

## Forecast Policy

Starting its listing date, Sphera Franchise Group SA ("Sphera") does not publicly provide any financial forecast other than the mandatory financial forecasts required under the applicable legal framework such as the revenues and expenses budget (the "Annual Budget") and the activity plan approved by shareholders in the annual shareholders meeting.

Both the Annual Budget and the activity plan of Sphera and its subsidiaries (the "Group") are built starting from assumptions and statistics regarding macroeconomic data and market development as available when the Annual Budget and the activity plan are prepared. The planning assumptions comprise of a set of macro-economic and business specific metrics which are of major importance and impact for the Group.

The key components of the Annual Budget and the planning process take into consideration the following major pillars:

- I. Strategic pillar: (i) top-down and bottom-up review of assumptions used in the budgeting process and (ii) preparation of the annual activity plan given the key performance indicators established by Sphera's board of directors;
- II. Financial pillar: drafting detailed plans such as: revenues plan by business lines, expenses plan by nature and cost centres, CAPEX;
- III. Employees and career pillar: personnel plan by departments, recruitment and training;
- IV. Development & Marketing pillar: (i) promotion & development plan by targets & promotional tools and (ii) preparation of investment plan for the year;
- V. Macroeconomics pillar: macro-economic variables (GDP development, consumer price indices, currency rates, interest rates).

Market factors and risks (identified by using various tools such as PESTEL analysis) considered when preparing the Annual Budget and the activity plan given their potential impact on the overall performance of Sphera include without limitation to:

- a) Market risks: (i) highly increased competition; (ii) dependency of the companies from the Group to the franchise agreements concluded with Yum! Brands Inc.; (iii) changes in consumer preferences; (iv) capacity of the Group's suppliers to comply with the competition and the applicable legal requirements within their own industry;
- b) Legal risks: (i) necessity for obtaining in due time and maintaining all legally required licenses and permits for operating the business; (ii) any potential change to the current food law regime in Romania and in other countries in which the Group operates; (iii) uncertainty of the Romanian legislation regarding the judicial system and the business activity;
- c) Economic risks: financing costs, interest rates, exchange rates, labour costs, taxation changes, economic polarization;
- d) Political risks: potential changes of the government and its policies, deficient and poor quality of infrastructure in Romania which limits investments, macro-economic and geopolitical events, global events and market development due to international events;

- e) Environment risks: pollution, waste and recycling regulatory framework;
- f) Social risks: education level, demography, income distribution, labour polarization, mobility.