



OPTIONS PLAN FOR SPHERA MANAGERS

- YEAR 2022 -

1. General matters

Based on and in accordance with the terms of this plan (the “Plan”), as part of the variable remuneration, the managers of Sphera Franchise Group S.A. (“Sphera” or the “Company”) will be able to receive, free of charge, shares issued by Sphera.

The purpose of the Plan is to reward the Company's managers for their contribution to the development of the Company's activity and, in general, to the increase of the Company's profitability, as well as to encourage them to focus on creating long-term value for Sphera.

2. Eligible Managers

The managers of the Company (within the meaning of the provisions of Article of 143 of Law no. 31/1990 regarding the Companies, as amended and supplemented at the date hereof) who have exercised the position of *Manager* under a mandate contract concluded with the Company for a minimum duration of 12 months prior to the Grant Date, as defined below (hereinafter referred to as the “Eligible Managers”).

In the case of managers whose term of office is less than 12 months prior to the Grant Date, the Options will be granted in proportion to the number of months in the relevant period in which they have exercised the position of managers of Sphera.

3. Granting of Options

In accordance with the terms and conditions of this Plan, Eligible Managers are each granted an option (the “Option”) consisting of the right to acquire, free of charge, a number of ordinary shares (the “Shares”) issued by Sphera. The shares shall be free of any encumbrances/rights established in favor of any third persons.

The granting of the Options is conditioned by (cumulative):

- (i) approving Sphera's financial statements for the reference period, and
- (ii) meeting the Performance Criteria, according to Section 6.

The Board of Directors of Sphera will decide the date (s) on which the Options will be awarded during the year 2023 (the “Grant Date”). The Grant Date shall not be later than 31.05.2023.

The total number of Shares to be the subject of the Plan shall be limited to 64,800 Shares , consisting of Sphera shares redeemed on the basis of a redemption program(s) approved and implemented in accordance with the legal provisions.



4. Exercise of Options

The exercise of an Option represents the written request addressed to Sphera by an Eligible Manager to be allocated the Shares to which they are entitled under the provisions of this Plan.

Eligible Managers will be able to exercise the Option only if (cumulatively):

- (i) a period of 12 months has elapsed since the Grant Date; and
- (ii) has not occurred any of the cases of expiration/ termination of the effects of the Option indicated in Section 5 below.

Subject to the fulfilment of the above requirements, the exercise of the Option may be performed on the first working day of the calendar month following that in which the above 12-month deadline has been met (the “**Option Exercise Date**”).

The actual transfer of the Shares to the Eligible Manager (the “**Vesting Date**”) shall operate within 1 year from the Grant Date.

In order to effectively acquire the Shares, the Eligible Manager and Sphera shall enter into a transfer agreement (the “**Transfer Agreement**”).

5. Expiration of Options. Inability to exercise the Option

Eligible Managers may not transfer the Options or any rights in connection therewith and may not establish burdens or rights over them in favour of any person; this prohibition does not prevent the transmission of an Option to legal successors in the event of the death of the Eligible Managers.

The option will expire/cease to automatically produce effects:

- (i) on the date of termination of the mandate contract of the respective Eligible Manager concluded with the Company, regardless of the reasons - except for the situations indicated in Section 9 or the termination by the expiry of the term of office;
- (ii) on the date when any breach/attempted breach of the prohibition to transfer the Option or to establish rights in favour of any person has occurred over/ in connection with it;
- (iii) on the date of application of a criminal or contravention sanction to the Company, if the respective sanction is directly attributable to the respective Eligible Manager;
- (iv) on the date of finding a fraud involving that Eligible Manager, if the fraud is related to the activity carried out by the Eligible Manager in the Company;
- (v) in case of reclassification or amendment of the financial statements related to the reference period - on the date when Sphera’s Board of Directors found that, as a result of these events, the Option was not required to be granted;
- (vi) at the end of a period of 30 days from the later of:
 - a. Option Exercise Date; and

- b. the date on which the Shares are available to Sphera for distribution to the Eligible Managers, subject to the validity of the Option at that date (being understood that Sphera will duly inform the Eligible Managers of such matters);

(vii) on the date of expiry of a period of 12 months from the death of the Eligible Manager, if their legal successors have not exercised the Option within that period;

(viii) when Personal Events occur - at the end of a period of 90 days after the occurrence of the event, if the Option has not been exercised within this period, as indicated in Section 9.

An Option cannot be exercised by an Eligible Manager:

- (i) during any legal proceedings brought by Sphera against them;
- (ii) if a breach of the management contract of the Eligible Manager has been found to be a potential reason for termination of the position of manager in the Company;
- (iii) if it is found that the Eligible Manager has breached a fiduciary duty towards the Company;
- (iv) if the exercise of the Option is prohibited by legal provisions (including codes or other internal rules issued by Sphera or acts of individual character or guidance issued by regulatory bodies/authorities).

Eligible Managers shall not be entitled to compensation or damages for any loss relating to the Options or the Plan if such loss results (or is alleged to result), in whole or in part, from the expiration or, as the case may be, the impossibility of exercising the Options in accordance with the foregoing paragraphs.

The Company shall be obliged to notify the Eligible Managers if an Option is to expire, at least 15 calendar days prior to the expiry date.

6. Performance criteria

(a) Financial criteria:

- (i) Group's normalized net profit: RON 38. 2m.
- (ii) Group's normalized EBITDA: RON 96. 1m.
- (iii) Group's sales: RON 1330.7.
- (iv) Group's cash flow (free cash flow): RON -52. 3m

(b) Non-financial criteria - if stipulated in the mandate contracts of the Eligible Managers:

- (i). Social impact and sustainability of Group operations (such as environment, safety and engagement).
- (ii). Management of strategic projects (such as business development projects, *turnaround management* and increasing the Company's profitability, significantly improving processes, improving existing franchise contracts, developing new markets and/ or products).



The degree of fulfilment of the Non-financial Criteria shall be assessed for each Eligible Manager, by the Nomination and Remuneration Committee, on an individual score basis (scale from 1 - minimum to 10 - maximum).

Furthermore, even if the financial and/ or non-financial criteria were not met, Sphera's Board of Directors may decide to grant the Options under this Plan within the limits set out in the Sphera Remuneration Policy applicable at that time if (cumulatively):

- (i) exceptional circumstances (such as economic and financial crisis situations, force majeure situations, significant legislative changes, etc.) were recorded in the reference year,
- (ii) those circumstances would make it impossible to apply the financial and non-financial criteria under conditions of low predictability of economic development and consequently of changes in the approved revenue and expenditure budget,
- (iii) the granting of Options does not jeopardise the viability and sustainability of Sphera's business.

By contrast, even if the above financial and/ or non-financial criteria were met, Sphera's Board of Directors may nevertheless decide to postpone the timing of the exercise of the Options by the Eligible Managers if (cumulatively):

- (i) Sphera does not have sufficient resources to continue its work in good condition,
- (ii) The Board of Directors of Sphera shall state in writing reasons for the need for postponement.

In case of deferral, the exercise of the Option will be carried out during the following financial years, subject to the availability of financial resources for this benefit. The Board of Directors of Sphera shall determine the new Exercise of Option Date and communicate it to the Eligible Managers; the provisions of Section 4 shall apply accordingly.

7. Share Grant Limits

The actual number of Shares to be granted to each Eligible Manager shall be determined by the Board of Directors of Sphera, by reference to the following:

- (i) Performance Criteria indicated in Section 6 above;
- (ii) The total amount of variable remuneration (cash and Shares) due to an Eligible Manager shall not exceed 100% of the gross amount of its annual fixed remuneration, unless otherwise provided by the mandate contract of the Eligible Managers;
- (iii) The amount of variable remuneration based on Shares under this Plan shall represent a maximum of 50% of the total amount of variable remuneration due to the respective Eligible Manager.

8. Tax liabilities

Each Transfer Contract shall include the consent of the Eligible Manager to pay to the Company the amount of any Tax liability (as defined hereunder).



Eligible Managers shall not be entitled to clearing or damages for any Tax liability arising out of or increased (or alleged to result in or be increased) in whole or in part in connection with the Shares following their transfer to such Eligible Manager.

For the purposes of this Section:

“**Tax liability**” means income tax, withholding tax and social security contribution for which Sphera is or may be held liable (or reasonably considers that it is or may be held liable) as a result of any Taxable Event;

“**Taxable Event**” means any event or circumstance giving rise to an obligation for the Eligible Manager to pay income tax, compulsory social security contribution or any other payment required under any statutory provision, in connection with:

- (a) The option, including exercising, assigning or waiving it in exchange for a price, or receiving any benefit in connection therewith; or
- (b) any Shares (or other securities or assets) that are (i) designated to satisfy the Option in the event of its exercise; (ii) acquired as a result of the exercise of the Option; or (iii) acquired in consideration of giving up the Option; or
- (c) any securities (or other assets) acquired or designated as a result of holding the Shares (or other securities or assets) referred to in paragraph (b) above.

9. Exceptional events

In the event of the death of an Eligible Manager on or before the expiration of a period of 12 months from the Grant Date, the number of Shares that will result from the exercise of the Option shall be calculated on the basis of the formula:

$$N \times (X/365)$$

where:

N = the number of Shares to which the Eligible Managers would have been entitled if the death had not occurred on or before the expiration of the 12-month term;

X = the number of days between the Grant Date and the date of death.

In the event of the death of an Eligible Manager as aforesaid, the successors will be able to exercise the option on the number of Shares resulting from the application of the above formula within 12 months from the date of death; The option will not be exercised after the expiration of this term.

Notwithstanding the provisions of Section 4, in the above case the transfer of the Shares as a result of the exercise of the Option shall operate for the total number of Shares due (without instalments).

The above provisions also apply if the mandate contract of an Eligible Manager ceases, after the Grant Date, for any of the following reasons (“**Personal Events**”):

- (a) injury;
- (b) sickness,



(c) disability,

in which case the Option may be exercised (according to the formula above) within 90 days of the occurrence of the relevant event.

10. Convert Options to Cash

If (cumulatively):

(i) The General Meeting of Shareholders (GMS) of Sphera will not approve the acquisition of its own shares for the purpose of this Plan, and

(ii) There are no Treasury Shares (i.e. already held by Sphera) to be offered to the Eligible Managers under this Plan,

The options granted to the Eligible Managers will be converted into cash according to the following formula:

$$S = N \times \text{RON } 14.27$$

where:

S = the amount of cash due to each Eligible Manager as a result of the conversion of the Option into cash

N = the number of Shares to which each Eligible Manager would have been entitled if Sphera's GMS had approved the acquisition of its own Shares for the purpose of this Plan

The amount (S) will be paid by Sphera to each Eligible Manager within 2 (two) months from the date of the Sphera GMS decision indicated above. Sphera will retain and pay all related taxes.

11. Special provisions

If the term of office of any Eligible Manager ceases during the minimum period of 12 months indicated in Section 4 (i) above, such Eligible Manager shall be obliged to proceed with the sale of the Shares within a maximum of 1 year from the date of receipt thereof in accordance with the provisions of this Plan.

12. Applicable Law and Jurisdiction

The Plan and any dispute or claim arising out of or in connection with it shall be governed by, and construed in accordance with Romanian law. Any dispute in connection with this Plan shall be subject to the jurisdiction of the competent Romanian courts.

13. Costs

The Company shall bear all costs involved in the implementation of the Plan for the Eligible Managers, except for those that fall exclusively under the responsibility of the Eligible Managers.