



**To:** All shareholders of Purcari Wineries Public Company Limited  
**Date:** April 6, 2020  
**Subject:** Notice of Annual General Meeting of the Shareholders

Dear Purcari shareholders,

First of all, we hope you and your dear ones are well, as much as it can be the case in this period of hardship, anxiety and unprecedented uncertainty. As we prepare for Purcari's AGM on April 29<sup>th</sup>, we thought this accompanying letter, written in plain English, will provide additional context and explanation to some of the key proposals we put for the vote to our shareholders, compensating for the dry legalese in which AGM notices are typically written in.

As a general approach, what we seek to achieve with the items 6 to 10 on the proposed agenda, is to maximize our optionality as a Company, as options are particularly valuable in times of uncertainty and to streamline decision making in such a way, as to empower the Board of the Company to act faster should we consider it beneficial for the Company and shareholders.

*Item 6. Update of our Management Incentive Programme*

We seek approval to expand our existent stock incentive programme, by allotting up to 100,000 additional share grants (on top of current limit of 400,000), 100,000 options with a strike price of 20 RON (on top of current limit of 400,000), 125,000 options with a strike price of 30 RON (on top of current limit of 500,000) and 150,000 options with a strike price of 40 RON (on top of current limit of 600,000). We believe aligning incentives between our management (we expect some 20+ people to be ultimately covered by the programme) and shareholders, is a key aspect of our winning formula in the marketplace. We want our managers to think as shareholders, not merely employees, which is demonstrated in crisis times like these, when our entire Company leadership has taken voluntary salary cuts of 25-100% for a period of at least 3 to 12 months. We want to continue motivating our top performers and attracting additional talent to the Company, hence the proposed increase of the programme. We deliberately weigh disproportionately the compensation towards stock options, with daring strike prices, thereby setting a high threshold for success, which is also an indicator of our ambition level as a business.

*Item 7. Share buyback to for the purpose of our Management Incentive Programme*

We seek approval for buying back up to 300,000 shares (equivalent to 1.5% of the total shares outstanding) to finance the Management Incentive Programme. This would come on top of the

200,000 shares acquired to date as part of a previous buyback programme. These shares can then be passed to members of the management who are part of the programme.

*Item 8. Share buyback to for the purpose of capital reduction*

Separately from the buyback under the item 7, we seek approval for a broad buyback programme covering up to 1,700,000 shares (equivalent to 8.5% of the shares outstanding) with the ultimate goal of cancelling them. The programme sets a high limit for the share purchases, leaving significant optionality to the Company, yet this doesn't mean the Company will have to acquire all the shares under this programme. Given the Board has decided not to pay a dividend for the moment, which is a sensible decision with so much uncertainty in the air, we do want to have the option to compensate our shareholders through the means of such a buyback, which would increase the earnings per share, should we believe such purchases are in the interest of shareholders.

*Items 9-10. Capital increase option*

Needless to say, asking for a buyback and a capital increase at the same time, may seem odd, so an explanation is certainly due. In line with the optionality paradigm outlined at the beginning of this note, we want the Board to be ready to act under various scenarios the situation may develop, which, again, nobody can predict now given the uncertainty surrounding us. That is why, we seek approval for the Board to have the authority to issue up to 1,000,000 new shares (representing 5% of current outstanding number of shares) should this be deemed to be in Company's and shareholders' interest. A capital increase may be needed both, as a defensive move – for instance, issuing new capital in case the Company will be in urgent need of additional liquidity, but also as an offensive one – for example, should we want to pull the trigger on an acquisition to be paid for in part or in full with stock. Any such decision would likely require a swift reaction, so the traditional route of calling an extraordinary GSM could likely prove to be too lengthy and cumbersome to enable a prompt and decisive reaction.

Last, a note on the technicalities of holding the meeting. While we indicated a physical location for the meeting in Bucharest, we estimate that the social distancing rules imposed by the Romanian authorities will continue to apply on April 29, hence we strongly advise all shareholders to make use of the procedure of voting by proxy, as outlined in the notice. We will run a Zoom call on April 29, 10:00 Bucharest time, yet no voting will be possible during the call, as technically, this will not be an AGM by electronic means. The call still, will offer an opportunity for us to talk through the motions, provide any latest updates and address any questions you may have.

We hope the above provides additional helpful context behind the rationale of the AGM proposals. Our Company has been through numerous crises before and we emerged stronger from each. We are confident we will do so this time around too.

Sincerely,

Vasile Tofan  
Chairman of the Board

## **PURCARI WINERIES PUBLIC COMPANY LIMITED**

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HE201949  
Share capital: EUR 200,000.00  
[www.purcari.wine](http://www.purcari.wine)

### **PURCARI WINERIES PUBLIC COMPANY LIMITED (the "Company")**

#### ***NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS***

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**Meeting**") of the shareholders of the Company will be held at the Company's Bucharest office - Dr. Iacob Felix 17-19 Street, floor 4, district 1, Bucharest, Romania, on 29<sup>th</sup> April, 2020 at 10:00 local time (please take note of the recommended voting procedure given the social distancing regulation in place, under the ENTITLEMENT TO PARTICIPATE IN THE MEETING section), with the following agenda:

1. Presentation and review of the Annual Financial Report which includes the final audited separate Financial Statements of the Company as well as the final audited consolidated Financial Statements of Purcari Wineries Public Company Limited Group for the financial year ended 31<sup>st</sup> December 2019, the Management Report of the Company's Board of Directors (the "**Board of Directors**"), the Statement on Corporate Governance and the Independent Auditors' Report of the Company upon those financial statements.
2. Retirement and nomination for re-appointment of one non-executive director, pursuant to Regulations 106 – 109 of the Articles of Association of the Company which provide for the retirement of one-third of non-executive directors at each Annual General Meeting: The Board of Directors of the Company has three non-executive members, and the non-executive director retiring and offering himself for re-appointment at this Annual General Meeting is Mr. Vasile Tofan. The Board of Directors recommends to the Annual General Meeting the re-appointment of Mr. Vasile Tofan.
3. Election of Mr. Eugen Comendant, the Company Chief Operating Officer, to the position of Executive Director of the Company.
4. Approval of each non-executive member of the Board of Directors to receive a compensation of up to EUR 5,000 / month as the Board of Directors may from time to time determine on recommendation of the Nomination, Remuneration and Corporate Governance Committee, in each case net of local taxes, to be paid by cash and/or shares in the Company.
5. Re-appointment of the independent auditors KPMG Limited, Nicosia, Cyprus as the auditors of the Group and of the Company for the Financial Year 2020, and authorization to the Board of Directors to fix their remuneration for the year 2020.
6. Review and restatement of the Special Resolution 1 approved by the annual general meeting of the Company held on 14<sup>th</sup> June 2018 as amended by the annual general meeting of the Company held on 25<sup>th</sup> April 2019 and approval of the restated special resolution 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 to be determined by the Board of Directors; 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 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**").

The Company's Board of Directors is hereby authorised 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."

7. Authorisation of the Company's Board of Directors to acquire the Company's existing shares, under a buy-back programme, in a maximum number of 300,000 shares at prices not exceeding by more than five per cent (5%) the average market price of the shares during the last five stock exchange sessions, prior to carrying out the relevant acquisition (the "**Programme no. 1**").

The purpose of Programme no. 1 is to meet obligations arising from the Management Incentive Programme.

The authorisation for acquisition of own shares is granted for a period of 12 months from the date of this Resolution. The Company may own the shares acquired under the Programme no. 1 for a period of up to 2 years from the date of the acquisition under the programme.

The Company's Board of Directors has full discretion with respect to the implementation of Programme no. 1 subject to compliance with applicable law and the shareholders' resolutions, including with respect to: launch date, prices at which the shares will be acquired, suspension or cancellation of the programme, appointment of third parties to carry out the acquisitions on behalf of the Company.

8. Authorisation of the Company's Board of Directors to acquire the Company's existing shares, under a buy-back programme, in a maximum number of 1,700,000 shares at prices not exceeding by more than five per cent (5%) the average market price of the shares during the last five stock exchange sessions, prior to carrying out the relevant acquisition (the "**Programme no. 2**").

The purpose of Programme no. 2 is to reduce the share capital of the Company, in compliance with the applicable laws and subject to the subsequent approval of the shareholders. The implementation of Programme no. 2 will be subject to an opportunity assessment conducted by the Company's Board of Directors and the availability of the necessary financing sources.

The authorisation for acquisition of own shares under Programme no. 2 is granted for a period of 12 months from the date of this Resolution. The Company may own the shares acquired under the Programme no. 2 for a period of up to 2 years from the date of the acquisition under the programme.

The Company's Board of Directors has full discretion with respect to the implementation of Programme no. 2 subject to compliance with applicable law and the shareholders' resolutions, including with respect to: launch date, prices at which the shares will be acquired, suspension or cancellation of the programme, appointment of third parties to carry out the acquisitions on behalf of the Company.

9. Approval of the increase of the authorised share capital of the Company from EUR 200,000.00 divided into 20,000,000 shares of nominal value EUR 0.01 each to EUR 210,000.00 divided into 21,000,000 shares of nominal value EUR 0.01 each.
10. Following the Resolution included in this Notice on the increase of the authorized share capital of the Company, authorisation is hereby provided to the Company's Board of Directors to increase the issued share capital of the Company up to the authorised share capital by issuing a maximum number of 1,000,000 new shares by way of one or several share issuances. The authorisation is given for a maximum period of 12 months from the date of the shareholders' approval for authorisation. The Board of Directors is hereby authorised to take all measures necessary or advisable in order to prepare, approve, and carry out the issuance(s) of shares within the limits of the authorised capital.  
The shareholders hereby approve to cancel the pre-emption rights of the shareholders in respect of any share capital increase decided by the Company's Board of Directors within the authorised capital.
11. Any other matter, that may, according to the Company's Articles of Association, be discussed at the Annual General Meeting.

**Dated:** 6<sup>th</sup> April, 2020

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Eleni Petrou  
For and on behalf of INTER JURA CY (SERVICES) LIMITED  
Secretary

## **Notes to the Notice of the Annual General Meeting**

### **ENTITLEMENT TO PARTICIPATE IN THE MEETING**

- (1) Any person appearing as a member in the register of members of the Company on the record date (a "**Member**") is entitled to attend the Meeting. The **record date** for determining the right to attend the Meeting is **April 21<sup>st</sup>, 2020**.

The members may participate in the meeting via Zoom. You should register in advance for this meeting:

[https://zoom.us/meeting/register/u5Apd--vrT4syGRASHYX\\_mfCOQy0iLwTBA](https://zoom.us/meeting/register/u5Apd--vrT4syGRASHYX_mfCOQy0iLwTBA)

After registering, you will receive a confirmation email containing information about joining the meeting. Registration in the manner provided above, will provide the members with real-time transmission of the general meeting and real-time two-way communication enabling members to address the general meeting remotely, but not to cast votes. Voting can be achieved either by the physical attendance of the member at the General Meeting stated location, or by Correspondence Voting by proxy, as outlined below. Given the currently applicable regulations in Romania on social distancing, including a cap on the size of assemblies, we strongly recommend shareholders to make use of voting by proxy.

- (2) A Member of the Company entitled to attend at the Meeting is entitled to appoint one or more proxies to attend and, where applicable, vote instead of him/her. Such proxy need not be a Member of the Company.

Joint holders may elect one of the joint holders to represent them and to vote whether in person or by proxy in their name. In default of such election, the vote of the senior of such joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names of such holders stand in the register of Members.

- (3) A Member wishing to appoint more than one proxy must do so by a single instrument and the presence at the Meeting of the person mentioned first on the instrument, appointing a proxy, shall preclude any other person, mentioned therein, from attending and so on.
- (4) The instruments for appointing a proxy are available on the Company's website ([www.purcari.wine](http://www.purcari.wine)). The signed instrument(s) must be deposited (together with the power of attorney or other authority (if any) under which they are signed, or a notarially certified copy of such power of authority) at the registered office of Company (1 Lampousas street, P.C. 1095, Nicosia, Cyprus) or send by facsimile to +357 22 779939 or send by an electronic message to [g.ioannou@chrysostomides.com.cy](mailto:g.ioannou@chrysostomides.com.cy) **at least 48 hours before the time of the Meeting**.

Members are urged to confirm that the proxy form has been received by calling Mr. George Ioannou on +357 22 777000 or by email at [g.ioannou@chrysostomides.com.cy](mailto:g.ioannou@chrysostomides.com.cy)

- (5) The proxy can be an individual or a legal person. A legal person, appointed as proxy, shall, by resolution of its directors or other governing body, authorise such natural person(s) as it thinks fit to act as its representative at the Meeting. Such natural persons are required to carry with them a certified copy of the resolution from which they derive their authority.

#### Correspondence voting

A shareholder may vote by correspondence in the following way: the shareholder should complete and sign the form of proxy indicating his choices and appoint as his/her proxy the Chairman of the

Annual General Meeting. In such a case, the Chairman will vote at the poll in accordance with the shareholder's wishes. If, on the other hand, the shareholder completes and signs the form of proxy and appoints as his/her proxy the Chairman of the Annual General Meeting but leaves blank in whole or in part the form of proxy in relation to the choices provided, the Chairman may vote on behalf of the shareholder as the Chairman wishes.

The shareholder must send the signed proxy to the Company, as described in note (4) above.

- (6) The instrument, appointing a proxy, must be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney, duly authorised.
- (7) Members and/or their proxies, who will attend the Meeting, are requested to carry with them their identity card or other proof of identification.
- (8) Submission of an instrument, appointing a proxy, does not preclude a Member from attending and voting at the Meeting in person if he/she so wishes, in place of the proxy or proxies that he/she has appointed via instrument.
- (9) Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise any person, natural or legal, to act as its representative at the Meeting and the person so authorised is entitled to exercise the same powers on behalf of such corporation as that corporation could exercise if it were an individual Member of the Company. If the representative is itself a legal person, it shall, by resolution of its directors or other governing body, authorise such natural person as it thinks fit to act as its representative at the Meeting. Such individuals are required to carry with them a certified copy of the resolution from which they derive their authority.
- (10) Joint holders may elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election, the vote of the senior who tenders a vote at the Meeting, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority is determined by the order in which the names stand in the Company's register of members.
- (11) No Member shall be entitled to vote at the Meeting unless all calls or other sums presently payable by him/her in respect of shares he/she holds in the Company have been paid.
- (12) The Company does not provide for participation in the Meeting by electronic means .

## **VOTING PROCEDURES**

- (13) Resolutions put to the vote at the Meeting shall be decided by poll.
- (14) A poll demanded by the chairman or on a question of adjournment is taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the Meeting directs, and any business other than that upon which a poll has been demanded may proceed, pending the taking of a poll. The demand for a poll may be withdrawn.
- (15) On a poll every Member present in person or by proxy has one vote for each share of which he is the holder or he represents. On a poll a Member entitled to more than one vote need not use all of his/her votes or cast all the votes he/she uses in the same way.
- (16) An ordinary resolution is passed by a simple majority of the votes cast by Members entitled to vote at the Meeting who are present in person or by proxy. The chairman of the Meeting does not have a second or casting vote.

## STATUTORY RIGHTS OF MEMBERS

- (17) Pursuant to section 127B of the Companies Law, Cap. 113 as amended (the “**Companies Law**”), Member(s), holding at least 5 per cent of the Company’s issued share capital representing at least 5 per cent of the Company’s voting rights, have the right (i) to add an item to the agenda of a general meeting, provided that such item is accompanied either by a statement justifying its inclusion to the agenda or by a proposed resolution to be put to the vote at the meeting, and (ii) to table a proposed resolution for inclusion to the agenda of the meeting.
- (18) The request to add an item on the agenda or table a proposed resolution as described above must be received by the Company in hard copy or electronically at the addresses indicated below **at least 42 days prior to the relevant meeting**.

Address for delivery of request in hard copy:

The Secretary  
PURCARI WINERIES PUBLIC COMPANY LIMITED  
1 Lampousas Street  
1095 Nicosia  
Cyprus

Address for delivery of request in electronic format: [g.ioannou@chrysostomides.com.cy](mailto:g.ioannou@chrysostomides.com.cy)

- (19) In the event of receipt of any such request, the Company shall revise the proposed agenda accordingly and make the revised agenda available on its website at [www.purcari.wine](http://www.purcari.wine).
- (20) Pursuant to section 128C of the Companies Law, Members have the right to ask questions relating to items on the agenda and to have such questions answered by the Company, subject to any reasonable measures the Company may take to confirm the identity of the Member concerned. An answer does not have to be given in any of the following circumstances: (a) if it would unduly interfere with preparation for the meeting or confidentiality or business interests of the Company, or (b) if an answer has already been given on the Company’s website in the form of “Questions and Answers” or (c) if the chairman of the meeting deems that it is undesirable in the interests of good order of the meeting that the question be answered.
- (21) Members may submit questions to the Company in advance of the Meeting, in writing, by letter or electronic message sent to the addresses specified in paragraphs (18) and (19) above. Questions must be accompanied by evidence of the Member’s shareholding and must reach the Company **at least 4 working days before the Meeting**. Answers to any such questions will be provided during the Meeting, unless one of the above-mentioned circumstances applies so that an answer does not need to be given.

## OTHER INFORMATION AND AVAILABILITY OF DOCUMENTS

- (22) As at 6<sup>th</sup> April 2020, the total issued share capital of the Company is EUR 200,000.00 divided into 20,000,000 ordinary shares of EUR 0.01 each. Ordinary shares carry one voting right each.
- (23) A copy of this notice setting out the resolutions that will be put to the vote at the Meeting, the form of the instrument to be used for the appointment of a proxy and the annual report of the Company for the year ended 31 December 2019 (comprising of the audited consolidated and separate financial statements of the Company, the Board of Directors’ report and the auditors’ report) are available on the Company’s website at [www.purcari.wine](http://www.purcari.wine) as from 6<sup>th</sup> April 2020. Hard copies may also be collected from the Company’s Registered Office.