



Purcari Wineries Public Company Limited

Unaudited Consolidated Financial
Information

31 March 2019

Purcari Wineries Public Company Limited (formerly Bostavan Wineries Ltd.)

Unaudited Consolidated Financial Information as at and for the period ended 31 March 2019

all amounts are in RON, unless stated otherwise

Name of the issuing entity: Purcari Wineries Public Company Limited

Social headquarters: 1 Lampousas Street, 1095 Nicosia, Cyprus

Fax number: +357 22 779939

Unique registration code: HE 201949

Registration number in the Trade Register: HE 201949

Share capital: 200,000 EUR

The regulated market on which the issued securities are traded: Bucharest Stock Exchange

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Note: These financial statements have been prepared in accordance with the international reporting standards adopted by the European Union ("IFRS").

Base of Reporting: According to Regulation C.N.V.M. no. 5/2018 on Issuers and Operations with Securities and Law 24/2017 on Issuers of Financial Instruments and Market Operations; according to Section 10 of the Cyprus Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 as amended

Purcari Wineries Public Company Limited (formerly Bostavan Wineries Ltd.)

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*all amounts are in RON, unless stated otherwise***I. Unaudited Consolidated Statement of Financial Position as at 31 March 2019**

	31 March 2019 (unaudited)	31 December 2018 (audited)
Assets		
Property, plant and equipment	114,378,691	98,259,527
Intangible assets	1,354,773	1,073,576
Loans receivable	-	-
Investments in associates	298,960	298,959
Other investments including derivatives	12,879,389	12,484,972
Other non-current assets	58,832	48,014
Total non-current assets	128,965,646	112,165,048
Biological Assets	3,826,006	-
Inventories	112,898,767	113,145,958
Trade and other receivables	52,882,609	58,936,752
Cash and cash equivalents	51,131,260	21,803,241
Income tax assets	899,983	660,552
Prepayments	4,135,312	3,628,145
Other current assets	306,955	94,201
Total current assets	222,254,886	198,268,849
Total assets	351,220,532	310,433,897
Equity		
Share capital	728,279	728,279
Share premium	82,533,921	82,533,921
Foreign currency translation reserve	11,116,966	9,658,866
Other reserves	-	-
Retained earnings	55,011,534	47,358,345
Equity attributable to owners of the Company	149,390,700	140,279,411
Non-controlling interests	16,443,663	13,842,222
Total equity	165,834,363	154,121,633
Liabilities		
Loans and borrowings	91,878,767	69,235,581
Deferred income	2,440,201	2,251,358
Deferred tax liability	7,100,023	6,206,696
Total non-current liabilities	101,418,991	77,693,595
Loans and borrowings	37,127,908	28,569,171
Deferred income	369,872	340,880
Current tax liabilities	1,879,185	1,860,216
Employee benefits	2,429,236	2,227,775
Trade and other payables	36,374,264	40,065,471
Provisions	5,786,712	5,555,156
Total current liabilities	83,967,177	78,618,669
Total liabilities	185,386,168	156,312,264
Total equity and liabilities	351,220,532	310,433,897

Purcari Wineries Public Company Limited (formerly Bostavan Wineries Ltd.)Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 March 2018
*all amounts are in RON, unless stated otherwise***II. Unaudited Consolidated Statement of Profit or Loss for the period ended 31 March 2019**

	31 March 2019 (unaudited)	31 March 2018 (unaudited)
Revenue	42,218,022	32,781,229
Cost of sales	(22,015,492)	(18,286,088)
Gross profit	20,202,531	14,495,141
Other operating income	62,009	1,689,851
Marketing and sales expenses	(3,250,047)	(2,624,733)
General and administrative expenses	(5,804,321)	(5,712,912)
Other operating expenses	714,996	416,532
Result from operating activities	11,925,168	8,263,880
Finance income	(584,830)	(557,231)
Finance costs	(1,072,727)	(1,246,151)
Net finance costs	(1,657,558)	(1,803,382)
Share of profit of equity-accounted investees, net of tax	-	558,232
Profit before tax	10,267,610	7,018,730
Income tax expense	(1,599,383)	(1,101,322)
Profit for the period	8,668,227	5,917,408
Profit attributable to:		
Owners of the Company	7,653,189	4,939,712
Non-controlling interests	1,015,037	977,697
Profit for the period	8,668,227	5,917,408

III. Financial analysis

In 1Q2019, net sales of Purcari Group were up +29%, reaching 42.2 mil. RON. Romania and Poland contributed most to the growth, increasing 34% YoY and 49% YoY respectively. The Group maintained double-digit pace in Moldova, with 12% sales increase.

In terms of product mix, the premium segment continued to demonstrate strong performance, with Purcari brand growing 35% YoY, mainly driven by dynamics in Romania. Bostavan, the Group's mid-price brand, showed good performance across key markets, up 41% YoY.

Gross margin increased to 48%, up 4pp compared to the same period of the previous year, on good pricing dynamics and lower personnel costs, leading to Gross Profit increasing by +39%.

On SG&A side, Purcari Group continued to ramp up marketing investments, to build brand equity and seed future growth. Nevertheless, share of marketing and selling in revenue was maintained below 8%. The Group demonstrated good control across the level of G&A costs, at +2%, helped by overall cost discipline, halt in MDL appreciation and positive effect of tax reform.

Other operating income recorded a significant decrease in 1Q2019, as the main part of the 1Q2018 figure (1.3 mil. RON) represented corrections in provisions and income from state subsidies.

The result from operating activities increased by +44%, versus the previous period, positively influenced by gross profit growth and control over SG&A expenses.

The Group's EBITDA reached 13.9 mil RON, increasing 37% year-on-year. Adjusting for one-off, IPO-related expenses in 1Q2018, EBITDA was up 26% compared to the previous period.

In the first quarter of 2019, the Group maintained its general liquidity ratio at a high level, slightly increasing from 2.52 to 2.65. The receivables turnover ratio improved from 162 days at the end of 2018 to 113 days by end of March 2019.

The gearing ratio of the group is 44% (D/E), pointing to a prudent capital structure.

IV. Important events

On February 28, 2019, the Group finalized the acquisition of assets owned by Vismos winery, including 263 hectares of vineyards and a production platform for primary winemaking, capable of processing up to 8,000 tons of grapes (equivalent of circa 5.0 million liters of wine or 6.7 million bottles). The acquisition, was structured as an assets purchase, paid for in two tranches with 0.76 million EUR paid at closing and 1.49 million EUR to be paid by March 2020. The Group believes the acquisition shall result in significant benefits for the Group, giving access to prime white grapes plantations in the Chetrosu region (Moldova) and red grapes plantations in the Moscovei region (Moldova), known to be among the most suitable for large scale grape growing and processing. Following this acquisition, the total vineyards area under operation grew to 1,392 hectares.

In March 2019 the Group's subsidiaries signed new loan agreements for a total amount of 150 mil. MDL with MAIB, the largest bank in Moldova, to finance its capital expenditures and to sustain sales increase with necessary working capital. Upon drawing on these new loans, the total debt towards MAIB will grow by a net amount of 65 million MDL by the end of 2019, factoring in the existent debt repayment schedule. The loans were attracted in EUR and MDL, in a proportion of 60% to 40% respectively, with the interest rate on the EUR portion at 3.9% and on the MDL portion at 8.5%.

In May 2019 the Group received 0.86 million EUR from the sale of two land plots pledged as collateral by Speed SRL (entity behind the Cramele Husi winery in Romania). As a background, Speed has been one of the fastest growing wineries in Romania, but came in financial difficulties with creditors. The Group has acquired the bank debts of Speed for 1.2 million EUR, at a discount to face value, joining the council of creditors. After the sale of two pledged assets, the Group continues to hold pledges over a number of key assets of Speed, including the main production platform. With bankruptcy procedure ongoing and auctioning of Speed's assets imminent, the Group will seek to either purchase select assets of Speed at auction, provided the prices are deemed attractive, or benefit from receiving the proceeds of those asset disposals as creditors.

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V. Financial indicators

Item, RON	Period			
	31 March 2019		31 December 2018	
Liquidity ratio				
Current Assets	222,254,886	2.65	198,268,849	2.52
Current liabilities	83,967,177		78,618,669	
Gearing ratio				
Debt	129,006,676	0.78	97,804,752	0.63
Equity	165,834,363		154,121,634	
Debt	129,006,676	0.44	97,804,752	0.39
Total Capital Employed	294,841,039		251,926,386	
Receivables Turnover, days				
Receivables	52,882,609	113	58,936,752	162
Net Sales x 4/360	469,089		364,236	
Non-current Assets turnover				
Net Sales x 4	42,218,022	0.3	32,781,229	0.3
Non-current Assets	128,965,646		112,165,048	

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VI. EBITDA Statement

	Indicator	31 March 2019 (unaudited)	31 March 2018 (unaudited)
Adjusted EBITDA	EBITDA	13,937,730	11,044,525
Non-recurring G&A expenses related to IPO		-	(836,995)
EBITDA	EBITDA	13,937,730	10,207,530
Less: depreciation		(1,965,959)	(1,366,163)
Less: amortization		(46,604)	(19,256)
Result from operating activities	EBIT	11,925,168	8,822,112
Less: net finance costs		(1,657,558)	(1,803,382)
Earnings Before Taxes	EBT	10,267,610	7,018,730
Less: income tax		(1,599,383)	(1,101,322)
Profit for the period		8,668,227	5,917,408