over the investee, the company decide to deconsolidate Ecosmart as at 31 December 2024.

The base for this decision are the following events that which led to the loss of control:

- The General Shareholders' Meeting of Ecosmart approved the initiation of a simplified bankruptcy process as of 30 May 2024 and subsequently the company submitted a request to the court for the start of the simplified bankruptcy procedure;
- The Environment Fund Administration (AFM) and other creditors of Ecosmart simultaneously requested the initiation of the general insolvency procedure, limiting possibility of Ecosmart to withdraw the own request for simplified bankruptcy procedure;
- The Environment Fund Administration in parallel addressed to the bailiff to execute the full amount of fine because they did not receive the money from Ecosmart.
- Environmental Agency addressed to the bailiff to execute the full penalty in amount of RON 22,206,627. A Judicial Seizure was applied by the bailiff on 16 September 2024 to all assets of Ecosmart, including the bank accounts fully limiting the possibility of carrying out any economic activity of the company.
- The court hearing for the bankruptcy attestation and the appointment of an insolvency administrator was set for 17 of November 2024, rescheduled for 28 of January 2025 when a special Administrator proposed by AFM was appointed by the Court.

Based on the aspects mentioned above, and in accordance with IFRS 10, the Group recognized the loss of control over Ecosmart and derecognized the related assets, liabilities, and non-controlling interests of Ecosmart Union SA as of December 31, 2024.

Consideration Received

The Group did not receive any consideration in the deconsolidation of Ecosmart Union SA.

As a result of deconsolidation, the following assets and liabilities of Ecosmart Union SA were derecognized from the consolidated financial statements:

	<u>2024</u>
Investments in associates	(576,898)
Retain Earnings	(3,064,438)
Prepayment	(2,443,672)
Non-controlling Interests	(1,863,284)
Net Assets Derecognized	<u>(7,948,292)</u>

The Company recognized a provision of RON 1,660,569 in the financial statements for 2023, representing its proportionate share (65.75%) of the net assets of Ecosmart Union SA in relation to a penalty amounting to RON 22,206,627. This provision has been reversed in 2024 (refer to Note 24).

The table below presents the net impact on the profit of the year from the deconsolidation of EcoSmart Union SA

	<u>2024</u>
Net Assets Derecognized	(7,948,292)
Non-controlling Interests	1,863,284
Reversal of provision made for a potential fine	1,660,569
Net (loss) from deconsolidation of subsidiary	<u>(4,424,439)</u>

Note 28. Income tax

The corporate income tax rate in Cyprus was 12.5% for the years 2024 and 2023, 12% in the Republic of Moldova, 16% in Romania and 10% in Bulgaria. Deferred tax has been determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Tax recognized in profit or loss for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Current tax	15,060,376	7,798,979
Total current tax expense	<u>15,060,376</u>	<u>7,798,979</u>
Deferred tax expense		
Origination and reversal of temporary differences	(3,022,367)	(781,102)
Total deferred tax expense	<u>(3,022,367)</u>	<u>(781,102)</u>
Income tax expense	<u>12,038,009</u>	<u>7,017,877</u>

The reconciliation of effective tax rate for the years ended 31 December 2024 and 31 December 2023 was as follows:

	<u>2024</u>		<u>2023</u>	
Profit before tax		<u>70,768,747</u>		<u>70,991,348</u>
Tax using the Company's domestic tax rate	12.50%	8,846,093	12.50%	8,873,919
Effect of different tax rates in foreign jurisdictions	2.93%	2,074,977	3.45%	2,446,606
Tax exempt income	(1.65%)	(1,169,506)	(7.92%)	(5,619,349)
Non-deductible expenses	6.49%	4,592,625	1.41%	998,467
Investment incentives	(1.63%)	(1,150,653)	(0.75%)	(529,324)
Current year losses for which no deferred tax assets were recognized	(1.63%)	(1,155,527)	1.19%	847,558
Income tax expense	<u>17.01%</u>	<u>12,038,009</u>	<u>9.89%</u>	<u>7,017,877</u>

Deferred tax assets and liabilities as at 31 December 2024 were generated by the temporary differences in the following financial statement captions:

	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>	<u>Net</u>
Property, plant and equipment	4,080,609	(13,554,271)	(9,473,662)
Intangible assets	191,615	(579,571)	(387,956)
Inventories	1,886,361	(2,491)	1,883,870
Other current assets	3,401	-	3,401
Trade and other receivable	452,894	97,414	550,308
Borrowings and lease liabilities	858,919	(85,966)	772,953
Deferred income	-	(1,460,260)	(1,460,260)
Tax loss carry-forward	973,309	-	973,309
Other	55,523	(1,590,975)	(1,535,452)
Deferred tax assets (liabilities)	<u>8,502,631</u>	<u>(17,176,120)</u>	<u>(8,673,489)</u>

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

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

Unrecognized deferred tax assets

Deferred tax assets as at 31 December 2024 and 31 December 2023 have not been recognized in respect of:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Tax losses	8,171,697	6,613,328

The tax losses as at 31 December 2024 and 31 December 2023 will expire as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Up to 1 year	1,151,058	768,342
1 to 2 years	1,938,727	1,328,888
2 to 3 years	776,336	1,791,823
3 to 4 years	970,325	1,401,152
4 to 5 years	2,112,312	1,323,123
	<u>6,948,758</u>	<u>6,613,328</u>

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

Management has determined that the recoverability of cumulative tax losses of the Parent (Purcari Wineries Public Company Limited) amounting RON 5,973,156 is uncertain due to specific activity as a holding company, which lacks taxable income and accounts for significant deductible expenses.

Tax losses of Angel's Estate SA, the Bulgarian subsidiary, amounting RON 975,602 will expire within the next five years, until the subsidiary will be able to generate sufficient taxable income.

Note 29. Employee benefits

As at 31 December 2024 and 31 December 2023, employee benefit payable was as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Payable to employees	4,054,959	4,553,868
Accruals for unused vacation	3,517,708	2,651,925
Total employee benefit payable	<u>7,572,667</u>	<u>7,205,793</u>

During the year ended 31 December 2024 the average number of staff was 895 persons (2023: 882). 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:

	<u>2024</u>	<u>2023</u>
General and administrative expenses (Note 23)	23,104,978	18,339,732
Cost of sales (Note 21)	14,167,693	13,157,233
Inventory	12,728,556	9,306,212
Marketing and sales expenses (Note 22)	16,856,473	13,409,002
Total employee benefit expenses	<u>66,857,700</u>	<u>54,212,179</u>

The employee benefit expenses comprise the following categories:

	<u>2024</u>	<u>2023</u>
Base salaries and bonuses for performance	55,155,432	46,263,220
Equity-settled share-based payments	1,876,854	824,807
Mandatory social and medical contributions	9,825,414	7,124,152
Total employee benefit expenses	<u>66,857,700</u>	<u>54,212,179</u>

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

	<u>2024</u>	<u>2023</u>
Share awards	1,876,854	824,807
Total equity-settled share-based payments	<u>1,876,854</u>	<u>824,807</u>

The Group applies IFRS 2 (Share-based Payment) to transactions in which the award and settlement are share-based. In accordance with this standard, stock options and performance shares granted to employees are measured at fair value. The fair value of these instruments is recognised in the income statement over the vesting period, with a corresponding entry recorded in shareholders' equity. The fair value was determined using appropriate valuation models, taking into account the specific characteristics of each plan, relevant market data at the grant date, and assumptions made by Group Management.

1st Management incentive programs approved for period 2020-2024

On 29 April 2020, the Company's shareholders approved the revised Special Resolution, initially date 14 June 2018 and later revised on 25 April 2019, stating the provision of a Management Stock Option Plan, as part of a Management Incentive Program ("The Program 2020-2024").

The Program 2020-2024 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 2020-2024 comprised of the following:

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

Share award

On 14 May 2020 the Company's Board of Directors approved the Long-Term Share Incentive Plan (LTSIP 1) with a total of 409,000 shares to be vested to employees during 2020-2022. On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to increase the total number of shares to 502,998 shares. As of 31 December 2023, all shares under LTSIP 1 were vested.

On 22 December 2020 the Company's Board of Directors approved the second Long-Term Share Incentive Plan (LTSIP 2) with a total of 101,996 shares to be vested to employees during 2021-2024. On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to increase the total number of shares to 193,668 shares. As of 31 December 2024, a total number of 25,644 shares were vested to management and employees. The share-based payments are recognized at the market value of the shares at the grant date.

In 2024 the Company did not carry out any share buybacks in 2024 own shares (2023: 15,239 shares). The treasury shares acquired and held in 2023 are enough to finalize the existing Company's Management Incentive Program, which provides for last shares award in June 2024. These shares were recorded under "Treasury Shares Reserves".

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1.535.914). After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

Stock options

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

- (a) 1,000,000 stock options at an Exercise Price of RON 10 per share;
- (b) 1,250,000 stock options at an Exercise Price of RON 15 per share; and
- (c) 1,500,000 stock options at an Exercise Price of RON 20 per share.

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

During 2024 twenty-two participants exercised 673,000 stock options with an exercise price of RON 10 per share (2023: nil).

As of 31 March 2024, nineteen participants exercised 459,500 stock options with an exercise price of RON 10 per share. Out of these, 116,500 stock options were exercised against payment.

For another 343,000 stock options the method of Discounted Exercise was chosen by employees, for which 118,294 shares were allotted free of charge out of the premium reserves.

Options were exercised throughout March 2024, and the weighted-average share price during the period was RON 15.26.

Thus, on 29 April 2024 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 26 May 2023, the Company be authorized:

- i) to issue and allot additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 1.99973 for a total subscription amount of RON 1,175,000.00 (equivalent of EUR 236,142.93).
- ii) to issue and allot, free of charge and by using its share premium reserves, the additional 118,294 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

As a result, the issued share capital of the Company has been increased from 40,117,500 to 40,353,294 ordinary shares.

As of 30 September 2024, four participants exercised another 213,500 stock options with an exercise price of RON 10 per share. Out of these, 1,000 stock options were exercised against payment. For another 212,500 stock options the method of Discounted Exercise was chosen by employees, for which 72,380 shares to be allotted free of charge out of the premium reserves. Options were exercised throughout the year, and the weighted-average share price during the year was RON 15.17.

Subsequently, on 9 January 2025 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 22 May 2024, the Company be authorized:

- i) to issue and allot additional 1,000 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.00054 for a total subscription amount of RON 10,000.00 (equivalent of EUR 2,020.54).
- ii) to issue and allot, free of charge and by using its share premium reserves, the additional 72,380 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

At the reporting date, the issued share capital of the Company is comprised of 40,353,294 ordinary shares with nominal value of EUR 0.01 each. All issued shares are fully paid.

The table below summarizes the movements in stock options part of MIP 2020-2024 between 1 January 2023 and 31 December 2024, and weighted average exercise price:

	Stock options with exercise price @RON 10	Stock options with exercise price @RON 15	Stock options with exercise price @RON 20	Weighted average exercise price
Outstanding Stock Options @ 01.01.2024	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	674,000	-	-	-
Outstanding Stock Options @ 31.12.2024	98,500	1,090,800	1,291,600	-
Outstanding Stock Options @ 01.01.2023	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2023	772,500	1,090,800	1,291,600	-

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

2nd Management incentive programs approved for period 2024-2027

On 22 May 2024, the Company's shareholders approved the Management Incentive Program 2024-2027 (The Program 2024-2027) mainly targeting members of the Group's senior management team and the performance criteria for the award of up to 802,000 shares in the Company to the Beneficiaries.

The Program 2024-2027 comprised of the following:

- a) award of up to 802,000 shares of the Company shares in the Company (the PSUs) to the Beneficiaries, free of charge, with annual vesting (i.e. ¼ vests at the end of each year) and subject to relevant performance indicators determined by the Board of Directors, being met; and
- b) award of stock options to the Beneficiaries (the Options or PSOs) in the following amounts: up to 802,000 Options at a strike price of RON 15, 1,002,000 Options at a strike price of RON 20 and 1,203,000 Options at a strike price of RON.

Each and any exercise of PSOs may occur via one of the following methods, at the option of the Participant in accordance with the terms of this document and the Offer Letter:

- (a) *Discounted Exercise*: PSOs granted under this option may be exercised without payment of the Exercise Price, that will be set off against the Reference Market Price.
- (b) *Exercise against Payment*: PSOs granted under this option may be exercised based on payment by the Participant of the Exercise Price as stipulated in the Exercise Application.

The exercised period for all stock options expires on 21 August 2034.

Assumptions Used in the Fair Value Measurement

The assumptions used in calculating the fair values of the shares and options allocated during the financial year were based on the following valuation techniques.

The performance-based package (the PSUs) valued at the amount of RON 6.4 million. The table below presents the valuation techniques used in measuring fair value as of 22 August 2024, as well as the significant unobservable inputs used.

The valuation of fair value of the performance-based share was performed by the valuation company.

Valuation technique	<i>Monte Carlo</i> simulation method, through explicit simulations of the Company and the Comparable Company's financial indicators that take part in the KPIs in the program.
Significant unobservable inputs	<ul style="list-style-type: none"> • Stock price as of 22 August 2024 RON 15.28; • Expected dividend yield – 5.2%; Risk-free interest rate – 6.49%; • Churn Rate multiplier: Average 63.6% (Min 60% and Max 67%); • Success probability rate: Average 82.5% (Min 79% and Max 86%);
Impact in the income statement for the year 2024	<ul style="list-style-type: none"> • RON 1,036,809 expense reflected under Cost of Goods Sold (COGS), Marketing & Sales expenses, and General & Administrative expenses;
Inter-relationship between key unobservable inputs and fair value measurement	<p>The impact in 2024 Income statement may reflect a increase (decrease) by:</p> <ul style="list-style-type: none"> • RON 62,759 (RON 62,759) if the expected Churn Rate multiplier were higher (lower) by 5p.p.; or • RON 74,263 (RON 74,263) if success probability rate was lower (higher) by 5pp; or

The fair value of the performance-based share options was determined using the Monte Carlo simulation method, through explicit simulations of the Company and the Comparable Company's financial indicators that take part in the KPIs in the program.

Mode detailed explanation of the assumption are presented below:

- The strike price and unit quantities as per the Programme terms;
- A proxy Moldova risk free rate was estimated with the Romanian risk-free rate, based on yield to maturities of trading RON denominated Romanian government bond as at the Analysis Date sourced from the Refinitiv database with similar maturity dates to the effective strike dates. The proxy risk free rate equals to 6.49%;
- Dividend yield of 5.22% was estimated based on historical average of the Company;
- The churn rate was applied to estimate the portion of units expected to vest at the respective vesting and effective strike dates. It was determined based on World Bank data from benchmark countries, including Bulgaria, Romania, Serbia, Slovakia, and Slovenia, over the past five years.

The time-based package (the PSOs) valued at the amount of RON 3.8 million using the binomial tree method, as it can be represented as a combination of three sub-packages of American-style options, each with different strike prices but a common maturity date.

Valuation technique	<i>Binomial tree method</i> represented as a combination of three sub-packages of American-style options, each with different strike prices but a common maturity date.
Significant unobservable inputs	<ul style="list-style-type: none"> • Stock price as of 22 August 2024 RON 15.28; • Expected dividend yield – 5.2%; • Risk-free interest rate – 6.49%; • Underlying asset volatility – 19.64%; • Churn Rate: Average 19,4% (Min 15.3% and Max 19.5%);
Impact in the income statement for the year 2024	<ul style="list-style-type: none"> • RON 662,772 expense reflected under Cost of Goods Sold (COGS), Marketing & Sales expenses, and General & Administrative expenses;
Inter-relationship between key unobservable inputs and fair value measurement	<p>The impact in 2024 Income statement may reflect a increase (decrease) by:</p> <ul style="list-style-type: none"> • RON 21,440 (RON 19,829) if the expected Churn Rate multiplier were higher (lower) by 5p.p.;

More detailed explanation of the assumptions are presented below:

- The strike price and unit quantities as per the Programme terms.
- A proxy Moldova risk free rate was estimated with the Romanian risk-free rate, based on yield to maturities of trading RON denominated Romanian government bond as at the Analysis Date sourced from the Refinitiv database with similar maturity dates to the effective strike dates. The proxy risk free rate equals to 6.49%.
- Dividend yield of 5.22% was estimated based on historical average of the Company;
- The underlying asset volatility was estimated at 19.64%, based on the Company’s historical stock price data, while also taking into account the volatilities of peer companies over the period from Q1 2018 to Q3 2024.
- The churn rate was applied to estimate the portion of units expected to vest at the respective vesting and effective strike dates. It was determined based on World Bank data from benchmark countries, including Bulgaria, Romania, Serbia, Slovakia, and Slovenia, over the past five years.

The assumptions used in calculating the fair values of the options and shares allocated over the financial year, using the binomial or Monte Carlo models and the terms under which the options/shares were granted, are as follows:

Plan date	Type of Plan	Presence of performance condition	Volume units	Initial share price (RON)	Exercise Price (RON)	Program life	Expected volatility	Success Probability	Churn rate	Expected dividend yield	Risk-free interest rate	Weighted Average Price	FRS 2 fair value (million RON)
22.08.2024	PSU	Conditional	802,000	15.28		N/A	N/A	82.5%	63.6%	5.2%	6.5%	N/A	6.4
			802,000		15							3.33	
22.08.2024	PSO	Unconditional	1,002,000	15.28	20	until 22.08.2034	23.5%	N/A	63.6%	5.2%	6.5%	2.01	3.8
			1,203,000		25							1.25	

Note 30. Financial instruments

Financial instruments by category

	31 December 2024	31 December 2023
Financial assets measured at amortised cost		
Loans receivable (Note 10)	2,431,023	2,429,497
Cash and cash equivalents (Note 14)	20,703,484	18,617,814
Trade receivable (Note 12)	92,882,330	76,922,383
	116,016,837	97,969,694
Financial assets measured at FVTPL		
Equity instruments at fair value through profit or loss (Note 9)	7,795,841	5,099,925
Total financial assets	123,812,678	103,069,619
Financial liabilities measured at amortised cost		
Trade and other payable (Note 19)	70,934,977	73,986,454
Dividends payable	2,889,572	-
Borrowings (Note 16)	202,142,836	140,832,436
Lease liabilities (Note 17)	7,628,155	5,811,827
	283,595,540	220,630,717
Financial liabilities measured at fair value		
Put option over non-controlling interests (Note 8)	8,485,130	9,727,689
Total financial liabilities	292,080,670	230,358,406
Financial risk management		

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

Credit risk

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

Exposure to credit risk

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

	Carrying amount	
	31 December 2024	31 December 2023
Loan receivable	2,431,023	2,429,497
Cash and cash equivalents	20,703,484	18,617,814
Trade receivable	92,882,330	76,922,383
Total	116,016,837	97,969,694

Trade receivable and other receivable

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

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

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

	31 December 2024	31 December 2023
Romania	71,291,046	62,144,854
Republic of Moldova	13,149,747	8,302,350
Bulgaria	2,083,669	1,865,294
Other European Union countries	1,212,113	1,381,618
Other	5,145,755	3,228,267
Total	92,882,330	76,922,383

The exposure to credit risk of loans receivables in amount of RON 2,431,023 (2023: RON 2,429,497) at the reporting date by geographic region was from Czech Republic (please see Note 10).

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

Impairment losses

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

	Weighted-average loss rate	Gross	Impairment	Net
Not due	0.51%	77,333,550	394,401	76,939,149
Overdue less than 1 month	13.00%	12,994,463	1,689,280	11,305,183
Overdue 1 to 3 months	14.18%	3,482,622	493,894	2,988,728
Overdue 3 to 6 months	39.88%	735,785	293,431	442,354
Overdue 6 months to 1 year	6.36%	103,829	6,603	97,226
Overdue more than 1 year	26.92%	1,518,459	408,769	1,109,690
Total	3.42%	96,168,708	3,286,378	92,882,330

Loss rates are based on actual credit loss experience over the past four years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

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

The 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 2023	4,610,644
Impairment loss	(1,584,086)
Write off	-
Interest income	-
Effect of movement in exchange rates	259,820
Balance 31 December 2024	3,286,378

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

Cash and cash equivalents

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

The Group held cash and cash equivalents of RON 20,703,484 at 31 December 2024 (2023: RON 18,478,889), which represent its maximum credit exposure on these assets. 65% of cash and cash equivalents as at 31 December 2024 (2023: 65%) is deposited in banks, with whom the Group has secured loans. 18% of cash and cash equivalents as at 31 December 2024 is held with Unicredit Bank SA Romania with Fitch credit rating BBB+ (2023: 21% and credit rating BBB). The rest of the balance presented in Note 14 relate to petty cash.

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

Liquidity risk

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

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

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

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

Monetary liabilities	Carrying Amount	Total Contractual Cash Flow	Less than 1 month	Between 1 – 12 months	Between 1-2 years	More than 2 years
31 December 2024						
Trade and other payable	70,934,977	70,934,977	44,539,461	26,395,516	-	-
Dividends payable	2,889,572	2,889,572		2,889,572		
Borrowings	202,142,836	208,870,175	2,554,828	68,934,087	95,165,077	42,216,183
Lease liabilities	7,628,155	8,112,659	108,094	1,057,894	900,627	6,046,044
Put option over non-controlling interests (Note 8)	8,485,130	8,485,130	-	-	-	8,485,130
Total	292,080,670	299,292,513	47,202,383	99,277,069	96,065,704	56,747,357
31 December 2023						
Trade and other payable	73,986,454	73,986,454	31,407,474	42,578,980	-	-
Borrowings	140,832,436	145,092,019	526,629	41,859,441	90,257,029	12,448,920
Lease liabilities	5,811,827	7,628,196	83,676	745,894	411,051	6,387,575
Put option over non-controlling interests (Note 8)	9,727,689	9,727,688	-	-	-	9,727,688
Total	230,358,406	236,434,357	32,017,779	85,184,315	90,668,080	28,564,183

As at 31 December 2024 the Group complied with all ratio covenants agreed with financing banks.

Market risk

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

Currency risk

The following significant exchange rates applied during the year:

	31 December 2024	Average 2024	31 December 2023	Average 2023
MDL1	0.2576	0.2584	0.2570	0.2520
EUR 1	4.9741	4.9746	4.9746	4.9465
USD 1	4.7768	4.5984	4.4958	4.5743
BGN 1	2.5432	2.5435	2.5434	2.5291

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

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

	<u>TRY</u>	<u>EUR</u>	<u>USD</u>	<u>MDL</u>	<u>RON</u>	<u>BGN</u>	<u>Total</u>
31 December 2024							
Monetary assets							
Loan receivable	-	2,431,023	-	-	-	-	2,431,023
Cash and cash equivalents	3,109,028	6,927,640	2,252,309	6,295,888	1,921,868	196,751	20,703,484
Trade receivable	-	10,779,446	5,989,187	7,812,723	68,055,200	245,774	92,882,330
Total monetary assets	3,109,028	20,138,109	8,241,496	14,108,611	69,977,068	442,525	116,016,837
Monetary liabilities							
Borrowings	-	196,481,864	735,055	-	-	4,925,917	202,142,836
Lease liabilities	-	1,257,685	-	6,124,106	-	246,364	7,628,155
Trade and other payable	687,596	15,020,576	519,356	34,171,713	13,690,584	6,845,152	70,934,977
Dividends payable	-	-	-	2,889,572	-	-	2,889,572
Put option over non-controlling interests (Note 8)	-	8,485,130	-	-	-	-	8,485,130
Total monetary liabilities	687,596	221,245,255	1,254,411	43,185,391	13,690,584	12,017,433	292,080,670
Net statement of financial position exposure	2,421,432	(201,107,146)	6,987,085	(29,076,780)	56,286,484	(11,574,908)	(176,063,833)
31 December 2023							
Monetary assets							
Loan receivable	-	2,429,494	-	-	-	-	2,429,494
Cash and cash equivalents	-	7,350,874	1,946,679	5,291,169	3,702,218	326,874	18,617,814
Trade receivable	-	4,927,793	5,515,741	6,657,745	57,955,815	1,865,289	76,922,383
Total monetary assets	-	14,708,161	7,462,420	11,948,914	61,658,033	2,192,163	97,969,691
Monetary liabilities							
Borrowings	-	137,093,846	1,464,385	-	-	2,274,205	140,832,436
Lease liabilities	-	1,776,510	-	4,035,317	-	-	5,811,827
Trade and other payable	-	11,618,158	179,496	36,325,125	22,520,068	3,343,607	73,986,454
Put option over non-controlling interests (Note 8)	-	9,727,689	-	-	-	-	9,727,689
Total monetary liabilities	-	160,216,203	1,643,881	40,360,442	22,520,068	5,617,812	230,358,406
Net statement of financial position exposure	-	(145,508,042)	5,818,539	(28,411,528)	39,137,965	(3,425,649)	(132,388,715)

Exposure to currency risk

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

Sensitivity analysis

A 10% strengthening of the EUR against RON, MDL and BGN would have decreased the profit before tax by RON 19,378,424 for the year 2023 and decreased the equity with the same amount (2023: RON 13,583,081). A 10% strengthening of the USD against RON, MDL and BGN would have increased the profit before tax by RON 2,857,955 for the year 2024 and increased the equity with the same amount (2023: increased the profit before tax by RON 113,732 and increased the equity with the same amount). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been carried out on the same basis for the years 2023 and 2022, although the reasonably possible foreign exchange rate variances were different. There were no changes in methods and assumptions from prior year.

Interest rate risk

Profile

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
Fixed rate instruments		
Financial assets	2,431,023	2,429,494
Financial liabilities	(7,795,841)	(5,811,827)
Total fixed rate instruments	<u>(5,364,818)</u>	<u>(3,382,333)</u>
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(202,142,836)	(140,832,436)
Total variable rate instruments	<u>(202,142,836)</u>	<u>(140,832,436)</u>

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 2,072,720 for the year 2024 and would decrease/increase the equity with the same amount (2023: RON 1,411,356). The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. There were no changes in methods and assumptions from prior year.

Capital management

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

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

The gearing ratios as at 31 December 2024 and 31 December 2023 were as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Borrowings (Note 16)	202,142,836	140,832,436
Lease liabilities (Note 17)	7,628,155	5,811,827
Less: Cash and cash equivalents (Note 14)	(20,703,484)	(18,617,814)
Net debt	189,067,507	128,026,449
Total equity	398,258,936	365,919,034
Total capital	587,326,443	493,945,483
Gearing ratio	<u>32.09%</u>	<u>25.92%</u>

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

According to laws and regulations in Romania, the net assets of the Group’s subsidiaries domiciled in this country (Crama Ceptura SRL, Vinoteca Gherasim Constantinescu SRL), 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, Vintech Innovations SRL), determined as the difference between total assets and total liabilities based on statutory financial statements, should not decrease to less than the subscribed share capital. The Group’s subsidiaries domiciled in Republic of Moldova complied with this capital requirement based on the audited statutory financial statements.

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

Fair values

Fair values versus carrying amounts

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

	Carrying amount		Fair value	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial liabilities				
Borrowings	202,142,836	140,832,436	208,870,175	141,842,530
Lease liabilities	7,628,155	5,811,827	8,112,659	5,811,827

Financial assets measured at fair value are disclosed in Note 9 to the consolidated financial statements. Financial liabilities measured at fair value are disclosed in Note 8.

Interest bearing borrowings and lease liabilities

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

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

Interest rates used to determine fair value

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

	31 December 2024	31 December 2023
Borrowings and lease liabilities denominated in MDL	8.03-8.91%	8.00-9.28%
Borrowings and lease liabilities denominated in RON	8.31%-8.67%	1.30%-1.50%
Borrowings and lease liabilities denominated in BGN	3.89%-4.17%	3.60%
Borrowings and lease liabilities denominated in EUR and USD	5.88-7.48%	3.40%-6.77%

Note 31. Non-controlling interests

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

31 December 2024	Angel's Estate	Vinaria Bardar	Intragroup eliminations	Total	
NCI percentage	24.00%	43.95%			
Non-current assets	53,307,868	17,211,968			
Current assets	22,923,417	73,328,492			
Non-current liabilities	(28,043,374)	(8,569,013)			
Current liabilities	(12,650,677)	(19,155,277)			
Net assets	35,537,234	62,816,170			
Carrying amount of NCI	8,528,936	27,606,320	1,724,544		37,859,800
Revenue	15,196,605	28,566,269			
Profit /(loss)	(4,961,760)	9,293,528			
OCI	(7,563,967)	(263,884)			
Total comprehensive income	(12,525,727)	9,029,644			
Profit /(loss) allocated to NCI	(1,190,822)	4,084,300	2,019,273		3,049,467
OCI allocated to NCI	(1,815,352)	(115,971)	2,982,440		1,051,117
31 December 2023	Angel's Estate	Ecosmart Union	Vinaria Bardar	Intragroup eliminations	Total
NCI percentage	24.00%	34.25%	43.95%		
Non-current assets	50,104,606	11,739,356	16,073,780		
Current assets	14,010,023	8,267,125	72,644,989		
Non-current liabilities	(16,760,252)	(1,837,360)	(4,821,248)		
Current liabilities	(6,796,869)	(15,686,882)	(25,279,748)		
Net assets	40,557,508	2,482,239	58,617,773		
Carrying amount of NCI	9,733,802	850,167	25,761,217	(422,654)	35,922,532
Revenue	11,917,026	33,271,596	27,438,184		
Profit /(loss)	(6,828,865)	2,967,757	9,888,640		
OCI	(1,012,092)	(4,324)	3,347,287		
Total comprehensive income	(7,840,957)	2,963,433	13,235,927		
Profit /(loss) allocated to NCI	(1,638,928)	1,016,457	4,345,839	(120,418)	3,602,950
OCI allocated to NCI	(242,902)	(1,481)	1,471,059	306,524	1,533,200
Summarised Cash Flows					
Cash Flows from operating activities	(7,180,091)	355,058	2,553,184		
Cash Flows from investing activities	(5,688,604)	(176,179)	(1,367,845)		
Cash Flows from financing activities	12,631,060	-	(1,346,155)		
Net increase / (decrease) in cash and cash equivalents	(237,635)	178,879	(160,816)		

For the year ended 31 December 2024, the Group's subsidiary, Vinaria Bardar SA, did not declare any dividends (2023: RON 2,243,746)

Note 32. Related parties

The main shareholders are presented within Note 15. The Company has no ultimate parent entity or ultimate controlling party. The Group's related parties for the years 2024 and 2023 were the following:

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

Key management personnel and other related party transactions:

	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2024	2023	2024	2023
Victor Bostan				
- Fixed salary	(1,089,534)	(1,071,755)	(2,353,016)	(2,123,331)
Victoriavin SRL (for terms and conditions please refer to Note 1)				
- Lease liabilities	-	-	(4,512,337)	(4,035,317)
- Interest expense	(344,755)	(450,673)	-	-
- Trade payable	-	-	-	(11,112)
- Operating leases	(49,608)	(48,374)	-	-
- Acquisition of inventories	(2,713)	(5,267)	-	-
MAIB SA (for terms and conditions please refer to Note 16)				
- Sales of merchandise	4,073	16,428	-	-
- Interest expense	(6,289,802)	(4,760,521)	-	-
- Trade receivables	(43)	-	(9,006)	-
- Bank charges	(272,511)	(281,093)	-	-
- Secured bank loans	28,497,174	9,679,705	(112,390,598)	(83,693,945)
- Cash and cash equivalents	-	-	11,085,721	9,231,272
Agro Sud Invest SRL (the cost is based on tariff per work, invoicing and payments are made on a monthly basis)				
- Agricultural services	(10,539,833)	(8,483,987)	-	-
- Trade payable	-	-	(449,552)	(1,025,839)
BSC Agro SRL (the cost is based on tariff per work, invoicing and payments are made on a monthly basis)				
- Agricultural services	(8,130,945)	(8,585,426)	-	-
- Trade payable	-	-	(718,326)	(1,451,667)
Media Alternativa AO (non-recurring promo services based on tariff per work)				
- Sales of merchandise	4,866	20,436	-	-
- Trade receivable	-	-	10,580	22,178
- Marketing services	(10,177)	(33,734)	-	-
Key management personnel				
- Salaries and bonuses for performance	(8,237,488)	(6,337,342)	(2,347,836)	(2,694,843)
- Equity-settled share-based payment	(4,935,184)	(332,536)	-	-

Note 33. Commitments and contingencies*(i) Capital commitments*

According to the arrangements related to acquisition of subsidiary Angel's Estate SA in Bulgaria, the Company is committed to provide a EUR 6,000,000 loan during the years 2023-2025 for modernization of production facilities. During the period 2023-2024 the Company provided EUR 3,957,557.

As at 31 December 2024 the Group's commitment for next 12 months to purchase property, plant and equipment deriving from the above-mentioned arrangement amounts to EUR 2,042,443.

(ii) Litigations and claims

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

(iii) Fiscal environment

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

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

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

The Company estimated an amount of RON 1,003,363 (EUR 202,185) for the possible claim from the tax authorities.

Note 34. EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is calculated as profit for the year (as presented in the consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment (as presented in Notes 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 2024 and 31 December 2023 was as follows:

	<u>Indicator</u>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Adjusted EBITDA	Adjusted EBITDA		110,966,894	100,634,666
Net loss from deconsolidation of subsidiary		27	(4,424,439)	-
EBITDA	EBITDA		106,542,455	100,634,666
Less: depreciation for the year		7	(27,214,554)	(23,998,287)
Less: amortization for the year		11	(1,459,500)	(2,422,000)
Result from operating activities	EBIT		77,868,401	74,214,379
Less: net finance (loss) / income		26	(7,099,656)	(3,223,031)
Earnings Before Income Taxes	EBT		70,768,745	70,991,348
Less: tax expense		28	(12,038,009)	(7,017,877)
Profit for the year			58,730,736	63,973,471

The adjustment of EBITDA for 2024 was recognized in relation to the loss of control over Ecosmart and the subsequent deconsolidation of the subsidiary. The total net impact on profit of the year incorporates the loss from the deconsolidation of Ecosmart of RON 4,424,439 (Note 27).

Note 35. Events after the reporting period

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

On January 9, 2025, the Company's Board of Directors, acting under the authority granted by the Resolutions of the General Shareholders' Meeting held on May 22, 2024, unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 22.05.2024 the Company be authorized:

- (c) to issue and allot additional 1,000 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.00054 for a total subscription amount of RON 10,000.00 (equivalent of EUR 2,010.54).
- (d) to issue and allot, free of charge and by using its share premium reserves, the additional 72,380 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

On 14.02.2025 the Registrar of Companies in Cyprus registered the above-mentioned increase of issued share capital.

On March 20, 2025, the Group, through its subsidiary Vinaria Purcari SRL, acquired 100% of the share capital of Les Terres Noires SRL for a cash consideration of EUR 68,357, financed from own funds. Les Terres Noires SRL owns approximately 17 hectares of organic certified vineyards located in the Protected Geographical Indication (PGI) region "Ștefan Vodă" in Moldova. At the date of the financial statements, the Group has not started purchase price acquisition calculation in accordance with IFRS 3.

Purcari Wineries Public Company Limited

Separate Financial Statements
for the year ended 31 December 2024

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

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Independent Auditor's Report

To the Members of Purcari Wineries Public Company Limited

Report on the Audit of the Separate Financial Statements

Our opinion

In our opinion, the accompanying separate financial statements of parent company Purcari Wineries Public Company Limited (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the separate financial statements which are presented in pages 126 to 153 and comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include material accounting policy information.

The financial reporting framework that has been applied in the preparation of the separate financial statements is IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report.

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

Independence

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Assessment of initial recognition and subsequent measurement of share-based payments including relevant disclosure requirements</u></p> <p>Refer to Note 3 "Material accounting policy information" and Note 7 "Administrative expenses"</p> <p>The Company operates a stock-option share compensation program which mainly targets members of the Company'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.</p> <p>On 21 August 2024 a new Management Incentive Programme 2024-2027 was approved which comprised of two different types of awards (stock options and share grants). The Company defined for the above awards as equity-settled share-based arrangements granted to employees under IFRS 2 "Share-based payments".</p> <p>To estimate the fair value of the awards on initial recognition, management applied the Monte-Carlo technique for the share grants and the binominal tree method for stock options. The initial value for both of awards was estimated by a management expert at the Company's request in the amount of RON 1,876,854.</p> <p>Due to the significant assumptions and judgements involved in the valuation of management incentive programme and the complexity of calculation of models used, we consider this to be a key audit matter.</p>	<p>Our audit procedures included in particular:</p> <ul style="list-style-type: none"> • We obtained and reviewed the Management Incentive Programme 2024-2027 document and the respective approval. • We reviewed the Company's accounting policy related to both awards and verified its compliance with IFRS Accounting Standards as adopted by the European Union. • We evaluated the competence, capabilities and objectivity of the management's expert who was engaged by management to perform the fair value estimation of the awards. • We assessed and concluded that the valuation method used in the estimation of the fair value of the awards is acceptable under IFRS relevant requirements. • With the support of auditor's experts, we verified inputs and evaluated the reasonableness of all assumptions used by management in estimating the fair value of both awards. We also verified the mathematical accuracy of the calculations performed by the management for the stock options award. • We engaged auditor's experts to develop an independent point of auditor's estimate of the fair value of both awards on initial recognition. • We verified the adequacy of the management's disclosures in the relevant notes to the consolidated financial statements. <p>The results of the above procedures were satisfactory for the purposes of our audit.</p>



Reporting on other information

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

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

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

When we read the Company's Corporate Social Responsibility Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

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

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

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

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

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

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



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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company on 26 May 2023 by the members of the Company. Our appointment has been renewed on 22 May 2024 at the Annual General Meeting of the Company for one additional year representing a total period of uninterrupted engagement appointment of 2 years.

Consistency of the Additional Report to the Audit Committee



We confirm that our audit opinion on the separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 29 April 2025 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

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

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Purcari Wineries Public Company Limited for the year ended 31 December 2024 comprising an XHTML file which includes the annual separate financial statements for the year then ended (the “digital files”).

The Board of Directors of Purcari Wineries Public Company Limited is responsible for preparing and submitting the separate financial statements for the year ended 31 December 2024 in accordance with the requirements set out in the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission (the “ESEF Regulation”).

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

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

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the separate financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the separate financial statements.
- 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 Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the



information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

- Up to 17 June 2024 the Company held treasury shares for a period exceeding two years; this was not in accordance with Cap113 provision 57(a). This matter was resolved on that date.

Other Matter

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

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024.

The engagement partner on the audit resulting in this independent auditor's report is Constantinos Taliotis.

A handwritten signature in blue ink, appearing to read 'Constantinos Taliotis', with a horizontal line underneath it.

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

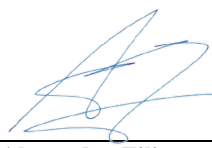
PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia, Cyprus

29 April 2025

Statement of Financial Position as at 31 December 2024*all amounts are in RON, unless stated otherwise*

	Note	31-Dec-2024	31-Dec-2023
ASSETS			
Investments in subsidiaries	10	142,753,652	116,574,774
Equity instruments measured at fair value through profit and loss	11	7,795,841	5,099,924
Loans receivable	12	20,447,387	23,035,909
Non-current assets		170,996,880	144,710,607
Other receivable	13	13,412,433	15,661,375
Loans receivable	12	2,431,023	2,549,619
Cash and cash equivalents	14	121,604	2,954,883
Current assets		15,965,060	21,165,877
Total assets		186,961,940	165,876,484
EQUITY			
Share capital	15	2,032,198	2,020,462
Share premium	15	45,503,042	43,652,065
Treasury shares reserves	15	-	(662,996)
Capital reserves	15	69,102,693	69,102,693
Other reserves	15	5,735,918	4,936,567
Foreign currency translation reserves	15	7,694,601	7,915,142
Retained earnings		47,866,088	31,212,707
Total equity		177,934,540	158,176,640
Trade and other payable	16	6,093,536	5,590,302
Provisions	17	2,933,864	2,109,542
Current liabilities		9,027,400	7,699,844
Total equity and liabilities		186,961,940	165,876,484

On 29 of April 2025 the Board of Directors of Purcari Wineries Public Company Limited authorised these financial statements for issue.


Vasile Tofan*Chairman of the Board of Directors*

Alexandru Filip*Chief Executive Officer*

Anatolie Belibov*Chief Financial Officer*

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenue	6	53,763,445	35,632,713
Administrative expenses	7	(12,783,065)	(8,266,412)
Impairment (loss) on trade and loan receivable		(109,499)	
Operating profit		<u>40,870,881</u>	<u>27,366,301</u>
Finance income	8	3,599,423	2,446,616
Finance costs	8	(8,968)	(10,553)
Net finance income	8	<u>3,590,455</u>	<u>2,436,063</u>
Profit before tax		<u>44,461,336</u>	<u>29,802,364</u>
Tax expense	9	(1,305,107)	(1,028,721)
Net profit for the year		<u>43,156,229</u>	<u>28,773,643</u>
Other comprehensive income			
Exchange differences on translation of balances to presentation currency (note 15)		(220,542)	1,230,573
Other comprehensive income/(loss) for the year		<u>(220,542)</u>	<u>1,230,573</u>
Total comprehensive income for the year attributable to owners		<u>42,935,687</u>	<u>30,004,216</u>

Statement of Changes in Equity for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

	Share capital	Share premium	Treasury Shares Reserves	Capital reserves	Other reserves	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2023	2,020,462	43,652,065	(2,008,391)	69,102,693	5,647,675	6,684,570	24,497,966	149,597,040
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	28,773,643	28,773,643
Exchange differences on translation of balances to presentation currency	-	-	-	-	-	1,230,573	-	1,230,573
Total comprehensive income for the year	-	-	-	-	-	1,230,573	28,773,643	30,004,216
Transactions with owners of the Company								
Dividends (Note 15)	-	-	-	-	-	-	(22,058,902)	(22,058,902)
Treasury shares acquired (Note 15)	-	-	(190,520)	-	-	-	-	(190,520)
Shares vested to employees (Note 15)	-	-	1,535,914	-	(1,535,914)	-	-	-
Equity-settled share-based payments (Note 15)	-	-	-	-	824,806	-	-	824,806
Total transactions with owners of the Company	-	-	1,345,394	-	(711,108)	-	(22,058,902)	(21,424,616)
Balance at 31 December 2023 / 1 January 2024	2,020,462	43,652,065	(662,997)	69,102,693	4,936,567	7,915,143	31,212,707	158,176,640
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	43,156,229	43,156,229
Exchange differences on translation of balances to presentation currency	-	-	-	-	-	(220,542)	-	(220,542)
Total comprehensive income for the year	-	-	-	-	-	(220,542)	43,156,229	42,935,687
Transactions with owners of the Company								
Dividends (Note 15)	-	-	-	-	-	-	(26,229,641)	(26,229,641)
Treasury shares acquired (Note 15)	-	-	-	-	-	-	-	-
Shares vested to employees (Note 15)	-	-	389,790	-	(389,790)	-	-	-
Share capital increase	11,736	1,163,264	-	-	-	-	-	1,175,000
Recycling of treasury shares reserves	-	-	273,207	-	-	-	(273,207)	-
Equity-settled share-based payments (Note 15)	-	-	-	-	1,876,854	-	-	1,876,854
Exercise of stock options	-	687,713	-	-	(687,713)	-	-	-
Total transactions with owners of the Company	11,736	1,850,977	662,997	-	799,351	-	(26,502,848)	(23,177,787)
Balance at 31 December 2024	2,032,198	45,503,042	-	69,102,693	5,735,918	7,694,601	47,866,088	177,934,540

**Statement of Cash Flows for the year ended
31 December 2024**

all amounts are in RON, unless stated otherwise

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		44,461,336	29,802,363
Adjustments for:			
Equity-settled share-based payment transactions	7	1,876,854	824,806
Unrealized exchange loss		(377,257)	(1,141,461)
Dividend income	6,18.1	(53,763,445)	(35,505,542)
Interest income	8	(856,805)	(995,899)
Change in fair value of equity instruments at FVTPL	8	(2,709,245)	(712,617)
Operating loss before working capital changes		(11,368,562)	(7,728,350)
Changes in working capital:			
Decrease in other receivable		2,248,942	3,464,908
(Decrease)/Increase in trade and other payable		475,115	(3,644,700)
Cash (used in) generated from operations		(8,644,505)	(7,908,142)
Interest received		130,090	(605,042)
Tax paid	9	(1,305,107)	(1,028,721)
Net cash (used in) generated from operating activities		(9,819,522)	(9,541,905)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary	10	(13,949,616)	-
Dividends received		55,084,283	38,818,050
Loans reimbursed from / (granted to) third parties		666,475	461,528
Loans granted intercompany		(9,785,633)	(10,716,233)
Net cash generated from investing activities		32,015,509	28,563,345
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(26,229,641)	(22,058,902)
Repurchase of treasury shares		-	(190,520)
Proceeds from exercise of share options		1,175,000	-
Net cash used in financing activities		(25,054,641)	(22,249,422)
Net (decrease) increase in cash and cash equivalents		(2,858,654)	(3,227,982)
Cash and cash equivalents at beginning of the year		2,954,883	6,133,833
Effect of movements in exchange rates on cash held		25,375	49,032
Cash and cash equivalents at end of the year	14	121,604	2,954,883

Notes to the Separate Financial Statements for the year ended 31 December 2024

all amounts are in RON, unless stated otherwise

1. Incorporation and principal activities

Country of incorporation

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

Principal activities and nature of operations of the Company

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

2. Basis of preparation

Statement of compliance

These separate financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

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

The Company is required to by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a public company as defined by the Law and the Company issues consolidated financial statements for the year ended 31 December 2024 together with these Company separate financial statements for the year ended 31 December 2024.

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

Basis of measurements

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

Standards and interpretation

Going concern basis

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

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

Users of these parent’s separate financial statements should read them together with the Group’s consolidated financial statements as at and for the year ended 31 December 2024 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

Adoption of new and revised IFRS Accounting Standards (IFRS) and Interpretations as adopted by the European

Union (EU)

As from 1 January 2024, the Company adopted all changes to IFRS Accounting Standards (IFRSs), which are relevant to its operations. This adoption did not have a material effect on the accounting policies of the Company, except for:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2024).

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

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

(i) Standards issued but not yet effective

The following new and amended standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the Group's consolidated financial statements when become effective.

- **Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).**

In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

- **Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).**

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

- **Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026)**

IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine

whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to ‘cost method’ that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment ‘Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate’.

- **Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026)**

The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company’s performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*. The amendments include: (a) clarifying the application of the ‘own-use’ requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows

- **IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027)**

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).**

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries’ financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group is currently assessing the impact of the amendments on its financial statements

The Group is currently assessing the impact of the amendments on its financial statements

IFRSs, Amendments to IFRSs and Interpretations not adopted by the EU

- IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)

Adoption of new or revised standards and interpretations

The following new standards and the amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a

substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

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

3. Material accounting policies

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

Subsidiaries

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

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

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

Revenue recognition

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

Dividends

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Interest income

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

Share-based payments arrangements

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

up for differences between expected and actual outcomes.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which is EUR. The financial statements are presented in Romanian Leu (RON), the same presentation currency as for consolidated financial statements.

(2) **Transactions and balances**

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

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

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

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

Tax

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

Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

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

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

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

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Cash and cash equivalents

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

Financial liabilities – measurement categories

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

Trade and other payable

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

Derecognition

Financial assets

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

Financial liabilities

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

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

Offsetting financial instruments

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

Impairment

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

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

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

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

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

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

Measurement of ECLs

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

Provisions

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

Share capital

Ordinary shares

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

Share premium

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

Capital reserves

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

Treasury shares

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

4. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial

instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

1.1 Credit risk

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

Exposure to credit risk

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	121,604	2,954,883
Other receivable	13,412,433	15,603,435
Loans receivable	22,878,410	25,585,528
Total	<u>36,412,447</u>	<u>44,143,846</u>

Cash and cash equivalents

The Company held cash and cash equivalents of RON 121,604 at 31 December 2024 (2023: RON 2,954,883), which represent its maximum credit exposure on these assets. 84.4% of cash and cash equivalents as at 31 December 2023 are held with bank with credit risk BBB+ from Fitch Ratings (2023: 99.5% and credit rating BBB).

The estimated loss allowance on cash and cash equivalents as at 31 December 2024 and 31 December 2023 was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2024 and 31 December 2023.

Other receivables

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

	<u>2024</u>	<u>2023</u>
Republic of Moldova (Note 18.5)	11,353,002	10,182,772
Gibraltar (Note 18.5)	1,748,786	5,351,207
Other	310,645	69,456
Total	<u>13,412,433</u>	<u>15,603,435</u>

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

The estimated loss allowance on other receivables as at 31 December 2024 and 31 December 2023 was immaterial.

All cash and cash equivalents were performing (Stage 1) as at 31 December 2024 and 31 December 2023.

Loans Receivable

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

	<u>2024</u>	<u>2023</u>
Republic of Moldova (Note 12)	-	12,916,434
Bulgaria (Note 12)	20,447,387	10,239,599
Czech Republic (Note 12)	2,431,023	2,429,495
Total	<u>22,878,410</u>	<u>25,585,528</u>

Impairment of other financial assets at amortized cost

Other financial assets at amortized cost include loan receivable, receivable from related party and other receivable.

The estimated loss allowance on loans receivable and other receivable as at 31 December 2024 and 31 December 2023 was immaterial.

No loans receivable, receivable from related parties or other receivable were written off during the period are still subject to enforcement activity.

1.2 Liquidity risk

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

The following were the estimated cash outflows for trade and other payable:

Monetary liabilities	Carrying Amount	Total Contractual Cash Flow	Between 1–12 months	More than 1 year
31 December 2024				
Trade and other payable	6,093,536	6,093,534	6,093,534	
Total	6,093,536	6,093,534	6,093,534	
31 December 2023				
Trade and other payable	5,590,302	5,590,302	5,590,302	-
Total	5,590,302	5,590,302	5,590,302	-

1.3 Currency risk

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

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

	31 December 2024	31 December 2023
MDL1	19.3106	19.3574
EUR 1	1.0389	1.1050
RON 1	4.9741	4.9746

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are primarily denominated are EUR, RON, MDL and USD.

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

The summary of quantitative data about the Company's monetary assets and monetary liabilities in original currency as at 31 December 2024 was as follows:

	EUR	USD	MDL	RON	Total
31 December 2024					
Monetary assets					
Cash and cash equivalents	74,885	548	-	46,171	121,604
Loans receivable	22,878,410	-	-	-	22,878,410
Other receivable	310,646	1,748,786	11,353,001	-	13,412,433
Total monetary assets	23,263,941	1,749,334	11,353,001	46,171	36,412,447
Monetary liabilities					
Trade and other payable	4,229,388	2,557,497	-	116,649	6,903,534
Total monetary liabilities	4,229,388	2,557,497	-	116,649	6,903,534
Net statement of financial position exposure	19,034,553	(808,163)	11,353,001	(70,478)	29,508,913

The summary of quantitative data about the Company's monetary assets and monetary liabilities in original currency as at 31 December 2023 was as follows:

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

1.4 Capital risk management

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

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

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

Fair value estimation

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

5. Critical accounting estimates and judgements

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

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

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

Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 11 – valuation of equity instruments measured at fair value through profit or loss (“FVTPL”).

Income taxes

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

Initial recognition of related party transactions and balances

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

6. Revenue

	<u>2024</u>	<u>2023</u>
Dividend income (Note 18.1)	53,763,445	35,505,542
Other income	-	127,171
	<u>53,763,445</u>	<u>35,632,713</u>

7. Administrative expenses

	<u>2024</u>	<u>2023</u>
Registrar of Companies annual levy	2,487	1,708
Independent auditors' remuneration for the statutory audit of annual accounts	12,432	42,955
Independent auditors' remuneration for the audit of consolidated accounts	1,122,061	640,418
Directors' (Note 18.3)	2,401,780	1,497,082
Key management personnel remuneration (Note 18.3)	4,313,579	3,409,839
Other staff costs	1,167,615	661,554
Equity-settled share-based payment	1,876,854	824,806
Legal and professional	1,476,531	952,803
Taxes and fees, except income tax	286,442	167,983
Travelling	11,854	7,498
Insurance	51,942	30,205
Rent	26,863	19,769
Other	32,625	9,792
	<u>12,783,065</u>	<u>8,266,412</u>

The total fees charged by PwC Cyprus for audit services related to the annual statutory and consolidated financial statements for the year ended December 31, 2024, amounted to RON 1,122,061 (2023: RON 692,510). Additionally, the total fees charged by PwC Cyprus and other PwC network firms for other services for the year ended December 31, 2024, were as follows: RON 0 (2023: RON 0) for other assurance services (audit-related), RON 0 (2023: RON 0) for tax advisory services, and RON 0 (2023: RON 0) for other non-assurance services.

Management incentive programs**1st Management incentive programs approved for period 2020-2024**

On 29 April 2020, the Company's shareholders approved the revised Special Resolution, initially date 14 June 2018 and later revised on 25 April 2019, stating the provision of a Management Stock Option Plan, as part of a Management Incentive Program ("The Program 2020-2024").

The Program 2020-2024 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 2020-2024 comprised of the following:

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

Share award

On 14 May 2020 the Company's Board of Directors approved the Long-Term Share Incentive Plan (LTSIP 1) with a total of 409,000 shares to be vested to employees during 2020-2022. On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to increase the total number of shares to 502,998 shares. As of 31 December 2023, all shares under LTSIP 1 were vested.

On 22 December 2020 the Company's Board of Directors approved the second Long-Term Share Incentive Plan (LTSIP 2) with a total of 101,996 shares to be vested to employees during 2021-2024. On 20.09.2021, the Directors of the Company, based on the authorization given by shareholders at AGM held on 29.03.2021, resolved to increase the total number of shares to 193,668 shares. As of 31 December 2024, a total number of 25,644 shares were vested to management and employees.

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

In 2024 the Company did not carry out any share buybacks in 2024 own shares (2023: 15,239 shares). The treasury shares acquired and held in 2023 are enough to finalize the existing Company's Management Incentive Program, which provides for last shares award in June 2024. These shares were recorded under "Treasury Shares Reserves".

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1,617,949).

After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

Stock options

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

- (a) 1,000,000 stock options at an Exercise Price of RON 10 per share;
- (b) 1,250,000 stock options at an Exercise Price of RON 15 per share; and
- (c) 1,500,000 stock options at an Exercise Price of RON 20 per share.

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

During 2024 twenty-two participants exercised 673,000 stock options with an exercise price of RON 10 per share (2023: nil).

As of 31 March 2024, nineteen participants exercised 459,500 stock options with an exercise price of RON 10 per share. Out of these, 116,500 stock options were exercised against payment.

For another 343,000 stock options the method of Discounted Exercise was chosen by employees, for which 118,294 shares were allotted free of charge out of the premium reserves.

Options were exercised throughout March 2024, and the weighted-average share price during the period was RON 15.26.

Thus, on 29 April 2024 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 26 May 2023, the Company be authorized:

- a. to issue and allot additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 1.99973 for a total subscription amount of RON 1,175,000.00 (equivalent of EUR 236,142.93).
- b. to issue and allot, free of charge and by using its share premium reserves, the additional 118,294 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

As a result, the issued share capital of the Company has been increased from 40,117,500 to 40,353,294 ordinary shares.

As of 31 September 2024, four participants exercised another 213,500 stock options with an exercise price of RON 10 per share. Out of these, 1,000 stock options were exercised against payment. For another 212,500 stock options the method of Discounted Exercise was chosen by employees, for which 72,380 shares to be allotted free of charge out of the premium reserves. Options were exercised throughout the year, and the weighted-average share price during the year was RON 15.17.

Subsequently, on 9 January 2025 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 22 May 2024, the Company be authorized:

- a. to issue and allot additional 1,000 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.00054 for a total subscription amount of RON 10,000.00 (equivalent of EUR 2,020.54).
- b. to issue and allot, free of charge and by using its share premium reserves, the additional 72,380 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

At the reporting date, the issued share capital of the Company is comprised of 40,353,294 ordinary shares with nominal value of EUR 0.01 each. All issued shares are fully paid.

The table below summarizes the movements in stock options part of MIP 2020-2024 between 1 January 2023 and 31 December 2024, and weighted average exercise price:

	Stock options with exercise price @RON 10	Stock options with exercise price @RON 15	Stock options with exercise price @RON 20	Weighted average exercise price
Outstanding Stock Options @ 01.01.2024	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	674,000	-	-	-
Outstanding Stock Options @ 31.12.2024	98,500	1,090,800	1,291,600	-
Outstanding Stock Options @ 01.01.2023	772,500	1,090,800	1,291,600	-
Stock options granted during the year	-	-	-	-
Stock options exercised	-	-	-	-
Outstanding Stock Options @ 31.12.2023	772,500	1,090,800	1,291,600	-

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

2nd Management incentive programs approved for period 2024-2027

On 22 May 2024, the Company's shareholders approved the Management Incentive Program 2024-2027 (The Program 2024-2027) mainly targeting members of the Group's senior management team and the performance criteria for the award of up to 802,000 shares in the Company to the Beneficiaries.

The Program 2024-2027 comprised of the following:

- a. award of up to 802,000 shares of the Company shares in the Company (the PSUs) to the Beneficiaries, free of charge, with annual vesting (i.e. ¼ vests at the end of each year) and subject to relevant performance indicators determined by the Board of Directors, being met; and
- b. award of stock options to the Beneficiaries (the Options or PSOs) in the following amounts: up to 802,000 Options at a strike price of RON 15, 1,002,000 Options at a strike price of RON 20 and 1,203,000 Options at a strike price of RON.

Each and any exercise of PSOs may occur via one of the following methods, at the option of the Participant in accordance with the terms of this document and the Offer Letter:

- a. *Discounted Exercise*: PSOs granted under this option may be exercised without payment of the Exercise Price, that will be set off against the Reference Market Price.
- b. *Exercise against Payment*: PSOs granted under this option may be exercised based on payment by the Participant of the Exercise Price as stipulated in the Exercise Application.

The exercised period for all stock options expires on 21 August 2034.

Assumptions Used in the Fair Value Measurement

The assumptions used in calculating the fair values of the shares and options allocated during the financial year were based on the following valuation techniques.

The performance-based package (the PSUs) valued at the amount of RON 6.4 million. The table below presents the valuation techniques used in measuring fair value as of 22 August 2024, as well as the significant unobservable inputs used.

The valuation of fair value of the performance-based share was performed by the valuation company.

Valuation technique	<i>Monte Carlo</i> simulation method, through explicit simulations of the Company and the Comparable Company's financial indicators that take part in the KPIs in the program.
Significant unobservable inputs	<ul style="list-style-type: none"> ● Stock price as of 22 August 2024 RON 15.28; ● Expected dividend yield – 5.2%; Risk-free interest rate – 6.49%; ● Churn Rate multiplier: Average 63.6% (Min 60% and Max 67%); ● Success probability rate: Average 82.5% (Min 79% and Max 86%);
Impact in the income statement for the year 2024	<ul style="list-style-type: none"> ● RON 1,036,809 expense reflected under Administrative expenses;
Inter-relationship between key unobservable inputs and fair value measurement	<p>The impact in 2024 Income statement may reflect a increase (decrease) by:</p> <ul style="list-style-type: none"> ● RON 62,759 (RON 62,759) if the expected Churn Rate multiplier were higher (lower) by 5p.p.; or ● RON 74,263 (RON 74,263) if success probability rate was lower (higher) by 5pp; or

The fair value of the performance-based share options was determined using the Monte Carlo simulation method, through explicit simulations of the Company and the Comparable Company's financial indicators that take part in the KPIs in the program.

More detailed explanation of the assumption are presented below:

- The strike price and unit quantities as per the Programme terms;
- A proxy Moldova risk free rate was estimated with the Romanian risk-free rate, based on yield to maturities of trading RON denominated Romanian government bond as at the Analysis Date sourced from the Refinitiv database with similar maturity dates to the effective strike dates. The proxy risk free rate equals to 6.49%;
- Dividend yield of 5.22% was estimated based on historical average of the Company;
- The churn rate was applied to estimate the portion of units expected to vest at the respective vesting and effective strike dates. It was determined based on World Bank data from benchmark countries, including Bulgaria, Romania, Serbia, Slovakia, and Slovenia, over the past five years.

The time-based package (the PSOs) valued at the amount of RON 3.8 million using the binomial tree method, as it can be represented as a combination of three sub-packages of American-style options, each with different strike prices but a common maturity date.

Valuation technique	<i>Binomial tree method</i> represented as a combination of three sub-packages of American-style options, each with different strike prices but a common maturity date.
Significant unobservable inputs	<ul style="list-style-type: none"> ● Stock price as of 22 August 2024 RON 15.28; ● Expected dividend yield – 5.2%; ● Risk-free interest rate – 6.49%; ● Underlying asset volatility – 19.64%; ● Churn Rate: Average 19.4% (Min 15.3% and Max 19.5%);
Impact in the income statement for the year 2024	<ul style="list-style-type: none"> ● RON 662,772 expense reflected under Administrative expenses;
Inter-relationship between key unobservable inputs and fair value measurement	<p>The impact in 2024 Income statement may reflect a increase (decrease) by:</p> <ul style="list-style-type: none"> ● RON 21,440 (RON 19,829) if the expected Churn Rate multiplier were higher (lower) by 5p.p.;

More detailed explanation of the assumptions are presented below:

- The strike price and unit quantities as per the Programme terms.
- A proxy Moldova risk free rate was estimated with the Romanian risk-free rate, based on yield to maturities of trading RON denominated Romanian government bond as at the Analysis Date sourced from the Refinitiv database with similar maturity dates to the effective strike dates. The proxy risk free rate equals to 6.49%.
- Dividend yield of 5.22% was estimated based on historical average of the Company;
- The underlying asset volatility was estimated at 19.64%, based on the Company's historical stock price data, while also taking into account the volatilities of peer companies over the period from Q1 2018 to Q3 2024.
- The churn rate was applied to estimate the portion of units expected to vest at the respective vesting and effective strike dates. It was determined based on World Bank data from benchmark countries, including Bulgaria, Romania, Serbia, Slovakia, and Slovenia, over the past five years.

The assumptions used in calculating the fair values of the options and shares allocated over the financial year, using the binomial or Monte Carlo models and the terms under which the options/shares were granted, are as follows:

Plan date	Type of Plan	Presence of performance condition	Volume units	Initial share price (RON)	Exercise Price (RON)	Program life	Expected volatility	Success Probability	Churn rate	Expected dividend yield	Risk-free interest rate	Weighted Average Price	FRS 2 fair value (million RON)
22.08.2024	PSU	Conditional	802,000	15.28		N/A	N/A	82.5%	63.6%	5.2%	6.5%	N/A	6.4
			802,000		15							3.33	
22.08.2024	PSO	Unconditional	1,002,000	15.28	20	until 22.08.2034	23.5%	N/A	63.6%	5.2%	6.5%	2.01	3.8
			1,203,000		25							1.25	

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of shares. Share premium account can only be resorted to limited purposes, which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

At the reporting date, the issued share capital of the Company is comprised of 40,353,294 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.

8. Net finance income

	2024	2023
Interest income	(856,805)	(995,899)
Financial assets at FVTPL – net change in fair value (Note 11)	(2,709,245)	(712,617)
Net foreign exchange gain	(33,373)	(738,100)
Total finance income	(3,599,423)	(2,446,616)
Sundry finance expenses	8,968	10,553
Total finance costs	8,968	10,553
Net finance income recognized in profit or loss	(3,590,455)	(2,436,063)

9. Tax

	2024	2023
Corporation tax - current year	1,305,107	1,028,721
Charge for the year	1,305,107	1,028,721

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

	<u>2024</u>	<u>2023</u>
Profit before tax	44,461,336	29,802,364
Tax calculated at the applicable tax rates	5,557,667	3,725,296
Tax effect of expenses not deductible for tax purposes	1,407,202	920,095
Current year losses for which no tax expense was recognized	98,389	(25,859)
Tax effect of allowances and income not subject to tax	(7,063,258)	(4,619,532)
Tax paid in foreign jurisdictions	1,305,107	1,028,721
Tax charge	1,305,107	1,028,721

The corporation tax rate is 12.5%.

During 2024 and 2023, a withholding tax of 5% was paid in the Republic of Moldova by the Company's subsidiaries Vinaria Purcari SRL and Vinaria Bostavan SRL, out of dividends distributed to the parent company and, respectively, interest on loan received from parent company.

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

Unrecognized deferred tax assets

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

	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>Gross amount</u>	<u>Tax effect</u>	<u>Gross amount</u>	<u>Tax effect</u>
Tax losses	<u>47,783,324</u>	<u>5,973,156</u>	<u>45,026,776</u>	<u>5,628,347</u>

Tax losses carried forward

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

Expiration years	<u>RON 47,783,324</u>	<u>2025 – 2029</u>	<u>RON 45,026,776</u>	<u>2024 – 2028</u>
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In 2024, the Company continued to further record tax losses, thus increasing cumulative tax losses to RON 47,783,324. Management has determined that the recoverability of cumulative tax losses, which expire in 2025–2029, is uncertain due to specific activity of the Company as holding company. However, if the Group changes its operational flow that will generate taxable profit at parent company level, then additional deferred tax assets and a related income tax benefit of up to RON 5,973,156 would be recognized.

10. Investments in subsidiaries

	<u>2024</u>	<u>2023</u>
Balance at 1 January	116,574,774	115,997,641
Additions	26,301,874	-
Effect of movement in exchange rates	(122,996)	577,133
Balance at 31 December	142,753,652	116,574,774

Acquisition of Timbrus Estate SRL

On 28 March 2024, the Group acquired 100% of the share capital of Timbrus Estate SRL for a cash consideration of EUR 2,800,000 (equivalent of RON 13,949,616), financed from own funds. Timbrus Estate SRL is a Moldova-based company that owns approximately 130 hectares of land, including 112 hectares of vineyards located in the village of Purcari. The company's main activity is the production, bottling, and sale of wines. Through this acquisition, the Group is further strengthening its position in the Ștefan Vodă Protected Geographical Indication (PGI) wine region and extend the company portfolio.

Consideration transferred

The amount paid by the Group for 100% shareholding amounted EUR 2,800,000 which were fully paid at the reporting date.

On 5 May 2025, based on the resolution of the General Shareholders' Meeting of Vinaria Bostavan SRL, it was approved to increase the company's share capital through the conversion of outstanding monetary loans amounting to RON 2.4million (EUR 2.5 million EUR) granted by Purcari Wineries PCL WINERIES PUBLIC COMPANY LIMITED..

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2024 Holding %	2023 Holding %	2024	2023
Vinaria Bostavan SRL	Moldova	Wine production	58.59	58.59	59,489,247	47,132,431
Crama Ceptura SRL	Romania	Wine production	100	100	13,534,458	13,548,753
Vinorum Holdings LTD	Gibraltar	Investments	100	100	22,087,491	22,110,820
Vinaria Purcari SRL	Moldova	Wine production	100	100	24,572,140	24,598,092
Purcari Wineries LLC	Ukraine	Distribution	100	100	272,061	272,348
Angel's Estate SA	Bulgaria	Wine production	76.00	76.00	8,902,926	8,912,330
VINTECH INNOVATIONS SRL	Moldova	IT services	100	-	-	-
Timbrus Estate SRL	Moldova	Wine production	100	-	13,949,616	-
					142,753,652	116,574,774

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

11. Equity instruments measured at fair value through profit or loss

On 13 May 2021, the Company purchased 10.00% ownership interest in 8Wines Czech Republic s.r.o. (8Wines), a Czech-based fast growing online retail platform.

The Group neither has any significant influence nor is involved in the management of 8Wines. Therefore, the ownership interest in 8Wines is accounted as equity instruments at fair value through profit or loss.

The movement in equity instruments at fair value through profit or loss for the years ended 31 December 2024 and 31 December 2023 was as follows:

	2024	2023
Balance at 1 January	5,099,924	4,353,004
Change in fair value (Note 8)	2,709,245	712,617
Effect of movement in exchange rates	(13,328)	34,303
Balance at 31 December	7,795,841	5,099,924

As of 31 December 2024, the fair value measurement for equity investment in 8Wines Czech Republic s.r.o. has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 5). The following table shows the valuation techniques used in measuring fair value as of 31 December 2024, as well as the significant unobservable inputs used. There were no transfers between levels. Any fair value changes are included in finance income/costs.

The valuation of the investment was performed by the Company's management.

Valuation technique	<i>Discounted cash flows</i> : 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	<ul style="list-style-type: none"> • Expected free cash flows for 2024-2028 (RON 14,917,339); • Risk-adjusted discount rate (10.30%); • Terminal growth rate (3.00%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: <ul style="list-style-type: none"> • RON 82,382 (RON 82,382) if the expected cash flows were higher (lower) by 1%; or • RON 1,591,015 (RON 1,199,648) if the risk-adjusted discount rate was lower (higher) by 1pp; or • RON 1,238,805 (RON 940,298) if the terminal growth rate was higher (lower) by 1pp.

12. Loans receivable

As at 31 December 2024 and 31 December 2023 loans receivables are as follows:

	Currency	Interest rate	Year of maturity	2024		2023	
				Non-current portion	Current portion	Non-current portion	Current portion
8Wines s.r.o.	EUR	3.0%	2025	-	380,018	376,662	-
8Wines s.r.o.	EUR	6.0%	2024	-	2,051,005	-	2,052,833
Vinaria Bostavan SRL (Note 18.4)	EUR	4.0%	2027	-	-	12,419,648	496,786
Angel's Estate SA (Note 18.4)	EUR	Euribor 12M+3.0%	2028	20,447,387	=	10,239,599	=
Total loans receivable				20,447,387	2,431,023	23,035,909	2,549,619

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

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

13. Other receivable

	2024	2023
Receivable from related companies (Note 18.5)	13,101,788	15,533,979
Prepayments	-	57,940
Other receivable	310,645	69,456
	13,412,433	15,661,375

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

14. Cash and cash equivalents

	2024	2023
Cash at bank	121,604	2,954,883
	121,604	2,954,883

15. Share capital and other elements of equity

	2024	2024	2023	2023
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €0,01 each	43,000,000	430,000	43,000,000	430,000
	2024	2024	2023	2023
	Number of shares	RON	Number of shares	RON
Issued and fully paid				
Balance at 1 January	40,353,294	2,032,198	40,117,500	2,020,462
Balance at 31 December	40,353,294	2,032,198	40,117,500	2,020,462

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

The Company has a Management Incentive Programme, initially approved in 2019 and subsequently revised, which allows managers and employees to exercise their stock options until 2030.

As of 31 March 2024, nineteen employees and managers exercised 459,500 stock options with an exercise price of RON 10 per share. Out of these, 116,500 stock options were exercised against payment. For another 343,000 stock options the method of Discounted Exercise was chosen by employees, for which 118,294 shares were allotted free of charge out of the premium reserves.

Thus, on 29 April 2024 the Directors of the Company unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 26 May 2023, the Company be authorized:

- i) to issue and allot additional 117,500 shares of nominal value EUR 0.01 each, issued at a premium of EUR 1.99973 for a total subscription amount of RON 1,175,000.00 (equivalent of EUR 236,142.93).
- ii) to issue and allot, free of charge and by using its share premium reserves, the additional 118,294 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1,617,949). After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

On May 22, 2024, the Annual General Shareholders' Meeting of Purcari approved a Management Incentive Programme for the period 2024–2027, exclusively for members of the Board of Directors, as well as senior and middle management of Purcari and its affiliates.

Details regarding the Management Incentive Programmes, past and current, are disclosed in Note 7 of the financial statements.

At the reporting date, the issued share capital of the Company is comprised of 40,353,294 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.

Capital reserve

Capital reserve was created by the Parent Company with the aim of covering potential losses from the activity of the Parent Company. The amount of capital reserves is RON 69,102,693 (31 December 2023: RON 69,102,693).

Translation reserve

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

Treasury share reserve

On 17 June 2024, the Company transferred free of charge to its management and employees 25,644 shares with a total value of RON 389,789 (2023: 101,047 shares with a total value of RON 1,617,949). After this vesting, the second Long-Term Share Incentive Plan for years 2020-2024 has ended.

In 2024, the Company did not acquire any own shares (2023: RON 190,520). The current balance of own shares left to finalise the equity-settled share-based payments is nil (2023: 25.644 shares)

Other reserves

In 2024 the Company accounted for equity-settled share-based payments in amount of RON 1,876,854 (2023: RON 824,807) in connection with the Management Incentive Programs 2020-2024 and 2024-2027for (see Note 7) and offset the amount of RON 389,790 (2023: RON 1,535,914) with treasury share reserve for shares allocated to employees.

As of 31 March 2024, nineteen employees and managers exercised 460,500 stock options with an exercise price of RON 10 per share. The Fair value of the exercised 460,500 stock options amounted to RON 687,713 was credited to the Share premium account.

As of 31 December 2024, the Other reserves amounts to RON 5,666,424 (31 December 2023: RON 4,936,567).

Dividends

During 2024 the Company declared and paid dividends in amount of RON 0.65 per share (2023: RON 0.65) to all shareholders. The total amount of dividends declared and paid in 2024 was RON 26,229,641 (2023: RON 22,058,902).

16. Trade and other payable

	2024	2023
Payable to related parties (Note 18.6)	5,046,507	4,616,832
Dividend payable	59,874	31,755
Other creditors	987,155	941,715
	6,093,536	5,590,302

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

17. Provisions

	2024	2023
Provisions for indirect taxes	2,786,148	1,882,958
Provision for unused vacation	147,716	226,584
	2,933,864	2,109,542

18. Related party transactions

The Company has no ultimate parent entity or ultimate controlling party. The Company’s related parties for the years 2023 and 2022 were the following:

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

The following transactions were carried out with related parties:

18.1 Dividend income (Note 6)

	<u>2024</u>	<u>2023</u>
Vinaria Purcari SRL	25,830,414	13,267,694
Crama Ceptura SRL	27,933,031	18,792,270
Vinorum Holdings Limited		3,445,578
	<u>53,763,445</u>	<u>35,505,542</u>

18.2 Interest income

	<u>2024</u>	<u>2023</u>
Vinaria Bostavan SRL	204,543	494,650
Angel's Estate SA	517,850	349,628
	<u>722,393</u>	<u>844,278</u>

18.3 Administration expenses (Note 7)

	<u>2024</u>	<u>2023</u>
Directors' remuneration	2,401,780	1,497,082
Key management personnel remuneration	4,313,579	3,409,839
Equity-settled share-based payments of key management personnel	1,206,490	312,837
	<u>7,921,849</u>	<u>5,219,758</u>

18.4 Loans receivable from related parties (Note 12)

	Nature	<u>2024</u>	<u>2023</u>
Vinaria Bostavan SRL	Interest bearing	-	12,916,434
Angel's Estate SA	Interest bearing	20,447,387	10,239,599
		<u>20,447,387</u>	<u>23,156,033</u>

18.5 Receivable from related parties (Note 13)

	Nature	<u>2024</u>	<u>2023</u>
Vinaria Purcari SRL	Dividends	11,353,002	10,182,772
Vinorum Holdings Limited	Dividends	1,748,786	5,351,207
		<u>13,101,788</u>	<u>15,533,979</u>

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

18.6 Payable to related parties (Note 16)

	Nature	<u>2024</u>	<u>2023</u>
Directors and key management personnel	Management fees	5,046,507	4,616,832
		<u>5,046,507</u>	<u>4,616,832</u>

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

19. Financial instruments by category

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

31 December 2024

	Financial assets mandatory at FVTPL	Financial assets at amortized cost	Total
Assets as per statement of financial position:			
Equity instruments held at FVTPL	7,795,841	-	7,795,841
Loans receivable	-	22,878,410	22,878,410
Other receivable	-	13,412,433	13,412,433
Cash and cash equivalents	-	121,604	121,604
Total	7,795,841	36,412,447	44,208,288

Liabilities as per statement of financial position:

	Financial assets mandatory at FVTPL	Financial liabilities at amortized cost	Total
Trade and other payable	-	6,093,354	6,093,354
Total	-	6,093,354	6,093,354

31 December 2023

	Financial assets mandatory at FVTPL	Financial assets at amortized cost	Total
Assets as per statement of financial position:			
Equity instruments held at FVTPL	5,099,924	-	5,099,924
Loans receivable	-	25,585,528	25,585,528
Other receivable	-	15,661,375	15,661,375
Cash and cash equivalents	-	2,954,882	2,954,882
Total	5,099,924	44,201,785	49,301,709

Liabilities as per statement of financial position:

	Financial assets mandatory at FVTPL	Financial liabilities at amortized cost	Total
Trade and other payable	-	5,590,302	5,590,302
Total	-	5,590,302	5,590,302

20. Operating environment

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

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

This event was a catalyst factor for the activation of Moldova's EU accession process, the country being formally awarded EU candidate status. Maia Sandu, Moldova's President, has set as goal for her administration to finalize the accession process and join the EU before 2030. The country has benefited from very significant financial support from EU and other development partners, estimated at over \$1 billion, including large grants components in addition to loans. The escalation of the war in Ukraine has created many uncertainties, as well as many consequences, especially in the fields of energy and finance. Moldova was mostly affected by the price of natural gas and dependence on supplies from Russia, but the government took prompt steps to interconnect the country with the EU market, ensuring supplies for industry and

households, and implemented a compensation scheme for the vulnerable population, to reduce the tariff burden. As result, during 2023 the tariff on natural gas was reduced, inflation dropped under targeting level, interest rates decreased.

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.

21. Contingencies and commitments

The Company estimated an amount of RON 1,003,363 (EUR 202,185) for the possible claim from the tax authorities.

According to the arrangements related to acquisition of subsidiary Angel's Estate SA in Bulgaria, the Company is committed to provide a EUR 6,000,000 loan during the years 2023-2025 for modernization of production facilities. During the period 2023-2024 the Company provided EUR 3,957,557.

As at 31 December 2024 the Group's commitment for next 12 months to purchase property, plant and equipment deriving from the above-mentioned arrangement amounts to EUR 2,042,443.

22. Events after the reporting period

On January 9, 2025, the Company's Board of Directors, acting under the authority granted by the Resolutions of the General Shareholders' Meeting held on May 22, 2024, unanimously resolved that, based on the authority granted by the Company's shareholders, as per resolution dated 22.05.2024 the Company be authorized:

- (e) to issue and allot additional 1,000 shares of nominal value EUR 0.01 each, issued at a premium of EUR 2.00054 for a total subscription amount of RON 10,000.00 (equivalent of EUR 2,010.54).
- (f) to issue and allot, free of charge and by using its share premium reserves, the additional 72,380 shares of nominal value EUR 0.01 each, issued at a discount of EUR 0.01 (total issuance price is zero).

On 14.02.2025 the Registrar of Companies in Cyprus registered the above-mentioned increase of issued share capital.

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