

To:

**BURSA DE VALORI BUCUREȘTI S.A.
AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ**

CURRENT REPORT 01/2024

According to Law no. 24/2017 regarding issuers of financial instruments and market operations, ASF Regulation no. 5/2018 regarding the issuers of financial instruments and market operations and/or Rulebook of the Bucharest Stock Exchange Market Operator.

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| Date of report | 18.01.2024 |
| Name of the Company | Sphera Franchise Group SA |
| Registered Office | Bucharest, Romania |
| Address | Calea Dorobanților nr. 239, 2nd floor, Bucharest sector 1 |
| Phone / Fax | +40 21 201 17 57 / +40 21 201 17 59 |
| Email | investor.relations@spheragroup.com |
| Registration nr. with Trade Registry | J40/7126/2017 |
| Fiscal Code | RO 37586457 |
| Subscribed and paid share capital | 581,990,100 RON |
| Total number of shares | 38,799,340 |
| Symbol | SFG |
| Market where securities are traded | Bucharest Stock Exchange, Main Segment, Premium Category |

Important events to be reported: Information document regarding the free assignment of shares to managers of the Company

The management of Sphera Franchise Group S.A. (hereinafter referred to as "the Company") informs investors about the free assignment of 39,300 shares to managers of the Company and the publication of the Information Document drawn up in accordance with art. 1 paragraph (4) lit. i) from Regulation no. 1129/2017 regarding the prospectus that must be published in the case of a public offer of securities or the admission of securities to trading on a regulated market, and repealing Directive 2003/71/EC.

The information document is attached to this current report.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Călin Ionescu

Valentin Budeș

**INFORMATION DOCUMENT ON THE FREE ALLOCATION OF SHARES TO MANAGERS OF
SPHERA FRANCHISE GROUP S.A.**

(information document pursuant to art. 1 paragraph (4) lit. (i) of Regulation no. 1129/2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC)

I. Information on the number and nature of securities

Sphera Franchise Group S.A. (hereinafter referred to as the "**Company**"), with registered office in Calea Dorobanti 239, 2nd floor, room 4, Bucharest, district 1, registered at the Trade Register under no. J40/7126/2017, with CUI RO 37586457, grants free of charge a number of 39.300 shares issued by the Company, with a nominal value of RON 15 each, to the managers of the Company who have exercised their options.

II. Reasons for the share allocation

By adopting the Ordinary General Shareholders Meeting ("OGSM") Resolution No. 3 dated April 27th, 2023, the Company's shareholders approved the *Option Plan for Managers for the activity in 2021* ("*SOP*") and ratified the Board of Directors decision no. 2 dated December 15th, 2022, by which shares were granted to some members of the Company's executive team for the activity carried out in 2021.

The decision to establish the eligible managers, the period within which the option can be exercised, the eligibility conditions and the number of shares granted, as well as any limitations thereof, belonged to the Company's Board of Directors at the time the options were granted.

Considering that the market in which the Company operate is highly competitive, by adopting this kind of program, the Company pursued the retention, recognition of effort and motivation of experienced people which contributed to the performance of the Company, by complying with and implementing the business strategy, culture, and corporate values, but also through the operational continuity and obtaining a maximum level of profitability for the shareholders.

Also, the Company decided to implement the SOP, due to the fiscal benefits that such a program presents. Thus, according to the definition mentioned in the Fiscal Code (Law 227/2015) "*stock option plan*" represents: "*a program initiated within a legal entity, under which it is granted to its employees, administrators and/or directors or of its affiliated legal entities, provided in point 26 letters c) and d), the right to purchase at a preferential price or to receive free of charge a determined number of participation titles, defined according to point 40, issued by the respective entity.*"

According to point 40 of the Fiscal Code "*participation title*" is defined as "*any share in collective company, a limited partnership, a joint-stock company, a limited liability company, a limited joint stock partnership or in another legal person or in an open investment fund*".

Also, in order to qualify a program as a "*stock option plan*", the respective program must include a minimum period of one year between the moment of granting the right and the moment of its exercise (purchase of participation titles).

It is important to note that the advantages granted in the form of options within a "*Stock Option Plan*" are not considered taxable income, at the time of granting the option, nor at the time of exercise of the option by the beneficiary, according to the provisions of art. 76 para. 4 letter r) from the Fiscal Code, being also exempted from the payment of social insurance contributions, in accordance with the provisions of art. 142 Fiscal Code.

In conjunction with the provisions of art. 94 of the Fiscal Code, regarding the determination of the gain/loss from the transfer of securities, as the investment income registered by the eligible persons as a result of the subsequent sale of the shares purchased under the "*Stock Option Plan*" programs are subject to

income tax, the securities granted within a Stock Option Plan program become taxable only at the time when the beneficiary decides to sell these values.

Thus, through the SOP, the Company wanted to stimulate performance and reward key-people who have significant impact on the operational and financial performance of the Company, capitalizing on the expertise developed by these people within the Company.

III. Details of the share allocation

By adopting the OGSM Resolution No. 3 dated April 27th, 2023, the Company's shareholders approved the *Option Plan for Managers for the activity in 2021* and ratified the Board of Directors decision no. 2 dated December 15th, 2022, by which shares were granted to some members of the Company's executive team for the activity carried out in 2021.

By way of Extraordinary General Shareholders Meeting ("EGSM") Resolution No. 1 dated April 27th, 2023, was approved the authorization of the acquisition by the Company either directly or by a third party acting on its own behalf, but for the Company, of a maximum number of 39,300 own shares (maximum 0,101290% of the existing share capital on the date of approval of this point by the EGSM), for a maximum period of time of 18 months from the date of publishing the resolution in the Official Gazette of Romania, part IV, at a price per share between 5 RON and 35 RON, the nominal value of such acquired own shares, including of those already, previously owned, cannot exceed the 10% threshold of the total subscribed capital of the Company, in order to implement the Share Option Plan for Directors for the activity of 2021. The buy-back transactions may regard only fully paid shares and shall be carried out only from the distributable profit or from the available reserves of the Company, entered in the last approved annual financial statement, with the exception of legal reserves. The acquisition of the shares shall be performed through market operations, in order to acquire a maximum of 39,300 shares.

The Board of Directors was empowered to adopt any and all necessary measures and to carry out all formalities required for the approval and implementation of the stock option plan established by the Resolution of the OGSM No. 3 dated April 27th, 2023, such as, but not limited to: identification of allocation criteria; determining the number of shares to be actually distributed; the period of exercise of the rights; identification of beneficiaries; appointing the intermediary; the preparation and publication of information documents in accordance with the law, as well as for the development and implementation of future "stock option plan" programs.

OGSM Resolution no. 3 dated April 27th, 2023, and EGSM Resolution no. 1 dated April 27th, 2023 were published in the Official Gazette part IV no. 2453/May 6th, 2023.

On January 18th, 2024, the Board of Directors of the Company approved the transfer from the Company's treasury to the beneficiaries of the SOP of a total amount of 39,300 shares as a result of the exercise of the options by the SOP beneficiaries who have met the conditions.

The transfer of ownership of the shares from the company to the Beneficiaries will be made after all the conditions required for the transfer have been met, after this document and the documents related to the transfer have been sent to the Central Depository, in accordance with the legislation in force.

This document has been drawn up in accordance with Art. 1 para. (4) lit. i) of Regulation no. 1129/2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC and is to be submitted to the Financial Supervisory Authority, the Bucharest Stock Exchange and the Central Depository.

CALIN IONESCU

GENERAL DIRECTOR

SPHERA FRANCHISE GROUP S.A.