



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

Unaudited Consolidated Financial
Information

30 September 2018

Purcari Wineries Public Company Limited

Unaudited Consolidated Financial Information as at and for the period ended 30 September 2018
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 LimitedUnaudited Consolidated Financial Information as at and for the period ended 30 September 2018
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	30 September 2018 (unaudited)	31 December 2017 (audited)
Assets		
Property, plant and equipment	82,178,524	72,709,746
Intangible assets	1,162,615	1,055,960
Loans receivable	1,384,450	1,270,157
Investments in associates	9,098,325	7,257,508
Other non-current assets	-	24,446
Total non-current assets	93,823,914	82,317,817
Inventories	114,102,623	78,807,488
Trade and other receivables	64,013,747	47,203,153
Cash and cash equivalents	17,359,393	21,428,215
Prepayments	1,976,732	871,636
Other current assets	172,345	65,362
Total current assets	197,624,840	148,375,854
Total assets	291,448,755	230,693,671
Equity		
Share capital	973,807	34,838
Share premium	122,754,153	123,685,006
Foreign currency translation reserve	(2,447,487)	5,088,928
Other reserves	15,916,980	8,916,387
Retained earnings	(14,843,107)	(40,483,788)
Equity attributable to owners of the Company	122,354,346	97,241,371
Non-controlling interests	11,856,168	11,194,576
Total equity	134,210,514	108,435,947
Liabilities		
Loans and borrowings	48,383,097	10,476,771
Deferred income	1,620,483	702,807
Deferred tax liability	5,766,564	5,078,353
Total non-current liabilities	55,770,144	16,257,931
Loans and borrowings	46,485,721	63,746,168
Deferred income	160,611	268,049
Current tax liabilities	-	2,190,399
Employee benefits	2,081,125	1,791,184
Trade and other payables	51,522,873	32,697,166
Provisions	1,217,767	5,306,827
Total current liabilities	101,468,097	105,999,793
Total liabilities	157,238,240	122,257,724
Total equity and liabilities	291,448,755	230,693,671

This Unaudited Consolidated Financial Information was approved by management on 15th of November 2018 and were signed on its behalf by:

Victor Bostan, CEO

Victor Arapan, CFO

Purcari Wineries Public Company LimitedUnaudited Consolidated Financial Information as at and for the period ended 30 September 2018
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	30 September 2018 (unaudited)	30 September 2017 (unaudited)
Revenue	113,341,860	94,585,800
Cost of sales	(56,762,919)	(50,644,207)
Gross profit	56,578,941	43,941,593
Other operating income	184,461	170,504
Marketing and sales expenses	(8,530,834)	(5,026,686)
General and administrative expenses	(15,571,577)	(12,490,123)
Other operating expenses	(89,635)	(183,139)
Result from operating activities	32,571,356	26,412,149
Finance income	72,767	119,870
Finance costs	(3,248,301)	(1,101,230)
Net finance costs	(3,175,534)	(981,360)
Share of profit of equity-accounted investees, net of tax	1,578,428	819,690
Profit before tax	30,974,250	26,250,479
Income tax expense	(5,333,569)	(4,171,552)
Profit for the period	25,640,681	22,078,927
Profit attributable to:		
Owners of the Company	22,796,723	19,238,230
Non-controlling interests	2,843,958	2,840,697
Profit for the period	25,640,681	22,078,927

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III. Financial analysis

In 9M 2018, the net sales of Purcari group grew by +20% year-on-year, reaching RON 113.3 million. Romanian market remained the largest growth driver, with an increase of +32% year-on-year, accounting for 38% share of total revenue. In terms of product mix, the company continued the premiumization trend, with Purcari, Crama Ceptura and Bardar brands growing by 22%, 27%, 30% year-on-year respectively, faster than Bostavan (15% year-on-year).

Gross margin grew by circa 3 pp compared to the same period last year, reaching 50%, and leading to Gross Profit increase of 29% year-on-year. Margin was positively impacted by improving product mix and pricing, while MDL appreciation impacted gross margin negatively.

In 9M 2018, SG&A grew by +37%, driven, amongst other factors, by expenses timing differences versus 2017. Effect to be normalized over entire FY2018, during which SG&A are expected to growth 11-13% year-on-year. Other factors, such as MDL appreciation and public listing costs recorded in 2018, also adversely impacted SG&A in the nine months of 2018.

Operational Profit increased with +23%, compared with the previous period, being positively influenced by gross profit growth and negatively by administrative and commercial expenses, which will be normalized for the entire 2018 year.

Adjusted EBITDA reached RON 39.5 million, growing by +26% compared to the same period last year. EBITDA margin is at 35%, growing by +2pp, compared to 33% in 9M 2017.

In 9M 2018, the Group improved its general liquidity ratio, from 1.40 to 1.97.

The gearing ratio of the group is 41% (D/E). The low leverage ratio indicates that financial risk in Group's operations is low, and it continues to utilize equity resources for growth.

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IV. Important events

At 04 January 2018 the company increased its authorized share capital to 200.000 EUR divided into 20.000.000 ordinary shares with nominal value of 0,01 EUR each, by making subdivision and issue of fully paid bonus shares, made out of the share premium reserve.

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.

Purcari Wineries Public Company Limited

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Item, RON	Period	
	30 September 2018	31 December 2017
Liquidity ratio		
Current Assets	197,624,840	148,375,854
Current liabilities	101,468,097	105,999,793
	1.95	1.40
Gearing ratio		
Debt	94,868,818	74,222,939
Equity	134,210,514	108,435,947
	71%	68%
Debt	94,868,818	74,222,939
Total Capital Employed	229,079,332	182,658,886
	41%	41%
Receivables Turnover, days		
Receivables	64,013,747	47,203,153
Annualized Net Sales/360	419,785	350,318
	152	135
Non-current Assets turnover		
Annualized Net Sales	151,122,480	126,114,400
Non-current Assets	93,823,914	82,317,817
	1.6	1.5

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	Indicator	30 September 2018 (unaudited)	30 September 2017 (unaudited)
Adjusted EBITDA	EBITDA	39,492,348	31,336,383
Non-recurring G&A expenses related to IPO		(918,424)	-
EBITDA	EBITDA	38,573,923	31,336,383
Less: depreciation		(4,365,199)	(4,043,289)
Less: amortization		(58,940)	(61,255)
Result from operating activities		34,149,784	27,231,839
Less: net finance costs		(3,175,534)	(981,360)
Earnings Before Income Taxes	EBT	30,974,250	26,250,479
Less: income tax		(5,333,569)	(4,171,552)
Profit for the period		25,640,681	22,078,927