

REMUNERATION REPORT

of Sphera Franchise Group SA for the financial year 2021

Preamble

The Board of Directors of Sphera Franchise Group SA (hereinafter “the Company” or “Sphera”) has prepared, in accordance with the legal provisions in force, this Remuneration Report, which includes the benefits granted to the members of the Board of Directors, as well as to the executive directors of the Company, during the financial year ended December 31, 2021, that will be subject to an consultative vote at the Ordinary General Shareholders Meeting, according to (i) art. 48 of Law 158/2020 for amending, supplementing and repealing certain normative acts („ Law 158/2020 ”), which amended art. 92 of Law 24 for 2017, (* republished *) on issuers of financial instruments and market operations, and according to (ii) art.267¹ of Regulation 5/2018 on issuers of financial instruments and market operations republished, and published on the Company’s website at www.spheragroup.com , to be available to the public for 10 years after publication, in accordance with the legal provisions in force.

The Remuneration Report aims to provide shareholders with an overview on how the Remuneration Policy was applied during the financial year 2021, as well as with actual information regarding the individual payments made to all directors of the Company, as provided by the above-mentioned laws.

Sphera has a Remuneration Policy which was approved by the shareholders' vote by Decision no. 2 of the Extraordinary General Shareholders Meeting dated 15.09.2017 and, in accordance with the new legal framework, it proposed to the shareholders of the Company a new Remuneration Policy within the Extraordinary General Shareholders Meeting dated August 19, 2021. Given the fact that the new policy has not been approved by the shareholders, Sphera continues to apply the existing Remuneration Policy approved in 2017 and shall submit for approval a new revised version of the Remuneration Policy at the next Ordinary General Shareholders Meeting.

As the variable payment for the financial year 2021 will be approved by the Board after the approval of the financial statements, it is not encompassed in the table below.

Remuneration for the Members of the Board of Directors

(thousands of lei)

Full name*	2021				2020	Variation	2019	Variation	2018	Variation	2017
	Fix net remuneration	Variable net remuneration	Total	Variation							
Arnaoutou Valentin	236.4	7	243.8	3%	236.7	52,5%	155.2	N/A	0.0	N/A	0.0
Carmaciu Silviu Gabriel	236.4	4	240.9	0,5%	239.6	19,3%	200.8	69,2%	118.7	201,2%	39.4
Hoanca Lucian	236.4	3	239.4	54,8%	154.7	-21,3%	196.6	791%	22.1	N/A	0.0
Lefter Razvan Stefan	236.4	4	240.9	0,5%	239.6	20,2%	199.4	1215,3%	15.2	N/A	0.0
Repidonis Georgios Vassilio:	236.4	3	239.4	1,7%	235.3	51,6%	155.2	N/A	0.0	N/A	0.0
TOTAL	1,182.1	22.1	1,204.3	8,9%	1,105.9	21,9%	907.3	481,8%	155.9	295,6%	39.4

* Remuneration is historically presented only for the current members of the Board

There were 7 members on the Board until 25.11.2020 and following the decisions of the OGAS and EGSM of 25.11.2020 the number of Board members was reduced to five, as listed above. At the same time, via OGSM decision of 04.02.2022, the value of the payment was modified exclusively in the sense of reducing the meeting allowance granted to the members of the Board who are also members of advisory committees, from EUR 300 net / month / member to EUR 150 net / month / member. The members of the Board are not part of any other benefit schemes than that presented above. Board members have no possibility of getting back the variable payment (meeting allowance).

Remuneration for Executive Directors

(thousands of lei)

Full name	2021				2020*	Variation	2019	Variation	2018	Variation	2017**
	Fix net remuneration	Variable net remuneration	Remuneration received within subsidiaries	Total							
Budes Valentin Ionut	455.8	201	29	685.6	-4,1%	714.9	137,7%	300.8	N/A	-	N/A
Eftimie Oana-Monica	443.3	155	0	598.8	-0,6%	602.3	27,7%	471.8	12,2%	420.5	-54,6%
Ionescu Calin-Viorel	679.7	258	29	967.0	23,9%	780.5	21,7%	641.5	2,4%	626.4	-61,5%
Osiac Cristian	443.3	155	0	598.8	-0,6%	602.3	13,2%	532.1	-14,3%	621.2	-60,7%
TOTAL	2,022.1	769.6	58.5	2,850.1	5,6%	2,700.0	38,7%	1,946.2	16,7%	1,668.0	-59,6%

* The General Manager mandate of Mr. Ionescu has started in October 2020, after previously holding the position of Chief Operations Officer, respectively Acting CEO during May - October 2020.

** In 2017 it was decided to grant bonuses to the executive managers after the Company was successfully listed on the Bucharest Stock Exchange.

*** The annual net variable payment that is made during the presented year is related related to the previous year (for 2021, 2020, 2019 and 2018).

The Executive Directors are remunerated on the basis of mandate contracts concluded within the limits provided by the 2017 Remuneration Policy, contracts whose validity is to expire during 2023. According to them, the variable cash remuneration is calculated every year by the Nomination and Remuneration Committee, based on the annual financial results and represents a value of up to 50% of the annual fixed remuneration. The exact percentage is calculated according to the budgetary indicators approved by the Ordinary General Shareholders Meeting of the Company for the respective financial year (e.g. sales, EBITDA) and takes into account the special circumstances that may occur during the year (e.g. pandemic situation). Following the proposal of the Nomination and Remuneration Committee and the debates within the Board of Directors, a decision of the latter will be adopted regarding the exact amount of the variable remuneration due to the executive directors.

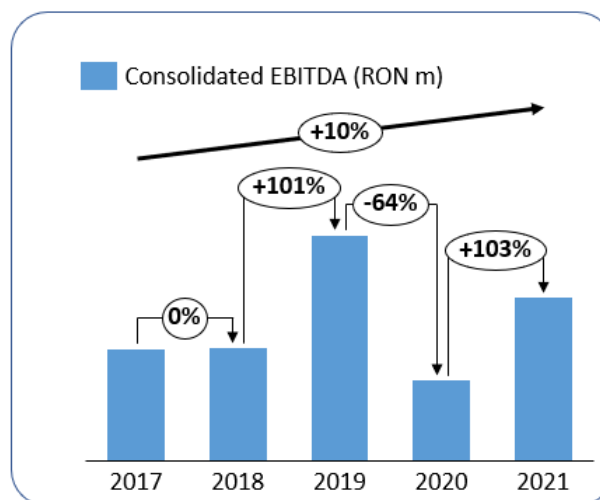
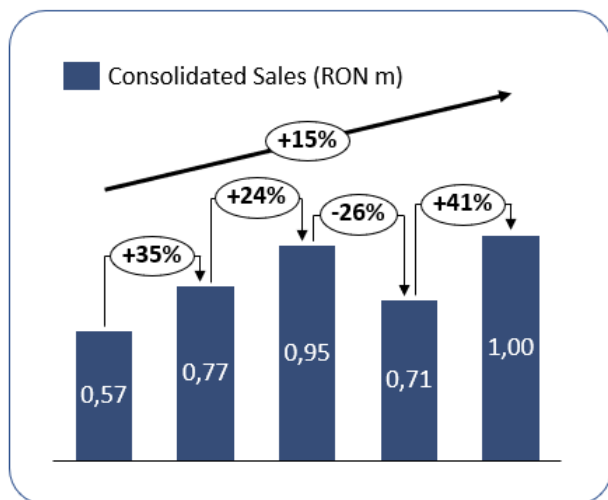
This mechanism was adopted in 2017 to reward the fulfillment of the development objectives of the plan presented at that time, which provided for doubling the Company's consolidated sales within 5 years. The strategic objective of doubling the sales volume was considered in the 2017 strategy the first stage of consolidating the Company's operations in the conditions in which a new brand was added (Taco Bell) and will be replaced or extended in the strategy for the next 5 years which will be proposed to the shareholders in 2023. The current mechanism considers the fulfillment of the annual operational objectives as the main target of the activity of the executive directors and rewards through the variable remuneration the degree of their fulfillment. The annual fixed remuneration cannot be changed during the mandate contract, and the variable remuneration is also included according to the mandate contracts between 0-50% of the annual fixed remuneration depending on the percentage of achievement of the budgetary indicators and the individual performance indicators.

In addition to the remuneration presented and detailed above, the Company has a total cumulated cost with Executive Directors varying between EUR 38,400 and EUR 41,200, including, but not limited to, and also by way of example, lease installments for the cars made available to them, fuel, health insurance plans and the cost of GSM subscriptions.

We further present the variation of the main financial performance indicators of Sphera Franchise Group, for the entire period 2017-2021.

<i>(thousands of lei)</i>	2021	Variation	2020	Variation	2019	Variation	2018	Variation	2017
Sales	1,000,312	41%	710,797	-26%	954,728	24%	771,197	35%	573,175
Net profit*	27,407	N/A	(2,373)	-104%	64,167	164%	24,262	-23%	31,428
EBITDA*	75,004	103%	36,907	-64%	103,926	101%	51,637	0%	51,424
Normalised EBITDA*	73,477	67%	44,088	-54%	95,989	33%	72,359	10%	65,626

**excluding IFRS 16 impact starting January 1st, 2019*



No form of recovery of variable remuneration was used during the financial year 2021.

The new Remuneration Policy provides mechanisms for granting variable remuneration in shares in order to meet the requests of some shareholders regarding the alignment of the interests of the executive directors with the interests of the shareholders regarding the value of the shares.

Average remuneration based on the full-time equivalent of the issuer's employees

In accordance with both the labor market requirements and the financial performance obtained by the Company, the average remuneration of Sphera employees, who are not managers, has changed in the last 5 years according to the table below.

(lei)	2021	Variatie	2020	Variatie	2019	Variatie	2018	Variatie	2017
Average remuneration based on full-time equivalent	5,231	10,1%	4,750	-10,5%	5,310	1%	5,255	11,5%	4,715

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

- a) the average salary level of the market,
- b) their legal and dynamic limits,
- c) local wage competitiveness,
- d) availability of labor,
- e) the Company's ability to ensure the competitiveness, stimulation and retention of the medium and long-term workforce.

General considerations

During the reporting period, there was no deviation from the procedure implementing the Remuneration Policy adopted in 2017 and no derogation from the remuneration policy, in accordance with the provisions of art. 92¹ para. (6) of Law 158/2020, although the period of the last two years of economic and social constraints, in the context of the COVID-19 pandemic was the most difficult in the history of over 25 years of brands (i.e., subsidiaries operating brands) in the Company's portfolio. On the other hand, the current conditions constitute an exceptional circumstance and the necessary measures, if they prove necessary, will be communicated by the Company through all the modalities provided by the laws and regulations in force.

Chairman of the Board of Directors

Lucian Hoancă

