

# PURCARI

WINERIES GROUP

**To:** All shareholders of Purcari Wineries Public Company Limited  
**Date:** April 30, 2024  
**Subject:** Notice of Annual General Meeting of the Shareholders

Dear Purcari shareholders,

In a world that continues to be marked by ongoing macro challenges and volatility, we remain upbeat, executing on our vision to build the undisputed wine champion in CEE and consolidating a very fragmented market. We are proud of the results achieved by Purcari, again outperforming against the announced annual guidance, as we increased our revenues by 22% in 2023 and achieved EBITDA and Net Income margins of 27% and 16%, respectively. Even more importantly, we kept focusing on developing a robust foundation for scaling our business, taking a long-term perspective as we do so.

We will continue our tradition of including a plain English cover letter to accompany the Notice of Annual General Meeting, offering context and clarification on key proposals to compensate for the typically dry legal language found in AGM notices.

## **Items 2, 3 and 4: Board Members' changes**

We are recommending to shareholders to approve two new Board members, Ana-Maria Mihaescu and Alex Filip, as two of our existing Board members, Monica Cadogan and Eugen Comendant, retire.

We are grateful to Monica Cadogan, who is retiring this year and decided not to offer herself for re-election, and to Eugen Comendant, who successfully accomplished his mission to pass the institutional memory in Purcari as he transitioned out of an executive role, for their generous contribution to Purcari's success. To that end, we are delighted to submit to AGM's vote two new Board candidates: Ana-Maria Mihaescu, as independent and non-executive director, and Alex Filip, who joined us recently as Deputy CEO, as executive director. We anticipate Ana-Maria to take over from Monica as Chair of our Audit Committee, putting her vast experience at EximBank and IFC, as well as directorships at Raiffeisen Bank Romania, Medlife, Nepi Rockcastle and Black Sea Oil and Gas, to Purcari's benefit. Alex, who joined us as Deputy CEO from McKinsey, will replace Eugen Comendant, who held the same role prior to transitioning to a Board position, a move which we believe is important to ensure proper continuity in our Board composition.

## **Item 7: Dividend payout**

We maintain our disciplined approach to capital allocation, adhering to our tradition of distributing in dividends up to 50% of our net profits. For this year, the recommendation is to pay out RON 0.65 per share, an 18% increase versus last year dividend, resulting in an approximate 4.5% dividend yield at the time of announcement.

## **Items 8.1 and 8.2: Management Incentive Programme 2024-2027**

Our remuneration approach has always been to emphasize the variable component, tying pay to individual and team performance. Apart from the typical annual bonus structure, we are big believers in

the importance of share-based, long-term incentive schemes, which align the interests of employees and shareholders, but also help to attract and retain talent in the first place. The allocations under the existing program are fully vested and, as we aim to continue motivating our key people and keep attracting new talent to Purcari, we must ensure a new Management Incentive Programme is adopted, covering the next four years of our operations. 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. We want our managers to think as shareholders, not merely employees, which is particularly important for challenging macro periods, which are becoming the norm nowadays, given the global geopolitical uncertainties. We want to continue motivating our top performers and attracting additional talent to the Company, hence the proposed adoption of a new programme.

We propose to the AGM to approve a new Management Incentive Programme for 2024-2027, which comes as a continuation to the previous Management Incentive Programme, presented at the IPO and approved at subsequent shareholders meetings on June 14<sup>th</sup>, 2018, April 25<sup>th</sup>, 2019, and April 29<sup>th</sup> 2020.

We deliberately weigh disproportionately the compensation towards stock options, with daring strike prices (set at 15, 20 and 25 RON i.e. circa 5% to 75% above the Purcari stock price at the moment of this Notice publication), thereby setting a high threshold for success, which is also an indicator of our ambition level as a business. Our team has to work very hard and the stock to rise substantially, for the beneficiaries to get in the money on these options. Apart from making the share and option allocations subject to customary four-year vesting, we also qualify the vesting by the achievement of ambitious KPIs, as detailed in Item 8.1. These KPIs – reaching a Sales and EBITDA growth level of at least 3x the GDP of the countries in our sales region, and EBITDA, Net Income margins, as well as ROE of over 1.5x vs peer group – demonstrate, we set a high bar for our management team for earning their shares and options allocation.

The options granted, but not yet exercised according to the Long Term Stock Option Plan 2021-2030, based on the previously approved Management Incentive Programme 2020-2022 by the Special Resolutions of the General Meeting of Shareholders from June 14, 2018, from April 25, 2019, from April 29, 2020 and the Decision of the Board of Directors from May 14, 2021 amounting 3,037,400 Options (i.e. 655,000 Options at strike price of 10 RON, 1,090,800 Options at strike price of 15 RON, 1,291,600 Options at strike price of 20 RON), remain valid during the exercise period until 2030.

#### **Items 9: Increase the issued share capital**

Living in an unprecedentedly volatile time, we want the Board to be ready to act in various situations. That is why, we seek your approval again to empower the Board with the option to react quickly to potential opportunities or uncertainties, by having the authority to issue up to 2,646,706 new shares (representing 6.6% of the 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, which we deem as a highly unlikely scenario at this stage, 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.

Sincerely,

Vasile Tofan  
Chairman of the Board

**PURCARI WINERIES PUBLIC COMPANY LIMITED**

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HE201949  
Share capital: EUR 403,532.94  
[www.purcariwineries.com](http://www.purcariwineries.com)

**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 Courtyard by Marriott Bucharest Floreasca, Dimitrie Pompeiu 2A Street, Bucharest 020337, Romania, Beta Conference Room, on May 22, 2024, at 11:00 local time, with the following agenda:

1. Presentation and review of the Annual Financial Report which includes the final audited separate Financial Statements of the Company, the final audited consolidated Financial Statements of Purcari Wineries Public Company Limited group for the financial year ended 31<sup>st</sup> December 2023, the ESEF financial statements, including applied iXBRL tags in the 2023 consolidated Financial Statements, 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, being those who have been in office longest since their last re-appointment. The Board of Directors of the Company has six non-executive members, and the one of the two non-executive directors retiring and offering himself for re-election at this Annual General Meeting is Mr. Neil McGregor. The Board of Directors recommends to the Annual General Meeting the re-election of Mr. Neil McGregor.
3. Nomination for appointment of one non-executive director: pursuant to Regulation 110 of the Articles of Association of the Company which provides that the General Meeting may appoint any person willing to act to fill a vacancy to the office of director, the Board of Directors recommends to the Annual General Meeting the election of Ms. Ana Maria Mihaescu as a non-executive director with effect from the conclusion of the Meeting. The proposed appointment will be in place of Ms. Monica Cadogan who will also retire from the Board at the conclusion of the Meeting pursuant to Regulations 106 and 112 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, being those who have been in office longest since their last re-appointment), and does not seek re-election.
4. Election of Mr. Alex Filip, the Company's Deputy Chief Executive Officer, to the position of Executive Director of the Company with effect from the close of the Meeting pursuant to Regulation 110 of the Articles of Association of the Company, which provides that the General Meeting may appoint any person willing to act to the office of director. The Board of Directors recommends to the Annual General Meeting the election of Mr. Alex Filip as an executive director.
5. Re-appointment of the independent auditors PricewaterhouseCoopers Ltd Cyprus as the auditors of the Group and of the Company for the Financial Year 2024, and authorization to the Board of Directors to fix their remuneration for the year 2024.
6. Submission of the Remuneration Report of the Executive and Non-Executive Directors for the financial year that ended on December 31, 2023, to the advisory vote of the Annual General Meeting.
7. Approval of payment of dividends in the amount of RON **0.65** per ordinary share out of accumulated profits to be paid to all members of the Company.

The last cum date in relation to which the shares of the Company will be traded with a right to participate in the dividend distribution will be **July 25, 2024** (last cum date: **July 25, 2024**). From **July 26, 2024** shares of the Company will be traded without the right to a dividend (ex-dividend date: **July 26, 2024**). The beneficiaries of the dividend will be the investors who will on **July 29, 2024** be included in the registry of members of the Company provided by the Central Depository (record date: **July 29, 2024**). The payment date will be **August 16, 2024**. Payment will be made in RON.

- 8.1 Approval of the **Management Incentive Programme 2024-2027** mainly targeting members of the Group's senior management team (the "**Beneficiaries**"), intended 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 802,000 shares in the Company to the Beneficiaries, free of charge, with annual vesting (i.e.  $\frac{1}{4}$  vests at the end of each year) and subject to relevant performance indicators; and (b) award of stock options to the Beneficiaries (the "**Options**") in the following amounts: up to 802,000 Options at a strike price of RON 15 (i.e. that is, under RON 15 the value of options is nil), 1,002,000 Options at a strike price of RON 20 and 1,203,000 Options at a strike price of RON 25.

The performance criteria ("KPI") for the award of up to 802,000 shares in the Company to the Beneficiaries, free of charge, with annual vesting (i.e.  $\frac{1}{4}$  vests at the end of each year) according to the Management Incentive Programme 2024-2027 are as follows:

- (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 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 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 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 the median level of the public peer group companies for the latest available annual reported period.

The Group performance under the normal course of business to be resulted in achievement of at least three of the above 5 KPIs, based on audited annual financials.

Peer group include the following companies:

- Baron de Ley
- Treasury Wine Estate
- Bodegas Esmeralda
- FFW
- Zhejiang Guyuelongshan Shaoxing Wine
- Concha y Toro
- San Pedro
- Santa Rita
- Crimson Wine Group
- Lanson BCC
- Teliani Valley
- Australian Vintage
- AdVini

The Board of Directors is authorised to modify the composition of the Peer Group if any of the included companies fail to meet the comparison criteria throughout the vesting period spanning from 2024 to 2027.

8.2 **Special Resolution 1**

That, subject to the approval of the Management Incentive Programme 2024 - 2027 pursuant to item 8.1 above, the Company's Board of Directors is hereby instructed to finalise the legal and financial terms of a buy-back programme to meet part of the obligations of the Company arising from the Management Incentive Programme 2024-2027, under which the company shall purchase within 12 months from the date of this resolution a maximum number of 200,500 of its own 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.

The purpose of the buy-back programme is to meet obligations arising from the Management Incentive Programme 2024-2027.

For the avoidance of doubt, the Non-executive Directors are not subject to the Management Incentive Program for 2022 – 2024.

The authorisation for acquisition of own shares is granted for a period of 12 months from the date of the shareholders' Resolution. The Company may own the shares acquired under the buy-back 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 the buy-back 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. **Special Resolution 2**

Authorisation of 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 of 2,646,706 new ordinary shares by way of one or several share issuances, subject to compliance with applicable law. 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 waive 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.

10. Any other matter, that may, according to the Company's Articles of Association, be discussed at the Annual General Meeting.

**Dated:** April 30, 2024

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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 **May 10<sup>th</sup>, 2024**.
- (2) A Member of the Company entitled to attend at the Meeting is entitled to participate in person (by the legal representative or by proxy, or by correspondence, or through the eVOTE platform). A member can appoint one or more proxies to attend and, where applicable, vote instead of him/her/them. 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.purcariwineries.com](http://www.purcariwineries.com)). 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 notarial 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/her/their choices and appoint as his/her/their 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/their 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/her/their 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/they so wish, in place of the proxy or proxies that he/she/they have 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) 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.
- (11) In accordance with section 128B of the Cyprus Companies Law, Cap. 113, the Company does provide for participation in the Meeting by electronic means, through the eVOTE platform.

The eVOTE Platform is accessible by accessing the link <https://wine.evot.ro> based on the username and password, for each individual shareholder, which can be obtained after filling in the mandatory fields with the necessary information and uploading the necessary documents according to the instructions for use.

Within the eVOTE Platform for identification and online access to the Meeting, shareholders will provide the following information:

For natural persons

- a. name and surname;
- b. personal identification code;
- c. mail address;
- d. copy of the identity document (identity card, passport, residence permit);
- e. phone number (optional);

For legal persons

- a. the name of the legal entity;
- b. unique registration code;
- c. name and surname of the legal representative;
- d. personal numerical code of the legal representative;
- e. email address;
- f. the identity document of the legal representative (identity card, passport, residence permit);
- g. Copy of the certificate issued by the trade register or any equivalent document issued by a competent authority of the State in which the legal person shareholder is legally registered, presented in the original or a copy in accordance with the original. The documents certifying the quality of the legal representative of the legal entity shareholder will be issued no later than 30 days before the reference date.\*
- h. phone number (optional);

Documents presented in a language other than English will be accompanied by a translation made by an authorized translator in the Romanian/English language.

Important to mention: the electronic copy of the documents mentioned above will be uploaded online in the dedicated fields. The files that can be uploaded can have one of the following extensions: .jpg, .pdf, .png.

In case of the appointment of a conventional representative by the shareholder, he/she/they will upload online in the eVOTE Platform an electronic copy of the identification document and the special or general power of attorney.

Electronic voting involves ticking a voting option and pressing the "Register vote" button. Votes marked in the platform without pressing the "Register vote" button will not be taken into account.

Shareholders can also be identified through the Investor Registration Platform developed by Depozitarul Central S.A. (Central Depository), by accessing the link <https://roclear.ro/Inrolare-Investitori>

## VOTING PROCEDURES

- (12) Resolutions put to the vote at the Meeting shall be decided by poll.
- (13) 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.
- (14) On a poll every Member present in person or by proxy or by eVOTE has one vote for each share of which he/she/they are the holder or he/she/they represent. On a poll a Member entitled to more than one vote need not use all of his/her/their votes or cast all the votes he/she/they use in the same way.
- (15) An ordinary resolution is passed by a simple majority of the votes cast by Members entitled to vote at the Meeting who participate in person or by proxy by correspondence vote. The chairman of the Meeting does not have a second or casting vote.

## STATUTORY RIGHTS OF MEMBERS

- (16) 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.
- (17) 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)

- (18) 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 <https://purcariwineries.com/en/investors/>.
- (19) 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.
- (20) 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 (17) and (18) 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**

- (21) As of 30<sup>th</sup> April 2024, the total issued share capital of the Company is EUR 403,532.94 divided into 40,353,294 ordinary shares of EUR 0.01 each. Ordinary shares carry one voting right each.
- (22) 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, the annual report of the Company for the year ended 31 December 2023 (comprising of the audited consolidated and separate financial statements of the Company, the Board of Directors' report and the auditors' report) and the Annual Remuneration Report to be voted, are available on the Company's website at <https://purcariwineries.com/en/gsm/> as from 30<sup>th</sup> April 2024, 18:00 pm EEST. Hard copies may also be collected from the Company's Registered Office.