

ENDORSEMENT LETTER OF THE BOARD OF DIRECTORS OF
SPHERA FRANCHISE GROUP SA
REGARDING ITEM 7 ON THE AGENDA
OF THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING
("OGSM")
April 26th/29th, 2024

The Board of Directors of the company **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 Dorobanti Ave., 2nd floor, office 4, 1st district, registered with the Trade Registry near Bucharest Court under number J40/7126/2017, fiscal identification code 37586457 (hereinafter referred to as the "Company"),

CONSIDERING, the provisions of the Companies Law 31/1990, republished, as further amended and supplemented (the "**Law 31/1990**"), the provisions of Law no. 24/2017 on issuers of securities and market operations, as further amended and supplemented (the "**Law 24/2017**"), of Regulation no. 5/2018 regarding issuers of securities and market operations as further amended and supplemented (hereinafter referred to as the "**R5/2018**") and in accordance with the provisions of the Company's Articles of Association,

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The proposal under item 7 of the EGSM agenda, submitted to the shareholders 'vote, respectively:

"Approval of the authorization of the Board of Directors of the Company in order to acquire, either directly or by a third party acting on its own behalf, but for the Company, of a maximum number of 600,000 own shares (maximum 1,546418% of the existing share capital on the date of approval of this point by the EGSM), at a price per share between 5 RON and 50 RON, for the purpose of share capital reduction of the Company, by canceling the repurchased shares, in accordance with article 207 paragraph (1) letter (c) of Companies' Law no. 31/1990 and empowering the Board of Directors to execute all and any necessary and useful operations and/or procedures, within a maximum period of 24 (twenty-four) months from the date of the present EGSM. The buy-back program implementation will be done only from own sources. "

CONSIDERING the relevant legal provisions, respectively:

According to Art. 103¹ para. (1) of the updated Law no. 31/1990 on companies, a company is allowed to acquire its own shares under the following conditions: "extraordinary general meeting of shareholders, which shall lay down the conditions for such acquisition, in particular the maximum number of shares to be acquired, the duration for which the authorization is granted, which may not exceed 18 months from the date of registration in the commercial register, and, in the case of acquisition for consideration, the minimum and maximum consideration; b) the nominal value of the own shares acquired by the company, including those already held in its portfolio, may not exceed 10% of the subscribed share capital; c) the transaction may relate only to fully paid-up shares; d) payment for the shares so acquired shall be made only out of the distributable profits or available reserves of the company shown in the latest approved annual financial statements, except for legal reserves."

According to Article 104 para. (1) letter (a) of Law no. 31/1990 on companies, the restrictions provided for in Article 103¹ do not apply to shares acquired for the purpose of reducing the share capital.

According to the provisions of Art. 207 (1) lit. c) of the Law no. 31/1990 on companies, updated, "(1) The share capital may be reduced by: [...] c) acquisition of own shares, followed by their cancellation".

Subject to shareholder approval, the share buyback program described above will be carried out by the Company's Board of Directors for reducing the Company's share capital. The reduction of share capital will be achieved through the cancellation of the repurchased shares, based on Article 207, paragraph (1), letter (c) of Law no. 31/1990, either directly or through a person acting on behalf of the Company. The buyback will be conducted for a maximum of 600,000 own shares (up to 1.546418% of the existing share capital at the time of approval by the General Assembly of Shareholders), at a price per share ranging between 5 RON and 50 RON, within a maximum period of 24 (twenty-four) months from the date of this General Shareholders Meeting, with the implementation of this buyback program to be funded solely from internal sources.

From an accounting perspective, the Company will recognize the repurchased own shares as a reduction of equity (in a separate equity account). Transaction costs and other expenses related to the buyback program will be recorded in accordance with applicable accounting regulations.

Subsequent to the buyback program described in the preceding paragraph, the capital reduction operation itself will not impact the net value of the Company and will be presented in the financial statements. Upon cancellation of the shares, there will be a reallocation between equity accounts, without affecting profit or loss, and without diminishing the total equity of the Company (which will remain constant).

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the level of complexity related to the implementation of the buy-back program in order to reduce the share capital of the Company, as well as the significant time estimated for the implementation of this program, the Board of Directors requests from the shareholders an additional level of flexibility, allowing it, based on the approval to be granted by the General Shareholders Meeting, to be able to carry out any and all necessary and useful operations and/or procedures related to the implementation of this buy-back program, within a maximum timeframe of 24 (twenty-four and twenty-four) months from the date of the adoption of this EGSM.

Related to the considerations presented above, the Board of Directors

HEREBY ADVISE:

The approval of the authorization of the Board of Directors of the Company in order to acquire, either directly or by a third party acting on its own behalf, but for the Company, of a maximum number of 600,000 own shares (maximum 1,546418% of the existing share capital on the date of approval of this point by the EGSM), at a price per share between 5 RON and 50 RON, for the purpose of share capital reduction of the Company, by canceling the repurchased shares, in accordance with article 207 paragraph (1) letter (c) of Companies' Law no. 31/1990 and empowering the Board of Directors to execute all and any necessary and useful operations and/or procedures, within a maximum period of 24 (twenty-four) months from the date of the present EGSM. The buy-back program implementation will be done only from own sources. **(item 7/EGSM)**

Lucian HOANCA
Chairman of the Board of Directors
L.S.