

Purcari Wineries Public Company Limited

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HE201949

Share capital: EUR 200,000

www.purcari.wine



**INFORMATION DOCUMENT
REGARDING FREE ALLOCATION OF THE SHARES
OF PURCARI WINERIES PUBLIC COMPANY LIMITED
TO THE COMPANY'S EMPLOYEES**

174,982 shares

**(Information document in accordance with Appendix no. 4 of the
ASF Regulation no. 5/2018)**

1. INDIVIDUALS RESPONSIBLE FOR THE PROCEDURE

1.1. Name and position of the individuals and/or name and headquarters of the companies responsible for the information included in the information document

PURCARI WINERIES PUBLIC COMPANY LIMITED, with headquarters in 1 Lampousas street, Nicosia, Cyprus, registered with the Registrar of Companies at 14.06.2007, sole registration code HE 201949, dully represented by Mr. Victor ARAPAN – Chief Financial Officer.

1.2. Statements made by the individuals mentioned in 1.1, by which they declare that, to their knowledge, the information transmitted is real and without omissions which might significantly affect the information document

Upon verification of the content of the information document, PURCARI WINERIES PUBLIC COMPANY LIMITED, represented by Victor ARAPAN – Chief Financial Officer, accepts all responsibility for its content and hereby confirms that all the information provided is real and without omissions or false statements which might significantly affect the information document.

2. INFORMATION CONCERNING THE SHARES' ISSUER

2.1. Name, headquarter, fiscal code and registration number at the Trade Registry Office

• Name of the issuer	Purcari Wineries Public Company Limited
• Headquarters	1 Lampousas street, 1095 Nicosia, Cyprus
• Company registration number	HE 201949
• Registered with the Registrar at	14.06.2007

2.2. Company's capital:

- value of the subscribed, paid-up capital: EUR 200,000
- number of shares issued: 20,000,000
- nominal value of a share: EUR 0.01

3. INFORMATION CONCERNING THE OFFER OR ALLOCATION OF SECURITIES TOWARDS CURRENT OR EX MEMBERS OF THE MANAGEMENT OR OTHER EMPLOYEES

3.1. Decisions by which the offer or allocation of securities to current or ex members of the management and employees was decided

By the Special Resolution 1 of the General Meeting of Shareholders dated June 14, 2018, it was approved an incentive plan mainly targeting members of the Group's senior management team (except the CEO) and board of directors (the "**Beneficiaries**"), intended, as disclosed in the Company's prospectus published in relation to its admission to trading, to further align the interests of such Beneficiaries with those of the Company's shareholders, with a duration of 4 years and

comprising: (a) award of up to 400,000 shares in the Company 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 to be determined by the Board of Directors; and (b) award of stock options to the Beneficiaries (the Options), with annual vesting (i.e. ¼ vests at the end of each year), subject to relevant performance indicators to be determined by the Board of Directors, in the following amounts: up to 400,000 Options at a strike price of 20 RON (i.e. that is, under 20 RON the value of options is nil), 500,000 Options at a strike price of 30 RON and 600,000 Options at a strike price of 40 RON, combined the **Management Incentive Programme**.

It was hereby resolved to authorize the Company's Board of Directors to take all necessary steps for the implementation of the Management Incentive Programme, including without limitation by agreeing on any further market standard commercial details (such as the manner in which the shares required to be transferred to Beneficiaries are to be procured, relevant key performance indicators, split of shares and Options between the Beneficiaries etc.) and preparing the documentation to be executed between the Beneficiaries and the Company.

Also, the Company's Board of Directors was instructed to finalize the legal and financial terms of a buy-back program to meet part of the obligations of the Company arising from Incentive Programme, under which the Company shall purchase within 12 months from the date of this resolution a maximum number of 200,000 of its own shares, for a maximum price of RON 30/share and a minimum price of RON 18.50/share and a maximum period of holding the shares of 24 months, and authorization of the Company's Board of Directors to take all necessary steps for the implementation of such program in accordance with the relevant legislation.

Subsequently, at the General Meeting of Shareholders dated April 25, 2019, the members voted a new revision of the Special Resolution 1 dated 14.06.2018, stating:

“That the Company's Board of Directors is hereby instructed to finalize the legal and financial terms of a buy-back program to meet part of the obligations of the Company arising from the Incentive Programme. Under the buy-back program the Company is authorized to purchase a maximum number of 200,000 of its own shares, via trading on the regular market on which the shares are listed or via public tender offers, within 24 months from 14th June 2018. The buy-back shall be performed at a price that cannot exceed RON 30/share or be lower than RON 5/share. The transaction can only have as object fully paid shares. This buy-back program implementation will be subject to the availability of the necessary financing sources. The acquired shares can be held for a maximum period of 24 months.”

The buy-back program, carried out by the Company and conducted by WOOD & Company Financial Services, a.s. as intermediary, in the terms and conditions approved by the General Meeting of Shareholders Resolution dated 25.04.2019 started at 13.06.2019 and ended on 13.11.2019 with the buy-back of 200,000 shares.

Further, during the General Meeting of Shareholders held on 29.04.2020, the members voted a new version of the Special Resolution 1 dated 14.06.2018 and revised at 25.04.2019, as follows:

“Special Resolution 1

“Approval of an incentive plan targeting members of the Group’s senior management team (except the CEO) and board of directors (the “Beneficiaries”), intended to further align the interests of such Beneficiaries with those of the Company’s shareholders comprising: (a) award of up to 500,000 shares in the Company to the Beneficiaries, free of charge and subject to relevant performance indicators; and (b) award of stock options to the Beneficiaries (the Options) subject to relevant performance indicators to be determined by the Board of Directors, in the following amounts: up to 500,000 Options at a strike price of 20 RON (i.e. that is, under 20 RON the value of the options is nil), 625,000 Options at a strike price of 30 RON and 750,000 Options at a strike price of 40 RON, combined (the “Management Incentive Programme”).

As result of the received authorizations, the Board of Directors approved in its meeting dated 14.05.2020 the first Long-Term Share Incentive Plan (LTSIP 1) for years 2020-2022, with a total number of 409,000 shares included in the remuneration program of the employees, out of which 128,352 shares were vested on 17.06.2020.

Taking into consideration that an employee with an allocation of 10,996 shares left the Company before any vesting was performed, as well as based on the same authorization received from members on 29.04.2020, the Board of Directors approved in its meeting dated 22.12.2020 the second Long-Term Share Incentive Plan (LTSIP 2) for years 2020-2024, with a total number of 101,996 shares included in the remuneration program of the employees.

Thus, by approving both LTSIPs, the Board of Directors awarded all 500,000 shares, as mentioned in Special Resolution 1.

In accordance with their provisions and under the conditions of compliance with the eligibility established by the Board of Directors, on 15.06.2021 a total number of 174,982 shares will be allocated to employees, out of which 164,658 shares refer to LTSIP 1 and 10,324 shares relate to LTSIP 2.

In order to meet Company’s obligations arising from approved Incentive Programme, at the Annual General Meeting held on 29.04.2020 the shareholders voted to authorize the Company’s Board of Directors to acquire the Company’s existing shares, under a buy-back programme no.1, in a maximum number of 300,000 shares at prices not exceeding by more than five percent (5%) the average market price of the shares during the last five stock exchange sessions, prior to carrying out the relevant.

At 14.05.2020 the Board of Directors unanimously resolved to execute the Company’s buy-back programme no.1 for acquisition of up to 120,000 shares. The buyback was carried out by the Company and conducted by BT Capital Partners SA as intermediary. It started on 07.09.2020 and ended on 28.12.2020 with the purchase of 120,000 shares.

The transfer of the property of the shares from Company to Purcari Group’s employees will take place after the communication of the present information document and other documents relating to transfer, to the Central Depository, in accordance with the law.

3.2. Description of the capital increase:

- the reason of the capital increase:
- the value of the capital increase:
- the number of shares issued for the capital increase:
- the number of shares offered to current or ex members of the management or other employees (if the total number of shares issued for the capital increase is greater than the number of shares offered to current or ex members of the management or employees).

Not applicable.

3.3. Description of the operation: the reason for the allocation of shares, number of securities allocated, the number of securities offered to individuals by types of investors:

PURCARI WINERIES PUBLIC COMPANY LIMITED launched the first buyback program of its own shares (symbol WINE) under the conditions approved by the Resolution of the General Meeting of Shareholders of June 14, 2018 and the Resolution of the General Meeting of Shareholders of April 25, 2019, respectively, up to a maximum of 200,000 shares. The scope of the buyback program was the implementation of the Management Incentive Programme.

As the shareholders revised the above-mentioned resolution at the AGM dated 29.04.2020 by increasing the number of shares awarded free of charge up to 500,000 shares, the shareholders voted to authorize the Company's Board of Directors to acquire the Company's existing shares, under a buy-back programme no.1, in a maximum number of 300,000 shares. In the period 07.09.2020 – 28.12.2020 the Company carried out the buyback and acquired 120,000 shares.

According to the LTSIP 1 and LTSIP 2, the Board of Directors established the maximum number of shares to be allocated to each eligible employee (Directors and employees), individual limits for annual vesting, as well the eligibility and performance criteria.

In order to be eligible for vesting, at least three of the following 5 KPIs need to be achieved under the normal course of business, based on audited annual financials:

- i. Compounded audited revenue growth rate for the Group for the latest year prior the Vesting Date (latest reported full year results available) of at least 3 times better the value of the weighted average GDP growth rate in the Top 5 Countries in terms of Group revenues for the comparable period;
- ii. Compounded audited EBITDA growth rate for the Group for latest year prior the Vesting Date (latest reported full year results available) of at least 3 times the value of the weighted average GDP growth rate in the Top 5 Countries in terms of Group revenues for the comparable period;
- iii. Consolidated EBITDA margin for the Group for the latest available year prior to the Vesting Date of at least 1.5 times better the median level of the public peer group companies for the latest available annual reported period.

- iv. Consolidated Net Income margin for the Group for the latest available year prior to the Vesting Date of at least 1.5 times better the median level of the public peer group companies for the latest available annual reported period.
- v. Return on Equity (ROE) level for the Group, for the latest available year prior to the Vesting Date of at least 1.5 times better the median level of the public peer group companies for the latest available annual reported period.

So, for results of the year 2020, four out of five performance indicators were fulfilled, as per table below.

	Criterion	Inputs	Result	KPI	KPI met?
i	Revenue growth	2020 Revenue: 203.7 m RON 2019 Revenue: 199.1 m RON	2.3%	-1.5%	Yes
ii	EBITDA growth	2020 EBITDA: 60.5 m RON 2019 EBITDA: 65.4 m RON	-7.5%	-1.5%	No
iii	EBITDA margin	2020 EBITDA: 60.5 m RON 2020 Revenue: 203.7 m RON	29.7%	26.3%	Yes
iv	Net Income margin	2020 Net Income: 59.2 m RON 2020 Revenue: 203.7 m RON	29.1%	14.3%	Yes
v	ROE	2020 Net Income: 59.2 m RON 2020 Equity: 222.6 m RON	26.6%	7.5%	Yes

As result, for all selected employees with continuous statute on the vesting date 15.06.2021 will be allocated, free of charge, i.e. at price of RON 0/share, a total number of 174,982 shares.

The categories of personnel to whom the shares will be allocated free of charge are represented by executive members of Board of Directors, managers and key employees in sales, production, agriculture, finance and logistics.

The people involved with the verification/application of the selection criteria are members of Board of Directors, at recommendations of members of Nomination, Remuneration and Corporate Governance Committee.

3.4. Description of the type ad class of the securities that are offered or allocated:

The allocated securities are nominal, dematerialized shares, which are traded in the International Shares category of Bucharest Stock Exchange, under symbol WINE.

3.5. The time period for share subscription:

The transfer of ownership of shares from the company to the Directors and employees shall be done after sending this information document and documents related to the transfer to the Central Depository, according to the legislation in force.

3.6. Subscription price:

As per Management Incentive Programme approved in the last version by the Annual General Meeting of the Shareholders of PURCARI WINERIES PUBLIC COMPANY LIMITED, held on 29 April 2020, the shares are offered to the employees and managers of the Company, as well as to the members of the Board of Directors, free of charge, at a price of RON 0/share.

3.7. The intermediary which aided in the drafting of the information document:

Not applicable.

3.8. Other information believed to be of relevance by the issuer or by the ASF:

In accordance with art. 16 par. 3 letter b) point 5 of the Law no. 24/2017 on issuers of financial instruments and market operations, the drafting and publication of a prospectus is not mandatory for securities offered, allocated or which will soon be allocated to ex members of the management or employees or to current employees by the employer or by the parent-company or the subsidiary, with the conditions that the company has a headquarters or is registered in the European Union and that the company issues a document with the minimum content stipulated in regulations issued by FSA.

Issuer

PURCARI WINERIES PUBLIC COMPANY LIMITED

Chief Financial Officer

Victor ARAPAN