

Explanatory Memorandum  
of the Board of Directors of the Company  
SPHERA FRANCHISE GROUP SA

With regards to the 5<sup>th</sup> item on the Agenda of the  
Ordinary General Shareholders Meeting ("OGSM")

**To appoint an independent member of the Company's Board of Directors to fill in the existing independent member of the Board of Directors vacancy**

The Board of Directors of the company **Sphera Franchise Group S.A.**, Sphera Franchise Group S.A., a joint stock company managed under a one-tier system, operating in accordance with Romanian law, having its registered office in Romania, 239 Calea Dorobanti Street, 2<sup>nd</sup> floor, office 4, 1<sup>st</sup> district, registered with the Trade Registry of Bucharest Court under number J40/7126/2017, fiscal identification code 37586457 (referred to as the "Company"), meeting held on April 4<sup>th</sup>, 2018, at the Board of Directors' Chairman convening, in accordance with the provisions of the Companies Law 31/1990, as republished ("Law 31/1990"), Law 24/2017 regarding issuers of securities and market operations ("Law 24/2017"), and in accordance with the provisions of the Company's Deed of Incorporation, through the Board of Directors' Chairman,

**GIVEN:**

- The Agenda of the OGSM, namely the 5<sup>th</sup> item related to the appointment of an independent member of the Company's Board of Directors to fill in the existing independent member of the Board of Directors vacancy, after the independent member of the Board of Directors Elyakim Davidai gave up the position;
- The provisions of the art. 15.4 final thesis and of the art. 15.6 form the Company's Deed of Incorporation, under which the candidates for the position of member of the Board of Directors may be nominated by the members in office, being further appointed by the OGSM;

The Company's Board of Directors, following the recommendation issued by the Nomination and Remuneration Committee on the meeting held on April 3<sup>rd</sup>, 2018, pursuant to art. 6.1 letter c) from the Nomination and Remuneration Committee Regulation;

**IT IS HEREBY PROPOSED:**

The nomination of Mr. Stere-Constantin FARMACHE as the Company's independent Board Member office for appointment by the Ordinary General Shareholders' Meeting on April 26<sup>th</sup>, 2018.

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Cristian OSIAC  
Chairman of the Board of Administration