

## REMUNERATION REPORT

### Sphera Franchise Group for the financial exercise 2023

#### Introduction

The Board of Directors of Sphera Franchise Group SA (hereinafter, the "Company" or "Sphera") has drawn up, in accordance with the legal provisions in force, this Remuneration Report, which includes the remuneration granted to the members of the Board of Directors, as well as to the executive management of the Company, during the financial year ending on December 31<sup>st</sup>, 2023, to be subject to the consultative vote, within the Ordinary General Meeting of Shareholders according to art.107 of Law 24/ 2017, (\*republished\*) on issuers of financial instruments and market operations. The Remuneration Report will be published on the Company's website at [www.spheragroup.com](http://www.spheragroup.com), to remain available to the public for 10 years from publication, in accordance with the applicable legal provisions.

The Remuneration Report aims to provide shareholders with an overview of how the Remuneration Policy was applied during the previous financial year, as well as reliable information regarding the individual remuneration of all the Company's managers.

Sphera has a Remuneration Policy that was approved by the shareholders' vote through Decision no. 1 of the Ordinary General Meeting of Shareholders of August 11<sup>th</sup>, 2022.

Furthermore, Sphera reminds investors that during 2023 the Company's Board of Directors has approved the extension of the mandates of the executive directors\* and the signing of new mandate contracts (based on which the remuneration of the executive directors was fully reported to the provisions of the Remuneration Policy), therefore the remuneration of the executive directors for 2023 was governed both by the provisions of the previous mandate contracts, as well as by the provisions of the new mandate contracts and implicitly by the provisions of the Remuneration Policy.

\*Excluding the mandate agreement of Mr. Cristian OSIAC - Development Director, terminated lawfully (upon termination of mandate's term) on September 9<sup>th</sup>, 2023. Also, the Company's Board of Directors decided that the position of Development Director should no longer have the power of representation (executive power) within the Company.

## Remuneration of the Board of Directors' members

The basic principles for the remuneration of the members of the Board of Directors aim to support:

- the strategic component, as proposed to the shareholders;
- the supervision/control component and continuous monitoring of the management decision-making process and the executive management fulfillment of the annual and strategic objectives in the current activity of the Company;
- the component of compliance with ethical and legal norms.

The members of the Company's Board of Directors, including the Chairman, benefit from a **fixed remuneration** and an **additional** one, the latter in the form of the meeting remuneration for participation in the consultative committees of the Board of Directors. The amount of both the fixed and the variable remuneration is approved by the Ordinary General Meeting of Shareholders.

At the Ordinary General Meeting of Shareholders held on April 27<sup>th</sup>, 2023, at the request of a significant shareholder, the composition of the Company's Board of Directors for 2023-2027 has been voted on by the shareholders using the cumulative vote method. Therefore, the Board of Directors consists of 5 members, with mandates valid until the date of April 26<sup>th</sup>, 2027, according to decision no. 2 of the Ordinary General Meeting of Shareholders held on April 27<sup>th</sup>, 2023. Furthermore, by the decision no. 2 of the Ordinary General Meeting of Shareholders held on April 27<sup>th</sup>, 2023, the shareholders approved the monthly remuneration due to the members of the Board of Directors, in the amount of 3,500 EUR net/month/member, 3,500 EUR net/month for the President of the Board of Directors and 150 EUR net/meeting as additional remuneration for the members of the Board of Directors who are also members of the consultative committees, within the limit of 6 (six) annual meetings of the consultative committees.

The remunerations mentioned above are valid starting from the date of the Ordinary General Meeting of Shareholders held on April 27<sup>th</sup>, 2023 and until the date of the next Ordinary General Meeting of Shareholders, meeting during which the amount of monthly remunerations and/or additional remunerations of the directors will be approved.

| RON th.                     | 2023           |                       |                            |              |                |              |                |              |                |              |                |
|-----------------------------|----------------|-----------------------|----------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
|                             | Name           | Gross Fixed Allowance | Gross Additional Allowance | Total        | delta          | 2022         | delta          | 2021         | delta          | 2020         | delta          |
| Carmaci Silviu Gabriel      | 355.1          | 1.3                   | 356.4                      | -7.4%        | 384.9          | -6.5%        | 411.7          | 0.5%         | 409.6          | 19.3%        | 343.3          |
| Ene Mihai                   | 355.1          | 7.6                   | 362.7                      | 3%           | 352.3          |              |                |              |                |              |                |
| Hoanca Lucian               | 355.1          | 5.1                   | 360.2                      | -7%          | 387.4          | -5.3%        | 409.2          | 54.8%        | 264.4          | -21.3%       | 336.0          |
| Lefter Razvan Stefan        | 355.1          | 11.4                  | 366.5                      | -6.9%        | 393.7          | -4.4%        | 411.7          | 0.5%         | 409.6          | 20.2%        | 340.9          |
| Repidonis Georgios Vassilos | 355.1          | 12.7                  | 367.8                      | -6.6%        | 393.7          | -3.8%        | 409.2          | 1.7%         | 402.2          | 51.6%        | 265.4          |
| <b>TOTAL</b>                | <b>1,775.5</b> | <b>38.1</b>           | <b>1,813.6</b>             | <b>-5.1%</b> | <b>1,912.0</b> | <b>16.5%</b> | <b>1,641.8</b> | <b>10.5%</b> | <b>1,485.8</b> | <b>15.6%</b> | <b>1,285.6</b> |

During 2023, were held 21 (twenty-one) Board of Director meetings, of which 2 (two) were held by electronic correspondence. Out of the 19 (nineteen) Board of Director meetings held in person, 17 (seventeen) meetings were attended in person by all members and 2 (two) meetings were partially attended in person (4/5 members). In addition to the Board of Directors meetings, there were held 6 (six) Audit Committees meetings attended by all Audit Committee members and 4 (four) Nomination and Remuneration Committees where attendance was 100%.

**Meetings of the Administrative Council - in person participation**

| 2023                         | Meetings of the Administrative Council - in person participation |     |     |     |     |     |     |     |     |     |     |     | No. of meetings |
|------------------------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------------|
|                              | JAN  | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |                 |
| Carmaci Silviu Gabriel       | ✓  | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | 19              |
| Ene Mihai                    | ✓  | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | 1/2 | ✓   | ✓   | ✓   | ✓   | 18              |
| Hoanca Lucian                | ✓  | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | 19              |
| Lefter Razvan Stefan         | ✓  |     | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | 18              |
| Repidonis Georgios Vassilius | ✓  | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | 19              |
| <b>Numar Sedinte</b>         | 1  | 1   | 4   | 1   | 3   | 1   | 1   | 2   | 1   | 1   | 2   | 1   | <b>19</b>       |

**Audit Committee**

| 2023                         | Audit Committee |     |     |     |     |     | No. of meetings | Gross Additional Allowance | Nominalization & Remuneration Committee |     |     |                 | TOTAL Gross Additional Allowance |
|------------------------------|-----------------|-----|-----|-----|-----|-----|-----------------|----------------------------|---|-----|-----|-----------------|----------------------------------|
|                              | FEB             | MAR | APR | IUL | NOV | DEC |                 |                            | MAR                                     | APR | AUG | No. of meetings |                                  |
| Carmaci Silviu Gabriel       |                 |     |     |     |     |     |                 |                            |   |     |     | 1               | 1.3                              |
| Ene Mihai                    | 1               | 1   | 1   | 1   | 1   | 1   | 6               | 7.6                        |   |     |     | 1               | 7.6                              |
| Hoanca Lucian                |                 |     |     |     |     |     |                 |                            | 2                                       | 1   | 1   | 4               | 5.1                              |
| Lefter Razvan Stefan         | 1               | 1   | 1   | 1   | 1   | 1   | 6               | 7.6                        |   |     |     | 3               | 3.8                              |
| Repidonis Georgios Vassilius | 1               | 1   | 1   | 1   | 1   | 1   | 6               | 7.6                        |   |     |     | 4               | 5.1                              |
|                              | 3               | 3   | 3   | 3   | 3   | 3   | 18              | 22.8                       | 6                                       | 3   | 3   | 12              | 15.3                             |
|                              |                 |     |     |     |     |     |                 |                            |   |     |     |                 | 38.1                             |

The members of the Board of Directors are not part of any other benefit scheme, other than the remuneration presented above. In the case of the members of the Board of Directors, there is no possibility of recovering the variable remuneration (meeting compensation).

## Executive Managers' Remuneration

In the case of executive managers remuneration, the basic criteria aim at the continuity and profitability of the company's business by meeting the annual objectives approved by the shareholders within the income and expenses budget and the long-term strategic objectives, developed under the guidance of the Board of Directors, at the proposal of the executive management and approved by shareholders at certain intervals. Responsibility, integrity, loyalty and diligence towards the Company, its fundamental values and its employees and collaborators are an essential element in determining individual performance.

Executive managers' remuneration is composed by a fixed remuneration (in cash) and by a variable remuneration (in cash and in shares), based on the fulfillment of the performance indicators established by the Board of Directors. The variable remuneration is intended to encourage managers to focus on creating long-term value for the Company, according to the Company's strategy, and to align the interests of managers with the interests of the Company and of the shareholders as well. According to the mandate agreements of Sphera's executive managers and the Remuneration Policy, the variable remuneration (in cash and in shares) is established based on negotiation and cannot exceed 100% of the annual fixed component (the gross amount). For the activity carried out in 2022 and based on the *Options Plan for Sphera Managers* for 2022 and the Remuneration Policy, Sphera's executive managers were granted to receive, free of charge, Sphera's shares as part of the variable remuneration, within the limit of 50% from the total value of the variable remuneration due to each executive manager, and under the condition of fulfilling the performance criteria and the approval of Sphera's financial statements related to the reference period.

| Name                 | 2023                     |                               |                                   |                      |   |                |              |                |              |                | 2019        |                |               |                |
|----------------------|--------------------------|-------------------------------|-----------------------------------|----------------------|---|----------------|--------------|----------------|--------------|----------------|-------------|----------------|---------------|----------------|
|                      | Gross Fixed Remuneration | Gross Variable Remuneration** | Variable Remuneration - Shares*** | Remuneration in kind | Remuneration received from subsidiaries | Total          | delta        | 2022           | delta        | 2021           | delta       | 2020           | delta         | 2019           |
| Budeș Valentin Ionut | 834.7                    | 195.4                         | 208.2                             | 27.0                 | 54.7                                    | 1,320.1        | 10%          | 1,200.4        | 2.5%         | 1,170.9        | -4.2%       | 1,222.1        | 137.7%        | 514.1          |
| Eftimie Oana-Monica  | 786.5                    | 190.3                         | 202.2                             | 23.8                 |   | 1,202.7        | 14.8%        | 1,047.8        | 2.4%         | 1,023.5        | -0.6%       | 1,029.6        | 27.7%         | 806.4          |
| Ionescu Calin-Viorel | 1,244.9                  | 350.2                         | 372.4                             | 25.2                 | 54.4                                    | 2,047.0        | 18.3%        | 1,730.0        | 4.7%         | 1,653.0        | 23.9%       | 1,334.2        | 21.7%         | 1,096.6        |
| Osiac Cristian*      | 506.2                    | 190.3                         | 202.2                             | 18.8                 |   | 917.5          | 18.8%        | 772.2          | -24.6%       | 1,023.5        | -0.6%       | 1,029.6        | 13.2%         | 909.6          |
| <b>TOTAL</b>         | <b>3,372.3</b>           | <b>926.3</b>                  | <b>985.0</b>                      | <b>94.8</b>          | <b>109.1</b>                            | <b>5,487.3</b> | <b>15.5%</b> | <b>4,750.4</b> | <b>-2.5%</b> | <b>4,870.9</b> | <b>5.5%</b> | <b>4,615.4</b> | <b>+38.7%</b> | <b>3,326.8</b> |

\* The mandate agreement of Mr. Cristian OSIAC as Chief Development Officer, terminated lawfully (upon termination of mandate's term) on September 9<sup>th</sup>, 2023.

\*\* The annual gross variable remuneration is paid during the year presented but related to the previous year.

\*\*\* According to the Company corporate approvals, respectively the Decision of the Board of Directors no. 1 dated 23.03.2023, the *Option Plan for Sphera Managers for the activity carried out in 2022*, approved by OGMS resolution no. 3 of 27.04.2023, the executive managers of the Company benefited, as part of the variable remuneration, for the activity carried out in 2022 on the basis of the mandate contracts concluded with the Company, of Sphera shares granted free

of charge, representing 60% of the variable remuneration for the year 2022 for the Chief Executive Officer and 50% of the variable remuneration for the year 2022 for the other executive managers, as follows: Mr. Călin-Viorel Ionescu 24,500 shares; Mr. Valentin Ioniță Budeș 13,700 shares; Mrs. Oana-Monica Eftimie 13,300 shares and Mr. Cristian Osiac 13,300 shares, the actual transfer shall operate within one year from the grant date.

Based on the Decision no. 3 of the Ordinary General Meeting of Shareholders held on April 27<sup>th</sup>, 2023 and the Decision no. 1 of the Extraordinary Meeting of Shareholders held on April 27<sup>th</sup>, 2023, the Company acquired a number of 39,300 own shares, in order to implement (i) the *Option Plan for Managers for the activity carried out in 2021*, and also acquired a number of 64,800 own shares, in order to implement (ii) the *Option Plan for Sphera Managers for the activity carried out in 2022*, within a share buy back program that took place between July 3<sup>rd</sup>, 2023 – September 4<sup>th</sup>, 2023.

| RON/R                | 2023          |               |                                |                                | 2022            |               |                                |                                |
|----------------------|---------------|---------------|--------------------------------|--------------------------------|-----------------|---------------|--------------------------------|--------------------------------|
|                      | Name          | no. of shares | price at allocation date (RON) | Variable Remuneration - Shares | delta share no. | no. of shares | price at allocation date (RON) | Variable Remuneration - Shares |
| Budeș Valentin Ionut | 13,700        | 15.2          | 208.2                          | 11.4%                          | 12,300          | 14.4          | 177.1                          |                                |
| Eftimie Oana-Monica  | 13,300        | 15.2          | 202.2                          | 40%                            | 9,500           | 14.4          | 136.8                          |                                |
| Ionescu Călin-Viorel | 24,500        | 15.2          | 372.4                          | 40%                            | 17,500          | 14.4          | 252.0                          |                                |
| Osiac Cristian       | 13,300        | 15.2          | 202.2                          | N/A                            | -               | 14.4          | -                              |                                |
| <b>TOTAL</b>         | <b>64,800</b> |               | <b>985.0</b>                   | <b>64.9%</b>                   | <b>39,300</b>   |               | <b>565.9</b>                   |                                |

*Nota bene:* according to art. 106 para. (2) letter c) of the Law 24/2017, the remuneration report must present "the number of shares and share options granted or offered", thus, the share component of the executive managers' variable remuneration presented in this remuneration report was granted in 2023 for the activity carried out in 2022.

| (EUR)                  | 2023*  |                                      |                                       |   |                |                                    |   |   |               |
|------------------------|--------|--------------------------------------|---------------------------------------|---|----------------|------------------------------------|---|---|---------------|
|                        | Name   | Net fixed monthly remuneration (EUR) | % Variable Remuneration - Eligibility | Theoretical net variable Remuneration (EUR) | % achievement  | Final net fixed Remuneration (EUR) | Net variable Remuneration - cash, 50% (EUR) | Gross variable Remuneration - shares, 50% (EUR) | No. of shares |
| Ionescu Călin - Viorel | 11,500 | 60%                                  | 82,800                                | 100.00%                                     | 82,800         | 41,400                             | 70,769                                      | 24,500  |               |
| Osiac Cristian         | 7,500  | 50%                                  | 45,000                                | 100.00%                                     | 45,000         | 22,500                             | 38,462                                      | 13,300  |               |
| Eftimie Oana - Monica  | 7,500  | 50%                                  | 45,000                                | 100.00%                                     | 45,000         | 22,500                             | 38,462                                      | 13,300  |               |
| Budeș Valentin-Ionut   | 7,700  | 50%                                  | 46,200                                | 100.00%                                     | 46,200         | 23,100                             | 39,487                                      | 13,700  |               |
| <b>TOTAL</b>           |        |                                      |                                       |   | <b>219,000</b> | <b>109,500</b>                     | <b>187,179</b>                              | <b>64,800</b>                                   |               |

\*Variable remuneration paid in 2023, but related to financial year 2022

The financial and non-financial performance indicators considered by the Remuneration Policy for the variable remuneration in cash and in shares, taken over also in *Option Grant Plan for Managers for the activity carried out in 2022*, are the following:

Financial indicators:

- Normalised EBITDA of the Group;
- Normalised Net Profit of the Group;
- Company sales;
- Free Cash Flow of the Group.

Non-Financial indicators:

- the social impact and sustainability of the Group's operations - e.g. environment, safety and employee involvement;
- management of strategic projects: business development projects, turnaround management and increasing the Company's profitability, significant improvement of processes, improvement of existing franchise contracts, new markets, and products, etc.

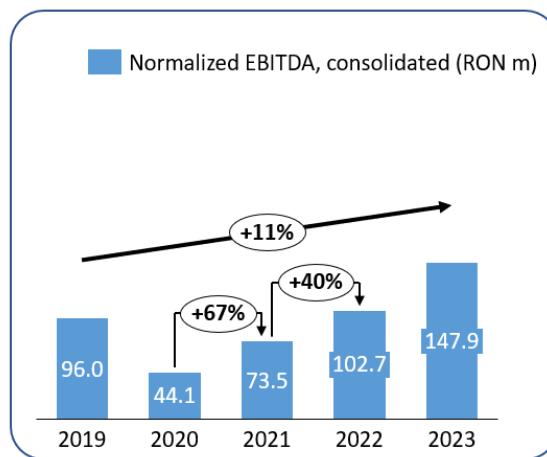
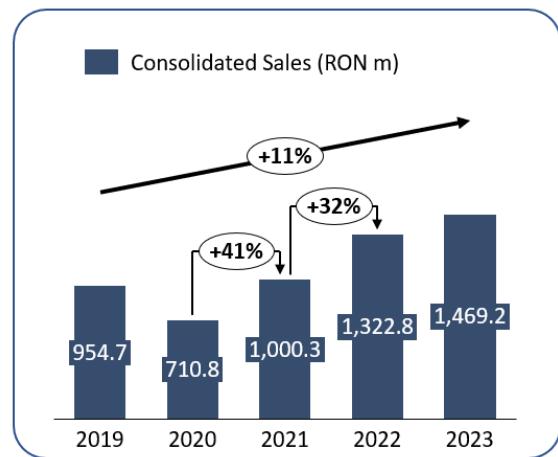
All financial indicators amount to 90% of the maximum value of the variable remuneration for the respective year, and each indicator is equal and represents 25%. The target values of the financial performance indicators are established every year by the Board of Directors and approved by the shareholders by approving the annual budget. All non-financial indicators amount to 10% of the maximum value of the variable remuneration for the respective year, and their degree of fulfillment is established by the Nomination and Remuneration Committee.

| Category (RON k)                                     | Actuals<br>2022 | Budget<br>2022 | Delta         | Percent       |
|--|-----------------|----------------|---------------|---------------|
| 1. Group Net Profit, normalized                      | 44,270          | 38,205         | 115.9%        | 22.5%         |
| 2. Group EBITDA, normalized                          | 102,655         | 96,070         | 106.9%        | 22.5%         |
| 3. Group Sales                                       | 1,322,822       | 1,330,749      | 99.4%         | 22.5%         |
| 4. Group Free cash flow                              | 55,638          | (46,195)       | 320.4%        | 22.5%         |
| <b>Weighted average achievement - financial KPIs</b> |                 |                | <b>144.6%</b> |               |
| <b>Maximum achievement level</b>                     |                 |                |               | <b>100.0%</b> |

The variation of the main financial performance indicators of Sphera Franchise Group between 2019-2023 in the following:

| Item                   | 2023      | delta | 2022      | delta | 2021      | delta  | 2020    | delta | 2019    |
|------------------------|-----------|-------|-----------|-------|-----------|--------|---------|-------|---------|
| Sales                  | 1,469,172 | 11%   | 1,322,822 | 32%   | 1,000,312 | 41%    | 710,797 | -26%  | 954,728 |
| Net Profit*            | 71,979    | 84%   | 39,054    | 42%   | 27,407    | -1255% | (2,373) | -104% | 64,167  |
| Net Profit normalized* | 79,680    | 80%   | 44,270    | 62%   | 27,407    | -1255% | (2,373) | -104% | 64,167  |
| EBITDA*                | 145,290   | 42%   | 102,161   | 36%   | 75,004    | 103%   | 36,907  | -64%  | 103,926 |
| EBITDA normalized*     | 147,937   | 44%   | 102,655   | 40%   | 73,477    | 67%    | 44,088  | -54%  | 95,989  |

\*excluding the impact of IFRS 16, starting January 1st, 2019



### The medium gross remuneration based of Full time equivalent (FTE) employees

According to the labor market dynamics and the financial performance achieved by the Company, the medium gross remuneration of Sphera employees excluding top management is reflected in the table below for the last 5 years period:

| <i>(in RON)</i>                         | <b>2023</b> | <b>delta</b> | <b>2022</b> | <b>delta</b> | <b>2021</b> | <b>delta</b> | <b>2020</b> | <b>delta</b> | <b>2019</b> |
|---|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| Medium gross<br>Remuneration, FTE based | 12,828      | 13.7%        | 11,281      | +11.8%       | 10,088      | 20.6%        | 8,365       | -11.7%       | 9,468       |

These changes are the result of a multitude of factors, the most important of which being:

- the average salary level in the market,
- legal limitations and labor market dynamics,
- local competitiveness of wages,
- labor availability,
- the ability of the Company to ensure the competitiveness, stimulation and retention of the labor force in the medium and long term.

## **General considerations**

The Remuneration Report of the Sphera Franchise Group for the financial year ended at December 31<sup>st</sup>, 2022 was submitted for the consultative vote of the Ordinary General Meeting of Shareholders in the date of April 27<sup>th</sup>, 2023, according to the provisions of art. 107, paragraph (6) of Law no. 24/2017 regarding issuers of financial instruments and market operations, republished, receiving favorable votes from the shareholders representing 88.27% of the share capital.

During the reporting period, there was no deviation from the implementation procedure of the Remuneration Policy and no derogation from the remuneration policy, in accordance with the provisions of paragraph 107. (2) letter f) from Law no. 24 / 2017, regarding issuers of financial instruments and market operations, republished, and the granted remuneration respected the structure and principles in the Remuneration Policy for all remuneration components.

Sphera's Board of Directors and Executive Managers personal data included in this Remuneration Report are processed by the Company according to the provisions of art. 107 para. (4) from Law no. 24 / 2017, regarding issuers of financial instruments and market operations, republished, namely for the purpose of increasing transparency and increasing the responsibility of managers, but also the supervision of their remuneration by shareholders.

This Report was drawn up in accordance with the requirements of Law 24/2017 on issuers of financial instruments and market operations, republished and approved by the Board of Directors of the Company on March 22<sup>nd</sup>, 2024, to be submitted to the advisory vote within Annual Ordinary General Meeting of the Company's Shareholders convened for April 26/29, 2024, the opinion of the shareholders in the general meeting regarding the Remuneration Report, resulting from the vote, having an consultative character.